BOARD OF COMMISSIONERS AGENDA
MONDAY, OCTOBER 20, 2025
5:30 PM - COMMISSION CHAMBERS – 503 S HIGHLAND AVENUE

Please join the Zoom meeting from your computer, tablet or smartphone.
https://us06web.zoom.us/j/88526683369 | Meeting ID: 885 2668 3369
You can also dial in using your phone.
+1 312-626-6799

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

ADOPT AGENDA

CONSENT CALENDAR

1) Minutes – October 6, 2025
2) Bills for Approval – October 22, 2025
3) Bills for Ratification – October 15, 2025
4) Payroll Bills for Ratification – October 10, 2025
5) Appoint Travis Olson to Planning Commission (2nd alternate position)

APPEARANCES

6) Joel Jorgenson - Madison Central School District update
7) Stacy Krusemark - Dakota State University update

UNFINISHED BUSINESS

NEW BUSINESS

8) Public Hearing Upon Application for Transfer of Retail (on-sale) Liquor License from MKT Properties LLC to Baltazars LLC
9) Consider Approval of Transfer of Retail (on-sale) Liquor License from MKT Properties LLC to Baltazars LLC
10) First Reading of Ordinance No. 1682 - Amending 2025 Budget Appropriations Ordinance No. 1672
11) First Reading of Ordinance No. 1683 - 2026 Budget Appropriations
12) Approval of 2023 Audit Report
13) Approval of 2024 Audit Letter of Engagement with Williams & Company
14) Approval of Change Order No. 4 – Park Creek Walls Improvements - Site 2 – Kesteloot Excavation & Dirt Work Services, LLC.
15) Approval of Amendment No. 2 to Engineering Contract - City of Madison Park Creek Walls Site 1, Site 2 and Site 3 - Banner Associates
16) Approval of Change Order No. 1 - Armory Gymnasium Floor - FLR Sanders, Inc.
17) Discussion and possible action regarding maintenance or demolition of 504 NW 4th Street water tower
18) Discussion on scheduling of regular City Commission meetings
19) October 2025 Finance Updates

PUBLIC COMMENT

ANNOUNCEMENTS

20) Next Regular Commission Meeting – Monday, November 3rd, 2025 at 5:30 pm

21) City Circle - 9-10 am on Wednesday, October 22 at the Community Center

ADJOURN

Anyone wishing to speak to an item on the agenda must be acknowledged by the chair and come to the podium to address the Mayor and City Commission. Addressing other audience members will not be permitted.

Supplementary agenda information may be accessed at www.cityofmadisonsd.com

If special accommodations are necessary to attend any Board of Commissioners meeting, please contact the Finance Office at (605) 256-7500 at least 24 hours before meeting time. All attempts shall be made to accommodate a request.

CITY OF MADISON
BOARD OF COMMISSIONERS PROCEEDINGS
MADISON, SD 57042

October 6, 2025
Regular

The Board of Commissioners of the City of Madison met in regular session at 5:30 PM on the 6th day of October with the following members present upon roll call: Commissioners Kelly Dybdahl, Jenny Wolff, Jerae Wire, Daniel Buresh (via Zoom), and Mayor Roy Lindsay.

The Pledge of Allegiance was recited.

Motion by Commissioner Wire, seconded by Commissioner Dybdahl to adopt the October 6, 2025 agenda. Motion carried unanimously.

Motion by Commissioner Dybdahl, seconded by Commissioner Wolff to approve the following items on the consent calendar: Minutes – September 15, 2025; Special Meeting Minutes – September 24, 2025; Bills for Approval – October 8, 2025; Bills for Ratification – September 24 & October 1, 2025; Payroll Bills for Ratification – September 12 & 26, 2025; Appoint Kerry Barlow to Planning Commission to Fill Vacancy Ending in December 2026; Declare Surplus Property and Appoint Appraisers – IT Surplus.

Bills for Approval – October 8, 2025
ACE HARDWARE Grass Seed $2,105.78; BANNER ASSOCIATES INC Professional Services $85,605.22; BORDER STATES ELECTRIC SUPPLY 3" Plastic Interduct Conduit $3,184.20; BUILDERS ELECTRIC 2025 Electric Conv - Payment #2 $102,709.44; CHRISTENSEN RECYCLING LLC Recycling Fees $10,200.00; CITY OF MADISON Petty Cash Reimb. $18.64; CIVIC PLUS LLC Design Services for Website $320.00; CLASSIC CONVENIENCE INC Fuel $1,228.25; COLMAN BUILDING CENTER Lumber $121.96; COMDATA, INC October 2025 Credit Card Purchases $9,124.44; CORE & MAIN GP LLC Parts $2,248.78; DAKOTA STATE UNIVERSITY August - September Work Orders $6,425.33; F&M COOP OIL CO Fuel $314.80; FIRST DISTRICT ASSOCIATION Services - CDBG Project (Madison ELC) $25,000.00; FLEET PRIDE Transynd $2,532.97; FOERSTER TESTING CTB Design - N Union (Segment 5A) $3,432.50; GRAHAM TIRE COMPANY Tires $3,196.00; HACH CO Dissolved Oxygen Sensor $1,201.10; KESTELOOT EXCAVATION AND DIRT WORKS SERVICES Park Creek Walls Improvements $479,233.32; KINGBROOK RURAL WATER SYSTEM INC Water $39.00; KLJ ENGINEERING LLC Egan Ave Reconstruction $113,434.38; KRUG PRODUCTS INC Parts $353.20; LAKE COUNTY REGISTER OF DEEDS Easements $45.00; LASER CUT INC Library Railing Brackets $168.68; LEWIS DRUGS INC Cat Food $71.97; MADISON AREA DEVELOPMENT CORP Daycare Center - Pymt 2 $571,907.26; MADISON GROCERY STORE INC Bottles $8.76; MARKOS REPAIR Blades $131.85; METRO CONSTRUCTION INC Water System Improvements Segment 4 $12,084.83; MID STATES AUDIO INC Matrix System Update $2,136.69; MIDCONTINENT COMMUNICATIONS Business Internet $171.04; MIDWEST TURF & IRRIGATION Parts $6,082.96; MILLBORN SEEDS INC Grass Seed $1,595.00; MINNESOTA MUNICIPAL UTIL ASSN Job training & Safety Program $1,018.75; OFFICE PEEPS INC Office Supplies $77.03; OPEN ACCESS TECHNOLOGY INT'L AMI Dues and Subscriptions $6,816.28; PHEASANTLAND INDUSTRIES Uniforms $4,674.80; RONS SAW SHOP Polesaw $799.99; RUNNINGS SUPPLY INC Ratchet, Sawzall Blades $383.25; RURAL ELECTRIC SUPPLY COOP Bid #963 Pad Mount Transformers $22,672.03; SD DEPT OF AGRICULTURE & NATURAL RESOURCES Application for Water Dist II Exam $180.00; SD DEPT OF PUBLIC SAFETY 2019 IDRP FEMA Loan Pymt - Site 3 $2,164,376.83; SMART GUARD LLC 15/16S, 120-480 Vols, Class 200, 4 Wire Dual Rated $265.00; SONNEL TECHNOLOGIES LLC 2025 Ford PIU - Full Upfit $31,258.91; SOUKUP CONSTRUCTION INC Reconstruct Apron and Taxilane $200,113.50; STUART IRBY TOOL CO 80E S&C Fuse $4,824.00; STURDEVANTS MADISON INC Shackle $202.93; SWEETMAN CONSTRUCTION CO DBA KNIFE RIVER Asphalt - S Union, SW 2nd & Van Eps $1,058.25; TIMMER SUPPLY CO Parts $399.51; TYLER TECHNOLOGIES INC UB Notifications $41.40; US DEPT OF ENERGY Fixed Fee Trust Billing – 2025 $500.00; VAN DIEST SUPPLY CO Airport Weed Spray $1,386.60; WINTER CONTRACTING LLC Water System Improvements Segment 5B $110,326.50.

Bills for Ratification – September 24, 2025
ACE HARDWARE Hardware $184.12; ALLEGRA City Ordinance Booklets $61.57; ALPHA MEDIA USA LLC National Night Out Advertising $300.00; AMAZON CAPITAL SERVICES INC Check Printer & Protection Plan $4,702.99;

APPEARA Mat Rentals $252.16; AT & T MOBILITY Service for Phones & Tablets $3,234.07; AXON ENTERPRISES INC License/Camera Bundle $10,235.41; BANNER ASSOCIATES INC Digester Project $4,468.50; BORDER STATES ELECTRIC SUPPLY Fiber for Green Substation $1,445.53; CENGAGE GROUP Books $74.22; CENTRAL STATES WIRE PRODUCTS DBA ACCENT WIRE HOLDINGS LLC Bundle Wire $2,023.70; COLES PETROLEUM PRODUCTS INC Anti-Freeze $1,836.00; COLUMN SOFTWARE PBC Publications $446.93; CORE & MAIN GP LLC 8" Clay to Plastic Fernco $108.75; DAKOTA STATE UNIVERSITY Printing - Stop Sign Cards $3.00; DECKER/LYNDEN Refurbishing Wooden Columns $6,630.00; DGR ENGINEERING Professional Services - Green Sub Project $36,296.90; DIAMOND BRIGHT DETAILING Driver/Passenger Tint $160.00; DOLLAR GENERAL CORP Plates, Cutlery, Cups, Napkins $44.82; ELITE CARD PAYMENT CENTER Credit Card Purchases through 9/17/25 $103.28; ETTERMAN ENTERPRISES INC Shop Supplies $334.23; F & M COOP OIL CO Tires $254.40; FASTENAL CO Hardware $232.26; FIRST BANK & TRUST - HEARTLAND ENERGY Heartland Energy $433,070.93; FLEET PRIDE Parts $56.85; FOLAND/CARLEIGH P90X Classes $294.00; FOX PROMO LLC Design Time - PD Badge $150.00; GONYO/GARY LEE Meal Reimbursement $12.75; GRAHAM TIRE COMPANY Tires $4,090.32; GREAT AMERICA FINANCIAL SVCS CC Copier Lease $339.66; GRIFFIN/ABIGAIL Lifeguard Instructor/Recertification Classes $275.00; HOME SERVICE WATER CONDITIONING LLC Salt - Fire Dept $23.50; INFOTECH SOLUTIONS LLC Computer & Software Subscription Fees $7,120.89; LYLE SIGNS INC Crosswalk Signs $80.32; MALLOY ELECTRIC Flange Block $2,299.42; MARCO TECHNOLOGIES CC Copier Lease $304.84; MARTIN/LISA Lodging -Legislative Dinner $203.42; MAXIMUM PROMOTIONS INC City Hall Flag $441.00; MEYER/JUSTIN Meal Reimbursement $132.00; MID STATES AUDIO INC Down Payment - Streaming Solution $1,041.40; MUSTANG SEEDS INC Lawn Mix $280.00; NORTHWESTERN ENERGY Utilities $90.65; O'REILLY AUTOMOTIVE INC Shocks, Oil Filter $298.79; OFFICE PEEPS INC Eng. Copier Rental - Toner Usage $97.52; PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC Equipment Lease $249.54; PROSTROLLO AUTO PLAZA CO Starter, Core, Belt, Tension Kits $873.37; QUALITY TELECOMMUNICATIONS CO Axis Camera Solution Licensing $953.71; REMOTE SYSTEMS INTEGRATION RSINet Data Services - Qtr. 3 & Qtr. 4 $360.00; REVOLT ELECTRICAL SERVICES INC Arc Chutes - Green Substation $4,094.00; RIDDLE'S GLASS Armory Door $445.00; RUNNINGS SUPPLY INC Hardware $5.67; SCHOENFISH & CO INC Assist with 2024 Annual Report Preparation $4,000.00; SILVER SCREEN SD, INC Dakota Cinema Advertising - August 2025 $150.00; STURDEVANTS MADISON INC Parts $1,196.12; SUNSET LAW ENFORCEMENT Ammunition $3,873.00; SWEETMAN CONSTRUCTION CO DBA KNIFE RIVER G-2 Asphalt $1,158.00; T & H WELDING Rebar $1,047.00; TALICH/AARON Meal Reimbursement $132.00; TEAM LABRATORY CHEMICAL CORP Septic Bug Pails $70.50; THE FLORAL SHOP Planters - City Hall $456.00; TYLER TECHNOLOGIES INC Tyler Tutoring - UB Surcharge Project Planning $160.00; USA BLUE BOOK Centrifuge $1,598.22; WESTRUM LEAK DETECTION INC 2025 Leak Detection Survey $3,350.00; WINROW/KAYLEE Travel Reimbursement $63.00; YAGER TRUCKING LLC RUS Hauling $4,550.00.

Bills for Ratification – October 1, 2025
ACE HARDWARE Parts $319.16; ALTERNATIVE HR, LLC Wage Study (8/1/25 - 8/31/25) $6,682.50; AMAZON CAPITAL SERVICES INC Bench Grinder $1,213.76; APPEARA Mat Rentals $142.54; BIG SPLASH DUNK TANK RENTALS LLC Dunk Tank Rental $301.99; BLUEPEAK Phone & Internet $4,650.51; BORDER STATES ELECTRIC SUPPLY Tube $774.01; BUFFALO RIDGE CONCRETE INC Concrete $2,770.00; CENGAGE GROUP Books $74.22; CITY OF SIOUX FALLS MAC - Pool & Spa Bacteria Testing $237.30; COLES PETROLEUM PRODUCTS INC Grease $763.84; COLMAN BUILDING CENTER Cement Repair & Blocks $476.24; COLUMN SOFTWARE PBC Publications $207.26; CORE & MAIN GP LLC 6" CST Coupler $915.83; CRAFCO, INC Parts $241.18; DAKOTA STATE UNIVERSITY Fall Brochures $337.50; DIVISION OF CRIMINAL INVESTIGATION Background Check/Fingerprinting - Brooke Beaucaire $26.75; DOSSETT UNDERGROUND INC Bore line for N Highland & W Center St $2,736.00; ENDRESS & HAUSER INC Oxygen Sensor $2,801.24; F & M COOP OIL CO Propane for Forklift $42.83; FARMCHEM Stainless Steel Elbows $41.26; FASTENAL CO Spring/Hook $159.41; FLAGSHOOTER INC Flags & Paint $452.55; FLEET PRIDE Filters $458.74; FLOCK GROUP INC Flock Camera $3,000.00; GREAT AMERICA FINANCIAL SVCS Fin & HR Copier Lease $767.83; HANCO CORPORATION Parts $277.60; HASLETON/JARED Classes @ Comm Center $625.00; HAWKINS INC Chemicals $1,489.96; J & M CONSTRUCTION Concrete - WMB #4316 W Center $2,758.08; JENCKS & JENCKS PC October Services/Contract $5,500.00; KOLORWORKS Paint & Painting Supplies $70.14; LEIGHTON FAMILY FARMS Popcorn $72.00; LINDSAY JR/ROY J Mileage - 1st District Qtrly Mtg $91.00; MAY CONSTRUCTION INC Fiber Move for DSU / New Green Substation $18,491.87; MRG HAUFF Field Paint $729.50; NIELSEN/SEAN FAA SUAS Exam Reimbursement $175.00; OFFICE PEEPS INC Copier Contract - MMU $244.66 ; PORTA PROS INC DBA A-1 PORTABLE TOILETS Toilet Rentals $158.00; PROCHEM DYNAMICS LLC Janitorial

Supplies $436.68; PROSTROLLO AUTO PLAZA CO Gasket, Valve $152.32; PUSH PEDAL PULL INC Equipment Servicing/Repairs $3,748.85; RASMUSSEN/AUTUMN Classes @ Comm Center $112.00; REVOLT ELECTRICAL SERVICES INC Install New Cap Trip Devices - Green Substation $6,085.00; RUNNINGS SUPPLY INC Paint, Car Fresheners, Pine Sol, Pliers & Battery $1407.43; SD DEPT OF PUBLIC SAFETY Teletype Service $390.00; SD PUBLIC HEALTH LABORATORY Water Samples $192.00; SODAK SACA Conference Registration - Kaylee Winrow $270.00; STEIN SIGN DISPLAY City Hall Signs $10,172.97; STUART IRBY TOOL CO Bid #918 Single Phase Transformers $6,185.00; STURDEVANTS MADISON INC Supplies $149.18; SWEETMAN CONSTRUCTION CO DBA KNIFE RIVER G-2 Asphalt $1,011.75; TIMMER SUPPLY CO 12" Valve Stem $17.40; USA BLUE BOOK Chemicals $827.28; UTILISMART CORPORATION Utility Data/Device Manager and SmartMAP $1,881.83; VAN DIEST SUPPLY CO Chemicals $4,584.80; VERIZON BUSINESS ASP Cell Phone $124.43; WHEALY/MARK Spin Classes $56.00.

Payroll Bills for Ratification – September 12, 2025
Delta Dental $7,724.36; Health Pool of South Dakota $53,801.83; IRS-EFTPS $50,187.82; Local Union #426, IBEW $623.00; Office-Child Support Enforce $835.38; SD Retirement System $28,201.77; SD Retirement System $10,641.00; Teamsters Local No. 120 $1,137.00.

Payroll Bills for Ratification – September 26, 2025
Health Pool of South Dakota $53,801.83; IRS-EFTPS $51,317.54; Office-Child Support Enforce $668.30; SD Retirement System $27,669.89; SD Retirement System $10,641.00.

Mayor Lindsay opened the Public Hearing Upon Application for a Temporary Retail (on-sale) Alcohol License – Knights of Columbus – St. Thomas Gala – November 1, 2025. There were no public comments, therefore, Mayor Lindsay closed the hearing.

Motion by Commissioner Wire, seconded by Commissioner Dybdahl to Approve Temporary Retail (on-sale) Alcohol License – Knights of Columbus – St. Thomas Gala – November 1, 2025. Motion carried unanimously.

Motion by Commissioner Wolff, seconded by Commissioner Wire to Approve 2023 Annual Financial Report. Motion carried unanimously.

Motion by Commissioner Dybdahl, seconded by Commissioner Wolff to select Williams and Company as the Audit Firm for the City of Madison's 2024 Financial Audit. Motion carried unanimously. Staff recommended switching to a new audit company to ensure the City's needs are met in terms of expertise, timeliness, and support.

Jameson Berreth presented the monthly City updates.

Mayor Lindsay announced the following:
- Next Regular Commission Meeting – Monday, October 20, 2025 at 5:30 PM

Motion by Commissioner Dybdahl, seconded by Commissioner Wolff to Adjourn at 5:57 PM.

/s/Amy L Sad
Finance Officer

Date Received: ________
Date Issued: ___________

Uniform Alcoholic Beverage License Application

License No. _________

A. CORPORATION, LLC OR SOLE PROPRIETOR NAME AND MAILING ADDRESS

Name		Phone Number	
Baltazars, LLC		605-291-6185	
Address	**City**	**State**	**Zip**
201 W 5th St	Ramona	SD	57054

B. DOING BUSINESS AS NAME AND PHYSICAL ADDRESS

Name		Phone Number	
Los Tapatios Mexican Restaurant		605-291-6185	
Address	**City**	**State**	**Zip**
200 S. Egan Ave	Madison	SD	57042

Is place of business located in a municipality?	[x] YES [ ] NO
County	Lake
Do you own or lease this property?	[ ] OWN [x] LEASE
Are real property taxes paid to date?	[x] YES [ ] NO
Are you of good moral character having never been convicted of a felony?	[x] YES [ ] NO

C. INDICATE CLASS OF LICENSE BEING APPLIED FOR

(Submit separate application for each class of license).

[x] Retail (on-sale) Liquor
[ ] Retail (on-sale) Liquor - Restaurant
[ ] Convention Center (on-sale) Liquor
[ ] Package (off-sale) Liquor
[ ] Retail (on-off sale) Wine and Cider
[ ] Retail (on-off sale) Malt Beverage & SD Farm Wine
[ ] Package Delivery
[ ] Hunting Preserve
[ ] Other ________________

Is this license in active use?	[x] YES [ ] NO
Do you or any officers, directors, partners, or stockholders hold any other alcohol retail, manufacturing, or wholesaler licenses? (If yes, please list on additional sheet)	[x] YES [ ] NO

D. LEGAL DESCRIPTION OF LICENSED PREMISE:

Legal Description: Lot 20,21 Block 20 Original Plat

E. State Sales Tax Number 1030-9009-ST

F. [ ] New License [x] Transfer? ($150) [ ] Re-issuance

G. CERTIFICATE: The undersigned applicant certifies under the penalties of perjury that all statements provided herein are correct; that the said applicant complies with all of the statutory requirements for the class of license being applied in SDCL 35-2-2.1 and agrees this application shall constitute a contract between applicant and the State of South Dakota entitling the same or any peace officers to inspect the premises, books and records at any time for the purpose of enforcing the provisions of Title 35 SDCL, as amended.

Date	Print Name	Signature
10/2/25	Jada Baltazar	Jada Baltazar

H. APPROVAL OF LOCAL GOVERNING BODY Notice of hearing was published on 10/2/2025. Public hearing on the application was held 10/20/2025, not less than SEVEN (7) days after official publication. The governing body by majority vote recommends the approval and granting of this license and certifies that requirements as to location and suitability of premises and applicant have been reviewed and conform to the requirements of local and South Dakota law.

FOR LOCAL GOVERNMENT USE

(Seal) Mayor or Chairman	Date

Renewal—no public hearing held : [ ]
Establishment is ineligible for video lottery : [ ]
Amount of fee collected with application: $___________
Amount of fee retained: $___________
Forwarded with application: $___________

If disapproved, endorse reason thereon and return to applicant

Uniform Alcoholic Beverage License Application
(For corporate/partnership/LP/LLC applicants)

Name of corporation/partnership/LP/LLC		
Baltazars, LLC		
Address of office and principal place of business of corporation/partnership/LP/LLC		
204 S Egan Ave		
City: Madison	State: SD	Zip Code: 57042
Are all managing officers of this corporation/partnership/LP/LLC of good moral character having never been convicted of a felony?		[X] YES [ ] NO

Name, title of office, occupation, and address of each of the officers/owners of the corporation, partnership, LP or LLC:

Name	Office	Address	Occupation
Jada Baltazar	President	201 W. 5th St Ramona SD 57054	Restaurant owner

Name of any officers, directors, partners, or stockholders of applicant having a financial interest or capital stock in any other alcoholic beverage license:

Name	Type of License	License #	Financial Interest Held	Address of Business Location
Jada Baltazar Baltazars, LLC	Liquor	RL-30304	100%	100 Kansas Ave Volga, SD 57071
Baltazars, LLC	Beer	RB-30269	100%	107 E Center Madison, SD 57042
Baltazars, LLC	Beer	RB-23139	100%	204 S. Egan Ave Madison, SD
Baltazars LLC	Wine	RW-6663	100%	204 S Egan Ave Madison 57042

Where and with whom are all company records kept, such as charter, by-laws, minutes, accounts, notes payable, and notes and accounts receivable, etc.?

Kate Nelson 605-270-1901 11947 Valley View Rd Sisseton, SD 57262

With signature the applicant agrees to the following:

That the applicant company will comply with all provisions of ARSD chapter No. 64:75:02 of the Department of Revenue, relating to the transfer of stock and prior approval of the transfer of such stock by the Secretary of Revenue and violation of any of the provisions of said regulation or failure to comply therewith, whether by the undersigned corporation, partnership/LP/LLC or by any stockholder thereof, or by anyone interested in said company, shall constitute cause for revocation or suspension of any license issued pursuant to and in reliance on this application, or for refusal to renew such license upon expiration thereof.

We the undersigned officers and directors of the applicant company acknowledge that the within supplement application form is true and correct in every respect and that there exists no financial arrangement concerning this or any other alcoholic beverage license that that expressly set forth above. If company stock is to be transferred we ask for approval of such voluntary stock transfer.

Signature of Authorized Officer/Director/Partner	Date
Jada Baltazar	10/1/25

AFFIDAVIT

STATE OF SOUTH DAKOTA)
)SS
COUNTY OF Lake)

Timothy Todd Mosser, being first duly sworn on oath deposes and says: That on the 24th day of September, 20 25, he was the owner of the license/business/stock of Prime Time Tavern situated on (legal description) Lot 20, 21 Block 20 original Plot in the city/county of Madison, Lake South Dakota, and that on the said date he made a transfer/sale of said license/business/stock operated under an alcoholic beverage license to

Baltazars, LLC of Madison, SD.

(signature) (owner)

Jude Baltazar (owner)
(signature)

Subscribed and sworn to before me this 24th day of September 20 25

Heather N Peterson (Notary Public)

HEATHER N PETERSON
SEAL NOTARY PUBLIC SOUTH DAKOTA SEAL

Commission Expires: 01/02/2031.

(Notary Seal)

ORDINANCE NO. 1682

AN ORDINANCE TO AMEND APPROPRIATIONS ORDINANCE NO. 1672 FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2025 AND ENDING DECEMBER 31, 2025 AND LEVY PROPERTY TAXES FOR THE YEAR 2025.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA:

SECTION 1 **That the following sums are appropriated to meet the obligations of the municipality:**

Appropriations

	101	211	213	214	220	303	513	517	
		LODGING &		BUSINESS	SPECIAL	TAX	GERRY		
		ENTERTAINMENT	2nd PENNY	IMPROV.	MAINT.	INCREMENT	MALONEY	CREEK	
	GENERAL	TAX	SALES TAX	DISTRICT	FEE	DISTRICT # 2	NATURE	MITIGATION	TOTAL
Mayor & Commission	139,170								139,170
Contingency	-								-
Attorney	68,750								68,750
Finance	471,537								471,537
City Hall	144,467								144,467
City Administration	151,448								151,448
Human Resources	458,242								458,242
Information Technology	89,197								89,197
Marketing & Communications	116,121								116,121
General Government Buildings	164,837								164,837
Community Development & Engineering	570,174								570,174
Police	2,196,262								2,196,262
Fire	308,705								308,705
Civil Defense	2,100								2,100
Highways & Streets	1,448,183								1,448,183
Snow & Ice Removal	142,647								142,647
Storm Drainage	4,500								4,500
Street Cleaning	26,000								26,000
Restricted Use Site	664,633								664,633
Auditorium/Armory	51,850								51,850
FB&T Sports Complex	183,089								183,089
Health	-								-
Library	782,766								782,766
Airport	1,509,122								1,509,122
Parks & Forestry	1,040,445								1,040,445
Madison Aquatic Center	335,062								335,062
Planning & Zoning	21,821								21,821
Promotions & Community Contributions	326,500								326,500
Special Items	85,000								85,000
Non-Operating Expense	12,000								12,000
Debt Service	855,029					60,000			915,029
Other Financing Uses			2,256,943						2,256,943
Lodging Tax Promotions & Contributions		5,000							5,000
Taxes		235,000							235,000
2nd Penny Expenses			175,000						175,000
Special Maintenance Expenses					251,847				251,847
Promotions - BID				53,500					53,500
Gerry Maloney								-	-
Creek Mitigation								5,738,600	5,738,600
Total	**12,369,657**	**240,000**	**2,431,943**	**53,500**	**251,847**	**60,000**	**0**	**5,738,600**	**21,145,547**

SECTION II

Means of Finance

The following sums of money are designated to meet the necessary and lawful liabilities of the City of Madison:

	101	211	213	214	220	303	513	517	518	
		LODGING &		BUSINESS	SPECIAL	TAX	GERRY			
		ENTERTAINMENT	2nd PENNY	IMPROV.	MAINT.	INCREMENT	MALONEY	CREEK		
	GENERAL	TAX	SALES TAX	DISTRICT	FEE	DISTRICT # 2	NATURE	MITIGATION	CITY HALL	TOTAL
Taxes	4,866,999	240,000	2,431,943	53,500	-	60,000	-		-	7,652,442
Intergov Revenue	547,418	-	-	-	-	-	-		-	547,418
Licenses & Permits	66,075	-	-	-	-	-	-		-	66,075
Charges for Goods or Services	94,469	-	-	-	-	-	-		-	94,469
Fines and Forfeits	550	-	-	-	-	-	-		-	550
Misc Revenue	743,945	-	-	-	251,847	-	-		-	995,792
Other Misc Revenue	291,500	-	-	-	-	-	-		-	291,500
Other Financing Sources	1,874,739	-	-	-	-	-	-	3,593,704	-	5,468,443
Total Revenue	8,485,695	240,000	2,431,943	53,500	251,847	60,000	-	3,593,704	-	15,116,689
		-	-	-	-	-	-		-	-
Cash To Be Applied (+) / Retained (-)	3,883,962	-		-	-	-	-	2,144,896	-	6,028,858
Grand Total	12,369,657	240,000	2,431,943	53,500	251,847	60,000	0	5,738,600	0	21,145,547

ENTERPRISE FUNDS

The amounts budgeted for enterprise funds do not constitute legal appropriations and are included in this ordinance for management control and comparison purposes only. This is in accordance with the provisions of SDCL 9-21-2.

	602	*603*	*604*	*612*	*620*	*621*	Total
	Water	*Electric*	*Sewer*	*Solid Waste & Recycling*	*Community Center*	*ASP & Summer Youth*	
Appropriations	*8,815,678*	*21,520,643*	*6,620,173*	*526,556*	*1,032,626*	*178,724*	*38,694,400*
Means of Finance	*7,892,989*	*13,117,475*	*4,151,276*	*512,726*	*1,033,500*	*181,424*	*26,889,390*
Cash To Be Applied (+) / Retained (-)	*922,689*	*8,403,168*	*2,468,897*	*13,830*	*(874)*	*(2,700)*	*11,805,010*

SECTION III

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA that the Finance Officer is hereby directed and authorized to certify the said tax levy to the County Auditor of the County of Lake, State of South Dakota, to the end that the same be spread and assessed as provided by law:

For General Purposes	2,314,410.60
Total Tax Levy	**2,314,410.60**

SECTION IV:

That all ordinances or parts of ordinances in conflict with this ordinance are hereby repealed. This ordinance being necessary for the immediate preservation and support of the municipal government and its existing institutions shall take effective upon passage and publication thereof:

Dated this 20th day of October, 2025.

CITY OF MADISON

____

Mayor

ATTEST: ______________________________

Finance Officer

1st Reading: 10/06/2025
2nd Reading:
Published:
Effective:

THE CITY OF MADISON
Finance Office

Address:
503 S Highland Avenue
Madison, SD 57042

Phone: (605) 256-7500

www.CityofMadisonSD.com

Ordinance # 1682 Notes:

Amending ordinance # 1672 for the following:

- Amending fund 213 to remove Misc Revenue in the amount of $ 175,000. (spreadsheet error)

ORDINANCE NO. 1683

FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2026 AND ENDING DECEMBER 31, 2026 AND LEVY PROPERTY TAXES FOR THE YEAR 2026.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA:

SECTION 1 **That the following sums are appropriated to meet the obligations of the municipality:**

Appropriations

	101	211	213	214	220	303	517	
		LODGING &		BUSINESS	SPECIAL	TAX		
		ENTERTAINMENT	2nd PENNY	IMPROV.	MAINT.	INCREMENT	CREEK	
	GENERAL	TAX	SALES TAX	DISTRICT	FEE	DISTRICT # 2	MITIGATION	TOTAL
Mayor & Commission	133,193							133,193
Contingency	300,000							300,000
Attorney	68,600							68,600
Finance	420,666							420,666
City Administration	159,749							159,749
Human Resources	336,054							336,054
Information Technology	88,154							88,154
Marketing & Communications	88,267							88,267
General Government Buildings	274,823							274,823
Community Development & Engineering	489,344							489,344
Police	2,167,548							2,167,548
Fire	255,063							255,063
Civil Defense	2,100							2,100
Highways & Streets	1,834,681							1,834,681
Snow & Ice Removal	105,467							105,467
Storm Drainage	254,129							254,129
Street Cleaning	24,000							24,000
Restricted Use Site	473,500							473,500
Auditorium/Armory	30,254							30,254
FB&T Sports Complex	125,389							125,389
Library	710,533							710,533
Airport	821,465							821,465
Parks & Forestry	1,121,909							1,121,909
Madison Aquatic Center	294,310							294,310
Planning & Zoning	18,001							18,001
Promotions & Community Contributions	207,450							207,450
Special Items	70,000							70,000
Non-Operating Expense	10,000							10,000
Debt Service	1,132,934					45,000		1,177,934
Other Financing Uses		63,000	2,312,237					2,375,237
Lodging Tax Promotions & Contributions		212,000						212,000
Taxes								-
2nd Penny Expenses			160,000					160,000
Special Maintenance Expenses					682,456			682,456
Promotions - BID				54,500				54,500
Creek Mitigation							112,804	112,804
Total	**12,017,583**	**275,000**	**2,472,237**	**54,500**	**682,456**	**45,000**	**112,804**	**15,659,580**

SECTION II

Means of Finance

The following sums of money are designated to meet the necessary and lawful liabilities of the City of Madison:

	101	211	213	214	220	303	517	
		LODGING &		BUSINESS	SPECIAL	TAX		
		ENTERTAINMENT	2nd PENNY	IMPROV.	MAINT.	INCREMENT	CREEK	
	GENERAL	TAX	SALES TAX	DISTRICT	FEE	DISTRICT # 2	MITIGATION	TOTAL
Taxes	4,975,245	275,000	2,472,237	54,500	-	45,000	-	7,821,982
Intergov Revenue	1,109,530	-	-	-	-	-	-	1,109,530
Licenses & Permits	72,700	-	-	-	-	-	-	72,700
Charges for Goods or Services	90,250	-	-	-	-	-	-	90,250
Fines and Forfeits	1,300	-	-	-	-	-	-	1,300
Misc Revenue	250,698	-	-	-	228,765	-	-	479,463
Other Misc Revenue	275,100	-	-	-	227,847	-	-	502,947
Other Financing Sources	3,471,267	-	-	-	-	-	112,804	3,584,071
Total Revenue	10,246,090	275,000	2,472,237	54,500	456,612	45,000	112,804	13,662,243
		-	-	-	-	-	-	-
Cash To Be Applied (+) / Retained (-)	1,771,493	-	-	-	225,844	-	-	1,997,337
Grand Total	12,017,583	275,000	2,472,237	54,500	682,456	45,000	112,804	15,659,580

ENTERPRISE FUNDS

The amounts budgeted for enterprise funds do not constitute legal appropriations and are included in this ordinance for management control and comparison purposes only. This is in accordance with the provisions of SDCL 9-21-2.

	602	*603*	*604*	*612*	*620*	*621*	Total
	Water	*Electric*	*Sewer*	*Solid Waste & Recycling*	*Community Center*	*ASP & Summer Youth*	
Appropriations	4,107,276	19,879,669	2,930,847	572,835	1,024,046	178,904	28,693,577
Means of Finance	3,978,443	19,879,669	2,885,406	556,030	1,024,700	181,424	28,505,672
Cash To Be Applied (+) / Retained (-)	128,833	0	45,441	16,805	(654)	(2,520)	187,905

SECTION III

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF MADISON, SOUTH DAKOTA that the Finance Officer is hereby directed and authorized to certify the said tax levy to the County Auditor of the County of Lake, State of South Dakota, to the end that the same be spread and assessed as provided by law:

For General Purposes	2,413,235.93
Total Tax Levy	**2,413,235.93**

SECTION IV:

That all ordinances or parts of ordinances in conflict with this ordinance are hereby repealed. This ordinance being necessary for the immediate preservation and support of the municipal government and its existing institutions shall take effective upon passage and publication thereof:

Dated this 3rd day of November, 2025.

CITY OF MADISON

____
Mayor

ATTEST: ______________________________
Finance Officer

1st Reading: 10/20/2025
2nd Reading: 11/03/2025
Published:
Effective:

MUNICIPALITY OF MADISON
MADISON, SOUTH DAKOTA

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2023 TO DECEMBER 31, 2023

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPAL OFFICIALS
DECEMBER 31, 2023

MAYOR:

Roy Lindsay

GOVERNING BOARD:

Jeremiah Corbin
Kelly Dybdahl
Adam Shaw
Jerae Wire

CITY ADMINISTRATOR:

Jameson Berreth

FINANCE OFFICER:

Amy Sad

ATTORNEY:

David Jencks

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Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-1441
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board
Municipality of Madison
Madison, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Madison, South Dakota (Municipality), as of December 31, 2023 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated September 15, 2025. We did not audit the financial statements of the Madison Housing and Redevelopment Commission, which represents 100 percent of the assets, liabilities, net position, revenue and expenses of the discretely presented component unit on the government-wide statement of net position and statement of activities. We have issued a disclaimer of opinion on the discretely presented component unit.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2023-001 and 2023-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-003.

Municipality's Responses to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the Municipality's responses to the findings identified in our audit. The Municipality's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
September 15, 2025

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-1441
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Municipality of Madison
Madison, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

The Municipality of Madison's basic financial statements include the operations of the Madison Housing and Redevelopment Commission. Our audit, described below, and the Schedule of Expenditures of Federal Awards of The Municipality of Madison does not include the federal funds of the Madison Housing and Redevelopment Commission because the Commission has arranged for a separate audit of its federal awards, if applicable.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Municipality's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
September 15, 2025

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

Internal Control Over Compliance – Related Finding – Material Weakness:

Finding Number 2022-001:
The Municipality lacks adequate internal controls over federal awards, as evidenced by (1) improper records retention practices, (2) an absence of documented policies and procedures for retaining financial and programmatic records and (3) the lack of a formal, written procurement policy to ensure compliance with federal regulations. Our review found instances where documentation supporting expenditures and program activities were missing or incomplete, indicating a lack of adherence to federal records retention requirements. This comment has not been corrected and a similar comment is restated as current audit finding number 2023-001.

Corrective Action Plan:
The Municipality of Madison will design and implement formal, written internal control policies and procedures to ensure compliance with federal compliance requirements. This will include the following:

- Records Retention: Assign duties to appropriate individuals and implement a document management system to ensure compliance with federal retention requirements.
- Procurement Policy: Develop and implement a formal, written procurement policy that adheres to federal procurement standards under the Uniform Guidance 2 CFR 200.318.
- Staff Training: Conduct comprehensive training for all personnel involved in the administration of federal awards to ensure familiarity and compliance with federal regulations and internal control expectations.
- Monitoring and Review: Implement a monitoring and review process to periodically evaluate the effectiveness of internal controls and compliance with federal regulations.

PRIOR OTHER AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2022-002:
Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This comment has not been corrected and a similar comment is restated as current audit finding number 2023-002.

Corrective Action Plan:
The Municipality of Madison will ensure that future annual financial statements be completely and accurately prepared in accordance with generally accepted accounting principles and that all necessary accounting records be established and properly maintained. Therefore, the Finance Officer will implement procedures to ensure that appropriate transactions are created and recorded in timely manner and that financial statements are reviewed for accuracy.

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)

Compliance – Related Finding:

Finding Number 2022-003:
Expenditures were excess of the amounts budgeted in two departments in the General Fund. Also, the Park and Recreation Fund and the 2019 September Flood Fund were budgeted to spend more than available. This comment has not been corrected and a similar comment is restated as current audit finding number 2023-003.

Corrective Action Plan:
The Municipality of Madison will ensure that budgets be adopted in accordance with SDCL 9-21-9 and that the expenditures be limited to amounts budgeted or budget supplements and contingency transfers be made in accordance with SDCL 9-21-7 and SDCL 9-21-6.1 to allow for expenditures. Therefore, the Finance Officer and the Mayor will continue to monitor and assure proper budget authority is upheld including any need to supplement the budget or complete contingency transfers as necessary to eliminate future findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements:

a. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, and each major fund opinion units. A disclaimer of opinion was issued on the financial statements of the aggregate discretely presented component opinion unit.

b. Material weaknesses were disclosed by our audit of the financial statements for errors and omissions as discussed in finding number 2023-002.

c. Our audit did disclose noncompliance which was material to the financial statements and is discussed in finding number 2023-003.

Federal Awards:

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did disclose an audit finding that needs to be disclosed in accordance with 2 CFR 200.516(a) and is discussed in finding 2023-001.

f. The federal awards tested as major programs were:

   1. Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

h. The Municipality of Madison did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

Internal Control Over Compliance – Related Finding – Material Weakness:

Finding Number 2023-001:

Condition:
The Municipality did not have adequate internal controls, specifically including a written procurement policy in place during the audit period. As a result, federal funds were expended without documented procedures to guide the appropriate selection of contractors, competition requirements, or adequate safeguards against conflicts of interest required under federal award programs.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria:
2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards outlines the requirements for non-federal entities with respect to the administration and execution of federal award programs.

- *Internal Controls*: According to 2 CFR §200.303, non-federal entities must establish and maintain effective internal controls over federal awards that provide reasonable assurance of compliance with federal statutes, regulations, and the terms and conditions of federal awards.
- *Procurement Policy*: Per 2 CFR §200.318, non-federal entities must have and use documented procurement procedures, consistent with applicable state, local, and federal regulations for the acquisition of property and services under a federal award. The procurement policy must ensure full and open competition, address conflicts of interest, and document procurement actions.

Cause of Condition:
Management has not developed or implemented written procedures to ensure compliance with federal procurement and record retention requirements due to the inadequate development of comprehensive, written internal control procedures over federal award administration. Staff turnover and a lack of training on federal requirements contributed to the deficiency.

Potential Effect of Condition:
The lack of documented internal controls and formal policies over procurement increases the risk of non-compliance with federal regulations. Specifically, this could lead to improper documentation, unallowable costs, procurement errors, and potential waste, fraud, or abuse. These conditions could result in questioned costs, jeopardize future federal funding, and impair the Municipality's ability to effectively manage federal awards.

Identification as a Repeat Finding:
This is a continuing audit finding since 2022.

Recommendation:
1. We recommend that management design and implement formal, written internal control policies and procedures to ensure compliance with federal compliance requirements. This should include:

   - *Procurement Policy*: Develop and implement a formal, written procurement policy that adheres to federal procurement standards under the *Uniform Guidance* 2 CFR 200.318.
   - *Staff Training*: Conduct comprehensive training for all personnel involved in the administration of federal awards to ensure familiarity and compliance with federal regulations and internal control expectations.
   - *Monitoring and Review:* Implement a monitoring and review process to periodically evaluate the effectiveness of internal controls and compliance with federal regulations.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2023-002:

Condition:
Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded.

Criteria:
Proper preparation of municipal records results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Cause of Condition:
Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. The following significant errors and omissions were noted:

a. Long-term liabilities, interim financing and accrued interest were not adjusted to actual at year end.
b. Special assessment receivables were not reconciled with the county auditor and not adjusted at year end.
c. Outstanding taxes receivable were not reconciled with the county auditor and not adjusted at year end.
d. The financial statements were not adjusted to reflect the actual inventory at year end.
e. The project summaries provided did not match the acquired asset listing report, making it difficult to determine construction in progress balances.
f. The depreciation schedule should be adjusted to reflect trade-ins, additions and disposals and the financials records should be adjusted accordingly.
g. Federal Grants receipts were traced through the general ledger journal. Numerous coding errors were noted and corrected where possible.
h. Receivables should be recorded in the fund in which the corresponding revenue is recorded.
i. Utility receivable amounts by fund in the utility billing were not posted correctly between the funds as several variances were noted between the Account Balance With As of Date Report compared to the General Ledger Accounts Receivable Reconciliation Report.

SDCL 9-14-18 states that the finance officer "shall keep regular books of account in which shall be entered all indebtedness of the Municipality, and which shall at all times show the financial condition of the Municipality, the amount of bonds, warrants, certificates, or other evidences of indebtedness issued by the governing body, and the amounts of all bonds, warrants, certificates, or other evidences of indebtedness which have been redeemed and the amount of each outstanding."

SDCL 9-14-19 states that the finance officer "shall supervise the accounting system for all departments and offices of the Municipality in accordance with the recommendations of the Department of Legislative Audit."

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Potential Effect of Condition:
As a result, inaccurate and incomplete information is being presented to the users of these financial statements such that there is more than remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

Identification as a Repeat Finding:
This is a continuing audit finding since 2022.

Recommendation:
2. We recommend future annual financial statements be completely and accurately prepared in accordance with generally accepted accounting principles and that all necessary accounting records be established and properly maintained.

Compliance – Related Finding:

Finding Number 2023-003:

Condition:
Expenditures were excess of the amounts budgeted in the 3rd Cent Fund and in four departments in the General Fund.

Criteria:
SDCL 9-21-2 states in part, "The governing body of each municipality shall, no later than its first regular meeting in September of each year or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality." Also, SDCL 9-21-9 states, "Neither the governing body nor any department or office of the municipality shall add to the municipal expenditures in any fiscal year any sum in excess of the amount provided for in the annual appropriation ordinance except as otherwise specially provided. Nor shall the amount spent for any purpose or any department exceed the total amount appropriated for such purpose or for such department in the annual appropriation ordinance for such year, except as otherwise specially provided."

Cause of Condition:
The Municipality expended money in excess of amounts budgeted without supplementing the budget as allowed by SDCL 9-21-7.

Potential Effect of Condition:
Without adopting a budget supplement or limiting expenditures, expenditures are being made without proper authority.

Identification as a Repeat Finding:
This is a continuing audit finding since 2022.

- -

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation:

3. We recommend that budgets be adopted in accordance with SDCL 9-21-9 and that the expenditures be limited to amounts budgeted or budget supplements and contingency transfers be made in accordance with SDCL 9-21-7 and SDCL 9-21-6.1 to allow for expenditures.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of and at the conclusion of the audit.

THE CITY OF MADISON
Finance Office

Address:
503 S Highland Avenue
Madison, SD 57042

Phone: (605) 256-7500

www.CityofMadisonSD.com

Corrective Action Plan
Municipality of Madison – 2023 Audit Findings

Finding Number 2023-001:

The Municipality did not have adequate internal controls, specifically including a written procurement policy in place during the audit period. As a result, federal funds were expended without documented procedures to guide contractor selection, competition requirements, or safeguards against conflicts of interest.

This is a repeat finding from 2022. Implemented in 2024.

Planned Corrective Action:

The City of Madison will finalize and adopt a formal, written procurement policy that complies with the Uniform Guidance (2 CFR 200.318) and ensures consistency with federal, state, and local requirements. The plan will include:

• Procurement Policy Development: Implementation of a comprehensive written policy covering competitive bidding, conflict of interest standards, and documentation requirements.

• Staff Training: Provide training for all personnel responsible for federal award administration to ensure understanding and compliance with procurement and internal control expectations.

• Monitoring and Review: Establish a periodic review process to evaluate procurement practices and ensure ongoing compliance with federal regulations.

Finding Number 2023-002:

Material weaknesses were noted in internal accounting control and recordkeeping. Specific issues included errors and omissions in long-term liabilities, receivables reconciliations, inventory reporting, depreciation schedules, grant coding, and utility fund postings.

This is a repeat finding from 2022. Implemented in 2024.

Planned Corrective Action:

The City of Madison will strengthen its financial reporting and internal control environment to ensure accurate and timely accounting. Corrective measures will include:

• Year-End Adjustments: Establish procedures to ensure long-term liabilities, accrued interest, receivables, and inventories are reconciled and adjusted at year-end in coordination with county records.

• Asset and Depreciation Tracking: Implement a standardized process for reconciling project summaries, asset listings, and depreciation schedules to reflect trade-ins, additions, and disposals accurately.

• Grant and Receivable Coding: Enhance review procedures to ensure federal grant receipts and receivables are recorded in the correct funds, and utility receivables are posted accurately between funds.

• Finance Officer Oversight: The Finance Officer will supervise the accounting system in accordance with SDCL 9-14-18 and 9-14-19, including formal monthly reviews of reconciliations and financial statements for accuracy.

The City of Madison will strengthen its financial reporting and internal control environment to ensure accurate and timely accounting. Corrective measures will include:

• Year-End Adjustments: Establish procedures to ensure long-term liabilities, accrued interest, receivables, and inventories are reconciled and adjusted at year-end in coordination with county records.

• Asset and Depreciation Tracking: Implement a standardized process for reconciling project summaries, asset listings, and depreciation schedules to reflect trade-ins, additions, and disposals accurately.

• Grant and Receivable Coding: Enhance review procedures to ensure federal grant receipts and receivables are recorded in the correct funds, and utility receivables are posted accurately between funds.

• Finance Officer Oversight: The Finance Officer will supervise the accounting system in accordance with SDCL 9-14-18 and 9-14-19, including formal monthly reviews of reconciliations and financial statements for accuracy.

Finding Number 2023-003

Expenditures exceeded the amounts budgeted in the 3rd Cent Fund and in four departments in the General Fund. The Municipality did not supplement the budget as allowed by SDCL 9-21-7.

This is a repeat finding from 2022. Implemented in 2024.

Planned Corrective Action:

The City of Madison will ensure that future expenditures remain within legally adopted budget authority as required by SDCL 9-21-9. Specific corrective steps include:

• Budget Compliance Monitoring: The Finance Office will monitor departmental expenditures monthly against the adopted appropriation ordinance to identify potential overages in advance.

• Supplements and Transfers: The governing body will adopt budget supplements and contingency transfers in accordance with SDCL 9-21-7 and SDCL 9-21-6.1 when necessary.

• Ongoing Oversight: The Finance Officer and Mayor will oversee compliance to ensure that future expenditures do not exceed appropriated authority.

Roy J. Lindsay Jr.

Roy Lindsay
Mayor

Jameson Berreth

Jameson Berreth
City Administrator

Amy L. Sad

Amy L. Sad
Finance Officer

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
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P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Madison
Madison, South Dakota

Disclaimer of Opinion and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Madison, South Dakota, (Municipality) as of and for the year ended December 31, 2023, and the related notes to the financial statements. We were not engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the Municipality of Madison, South Dakota. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions on Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Municipality of Madison, South Dakota as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Matter Giving Rise to Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

We were not engaged to audit, and we were unable to obtain audited financial statements supporting the financial balances and activities of the Madison Housing and Redevelopment Commission, and we did not attempt to satisfy ourselves as to those amounts by other auditing procedures. Those financial activities are included on the basic financial statements referred to above as a component unit of the Municipality of Madison and represent one hundred percent of the December 31, 2023, balances and activities for the year then ended of the component unit column.

<u>Responsibilities of Management for the Financial Statements</u>

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

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

<u>Auditor's Responsibilities for the Audit of the Financial Statements</u>

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Because of the matter described in the Basis of Disclaimer of Opinion and Unmodified Opinions section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units. 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 always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the Municipality Contributions, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the Unitied States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole,

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the List of Municipal Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2025 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
September 15, 2025

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF MADISON
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Cash and Cash Equivalents	14,933,364.22	10,020,006.60	24,953,370.82	991,553.00
Investments	594.00		594.00	
Accounts Receivable, Net	303,980.29	4,710,817.84	5,014,798.13	56,937.00
Inventories	135,068.83	1,439,967.08	1,575,035.91	
Other Assets	25,442.59	32,811.89	58,254.48	4,354.00
Restricted Assets:				
Deposits Lewis & Clark		1,994,375.60	1,994,375.60	
Cash and Cash Equivalents	282,202.24		282,202.24	
Net Pension Asset	10,750.23	7,695.74	18,445.97	745.00
Capital Assets:				
Land and Construction Work in Progress	13,003,526.86	19,360,645.47	32,364,172.33	514,487.00
Other Capital Assets, Net of Depreciation	23,469,867.48	27,919,128.16	51,388,995.64	2,303,019.00
TOTAL ASSETS	52,164,796.74	65,485,448.38	117,650,245.12	3,871,095.00
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	838,965.99	600,589.60	1,439,555.59	57,560.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	838,965.99	600,589.60	1,439,555.59	57,560.00
LIABILITIES :				
Accounts Payable	1,335,387.53	908,252.35	2,243,639.88	7,541.00
Other Current Liabilities	177,228.13	1,760,533.89	1,937,762.02	94,773.00
Unearned Revenue		65,579.64	65,579.64	1,974.00
Noncurrent Liabilities:				
Due Within One Year	2,976,907.47	3,772,432.37	6,749,339.84	67,712.00
Due in More than One Year	8,542,461.31	10,898,915.05	19,441,376.36	910,141.00
TOTAL LIABILITIES	13,031,984.44	17,405,713.30	30,437,697.74	1,082,141.00
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	546,261.99	391,051.93	937,313.92	38,261.00
TOTAL DEFERRED INFLOWS OF RESOURCES	546,261.99	391,051.93	937,313.92	38,261.00
NET POSITION:				
Net Investment in Capital Assets	27,644,357.89	31,408,110.51	59,052,468.40	1,842,360.00
Restricted for:				
Capital Projects Purposes	4,545,307.32		4,545,307.32	
Debt Service Purposes	533,853.14	995,168.24	1,529,021.38	
City Promotion Purposes	227,403.95		227,403.95	
100 Year Anniversary Purposes	594.00		594.00	
Lewis & Clark Rural Water		1,994,375.60	1,994,375.60	
SDRS Pension Purposes	303,454.23	217,233.41	520,687.64	29,331.00
Unrestricted (Deficit)	6,170,545.77	13,674,384.99	19,844,930.76	936,562.00
TOTAL NET POSITION	39,425,516.30	48,289,272.75	87,714,789.05	2,808,253.00

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

MUNICIPALITY OF MADISON
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Component Units**
Primary Government:								
Governmental Activities:								
General Government	2,338,671.21	116,422.82	161,170.05	3,231.50	(2,057,846.84)		(2,057,846.84)	
Public Safety	2,042,270.09	697.33	2,091.32		(2,039,481.44)		(2,039,481.44)	
Public Works	1,821,479.74	496,532.08	304,506.80	806,624.74	(213,816.12)		(213,816.12)	
Health and Welfare		23.00			23.00		23.00	
Culture and Recreation	1,867,360.57	65,173.25	78,272.05		(1,723,915.27)		(1,723,915.27)	
Conservation and Development	696,405.33	66,787.45			(629,617.88)		(629,617.88)	
Miscellaneous	941.50				(941.50)		(941.50)	
*Interest on Long-term Liabilties	346,329.83				(346,329.83)		(346,329.83)	
Total Governmental Activities	9,113,458.27	745,635.93	546,040.22	809,856.24	(7,011,925.88)		(7,011,925.88)	0.00
Business-type Activities:								
Water	1,819,057.60	2,140,903.60		2,713,991.60		3,035,837.60	3,035,837.60	
Sewer	1,379,344.61	1,935,009.19		656,515.39		1,212,179.97	1,212,179.97	
Electric	11,080,368.48	12,142,344.90				1,061,976.42	1,061,976.42	
Community Center	910,829.50	579,145.60	127,280.00			(204,403.90)	(204,403.90)	
Solid Waste/Recycling	503,175.93	433,548.44		109,560.00		39,932.51	39,932.51	
Recycling	165,999.41	151,733.10	21,720.94			7,454.63	7,454.63	
Total Business-type Activities	15,858,775.53	17,382,684.83	149,000.94	3,480,066.99		5,152,977.23	5,152,977.23	0.00
Total Primary Government	24,972,233.80	18,128,320.76	695,041.16	4,289,923.23	(7,011,925.88)	5,152,977.23	(1,858,948.65)	0.00
Component Units:								
Housing and Redevelopment Commission	1,429,187.00	541,836.00	820,401.00	129,814.00				62,864.00
General Revenues:								
Taxes:								
Property Taxes					2,257,559.82		2,257,559.82	
Sales Taxes					4,674,955.12		4,674,955.12	
State Shared Revenues					74,961.80		74,961.80	
Grants and Contributions not Restricted to Specific Programs					162,924.61		162,924.61	
Unrestricted Investment Earnings					802,472.20	10.81	802,483.01	5,090.00
Miscellaneous Revenue					125,543.56	1,456.00	126,999.56	
Transfers					(1,330,000.00)	1,330,000.00	0.00	
Total General Revenues and Transfers					6,768,417.11	1,331,466.81	8,099,883.92	5,090.00
Change in Net Position					(243,508.77)	6,484,444.04	6,240,935.27	67,954.00
Net Position - Beginning					39,661,966.47	41,804,828.71	81,466,795.18	2,740,299.00
Restatements:								
Prior Year Correction of Accounts Payable (See Note 18).					7,058.60		7,058.60	
Restated Net Position - Beginning					39,669,025.07	41,804,828.71	81,473,853.78	2,740,299.00
NET POSITION - ENDING					39,425,516.30	48,289,272.75	87,714,789.05	2,808,253.00

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

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

MUNICIPALITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	3rd Cent Fund	2nd Cent Fund	Business Improvement Fund	Special Maintenance Fee Fund	Swimming Pool Debt Service Fund
ASSETS:						
Cash and Cash Equivalents	5,155,622.54	225,316.99	4,077,178.91	101,246.50	1,187,128.35	358,048.54
Investments	594.00					
Taxes Receivable--Delinquent	35,052.77					1,437.16
Accounts Receivable, Net	71,632.15					
Special Assessments Receivable--Current	31,298.33					
Special Assessments Receivable--Delinquent	948.12					
Special Assessments Receivable--Deferred	33,333.74					
Due from Other Governments	102,524.72	2,086.96	25,666.34			
Inventory of Supplies	95,140.45					
Inventory of Stores Purchased for Resale	39,928.38					
Prepaid Expenses	25,442.59					
Restricted Cash and Cash Equivalents						
TOTAL ASSETS	5,591,517.79	227,403.95	4,102,845.25	101,246.50	1,187,128.35	359,485.70
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	509,199.97			4,424.50		
Due to State Government	256.89					
Accrued Wages Payable	140,334.09					
Customer Deposits	3,500.00					
Total Liabilities	653,290.95	0.00	0.00	4,424.50	0.00	0.00
Deferred Inflows of Resources:						
Unavailable Revenue--Property Taxes	35,052.77					1,437.16
Unavailable Revenue--Special Assessments	65,580.19					
Total Deferred Inflows of Resources	100,632.96	0.00	0.00	0.00	0.00	1,437.16

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

MUNICIPALITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	3rd Cent Fund	2nd Cent Fund	Business Improvement Fund	Special Maintenance Fee Fund	Swimming Pool Debt Service Fund
Fund Balances:						
Nonspendable for Inventory	135,068.83					
Nonspendable for Prepaid Expenses	25,442.59					
Restricted for 100 Year Fund	594.00					
Restricted for City Promotion		227,403.95				
Restricted for Debt Service			147,900.00			358,048.54
Restricted for Gerry Maloney Nature Capital Projects						
Restricted for Capital Project Purposes				96,822.00	1,187,128.35	
Committed for Captial Outlay Accumulation	3,212,449.03		3,954,945.25			
Assigned for Next Year's Budget	1,464,039.43					
Total Fund Balances	4,837,593.88	227,403.95	4,102,845.25	96,822.00	1,187,128.35	358,048.54
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	5,591,517.79	227,403.95	4,102,845.25	101,246.50	1,187,128.35	359,485.70

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

MUNICIPALITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	Grant Circle TIF Debt Serivce Fund	TIF #2 Debt Service Fund	Gerry Maloney Nature Capital Project Fund	Creek Bridge Mitigation Capital Project Fund	City Hall Construction Capital Project Fund	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	28,050.67	863.52		1,086,027.63	2,713,880.57	14,933,364.22
Investments						594.00
Taxes Receivable--Delinquent						36,489.93
Accounts Receivable, Net						71,632.15
Special Assessments Receivable--Current						31,298.33
Special Assessments Receivable--Delinquent						948.12
Special Assessments Receivable--Deferred						33,333.74
Due from Other Governments						130,278.02
Inventory of Supplies						95,140.45
Inventory of Stores Purchased for Resale						39,928.38
Prepaid Expenses						25,442.59
Restricted Cash and Cash Equivalents			282,202.24			282,202.24
TOTAL ASSETS	28,050.67	863.52	282,202.24	1,086,027.63	2,713,880.57	15,680,652.17
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	1,009.59				820,753.47	1,335,387.53
Due to State Government						256.89
Accrued Wages Payable						140,334.09
Customer Deposits						3,500.00
Total Liabilities	1,009.59	0.00	0.00	0.00	820,753.47	1,479,478.51
Deferred Inflows of Resources:						
Unavailable Revenue--Property Taxes						36,489.93
Unavailable Revenue--Special Assessments						65,580.19
Total Deferred Inflows of Resources	0.00	0.00	0.00	0.00	0.00	102,070.12

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

MUNICIPALITY OF MADISON
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	Grant Circle TIF Debt Serivce Fund	TIF #2 Debt Service Fund	Gerry Maloney Nature Capital Project Fund	Creek Bridge Mitigation Capital Project Fund	City Hall Construction Capital Project Fund	Total Governmental Funds
Fund Balances:						
Nonspendable for Inventory						135,068.83
Nonspendable for Prepaid Expenses						25,442.59
Restricted for 100 Year Fund						594.00
Restricted for City Promotion						227,403.95
Restricted for Debt Service	27,041.08	863.52				533,853.14
Restricted for Gerry Maloney Nature Capital Projects			282,202.24			282,202.24
Restricted for Capital Project Purposes				1,086,027.63	1,893,127.10	4,263,105.08
Committed for Captial Outlay Accumulation						7,167,394.28
Assigned for Next Year's Budget						1,464,039.43
Total Fund Balances	27,041.08	863.52	282,202.24	1,086,027.63	1,893,127.10	14,099,103.54
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	28,050.67	863.52	282,202.24	1,086,027.63	2,713,880.57	15,680,652.17

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

MUNICIPALITY OF MADISON
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total Fund Balances - Governmental Funds		14,099,103.54
Amounts reported for governmental activities in the statement of net position are different because:		
	Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	10,750.23
	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,473,394.34
	Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	838,965.99
	Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	(11,519,368.78)
	Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.	102,070.12
	Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(546,261.99)
	Accrued interest on long-term liabilities is not due and payable in the current period and therefore is not reported in the funds.	(33,137.15)
Net Position - Governmental Activities		39,425,516.30

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

MUNICIPALITY OF MADISON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	3rd Cent Fund	2nd Cent Fund	Business Improvement Fund	Special Maintenance Fee Fund	2019 September Flood Fund	Swimming Pool Debt Service Fund	Grant Circle TIF Debt Service Fund
Revenues:								
Taxes:								
General Property Taxes	2,163,030.86						1,869.92	29,237.94
General Sales and Use Taxes	2,193,142.01	401,708.05	2,028,929.06	51,176.00				
Penalties and Interest on Delinquent Taxes	2,754.25						148.84	
Licenses and Permits	99,647.45							
Intergovernmental Revenue:								
Federal Grants	516,361.08							
State Grants	247,780.86							
State Shared Revenue:								
Bank Franchise Tax	24,186.88							
Prorate License Fees	216,777.58							
Liquor Tax Reversion	42,802.34							
Motor Vehicle Licenses	81,869.37							
State Payments in Lieu of Taxes	7,972.58							
County Shared Revenue:								
County Road Tax	5,859.85							
Charges for Goods and Services:								
General Government	25,708.68							
Public Safety	476.00							
Highways and Streets	9,915.00							
Sanitation	98,172.14							
Health	23.00							
Culture and Recreation	65,173.25							
Other	365,989.94							
Fines and Forfeits:								
Court Fines and Costs	221.33							
Other	40.00							
Miscellaneous Revenue:								
Investment Earnings	802,101.52				356.32			14.36
Rentals	81,285.81							
Special Assessments	10,124.48							
Maintenance Assessments					248,585.68			
Contributions & Donations from Private Sources	162,924.61							
Other	76,168.38							
Total Revenue	7,300,509.25	401,708.05	2,028,929.06	51,176.00	248,942.00	0.00	2,018.76	29,252.30
Expenditures:								
General Government:								
Legislative	122,217.04							
Financial Administration	684,678.89							
Other	572,745.21							
Total General Government	1,379,641.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

MUNICIPALITY OF MADISON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	3rd Cent Fund	2nd Cent Fund	Business Improvement Fund	Special Maintenance Fee Fund	2019 September Flood Fund	Swimming Pool Debt Service Fund	Grant Circle TIF Debt Service Fund
Expenditures: (continued)								
Public Safety:								
Police	1,803,172.08							
Fire	224,699.11							
Other Protection	546.70							
Total Public Safety	2,028,417.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works:								
Highways and Streets	996,249.61				13,600.00			
Sanitation	77,894.71							
Airport	347,642.32							
Total Public Works	1,421,786.64	0.00	0.00	0.00	13,600.00	0.00	0.00	0.00
Culture and Recreation:								
Recreation	233,829.75							
Parks	459,037.57							
Libraries	687,148.13							
Auditorium	40,512.83							
Total Culture and Recreation	1,420,528.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conservation and Development:								
Economic Development and Assistance (Industrial Development)	291,812.88	235,745.00	155,803.45	13,044.00				
Total Conservation and Development	291,812.88	235,745.00	155,803.45	13,044.00	0.00	0.00	0.00	0.00
Debt Service	827,596.30	0.00	0.00	0.00	0.00	0.00	0.00	20,557.09
Capital Outlay	3,342,962.48				221,425.88			
Miscellaneous:								
Other Expenditures	941.50							
Total Miscellaneous	941.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditures	10,713,687.11	235,745.00	155,803.45	13,044.00	235,025.88	0.00	0.00	20,557.09
Excess of Revenue Over (Under) Expenditures	(3,413,177.86)	165,963.05	1,873,125.61	38,132.00	13,916.12	0.00	2,018.76	8,695.21
Other Financing Sources:								
Transfers In						3,191.79		
Compensation for Loss or Damage to Capital Assets	49,375.18							
Long-Term Debt Issued	958,985.96							
Transfers Out	(2,896,252.66)							
Total Other Financing Sources	(1,887,891.52)	0.00	0.00	0.00	0.00	3,191.79	0.00	0.00
Net Change in Fund Balances	(5,301,069.38)	165,963.05	1,873,125.61	38,132.00	13,916.12	3,191.79	2,018.76	8,695.21
Fund Balance - Beginning	10,138,663.26	61,440.90	2,229,719.64	58,690.00	1,173,212.23	(3,191.79)	356,029.78	11,287.27
Restatement:								
Prior Year Correction of Accounts Payable (See Note 17).								7,058.60
Restated Fund Balance - Beginning	10,138,663.26	61,440.90	2,229,719.64	58,690.00	1,173,212.23	(3,191.79)	356,029.78	18,345.87
FUND BALANCE - ENDING	4,837,593.88	227,403.95	4,102,845.25	96,822.00	1,187,128.35	0.00	358,048.54	27,041.08

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

MUNICIPALITY OF MADISON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	TIF #2 Debt Service Fund	Gerry Maloney Nature Capital Project Fund	Creek Bridge Mitigation Capital Project Fund	City Hall Construction Capital Project Fund	Total Governmental Funds
Revenues:					
Taxes:					
General Property Taxes	48,389.75				2,242,528.47
General Sales and Use Taxes					4,674,955.12
Penalties and Interest on Delinquent Taxes					2,903.09
Licenses and Permits					99,647.45
Intergovernmental Revenue:					
Federal Grants					516,361.08
State Grants					247,780.86
State Shared Revenue:					
Bank Franchise Tax					24,186.88
Prorate License Fees					216,777.58
Liquor Tax Reversion					42,802.34
Motor Vehicle Licenses					81,869.37
State Payments in Lieu of Taxes					7,972.58
County Shared Revenue:					
County Road Tax					5,859.85
Charges for Goods and Services:					
General Government					25,708.68
Public Safety					476.00
Highways and Streets					9,915.00
Sanitation					98,172.14
Health					23.00
Culture and Recreation					65,173.25
Other					365,989.94
Fines and Forfeits:					
Court Fines and Costs					221.33
Other					40.00
Miscellaneous Revenue:					
Investment Earnings					802,472.20
Rentals					81,285.81
Special Assessments					10,124.48
Maintenance Assessments					248,585.68
Contributions & Donations from Private Sources					162,924.61
Other					76,168.38
Total Revenue	48,389.75	0.00	0.00	0.00	10,110,925.17
Expenditures:					
General Government:					
Legislative					122,217.04
Financial Administration					684,678.89
Other					572,745.21
Total General Government	0.00	0.00	0.00	0.00	1,379,641.14

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

MUNICIPALITY OF MADISON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	TIF #2 Debt Service Fund	Gerry Maloney Nature Capital Project Fund	Creek Bridge Mitigation Capital Project Fund	City Hall Construction Capital Project Fund	Total Governmental Funds
Expenditures: (continued)					
Public Safety:					
Police					1,803,172.08
Fire					224,699.11
Other Protection					546.70
Total Public Safety	0.00	0.00	0.00	0.00	2,028,417.89
Public Works:					
Highways and Streets					1,009,849.61
Sanitation					77,894.71
Airport					347,642.32
Total Public Works	0.00	0.00	0.00	0.00	1,435,386.64
Culture and Recreation:					
Recreation					233,829.75
Parks					459,037.57
Libraries					687,148.13
Auditorium					40,512.83
Total Culture and Recreation	0.00	0.00	0.00	0.00	1,420,528.28
Conservation and Development:					
Economic Development and Assistance (Industrial Development)					696,405.33
Total Conservation and Development	0.00	0.00	0.00	0.00	696,405.33
Debt Service	48,389.75	0.00	0.00	0.00	896,543.14
Capital Outlay			61,671.70	3,122,577.30	6,748,637.36
Miscellaneous:					
Other Expenditures					941.50
Total Miscellaneous	0.00	0.00	0.00	0.00	941.50
Total Expenditures	48,389.75	0.00	61,671.70	3,122,577.30	14,606,501.28
Excess of Revenue Over (Under) Expenditures	0.00	0.00	(61,671.70)	(3,122,577.30)	(4,495,576.11)
Other Financing Sources:					
Transfers In			63,060.87	1,500,000.00	1,566,252.66
Compensation for Loss or Damage to Capital Assets					49,375.18
Long-Term Debt Issued					958,985.96
Transfers Out					(2,896,252.66)
Total Other Financing Sources	0.00	0.00	63,060.87	1,500,000.00	(321,638.86)
Net Change in Fund Balances	0.00	0.00	1,389.17	(1,622,577.30)	(4,817,214.97)
Fund Balance - Beginning	863.52	282,202.24	1,084,638.46	3,515,704.40	18,909,259.91
Restatement:					
Prior Year Correction of Accounts Payable (See Note 17).					7,058.60
Restated Fund Balance - Beginning	863.52	282,202.24	1,084,638.46	3,515,704.40	18,916,318.51
FUND BALANCE - ENDING	863.52	282,202.24	1,086,027.63	1,893,127.10	14,099,103.54

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

MUNICIPALITY OF MADISON
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds	(4,817,214.97)
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	6,748,637.36
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(1,760,871.97)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	3,231.50
Payment of principal on long-term liabilities is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets.	562,007.36
The issuance of long-term liabilities is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.	(958,985.96)
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	12,128.26
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.	24,289.39
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	(15,711.64)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g. accrued interest expense, pension expense)	2,065.88
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(43,083.98)
Change in Net Position of Governmental Activities	(243,508.77)

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

MUNICIPALITY OF MADISON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds						
	Water Fund	Sewer Fund	Electric Fund	Community Center Fund	Solid Waste/ Recycling Fund	After School/ Youth Fund	Totals
ASSETS:							
Current Assets:							
Cash and Cash Equivalents	1,943,491.28	2,381,242.29	4,980,707.87		643,188.55	71,376.61	10,020,006.60
Accounts Receivable, Net	143,396.69	144,117.73	986,392.52	5,783.41	36,229.94		1,315,920.29
Unbilled Accounts Receivable	141,264.60	134,269.12	822,550.74		24,278.52		1,122,362.98
Due from Community Center Fund			54,706.85				54,706.85
Due from Other Government	1,548,785.28	614,189.29			109,560.00		2,272,534.57
Inventory of Supplies	155,905.16	7,280.37	1,217,829.03		58,952.52		1,439,967.08
Prepaid Expenses	8,003.86	4,913.76	15,561.27	1,669.21	1,846.07	817.72	32,811.89
Total Current Assets	3,940,846.87	3,286,012.56	8,077,748.28	7,452.62	874,055.60	72,194.33	16,258,310.26
Noncurrent Assets:							
Restricted Deposits	1,994,375.60						1,994,375.60
Net Pension Asset	1,660.99	1,250.56	3,312.45	967.89	503.85		7,695.74
Capital Assets:							
Land	110,343.51	44,923.24	6,032.05				161,298.80
Buildings	15,046,467.79	13,240,823.10	21,536,771.03		341,786.30		50,165,848.22
Machinery and Equipment	400,990.31	1,496,817.62	1,518,814.80	138,975.06	987,645.39		4,543,243.18
Construction Work in Progress	12,805,772.33	4,840,607.62	1,552,966.72				19,199,346.67
Less: Accumulated Depreciation	(6,620,806.88)	(8,019,742.56)	(11,111,885.04)	(100,528.49)	(937,000.27)		(26,789,963.24)
Total Noncurrent Assets	23,738,803.65	11,604,679.58	13,506,012.01	39,414.46	392,935.27	0.00	49,281,844.97
TOTAL ASSETS	27,679,650.52	14,890,692.14	21,583,760.29	46,867.08	1,266,990.87	72,194.33	65,540,155.23
DEFERRED OUTFLOWS OF RESOURCES:							
Pension Related Deferred Outflows	129,626.62	97,595.99	258,509.27	75,536.08	39,321.64		600,589.60
TOTAL DEFERRED OUTFLOWS OF RESOURCES	129,626.62	97,595.99	258,509.27	75,536.08	39,321.64	0.00	600,589.60

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

MUNICIPALITY OF MADISON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds						
	Water Fund	Sewer Fund	Electric Fund	Community Center Fund	Solid Waste/ Recycling Fund	After School/ Youth Fund	Totals
LIABILITIES:							
Current Liabilities:							
Accounts Payable	218,144.78	34,444.30	609,784.37	27,387.67	15,330.37	3,160.86	908,252.35
Notes Payable		2,293,360.50					2,293,360.50
Contracts Payable	1,030,500.88	459,730.79					1,490,231.67
Due to Electric Fund				54,706.85			54,706.85
Due to State Government	53.95		38,745.42	2,888.02	1,635.57		43,322.96
Accrued Interest Payable	12,523.19	14,565.04	7,937.44				35,025.67
Accrued Wages Payable	15,892.37	10,223.36	32,529.34	12,656.26	4,562.14	2,500.12	78,363.59
Customer Deposits			113,590.00				113,590.00
Unearned Revenue			59,879.59	5,700.05			65,579.64
Bonds Payable Current:							
Revenue	355,379.76	283,555.37	690,136.74				1,329,071.87
Compensated Absences Payable-Current	54,000.00	17,000.00	55,000.00	11,000.00	10,000.00	3,000.00	150,000.00
Total Current Liabilities	1,686,494.93	3,112,879.36	1,607,602.90	114,338.85	31,528.08	8,660.98	6,561,505.10
Noncurrent Liabilities:							
Bonds Payable:							
Revenue	8,628,730.36	1,563,995.24	566,273.48				10,758,999.08
Accrued Leave Payable	52,213.20	16,211.31	50,968.35	9,553.26	8,756.03	2,213.82	139,915.97
Total Noncurrent Liabilities	8,680,943.56	1,580,206.55	617,241.83	9,553.26	8,756.03	2,213.82	10,898,915.05
TOTAL LIABILITIES	10,367,438.49	4,693,085.91	2,224,844.73	123,892.11	40,284.11	10,874.80	17,460,420.15
DEFERRED INFLOWS OF RESOURCES:							
Pension Related Deferred Inflows	84,401.62	63,546.06	168,318.85	49,182.56	25,602.84		391,051.93
TOTAL DEFERRED INFLOWS OF RESOURCES	84,401.62	63,546.06	168,318.85	49,182.56	25,602.84	0.00	391,051.93
NET POSITION:							
Net Investment in Capital Assets	11,728,156.06	7,002,787.12	12,246,289.34	38,446.57	392,431.42		31,408,110.51
Restricted For:							
Revenue Bond Debt Service	286,000.00	340,168.24	369,000.00				995,168.24
SDSR Pension Purposes	46,885.99	35,300.49	93,502.87	27,321.41	14,222.65		217,233.41
Lewis & Clark Rural Water	1,994,375.60						1,994,375.60
Unrestricted Net Position	3,302,019.38	2,853,400.31	6,740,313.77	(116,439.49)	833,771.49	61,319.53	13,674,384.99
TOTAL NET POSITION	17,357,437.03	10,231,656.16	19,449,105.98	(50,671.51)	1,240,425.56	61,319.53	48,289,272.75

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

MUNICIPALITY OF MADISON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds						
	Water Fund	Sewer Fund	Electric Fund	Community Center Fund	Solid Waste/ Recycling Fund	After School/ Youth Fund	Totals
Operating Revenue:							
Charges for Goods and Services	2,101,562.12	1,827,276.77	11,465,825.86	578,311.62	433,548.44	151,733.10	16,558,257.91
Miscellaneous	39,341.48	107,732.42	676,519.04	833.98			824,426.92
Total Operating Revenue	2,140,903.60	1,935,009.19	12,142,344.90	579,145.60	433,548.44	151,733.10	17,382,684.83
Operating Expenses:							
Personal Services	589,317.55	514,859.39	1,222,531.55	525,932.61	210,985.99	111,676.02	3,175,303.11
Other Current Expense	404,937.87	375,347.02	2,275,703.34	377,767.33	239,507.18	54,323.39	3,727,586.13
Materials (Cost of Goods Sold)	135,893.73		6,999,862.89				7,135,756.62
Depreciation	395,366.92	374,393.28	565,419.62	7,129.56	52,682.76		1,394,992.14
Total Operating Expenses	1,525,516.07	1,264,599.69	11,063,517.40	910,829.50	503,175.93	165,999.41	15,433,638.00
Operating Income (Loss)	615,387.53	670,409.50	1,078,827.50	(331,683.90)	(69,627.49)	(14,266.31)	1,949,046.83
Nonoperating Revenue (Expense):							
Operating Grants				127,280.00		21,720.94	149,000.94
Investment Earnings	10.81						10.81
Rental Revenue			1,456.00				1,456.00
Interest Expense	(293,541.53)	(114,744.92)	(16,851.08)				(425,137.53)
Total Nonoperating Revenue (Expense)	(293,530.72)	(114,744.92)	(15,395.08)	127,280.00	0.00	21,720.94	(274,669.78)
Income (Loss) Before Contributions and Transfers	321,856.81	555,664.58	1,063,432.42	(204,403.90)	(69,627.49)	7,454.63	1,674,377.05
Capital Contributions	2,713,991.60	656,515.39			109,560.00		3,480,066.99
Transfers In	650,000.00	500,000.00		180,000.00			1,330,000.00
Change in Net Position	3,685,848.41	1,712,179.97	1,063,432.42	(24,403.90)	39,932.51	7,454.63	6,484,444.04
Net Position - Beginning	13,671,588.62	8,519,476.19	18,385,673.56	(26,267.61)	1,200,493.05	53,864.90	41,804,828.71
NET POSITION - ENDING	17,357,437.03	10,231,656.16	19,449,105.98	(50,671.51)	1,240,425.56	61,319.53	48,289,272.75

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

MUNICIPALITY OF MADISON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds						
	Water Fund	Sewer Fund	Electric Fund	Community Center Fund	Solid Waste/ Recyling Fund	After School/ Youth Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash Receipts from Customers	2,096,051.29	1,813,525.51	11,315,120.90	578,228.26	423,115.88	151,733.10	16,377,774.94
Other Operating Cash Receipts	39,341.48	107,732.42	676,519.04	833.98			824,426.92
Cash Payments to Employees for Services	(593,674.53)	(512,138.62)	(1,217,631.71)	(527,515.05)	(211,337.79)	(107,527.66)	(3,169,825.36)
Cash Payments to Suppliers of Goods and Services	(607,567.36)	(445,185.55)	(9,618,032.12)	(389,482.23)	(238,030.79)	(51,830.81)	(11,350,128.86)
Net Cash Provided (Used) by Operating Activities	934,150.88	963,933.76	1,155,976.11	(337,935.04)	(26,252.70)	(7,625.37)	2,682,247.64
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Operating Subsidies				157,280.00		21,720.94	179,000.94
Interfund Loans			(655.04)	655.04			0.00
Transfers In	650,000.00	500,000.00		180,000.00			1,330,000.00
Net Cash Provided (Used) by Noncapital Financing Activities	650,000.00	500,000.00	(655.04)	337,935.04	0.00	21,720.94	1,509,000.94
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from Capital Debt	7,837,116.58	484,180.95					8,321,297.53
Capital Contributions	994,622.69						994,622.69
Purchase of Capital Assets	(2,859,939.18)	(1,483,834.64)	(2,321,618.83)				(6,665,392.65)
Principal Paid on Capital Debt	(8,073,164.80)	(274,524.01)	(102,863.26)				(8,450,552.07)
Interest Paid on Capital Debt	(293,289.65)	(115,845.28)	(18,089.73)				(427,224.66)
Other Receipts (Payments)			1,456.00				1,456.00
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,394,654.36)	(1,390,022.98)	(2,441,115.82)	0.00	0.00	0.00	(6,225,793.16)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Cash Received for Interest	10.81						10.81
Net Cash Provided by Investing Activities	10.81	0.00	0.00	0.00	0.00	0.00	10.81
Net Increase (Decrease) in Cash and Cash Equivalents	(810,492.67)	73,910.78	(1,285,794.75)	0.00	(26,252.70)	14,095.57	(2,034,533.77)
Balances - Beginning	2,753,983.95	2,307,331.51	6,266,502.62	0.00	669,441.25	57,281.04	12,054,540.37
Balances - Ending	1,943,491.28	2,381,242.29	4,980,707.87	0.00	643,188.55	71,376.61	10,020,006.60

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

MUNICIPALITY OF MADISON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds						
	Water Fund	Sewer Fund	Electric Fund	Community Center Fund	Solid Waste/ Recyling Fund	After School/ Youth Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (Loss)	615,387.53	670,409.50	1,078,827.50	(331,683.90)	(69,627.49)	(14,266.31)	1,949,046.83
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:							
Depreciation Expense	395,366.92	374,393.28	565,419.62	7,129.56	52,682.76		1,394,992.14
(Increase) decrease in Receivables	(5,110.58)	(13,751.26)	(69,776.78)	(5,783.41)	(10,432.56)		(104,854.59)
(Increase) decrease in Inventories	(64,020.53)	177.04	(145,936.98)		1,355.70		(208,424.77)
(Increase) decrease in Net Pension Asset	(216.17)	(121.01)	(532.65)	(25.46)	22.44	114.89	(757.96)
(Increase) decrease in Pension Related Deferred Outflows	619.74	4,230.14	(7,917.67)	9,421.63	8,121.88	10,357.04	24,832.76
(Increase) decrease in Prepaid Expenses	(572.02)	(1,314.43)	(726.22)	(46.74)	(1,049.90)	(21.55)	(3,730.86)
(Decrease) increase in Accounts and Other Payables	(2,143.21)	(68,701.14)	(195,802.69)	(11,668.16)	1,170.59	2,514.13	(274,630.48)
(Decrease) increase in Accrued Wages Payable	(4,352.46)	(7,828.37)	(8,392.34)	(6,488.84)	(4,537.14)	(146.82)	(31,745.97)
(Decrease) increase in Accrued Leave Payable	(250.51)	9,002.03	16,114.01	1,484.35	1,239.70	547.30	28,136.88
(Decrease) increase in Pension Related Deferred Inflows	(157.58)	(2,562.02)	5,628.49	(5,974.12)	(5,198.68)	(6,724.05)	(14,987.96)
(Decrease) increase in Deposits	(400.25)		(9,369.75)				(9,770.00)
(Decrease) increase in Unearned Revenue			(71,558.43)	5,700.05			(65,858.38)
Net Cash Provided (Used) by Operating Activities	934,150.88	963,933.76	1,155,976.11	(337,935.04)	(26,252.70)	(7,625.37)	2,682,247.64

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

MUNICIPALITY OF MADISON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2023

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	13,433.01
TOTAL ASSETS	13,433.01
NET POSITION:	
Restricted for:	
Individuals Cafeteria Plan	13,433.01
TOTAL NET POSITION	13,433.01

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

MUNICIPALITY OF MADISON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
December 31, 2023

	Custodial Funds
ADDITIONS:	
Other Additions	38,905.16
Total Addtions	38,905.16
DEDUCTIONS	
Other Deductions	39,048.48
Total Deductions	39,048.48
Change in Net Position	(143.32)
Net Position - Beginning	13,576.33
NET POSITION - ENDING	13,433.01

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of the Municipality of Madison (Municipality) 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 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.

The Housing and Redevelopment Commission of the Municipality of Madison, South Dakota (Commission) is a proprietary fund-type, discretely presented component unit. The five members of the Commission are appointed by the Mayor with the approval of the Governing Board for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from 201 SW First St., PO Box 220, Madison, SD 57042.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and discretely presented component units. 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. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

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

Governmental Funds:

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

2nd Cent Sales Tax Fund – a fund established by Municipality Ordinance No. 1416 to account for an additional one percent sales tax. The Municipality has restricted the use of this fund to capital improvements, debt service, land acquisition, 911 services, economic development, or park services. The 2nd cent sales tax fund is a major fund.

3rd Cent Gross Receipts (Sales Tax) Fund – a fund allowed by SDCL 10-52A-2 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 promotion of the municipality. The 3rd cent gross receipts (sales tax) fund is a major fund.

Business Improvement Fund – to account for a special assessment or general business license and occupation tax in first and second class municipalities for the financing of business improvement district projects as allowed in SDCL 9-55-3. (SDCL 9-55-2) The business improvement fund is a major fund.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

Special Maintenance Fee Fund – to account for the levy assessed for the purpose of maintaining or repairing street surfacing or pavement. (SDCL 9-45-38) The special maintenance fee fund is a major fund.

2019 September Flood Fund – to account for the receipt and expenditure of resources received from FEMA as a result of the September 2019 flood. The 2019 September Flood Fund is a major fund. This was closed in 2023.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of the debt principal, interest, and related costs.

Swimming Pool Debt Service Fund – a fund used to account for property taxes received for payment of principal and interest on Municipality's general obligation bond, Series 2007. The swimming pool debt service fund is a major fund.

Grant Circle TIF Debt Service Fund – TIF #1 is allowed by SDCL 11-9-36 to account for the proceeds of incremental property taxes, restricted to the payment of principal and interest on debt issued to finance a public improvement. The grant circle TIF debt service fund is a major fund.

TIF #2 Debt Service Fund - TIF #2 is allowed by SDCL 11-9-36 to account for the proceeds of incremental property taxes, restricted to the payment of principal and interest on debt issued to finance a public improvement. The TIF #2 debt service fund is 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 proprietary funds or trust funds for individuals, private organizations, or other governments).

Gerry Maloney Nature Capital Project Fund – The Municipality uses a capital projects fund to account for a gift of land and $100,000 for the establishment of a nature area. The Gerry Maloney capital projects fund is a major fund.

Creek Bridge Mitigation Capital Project Fund – The Municipality uses a capital projects fund to account for the creek bridge mitigation project. The Creek Bridge Mitigation Capital Projects Fund is a major fund.

City Hall Construction Capital Project Fund – The Municipality uses a capital projects fund to account for the construction of the new city hall. The City Hall Construction Capital Project Fund is a major fund.

Proprietary Funds:

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

a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and

NOTES TO THE FINANCIAL STATEMENTS
(continued)

charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

Electric Fund – a fund established by SDCL 9-39-1 and 26 to provide electric services to customers within the Municipality of Madison. The electric fund is a major fund.

Community Center Fund – a fund established by the Municipality of Madison to account for the operation of a municipal swimming pool. The Community Center fund is a major fund.

Solid Waste/Recycling Fund – a fund allowed by SDCL 9-32-11 and 34A-6 to account for the collection and disposal of solid waste and to account for the operation of a solid waste recycling facility system for the municipality. The solid waste/recycling fund is a major fund.

After School/Youth Fund – a fund established by the Municipality of Madison to account for the operation of the after school program and youth activities. The after school/youth fund is a major fund.

Fiduciary Funds:

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

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The Cafeteria Plan, under IRS §125, is the Municipality's only custodial fund.

c. Measurement Focus and Basis of Accounting:

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Madison, the length of that cycle is 30 days. The revenues, which are accrued at December 31, 2023, are amounts due from governments and airplane fuel.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances, if any.

e. 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.

f. Capital Assets:

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

Government-wide Financial Statements

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2023 balance of governmental activity capital assets and business-type capital assets are all valued at original cost.

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land & Land Rights	$ 0.00	- - - - N/A - - - -	- - - - N/A - - -
Buildings/Improvements	$ 5,000.00	Straight-Line	5-99 yrs.
Machinery & Equipment	$ 5,000.00	Straight-Line	5-50 yrs.
Infrastructure	$ 5,000.00	Straight-Line	5-75 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of revenue bonds, tax increment district loans, direct borrowing note payable, and compensated absences.

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

h. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

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

h. Deferred Inflows and Deferred Outflows of Resources:

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

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

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Cash and Cash Equivalents:

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

k. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three components.

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", “Restricted”, “Committed”, “Assigned” and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as Net Position – Restricted.

l. Application of Net Position:

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

m. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Municipal Council.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as inventory and prepaid expenses.

The Municipal Governing Board committed the following fund balance types by taking the following action:

Fund Balance Type	Amount	Action
2nd Penny	$ 3,954,945.25	Ordinance
Capital Improvements	$ 3,212,449.03	Ordinance

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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

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

Major Special Revenue Fund:	Revenue Source:
2nd Cent Sales Tax	Sales Tax
3rd Cent Sales Tax	Sales Tax
Business Improvement Fund	Sales Tax
Special Maintenance Fee	Maintenance Assessment – Front Footage

n. Pensions:

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

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	Year Ended 12/31/23
General Fund:	
Sanitation	346,844.71
Airport	101,708.53
Libraries	7,661.77
Debt Service	139,190.30
Misc - Other Expenditures	941.50
3rd Cent Fund:	
Economic Development	745.00

The Municipality plans to take the following actions to address these violations: supplemental budgets and contingency transfers will be used when legal authority allows.

3. DEFICIT FUND BALANCES / NET POSITION OF INDIVIDUAL FUNDS

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

Community Center Fund $50,671.51

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

4. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATION OF CREDIT RISK AND INTEREST RATE RISK

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

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

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

As of December 31, 2023, the Municipality did have funds deposited with SDFIT, as shown below, which is reported as a cash and cash equivalent. The Municipality also had certificates of deposits, which are reported as investments in the financial statements.

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

As of December 31, 2023, the Municipality had the following investments:

Investments	Credit Rating	Maturities	Fair Value
External Investment Pools:			
SDFIT	Unrated	N/A	$ 13,094,391.92
TOTAL INVESTMENTS			$ 13,094,391.92

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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

Interest Rate Risk – The Municipality does not have a formal investment policy that limits investment 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 investment. The Municipality's policy is to credit all income from deposits and investments to the fund making the investment.

5. RESTRICTED CASH

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

Amount:	Purpose:
$ 282,202.24	For Gerry Maloney Nature Project by an outside source

6. RECEIVABLES AND PAYABLES

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

7. INVENTORY

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

8. PROPERTY TAXES

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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.

9. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2023, is as follows:

	Balance 01/01/23	Increases	Decreases	Balance 12/31/23
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	944,467.60	547,800.00		1,492,267.60
Construction Work in Progress	6,575,636.34	5,085,642.63	(150,019.71)	11,511,259.26
Total, not being depreciated	7,520,103.94	5,633,442.63	(150,019.71)	13,003,526.86
Capital Assets, being depreciated:				
Buildings & Improvements	16,316,610.93			16,316,610.93
Infrastructure	35,394,814.60	449,847.72		35,844,662.32
Machinery & Equipment	8,465,107.82	818,598.22		9,283,706.04
Total, being depreciated	60,176,533.35	1,268,445.94	0.00	61,444,979.29
Less Accumulated Depreciation for:				
Buildings & Improvements	(9,666,606.51)	(543,689.87)		(10,210,296.38)
Infrastructure	(19,876,967.11)	(894,314.74)		(20,771,281.85)
Machinery & Equipment	(6,670,666.22)	(322,867.36)		(6,993,533.58)
Total Accumulated Depreciation	(36,214,239.84)	(1,760,871.97)	0.00	(37,975,111.81)
Total Capital Assets, being depreciated, net	23,962,293.51	(492,426.03)	0.00	23,469,867.48
Governmental Activity Capital Assets, Net	31,482,397.45	5,141,016.60	(150,019.71)	36,473,394.34

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	936,509.23
Public Works	381,826.39
Culture and Recreation	442,536.35
Total Depreciation Expense - Governmental Activities	1,760,871.97

See Independent Auditor’s Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Balance 01/01/23	Increases	Decreases	Balance 12/31/23
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	161,298.80			161,298.80
Construction Work in Progress	12,926,971.71	7,195,683.73	(923,308.77)	19,199,346.67
Total, not being depreciated	13,088,270.51	7,195,683.73	(923,308.77)	19,360,645.47
Capital Assets, being depreciated:				
Buildings & Improvements	48,873,935.09	1,291,913.13		50,165,848.22
Machinery & Equipment	3,951,906.95	591,336.23		4,543,243.18
Total, being depreciated	52,825,842.04	1,883,249.36	0.00	54,709,091.40
Less Accumulated Depreciation for:				
Buildings & Improvements	(22,373,989.94)	(1,201,855.69)		(23,575,845.63)
Machinery & Equipment	(3,020,981.16)	(193,136.45)		(3,214,117.61)
Total Accumulated Depreciation	(25,394,971.10)	(1,394,992.14)	0.00	(26,789,963.24)
Total Capital Assets, being depreciated, net	27,430,870.94	488,257.22	0.00	27,919,128.16
Business-Type Activity Capital Assets, Net	40,519,141.45	7,683,940.95	(923,308.77)	47,279,773.63

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water	395,366.92
Electric	565,419.62
Sewer	374,393.28
Solid Waste	52,682.76
Community Center	7,129.56
Total Depreciation Expense - Business-Type Activities	1,394,992.14

See Independent Auditor’s Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Construction Work in Progress at December 31, 2023 is composed of the following:

Project Name	Project Authorization	Expended thru 12/31/2023	Committed	Required Future Financing
RD Water System Improvements	21,884,876.25	19,284,348.73	1,780,822.41	819,705.11
SRF 9th Street Improvements	4,569,510.94	4,546,745.35	22,765.59	0.00
Water Tower Construction	2,667,700.00	754,862.85	1,377,791.12	535,046.03
City Hall	10,200,000.00	3,295,929.40	6,904,070.60	0.00
Egan Avenue - SRF	647,148.35	74,524.48	572,623.87	0.00
FEMA Wall	7,613,129.25	175,708.24	966,261.15	6,471,159.86
MDS Taxilane/Parking/Access Road	987,956.84	978,157.98	9,798.86	0.00
Restric Use Site Construction	564,100.00	16,300.00	547,800.00	0.00
DSU Athletic Complex	31,062.18	31,062.18	0.00	0.00
Trojan Village	6,776.00	6,776.00	0.00	0.00
2022/2023 Electric Conversion	1,029,139.26	904,940.36	124,198.90	0.00
2024 Electric Conversion	1,154,145.20	4,107.60	1,150,037.60	0.00
Green Substation Improvements	1,915,999.00	609,370.26	1,306,628.74	0.00
SE Substation	1,860,500.00	27,772.50	1,832,727.50	0.00
TOTAL	55,132,043.27	30,710,605.93	16,595,526.34	7,825,911.00

10. LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2023	Additions	Deletions	Ending Balance 12/31/23	Due Within One Year
Primary Government:					
Governmental Activities:					
Direct Borrowing Note Payable - Contract for Deed		547,800.00	182,600.00	365,200.00	182,600.00
Tax Increment Financing District Loan	19,547.50		19,547.50	0.00	
Sales Tax Revenue Bonds, Series 2022	8,823,696.31		359,859.86	8,463,836.45	369,751.09
Leave Liability: Paid by Governmental Funds	400,064.31	15,711.64		415,775.95	150,000.00
Total Governmental Activities	9,243,308.12	563,511.64	562,007.36	9,244,812.40	702,351.09
Business-Type Activities:					
2007 Clean Water State Revolving Loan	2,122,074.62		274,524.01	1,847,550.61	283,555.37
2021 Taxable Electric Generation Revenue Refunding Bonds	1,359,273.48		102,863.26	1,256,410.22	690,136.74
2020 Drinking Water Revenue Refunding Bond	1,559,274.92		245,637.89	1,313,637.03	251,164.74
Water Project Revenue Bond - Series 2023		7,749,000.00	78,526.91	7,670,473.09	104,215.02
Leave Liability: Paid by the Enterprise Funds	261,779.09	28,136.88		289,915.97	150,000.00
Total Business-Type Activities	5,302,402.11	7,777,136.88	701,552.07	12,377,986.92	1,479,071.87
Total Primary Government	14,545,710.23	8,340,648.52	1,263,559.43	21,622,799.32	2,181,422.96

See Independent Auditor’s Report.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

Liabilities payable at December 31, 2023 are comprised of the following:

Direct Borrowing Note Payable – Contract for Deed	
Maturity Date: August 1, 2025	
Fixed Interest Rate: 8.00%	
Paid by General Fund	$ 365,200.00
Sales Tax Revenue Bonds, Series 2022:	
Maturity Date: December 1, 2041	
Fixed Interest Rate: 2.73%	
Payable by General Fund	$ 8,463,836.45
2007 Clean Water State Revolving Loan:	
Maturity Date: October 15, 2029	
Fixed Interest Rate and Fee: 3.25%	
Payable from Sewer Fund	$ 1,847,550.61
2021 Taxable Electric Generation Revenue Refunding Bonds:	
Maturity Date: December 15, 2025	
Fixed Interest Rate: 1.33%	
Payable from Electric Fund	$ 1,256,410.22
2020 Drinking Water Revenue Bonds:	
Maturity Date: June 1, 2028	
Fixed Interest Rate: 2.25%	
Payable from Water Fund	$ 1,313,637.03
Water Project Revenue Bond, Series 2023	
Maturity Date: March 15, 2063	
Fixed Interest Rate: 3.00%	
Payable from Water Fund	$ 7,670,473.09
Compensated Absences:	
Accrued Leave Balances of Municipality Employees	
Payable from General Fund	$ 415,775.95
Payable from Water Fund	$ 106,213.20
Payable from Electric Fund	$ 105,968.35
Payable from Sewer Fund	$ 33,211.31
Payable from Community Center Fund	$ 20,553.26
Payable from Solid Waste/Recycling Fund	$ 18,756.03
Payable from After School/Youth Fund	$ 5,213.82

See Independent Auditor’s Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The annual requirements to amortize all debt outstanding as of December 31, 2023, except for compensated absences, are as follows:

Annual Requirements to Maturity for Long-Term Liabilities
December 31, 2023

Year Ending December 31,	Direct Borrowing Note Payable Contract for Deed		Sales Tax Revenue Bonds, Series 2022		2007 Clean Water State Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	182,600.00	29,216.00	369,751.09	228,556.29	283,555.37	56,612.87
2025	182,600.00	14,608.00	379,914.18	218,393.20	292,883.86	47,284.38
2026			390,356.63	207,950.75	302,519.21	37,649.03
2027			401,086.10	197,221.28	312,471.57	27,696.67
2028			412,110.47	186,196.90	322,751.33	1,716.76
2029-2033			2,236,820.17	754,716.72	333,369.27	6,799.12
2034-2038			2,561,600.01	429,936.86		
2039-2043			1,712,197.80	82,724.32		
Totals	365,200.00	43,824.00	8,463,836.45	2,305,696.32	1,847,550.61	177,758.83

Year Ending December 31,	Water Project Revenue Bond Series 2023		2021 Taxable Electric Generation Revenue Refunding Bonds		2020 Drinking Water Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	104,215.02	228,688.98	690,136.74	13,460.43	251,164.74	26,730.88
2025	107,384.81	225,519.19	566,273.48	5,386.50	256,815.94	21,016.10
2026	110,651.01	222,252.99			262,594.30	15,172.74
2027	114,016.56	218,887.44			268,502.68	9,197.90
2028	117,484.50	215,419.50			274,559.37	3,073.24
2029-2033	643,247.55	1,021,272.46				
2034-2038	747,207.10	917,312.90				
2039-2043	867,968.29	796,551.71				
2044-2048	1,008,246.58	656,273.43				
2049-2053	1,171,196.12	493,323.88				
2054-2058	1,360,481.02	304,038.98				
2059-2063	1,318,374.53	86,891.40				
Totals	7,670,473.09	5,386,432.86	1,256,410.22	18,846.93	1,313,637.03	75,190.86

Year Ending December 31,	TOTALS	
	Principal	Interest
2024	1,881,422.96	583,265.45
2025	1,785,872.27	532,207.37
2026	1,066,121.15	483,025.51
2027	1,096,076.91	453,003.29
2028	1,126,905.67	406,406.40
2029-2033	3,213,436.99	1,782,788.30
2034-2038	3,308,807.11	1,347,249.76
2039-2043	2,580,166.09	879,276.03
2044-2048	1,008,246.58	656,273.43
2049-2053	1,171,196.12	493,323.88
2054-2058	1,360,481.02	304,038.98
2059-2063	1,318,374.53	86,891.40
Totals	20,917,107.40	8,007,749.80

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CONDUIT DEBT

In the past, the Municipality has 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. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the Municipality, the State of South Dakota, nor any other political subdivision of the state is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2023, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of $1,978,750.40.

12. SHORT-TERM DEBT

The Municipality has entered into a short-term loan agreement with First Bank & Trust to provide funding for the RD Water System Project and First Premier Bank to provide funding for the RD Sewer System Project and RD Storm Sewer Project. The following is the short-term loan activity for the year.

	Beginning Balance	Additions	Deletions	Ending Balance
General - First Premier Bank	1,863,370.42	411,185.96		2,274,556.38
Water - First Bank & Trust	7,660,883.42	88,116.58	7,749,000.00	0.00
Sewer - First Premier Bank	1,809,179.55	484,180.95		2,293,360.50
Totals	11,333,433.39	983,483.49	7,749,000.00	4,567,916.88

13. RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2023, was as follows:

Major Purposes:		
Governmental Activities:		
SDSR Pension Purposes	$ 303,454.23	
Capital Projects Purposes	4,545,307.32	
Debt Service Purposes	533,853.14	
3rd Cent Sales Tax - City Promotion Purposes	227,403.95	
100 Year Anniversary Purposes	594.00	
Total Restricted Net Position - Governmental Activities	$ 5,610,612.64	
Business-Type Activities:		
SDSR Pension Purposes	$ 217,233.41	
Debt Service Purposes	995,168.24	
Lewis & Clark Rural Water Future Expansion	1,994,375.60	
Total Restricted Net Position - Business-Type Activities	$ 3,206,777.25	
TOTAL RESTRICTED NET POSITION		$ 8,817,389.89

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

14. INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances at December 31, 2023 were:

Fund	Interfund Receivables	Interfund Payables
Electric Fund	$ 54,706.85	
Community Center Fund		$ 54,706.85

The purposes for the interfund receivable and payable balances are to supplement the Community Center Fund until the SD Board of Regents shared contract funds are available.

15. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2023 were as follows:

Fund:	Governmental	Proprietary	Purpose
General Fund	$ (2,896,252.66)		Operations
2019 September Flood Fund	3,191.79		Operations
Creek Bridge Mitigation Cap. Proj. Fund	63,060.87		Operations
City Hall Construction Cap. Proj. Fund	1,500,000.00		Operations
Community Center Fund		180,000.00	Operations
Water Fund		650,000.00	Operations
Sewer Fund		500,000.00	Operations
TOTAL	$ (1,330,000.00)	$ 1,330,000.00	

The Municipality typically budgets transfers to conduct the indispensable functions of the Municipality.

16. TAX ABATEMENTS

The Municipality entered into sales tax abatement agreements with local businesses under SDCL 9-54 and 9-12-11. Under this agreement, the Municipality may grant sales tax abatements of up to 50 percent of the Municipal sales tax collected on retail sales of the business. The agreement was for 10 years or until $1,000,000.00 has been abated. The agreement was amended to extend the date another ten years. This is for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Municipality.

For the year ended December 31, 2023, the Municipality abated sales taxes totaling $50,761.61 under this program, including the following tax abatement agreements, that are 100 percent of the total amount abated:

- A sales tax abatement to Custom Touch Homes, Inc. for real property improvements and to create full-time employment.

The Municipality entered into a property tax abatement agreement under SDCL 11-9-3, Resolution No. 2018-10 and Resolution No. 2018-16. The tax increment district was created to assist with the public improvements related to the construction of a hotel and future conference center in the tax increment district.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended December 31, 2021, the Municipality entered into an agreement with Madison Hospitality Group, LLC ("Developer") to introduce a Best Western Plus hotel and proposed conference center in the Municipality. In the year 2023, the Municipality abated property tax of $48,389.75 under this agreement. The agreement provides that:

- All positive tax increments received in the TID shall, upon receipt by the Municipality be paid out pursuant to SDCL 11-9-32. The Municipality agrees to pay to Developer available tax increment fund revenues it receives from the TID, the total of which shall not exceed $1,200,000 during the life of the TID. The life of the TID shall not exceed twenty (20) years after the calendar year of the creation of the TID.

The Municipality entered into a property tax abatement agreement under SDCL 11-9-3, Resolution No. 2022-30. The tax increment district was created to assist with the public improvements related to the construction of an independent and assisted living facility and multi-family units or townhouses in the tax increment district.

For the year ended December 31, 2022, the Municipality entered into an agreement with HME Senior Living ("Developer") to introduce the Madison Senior Living Community in the Municipality. The tax increment will start to be collected in 2024 and will end prior to 2043. The agreement provides that:

- All positive tax increments received in the TID shall, upon receipt by the Municipality be paid out pursuant to SDCL 11-9-32. The Municipality agrees to pay to Developer available tax increment fund revenues it receives from the TID, the total of which shall not exceed $4,000,000 during the life of the TID. The life of the TID shall not exceed twenty (20) years after the calendar year of the creation of the TID.

17. RESTATEMENT OF PRIOR PERIOD

The Municipality recorded a payable in the Grant Circle TIF Debt Service Fund incorrectly in the prior year. As a result, beginning net position/fund balance has been restated as of January 1, 2023.

	Governmental Activities	Grant Circle TIF Debt Service Fund
Net Position/Fund Balance January 1, 2023, as previously reported	$ 39,661,966.47	$ 11,287.27
Restatement:		
Prior Year Correction of Accounts Payable	7,058.60	7,058.60
Net Position/Fund Balance January 1, 2023, as Restated	$ 39,669,025.07	$ 18,345.87

18. 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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

supplementary information. That report may be obtained at http://www.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 different classes of employees, 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 safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

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

Legislation enacted in 2021 reduced the minimum COLA from 0.5 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.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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. The Municipality's share of contributions to the SDRS for the calendar years ended December 31, 2023, 2022, and 2021 were $316,260.69, $268,916.90, and $253,796.71, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2023, 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 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 pension liability	$ 27,385,525.34
Less proportionate share of net pension restricted for pension benefits	$ 27,403,971.31
Proportionate share of net pension liability (asset)	$ (18,445.97)

At December 31, 2023, the Municipality reported a liability (asset) of $(18,445.97) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (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 0.18898700%, which is an increase (decrease) of 0.0076660% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Municipality recognized pension expense (reduction of expense) of $38,310.89. At December 31, 2023 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 522,860.21	
Changes in assumption.	$ 630,642.21	$ 921,858.51
Net difference between projected and actual earnings on pension plan investments.	$ 122,806.96	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.		$ 15,455.41
Municipality contributions subsequent to the measurement date.	$ 163,246.21	
TOTAL	$ 1,439,555.59	$ 937,313.92

$163,246.21 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2024	$ 246,194.34
2025	(284,353.68)
2026	352,614.58
2027	24,540.22
TOTAL	$ 338,995.46

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

Inflation	2.50 *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%

See Independent Auditor’s Report.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 (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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in the discount rate:
The following presents the Municipality's proportionate share as of net pension liability (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)	$3,780,777.49	$(18,445.97)	$(3,125,486.02)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

19. SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2023, the Municipality was not involved in any significant litigation.

20. 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. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage includes a $2,000,000.00 lifetime maximum payment per person.

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

Liability Insurance:
The Municipality purchases liability insurance for risks related to airport liability from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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 a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for general liability, official's liability, automobile insurance, and law enforcement liability.

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 carries a $500.00 deductible for the official liability coverage and $2,000.00 deductible for the law enforcement liability coverage. Building, contents, and equipment coverage is based on a per item statement of values and carries a $500.00 deductible.

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 retrospectively rated policy 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 $650,000.00 of any claim per individual. The pool has reinsurance which covers up to an additional $2,000,000.00 per individual per incident.

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

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

During the year ended December 31, 2023, no claims were filed for unemployment benefits. At December 31, 2023, no claims had been filed or were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

21. SUBSEQUENT EVENTS

As a result of the 2022 Audit, it was noted that as of 7/24/2024, the Municipality had paid $486,410.22 less than the amortization schedule for the Taxable Electric Generation Revenue Refunding Bonds, Series 2021. The Municipality and US Bank agreed on a repayment schedule which included a lump sum payment of $244,500.00 which was remitted in August 2024. The remaining deficit will be evenly spread over the last three payments of the bond.

In May 2021, the Municipality of Madison passed resolutions to issue Rural Development Bonds for the Wastewater/Sanitary Sewer System Improvement Project and the Storm Sewer System Improvement Project in the amounts of $3,214,000.00 and $3,434,000,00, respectively. At December 31, 2023, the draw downs on the bonds totaled $2,293,360.50 and $2,274.556.38, respectively.

On June 6, 2022, the Municipality of Madison passed resolutions to issue SRF Revenue Bonds for Water and Sewer Improvements in the amounts of $7,315,950.00 and $3,284,680.00, respectively.

On June 15, 2024, the Municipality of Madison passed resolutions to issue SRF Revenue Bonds for Water and Sewer Improvements in the amounts of $2,645,916.00 and $2,692,547.00, respectively.

On October 21, 2024, the Municipality of Madison passed a resolution to issue Sales Tax Revenue Bonds and Bond Anticipation Notes to fund the costs of capital projects inside the City of Madison in the amount not to exceed $5,000,000.00.

The March 2024 reporting for CLFRF funding was submitted late to the US Department of the Treasury.

On May 5, 2025, the Municipality of Madison passed a resolution to issue Electric Revenue Bonds and reimburse itself for project expenditures in the amounts of $15,000,000.00.

In 2025, the Municipality of Madison passed a resolution to create TIF #7 for Lot 3 of Southridge Square First Addition.

Management has evaluated whether any subsequent events have occurred through September 15, 2025, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF MADISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	2,187,689.00	2,187,689.00	2,163,030.86	(24,658.14)
General Sales and Use Taxes	2,048,406.00	2,048,406.00	2,193,142.01	144,736.01
Amusement Tax	700.00	700.00	0.00	(700.00)
Penalties and Interest on Delinquent Taxes	4,500.00	4,500.00	2,754.25	(1,745.75)
Licenses and Permits	104,700.00	104,700.00	99,647.45	(5,052.55)
Intergovernmental Revenue:				
Federal Grants	852,859.00	852,859.00	516,361.08	(336,497.92)
State Grants	308,472.00	308,472.00	247,780.86	(60,691.14)
State Shared Revenue:				
Bank Franchise Tax	19,500.00	19,500.00	24,186.88	4,686.88
Prorate License Fees	205,000.00	205,000.00	216,777.58	11,777.58
Liquor Tax Reversion	41,000.00	41,000.00	42,802.34	1,802.34
Motor Vehicle Licenses	85,000.00	85,000.00	81,869.37	(3,130.63)
State Payments in Lieu of Taxes	6,350.00	6,350.00	7,972.58	1,622.58
County Shared Revenue:				
County Road Tax	11,718.00	11,718.00	5,859.85	(5,858.15)
Charges for Goods and Services:				
General Government	26,800.00	26,800.00	25,708.68	(1,091.32)
Public Safety	700.00	700.00	476.00	(224.00)
Highways and Streets	9,000.00	9,000.00	9,915.00	915.00
Sanitation	84,000.00	84,000.00	98,172.14	14,172.14
Health	600.00	600.00	23.00	(577.00)
Culture and Recreation	48,500.00	48,500.00	65,173.25	16,673.25
Other	122,000.00	122,000.00	365,989.94	243,989.94
Fines and Forfeits:				
Court Fines and Costs	400.00	400.00	221.33	(178.67)
Other	500.00	500.00	40.00	(460.00)
Miscellaneous Revenue:				
Investment Earnings	16,000.00	16,000.00	802,101.52	786,101.52
Rentals	61,500.00	61,500.00	81,285.81	19,785.81
Special Assessments	25,772.00	25,772.00	10,124.48	(15,647.52)
Contributions and Donations from Private Sources	97,500.00	97,500.00	162,924.61	65,424.61
Other	529,818.00	529,818.00	76,168.38	(453,649.62)
Total Revenue	6,898,984.00	6,898,984.00	7,300,509.25	401,525.25
Expenditures:				
General Government:				
Legislative	133,124.00	133,124.00	122,217.04	10,906.96
Contingency	450,000.00	450,000.00		
Amount Transferred		(359,037.29)		90,962.71
Financial Administration	833,360.00	833,360.00	684,678.89	148,681.11
Other	1,079,431.00	1,079,431.00	572,745.21	506,685.79
Total General Government	2,495,915.00	2,136,877.71	1,379,641.14	757,236.57

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF MADISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	**Final**	**(Budgetary Basis)**	**Positive (Negative)**
Expenditures (continued):				
Public Safety:				
Police	2,146,956.00	2,146,956.00	1,879,071.03	267,884.97
Fire	268,816.00	394,720.12	334,699.11	60,021.01
Other Protection	2,100.00	2,100.00	546.70	1,553.30
Total Public Safety	2,417,872.00	2,543,776.12	2,214,316.84	329,459.28
Public Works:				
Highways and Streets	2,456,229.00	2,456,229.00	2,380,851.92	75,377.08
Sanitation	237,295.00	295,150.00	641,994.71	(346,844.71)
Airport	1,068,626.00	1,146,091.77	1,247,800.30	(101,708.53)
Total Public Works	3,762,150.00	3,897,470.77	4,270,646.93	(373,176.16)
Health and Welfare:				
Health	2,750.00	2,750.00	0.00	2,750.00
Total Health and Welfare	2,750.00	2,750.00	0.00	2,750.00
Culture and Recreation:				
Recreation	293,040.00	293,040.00	233,829.75	59,210.25
Parks	916,725.00	916,725.00	702,585.77	214,139.23
Libraries	651,329.00	744,141.40	751,803.17	(7,661.77)
Audtiorium	124,700.00	134,700.00	40,512.83	94,187.17
Total Culture and Recreation	1,985,794.00	2,088,606.40	1,728,731.52	359,874.88
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	314,960.00	314,960.00	291,812.88	23,147.12
Total Conservation and Development	314,960.00	314,960.00	291,812.88	23,147.12
Debt Service	688,406.00	688,406.00	827,596.30	(139,190.30)
Miscellaneous:				
Other Expenditures	0.00	0.00	941.50	(941.50)
Total Miscellaneous	0.00	0.00	941.50	(941.50)
Total Expenditures	11,667,847.00	11,672,847.00	10,713,687.11	959,159.89
Excess of Revenue Over (Under) Expenditures	(4,768,863.00)	(4,773,863.00)	(3,413,177.86)	1,360,685.14
Other Financing Sources (Uses):				
Transfers In	1,704,132.00	1,704,132.00	0.00	(1,704,132.00)
Compensation for Loss or Damage to Capital Assets	0.00	0.00	49,375.18	49,375.18
Long-Term Debt Issued	120,000.00	120,000.00	958,985.96	838,985.96
Transfers Out	(3,473,332.00)	(3,473,332.00)	(2,896,252.66)	577,079.34
Total Other Financing Sources (Uses)	(1,649,200.00)	(1,649,200.00)	(1,887,891.52)	(238,691.52)
Net Change in Fund Balances	(6,418,063.00)	(6,423,063.00)	(5,301,069.38)	1,121,993.62
Fund Balance - Beginning	10,138,663.26	10,138,663.26	10,138,663.26	0.00
FUND BALANCE - ENDING	3,720,600.26	3,715,600.26	4,837,593.88	1,121,993.62

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF MADISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
3RD CENT FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Sales and Use Taxes	235,000.00	235,000.00	401,708.05	166,708.05
Total Revenue	235,000.00	235,000.00	401,708.05	166,708.05
Expenditures:				
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	235,000.00	235,000.00	235,745.00	(745.00)
Total Conservation and Development	235,000.00	235,000.00	235,745.00	(745.00)
Total Expenditures	235,000.00	235,000.00	235,745.00	(745.00)
Net Change in Fund Balances	0.00	0.00	165,963.05	165,963.05
Fund Balance - Beginning	61,440.90	61,440.90	61,440.90	0.00
FUND BALANCE - ENDING	61,440.90	61,440.90	227,403.95	165,963.05

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF MADISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
2ND CENT FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Sales and Use Taxes	2,048,406.00	2,048,406.00	2,028,929.06	(19,476.94)
Miscellaneous Revenue:				
Investment Earnings	1,500.00	1,500.00	0.00	(1,500.00)
Total Revenue	2,049,906.00	2,049,906.00	2,028,929.06	(20,976.94)
Expenditures:				
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	175,000.00	175,000.00	155,803.45	19,196.55
Total Conservation and Development	175,000.00	175,000.00	155,803.45	19,196.55
Total Expenditures	175,000.00	175,000.00	155,803.45	19,196.55
Excess of Revenue Over (Under) Expenditures	1,874,906.00	1,874,906.00	1,873,125.61	(1,780.39)
Other Financing Sources (Uses):				
Transfers Out	(1,291,506.00)	(1,291,506.00)	0.00	1,291,506.00
Total Other Financing Sources (Uses)	(1,291,506.00)	(1,291,506.00)	0.00	1,291,506.00
Net Change in Fund Balances	583,400.00	583,400.00	1,873,125.61	1,289,725.61
Fund Balance - Beginning	2,229,719.64	2,229,719.64	2,229,719.64	0.00
FUND BALANCE - ENDING	2,813,119.64	2,813,119.64	4,102,845.25	1,289,725.61

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF MADISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUSINESS IMPROVEMENT FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
General Sales and Use Taxes	45,600.00	45,600.00	51,176.00	5,576.00
Total Revenue	45,600.00	45,600.00	51,176.00	5,576.00
Expenditures:				
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	45,600.00	45,600.00	13,044.00	32,556.00
Total Conservation and Development	45,600.00	45,600.00	13,044.00	32,556.00
Total Expenditures	45,600.00	45,600.00	13,044.00	32,556.00
Net Change in Fund Balances	0.00	0.00	38,132.00	38,132.00
Fund Balance - Beginning	58,690.00	58,690.00	58,690.00	0.00
FUND BALANCE - ENDING	58,690.00	58,690.00	96,822.00	38,132.00

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF MADISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL MAINTENANCE FEE FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Miscellaneous Revenue:				
Investment Earnings	1,700.00	1,700.00	356.32	(1,343.68)
Maintenance Assessments	251,847.00	251,847.00	248,585.68	(3,261.32)
Total Revenue	253,547.00	253,547.00	248,942.00	(4,605.00)
Expenditures:				
Conservation and Development:				
Economic Opportunity	640,218.00	640,218.00	235,025.88	405,192.12
Total Conservation and Development	640,218.00	640,218.00	235,025.88	405,192.12
Total Expenditures	640,218.00	640,218.00	235,025.88	405,192.12
Net Change in Fund Balances	(386,671.00)	(386,671.00)	13,916.12	400,587.12
Fund Balance - Beginning	1,173,212.23	1,173,212.23	1,173,212.23	0.00
FUND BALANCE - ENDING	786,541.23	786,541.23	1,187,128.35	400,587.12

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF MADISON
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
2019 SEPTEMBER FLOOD FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Total Revenue	0.00	0.00	0.00	0.00
Expenditures:				
Total Expenditures	0.00	0.00	0.00	0.00
Excess of Revenue Over (Under) Expenditures	0.00	0.00	0.00	0.00
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	3,191.79	3,191.79
Total Other Financing Sources (Uses)	0.00	0.00	3,191.79	3,191.79
Net Change in Fund Balances	0.00	0.00	3,191.79	3,191.79
Fund Balance - Beginning	(3,191.79)	(3,191.79)	(3,191.79)	0.00
FUND BALANCE - ENDING	(3,191.79)	(3,191.79)	0.00	3,191.79

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund and for each major Special Revenue Fund with a legally required budget.

NOTE 1. Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board/Municipality Commission introduces the annual appropriation ordinance for the ensuing fiscal year.

2. After adoption by the Governing Board/Municipality Commission, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.

3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board/Municipality Commission to any other budget category that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.

5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board/Municipality Commission.

   Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and special revenue funds.

   The Municipality did not encumber any amounts at December 31, 2023.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

7. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

NOTE 2. GAAP/Budgetary Accounting Basis Differences

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Nine Years *

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.1889870%	(18,445.97)	$ 4,553,202.74	0.41%	100.10%
2022	0.1813210%	(17,135.96)	$ 4,091,998.01	0.42%	100.10%
2021	0.1804720%	(1,382,106.65)	$ 3,824,318.04	36.14%	105.52%
2020	0.1858368%	(8,070.86)	$ 3,804,514.24	0.21%	100.04%
2019	0.1837050%	(19,467.70)	$ 3,644,372.73	0.53%	100.09%
2018	0.1766010%	(4,118.74)	$ 3,429,715.73	0.12%	100.02%
2017	0.1736765%	(15,761.32)	$ 3,312,224.28	0.48%	100.10%
2016	0.1816573%	613,620.51	$ 3,243,025.33	18.92%	96.89%
2015	0.1785500%	(757,281.57)	$ 3,062,232.60	24.73%	104.10%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY PENSION CONTRIBUTIONS

South Dakota Retirement System

* Last Nine Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Municipality's covered payroll	Contributions as a percentage of covered payroll
2023	$ 316,260.69	$ 316,260.69	$ -	$ 4,933,317.74	6.41%
2022	$ 268,916.90	$ 268,916.90	$ -	$ 4,231,310.92	6.36%
2021	$ 253,796.71	$ 253,796.71	$ -	$ 3,947,435.29	6.43%
2020	$ 244,984.13	$ 244,984.13	$ -	$ 3,811,258.33	6.43%
2019	$ 240,743.68	$ 240,743.68	$ -	$ 3,743,380.25	6.43%
2018	$ 227,795.72	$ 227,795.72	$ -	$ 3,536,359.68	6.44%
2017	$ 215,022.49	$ 215,022.49	$ -	$ 3,354,155.90	6.41%
2016	$ 205,152.93	$ 205,152.93	$ -	$ 3,210,986.97	6.39%
2015	$ 197,153.02	$ 197,153.02	$ -	$ 3,084,923.11	6.39%

* Until a full 10-year trend is compiled, the Municipality will present information for those years for which information is available.

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Changes from Prior Valuation

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

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

Benefit Provision Changes

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

MUNICIPALITY OF MADISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures 2023
Department of Agriculture:			
Direct Federal Funding:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	1,978,106.18
Total Department of Agriculture			1,978,106.18
US Department of Transportation:			
Direct Federal Funding:			
Airport Improvement Program	20.106	3-46-0029-017-2020	230,844.33
COVID 19-Airport Improvement Program-CARES Act	20.106	3-46-0029-019-2020	45,000.00
Highway Safety Cluster:			
US Department of Transportation - Pass-Through Programs:			
SD Department of Public Safety			
State and Community Highway Safety	20.600	*	2,091.32
Total Highway Safety Cluster			2,091.32
Total US Department of Transportation			277,935.65
US Department of Treasury - Pass Through Programs:			
SD Department of Education			
Coronavirus Relief Fund	21.019	*	26,552.69
US Department of Treasury - Direct Programs:			
COVID 19- Coronavirus State and Local Fiscal Recovery Funds (Note 3)	21.027	N/A	2,375,884.30
Total US Department of Treasury			2,402,436.99
US General Services Administration - Pass-Through Programs:			
Indirect Federal Funding:			
SD Federal Property Agency,			
Donation of Federal Surplus Personal Property (Note 4)	39.003	*	1,119.37
Total US General Services Administration			1,119.37
US Department of Education - Pass-Through Programs:			
SD Department of Education:			
American Rescue Plan Ellementary and Secondary School Emergency Relief (Covid-19)	84.425U	*	50,702.69
Total US Department of Education			50,702.69
US Department of Homeland Security - Pass-Through Programs:			
SD Department of Public Safety - Office of Emergency Management,			
Disaster Grants-Public Assistance	97.036	*	6,256.31
Hazard Mitigation Grant	97.039	*	11,283.46
Total US Department of Homeland Security			17,539.77
GRAND TOTAL			**4,727,840.65**

*No Pass-Through Identification Number Given

Note 1: *Basis of Presentation*

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

Note 2: *Summary of Significant Accounting Policies*

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

Note 3: *Major Federal Financial Assistance Program*

This represents a Major Federal Financial Assistance Program.

Note 4: *Federal Surplus Property*

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

September 24, 2025

To the Honorable Mayor and Commissioners
City of Madison
503 S. Highland Ave
Madison, SD 57042

We are pleased to confirm our understanding of the services we are to provide the City of Madison, South Dakota for the year ended December 31, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements of the City of Madison as of and for the year ended December 31, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Madison's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Madison's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedules for the General Fund and Major Special Revenue Funds
3. Schedule of Net Pension Liability / Asset
4. Schedule of Pension Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Madison's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditors' report on the financial statements:

1. Combining Non-Major Fund Financial Statements
2. Budgetary Comparison Schedules

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the City of Madison and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of certain assets and liabilities by correspondence with selected financial institutions and creditors. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Improper revenue recognition due to fraud

Planning has not concluded and modifications to the above risks may be made. If additional significant risks or changes are identified after this communication, we will communicate those updates in a future letter.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Madison's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will assist in preparing the financial statements and related notes of the City of Madison in conformity with accounting principles generally accepted in the United States of America based on information provided by you. If requested by you, we will assist in adding lease agreements / SBITAs, identified by you, into the LeaseCrunch software and provide reports to assist in implementing the lease / SBITA standard. If requested by you, we will assist in the maintenance of depreciation schedules. If requested by you, we will assist with accounting assistance related to year-end adjustments. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

As an attest client, Williams and Company, PC cannot retain your documents on your behalf. This is in accordance with the of the AICPA Code of Professional Conduct. The City of Madison is responsible for maintaining its own data and records.

Suralink is used solely as a method of exchanging information and transmitting data and is not intended to store City of Madison's information. The City of Madison is responsible for downloading any deliverables and other records from Suralink that it wishes to retain for its own records at the completion of the engagement. For multi-year engagements, such downloading should occur annually.

Upon completion of the engagement, data and other content will either be removed from Suralink or become unavailable to the City of Madison within a reasonable time frame, one year after completion date. For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Williams & Company, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Williams & Company, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the oversight agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Logan Aukes is the engagement manager and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit during the fall of 2025 and to issue our reports at an agreed upon time.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $55,000 for the audit in accordance with *Government Audit Standards* and $10,000 for financial statement preparation. An additional fee for accounting assistance related to the preparation of schedules, reconciliations, year-end adjustments, or other supporting documentation necessary to complete the audit will be billed on an hourly basis. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of your records. To assist you in this process, we will provide you with a Client Request List that identifies the key work you will need to perform in preparation for the engagement. Adhering to the engagement timeline, as discussed with the Engagement Manager, for when the trial balance, general ledger, and other workpapers are to be provided for fieldwork days is crucial. Any deviation from this schedule may result in a timing change of when the audit will be performed and ultimately when it will be completed.   We require your accounting staff to be readily available during the planned engagement days and to respond in a timely manner to our requests. Lack of preparation, poor records, excessive general ledger adjustments, and/or untimely assistance will result in an increase of our fees. Other circumstances that may result in an increase of our fees include significant unanticipated transactions, financial reporting issues, post-review or post-fieldwork circumstances requiring revisions to work previously completed, or delays in resolution of issues that extend the period of time necessary to complete the engagement.

You have requested that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the contract period. Accordingly, our 2022 peer review report accompanies this letter.

Reporting

We will issue a written report upon completion of our audit of the City of Madison's financial statements. Our report will be addressed to the honorable Mayor and council of the City of Madison, South Dakota. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City of Madison is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to the City of Madison and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

Logan Aukes

Williams & Company, P.C.
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the City of Madison.

Management signature:

____

Title:

____

Date:

____

Governance signature:

___

Title:

___

Date:

___

VonLehman
CPA & ADVISORY FIRM

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 20, 2023

To the Shareholders of Williams & Company, P.C.
and the Peer Review Alliance Report Acceptance Committee

We have reviewed the system of quality control for the accounting and auditing practice of Williams & Company, P.C. (the firm) in effect for the year ended December 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Williams & Company, P.C. in effect for the year ended December 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Williams & Company, P.C. has received a peer review rating of *pass*.

VonLehman & Company Inc.

810 Wright's Summit Parkway, Suite 300
Fort Wright, KY 41011

main: 859.331.3300
main fax: 859.331.4358 vlcpa.com

Banner Associates, Inc.
3900 N Northview Ave
Sioux Falls, SD 57107
Tel 605.692.6342
Toll Free 855.323.6342
www.bannerassociates.com

October 14, 2025

Mr. Ryan Hegg
City of Madison
503 S Highland Ave
Madison, SD 57042

RE: Madison Park Creek Walls Site 2 Improvements – Change Order No. 4

Dear Mr. Hegg:

Attached to this letter is Change Order No. 4 for the Park Creek Walls Site 2 Project. This Change Order is being presented as a modification to the scope of work on the project. During reconstruction of the failed wall section on the south side of the channel, the contractor identified unsuitable material that contained large rock, topsoil and foreign materials (trash). The material was removed from the site and required imported material to reconstruct the channel and roadway embankment. Detailed information regarding this scope change is attached to this letter in a memo format.

This additional scope of work will increase the contract price by $7,590.00. The total contract price incorporating Change Order No. 4 is $4,192,143.00. Banner recommends approval of this scope change.

Upon approval by the City of Madsion, this change order should be uploaded onto the City's FEMA project portal.

Please let us know if you have any questions or comments.

Sincerely,

Weston J. Blasius
Banner Associates, Inc.

Cc: City of Madison – Ryan Hegg, Heather Peterson, Amy Sad, Roxie Ebdrup – Email
Banner Associates – Austin Stahlke, Cedric Hay, – Email
Banner File - F:\23124\Construction Phase\Change Orders\Site 2\Change Order No. 4 – Imported Fill Material\Change Order No. 4 – Import Backfill Material_for Owner Signature.pdf

CHANGE ORDER NO.: 4

Owner:	City of Madison	Owner's Project No.:	NA
Engineer:	Banner Associates, Inc.	Engineer's Project No.:	23124.00.40
Contractor:	Kesteloot	Contractor's Project No.:	NA
Project:	Park Creek Walls Improvements – Site 2		
Contract Name:	Unit Price Bid Schedule		
Date Issued:	10/13/2025	Effective Date of Change Order:	10/20/2025

The Contract is modified as follows upon execution of this Change Order:

Description: **Import Fill Material for Channel Embankment**

Attachments: **Memo for Description of Work**

Change in Contract Price	**Change in Contract Times**
Original Contract Price: $ 4,287,401.00	Original Contract Times: Substantial Completion: Sept. 1, 2025 Ready for final payment: Oct. 15, 2025
[~~Increase~~] [Decrease] from previously approved Change Orders No. 1 to No.: 3 $ (102,848.00)	**[Increase] [Decrease]** from previously approved Change Orders No. N/A to No. N/A Substantial Completion: Same as above Ready for final payment: Same as above
Contract Price prior to this Change Order: $ 4,184,553.00	Contract Times prior to this Change Order: Substantial Completion: Sept. 1, 2025 Ready for final payment: Oct. 15, 2025
Increase this Change Order: $ $7,590.00	**[Increase] [Decrease]** this Change Order: Substantial Completion: 0 working days Ready for final payment: 0 working days
Contract Price incorporating this Change Order: $ 4,192,143.00	Contract Times with all approved Change Orders: Substantial Completion: Sept. 1, 2025 Ready for final payment: Oct. 15, 2025

Recommended by Engineer (if required)	Authorized by Contractor
By: [signature]	By: [signature]
Title: Project Manager	Title: President
Date: 10/13/2025	Date: 10/14/25

Authorized by Owner	Approved by Funding Agency (if applicable)
By:	By:
Title:	Title:
Date:	Date:

MEMO

TO	Ryan Hegg	
DATE	10/13/2025	
SUBJECT	Change Order No. 4 – Import Fill Material	
PROJECT	Madison Park Creek Walls Site 2	BAI No. 23124.00

IMPORT FILL MATERIAL

DURING PERORMANCE OF WALL REPLACEMENT WORK LOCATED ON THE SOUTH SIDE OF THE PARK CREEK CHANNEL, ADJACENT TO THE ALLEY WAY, THE CONTRACTOR REMOVED AND HAULED OFF SITE SPOIL MATERIAL THAT WAS UNSUITABLE TO USE FOR FILL. THIS MATERIAL CONSISTED OF LARGE ROCK, TOPSOIL AND FOREIGN MATERIAL (TRASH). WHILE COMPLETING SHEETPILE INSATLLATION FOR THE WALL REPLACEMENT SECTION IN THIS AREA, THE CONTRACTOR USED IMPORTED GRANULAR FILL MATERIAL TO HELP STABILIZE THE SLOPE FOR THE DRIVING MACHINE AS WELL AS REPLACE THE DISPOSED MATERIAL.

IMPORT OF THE FILL MATERIAL PROVIDED A BENEFIT TO BOTH THE CONTRACTOR AND THE CITY OF MADISON. THE CONTRACTOR BENEFITED AS THEY WOULD HAVE NEEDED STABLE MATERIAL TO SUPPORT THE CRANE FOR SHEET PILE DRIVING OPERATIONS. THE EXISTING MATERIAL WAS NOT SUITABLE TO CONSTRUCT UPON AND THERFORE THE CITY BENEFITED FROM THE FILL MATERIAL AS IT WILL PROVIDE BETTER SUBSURFACE DRAINAGE TO REDUCE PRESSURE ON THE WALL SYSTEM AS WELL AS PROVIDE SUPPORT FOR THE ADJACENT ROADWAY EMBANKEMENT.

BANNER RECOMMENDS COMPENSATION FOR APPROXIMATEY HALF OF THE IMPORTED FILL TO REPLACE THE UNSIUTABLE MATERIAL IDENTIFIED ON THE PROJECT.

A TOTAL OF 550 TONS OF MATERIAL WAS IMPORTED TO THE SITE. THE CONTRACTOR HAS REQUESTED A PRICE OF $22 PER TON.
WE ARE RECOMMENDING PAYMENT FOR ½ OF THE 550 TONS PLUS 70 TONS OF FILL THAT WAS BROUGHT IN AS TOPSOIL TO RESTORE THE EMBANKMENT SLOPE FROM THE ROADWAY TO THE CHANNEL WALL.

TOTAL IMPORT FILL FOR PAYMENT = 345 TONS @ $22/TON = $7,590.00

PREPARED BY Weston J. Blasius

Banner Associates, Inc.
3900 N Northview Ave
Sioux Falls, SD 57107
Toll Free 855.323.6342

October 13, 2025

Mr. Ryan Hegg
City of Madison
116 W Center St
Madison, SD 57042

RE: City of Madison Park Creek Walls Site 1, Site 2 and Site 3
Amendment No. 2 Request

Dear Mr. Hegg

This letter is presented as a request from Banner Associates to modify the engineering contract for the above referenced project. Construction is ending on the project and the final close out items are being completed. The engineering construction administration scope of work on the Park Creek Walls Projects took more effort than identified in the original agreement. The information in this amendment request presents the engineering services contracts as individual limits with an aggregate limiting amount.

Contract Review

Below is a breakdown of the engineering services contract for the Park Creek Walls project.

Breakdown of Services	Contract Limit Amount
Survey, Damage Assessment & Preliminary Design	$77,504.91
Site 1 – Design and Construction	$120,169.61
Site 2 – Design and Construction	$209,181.48
Site 3 – Design and Construction	$221,558.00
Total =	$628,414.00

The total construction bid price for all projects under the Park Creek Walls contracts = $6,195,484.25
Banner's total contract fee to complete design and construction (this excludes survey and hydraulics required to comply with FEMA requirements for CLOMR permits) = $556,563.00
This represents a total engineering fee of 9% of the construction costs.

Amendment Request

With the scope of work completed we would expect the fee to generally range from 10-12% for a project that includes multiple engineering disciplines and coordination with an agency such as FEMA.

We are requesting a contract increase of **$69,586.00** resulting in a total contract amount of $698,000.00 (11.3% of the total construction cost)
The additional efforts on this project were related to the work included with providing construction administration on the projects. The sensitive location of the work along with FEMA coordination and environmental compliance items required more time than planned in our original engineering scope.

Amendment Justification

We have listed information below on each project as it relates to the declared estimated costs of construction at the time of entering into an engineering agreement with the city and the actual costs of construction received at the time of bidding of each project. The increase in construction costs, indicating the increase in construction scope, is presented as the justification for requesting additional engineering fees to complete the construction administration on the projects.

Site 1:
- Estimate of Construction Costs at time of engineering contract: $439,213.00
- Construction Bid Price: $697,683.25
- Increase of construction costs from original estimate to contractor bid = **$258,470.25**

Site 2:
- Estimate of Construction Costs at time of engineering contract: $2,328,000.00
- Construction Bid Price: $4,287,401.00
- Increase of construction costs from original estimate to contractor bid = **$1,959,401.00**

Site 3:
- Estimate of Construction Costs at time of engineering contract: $1,210,400.00
- Construction Bid Price – $1,898,113.00
- Increase of construction costs from original estimate to contractor bid = **$687,713.00**

The following is a breakdown of the engineering services contracts and requested contract limit adjustments:

Breakdown of Services	Current Contract Amount Limit	Requested Contract Amount Limit
Survey, Damage Assessment & Preliminary Design	$77,504.91	$77,504.91
Site 1 – Design and Construction	$120,169.61	$120,169.61
Site 2 – Design and Construction	$209,181.48	**$275,943.54**
Site 3 – Design and Construction	$221,558.00	**$224,381.94**
Total Aggregate=	$628,414.00	**$698,000.00**

Amendment Summary

Based on the above information, Banner requests the contract limiting fees be adjusted due to the additional construction administration work required for the increased construction scope on the project. If additional tasks are required which are outside the scope of services, they will be considered additional services and payment shall be based upon direct labor and expenses at fixed rates. Additional services will not occur unless we receive written authorization to proceed. The basis for the estimate of costs for professional services is included in the attached “Schedule of Labor Rates and Expenses - 2025”.

The requested modifications are summarized as follows:

Original Contract Limiting Fee	$628,414.00
Requested Contract Limiting Fee	$698,000.00
Change in Limiting Fee =	**$69,586.00**

If this amendment meets your approval, please sign and date the acceptance block below and return one copy to Banner. If you have any questions, or need any additional information, please feel free to call me at 855-323-6342 or email at westonb@bannerassociates.com.

Sincerely,

Pat Carey

Weston J. Blasius

Pat Carey, PE
Senior Vice President
Banner Associates, Inc.

Weston J. Blasius, PE
Project Manager
Banner Associates, Inc.

Attachments: Schedule of Labor Rates and Expenses – 2025

ACKNOWLEDGMENT OF ACCEPTANCE

Accepted this ________ day of ________________, 2025

For: City of Madison, SD ________________

By: ____

Title: ______________________________________

Banner Associates, Inc.
409 22nd Ave S
Brookings, SD 57006
Tel 605.692.6342
Toll Free 855.323.6342

SCHEDULE OF LABOR RATES AND EXPENSES

January 2025

Administrative	$60.00 to $195.00/Hour
Surveying/Geomatics	$80.00 to $180.00/Hour
Technicians	$75.00 to $140.00/Hour
Environmental Scientist	$80.00 to $185.00/Hour
Staff Engineer	$100.00 to $160.00/Hour
Project Engineer	$120.00 to $185.00/Hour
Project Manager	$145.00 to $285.00/Hour

1. Meals at State Rates.
2. Lodging at actual cost.
3. Reimbursables:
   Mileage $0.85/mile
4. All other direct project expenses at actual cost of materials.

Rates are subject to change annually.

Change Order

No. 1

Date of Issuance: October 20, 2025 Effective Date: October 20, 2025

Project: Armory Gymnasium Floor	Owner: City of Madison, SD	Owner's Contract No.: 986
Contract: Armory Gymnasium Floor		Date of Contract: October 6, 2025
Contractor: FLR Sanders Inc.		Engineer's Project No.: 986

The Contract Documents are modified as follows upon execution of this Change Order:

Description: Change flooring system from ActionTech anchored floor by Action Floor Systems to ScissorLoc LP floating floor by Aacer Sports Flooring, due to the discovery that the underlying concrete slab is thinner than anticipated, which affects the feasibility of anchoring the original system.

CHANGE IN CONTRACT PRICE:	CHANGE IN CONTRACT TIMES:
Original Contract Price: $171,844.15	Original Contract Times: ☐ Working days ☒ Calendar days Substantial completion (days or date): November 21, 2025 Ready for final payment (days or date): November 26, 2025
[Increase] [~~Decrease~~] from previously approved Change Orders: N/A	[Increase] [Decrease] from previously approved Change Orders No. _____ to No. _____: Substantial completion (days): N/A Ready for final payment (days): N/A
Contract Price prior to this Change Order: $171,844.15	Contract Times prior to this Change Order: Substantial completion (days or date): November 21, 2025 Ready for final payment (days or date): November 26, 2025
[~~Increase~~] [Decrease] of this Change Order: $7,151.22	[~~Increase~~] [~~Decrease~~] of this Change Order: Substantial completion (days or date): N/A Ready for final payment (days or date): N/A
Contract Price incorporating this Change Order: $164,692.93	Contract Times with all approved Change Orders: Substantial completion (days or date): November 21, 2025 Ready for final payment (days or date): November 26, 2025

RECOMMENDED:	ACCEPTED:	ACCEPTED:
By: ______________________	By: ______________________	By: ______________________
Engineer (Authorized Signature)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Date: ______________________	Date: ______________________	Date: ______________________

Approved by Funding Agency (if applicable):

____ Date: ______________________

City of Madison
Memorandum - NW Water Tower Maintenance or Demolition

To:	Mayor and City Commission
From:	Jameson Berreth, City Administrator Mike Plooster, Utilities Director
Subject:	NW Water Tower Maintenance or Demolition
Date:	October 15, 2025

Background

The NW water tower at 504 NW 4th Street was removed from service in 2023 due to the addition of the tower in the industrial park. While it is no longer in use, the tower remains a structure that requires either long-term maintenance or demolition.

Lease Agreements

The City has lease agreements with AT&T and Verizon Wireless for the placement of equipment on the tower. The agreement for AT&T is scheduled to expire in 2027 and for Verizon in 2042. However, both lease agreements allow for termination with one-year written notice to AT&T and 90-days to Verizon. Future lease payments to the City for the remainder of the terms are valued at $495,955.03.

If agreements were terminated, staff would coordinate with lessees on removal of equipment. Staff could also engage to determine where lessees would prefer to relocate the equipment.

Maintenance

Utility Service Group (USG) completed inspections on the tower to determine the level of maintenance needed on the tower. The September 2023 inspection report from USG indicated coatings and structural items need immediate attention. Of particular importance is that the paint is flaking on the tank and has a high content of lead. Although there is no immediate concern for safety due to the paint, it is an item which needs to be addressed in the near future. Additionally, the ladder has bent rungs which must be repaired to safely climb the tower.

USG provided a quote for a maintenance plan. This spreads costs of maintenance, including painting and repairs, over a four-year period. In the following years, a smaller annual maintenance fee covers the cost of all future maintenance. The annual cost for the first four years is $147,903 (total of $591,612) and the annual cost in year five is $14,618. The annual cost increases each year by about 3.5% thereafter. Note that these are only estimated costs as entering into a maintenance agreement such as this must be competitively bid.

Painting

Staff solicited 2 quotes for the painting only of the tower (no maintenance agreement) with a low quote of $460,000. This work would include blasting of the tank, lead mitigation, and painting of the tower. Neither contractor would entertain painting over the existing coatings. They stated that the coverings that are currently in place are too thick, and they would not guarantee their work if painting over current coatings. Note that these are estimated costs. The timeline for painting would be the same as monopole installation noted below.

Demolition

Staff solicited two quotes for the demolition of the structure with a low quote of $138,000. This work includes removal of the tank and structure but does not include removing foundations. Demolition would take approximately one week. Note that this is only an estimated cost as demolition of the structure must be competitively bid.

The timeline for demolition would be to issue termination notices to lessees in 2025, bid demolition in early 2026, and complete demolition once termination periods are concluded, ideally by end of 2026.

Removing tank and leaving pedestal

Staff solicited 2 quotes for removing the tank and leaving the structure with a low quote of $177,250. This work would include removal and disposal of tank and ensuring structural integrity with a handrail and supports on the existing structure. Note that these are estimated costs. The timeline for removing would be the same as monopole installation noted below.

Install Monopole

When visiting with cell carriers, staff learned that the cell carriers prefer monopole installation over water tower installation due to the current location. Cell carriers are completing propagation studies currently to see if one of the other two towers would be suitable for relocation and how cellular home internet in the area may be affected.

There are two options with a monopole installation. First, one of the carriers could erect the monopole and give it to the city with an abatement on their contract till the construction cost is paid for. City would be able to collect on the remaining cell carrier contract. Second, the City could provide a lease to a carrier to erect a monopole. That carrier would maintain ownership of the structure and collect on a lease with the other carrier.

The construction timeline for a monopole is negligible and could be worked around since the cell carriers would install a temp tower during demo of the existing tank and construction of monopole. The timeline for cell carriers to temporarily move their equipment would be 90 days since it would be in the same location and use of the temp tower would negate them moving their communications enclosures. New lease agreements would be needed for each provider which also provides the opportunity to negotiate higher lease payments to the City. All costs of temp relocation on cell carriers. See Figure 1 at end of memo for monopole example.

Options

1. Maintain the tower. This could be done through a long-term maintenance agreement to spread initial costs and ensure long-term maintenance, or by hiring a contractor to complete lead abatement and painting without a maintenance plan.
2. Remove tank and leave pedestal. Pedestal could be used to hold telecommunication equipment.
3. Demolish the tower. Property could be kept by City or foundations removed and lot sold for redevelopment. Telecommunication equipment could be relocated to another tower and new agreements negotiated.
4. Demolish the tower and install monopole. Monopole could be owned by City or by a carrier through a land lease.

Staff recommendation
Staff recommend demolition of the structure and installation of the monopole with the city retaining ownership of the monopole. The cost of maintaining the water tower far exceeds demolition.

If a monopole is the preferred path forward, staff would engage with lessees on the tower to determine the timeframe needed to construct monopole and demolish the tower and whether that aligns with City interests.

Figure 1 - Monopole example

City of Madison
503 S Highland Ave • Madison, SD 57042
(605) 256.7500 • (605) 256.7511 (fax)
www.cityofmadisonsd.com

City of Madison
Memorandum - Scheduling of Regular City Commission Meetings

To:	Mayor and City Commission
From:	Jameson Berreth, City Administrator
Subject:	Discussion on scheduling of regular City Commission meetings
Date:	October 20, 2025

Background

The City Commission asked staff to include time on an agenda to discuss the scheduling of regular City Commission meetings. Currently meetings are held on the first and third Mondays of each month at 5:30 pm. In particular, it was noted that a meeting at noon may be a worthwhile consideration.

City Ordinance

Section 2-25 of City Ordinance states that meetings shall be held on the first and third Mondays of each month. It also states that the time for the meetings shall be established by Resolution. As such, if there is desire to adjust timing of meetings, it can be done by passing a new Resolution and does not require changing existing ordinance.

Peer Comparisons

Municipalities and other local government entities have authority to establish any meeting schedule that they deem appropriate. As such, meeting times vary. Most cities meet in the evening starting between 5:30 pm or 7:00 pm whereas counties typically meet in the morning around 9:00 am.

Staff recommendation

Staff do not have a recommendation for this item and are able to support any meeting schedule set by the City Commission.

FINANCE UPDATE

SEPTEMBER - 2025

Presented By:
Amy Sad, Finance Officer

THE CITY OF MADISON
Discover the Unexpected

NOTES

- **Budget Planning:** Prepared the 2026 budget for first reading.

- **Audit Transition:** Coordinated termination of Schoenfish & Co. and onboarding of Williams & Company as new audit firm (on site Nov 3). Addressing state penalty waiver for late 2023 audit filing.

- **Utility Surcharges:** Implemented DW SRF 2022 and CW SRF 2022 surcharges on October utility bills; developed public messaging and billing inserts.

- **ClearGov Implementation:** Continued work on digital budget book and capital planning module; scorecards and templates being refined for November public release.

- **Update covers YTD (through September of 2025).**

- **74.8 % of the year.**

CASH ON HAND

Type of Cash	Amount
General Cash	$10.62M
Investments	$4.14M
Checking	$5.65M
Money Market	$574k
Other	$251k
Electric - Construction Account	$4.5M
Restricted Cash	$636k

REVENUE GUIDELINES

Fund	Description	Budget	September	YTD	% of Budget
101	General Fund	$8,485,696	$1,943,480	$9,410,258	110.9%
211	Lodging & Entertainment Tax	$240,000	$24,597	$206,642	86.1%
213	2nd Cent Sales Tax	$2,431,943	$160,713	$1,776,554	73.1%
214	Business Improvement District Bid	$53,500	$5,576	$40,438	75.6%
220	Special Maintenance Fee	$251,847	$1,415	$154,011	61.2%
303	Tax Increment District #2	$60,000	$0	$21,971	36.6%
307	Tax Increment District #3	$0	$0	$27,107	0.0%
308	Tax Increment District #5	$0	$0	$92	0.0%
309	Tax Increment District #6	$0	$0	$7,338	0.0%
312	Swimming Pool Debt	$0	$0	$260	0.0%
517	Creek - Bridge Mitigation	$3,593,704	$1,992,947	$4,122,542	114.7%
518	City Hall Construction	$0	$0	$0	0.0%
602	Water Fund	$7,414,365	$349,867	$3,042,722	41.0%
603	Electric Fund	$13,117,475	$1,153,699	$9,527,569	72.6%
604	Sewer Fund	$4,151,276	$250,088	$1,994,240	48.0%
612	Solid Waste Fund	$512,726	$47,582	$393,391	76.7%
620	Community Center	$1,033,500	$278,522	$701,824	67.9%
621	After School / Youth Program	$181,424	$5,485	$111,369	61.4%
	TOTAL	**$41,527,456**	**$6,213,971**	**$31,538,328**	**75.9%**

EXPENDITURE GUIDELINES

Fund	Description	Budget	September	YTD	% of Budget
101	General Fund	$12,288,886	$822,963	$11,565,873	94.1%
211	Lodging & Entertainment Tax	$240,000	$114,580	$219,580	91.5%
213	2nd Cent Sales Tax	$175,000	$0	$2,975	1.7%
214	Business Improvement District Bid	$13,375	$0	$16,199	121.1%
220	Special Maintenance Fee	$251,847	$0	$35,218	14.0%
303	Tax Increment District #2	$60,000	$0	$21,971	36.6%
307	Tax Increment District #3	$0	$0	$0	0.0%
308	Tax Increment District #5	$0	$0	$0	0.0%
309	Tax Increment District #6	$0	$0	$0	0.0%
312	Swimming Pool Debt	$0	$0	$0	0.0%
517	Creek - Bridge Mitigation	$5,738,600	$185,811	$4,594,712	80.1%
518	City Hall Construction	$144,467	-$282	$3,284	2.3%
602	Water Fund	$6,323,298	$844,381	$4,031,515	63.8%
603	Electric Fund	$21,520,643	$1,931,347	$8,864,948	41.2%
604	Sewer Fund	$3,110,748	$538,067	$2,588,973	83.2%
612	Solid Waste Fund	$526,556	$42,943	$364,300	69.2%
620	Community Center	$1,032,626	$65,327	$701,310	67.9%
621	After School / Youth Program	$177,524	$8,661	$130,729	73.6%
	TOTAL	**$51,603,569**	**$4,553,798**	**$33,141,587**	**64.2%**

PROFIT OR LOSS – SEPTEMBER 2025

Fund	Description	MTD Revenue	MTD Expense	MTD Profit or Loss
101	General Fund	$1,943,480	$822,963	$1,120,516
211	Lodging & Entertainment Tax	$24,597	$114,580	($89,983)
213	2nd Cent Sales Tax	$160,713	$0	$160,713
214	Business Improvement District Bid	$5,576	$0	$5,576
220	Special Maintenance Fee	$1,415	$0	$1,415
303	Tax Increment District #2	$0	$0	$0
307	Tax Increment District #3	$0	$0	$0
308	Tax Increment District #5	$0	$0	$0
309	Tax Increment District #6	$0	$0	$0
312	Swimming Pool Debt	$0	$0	$0
517	Creek - Bridge Mitigation	$1,992,947	$185,811	$1,807,136
518	City Hall Construction	$0	($282)	$282
602	Water Fund	$349,867	$844,381	($494,514)
603	Electric Fund	$1,153,699	$1,931,347	($777,647)
604	Sewer Fund	$250,088	$538,067	($287,980)
612	Solid Waste Fund	$47,582	$42,943	$4,640
620	Community Center	$278,522	$65,327	$213,195
621	After School / Youth Program	$5,485	$8,661	($3,176)
	TOTAL	**$6,213,971**	**$4,553,798**	**$1,660,173**

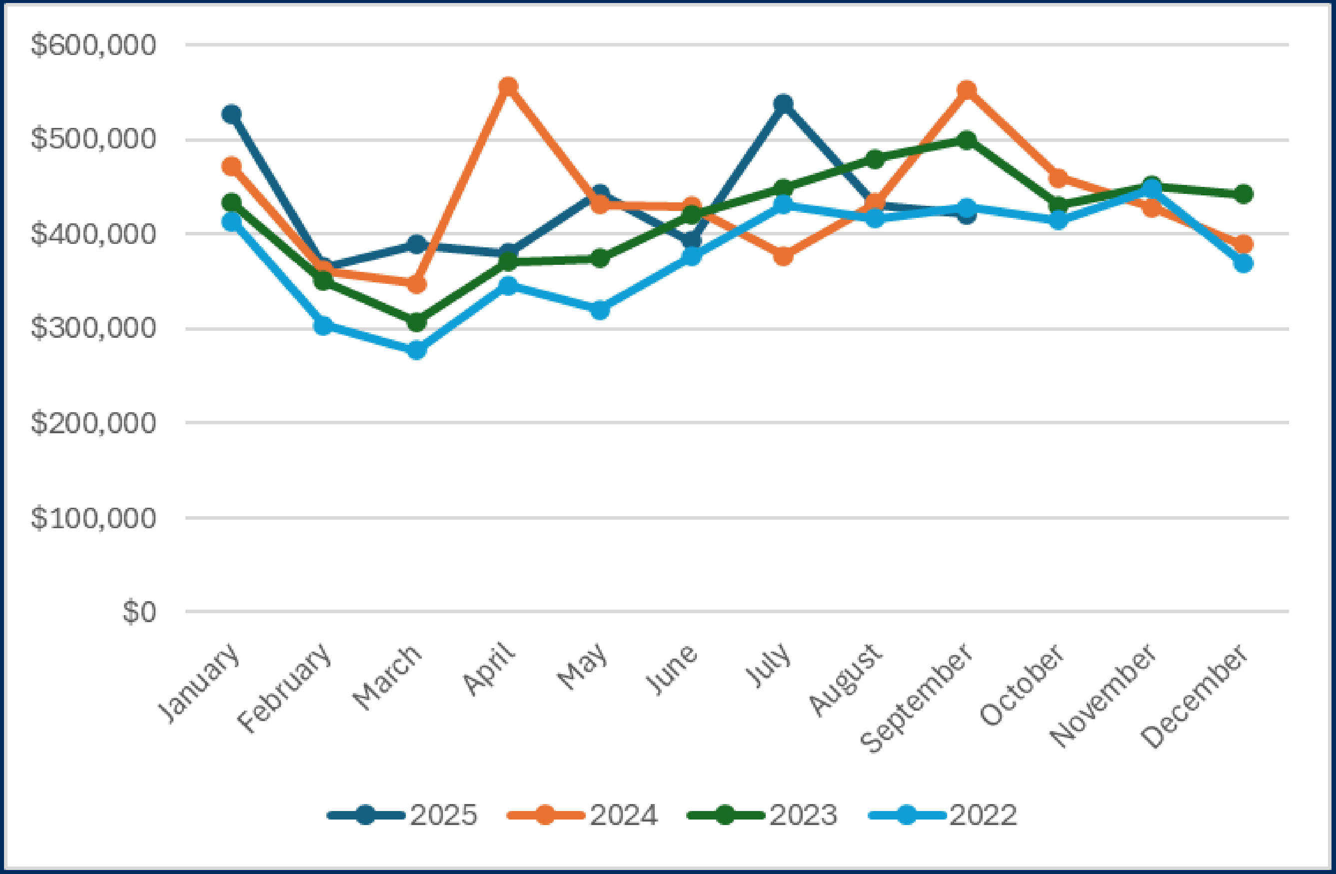
PROFIT OR LOSS – YTD 2025

Fund	Description	YTD Revenue	YTD Expense	YTD Profit or Loss
101	General Fund	$9,410,258	$11,565,873	($2,155,615)
211	Lodging & Entertainment Tax	$206,642	$219,580	($12,938)
213	2nd Cent Sales Tax	$1,776,554	$2,975	$1,773,579
214	Business Improvement District Bid	$40,438	$16,199	$24,240
220	Special Maintenance Fee	$154,011	$35,218	$118,793
303	Tax Increment District #2	$21,971	$21,971	$0
307	Tax Increment District #3	$27,107	$0	$27,107
308	Tax Increment District #5	$92	$0	$92
309	Tax Increment District #6	$7,338	$0	$7,338
312	Swimming Pool Debt	$260	$0	$260
517	Creek - Bridge Mitigation	$4,122,542	$4,594,712	($472,170)
518	City Hall Construction	$0	$3,284	($3,284)
602	Water Fund	$3,042,722	$4,031,515	($988,793)
603	Electric Fund	$9,527,569	$8,864,948	$662,621
604	Sewer Fund	$1,994,240	$2,588,973	($594,733)
612	Solid Waste Fund	$393,391	$364,300	$29,091
620	Community Center	$701,824	$701,310	$514
621	After School / Youth Program	$111,369	$130,729	($19,359)
	TOTAL	**$31,538,328**	**$33,141,587**	**($1,603,259)**

SALES TAX

Month	% Increase	2025	2024	2023	2022
January	11.60%	$526,287	$471,571	$432,730	$413,511
February	0.92%	$365,323	$361,999	$350,238	$303,973
March	11.91%	$389,280	$347,846	$308,016	$277,186
April	-31.79%	$379,610	$556,545	$371,022	$346,336
May	2.67%	$443,297	$431,766	$374,131	$320,367
June	-8.65%	$392,772	$429,961	$420,501	$376,298
July	42.55%	$537,386	$376,990	$448,323	$431,753
August	-0.46%	$431,089	$433,097	$480,355	$416,258
September	-23.73%	$420,982	$551,973	$499,767	$428,928
October			$459,462	$430,674	$414,971
November			$428,143	$451,510	$448,293
December			$389,624	$442,683	$370,263
Total	-1.91%	$3,886,027	$5,238,976	$5,009,950	$4,548,137

SALES TAX GRAPH



Q&A

THE CITY OF MADISON

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