

**MUNICIPALITY OF CHAMBERLAIN
CHAMBERLAIN, SOUTH DAKOTA**

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2024 TO DECEMBER 31, 2024

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF CHAMBERLAIN

MUNICIPAL OFFICIALS
DECEMBER 31, 2024

MAYOR:

Monte Claussen

GOVERNING BOARD:

Ron Brown
Dan Hyland
Jason Stone
Tim Thomas

FINANCE OFFICER:

Nicky Gaulke

ATTORNEY:

Cutler Law Firm, LLP

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

Governing Board
Municipality of Chamberlain
Chamberlain, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Chamberlain, South Dakota (Municipality), as of December 31, 2024 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 January 23, 2026, which was adverse for aggregate discretely presented component units because they were not presented.

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 Municipality's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 item 2024-001 to be a material weakness.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Municipality's Response to Findings

Government 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 response.

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.
Certified Public Accountants
January 23, 2026

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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 Chamberlain
Chamberlain, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the Municipality of Chamberlain, 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 period ended December 31, 2024. 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.

In our opinion, the Municipality of Chamberlain 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 period ended December 31, 2024.

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 deficiency and material weakness in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all

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deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality's response was not subjected to the 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.
Certified Public Accountants
January 23, 2026

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

There are no prior federal audit Findings to report.

PRIOR OTHER AUDIT FINDING:

Internal Control – Related Findings – Material Weakness:

Finding Number 2023-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2024-001.

Views of Responsible Officials and Planned Corrective Action Plan:

The city of Chamberlain Mayor, Monte Claussen is the contact person responsible for the corrective action plan for this finding. Because of the size of City of Chamberlain, the City can't support hiring additional staff that would sufficient the internal controls needed to properly segregate duties. The Mayor, City Council Members and Finance Administration employees are aware of the problem. We have implemented policies for internal control, administration of grant funds, personnel and conflict of interest. The City will continue to work on additional policies and controls that will help minimize future risk. This will be an ongoing process that will include input from the State Auditor's Office, communicating with other municipalities and utilizing the Mayor and Council in some of the financial controls.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

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. An adverse opinion was issued for the omission of discretely presented component units.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2024-001.
- c. Our audit did not disclose noncompliance which was material to the financial statements.

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:
 - 1. Direct Federal Funding – Airport Improvement Fund ALN No. 20.106
 - 2. Direct Federal Funding – Airport Improvement Fund-COVID-19 ALN No. 20.106
- g. The dollar threshold used to distinguish between Type A and Type B federal awards programs was \$750,000.
- h. The Municipality of Chamberlain did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

There are no current federal audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2024-001:

Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria:

Proper segregation of duties results in increased reliability of reported financial data. Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets through the separation of key accounting and physical control functions.

The AICPA states that, "Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."

Cause of Condition:

The Finance Officer and Deputy Finance Officer process all revenue transactions from beginning to end. They also receive money, issues receipts, records receipts, posts receipts in the accounting records, prepares bank deposits, reconciles bank statements, and prepares financial statements. A lack of proper segregation of duties existed for the revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Potential Effect of Condition:

There is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Identification as a Repeat Finding:

This is a continuing audit finding since 1999.

Recommendation:

1. We recommend that the Municipality of Chamberlain officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical. In addition, we recommend that all necessary accounting records be established and properly maintained to provide some compensation for lack of proper segregation of duties.

CLOSING CONFERENCE

The audit was discussed with the finance officer and the official during the course of the audit.

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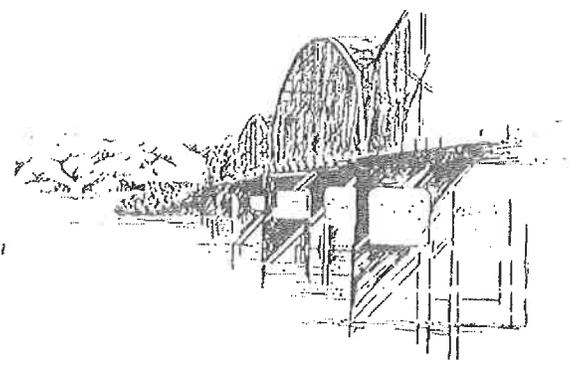
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Monte Claussen
Mayor

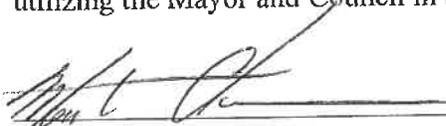


CORRECTIVE ACTION PLAN

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This has been a continuing audit comment since 1999.

Views of Responsible Officials and Planned corrective action plan:

The City of Chamberlain Mayor, Monte Claussen is the contact person responsible for the corrective action plan for this finding. Because of the size of the City of Chamberlain, the City can't support hiring additional staff that would sufficient the internal controls needed to properly segregate duties. The Mayor, City Council Members and Finance Administration employees are aware of the problem. We have implemented policies for internal control, administration for grant funds, personnel and conflict of interest. The City will continue to work on additional policies and controls that will help minimize future risk. This will be an ongoing process that will include input from the State Auditor's Office, communicating with other municipalities and utilizing the Mayor and Council in some of the financial controls.



Monte Claussen, Mayor

11 / 14 / 25

Date



Nicky Gaulke, Finance Officer

11 / 10 / 25

Date

INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Chamberlain
Chamberlain, South Dakota

Report on the Audit of the Financial Statements

Adverse Opinion and Unmodified Opinions

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Chamberlain, South Dakota (Municipality), as of December 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Adverse Opinion

In our opinion, because of the omission of the discretely presented component units, the accompanying modified cash basis of accounting financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Municipality of Chamberlain as of December 31, 2024, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Chamberlain as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Adverse and Unmodified Opinions

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

The financial statements do not include financial data for the Municipality's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity

that include the financial data for its component units. The Municipality has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented components units would have been presented inclusive of the component units.

Emphasis of Matter

As discussed in Note 1.c. of the financial statements, which describes the basis of accounting, the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, no such opinion is expressed.

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- 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the Budgetary Comparison Schedules, Schedule of Long-term Liabilities, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Municipal Contributions are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, the Budgetary Comparison Schedules, Schedule of Long-term Liabilities, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Municipal Contributions 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 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report January 23, 2026 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 grant agreements. 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.
Certified Public Accountants
January 23, 2026

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MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	5,030,772.86	330,379.21	5,361,152.07
TOTAL ASSETS	5,030,772.86	330,379.21	5,361,152.07
NET POSITION:			
Restricted for:			
Permanently Restricted for:			
Expendable for Library Special Gift Purposes	81,912.62		81,912.62
Douville Cemetery Purposes	531,568.71		531,568.71
City Promotion Purposes	477,349.03		477,349.03
Street Improvements	427,881.50		427,881.50
Business Improvement District Purposes	171,306.29		171,306.29
Grant Revolving Loan Purposes	88,709.30		88,709.30
Recreation Purposes	4,789.40		4,789.40
Library Fines Purposes	1,636.29		1,636.29
Cemetery Care Purposes	286,586.27		286,586.27
Unrestricted	2,959,033.45	330,379.21	3,289,412.66
TOTAL NET POSITION	5,030,772.86	330,379.21	5,361,152.07

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 For the Year Ended December 31, 2024

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	267,234.97	31,885.00	50.00	3,752.56	(231,547.41)		(231,547.41)
Public Safety	954,419.90	110,742.48	7,701.50	65,900.00	(770,075.92)		(770,075.92)
Public Works	1,786,308.07	31,918.25	103,094.88	91,439.40	(1,559,855.54)		(1,559,855.54)
Health and Welfare	5,852.50	234.13			(5,618.37)		(5,618.37)
Culture and Recreation	1,102,394.72	113,025.07	130,509.18		(858,860.47)		(858,860.47)
Conservation and Development	295,858.52	4,108.42			(291,750.10)		(291,750.10)
* Interest on Long-Term Debt	30,955.25				(30,955.25)		(30,955.25)
Total Governmental Activities	4,443,023.93	291,913.35	241,355.56	161,091.96	(3,748,663.06)		(3,748,663.06)
Business-type Activities:							
Water	1,247,038.36	720,066.55				(526,971.81)	(526,971.81)
Sewer	921,905.65	642,584.95				(279,320.70)	(279,320.70)
Airport	1,114,975.65	22,316.64		968,162.58		(124,496.43)	(124,496.43)
Total Business-Type Activities	3,283,919.66	1,384,968.14	0.00	968,162.58		(930,788.94)	(930,788.94)
Total Primary Government	7,726,943.59	1,676,881.49	241,355.56	1,129,254.54	(3,748,663.06)	(930,788.94)	(4,679,452.00)
General Revenues:							
Taxes:							
Property Taxes					1,310,550.57		1,310,550.57
Sales Taxes					2,118,973.62		2,118,973.62
State Shared Revenue					33,989.99		33,989.99
Unrestricted Investment Earnings					169,888.62	35,411.17	205,299.79
Miscellaneous Revenue					164,592.34	828.75	165,421.09
Total General Revenue					3,797,995.14	36,239.92	3,834,235.06
Change in Net Position					49,332.08	(894,549.02)	(845,216.94)
Net Position - Beginning					4,981,440.78	1,224,928.23	6,206,369.01
NET POSITION - ENDING					5,030,772.86	330,379.21	5,361,152.07

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

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

MUNICIPALITY OF CHAMBERLAIN
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	Liquor, Lodging, and Dining Fund	Douville Cemetery Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	3,311,289.69	477,349.03	531,568.71	710,565.43	5,030,772.86
TOTAL ASSETS	<u>3,311,289.69</u>	<u>477,349.03</u>	<u>531,568.71</u>	<u>710,565.43</u>	<u>5,030,772.86</u>
FUND BALANCES:					
Restricted for:					
Perpetual Care Cemetery				286,586.27	286,586.27
Grant Revolving Loan Purposes				88,709.30	88,709.30
Facilities and Promoting City		477,349.03			477,349.03
Street Improvements	427,881.50			81,912.62	427,881.50
Library Special Gift Purposes - Expendable Trust				1,636.29	81,912.62
Library Fines Purposes				4,789.40	1,636.29
Recreation Purposes	4,789.40			171,306.29	4,789.40
Business Improvement District Purposes				531,568.71	171,306.29
Douville Cemetery Fund			531,568.71		531,568.71
Assigned for Capital Outlay Accumulations	31,660.92				31,660.92
Assigned for Recreation Purposes				80,414.66	80,414.66
Unassigned	2,846,957.87				2,846,957.87
TOTAL FUND BALANCES	<u>3,311,289.69</u>	<u>477,349.03</u>	<u>531,568.71</u>	<u>710,565.43</u>	<u>5,030,772.86</u>

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

**MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2024

	General Fund	Liquor, Lodging, & Dining Fund	Douville Cemetery Fund	Formerly Major Fund/ Cemetery - Care Fund	Other Governmental Funds	Total Governmental Funds
Revenue:						
Taxes:						
General Property Taxes	1,225,158.56					1,225,158.56
General Sales and Use Taxes	1,930,989.21	187,984.41				2,118,973.62
Gross Receipts Business Taxes					83,216.00	83,216.00
Penalties and Interest on Delinquent Taxes	2,176.01					2,176.01
Total Taxes	3,158,323.78	187,984.41	0.00	0.00	83,216.00	3,429,524.19
Licenses and Permits	36,943.42	0.00	0.00	0.00	0.00	36,943.42
Intergovernmental Revenue:						
Federal Grants	1,801.50					1,801.50
State Grants					1,000.00	1,000.00
State Shared Revenue:						
Bank Franchise Tax	17,076.62					17,076.62
Prorate License Fees	7,057.77					7,057.77
Liquor Tax Reversion	16,913.37					16,913.37
Motor Vehicle Licenses	31,944.34					31,944.34
County Shared Revenue:						
County Road Tax	13,966.00					13,966.00
County Road and Bridge Tax	45,658.95					45,658.95
County Wheel Tax	4,467.82					4,467.82
Total Intergovernmental Revenue	138,886.37	0.00	0.00	0.00	1,000.00	139,886.37
Charges for Goods and Services:						
General Government	600.00					600.00
Public Safety	110,313.48					110,313.48
Highways and Streets	17,003.25					17,003.25
Health	234.13					234.13
Culture and Recreation	87,332.95				25,157.17	112,490.12
Cemetery					12,915.00	12,915.00
Total Charges for Goods and Services	215,483.81	0.00	0.00	0.00	38,072.17	253,555.98
Fines and Forfeits:						
Library					34.95	34.95
Other	429.00					429.00
Total Fines and Forfeits	429.00	0.00	0.00	0.00	34.95	463.95

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

**MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2024

	General Fund	Liquor, Lodging, & Dining Fund	Douville Cemetery Fund	Formerly Cemetery Care Fund	Other Governmental Funds	Total Governmental Funds
Revenue (Continued):						
Miscellaneous Revenue:						
Investment Earnings	99,145.68	11,799.93	26,050.96		32,892.05	169,888.62
Rentals	950.00					950.00
Special Assessments	91,439.40					91,439.40
Contributions and Donations from Private Sources	119,923.82				81,435.36	201,359.18
Other	19,914.54				80,382.80	100,297.34
Total Miscellaneous Revenue	331,373.44	11,799.93	26,050.96	0.00	194,710.21	563,934.54
Total Revenue	3,881,439.82	199,784.34	26,050.96	0.00	317,033.33	4,424,308.45
Expenditures:						
General Government:						
Legislative	36,148.66					36,148.66
Elections	2,542.77					2,542.77
Financial Administration	216,546.28					216,546.28
Other	11,997.26					11,997.26
Total General Government	267,234.97	0.00	0.00	0.00	0.00	267,234.97
Public Safety:						
Police	893,667.47					893,667.47
Fire	55,752.43					55,752.43
Other Protection	5,000.00					5,000.00
Total Public Safety	954,419.90	0.00	0.00	0.00	0.00	954,419.90
Public Works:						
Highways and Streets	1,564,067.82					1,564,067.82
Transit	4,560.00					4,560.00
Total Public Works	1,568,627.82	0.00	0.00	0.00	0.00	1,568,627.82
Health and Welfare:						
Health	5,852.50					5,852.50
Total Health and Welfare	5,852.50	0.00	0.00	0.00	0.00	5,852.50

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

**MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2024

	General Fund	Liquor, Lodging, & Dining Fund	Douville Cemetery Fund	Formerly Major Fund/ Cemetery Care Fund	Other Governmental Funds	Total Governmental Funds
Expenditures (Continued):						
Culture and Recreation:						
Recreation	188,970.92	58,750.00			34,885.09	282,606.01
Parks	384,069.85					384,069.85
Libraries	94,674.34				77,577.53	172,251.87
Community Center	54,140.46					54,140.46
Total Culture and Recreation	721,855.57	58,750.00	0.00	0.00	112,462.62	893,068.19
Conservation and Development:						
Economic Development and Assistance	1,097.19	84,761.33			210,000.00	295,858.52
Total Conservation and Development	1,097.19	84,761.33	0.00	0.00	210,000.00	295,858.52
Debt Service	457,962.03	0.00	0.00	0.00	0.00	457,962.03
Total Expenditures	3,977,049.98	143,511.33	0.00	0.00	322,462.62	4,443,023.93
Excess of Revenue Over (Under) Expenditures	(95,610.16)	56,273.01	26,050.96	0.00	(5,429.29)	(18,715.48)
Other Financing Sources (Uses):						
Transfers In	450,000.00					450,000.00
Transfers Out	(450,000.00)					(450,000.00)
Sale of Municipal Property	64,295.00					64,295.00
Compensation for Loss or Damage to Capital Assets	3,752.56					3,752.56
Total Other Financing Sources (Uses)	68,047.56	0.00	0.00	0.00	0.00	68,047.56
Net Change in Fund Balance	(27,562.60)	56,273.01	26,050.96	0.00	(5,429.29)	49,332.08
Fund Balance - Beginning	3,338,852.29	421,076.02	505,517.75	260,708.72	455,286.00	4,981,440.78
Adjustments:						
Change due to major fund becoming a nonmajor fund				(260,708.72)	260,708.72	0.00
Adjusted Fund Cash Balance - Beginning	3,338,852.29	421,076.02	505,517.75	0.00	715,994.72	4,981,440.78
FUND BALANCE - ENDING	3,311,289.69	477,349.03	531,568.71	0.00	710,565.43	5,030,772.86

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2024

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Airport Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	119,396.92	185,435.18	25,547.11	330,379.21
Total Current Assets	119,396.92	185,435.18	25,547.11	330,379.21
TOTAL ASSETS	119,396.92	185,435.18	25,547.11	330,379.21
NET POSITION:				
Unrestricted Net Position	119,396.92	185,435.18	25,547.11	330,379.21
TOTAL NET POSITION	119,396.92	185,435.18	25,547.11	330,379.21

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2024

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Airport Fund	
Operating Revenue:				
Charges for Goods and Services	698,482.09	593,322.81	1,307.24	1,293,112.14
Surcharge as Security for Debt	21,584.46	49,262.14		70,846.60
Total Operating Revenue	<u>720,066.55</u>	<u>642,584.95</u>	<u>1,307.24</u>	<u>1,363,958.74</u>
Operating Expenses:				
Personal Services	183,223.69	253,768.84		436,992.53
Other Current Expenses	455,190.34	472,837.01	150,286.46	1,078,313.81
Materials	20,331.03	12,339.68	8,465.98	41,136.69
Total Operating Expenses	<u>658,745.06</u>	<u>738,945.53</u>	<u>158,752.44</u>	<u>1,556,443.03</u>
Operating Income (Loss)	<u>61,321.49</u>	<u>(96,360.58)</u>	<u>(157,445.20)</u>	<u>(192,484.29)</u>
Nonoperating Revenue (Expense):				
Investment Earnings	22,395.84	11,941.79	1,073.54	35,411.17
Rental Revenue			21,009.40	21,009.40
Capital Assets	(588,293.30)	(182,960.12)	(956,223.21)	(1,727,476.63)
Sale of Municipal Property		828.75		828.75
Total Nonoperating Revenue (Expense)	<u>(565,897.46)</u>	<u>(170,189.58)</u>	<u>(934,140.27)</u>	<u>(1,670,227.31)</u>
Income (Loss) Before Contributions and Transfers	<u>(504,575.97)</u>	<u>(266,550.16)</u>	<u>(1,091,585.47)</u>	<u>(1,862,711.60)</u>
Capital Contributions			968,162.58	968,162.58
Transfers In			450,000.00	450,000.00
Transfers Out			(450,000.00)	(450,000.00)
Change in Net Position	<u>(504,575.97)</u>	<u>(266,550.16)</u>	<u>(123,422.89)</u>	<u>(894,549.02)</u>
Net Position - Beginning	<u>623,972.89</u>	<u>451,985.34</u>	<u>148,970.00</u>	<u>1,224,928.23</u>
NET POSITION - ENDING	<u><u>119,396.92</u></u>	<u><u>185,435.18</u></u>	<u><u>25,547.11</u></u>	<u><u>330,379.21</u></u>

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of the Municipality of Chamberlain, (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 Chamberlain-Oacoma Volunteer Fire Department and the Chamberlain Country Club are discretely presented component units. The entities elect their own chairpersons and recruit and employ their own management and other workers. The entities, however, have the ability to impose financial burden on the Municipality through the purchase of equipment and other financial assistance.

The Municipality has created a Housing and Redevelopment Commission under the authority of South Dakota Codified Law 11-7-7. The Chamberlain Grandview Properties (Commission) is a proprietary fund-type, discretely presented component unit. The three 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 president 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 Chamberlain Grandview Properties may be obtained from 715 N Main Street, Chamberlain, SD 57325.

The Municipality participates in a cooperative unit with the Tri-County Landfill Association, Inc. and the Missouri Valley Ambulance Service. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the Municipality.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

Liquor, Lodging and Dining Sales Tax Fund – to account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the city (SDCL 10-52A-2). This fund may be established at the direction of the governing body through local ordinance. This is a major fund.

Douville Cemetery Fund – to account for a donation made to the municipal cemetery. There are some donor restrictions placed on the monies, but the entire balance may be spent. This is a major fund.

The remaining Special Revenue funds are not considered major funds: Business Improvement District Fund, Recreational Football Fund, Recreational Basketball Fund, Recreation Fund, Recreation Baseball Fund, Grant Revolving Loan Fund, Recreational Softball Fund, Library Fines Fund, and Cemetery Care Fund. These funds are reported on the fund financial statements as "Other Governmental Funds".

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

Cozard Library Special Gift Fund – to account for money derived by gift, bequest or devise to be spent on library purposes. This money is generally held by the library board and only the interest earned off the dollars received may be spent on library purposes. This is not a major fund.

Proprietary Funds:

Enterprise Fund Types – 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 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).

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

Airport Fund – financed primarily by the sale of fuel, rentals and an annual transfer from the General Fund. This fund accounts for the acquisition, construction, and operation of the municipal airport. (SDCL 50-7-2) This is a major 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.

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed.

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

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

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 gossipping-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivable 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, (if any), which are presented as Internal Balances.

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.

f. Capital Assets:

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

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type are presented using a modified cash basis of accounting. Municipality has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating/amortizing those assets

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

where appropriate, so any capital assets owned by the Municipality and the related depreciation/amortization are not reported on the financial statements of the Municipality.

g. Long-Term Liabilities include Revenue Bonds and Notes Payable:

Long-term liabilities include, but are not limited to, Revenue Bonds and Notes Payable.

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

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

h. Revenue Collected in Advance:

Under the modified cash basis of accounting, cash may have been received in advance of the Municipality's providing a good or service to a customer. These amounts are reported in the financial statements, in the year the cash is received.

i. Program Revenues:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

k. Cash and Cash Equivalents:

The Municipality pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand.

l. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

m. 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.

n. 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 Finance Officer.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

The Municipality 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 for unrestricted fund balance when expenditures are made.

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:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Liquor, Lodging, & Dining Sales Tax Fund	Sales Tax
Douville Cemetery Fund	Investment Earnings

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

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

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, 2024, the Municipality did not have any investments.

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.

NOTES TO THE MODIFIED CASH BASIS 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 – Interest rate risk is the risk that changes in interest rates that will adversely affect the value of an investment. 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 investments to the fund making the investment.

3. PROPERTY TAXES

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

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

4. RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2024, was as follows:

	Governmental Activities
Major Purposes:	
Permanently Restricted:	
Library Special Gift Purposes	\$ 81,912.62
Street Purposes	427,881.50
Douville Cemetery Purposes	531,568.71
City Promotion Purposes	477,349.03
Business Improvement District Purposes	171,306.29
Grant Revolving Loan Purposes	88,709.30
Recreation Purposes	4,789.40
Library Fines Purposes	1,636.29
Cemetery Care Purposes	286,586.27
Total Restricted Net Position	\$ 2,071,739.41

These balances are restricted due to statutory and debt covenant requirements.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

5. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2024, were as follows:

Transfers From:	Transfers To:		Total
	Governmental Activities	Business-Type Activities	
	General Fund	Airport Fund	
General Fund		450,000.00	450,000.00
Airport Fund	450,000.00		450,000.00
Total	450,000.00	450,000.00	900,000.00

The transfers were made as budgeted operating transfers to finance yearly operations.

6. TAX ABATEMENTS

The Municipality enters into property tax abatement agreements with local businesses under SDCL 11-9 and Resolution No. 2015-04. The tax increment district was created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district. Under this agreement, the Municipality may grant property tax abatements of up to 100 percent of a business' property tax bill 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, 2017, the Municipality entered into an agreement with KTJ268, LLC ("Developer") to locate a Shopko Hometown Store in the Municipality. KTJ268, LLC transferred the agreement to HNH, LLC in 2019. The Municipality approved the continuation of the agreement as originally written. The agreement provides that:

- Developer agrees that on all positive tax increment that are passed on to the Developer, \$5,000 of the positive increment will be held back and paid to the municipality as an administrative fee each year for years 2018-2020 for a total of \$20,000. The Developer will be entitled to a maximum amount of \$400,000 during the life of the TID. Once the Developer has been paid \$400,000, and should there be life left on the length of the TID, the Municipality will be entitled to collect the remaining revenue until 15 calendar years or the total costs of the project have been met. In 2024, a payment was not made to HNH, LLC, but two payments will be made in 2025.

7. 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, nor the State of South Dakota, nor any other political subdivision of the state is obligated in any manner

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

for the repayment of these conduit debt issues. As of December 31, 2024, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$304,289.30.

8. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://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 members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. The County’s/Municipality’s share of contributions to the SDRS for the fiscal years ended December 31, 2024, 2023, and 2022, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 89,275.08
2023	\$ 83,832.81
2022	\$ 78,818.31

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources to Pensions:

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

Proportionate share of pension liability	\$ 7,494,487.03
Less Proportionate share of net position restricted for pension benefits	<u>\$ 7,496,520.62</u>
 Proportionate share of net pension liability (asset)	 <u>\$ (2,033.59)</u>

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

The net pension liability (asset) was measured as of June 30, 2024 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the County/Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the County/Municipality's proportion was 0.050237%, which is an increase (decrease) of -0.004501% from its proportion measured as of June 30, 2023.

Actuarial Assumptions:

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

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

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year

until 111% of rates at age 83 and above.

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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 for each major asset class included in the pension plan’s target asset allocation as of June 30, 2023 (see the discussion of the pension plan’s investment policy) are summarized in the following table using geometric means:

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

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

Sensitivity of liability (asset) to changes in the discount rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
County/Municipality’s proportionate share of the net pension liability (asset)	\$ 1,033,355.92	\$(2,033.59)	\$(849,304.71)

Pension Plan Fiduciary Net Position:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

9. JOINT VENTURES

The Municipality participates in a joint venture, known as the Tri-County Landfill Association, Inc., formed for the purpose of providing solid waste disposal services to participating members.

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

Alpena City	1.04%	Murdo City	2.81%
Aurora County	7.39%	New Witten City	0.36%
Brule County	8.81%	Oacoma City	1.52%
Buffalo County	1.09%	Plankinton City	2.50%
Chamberlain City	9.70%	Presho City	2.70%
Colome City	1.28%	Reliance City	0.70%
Draper City	0.51%	Stickney City	1.33%
Jerauld County	4.21%	Tripp County	13.10%
Jones County	2.16%	Vivian City	1.09%
Kennebec City	1.17%	Wessington Springs City	4.47%
Kimball City	3.07%	White Lake City	1.73%
Lane City	0.29%	White River City	2.46%
Lyman County	4.30%	Winner City	13.84%
Mellette County	6.07%	Wood City	0.30%

The joint venture’s governing board is composed of 12 representatives—one from each of the 8 counties and 4 members at large. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

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

At December 31, 2024, this joint venture had a total fund net position of \$2,442,497, total liabilities of \$1,388,334 and total assets of \$3,830,831. This is the most recent financial information the entity was able to provide as of this audit.

Separate financial statements for this joint venture are available from the Tri-County Landfill Association, Inc.

The Municipality also participates in a joint venture known as the Missouri Valley Ambulance Service, formed for the purpose of providing ambulance service to the Municipality of Chamberlain and portions of Western Brule County and Eastern Lyman County.

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

Municipality of Chamberlain	38%
Brule County	40%
Lyman County Ambulance District and Town of Oacoma	20%
Town of Pukwana	2%

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

The joint venture's governing board is composed of five representatives who are appointed by the respective members. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements for this joint venture are available from the Missouri Valley Ambulance Service. At December 31, 2021, this joint venture had total fund equity of \$816,605. This is the most recent financial information the entity was able to provide as of this audit.

10. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2023, the Municipality was involved in one claim of property damage by a municipal resident. The Municipality has denied the claim and it is currently being handled by the Municipality's insurance carrier. As of December 31, 2024, a settlement for this claim has been reached. The Municipality's insurance carrier paid the entirety of the settlement amount.

11. RISK MANAGEMENT

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

Employee Health Insurance:

The Municipality purchases health insurance for its employees from a commercial insurance carrier. Settled claims 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 torts, theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. 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 Municipality 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, compensation coverage, to obtain lower costs for the coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

12. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through January 23, 2026, the date on which the financial statements were available to be issued.

Subsequent to the year, the Municipality of Chamberlain commenced activities related to several capital improvement and development projects, including housing development initiatives and improvements to the municipality's water, sewer, and street infrastructure.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Taxes:				
General Property Taxes	1,190,410.00	1,190,410.00	1,225,158.56	34,748.56
General Sales and Use Taxes	1,700,000.00	1,901,801.50	1,930,989.21	29,187.71
Amusement Taxes	3,000.00	3,000.00	0.00	(3,000.00)
Tax Deed Revenue	300.00	300.00	0.00	(300.00)
Penalties and Interest on Delinquent Taxes	1,000.00	1,000.00	2,176.01	1,176.01
Total Taxes	2,894,710.00	3,096,511.50	3,158,323.78	61,812.28
Licenses and Permits	42,100.00	42,100.00	36,943.42	(5,156.58)
Intergovernmental Revenue:				
Federal Grants	0.00	292,925.00	1,801.50	(291,123.50)
State Grants	15,000.00	760,209.43	0.00	(760,209.43)
State Shared Revenue:				
Bank Franchise Tax	14,000.00	14,000.00	17,076.62	3,076.62
Prorate License Fees	6,000.00	6,000.00	7,057.77	1,057.77
Liquor Tax Reversion	16,000.00	16,000.00	16,913.37	913.37
Motor Vehicle Licenses	26,000.00	26,000.00	31,944.34	5,944.34
County Shared Revenue:				
County Road Tax	7,000.00	7,000.00	13,966.00	6,966.00
County Road and Bridge Tax	44,000.00	44,000.00	45,658.95	1,658.95
County Wheel Tax	3,500.00	3,500.00	4,467.82	967.82
Total Intergovernmental Revenue	131,500.00	1,169,634.43	138,886.37	(1,030,748.06)
Charges for Goods and Services:				
General Government	300.00	300.00	600.00	300.00
Public Safety	75,100.00	75,100.00	110,313.48	35,213.48
Highways and Streets	12,500.00	12,500.00	17,003.25	4,503.25
Health	300.00	300.00	234.13	(65.87)
Culture and Recreation	71,300.00	85,250.00	87,332.95	2,082.95
Total Charges for Goods and Services	159,500.00	173,450.00	215,483.81	42,033.81
Fines and Forfeits:				
Other	500.00	500.00	429.00	(71.00)
Total Fines and Forfeits	500.00	500.00	429.00	(71.00)
Miscellaneous Revenue:				
Investment Earnings	5,000.00	5,000.00	99,145.68	94,145.68
Rentals	600.00	600.00	950.00	350.00
Special Assessments	45,719.70	45,719.70	91,439.40	45,719.70
Contributions and Donations from Private Sources	50,000.00	147,900.00	119,923.82	(27,976.18)
Other	72,180.00	72,180.00	19,914.54	(52,265.46)
Total Miscellaneous Revenue	173,499.70	271,399.70	331,373.44	59,973.74
Total Revenue	3,401,809.70	4,753,595.63	3,881,439.82	(872,155.81)
Expenditures:				
General Government:				
Legislative	41,000.00	43,000.00	36,148.66	6,851.34
Contingency	30,000.00	30,000.00		
Amount Transferred		(3,350.00)		26,650.00
Elections	1,300.00	2,550.00	2,542.77	7.23
Financial Administration	226,390.00	227,990.00	216,546.28	11,443.72
Other	14,200.00	14,200.00	11,997.26	2,202.74
Total General Government	312,890.00	314,390.00	267,234.97	47,155.03

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (continued)				
Public Safety:				
Police	803,295.00	908,880.00	893,667.47	15,212.53
Fire	56,800.00	62,601.50	55,752.43	6,849.07
Other Protection	5,000.00	5,000.00	5,000.00	0.00
Total Public Safety	<u>865,095.00</u>	<u>976,481.50</u>	<u>954,419.90</u>	<u>22,061.60</u>
Public Works:				
Highways and Streets	783,395.00	4,192,937.93	1,564,067.82	2,628,870.11
Sanitation	77,000.00	174,813.56	0.00	174,813.56
Transit	10,000.00	10,000.00	4,560.00	5,440.00
Total Public Works	<u>870,395.00</u>	<u>4,377,751.49</u>	<u>1,568,627.82</u>	<u>2,809,123.67</u>
Health and Welfare:				
Health	6,000.00	6,000.00	5,852.50	147.50
Total Health and Welfare	<u>6,000.00</u>	<u>6,000.00</u>	<u>5,852.50</u>	<u>147.50</u>
Culture and Recreation:				
Recreation	167,800.00	198,800.00	188,970.92	9,829.08
Parks	385,130.00	424,430.00	384,069.85	40,360.15
Libraries	98,000.00	101,000.00	94,674.34	6,325.66
Community Center	49,300.00	77,300.00	54,140.46	23,159.54
Total Culture and Recreation	<u>700,230.00</u>	<u>801,530.00</u>	<u>721,855.57</u>	<u>79,674.43</u>
Conservation and Development:				
Economic Development and Assistance	59,050.00	59,050.00	1,097.19	57,952.81
Total Conservation and Development	<u>59,050.00</u>	<u>59,050.00</u>	<u>1,097.19</u>	<u>57,952.81</u>
Debt Service	<u>456,650.00</u>	<u>458,000.00</u>	<u>457,962.03</u>	<u>37.97</u>
Total Expenditures	<u>3,270,310.00</u>	<u>6,993,202.99</u>	<u>3,977,049.98</u>	<u>3,016,153.01</u>
Excess of Revenue Over (Under) Expenditures	<u>131,499.70</u>	<u>(2,239,607.36)</u>	<u>(95,610.16)</u>	<u>2,143,997.20</u>
Other Financing Sources (Uses):				
Transfers In	40,000.00	1,926,778.90	450,000.00	(1,476,778.90)
Transfers Out	(31,500.00)	(459,365.50)	(450,000.00)	9,365.50
Sale of Municipal Property	10,000.00	70,884.75	64,295.00	(6,589.75)
Compensation for Loss or Damage to Capital Assets	0.00	3,752.56	3,752.56	0.00
Total Other Financing Sources (Uses)	<u>18,500.00</u>	<u>1,542,050.71</u>	<u>68,047.56</u>	<u>(1,474,003.15)</u>
Net Change in Fund Balances	<u>149,999.70</u>	<u>(697,556.65)</u>	<u>(27,562.60)</u>	<u>669,994.05</u>
Fund Balance - Beginning	<u>3,338,852.29</u>	<u>3,338,852.29</u>	<u>3,338,852.29</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>3,488,851.99</u>	<u>2,641,295.64</u>	<u>3,311,289.69</u>	<u>669,994.05</u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIQUOR, LODGING, & DINING SALES TAX FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
General Sales and Use Taxes	150,000.00	162,500.00	187,984.41	25,484.41
Total Taxes	<u>150,000.00</u>	<u>162,500.00</u>	<u>187,984.41</u>	<u>25,484.41</u>
Intergovernmental Revenue:				
Miscellaneous Revenue:				
Investment Earnings	500.00	500.00	11,799.93	11,299.93
Total Miscellaneous Revenue	<u>500.00</u>	<u>500.00</u>	<u>11,799.93</u>	<u>11,299.93</u>
Total Revenue	<u>150,500.00</u>	<u>163,000.00</u>	<u>199,784.34</u>	<u>36,784.34</u>
Expenditures:				
Culture and Recreation:				
Recreation	58,750.00	58,750.00	58,750.00	0.00
Total Conservation and Development	<u>58,750.00</u>	<u>58,750.00</u>	<u>58,750.00</u>	<u>0.00</u>
Conservation and Development:				
Economic Development and Assistance	81,000.00	93,500.00	84,761.33	8,738.67
Total Conservation and Development	<u>81,000.00</u>	<u>93,500.00</u>	<u>84,761.33</u>	<u>8,738.67</u>
Total Expenditures	<u>139,750.00</u>	<u>152,250.00</u>	<u>143,511.33</u>	<u>8,738.67</u>
Net Change in Fund Balances	<u>10,750.00</u>	<u>10,750.00</u>	<u>56,273.01</u>	<u>45,523.01</u>
Fund Balance - Beginning	<u>421,076.02</u>	<u>421,076.02</u>	<u>421,076.02</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u><u>431,826.02</u></u>	<u><u>431,826.02</u></u>	<u><u>477,349.03</u></u>	<u><u>45,523.01</u></u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
DOUVILLE CEMETERY FUND
For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Miscellaneous Revenue:				
Investment Earnings	1,500.00	1,500.00	26,050.96	24,550.96
Total Miscellaneous Revenue	1,500.00	1,500.00	26,050.96	24,550.96
 Total Revenue	 1,500.00	 1,500.00	 26,050.96	 24,550.96
Expenditures:				
Public Works:				
Cemeteries	1,000.00	1,000.00	0.00	1,000.00
Total Public Works	1,000.00	1,000.00	0.00	1,000.00
 Total Expenditures	 1,000.00	 1,000.00	 0.00	 1,000.00
 Net Change in Fund Balances	 500.00	 500.00	 26,050.96	 25,550.96
 Fund Balance - Beginning	 505,517.75	 505,517.75	 505,517.75	 0.00
 FUND BALANCE - ENDING	 506,017.75	 506,017.75	 531,568.71	 25,550.96

NOTES TO THE SUPPLEMENTARY INFORMATION

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

NOTE 1. Budgets and Budgetary Accounting:

The Municipality followed 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 introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line on 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.

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, 2024.

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

NOTE 2. Other Comprehensive Basis of Accounting Modified Cash Basis/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenue, 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 INFORMATIONSCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

* Last 10 Years

	<u>Municipality's proportion of the net pension liability/asset</u>	<u>Municipality's proportionate share of net pension liability (asset)</u>	<u>Municipality's covered-employee payroll</u>	<u>Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
2024	0.050237%	\$ (2,033.58)	\$ 1,265,744.04	0.16%	100.00%
2023	0.054738%	\$ (5,342.68)	\$ 1,273,785.43	0.42%	100.10%
2022	0.052568%	\$ (4,968.00)	\$ 1,137,588.93	0.44%	100.10%
2021	0.052440%	\$ (401,600.65)	\$ 1,101,713.54	36.45%	105.52%
2020	0.051782%	\$ (2,248.90)	\$ 1,039,025.31	0.22%	100.04%
2019	0.052422%	\$ (5,555.32)	\$ 1,030,178.72	0.54%	100.09%
2018	0.052385%	\$ (1,221.74)	\$ 996,683.81	0.12%	100.02%
2017	0.050697%	\$ (4,600.77)	\$ 947,048.87	0.49%	100.10%
2016	0.051378%	\$ 173,548.15	\$ 895,432.50	19.38%	96.89%
2015	0.054068%	\$ (229,319.11)	\$ 909,652.19	25.21%	104.10%

* The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 06/30.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY PENSION CONTRIBUTIONS

South Dakota Retirement System

Last 10 Years

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2024	\$ 89,275.08	\$ 89,275.08	\$ -	\$ 1,323,649.65	6.74%
2023	\$ 83,832.81	\$ 83,832.81	\$ -	\$ 1,253,798.67	6.69%
2022	\$ 78,818.31	\$ 78,818.31	\$ -	\$ 1,193,163.80	6.61%
2021	\$ 73,405.47	\$ 73,405.47	\$ -	\$ 1,125,851.09	6.52%
2020	\$ 71,593.55	\$ 71,593.55	\$ -	\$ 1,090,280.21	6.57%
2019	\$ 68,681.98	\$ 68,681.98	\$ -	\$ 1,048,629.35	6.55%
2018	\$ 65,394.90	\$ 65,394.90	\$ -	\$ 1,005,831.78	6.50%
2017	\$ 63,750.34	\$ 63,750.34	\$ -	\$ 976,768.41	6.53%
2016	\$ 59,914.81	\$ 59,914.81	\$ -	\$ 912,828.51	6.56%
2015	\$ 58,949.10	\$ 58,949.10	\$ -	\$ 901,957.53	6.54%

Notes to Required Supplementary Information
For the Year Ended December 31, 2024
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial 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, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

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

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

SUPPLEMENTARY INFORMATION

The Municipality’s outstanding notes from direct borrowings and direct placements related to governmental activities of \$793,304.00 include provisions that in an event of default the following may occur: a) all payments may become immediately due and payable, b) repossess the equipment collateralized, c) cover all legal and other costs incurred. Sales tax revenue is used as security for the Central Electric Cooperative Note with First Dakota National Bank. Collateralized equipment on the direct borrowing financing agreements include with First Dakota National Bank is the 2023 Spartan Freightliner (Fire Truck).

The annual requirements to amortize all liabilities outstanding as of December 31, 2024, are as follows:

Annual Requirements to Maturity for Long-Term Liabilities
December 31, 2024

Year Ending	SRF - Drinking Water # 1 Series 2008		SRF - Drinking Water # 2 Series 2009		SRF - Drinking Water Series 2020	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2025	16,366.55	2,489.09	33,452.81	7,323.83	29,950.81	3,223.83
2026	16,904.98	1,950.66	34,467.74	6,308.90	30,554.34	2,620.30
2027	17,461.13	1,394.51	35,513.46	5,263.18	31,170.03	2,004.61
2028	18,035.56	820.08	36,590.92	4,185.72	31,798.12	1,376.52
2029	13,915.24	226.49	37,701.05	3,075.59	32,438.87	735.77
2030-2034			78,868.40	2,684.88	16,463.59	123.73
Totals	82,683.46	6,880.83	256,594.38	28,842.10	172,375.76	10,084.76

Year Ending	Direct Borrowing Notes Payable - Central Electric Cooperative		Direct Borrowing Notes Payable - Street Sweeper Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2025	100,008.00		40,000.00	9,198.00	219,778.17	22,234.75
2026	100,008.00		40,000.00	6,898.50	221,935.06	17,778.36
2027	100,008.00		40,000.00	4,599.00	224,152.62	13,261.30
2028	100,008.00		40,000.00	2,305.80	226,432.60	8,688.12
2029	100,008.00				184,063.16	4,037.85
2030-2034	133,264.00				228,595.99	2,808.61
Totals	633,304.00	0.00	160,000.00	23,001.30	1,304,957.60	68,808.99

MUNICIPALITY OF CHAMBERLAIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures 2024
US Department of Transportation:			
Direct Federal Funding:			
Airport Improvement Program (Note 3)	20.106	N/A	924,161.29
Airport Improvement Program-COVID19 (Note 3)	20.106	N/A	3,342.10
Total US Department of Transportation			<u>927,503.39</u>
US General Services Administration:			
Indirect Federal Funding:			
Pass-through SD Federal Property Agency:			
Donation of Federal Surplus Personal Property (Note 4)	39.003	N/A	117.33
Total US General Services Administration			<u>117.33</u>
US Department of Homeland Security - Pass-Through Programs:			
SD Department of Public Safety - Office of Emergency Management, Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	*	1,801.50
Total US Department of Homeland Security			<u>1,801.50</u>
GRAND TOTAL			<u><u>929,422.22</u></u>

*Pass-Through Entity Identifying Number Not Provided

Note 1: Basis of Presentation

This accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Municipality under programs of the federal government for the year ended December 31, 2024. 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 cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Municipality has not elected to use the 15-percent de minimis 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.