CITY OF MILLER

AUDITED FINANCIAL STATEMENTS

TWO YEARS ENDED DECEMBER 31, 2025 AND 2024

CITY OF MILLER
CITY OFFICIALS
DECEMBER 31, 2025

Mayor:

Tom McGough

Governing Board:

Gale Auch
Will Jones
Landon Gab
Patrick Price
Susan Hargens
Dale Hargens

Finance Officer:

Cindy Deuter

Attorney:

Riter Rogers, LLP

CITY OF MILLER

TABLE OF CONTENTS

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance With Government Auditing Standards	1 - 2
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	3 - 5
Schedule of Prior Audit Findings	6
Schedule of Current Audit Findings and Questioned Costs	7 - 9
Unaudited Corrective Action Plans	10 - 11
Independent Auditors' Report	12 - 15
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of December 31, 2025:	
Statement of Net Position - Modified Cash Basis	16
Year Ended December 31, 2025:	
Statement of Activities - Modified Cash Basis	17
Year Ended December 31, 2024:	
Statement of Activities - Modified Cash Basis	18
Fund Financial Statements:	
Governmental Funds:	
As of December 31, 2025:	
Balance Sheet - Modified Cash Basis	19
Year Ended December 31, 2025:	
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	20
Year Ended December 31, 2024:	

CITY OF MILLER

TABLE OF CONTENTS
(Continued)

	Page
Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis	21
Proprietary Funds:	
As of December 31, 2025:	
Statement of Net Position - Modified Cash Basis	22
Year Ended December 31, 2025:	
Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis	23
Year Ended December 31, 2024:	
Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis	24
Notes to the Modified Cash Basis Financial Statements	25 - 39
Supplementary Information:	
Year Ended December 31, 2025:	
Budgetary Comparison Schedule - Modified Cash Basis - General Fund	40
Year Ended December 31, 2024:	
Budgetary Comparison Schedule - Modified Cash Basis - General Fund	41
Notes to the Supplementary Information - Budgetary Comparison Schedules	42
Schedule of Changes in Long-Term Debt	43 - 44
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)	45
Notes to the Supplementary Information - Pension Schedule	46
Schedule of Expenditures of Federal Awards	47 - 48

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WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' 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

City Council
City of Miller
Miller, 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 City of Miller, South Dakota (City), as of December 31, 2025, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 26, 2026, which was adverse for the discretely presented component unit because there were no audited modified cash basis of accounting financial statements available for the component unit in 2024 or 2025 and unmodified for the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items #2025-001, #2025-002, and #2025-003, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City'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.

Kohlman, Bierschbach & Anderson, LLP

August 26, 2026

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

City Council
City of Miller
Miller, South Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Miller, South Dakota (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the biennial period ended December 31, 2025. The City's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the biennial period ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 the major federal program. Our audit does not provide a legal determination of the City'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, documentation, 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 the City's federal programs.

Auditors' 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 City'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 generally accepted auditing standards, 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 City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 City'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 the City'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 City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

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 purpose. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for the major federal program are matters of public record and their distribution is not limited.

Kohlman, Biersohbach & Anderson, LLP

August 26, 2026

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SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2025 AND 2024

PRIOR AUDIT FINDINGS:

#2023-001

Initial Fiscal Year Finding Occurred: Unknown

A material weakness was reported for a lack of internal controls including a lack of segregation of duties for revenues, cash, equity, expenditures and payroll.

Status: Ongoing. This comment has not been corrected and is restated as current other audit finding #2025-001. The reason for the recurrence is a lack of financial resources available to have the additional staff needed to adequately segregate duties.

#2023-002

Initial Fiscal Year Finding Occurred: 2011

The City does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with other comprehensive basis of accounting modified cash basis. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Status: Ongoing. This comment has not been corrected and is restated as current other audit finding #2025-002. The reason for the recurrence is a lack of financial resources available to provide an internal control structure to prepare the financial statements.

#2023-003

Initial Fiscal Year Finding Occurred: 2011

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

Status: Ongoing. This comment has not been corrected and is restated as current other audit finding #2025-003. The reason for the recurrence is the lack of financial resources available to provide an internal control structure to record all necessary adjustments.

CITY OF MILLER
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025 AND 2024

Section 1 - SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

Financial Statements:

a. An adverse opinion on the financial statements of the discretely presented component unit opinion unit was issued because of its omission of financial data. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information opinion units.

b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings #2025-001, #2025-002, and #2025-003.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards:

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

e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

f. The federal award tested as a major program was:
   1. Coronavirus State and Local Fiscal Recovery Funds - Federal Assistance Listing #21.027

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

h. City of Miller did not qualify as a low-risk auditee.

Section 2 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

There were no written current federal compliance audit findings to report.

Section 3 - FINANCIAL STATEMENT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2025-001

Criteria

Internal control can help the City achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting, and it can help ensure that the City complies with laws and regulations.

Condition Found

A material weakness was reported for a lack of internal controls including a lack of segregation of duties for revenues, cash, equity, expenditures, and payroll.

Cause

The City only has 3 employees in the finance department, so proper segregation of duties for all areas has not been achieved.

Effect

This comment is the result of the size of the entity which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Miller has determined it is not cost beneficial to employ additional personnel just to be able to have adequate internal controls including segregation of duties for revenues, cash, equity, expenditures and payroll. It is not known how long this comment has been carried forward.

Recommendation

The City is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical.

Views of Responsible Officials and Planned Corrective Actions

See the unaudited corrective action plans on pages 10 - 11.

Finding #2025-002

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with other comprehensive basis of accounting modified cash basis.

Condition Found

The City does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with other comprehensive basis of accounting modified cash basis. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause

The City was not able to prepare the annual financial statements, so they requested assistance to ensure they were properly prepared.

Effect

This condition may affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials and Planned Corrective Actions

See the unaudited corrective action plans on pages 10 - 11.

Finding #2025-003

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with other comprehensive basis of accounting modified cash basis.

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

Cause

The City had some adjustments that needed to be made in order to get their accounting records in accordance with other comprehensive basis of accounting modified cash basis that were not properly made.

Effect

This condition may affect the City's ability to record, process, summarize and report financial statement data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials

See the unaudited corrective action plans on pages 10 - 11.

Compliance and Other Matters:

There are no written current compliance and other matters to report.

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UNAUDITED CORRECTIVE ACTION PLANS
DECEMBER 31, 2025 AND 2024

City of Miller submits the following unaudited corrective action plans for the two years ended December 31, 2025.

Corrective Action Plan #2025-001

Condition: A material weakness was reported for a lack of internal controls including a lack of segregation of duties for revenues, cash, equity, expenditures and payroll.

Responsible official: Tom McGough, Mayor

Planned corrective actions: This comment is a result of the size of the City of Miller which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Miller has determined that it is not cost beneficial to employ additional personnel just to be able to have adequate internal controls including segregation of duties for revenues, cash, equity, expenditures and payroll. The City of Miller is aware of the problem and is attempting to provide compensating controls by having the mayor review the financial statements and bank statements monthly to reduce risks. However, the lack of internal controls including a lack of segregation of duties regarding revenues, cash, equity, expenditures and payroll continues to exist.

Anticipated completion date: Ongoing

Corrective Action Plan #2025-002

Condition: The City does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with other comprehensive basis of accounting modified cash basis. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Responsible official: Tom McGough, Mayor

Planned corrective actions: The City prefers to have an auditing firm do the financial reports, which are reviewed by the council, mayor and finance officer.

Anticipated completion date: Ongoing

Corrective Action Plan #2025-003

Condition: During the course of our engagement, we proposed material audit adjustments that would have not been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

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UNAUDITED CORRECTIVE ACTION PLANS
DECEMBER 31, 2025 AND 2024

Responsible official: Tom McGough, Mayor

Planned corrective actions: The City accepts the risk of deficiency. The Council will attempt to be more accurate with account classifications in future transactions.

Anticipated completion date: Ongoing

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INDEPENDENT AUDITORS' REPORT

City Council
City of Miller
Miller, South Dakota

Adverse 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 City of Miller, South Dakota (City), as of December 31, 2025, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter described in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City, as of December 31, 2025, or the changes in financial position thereof for each of the years in the biennial period then ended in conformity with the modified cash basis of accounting described in Note 1.c. to the financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position thereof for each of the years in the biennial period 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Aggregate Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City 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 discretely presented component unit would have been reported for the year ended December 31, 2025, as $1,365,698, $65,417, $1,300,281, $418,767, and $312,827, and for the year ended December 31, 2024, as $1,234,027, $39,687, $1,194,340, $299,102, and $253,816.

Emphasis of Matter - Basis of Accounting

We draw attention to 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also 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 City'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.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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 City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 City's basic financial statements. The Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Expenditures of Federal Awards, which are required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), listed in the Table of Contents 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 auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules, the Schedule of Changes in Long-Term Debt, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Kohlman, Bierschbach & Anderson, LLP

August 26, 2026

CITY OF MILLER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	$1,033,229	$1,381,960	$2,415,189
Investments	1,859,531	2,011,903	3,871,434
Restricted Assets:			
Cash and cash equivalents	10,000	340,096	350,096
TOTAL ASSETS	$2,902,760	$3,733,959	$6,636,719
NET POSITION:			
Restricted for:			
Capital Projects Purposes	$ 44,510	$ --	$ 44,510
Debt Service Purposes	--	340,096	340,096
Liquor, Lodging, and Dining Gross Receipts Tax Purposes	78,578	--	78,578
Mapping Project Purposes	5,000	--	5,000
Swimming Pool Purposes	5,000	--	5,000
Unrestricted	2,769,672	3,393,863	6,163,535
TOTAL NET POSITION	$2,902,760	$3,733,959	$6,636,719

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

CITY OF MILLER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	$ 191,826	$ 31,813	$ --	$ --	$ (160,013)		$ (160,013)
Public safety	496,344	1,054	4,590	--	(490,700)		(490,700)
Public works	917,908	2,576	126,783	108,938	(679,611)		(679,611)
Health and welfare	7,407	--	--	--	(7,407)		(7,407)
Culture and recreation	179,645	24,559	--	--	(155,086)		(155,086)
Conservation and development	110,480	--	--	5,000	(105,480)		(105,480)
Miscellaneous	--	3,948	--	--	3,948		3,948
Total Governmental Activities	1,903,610	63,950	131,373	113,938	(1,594,349)		(1,594,349)
Business-Type Activities:							
Water	3,281,165	809,002	--	1,439,869		$(1,032,294)	(1,032,294)
Sewer	969,844	684,751	--	101,451		(183,642)	(183,642)
Electric	2,274,461	2,327,064	8,835	--		61,438	61,438
Total Business-Type Activities	6,525,470	3,820,817	8,835	1,541,320		(1,154,498)	(1,154,498)
Total Primary Government	$8,429,080	$3,884,767	$140,208	$1,655,258	(1,594,349)	(1,154,498)	(2,748,847)
General Revenues:							
Taxes:							
Property taxes					487,452	--	487,452
Sales taxes					1,129,259	--	1,129,259
State shared revenues					14,166	--	14,166
Grants and contributions not restricted to specific programs					6,258	--	6,258
Unrestricted investment earnings					112,433	121,343	233,776
Debt issued					20,740	1,399,446	1,420,186
Miscellaneous revenue					25,112	500	25,612
Total General Revenues					1,795,420	1,521,289	3,316,709
Change in Net Position					201,071	366,791	567,862
Net Position - Beginning					2,701,689	3,367,168	6,068,857
Net Position - Ending					$ 2,902,760	$ 3,733,959	$ 6,636,719

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

CITY OF MILLER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	$ 196,921	$ 33,456	$ --	$ --	$ (163,465)		$ (163,465)
Public safety	506,445	1,045	--	--	(505,400)		(505,400)
Public works	549,402	2,846	106,138	52,463	(387,955)		(387,955)
Health and welfare	5,498	--	8,500	--	3,002		3,002
Culture and recreation	194,389	23,073	--	--	(171,316)		(171,316)
Conservation and development	146,477	--	5,000	--	(141,477)		(141,477)
Miscellaneous	--	4,534	--	--	4,534		4,534
Total Governmental Activities	1,599,132	64,954	119,638	52,463	(1,362,077)		(1,362,077)
Business-Type Activities:							
Water	2,630,532	727,450	--	1,366,817		$ (536,265)	(536,265)
Sewer	636,474	660,081	--	59,356		82,963	82,963
Electric	2,146,405	2,139,329	--	7,995		919	919
Total Business-Type Activities	5,413,411	3,526,860	--	1,434,168		(452,383)	(452,383)
Total Primary Government	$7,012,543	$3,591,814	$119,638	$1,486,631	(1,362,077)	(452,383)	(1,814,460)
General Revenues:							
Taxes:							
Property taxes					466,584	--	466,584
Sales taxes					1,089,407	--	1,089,407
State shared revenues					15,046	--	15,046
Grants and contributions not restricted to specific programs					5,198	--	5,198
Unrestricted investment earnings					57,278	88,017	145,295
Debt issued					--	501,209	501,209
Miscellaneous revenue					19,536	1,515	21,051
Total General Revenues					1,653,049	590,741	2,243,790
Change in Net Position					290,972	138,358	429,330
Net Position - Beginning					2,410,717	3,228,810	5,639,527
Net Position - Ending					$ 2,701,689	$3,367,168	$ 6,068,857

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

CITY OF MILLER
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 937,608	$44,510	$51,111	$1,033,229
Investments	1,832,064	--	27,467	1,859,531
Restricted cash and cash equivalents	10,000	--	--	10,000
TOTAL ASSETS	$2,779,672	$44,510	$78,578	$2,902,760
FUND BALANCES:				
Restricted	$ 10,000	$44,510	$78,578	$ 133,088
Assigned	540,000	--	--	540,000
Unassigned	2,229,672	--	--	2,229,672
TOTAL FUND BALANCES	$2,779,672	$44,510	$78,578	$2,902,760

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

CITY OF MILLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
REVENUES:				
Taxes:				
General property taxes	$ 485,781	$ --	$ --	$ 485,781
General sales and use taxes	1,074,699	--	54,560	1,129,259
Penalties and interest on delinquent taxes	1,671	--	--	1,671
Licenses and Permits	7,915	--	--	7,915
Intergovernmental Revenue:				
Federal grants	4,590	105,382	--	109,972
State grants	--	3,556	--	3,556
State shared revenue:				
Bank franchise tax	5,157	--	--	5,157
Prorate license fees	9,780	--	--	9,780
Liquor tax reversion (25%)	9,009	--	--	9,009
Motor vehicle licenses	37,414	--	--	37,414
Local government highway and bridge fund	56,242	--	--	56,242
County shared revenue:				
County road tax (25%)	4,323	--	--	4,323
County road and bridge tax (25%)	19,024	--	--	19,024
Other intergovernmental revenues	3,293	--	--	3,293
Charges for Goods and Services:				
General government	69	--	--	69
Public safety	989	--	--	989
Highways and streets	2,251	--	--	2,251
Sanitation	325	--	--	325
Culture and recreation	24,559	--	--	24,559
Other	3,948	--	--	3,948
Fines and Forfeits:				
Court fines and costs	65	--	--	65
Miscellaneous Revenue:				
Investment earnings	110,502	--	1,931	112,433
Rentals	23,829	--	--	23,829
Contributions and donations from private sources	11,254	4	--	11,258
Other	18,969	--	--	18,969
TOTAL REVENUES	1,915,658	108,942	56,491	2,081,091
EXPENDITURES:				
General Government:				
Legislative	44,939	--	--	44,939
Elections	48	--	--	48
Financial administration	118,356	--	--	118,356
Other	28,483	--	--	28,483

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Public Safety:				
Police	473,504	--	--	473,504
Fire	23,248	--	--	23,248
Protective inspection	3,659	--	--	3,659
Public Works:				
Highways and streets	772,652	--	--	772,652
Airport	21,687	137,538	--	159,225
Health and Welfare:				
Other	7,407	--	--	7,407
Culture and Recreation:				
Recreation	138,357	--	--	138,357
Parks	41,288	--	--	41,288
Conservation and Development:				
Urban redevelopment and housing	177	--	--	177
Economic development and assistance	68,905	--	41,398	110,303
TOTAL EXPENDITURES	1,742,710	137,538	41,398	1,921,646
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	172,948	(28,596)	15,093	159,445
OTHER FINANCING SOURCES:				
Sale of municipal property	2,850	--	--	2,850
Compensation for loss or damage to capital assets	18,036	--	--	18,036
Long-term debt issued	20,740	--	--	20,740
TOTAL OTHER FINANCING SOURCES	41,626	--	--	41,626
NET CHANGE IN FUND BALANCE	214,574	(28,596)	15,093	201,071
FUND BALANCE - BEGINNING	2,565,098	73,106	63,485	2,701,689
FUND BALANCE - ENDING	$2,779,672	$ 44,510	$78,578	$2,902,760

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

CITY OF MILLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
REVENUES:				
Taxes:				
General property taxes	$ 465,943	$ --	$ --	$ 465,943
General sales and use taxes	1,035,699	--	53,708	1,089,407
Penalties and interest on delinquent taxes	641	--	--	641
Licenses and Permits	9,555	--	--	9,555
Intergovernmental Revenue:				
Federal grants	--	49,702	--	49,702
State grants	8,500	2,761	--	11,261
State shared revenue:				
Bank franchise tax	5,820	--	--	5,820
Prorate license fees	9,737	--	--	9,737
Liquor tax reversion (25%)	9,226	--	--	9,226
Motor vehicle licenses	37,838	--	--	37,838
Local government highway and bridge fund	54,240	--	--	54,240
County shared revenue:				
County road tax (25%)	4,323	--	--	4,323
Other intergovernmental revenues	3,682	--	--	3,682
Charges for Goods and Services:				
General government	72	--	--	72
Public safety	279	--	--	279
Highways and streets	2,846	--	--	2,846
Culture and recreation	23,073	--	--	23,073
Other	4,534	--	--	4,534
Fines and Forfeits:				
Court fines and costs	766	--	--	766
Miscellaneous Revenue:				
Investment earnings	57,198	--	80	57,278
Rentals	23,829	--	--	23,829
Contributions and donations from private sources	10,198	--	--	10,198
Other	15,854	--	--	15,854
TOTAL REVENUES	1,783,853	52,463	53,788	1,890,104
EXPENDITURES:				
General Government:				
Legislative	43,885	--	--	43,885
Elections	1,231	--	--	1,231
Financial administration	127,180	--	--	127,180
Other	24,625	--	--	24,625

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Public Safety:				
Police	455,742	--	--	455,742
Fire	46,774	--	--	46,774
Protective inspection	5,081	--	--	5,081
Other protection	1,000	--	--	1,000
Public Works:				
Highways and streets	468,316	--	--	468,316
Airport	23,313	57,773	--	81,086
Health and Welfare:				
Other	5,498	--	--	5,498
Culture and Recreation:				
Recreation	127,018	--	10,000	137,018
Parks	59,568	--	--	59,568
Conservation and Development:				
Urban redevelopment and housing	72	--	--	72
Economic development and assistance	102,458	--	43,947	146,405
TOTAL EXPENDITURES	1,491,761	57,773	53,947	1,603,481
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	292,092	(5,310)	(159)	286,623
OTHER FINANCING SOURCES:				
Compensation for loss or damage to capital assets	4,349	--	--	4,349
TOTAL OTHER FINANCING SOURCES	4,349	--	--	4,349
NET CHANGE IN FUND BALANCE	296,441	(5,310)	(159)	290,972
FUND BALANCE - BEGINNING	2,268,657	78,416	63,644	2,410,717
FUND BALANCE - ENDING	$2,565,098	$73,106	$63,485	$2,701,689

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

CITY OF MILLER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
ASSETS:				
Current Assets:				
Cash and cash equivalents	$587,123	$ 367,808	$ 427,029	$1,381,960
Investments	230,000	510,000	1,271,903	2,011,903
Total Current Assets	817,123	877,808	1,698,932	3,393,863
Noncurrent Assets:				
Restricted cash and cash equivalents	79,230	192,117	68,749	340,096
Total Noncurrent Assets	79,230	192,117	68,749	340,096
TOTAL ASSETS	$896,353	$1,069,925	$1,767,681	$3,733,959
NET POSITION:				
Restricted for:				
Revenue bond debt service	$ 79,230	$ 192,117	$ 68,749	$ 340,096
Unrestricted	817,123	877,808	1,698,932	3,393,863
TOTAL NET POSITION	$896,353	$1,069,925	$1,767,681	$3,733,959

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

CITY OF MILLER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
OPERATING REVENUE:				
Surcharge as security for debt	$ 291,543	$ 406,309	$ 969,569	$ 1,667,421
Charges for goods and services	517,459	278,442	1,357,495	2,153,396
TOTAL OPERATING REVENUE	809,002	684,751	2,327,064	3,820,817
OPERATING EXPENSES:				
Personal services	174,585	172,782	389,317	736,684
Other current expense	81,087	65,594	211,712	358,393
Materials	229,936	--	835,795	1,065,731
TOTAL OPERATING EXPENSES	485,608	238,376	1,436,824	2,160,808
OPERATING INCOME	323,394	446,375	890,240	1,660,009
NONOPERATING REVENUE (EXPENSE):				
Operating grants	--	--	8,835	8,835
Capital grants	1,439,869	101,451	--	1,541,320
Investment earnings	18,217	22,377	80,749	121,343
Capital assets	(2,543,334)	(390,796)	(12,652)	(2,946,782)
Debt service (principal)	(165,230)	(186,667)	(612,749)	(964,646)
Debt service (interest)	(86,993)	(154,005)	(212,236)	(453,234)
Sale of municipal property	--	--	500	500
Long-term debt issued	1,158,518	240,928	--	1,399,446
TOTAL NONOPERATING REVENUE (EXPENSE)	(178,953)	(366,712)	(747,553)	(1,293,218)
CHANGE IN NET POSITION	144,441	79,663	142,687	366,791
NET POSITION - BEGINNING	751,912	990,262	1,624,994	3,367,168
NET POSITION - ENDING	$ 896,353	$1,069,925	$1,767,681	$ 3,733,959

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

CITY OF MILLER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds			
	Water Fund	Sewer Fund	Electric Fund	Totals
OPERATING REVENUE:				
Surcharge as security for debt	$ 230,834	$ 388,909	$ 941,469	$ 1,561,212
Charges for goods and services	496,616	271,172	1,197,860	1,965,648
TOTAL OPERATING REVENUE	727,450	660,081	2,139,329	3,526,860
OPERATING EXPENSES:				
Personal services	162,120	161,584	341,484	665,188
Other current expense	83,202	59,761	165,686	308,649
Materials	218,015	--	706,210	924,225
TOTAL OPERATING EXPENSES	463,337	221,345	1,213,380	1,898,062
OPERATING INCOME	264,113	438,736	925,949	1,628,798
NONOPERATING REVENUE (EXPENSE):				
Capital grants	1,366,817	59,356	7,995	1,434,168
Investment earnings	22,807	22,472	42,738	88,017
Capital assets	(1,988,413)	(75,497)	(108,040)	(2,171,950)
Debt service (principal)	(89,298)	(181,787)	(595,300)	(866,385)
Debt service (interest)	(89,484)	(157,845)	(229,685)	(477,014)
Sale of municipal property	--	--	1,515	1,515
Long-term debt issued	414,361	86,848	--	501,209
TOTAL NONOPERATING REVENUE (EXPENSE)	(363,210)	(246,453)	(880,777)	(1,490,440)
CHANGE IN NET POSITION	(99,097)	192,283	45,172	138,358
NET POSITION - BEGINNING	851,009	797,979	1,579,822	3,228,810
NET POSITION - ENDING	$ 751,912	$ 990,262	$1,624,994	$ 3,367,168

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

NOTE 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 City of Miller (City) 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 City is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

The Housing and Redevelopment Commission of the City of Miller, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Miller Housing and Redevelopment Commission, 105 N. Broadway, Miller, SD 57362.

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. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

NOTE 1 - (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City'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 two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten 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 five 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 City financial reporting entity are described below:

Governmental Funds:

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

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

Liquor, Lodging and Dining Gross Receipts 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 the only nonmajor governmental fund.

NOTE 1 - (Continued)

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Capital Projects Fund - To account for financial resources to be used for construction of airport improvements. This is a major fund.

Proprietary Funds:

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

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

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

c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Electric Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the City electrical system and related facilities (SDCL 9-39-1 and 9-39-26). 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 City'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.

NOTE 1 - (Continued)

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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 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. The acceptable modification to the cash basis of accounting implemented by the City in these financial statements is:

1. Recording long-term investments in marketable securities (those with maturities more than 90 days (three months) from the date of acquisition) acquired with cash assets at cost.

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 City 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. 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

NOTE 1 - (Continued)

investment pools, are also considered to be cash equivalents.

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

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

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, revenue bonds, notes payable and subscription liabilities.

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 activities are presented using a modified cash basis of accounting. The City 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 long-term debt or long-term liabilities are not reported on the financial statements of the City. The City 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 City has presented as Supplementary Information a Schedule of Changes in Long-Term Debt along with related notes that include details of any outstanding Long-Term Debt.

g. Program Revenues:

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

NOTE 1 - (Continued)

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

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

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

h. Proprietary Funds Revenue and Expense Classifications:

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

i. 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 is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements.

j. Application of Net Position:

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

k. Fund Balance Classification Policies and Procedures:

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

NOTE 1 - (Continued)

1. Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

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

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

4. Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the City Council.

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

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

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

A schedule of fund balances is provided as follows:

CITY OF MILLER
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Fund Balances				
Restricted for:				
Capital Projects	$ --	$44,510	$ --	$ 44,510
Liquor, Lodging and Dining Gross Receipts Tax	--	--	78,578	78,578
Mapping Project	5,000	--	--	5,000
Swimming Pool	5,000	--	--	5,000
Assigned to:				
Applied to Next Year's Budget	20,000	--	--	20,000
Capital Outlay Accumulations	520,000	--	--	520,000
Unassigned	2,229,672	--	--	2,229,672
Total Fund Balances	$2,779,672	$44,510	$78,578	$2,902,760

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2024, the City implemented the provisions for Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This statement modernizes the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The City prepared and presented the financial statements in accordance with the modified cash basis of accounting described in Note 1.c.; therefore, the implementation of this standard did not affect beginning net position or beginning fund balances

NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The City follows the practice of aggregating the cash assets of all the 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 City'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 City 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.

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

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

As of December 31, 2025, the City had the following investments:

Investment	Credit Rating	Maturities	Fair Value
External Investment Pools:			
SDFIT	Unrated	$1,104,149	$1,104,149

NOTE 3 - (Continued)

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

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in certificates of deposit - 71% and SDFIT - 29%.

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

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

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

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

Amount:	Purpose:
$ 5,000	For a mapping project in the General Fund
$ 5,000	For the swimming pool in the General Fund
$ 79,230	For debt service in the Water Fund
$192,117	For debt service in the Sewer Fund
$ 68,749	For debt service in the Electric Fund

NOTE 5 - 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 City is permitted by several state statutes to levy varying amounts of taxes per $1,000 of taxable valuation on taxable real property in the City.

NOTE 6 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2025, was as follows:

Major Purposes:	
Capital Projects Purposes - Capital Projects Fund	$ 44,510
Debt Service Purposes - Water Fund	79,230

NOTE 6 - (Continued)

Debt Service Purposes - Sewer Fund	192,117
Debt Service Purposes - Electric Fund	68,749
Other Purposes:	
Liquor, Lodging and Dining Gross Receipts Tax Purposes	78,578
Swimming Pool Purposes	5,000
Mapping Project Purposes	5,000
Total Restricted Net Position	$473,184

These balances are restricted by the terms of bond agreements, statutory requirements and donor requirements.

NOTE 7 - 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. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://sdrs.sd.gov/publications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:
SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C cement plant retirement fund members, and Class D Department of Labor and Regulation members.

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

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

NOTE 7 - (Continued)

which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, 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 City's share of contributions to the SDRS for the calendar years ended December 31, 2025, 2024, and 2023, equal to the required contributions each year, were as follows:

Year	Amount
2025	$72,034
2024	$65,323
2023	$62,847

Pension Asset and Pension Expense:
At June 30, 2025, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ended June 30, 2025, and reported by the City as of December 31, 2025, are as follows:

Proportionate share of total pension liability	$ 5,901,138
Less proportionate share of net position restricted for pension benefits	(5,904,427)
Proportionate share of net pension asset	$ (3,289)

The net pension asset was measured as of June 30, 2025, and the total pension liability used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2025, the City's proportion was .038663%, which is an increase of .000734% from its proportion measured as of June 30, 2024.

NOTE 7 - (Continued)

Actuarial Assumptions:
The total pension asset in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.5% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLA's	1.56%

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-201: 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, 2025 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 ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

NOTE 7 - (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.9%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100%	

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

Sensitivity of Liability (Asset) to Changes in the Discount Rate:
The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	$805,904	$(3,289)	$(666,210)

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

NOTE 8 - RELATED PARTY TRANSACTION

The City purchased a piece of equipment for $68,200.00 and financed $20,740.00 of that amount from a vendor which a council member is employed by as a sales person.

NOTE 9 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2025, the City was not involved in any litigation.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through August 26, 2026, the date on which the financial statements were available to be issued. Management has determined there are none.

NOTE 11 - RISK MANAGEMENT

The City 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, 2025, the City managed its risks as follows:

Employee Health Insurance:

The City joined the South Dakota Municipal League Health Pool of South Dakota. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The City pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage does not include a lifetime maximum payment per person.

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

Liability Insurance:

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

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

NOTE 11 - (Continued)

Unemployment Benefits:

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

During the years ended December 31, 2024, and December 31, 2025, no claims for unemployment benefits were paid. At December 31, 2025, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

SUPPLEMENTARY INFORMATION

CITY OF MILLER
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes:				
General property taxes	$ 483,000	$ 483,000	$ 485,781	$ 2,781
General sales and use taxes	1,100,000	1,100,000	1,074,699	(25,301)
Penalties and interest on delinquent taxes	500	500	1,671	1,171
Licenses and Permits	7,550	7,550	7,915	365
Intergovernmental Revenue:				
Federal grants	--	--	4,590	4,590
State shared revenue:				
Bank franchise tax	6,000	6,000	5,157	(843)
Prorate license fees	9,600	9,600	9,780	180
Liquor tax reversion (25%)	9,300	9,300	9,009	(291)
Motor vehicle licenses	37,500	37,500	37,414	(86)
Local government highway and bridge fund	54,000	54,000	56,242	2,242
County shared revenue:				
County road tax (25%)	4,300	4,300	4,323	23
County road and bridge tax (25%)	19,600	19,600	19,024	(576)
Other intergovernmental revenues	3,000	3,000	3,293	293
Charges for Goods and Services:				
General government	--	--	69	69
Public safety	500	500	989	489
Highways and streets	2,000	2,000	2,251	251
Sanitation	--	--	325	325
Culture and recreation	23,300	23,300	24,559	1,259
Other	4,700	4,700	3,948	(752)
Fines and Forfeits:				
Court fines and costs	--	--	65	65
Miscellaneous Revenue:				
Investment earnings	40,000	40,000	110,502	70,502
Rentals	23,800	23,800	23,829	29
Contributions and donations from private sources	3,500	3,500	11,254	7,754
Other	16,000	16,000	18,969	2,969
TOTAL REVENUES	1,848,150	1,848,150	1,915,658	67,508
EXPENDITURES:				
General Government:				
Legislative	46,250	47,450	44,939	2,511
Contingency	25,000	25,000		
Amount transferred		(12,335)		12,665
Elections	2,200	2,200	48	2,152
Financial administration	121,940	128,415	118,356	10,059
Other	30,320	30,320	28,483	1,837

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Public Safety:				
Police	463,580	476,193	473,504	2,689
Fire	40,950	40,950	23,248	17,702
Protective inspection	5,500	5,500	3,659	1,841
Other protection	1,000	1,000	--	1,000
Public Works:				
Highways and streets	986,780	986,780	772,652	214,128
Airport	32,000	32,000	21,687	10,313
Health and Welfare:				
Other	8,050	8,050	7,407	643
Culture and Recreation:				
Recreation	140,260	160,770	138,357	22,413
Parks	72,120	72,120	41,288	30,832
Conservation and Development:				
Urban redevelopment and housing	200	200	177	23
Economic development and assistance	68,000	68,910	68,905	5
TOTAL EXPENDITURES	2,044,150	2,073,523	1,742,710	330,813
EXESSS OF REVENUES OVER (UNDER) EXPENDITURES	(196,000)	(225,373)	172,948	398,321
OTHER FINANCING SOURCES:				
Sale of municipal property	--	--	2,850	2,850
Compensation for loss or damage to capital assets	--	3,711	18,036	14,325
General long-term debt issued	--	--	20,740	20,740
TOTAL OTHER FINANCING SOURCES	--	3,711	41,626	37,915
NET CHANGE IN FUND BALANCES	(196,000)	(221,662)	214,574	436,236
FUND BALANCE - BEGINNING	2,565,098	2,565,098	2,565,098	--
FUND BALANCE - ENDING	$2,369,098	$2,343,436	$2,779,672	$436,236

CITY OF MILLER
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes:				
General property taxes	$ 466,000	$ 466,000	$ 465,943	$ (57)
General sales and use taxes	1,100,000	1,100,000	1,035,699	(64,301)
Penalties and interest on delinquent taxes	500	500	641	141
Licenses and Permits	9,650	9,650	9,555	(95)
Intergovernmental Revenue:				
State grants	--	--	8,500	8,500
State shared revenue:				
Bank franchise tax	6,000	6,000	5,820	(180)
Prorate license fees	9,500	9,500	9,737	237
Liquor tax reversion (25%)	9,500	9,500	9,226	(274)
Motor vehicle licenses	35,000	35,000	37,838	2,838
Local government highway and bridge fund	53,000	53,000	54,240	1,240
County shared revenue:				
County road tax (25%)	4,300	4,300	4,323	23
Other intergovernmental revenues	3,000	3,000	3,682	682
Charges for Goods and Services:				
General government	--	--	72	72
Public safety	500	500	279	(221)
Highways and streets	10,000	10,000	2,846	(7,154)
Culture and recreation	29,000	29,000	23,073	(5,927)
Other	5,000	5,000	4,534	(466)
Fines and Forfeits:				
Court fines and costs	--	--	766	766
Miscellaneous Revenue:				
Investment earnings	30,000	30,000	57,198	27,198
Rentals	23,400	23,400	23,829	429
Contributions and donations from private sources	2,000	2,000	10,198	8,198
Other	15,000	15,000	15,854	854
TOTAL REVENUES	1,811,350	1,811,350	1,783,853	(27,497)
EXPENDITURES:				
General Government:				
Legislative	47,275	47,275	43,885	3,390
Contingency	25,000	25,000		
Amount transferred		(8,500)		16,500
Elections	2,200	2,200	1,231	969
Financial administration	140,055	140,055	127,180	12,875
Other	31,525	31,525	24,625	6,900

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Police	472,490	472,490	455,742	16,748
Fire	54,100	54,100	46,774	7,326
Protective inspection	5,500	5,500	5,081	419
Other protection	1,000	1,000	1,000	--
Public Works:				
Highways and streets	663,970	663,970	468,316	195,654
Airport	32,735	32,735	23,313	9,422
Health and Welfare:				
Other	8,000	8,000	5,498	2,502
Culture and Recreation:				
Recreation	348,720	357,220	127,018	230,202
Parks	69,950	69,950	59,568	10,382
Conservation and Development:				
Urban redevelopment and housing	200	200	72	128
Economic development and assistance	106,000	106,000	102,458	3,542
TOTAL EXPENDITURES	2,008,720	2,008,720	1,491,761	516,959
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(197,370)	(197,370)	292,092	489,462
OTHER FINANCING SOURCES:				
Compensation for loss or damage to capital assets	--	--	4,349	4,349
TOTAL OTHER FINANCING SOURCES	--	--	4,349	4,349
NET CHANGE IN FUND BALANCES	(197,370)	(197,370)	296,441	493,811
FUND BALANCE - BEGINNING	2,268,657	2,268,657	2,268,657	--
FUND BALANCE - ENDING	$2,071,287	$2,071,287	$2,565,098	$ 493,811

NOTE 1 - Budgets and Budgetary Accounting

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

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

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

3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.

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

5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.

   The City did not encumber any amounts at either December 31, 2024, or December 31, 2025.

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

CITY OF MILLER
SCHEDULE OF CHANGES IN LONG-TERM DEBT
TWO YEARS ENDED DECEMBER 31, 2025

Indebtedness	Long-Term Debt January 1, 2024	Prior Year Error Correction	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2025
GOVERNMENTAL LONG-TERM DEBT:					
Other Long-Term Liabilities	$ --	$ --	$ 20,740	$ --	$ 20,740
ENTERPRISE LONG-TERM DEBT:					
Revenue Bonds	18,913,405	--	1,900,655	1,831,031	18,983,029
Subscription Liabilities	--	69,263	--	26,961	42,302
Total	$18,913,405	$69,263	$1,921,395	$1,857,992	$19,046,071

NOTE 1 - LONG-TERM DEBT

Debt payable at December 31, 2025, is comprised of the following:

Revenue Bonds:

Series 2009 Rural Development Water Project Revenue Bond, due in monthly installments of $3,038, including 3.5% interest, maturing November 24, 2049. This debt is serviced by the Water Fund.	$ 589,011
Drinking Water Revenue Borrower Bond Series 2016, due in quarterly installments of $18,165, including 3.0% interest, maturing January 15, 2048. This debt is serviced by the Water Fund.	$1,176,466
Drinking Water Project Revenue Borrower Bond Series 2017, due in quarterly installments of $12,775, including 2.25% interest, maturing November 15, 2049. This debt is serviced by the Water Fund	$ 945,642
Drinking Water Project Revenue Borrower Bond Series 2020, due in quarterly installments of $4,641, including 2.25% interest, maturing February 15, 2052. This debt is serviced by the Water Fund.	$ 367,226
Drinking Water State Revolving Fund Loan, due in quarterly installments of $15,944, including 1.875% interest, with repayment commencing August 15, 2026, maturing November 15, 2056. This debt is serviced by the Water Fund.	$1,460,755
Drinking Water Project Revenue Borrower Bond Series 2025, the City is still borrowing on this debt. They are able to borrow up to $1,100,000. This debt has a term that up to 65.45% of the repayment will be forgiven, not to exceed $720,000 of the amounts disbursed. This debt will be serviced by the Water Fund.	$ 38,683
Electric Revenue Refunding Bonds, Series 2020 due in semi-annual installments ranging from $412,493 to $420,872, including interest ranging from 2.75% to 3.5%, maturing December 1, 2035. This debt is serviced by the Electric Fund.	$7,155,810

CITY OF MILLER
SCHEDULE OF CHANGES IN LONG-TERM DEBT
TWO YEARS ENDED DECEMBER 31, 2025
(Continued)

Sewer Project Revenue Bond Series 2016, due in monthly installments of $13,365, including 1.875% interest, maturing on October 27, 2056. This debt is serviced by the Sewer Fund.	$3,611,840
Sewer Revenue Borrower Bond Series 2017, due in quarterly installments of $22,547, including 2.5% interest, maturing November 15, 2049. This debt is serviced by the Sewer Fund.	$1,623,975
Clean Water Project Revenue Borrower Bond, Series 2020, due in quarterly installments of $22,526, including 2.50% interest, maturing February 15, 2052. This debt is serviced by the Sewer Fund.	$1,735,995
Clean Water State Revolving Fund Loan, the City is still borrowing on this debt. They are able to borrow up to $683,579. This debt is serviced by the Sewer Fund.	$ 277,626
Subscription Liabilities:	
Software contract for Electric Fund for five years, maturing April 2028, with monthly installments of gradual increasing payments ranging from $950.00 per month to $1,661.56 per month.	$ 42,302
Other Long-Term Liabilities:	
Note payable for a loader, due in annual payments of $4,148, including 0% interest, maturing October 14, 2030. This debt is serviced by the General Fund.	$ 20,740

CITY OF MILLER

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

SOUTH DAKOTA RETIREMENT SYSTEM

Last 10 Fiscal Years*

Calendar Year	City's Proportion of the Net Pension Liability/Asset	City's Proportionate Share of the Net Pension Liability/Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.038663%	$ (3,289)	$1,056,738	(0.31%)	100.10%
2024	0.037929%	$ (1,536)	$ 976,174	(0.16%)	100.00%
2023	0.039225%	$ (3,829)	$ 924,328	(0.41%)	100.10%
2022	0.038207%	$ (3,611)	$ 832,397	(0.43%)	100.10%
2021	0.037472%	$ (286,972)	$ 768,088	(37.36%)	105.52%
2020	0.041394%	$ (1,798)	$ 831,655	(0.22%)	100.04%
2019	0.042072%	$ (4,459)	$ 817,660	(0.55%)	100.09%
2018	0.040796%	$ (951)	$ 771,301	(0.12%)	100.02%
2017	0.037978%	$ (3,446)	$ 702,052	(0.49%)	100.10%
2016	0.037719%	$ 127,411	$ 657,876	19.37%	96.89%

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

Changes from Prior Valuation:

The June 30, 2025 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2024 Actuarial Valuation.

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

Benefit Provision Changes:

During the 2025 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, 2024, the FVFR, assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2025 SDRS COLA was limited to a restricted maximum of 1.71%. For the June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.71%.

As of June 30, 2025, the FVFR, assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2026 SDRS COLA is limited to a restricted maximum of 1.56%. The July 2026 SDRS COLA will equal inflation, no less than 0% and no greater than 1.56%. For this June 30, 2025 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.56%.

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.

CITY OF MILLER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TWO YEARS ENDED DECEMBER 31, 2024 AND 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2025	Total Federal Expenditures 2024
U.S. DEPARTMENT OF TRANSPORTATION:				
Direct Programs:				
Airport Improvement Program	20.106	N/A	$ 129,301	$ 51,996
Highway Safety Cluster:				
Pass-Through Programs:				
S.D. Department of Public Safety:				
State and Community Highway Safety	20.600	2025-00-17	4,590	--
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			133,891	51,996
U.S. DEPARTMENT OF TREASURY:				
Pass-Through Programs:				
S.D. Board of Water and Natural Resources:				
Coronavirus State and Local Fiscal Recovery Funds-COVID-19 (Note 3)	21.027	SLFRP5319	1,482,286	1,605,628
TOTAL U.S. DEPARTMENT OF TREASURY			1,482,286	1,605,628
U.S. GENERAL SERVICES ADMINISTRATION:				
Pass-Through Programs:				
S.D. Federal Property Agency:				
Donation of Federal Surplus Personal Property (Note 4)	39.003	None	839	448
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			839	448
GRAND TOTAL			$1,617,016	$1,658,072

NOTE 1: **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the two years ended December 31, 2025. 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 City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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. The City has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance. For grant awards issued prior to October 1, 2024, the de minimis indirect cost rate is 10% and for those grant awards issued after October 1, 2024, the de minimis indirect cost rate is 15%.

NOTE 3: **Major Federal Financial Assistance Program**

This represents a Major Federal Finance 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 City.