TOWN OF ROSHOLT

ROSHOLT, SOUTH DAKOTA

FINANCIAL REPORT

FOR THE TWO YEARS ENDING DECEMBER 31, 2024

WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

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

TOWN OF ROSHOLT
ROSHOLT, SOUTH DAKOTA

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FOR THE TWO YEARS ENDING DECEMBER 31, 2024

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

INDEPENDENT AUDIT SERVICES, PC
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Madison, South Dakota 57042
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Governing Board
Town of Rosholt
Rosholt, South Dakota

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

Financial Statement Audit:

I have audited the accompanying modified cash basis of accounting financial statements of governmental activities, business-type activities and each major fund of the Town of Rosholt (Town), Roberts County, South Dakota as of December 31, 2024, and for each of the years in the biennial period then ended, and the related notes to the financial statements. These financial statements collectively comprise the Town's basic financial statements as listed in the table of contents.

Qualified Opinions:

In my opinion, except for the effects of matters described in the Basis for Qualified Opinions section of my report, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, and each major fund of the Town of Rosholt, Roberts County, South Dakota as of December 31, 2024, and the respective changes in its financial position for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting.

Basis for Qualified Opinions

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

Matter Giving Rise to Qualified Opinions:

Records of the Rosholt Housing and Redevelopment Commission were not available to me as part of my audit of the Town of Rosholt's basic financial statements. The Rosholt Housing and Redevelopment Commission represents 100% of the cash assets, net position, receipts and disbursements of the discretely presented component unit on the government-wide statement of net position and statement of activities.

The documents supporting bar and video lottery activity was not sufficient.

The general ledger did not post certificate of deposit balances or activity.

Management's Responsibilities for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements:

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

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

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

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

Emphasis of Matter - Basis of Accounting:

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

Supplementary Information (no opinion):

Accounting principles generally accepted in the United States of America allow the Budgetary Comparison Schedules (page 27 to 29) and the Town's Pension Schedules (page 30 to 31) be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is allowed by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the allowed supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information (opinion):

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

> The Schedule of Changes in Long-term Liabilities (page 25) is presented for the purpose of additional analysis and is not a required part of the modified cash basis of accounting financial statements.

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

In my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinions" paragraph above, the Schedule of Changes in Long-term Liabilities is fairly stated, in all material respects, in relation to the modified cash basis of accounting financial statements as a whole.

Supplementary Information (opinion):

My audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards (page 41) 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 statement.

Such information has been subject 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated July 20, 2026 (page 32) on my consideration of the Town's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control over financial reporting and compliance.

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

Benjamin Elliott

July 20, 2026

TOWN OF ROSHOLT

STATEMENT OF NET POSITION
MODIFIED CASH BASIS
AS OF DECEMBER 31, 2024

	Primary Government			Component Unit NOT AUDITED at 12-31-2024
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Petty cash		5,400	5,400	
Checking	361,384	508,367	869,751	53,551
Savings				10,972
Certificates of dep	36,570		36,570	55,715
Total assets	397,954	513,767	911,721	120,238
NET POSITION:				
Restricted for:				
Debt service		25,683	25,683	
Customer deposits				10,971
Unrestricted	397,954	488,084	886,038	109,267
Total net position	397,954	513,767	911,721	120,238

See accompanying notes.

TOWN OF ROSHOLT
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2024

		Program Receipts			Net Receipts (Disbursements) and Changes in Net Position — Primary Government			Component Unit
Functions/Programs:	Disbursements	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	NOT AUDITED at 12-31-2024
Primary government:								
Governmental activities:								
General government	97,819	1,550			-96,269		-96,269	
Public safety	38,052				-38,052		-38,052	
Public works	206,018	37,970			-168,048		-168,048	
Culture and recreation	2,146				-2,146		-2,146	
Debt service	14,005				-14,005		-14,005	
Total governmental activities	358,040	39,520	0	0	-318,520	0	-318,520	0
Business-type activities:								
Liquor	379,492	410,896				31,404	31,404	
Water	1,266,889	176,249		752,500		-338,140	-338,140	
Sewer	78,789	61,818				-16,971	-16,971	
Community Center	3,925	9,587				5,662	5,662	
Total business-type activities	1,729,095	658,550	0	752,500	0	-318,045	-318,045	0
Total primary government	2,087,135	698,070	0	752,500	-318,520	-318,045	-636,565	0
Rosholt Housing & Redevelopment Commission	120,123	127,960						7,837
General receipts:								
Property taxes					96,936		96,936	
Sales tax					187,697		187,697	
State shared receipts					28,237		28,237	
County shared receipts					0		0	
Interest received					956	8	964	2,229
Miscellaneous					12,532		12,532	
Bank bond proceeds					0	398,413	398,413	
Compensation for damaged property					5,954		5,954	
Total general receipts and transfers					332,312	398,421	730,733	2,229
Change in net position					13,792	80,376	94,168	10,066
Net position:								
January 1, 2024					384,162	433,391	817,553	110,172
December 31, 2024					397,954	513,767	911,721	120,238

See accompanying notes.

TOWN OF ROSHOLT
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2023

		Program Receipts			Net Receipts (Disbursements) and Changes in Net Position			Component Unit NOT AUDITED at 12-31-2023
					Primary Government			
Functions/Programs:	Disbursements	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
Primary government:								
Governmental activities:								
General government	72,496	2,927			-69,569		-69,569	
Public safety	85,706	7,188			-78,518		-78,518	
Public works	158,156	33,713			-124,443		-124,443	
Culture and recreation	2,967				-2,967		-2,967	
Debt service	14,005				-14,005		-14,005	
Total governmental activities	333,330	43,828	0	0	-289,502	0	-289,502	0
Business-type activities:								
Liquor	483,164	426,518				-56,646	-56,646	
Water	246,032	175,503				-70,529	-70,529	
Sewer	99,391	57,508				-41,883	-41,883	
Community Center	6,712	6,481				-231	-231	
Total business-type activities	835,299	666,010	0	0	0	-169,289	-169,289	0
Total primary government	1,168,629	709,838	0	0	-289,502	-169,289	-458,791	0
Rosholt Housing & Redevelopment Commission	121,799	125,289						3,490
General receipts:								
Property taxes					110,095		110,095	
Sales tax					177,487		177,487	
State shared receipts					28,220		28,220	
County shared receipts					658		658	
Interest received					1,249	8	1,257	1,742
Miscellaneous					19,561		19,561	
Bank bond proceeds					0	75,250	75,250	
Total general receipts and transfers					337,270	75,258	412,528	1,742
Change in net position					47,768	-94,031	-46,263	5,232
Net position:								
January 1, 2023					349,987	513,829	863,816	104,940
Reclassify Community Center Fund					-13,593	13,593	0	
January 1, 2023, restated					336,394	527,422	863,816	104,940
December 31, 2023					384,162	433,391	817,553	110,172

See accompanying notes.

TOWN OF ROSHOLT

BALANCE SHEET -- MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2024

	General Fund (1)
ASSETS:	
Checking	361,384
Savings	
Certificates of deposit	36,570
Total assets	397,954
FUND BALANCES:	
Nonspendable	
Restricted	
Committed	
Assigned	
Unassigned	397,954
Total fund balances	397,954 **

** Equals net position on statement of net position

(1) Only governmental fund.

See accompanying notes.

TOWN OF ROSHOLT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES -- MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2024
FOR THE YEAR ENDING DECEMBER 31, 2023

	2024			2023		
Receipts:	General Fund		Total Governmental Funds	General Fund	Community Center Fund	Total Governmental Funds
Receipts from local sources:						
Taxes:						
Ad valorem taxes	96,936		96,936	110,095		110,095
General sales and use taxes	187,697		187,697	177,487		177,487
Licenses and permits:	615		615	1,200		1,200
Intergovernmental receipts:						
State shared receipts:						
Bank franchise	2,502		2,502	1,252		1,252
Port of entry	670		670	1,706		1,706
Liquor tax revision	2,592		2,592	2,605		2,605
Motor vehicle license	6,905		6,905	7,145		7,145
Highway and bridge	15,568		15,568	15,512		15,512
County shared receipts: road tax			0	658		658
Charges for goods and services:						
General government	935		935	1,727		1,727
Public safety			0	7,188		7,188
Solid waste	37,970		37,970	33,713		33,713
Culture and recreation			0			0
Fines and forfeits:			0			0
Miscellaneous receipts:						
Interest and dividends	956		956	1,249		1,249
Other	12,532		12,532	19,561		19,561
Total receipts	365,878	0	365,878	381,098	0	381,098
Disbursements:						
General government:	97,819		97,819	72,496		72,496
Public safety:						
Police	36,000		36,000	78,050		78,050
Fire	2,052		2,052	7,656		7,656
Public works:						
Highways and streets	79,915		79,915	91,719		91,719
Solid waste	32,643		32,643	31,004		31,004
Culture and recreation:						
Parks and recreation	2,146		2,146	2,967		2,967
Debt service	14,005		14,005	14,005		14,005
Capital outlay	93,460		93,460	35,433		35,433
Total disbursements	358,040	0	358,040	333,330	0	333,330
Excess of receipts over (under) disbursements	7,838	0	7,838	47,768	0	47,768
Other financing sources (uses):						
Compensation for damaged prop	5,954		5,954			0
Net change in fund balance (**)	13,792	0	13,792	47,768	0	47,768
Fund balances:						
January 1, 2023				336,394	13,593	349,987
Reclassify to enterprise fund					-13,593	-13,593
January 1, 2023, restated				336,394	0	336,394
December 31, 2023	384,162	0	384,162	384,162	0	384,162
December 31, 2024	397,954	0	397,954		Reclassified	

(**) Equals change in net position
on Statement of Activities

See accompanying notes.

TOWN OF ROSHOLT

STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
ENTERPRISE FUNDS
AS OF DECEMBER 31, 2024

	Liquor Fund	Water Fund	Sewer Fund	Community Center Fund	Total Enterprise Funds
ASSETS:					
Petty cash	5,400				5,400
Checking	235,347	255,691	-1,710	19,039	508,367
Savings					0
Certificates of deposit					0
Total assets	240,747	255,691	-1,710	19,039	513,767
NET POSITION:					
Restricted for:					
Debt service		25,683			25,683
Unrestricted	240,747	230,008	-1,710	19,039	488,084
Total net positic	240,747	255,691	-1,710	19,039	513,767

See accompanying notes.

TOWN OF ROSHOLT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN NET POSITION -- MODIFIED CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2024
FOR THE YEAR ENDING DECEMBER 31, 2023

	2024					2023				
	Liquor Fund	Water Fund	Sewer Fund	Community Center Fund	Total Enterprise Funds	Liquor Fund	Water Fund	Sewer Fund	Community Center Fund	Total Enterprise Funds
Operating receipts:										
Charges for goods and se	396,257	176,249	61,818	9,587	643,911	396,058	175,503	57,508	6,481	635,550
Lottery receipts, net	14,639				14,639	30,460				30,460
Total operating receipt	410,896	176,249	61,818	9,587	658,550	426,518	175,503	57,508	6,481	666,010
Operating disbursements:										
Personnel	106,672	34,942	33,487		175,101	114,109	35,534	33,239		182,882
Current services	92,812	18,600	9,038	3,926	124,376	100,088	48,063	29,888	6,712	184,751
Cost of goods sold	180,007				180,007	178,025				178,025
Capital Improvements		1,204,887			1,204,887		140,000			140,000
Total operating disburs	379,491	1,258,429	42,525	3,926	1,684,371	392,222	223,597	63,127	6,712	685,658
Excess of operating receipts over operating disbursemer	31,405	-1,082,180	19,293	5,661	-1,025,821	34,296	-48,094	-5,619	-231	-19,648
Nonoperating receipts (disbursements):										
Interest received				8	8				8	8
Debt service: Principal		-5,148	-15,895		-21,043	-90,592	-4,910	-15,387		-110,889
Interest		-3,312	-20,369		-23,681	-350	-3,550	-20,877		-24,777
Issue cost					0		-13,975			-13,975
Total nonoperating receipt (disbursements)	0	-8,460	-36,264	8	-44,716	-90,942	-22,435	-36,264	8	-149,633
Total receipts (disbursements) before capital contri and transfers	31,405	-1,090,640	-16,971	5,669	-1,070,537	-56,646	-70,529	-41,883	-223	-169,281
Capital contributions:										
Federal grant - ARPA		752,500			752,500					0
Bank bond proceeds		398,413			398,413		75,250			75,250
Change in net position	31,405	60,273	-16,971	5,669	80,376	-56,646	4,721	-41,883	-223	-94,031
Net position:										
January 1, 2023						265,988	190,697	57,144	0	513,829
Reclassify Community Center Fund									13,593	13,593
January 1, 2023, restated						265,988	190,697	57,144	13,593	527,422
December 31, 2023	209,342	195,418	15,261	13,370	433,391	209,342	195,418	15,261	13,370	433,391
December 31, 2024	240,747	255,691	-1,710	19,039	513,767				Reclassified	

See accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

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

The Town's officials at December 31, 2024 are:

President:	Finance Officer:
Lisa Braun	Paige Lick
Trustees:	Attorney:
Dre Brandell	Gordon P. Nielsen
Marlene Pistorius	
Charlie VanDeputte	
Dennis Wieser	

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

Primary government:	Town of Rosholt
Component unit:	Rosholt Housing & Redevelopment Commission Financial statements are available at the Rosholt Town Hall.

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

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Town 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 Town (the primary government). The Town may also be financially accountable for another organization if that organization is fiscally dependent on the Town unless that organization can, without the approval of the Town: (1) set it own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Rosholt Housing and Redevelopment Commission (RHRC) is a component unit of the Town of Rosholt and represents 100% of the balances and activity in the discretely presented component unit column of these financial statements.

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

a. Total cash, receipts or disbursements of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (cash, receipts or disbursements) for all funds of that category (that is, total governmental or total enterprise), and

b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined

c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

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

Governmental Funds

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

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

Community Center Fund - A fund established by SDCL 6-4-1 for operation and maintenance of a community center. This fund is a major fund and was reclassified as an enterprise fund.

Enterprise Funds
(Business-Type)

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

Liquor Fund - A fund established by SDCL 35-3-21 to provide on-sale and off-sale liquor services. This fund also accounts for video lottery machine activity. This fund is a major fund.

Water Fund - A fund established by SDCL 9-47-1 to provide water to customers within the Town of Rosholt. This fund is a major fund.

Sewer Fund - A fund established by SDCL 9-48-2 to provide sewer services to customers within the own of Rosholt. This fund is a major fund.

Community Center Fund - A fund established by SDCL 6-4-1 for operation and maintenance of a community center. This fund is a major fund.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

The Town of Rosholt has no fiduciary funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses (disbursements) are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The Town's basis of accounting is the modified cash basis of accounting, which is a basis of accounting other than US-GAAP. Under US-GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis of accounting, transactions are recorded when cash is received or disbursed.

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

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

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

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

d. Cash and Cash Equivalents:

The Town considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

e. Interfund Transactions:

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

f. Program Receipts and General Receipts:

Program Receipts:
In the government-wide Statement of Activities, reported program receipts derive directly from the program itself or from parties other than the Town's taxpayers or citizenry, as a whole. Program receipts are classified in three categories, as follows:

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

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

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

General Receipts:

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

g. Enterprise Fund Receipt Classifications:

In both the government-wide statements and fund financial statements, enterprise fund *operating* receipts, such as charges for water and sewer services, result from exchange transactions associated with the principal activity of the fund.

Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, if any, such as grants, operating subsidies, interest received, and transfers in, result from nonexchange transactions.

h. Equity Classifications:

Government-wide financial Statements:

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

1. Restricted Net Position - Consists of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

2. Unrestricted Net Position - All other net position that does not meet the definition of "restricted net position".

Fund Financial Statements:

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

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

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

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

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

* Assigned - includes fund cash balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund cash balance may be assigned by the Board of Trustees or Finance Officer.

* Unassigned - includes positive fund cash balance within the general fund which has not been classified within the above categories and negative fund balance amounts in other governmental funds.

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

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

The Town of Rosholt's fund balance classifications are made up of:

Fund Balance Classifications	Account or Fund	Authority or Action	Amount
Nonspendable	None		0
Restricted	None		0
Committed	None		0
Assigned	None		0
Unassigned	General		397,954
			397,954

The Town has no special revenue funds.

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

2024:	General fund:	
	Public works/streets	64,880
2023:	General fund:	
	Public safety/police	14,550
	Public safety/fire	2,756
	Public works/streets	18,657

These are not considered significant violations of a departmental expenditure compared to appropriations. In the future, the Town expects to make contingency transfers or adopt appropriations and supplemental appropriations to cover expenditures that will exceed their original appropriation.

3. DEPOSITS, INVESTMENTS AND RELATED RISKS

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

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

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

Actual bank balances at December 31, 2024 were as follows: Insured $286,570, Collateralized ** $655,778, for a total of $942,348.

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

The carrying amount of these deposits at December 31, 2024 was $906,321 held at First Interstate Bank plus $5,400 of petty cash for a total of $911,721.

Investments - In general, SDCL 4-5-6 permits Town money to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. Investments (if any) are stated at cost or amortized cost plus accrued interest. The Town had no investments during 2023 or 2024.

Certificates of deposit (if any), with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

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

Custodial Risk (Deposits) - The risk that, in the event of a depository failure, the Town's deposits may not be returned to it. At December 31, 2024, the Town's deposits in financial institutions were not exposed to deposit custodial risk.

Custodial Risk (Investments) - The risk that, in the event of a default by the counterparty to a transaction, the Town will not be able to recover the value of an investment or collateral securities held by the counterparty. The Town had no investments during 2023 or 2024 and was not exposed to custodial risk for investments.

Concentration of Credit Risk - the Town places no limit on the amount that may be deposited or invested in any one institution.

Interest Rate Risk - The Town 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 Town's policy is to credit all income from deposits and investments to the fund making the investment.

4. INTERFUND TRANSFERS

There were no transfers in 2023 or 2024.

5. RESTRICTED NET POSITION

Restricted net position at December 31, 2024 is as follows:

Purpose:	Restricted By:	Governmental	Business-Type
Debt	Covenants		25,683
		-------	-------
Total Restricted Net Position		0	25,683

6. FUTURE REVENUES PLEDGED TO SECURE DEBT

All water fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure a Rural Development (USDA) loan which has a remaining balance of $66,918. The loan was made to cover the cost of water improvements and is described on page 25. The loan will mature in 2035. In 2024 the loan had pledged revenue of $122,707 before loan payments of $8,460.

All sewer fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure a Rural Development (USDA) loan which has a remaining balance of $618,109. The loan was made to cover the cost of sewer improvements and is described on page 25. The loan will mature in 2050. In 2024 the loan had pledged revenue of $19,293 before loan payments of $36,264.

7. PENSION PLAN

Summary of Significant Accounting Policies:

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

Plan Information:

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

Benefits Provided:

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

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

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

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

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

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

> If the fair value of assets is equal to or greater than the baseline actuarial accrued liabilities, the COLA will be: The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.

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

Legislation enacted in 2021 reduced the minimum COLA from .05 percent to 0.0 percent.

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

Contributions:

Per SDCL 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Town's share of contributions to the SDRS for the calendar years ending December 31, 2024, 2023 and 2022 were $7,658, $9,214 and $10,307 respectively (employer's share) equal to the required contribution each year.

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

At June 30, 2024 SDRS is 100.0% funded and accordingly has net pension (asset). The proportionate shares of the components of the net pension (asset) of South Dakota Retirement System, for the Town as of this measurement period ending June 30, 2024 and reported by the Town as of December 31, 2024 are as follows:

Proportionate share of total pension liability	$ 766,948
Less: Proportionate share of net position restricted for pension benefits	(767,156)
Proportionate share of net pension (asset)/liability	$ (208)

The net pension (asset) was measured as of June 30, 2024 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was based on a projection of the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Town's proportion was .000051410 which is a decrease of .000075 over its proportion measured as of June 30, 2023.

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real return of 4.00%
Future COLAs	1.71%
Mortality rates:	All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:
Teachers, Certified Regents, and Judicial: Pub T-2010
Other Class A Members: Pub G-2010
Public Safety Members: Pub S-2010

Retired Members:
Teachers, Certified Regents, and Judicial Retirees: Pub T-2010, 108% of rates above age 65

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

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

Beneficiaries:
Pub G-2010 contingent survivor mortality table

Disabled Members:
Public Safety: Pub S-2010 disabled member mortality table
Others: Pub G-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were adopted by the SDRS Board of Trustees based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021.

Investments

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment grade debt	22.8%	2.3%
High Yield debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9	0.8%
	100.0%	

Discount Rate:

The discount rate used to measure the total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate.

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

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Town's proportionate share of the net pension (asset)/liability	$105,748	$(208)	$(86,914)

Pension Plan Fiduciary Net Position:

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

8. PROPERTY TAX

Taxes are levied on or before October 1, attach as an enforceable lien on property, become due and payable on the following January 1, and are payable in two install-ment on or before the following April 30 and October 31. The county bills and collects the Town's taxes and remits them to the Town.

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

Because the Town is on the modified cash basis of accounting, all property taxes received in cash are considered a receipt for the period in which it is collected.

9. INSURANCE

The Town 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 two years ending December 31, 2024 the Town managed its risks as follows:

Employee Health Insurance:

The Town 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 Town 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 Town 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.

Property and Liability Insurance:

The Town 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 Town joined the South Dakota Municipal League Workers' Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities.

The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

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

Unemployment benefits:

The Town provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. No unemployments payments were paid in 2023 or 2024 and none are expected to be paid for 2025.

10. LITIGATION

At December 31, 2024, the Town was not a party to litigation or pending legal action. However, as discussed in the risk management note above, the Town has liability coverage for itself and its employees through a commercial carrier. Therefore, should there be legal action, it is not expected to have a material effect on the Town's financial statements.

11. OTHER DISCLOSURES AND SUBSEQUENT EVENTS

The Town has a rubble site. It does not have a landfill with any associated closure costs or liabilities.

The Town does not have any material related party activity.

The Town's water tower project was completed in 2026.

TOWN OF ROSHOLT

SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

FOR THE TWO YEARS ENDING DECEMBER 31, 2024

	Beginning 12-31-22	2023 Additions (Deletions)	2024 Additions (Deletions)	Governmental Funds Ending 12-31-24	Enterprise Funds Ending 12-31-24	Principal Payments Due in 2025
OVERNMENTAL - DIRECT BORROWING						
2020 Equipment Installment Loan:						
Original amount of $64,000						
Maturing in 2025						
Interest at 3.50%						
Monthly payments of $1,167.10						
Secured by a equipment						
Paid by the general fund	38,750	-12,838	-13,299	12,613		12,613
Totals	38,750	-12,838	-13,299	12,613		12,613
BUSINESS-TYPE - DIRECT BORROWING						
1998 Water Revenue Bond, Series 1997:						
Original amount of $150,000						
Maturing in 2035						
Interest at 4.75%						
Monthly payments of $705						
Secured by operations						
Paid by the water fund	76,976	-4,910	-5,148		66,918	5,281
2009 Corner Bar loan:						
Original amount of $400,000						
Maturing in 2026						
Interest at 4.50%						
Monthly payments of $3,000						
Secured by a mortgage and assignment						
of rents, leases and revenue	-2,818adjustment					
Paid by the liquor fund	93,410	-90,592			0	0
2010 Sewer Project Bond, Series 2009:						
Build America Bond - Direct Pay						
Original amount of $810,000						
Maturing in 2050						
Interest at 3.25%						
Monthly payments of $3,022						
Secured by operations	-208adjustment					
Paid by the sewer fund	649,599	-15,387	-15,895		618,109	16,175
2023 Drinking Water Project Revenue Borrower Bond:						
Original borrowed amount of $473,663						
Maturing in 2055						
Interest at 2.125%						
Quarterly payments of $5,348.27						
Secured by a surcharge and						
water fund operations						
Paid by the water fund	0	75,250	398,413		473,663	5,679
Totals	816,959	-35,639	377,370		1,158,690	27,135

NOTE: The Town of Rosholt has agreed to guaranteed 25% of a $665,000 Essential Function Housing Development Revenue Refunding Bonds for the Rosholt Housing Redevelopment Commission. The Town's maximum remaining guarantee is $134,625.

TOWN OF ROSHOLT

SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

FOR THE TWO YEARS ENDING DECEMBER 31, 2024

SCHEDULE OF PAYMENTS FOR LONG-TERM LIABILITIES

AT DECEMBER 31, 2024

	Total Payment	Principal	Interest	Balance
2020 Equipment Installment Loan:				
2025	12,838	12,613	225	0
1998 Water Revenue Bond, Series 1997:				
2025	8,460	5,281	3,179	61,637
2026	8,460	5,532	2,928	56,105
2027	8,460	5,795	2,665	50,310
2028	8,460	6,070	2,390	44,240
2029	8,460	6,359	2,101	37,881
2030-2034	42,300	36,922	5,378	959
2035	963	959	4	0
Totals	85,563	66,918	18,645	
2010 Sewer Revenue Bond, Series 2010:				
2025	36,264	16,175	20,089	601,934
2026	36,264	16,701	19,563	585,233
2027	36,264	17,244	19,020	567,989
2028	36,264	17,804	18,460	550,185
2029	36,264	18,383	17,881	531,802
2030-2034	181,320	101,575	79,745	430,227
2035-2039	181,320	119,189	62,131	311,038
2040-2044	181,320	139,858	41,462	171,180
2045-2049	181,320	163,841	17,479	7,339
2050	7,378	7,339	39	0
Totals	913,978	618,109	295,869	
2023 Drinking Water Project Revenue Borrower Bond:				
2025	17,009	5,679	11,330	467,984
2026	21,393	11,540	9,853	456,444
2027	21,393	11,787	9,606	444,657
2028	21,393	12,040	9,353	432,617
2029	21,393	12,298	9,095	420,319
2030-2034	106,965	65,553	41,412	354,766
2035-2039	106,965	72,881	34,084	281,885
2040-2044	106,966	81,029	25,937	200,856
2045-2049	106,965	90,087	16,878	110,769
2050-2054	106,965	100,157	6,808	10,612
2055	10,697	10,612	85	0
Totals	648,104	473,663	174,441	

TOWN OF ROSHOLT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDING DECEMBER 31, 2024

GENERAL FUND	Budgeted Amounts					Variance
Receipts:	Original	Contingency Transfers	Supplementals	Final	Actual (Cash Basis)	Variance Positive (Negative)
Receipts from local sources:						
Taxes:						
Ad valorem taxes	108,200			108,200	96,936	-11,264
General sales and use taxes	140,300			140,300	187,697	47,397
Licenses and permits:	2,720			2,720	615	-2,105
Intergovernmental receipts:						
State shared receipts:						
Bank franchise	400			400	2,502	2,102
Port of entry	400			400	670	270
Liquor tax reversion	2,200			2,200	2,592	392
Motor vehicle licenses (5%)	8,000			8,000	6,905	-1,095
Highway and bridge	10,000			10,000	15,568	5,568
County shared receipts: road taxes				0		0
Charges for goods and services:						
General government				0	935	935
Solid waste	37,675			37,675	37,970	295
Culture and recreation	500			500		-500
Fines and forfeits:				0		0
Miscellaneous receipts:						
Interest and dividends				0	956	956
Miscellaneous	20,200			20,200	12,532	-7,668
Total receipts	330,595	0	0	330,595	365,878	35,283
Disbursements:						
General government:						
General government	162,200			162,200	97,819	64,381
Public safety:						
Police	63,500			63,500	36,000	27,500
Fire	4,900			4,900	2,052	2,848
Public works:						
Highways and streets	108,495			108,495	173,375	-64,880
Solid waste	33,000			33,000	32,643	357
Culture and recreation:						
Parks and recreation	9,500			9,500	2,146	7,354
Debt service	14,005			14,005	14,005	0
Other:	3,195			3,195		3,195
Total disbursements	398,795	0	0	398,795	358,040	40,755
Excess of receipts over (under) disbursements	-68,200	0	0	-68,200	7,838	76,038
Other financing sources (uses):						
Compensation for damaged property				0	5,954	5,954
Net change in fund balance	-68,200	0	0	-68,200	13,792	81,992
Fund balance:						
January 1, 2024	384,162			384,162	384,162	0
December 31, 2024	315,962	0	0	315,962	397,954	81,992

TOWN OF ROSHOLT
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDING DECEMBER 31, 2023

GENERAL FUND	Budgeted Amounts					Variance
Receipts:	Original	Contingency Transfers	Supplementals	Final	Actual (Cash Basis)	Positive (Negative)
Receipts from local sources:						
Taxes:						
Ad valorem taxes	105,100			105,100	110,095	4,995
General sales and use taxes	140,300			140,300	177,487	37,187
Licenses and permits:	2,720			2,720	1,200	-1,520
Intergovernmental receipts:						
State shared receipts:						
Bank franchise	400			400	1,252	852
Port of entry	400			400	1,706	1,306
Liquor tax reversion	2,200			2,200	2,605	405
Motor vehicle licenses (5%)	8,000			8,000	7,145	-855
Highway and bridge	10,000			10,000	15,512	5,512
County shared receipts: road taxes				0	658	658
Charges for goods and services:						
General government				0	1,727	1,727
Public safety				0	7,188	7,188
Solid waste	37,675			37,675	33,713	-3,962
Culture and recreation	500			500		-500
Fines and forfeits:				0		0
Miscellaneous receipts:						
Interest and dividends				0	1,249	1,249
Miscellaneous	20,200			20,200	19,561	-639
Total receipts	327,495	0	0	327,495	381,098	53,603
Disbursements:						
General government:						
General government	159,100			159,100	72,496	86,604
Public safety:						
Police	63,500			63,500	78,050	-14,550
Fire	4,900			4,900	7,656	-2,756
Public works:						
Highways and streets	108,495			108,495	127,152	-18,657
Solid waste	33,000			33,000	31,004	1,996
Culture and recreation:						
Parks and recreation	9,500			9,500	2,967	6,533
Debt service	14,005			14,005	14,005	0
Other:	3,195			3,195		3,195
Total disbursements	395,695	0	0	395,695	333,330	62,365
Excess of receipts over (under) disbursements	-68,200	0	0	-68,200	47,768	115,968
Other financing sources (uses):						
None				0		0
Net change in fund balance	-68,200	0	0	-68,200	47,768	115,968
Fund balance:						
January 1, 2023	336,394			336,394	336,394	0
December 31, 2023	268,194	0	0	268,194	384,162	115,968

NOTES TO SUPPLEMENTARY INFORMATION - BUDGETS

NOTES TO THE BUDGETARY COMPARISON SCHEDULES FOR THE GENERAL FUND FOR THE TWO YEARS ENDING DECEMBER 31, 2024

1. BUDGETS AND BUDGETARY ACCOUNTING

The Town of Rosholt (Town) follows these procedures in establishing the budgetary data reflected in the budgetary supplementary information:

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

b. After adoption by the governing board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in d.

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

d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets. During 2023 and 2024 there were no supplemental budgets to the general fund. See pages 27 to 28.

e. Formal budgetary integration is employed as a management control device for the general fund.

f. The budgets for the general fund are not adopted on a basis consistent with generally accepted accounting principles (GAAP) because all accounting, and the adoption of the all budgets, is on a modified cash basis of accounting.

2. GAAP AND BUDGETARY ACCOUNTING BASIS DIFFERENCE:

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

TOWN OF ROSHOLT
FOR THE EIGHT YEARS ENDING DECEMBER 31, 2024

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

SDRS Measurement Date Year Ended (1)	Town's Percentage of the Net Pension Asset	Town's Proportionate Share of Net Pension (Asset) Liability	Town's Covered Employee Payroll for its 6-30 Year End	Town's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0051410%	-208	144,217	(00.14%)	100.00%
June 30, 2023	0.0058910%	-575	151,950	(00.37%)	100.10%
June 30, 2022	0.0064380%	-608	153,717	(00.39%)	100.10%
June 30, 2021	0.0070750%	-54,182	156,889	(34.53%)	105.52%
June 30, 2020	0.0064161%	-279	130,670	(00.21%)	100.04%
June 30, 2019	0.0056809%	-602	110,301	(00.54%)	100.09%
June 30, 2018	0.0061378%	-143	116,526	(00.12%)	100.02%
June 30, 2017	0.0014626%	-133	unknown	unknown	100.10%

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

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

TOWN OF ROSHOLT
FOR THE EIGHT YEARS ENDING DECEMBER 31, 2024

SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
TO THE SOUTH DAKOTA RETIREMENT SYSTEM

Town's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	Town's Covered Employee Payroll for its Calendar Year End	Contributions as a Percentage of Covered Employee Payroll
December 31, 2024	7,658	7,658	0	127,633	6.0000%
December 31, 2023	9,214	9,214	0	153,567	6.0000%
December 31, 2022	10,307	10,307	0	171,783	6.0000%
December 31, 2021	10,997	10,997	0	179,104	6.1400%
December 31, 2020	8,830	8,830	0	136,563	6.4659%
December 31, 2019	6,950	6,950	0	105,781	6.5702%
December 31, 2018	6,950	6,950	0	105,781	6.5702%
December 31, 2017	unknown	unknown	unknown	unknown	unknown

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

NOTES TO SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY AND SCHEDULE OF PENSION CONTRIBUTIONS FOR THE TWO YEARS ENDING DECEMBER 31, 2024

Changes of Prior Valuation:

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

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

Benefit Provision Changes:

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

Actuarial Method Changes:

No changes in actuarial methods were made since the prior valuation.

Actuarial Assumption Changes:

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

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

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 20, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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

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

Governing Board
Town of Rosholt
Rosholt, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of governmental activities, business-type activities, and each major fund of the Town of Rosholt (Town), Roberts County, South Dakota, as of December 31, 2024 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated July 20, 2026 which was qualified for an unaudited component unit, bar and video lottery activity, certificates of deposit.

Report on Internal Control Over Financial Reporting:

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

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

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

A *significant deficiency*, is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.

I did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 and 2024-002 that I consider to be a significant deficiencies.

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of the Town of Rosholt in a separate Letter of Comments dated July 20, 2026.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Town of Rosholt's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

Except for noncompliance with Single Audit reporting requirements, the results of my tests did not disclose an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I did note minor matters involving compliance that I reported to the governing body and management of the Town of Rosholt in a separate Letter of Comments dated July 20, 2026.

Town's Response to Findings:

Government Auditing Standards require the auditor to perform limited procedures on the Town's response to the audit findings identified in my audit and described in the accompanying schedule of findings and questioned costs. The Town's responses were not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

Purpose of this Report:

The purpose of this report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Rosholt's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rosholt's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

As required by South Dakota Codified Law 4-11-11, this report is a mater of public record and its distribution is not limited.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the Town of Rosholt during the course of my audit.

If you have any questions concerning the above matters, I would be pleased to discuss them with you at your convenience.

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

Benjamin Elliott

July 20, 2026

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

Governing Board
Town of Rosholt
Rosholt, South Dakota

Report on Compliance for the Major Federal Program:

Opinion on the Major Federal Program:

I have audited the Town of Rosholt's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program as of December 31, 2024 and for each of the years in the biennial period then ended. The Town's major federal program is identified in the summary auditor's results section of the accompanying schedule of current findings and questioned cost. (page 37)

In my opinion, the Town of Rosholt complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program as of December 31, 2024 and for each of the years in the biennial period then ended.

Basis for Opinion on the Major Federal Program:

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

I am required to be independent of the Town and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for the Town's major federal program. My audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Other Matters - Federal Expenditures Not Included in the Compliance Audit:

The Town of Rosholt's basic financial statements include the non-audited operations of the Rosholt Housing and Redevelopment Commission. Federal award expenditures, if any, of the Roaholt Housing and Redevelopment Commission are not included in the Town's Schedule of Expenditures of Federal Awards as of December 31, 2024 and for each of the years in the biennial period then ended.

Management's Responsibility for Compliance:

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

Auditor's Responsibilities for the Audit of Compliance:

My 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 Town's compliance based on my 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 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 Town'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, I:

> 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 Town's compliance with requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

> Obtain an understanding of the Town'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 Town's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

<u>Other Matter</u>

The results of my auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of current audit findings and questioned costs as item 2024-003. My opinion on the Town's major program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the Town's response to the noncompliance finding identified in my audit and described in the accompanying schedule of current audit findings and questioned costs as item 2024-003. The Town's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

<u>Report on Internal Control over Compliance:</u>

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

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 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 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.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses in internal control over compliance may exist that were not identified.

I did identify a deficiency in internal control over compliance described in the accompanying schedule of current audit findings and questioned costs as item 2024-003 that I consider to be a significant deficiency.

My 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 my 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 is a mater of public record and its distribution is not limited.

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

Benjamin Elliott

July 20, 2026

TOWN OF ROSHOLT
DECEMBER 31, 2024

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Audit Findings:

The prior audit report contained no written federal Single Audit compliance findings.

Prior Other Audit Findings:

2022-01 (lack of proper segregation of duties): Repeated below as 2024-001
2022-02 (preparation of financial statement): Repeated below as 2024-002

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Section I - Summary of the Auditor's Results:

Financial Statements:	
Type of auditor's report issued:	Qualified on: Governmental Activities Business-Type Activities Major Funds
Internal control over financial reporting:	
* Material weakness(es) identified?	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses?	Finding 2024-001 Finding 2024-002
Material noncompliance noted:	None Reported
Federal Awards:	
Internal control over major programs:	
* Material weakness(es) identified.	None reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses.	Finding 2024-003
* Type of auditor's report issued on compliance for major programs:	Unmodified
The audit disclosed audit findings that are required to be reported in accordance with 2 CFR 200.516(a)	Finding 2024-003
The federal awards rested as major programs were: Coronavirus State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA) Assistance Listing Number 21.027	
Dollar threshold used to distinguish between Type A and Type B federal award programs.	$750,000
Does the Town of Rosholt qualify as a low-risk auditee?	No

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COST (continued)

Section II - Financial Statement Findings

Finding 2024-001: Lack of Proper Segregation of Duties
(internal control - first reported in 2022)

Significant Deficiency - Internal Control Related Finding

Criteria:
The management of the Town is responsible for establishing and maintaining an internal control structure to provide management and taxpayers with reasonable assurance: 1) that assets are safeguarded against loss from unauthorized use or disposition, 2) that transactions are executed in accordance with management's authorization, and 3) that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles or other comprehensive basis of accounting.

A key element of an effective internal control structure is the separation of duties so one person isn't responsible of all aspects of a transaction.

Condition:
An inadequate segregation of duties existed for the revenue function of the Town of Rosholt.

Cause:
The finance officer processed most revenue transactions from beginning to end. The finance officer received money, issued receipts, recorded receipts, posted receipts in the accounting records, prepared bank deposits, and reconciled bank statements.

Context:
This finding is a result of the size of the Town, which precludes staffing at a level sufficient to provide an ideal environment for segregation of duties controls.

Questioned Cost:
None could be identified regarding this finding.

Effect:
Inadequate segregation of duties can lead to the misappropriation of funds.

Recommendation:
I recommend the Town of Rosholt's management be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever possible and practical.

Management Response:
Paige Lick, the Town of Rosholt's finance officer, is the contact person responsible for the corrective action plan for this comment. This comment is a result of the size of the entity, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Town has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. The Town of Rosholt is aware of this problem and is attempting to provide compensating controls whenever and wherever possible and practical. However, this lack of segregation of duties in the revenue function is expected to continue to exist.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS (continued)

Finding 2024-002: Preparation of Financial Statements
(internal control - first reported in 2012)

Significant Deficiency - Internal Control Related Finding

Criteria:
A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition:
As the Town's auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Cause:
Due to cost constraints and lack of professional expertise, the Town asked the auditor to draft these financial statements and accompanying notes to the financial statements.

Context:
This finding is a result of the size of the Town, which precludes professional staffing sufficient to prepare these financial statements and notes to the financial statements.

Effect:
This control deficiency could result in a misstatement of the financial statements that would not be prevented or detected.

Recommendations:
This situation is not unusual for an entity of this Town's 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.

Management Response:
Due to cost constraints, the Town will continue to have the auditor draft the financial statements and accompanying notes to the financial statements.

Section III. Federal Award Findings and Questioned Costs

Finding 2024-003: Reporting
Dept. of Treasury: Assistance Listing No. 21.027
Coronavirus State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA)

Significant Deficiency - Internal Control Related Compliance Finding

Criteria:
Single Audit reports under Uniform Guidance need to be submitted within 9 months of the financial statement's year end.

Condition:
The Town did not submit its Single Audit report under Uniform Guidance within 9 months of the financial statement's year end.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS (continued)

Cause:
Of the $752,500 federal expenditures reported in 2024 for this grant, $273,420 of that amount was actually expended in 2023 but was not reimbursed until 2024. Because the Town is on a cash basis of accounting, this reimbursement required the 2023 expenditure to be reported in 2024, which then caused 2024 federal expenditures to exceed the $750,000, the threshold for a Single Audit.

Context:
The Town did not have an internal control system sufficient to provide for the timely filing of its Single Audit report under Uniform Guidance.

Effect:
This result in the Town failing to file its Single Audit report within the 9 months deadline required by Uniform Guidance.

Questioned Cost: None reported.

Sampling: The filing of this Single Audit report was tested.

Repeat Finding from Prior Year(s): No

Recommendation:
It is the responsibility of management and those charged with governance to develop a system of internal control that will ensure that Single Audit reports are filed within the 9 month Uniform Guidance deadline when annual federal expenditures exceed the Single Audit expenditure threshold.

Views of Responsible Officials:
There is no disagreement with the audit finding.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWO YEARS ENDING DECEMBER 30, 2024

Assistance Listing Number		2023 Expenditures	2024 Expenditures
	DIRECT FEDERAL PROGRAMS		
	None		
	INDIRECT FEDERAL PROGRAMS		
	U.S. Department of Treasury:		
	Pass-through Entity: S.D. Dept of Agriculture and Natural Resources Contract/Grant Number 2022G-ARP-442		
21.027	Coronavirus State and Local Fiscal Recovery Funds authorized by the American Rescue Plan Act (Note 3)	0	752,500
	Total U.S. Department of Treasury (Federal) Expenditures	0	752,500

NOTE 1: Basis of Presentation:
The above Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the two years ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

Because the Schedule presents only a selected portion of the operation of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

NOTE 2: Summary of Significant Accounting Policies:
Expenditures reported on this Schedule are reported on the (modified cash basis) 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. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Town has elected not to use the 15% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: Major Federal Financial Assistance Program:
This represents a Major Federal Financial Assistance Program.

NOTE 4: Other:
No funds were passed down to subrecipients.

Town of Rosholt
PO Box 156
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605-537-4275

Management's Response to Auditor's Findings:

Summary Schedule of Prior Audit Findings and
Corrective Action Plan
December 31, 2024

Prepared by Management of the
Town of Rosholt

Summary Schedule of Prior Audit Findings:

Prior Year Federal Audit Findings and Questioned Costs

None to report.
The prior audit was not subject to Uniform Guidance requirements.

Prior Year Other Audit Findings and Questioned Costs

Finding 2022-01: Lack of Proper Segregation of Duties

Finding Summary:

The finance officer processed most revenue transactions from beginning to end. The finance officer received money, issued receipts, recorded receipts, posted receipts in the accounting records, prepared bank deposits, and reconciled bank statements.

Status:

This finding has not been resolved as of December 31, 2024. The Town has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. The Town is aware of this problem and is attempting to provide compensating controls whenever and wherever possible and practical. However, this lack of segregation of duties in the revenue function is expected to continue to exist.

Finding 2022-02: Preparation of Financial Statements

Finding Summary:

As the Town's auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Status:

This finding has not been resolved as of December 31, 2024. Due to cost constraints, the Town will continue to have the auditor draft the financial statements and accompanying notes to the financial statements.

Corrective Action Plan - Current Audit Findings

Finding 2024-001: Lack of Proper Segregation of Duties

Finding Summary:

The finance officer processed most revenue transactions from beginning to end. The finance officer received money, issued receipts, recorded receipts, posted receipts in the accounting records, prepared bank deposits, and reconciled bank statements.

Responsible Individual:

Paige Lick, Finance Officer,

Corrective Action Plan:

This finding is a result of the size of the entity, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Town has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. The Town of Rosholt is aware of this problem and is attempting to provide compensating controls whenever and wherever possible and practical. However, this lack of segregation of duties is expected to continue to exist.

Anticipated Completion Date: Ongoing

Finding 2024-002: Preparation of Financial Statements

Finding Summary:

As the Town's auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Responsible Individual:

Paige Lick, Finance Officer,

Corrective Action Plan:

Due to cost constraints, the Town has decided to continue having the auditor draft the financial statements and accompanying notes to the financial statements.

Anticipated Completion Date: Ongoing

Finding 2024-003: Reporting

Finding Summary:

U.S. Department of Treasury
Program Name: Coronavirus State and Local Fiscal Recovery Funds (SLFRF) authorized by the American Rescue Plan Act (ARPA)
Assistance Listing number: 21.027

This Single Audit report was not filed within 9 months of the Town's year-end as required by Uniform Guidance.

Responsible Individual:

Paige Lick, Finance Officer

Corrective Action Plan:

The Town will develop internal controls sufficient to ensure that compliance with future Single Audit report filing deadlines are met.

Anticipated Completion Date:

The Town's next audit which requires Single Audit report filing under Uniform Guidance.