

LINCOLN COUNTY
AUDIT REPORT
For the Year Ended December 31, 2024

LINCOLN COUNTY
COUNTY OFFICIALS
December 31, 2024

Board of Commissioners:

Joel Arends
James Jibben
Tiffani Landeen
Michael Poppens
Jim Schmidt

Auditor:
Sheri Lund

Treasurer:
Francene Hofer

State's Attorney:
Thomas Wollman

Register of Deeds:
Becky Vander Broek

Sheriff:
Steve Swenson

LINCOLN COUNTY
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RUSSELL A. OLSON
AUDITOR GENERAL

**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**

Independent Auditor's Report

County Commission
Lincoln County
Canton, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County, South Dakota (County), as of December 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items No. 2024-001 and No. 2024-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

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

Purpose of this Report

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



Russell A. Olson
Auditor General

November 25, 2025



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RUSSELL A. OLSON
AUDITOR GENERAL

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

Independent Auditor's Report

County Commission
Lincoln County
Canton, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2024. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, Lincoln County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of County'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 County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal

control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of this Report

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



Russell A. Olson
Auditor General

November 25, 2025

LINCOLN COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2023-001:

The County does not have an internal control system designed to provide for the preparation of the annual financial report in accordance with the modified cash basis of accounting. We noted numerous significant reporting errors within the annual report prepared by the County. This finding has not been resolved and has been restated as Current Audit Finding No. 2024-002.

Finding No. 2023-002:

The County incurred expenditures in excess of appropriations contrary to South Dakota Codified Law (SDCL) 7-21-25. This finding has been resolved.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Section I – Summary of the Auditor’s Results

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. A material weakness was disclosed by our audit of the financial statements for a deficiency in internal controls over cash management as discussed in Current Audit Finding No. 2024-001. A material weakness was disclosed by our audit of the financial statements for financial reporting errors as discussed in Current Audit Finding No. 2024-002.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:
 1. ALN # 20.106 – Airport Improvement Program
 2. ALN # 21.027 – Coronavirus State and Local Fiscal Recovery Funds
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Lincoln County did not qualify as a low-risk auditee.

Section II – Financial Statement Findings

Internal Control-Related Findings - Material Weaknesses:

Cash Internal Control Deficiencies

Finding No. 2024-001:

Criteria:

The County's internal controls over the cash and investments were inadequate resulting in diminished assurance that the County's financial transactions were properly recorded and its assets were adequately safeguarded.

Condition:

United States General Accounting Office, Government Auditing Standards, 2011 revisions, state:

Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; noncompliance with provisions of laws, regulations, contracts or grant agreements; or abuse.

We noted the following deficiencies in internal controls in the cash and investment reconciliation process:

- The County did not properly complete a monthly reconciliation of recorded cash and investments to financial institution balances during 2024. This reconciliation process serves to verify the County's deposits and withdrawals have been properly recorded at the County and is necessary to detect errors in the County's accounting system or errors made by the financial institutions.
- The Sheriff's Office did not complete a monthly reconciliation of recorded cash and investments to financial institution balances during 2024. This reconciliation process serves to verify the Sheriff's Office's deposits and withdrawals have been properly recorded at the Sheriff's Office and is necessary to detect errors in the Sheriff's Office's accounting system or errors made by the financial institutions.
- The County presented a monthly verification of the treasurer's accounts to the Board of County Commissioners as required by SDCL 7-10-3. However, the information contained in the presentation contained material errors. This monthly verification serves as a check and balance of the Treasurer's Office by verifying all cash items and bank accounts in the possession or control of the Treasurer's Office.

Effect:

The County was exposed to an increased risk of accounting error or irregularities not being detected in a timely manner. The County was also exposed to greater risk that management decisions could be made using inaccurate cash and investment balances.

Cause:

Changes in personnel and inexperience of the personnel contributed to the difficulties with the reconciliation process.

Recommendations:

1. We recommend the County perform a reconciliation of the total recorded cash and investments to the financial institution's balance of the County's bank accounts on a monthly basis.

2. We recommend that the Sheriff perform a reconciliation of the total recorded cash to the financial institutions' balance of the Sheriff's bank accounts on a monthly basis.
3. We recommend that the County insure that an accurate verification of the Treasurer's Accounts is presented to the Board of County Commissioners on a monthly basis.

Views of responsible officials:

Recommendation #1 and 2 – We are reconciling the cash accounts.
Recommendation #3 – We have corrected this process.

Financial Reporting Errors

Finding No. 2024-002:

Criteria:

The County's internal control structure should be designed to provide for the preparation of the annual financial report, which includes having an adequate system for reporting and processing entries material to the annual financial report being audited in accordance with the modified cash basis of accounting.

Condition:

The County's system of internal control designed to provide for accurate preparation of the annual financial report was inadequate resulting in numerous significant reporting errors within the annual report prepared by the County.

Context:

We identified 23 misstatements on the 2024 annual financial report that were either individually material misstatements or required corrections to properly present the annual financial report. These corrections allowed for the issuance of an unmodified audit opinion on the financial statements.

Effect:

Inaccurate and incomplete information being present to the users of the annual financial report.

Cause:

The County does not have an internal control system designed to provide for the preparation of the annual financial report in accordance with the modified cash basis of accounting.

Recommendation:

We recommend that the County strengthen internal controls over financial reporting.

Views of responsible officials:

We have strengthened the internal controls over financial reporting.

Section III – Federal Award Findings and Questioned Costs

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



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RUSSELL A. OLSON
AUDITOR GENERAL

Independent Auditor's Report

County Commission
Lincoln County
Canton, South Dakota

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

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

As discussed in Notes 2 and 13 to the financial statements, in 2024, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error

Corrections which has resulted in a restatement of fund balance as of January 1, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control over financial reporting and compliance.



Russell A. Olson
Auditor General

November 25, 2025

LINCOLN COUNTY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2024

	Primary Government Governmental Activities
ASSETS:	
Cash and Cash Equivalents	\$ 44,108,339.49
Investments	<u>35,701,233.75</u>
 TOTAL ASSETS	 <u>\$ 79,809,573.24</u>
 NET POSITION:	
Restricted For: (See Note 6)	
Capital Projects Purposes	\$ 51,072,278.38
Rural Access Infrastructure Purposes	1,077,380.27
American Rescue Plan Purposes	262,060.14
Modernization and Preservation Relief Purposes	223,856.69
Debt Service Purposes	554,069.04
Other Purposes	60,217.37
Unrestricted	<u>26,559,711.35</u>
 TOTAL NET POSITION	 <u>\$ 79,809,573.24</u>

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

LINCOLN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental	Activities
Primary Government:						
Governmental Activities:						
General Government	\$ 16,330,825.76	\$ 2,117,635.54	\$ 1,623,351.02	\$ 206,084.21	\$ (12,383,754.99)	
Public Safety	9,809,619.08	1,927,856.95	649,419.52		(7,232,342.61)	
Public Works	11,038,765.72	80,703.68	4,692,197.45		(6,265,864.59)	
Health and Welfare	656,938.59	239,559.51			(417,379.08)	
Culture and Recreation	293,281.72				(293,281.72)	
Conservation of Natural Resources	220,045.39	500.00	3,400.00		(216,145.39)	
Urban and Economic Development	1,754,393.80	296,254.17			(1,458,139.63)	
Intergovernmental	332,555.26				(332,555.26)	
**Interest on Long-Term Debt	2,867,689.43				(2,867,689.43)	
 Total Primary Government	 \$ 43,304,114.75	 \$ 4,662,509.85	 \$ 6,968,367.99	 \$ 206,084.21	 (31,467,152.70)	
 General Revenues:						
Taxes:						
Property Taxes					22,241,331.87	
Wheel Tax					1,808,310.05	
State Shared Revenues					599,583.39	
Grants and Contributions not Restricted to Specific Programs					11,516.00	
Unrestricted Investment Earnings					4,250,398.95	
Miscellaneous Revenue					2,481,587.10	
 Total General Revenues	 \$ 31,392,727.36					
Change in Net Position					(74,425.34)	
Net Position - beginning, as previously reported					79,883,998.58	
 NET POSITION - ENDING	 \$ 79,809,573.24					

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

LINCOLN COUNTY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	Road and Bridge Fund	Justice Center Capital Project Fund	Justice Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	\$ 13,145,524.57	\$ 1,523,235.48	\$ 27,376,044.63	\$ 185,888.90	\$ 1,877,645.91	\$ 44,108,339.49
Investments	<u>12,005,000.00</u>		<u>23,696,233.75</u>			<u>35,701,233.75</u>
TOTAL ASSETS	\$ 25,150,524.57	\$ 1,523,235.48	\$ 51,072,278.38	\$ 185,888.90	\$ 1,877,645.91	\$ 79,809,573.24
FUND BALANCES: (See Note 1.j.)						
Restricted	\$ 262,060.14	\$	\$ 51,072,278.38	\$ 185,888.90	\$ 1,729,634.47	\$ 53,249,861.89
Assigned	16,104,876.00				148,011.44	17,776,122.92
Unassigned	<u>8,783,588.43</u>	<u>1,523,235.48</u>				<u>8,783,588.43</u>
TOTAL FUND BALANCES	\$ 25,150,524.57	\$ 1,523,235.48	\$ 51,072,278.38	\$ 185,888.90	\$ 1,877,645.91	\$ 79,809,573.24

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

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LINCOLN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	General Fund	Road and Bridge Fund	Justice Center Capital Project Fund	Justice Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
General Property Taxes--Current	\$ 16,485,207.44	\$	\$	\$ 3,084,811.46	\$ 2,533,442.14	\$ 22,103,461.04
General Property Taxes--Delinquent	85,310.87				7,562.71	92,873.58
Penalties and Interest	23,984.75			2,637.07	1,928.19	28,550.01
Telephone Tax (Outside)	6,009.96					6,009.96
Wheel Tax		1,808,310.05				1,808,310.05
Tax Deed Revenue	1,554.44			290.63	140.98	1,986.05
Other Taxes	6,817.16			1,169.70	464.37	8,451.23
Licenses and Permits	371,164.17	81,860.00				453,024.17
Intergovernmental Revenue:						
Federal Grants	110,653.50	17,081.65			1,176,561.73	1,304,296.88
Federal Payments in Lieu of Taxes		1,357.00				1,357.00
State Grants	154,762.19	889,494.88			72,190.19	1,116,447.26
State Shared Revenue:						
Bank Franchise	219,783.51				17,374.43	237,157.94
Motor Vehicle Licenses		2,112,406.63				2,112,406.63
Prorate License Fees		159,421.54				159,421.54
Telecommunications Gross Receipts Tax	102,800.28					102,800.28
Motor Vehicle 1/4%	10,014.53					10,014.53
Motor Fuel Tax		13,922.41				13,922.41
911 Remittances					464,628.02	464,628.02
Liquor Tax Reversion (25%)	259,625.17					259,625.17
Other State Shared Revenue	227,463.70	1,175,755.44			350,926.99	1,754,146.13
Other Intergovernmental Revenue	1,128.80	20,259.56			20,895.30	42,283.66
Charges for Goods and Services:						
General Government:						
Treasurer's Fees	372,078.78					372,078.78
Register of Deeds' Fees	1,162,759.60				34,241.49	1,197,001.09
Legal Services	302,263.98				11,160.64	313,424.62
Clerk of Courts Fees	60,102.00					60,102.00
Other Fees	68,686.67					68,686.67
Public Safety:						
Law Enforcement	1,229,905.95					1,229,905.95
Prisoner Care	128,913.15					128,913.15

Sobriety Testing				72,973.24		72,973.24
Other				202,552.00		202,552.00
Public Works:						
Road Maintenance Contract Charges	4,041.54					4,041.54
Airport					46,519.39	46,519.39
Other	28,742.75					28,742.75
Health and Welfare:						
Economic Assistance:						
Poor Lien Recoveries	9,694.75					9,694.75
Health Assistance:						
Women, Infants and Children	3,861.92					3,861.92
Mental Health Services	226,002.84					226,002.84
Fines and Forfeits:						
Costs	85,721.01					85,721.01
Forfeits	111,933.46					111,933.46
Other	603.14					603.14
Miscellaneous Revenue:						
Investment Earnings	1,584,039.04	253,105.04	2,332,975.62	5,611.63	74,667.62	4,250,398.95
Rent	46,727.38					46,727.38
Contributions and Donations	1,000.00					1,000.00
Refund of Prior Year's Expenditures	2,086.20	3.12				2,089.32
Other	134,601.96	822.50				135,424.46
Total Revenues	<u>23,626,005.05</u>	<u>6,537,841.36</u>	<u>2,332,975.62</u>	<u>3,094,520.49</u>	<u>5,088,229.43</u>	<u>40,679,571.95</u>

Expenditures:

General Government:						
Legislative:						
Board of County Commissioners	486,541.73					486,541.73
Elections	184,018.96					184,018.96
Judicial System	1,622,154.50					1,622,154.50
Financial Administration:						
Auditor	492,708.60					492,708.60
Treasurer	732,164.12					732,164.12
Legal Services:						
State's Attorney	2,568,002.07					2,568,002.07
Other General Government:						
General Government Building	1,318,995.84					1,318,995.84
Director of Equalization	1,474,708.18					1,474,708.18
Register of Deeds	354,154.19				25,694.63	379,848.82
Veterans Service Officer	94,126.37					94,126.37
Predatory Animal	3,006.89					3,006.89
Other	106,339.36					106,339.36
Geographic Information System	273,405.74					273,405.74
Information Technology	1,268,956.69					1,268,956.69
Human Resources	253,485.73					253,485.73

LINCOLN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024
(Continued)

	General Fund	Road and Bridge Fund	Justice Center Capital Project Fund	Justice Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Public Safety:						
Law Enforcement:						
Sheriff	4,598,126.33					4,598,126.33
County Jail	3,124,062.31				102,021.56	3,226,083.87
Coroner	79,140.33					79,140.33
Juvenile Detention	514,114.50					514,114.50
Other Law Enforcement					1,118,530.14	1,118,530.14
Protective and Emergency Services:						
Fire Protection					106,604.00	106,604.00
Emergency and Disaster Services					158,994.16	158,994.16
Flood Control	8,025.75					8,025.75
Public Works:						
Highways and Bridges:						
Highways, Roads and Bridges		8,912,982.48			138,622.01	9,051,604.49
Transportation:						
Airport					1,339,661.23	1,339,661.23
Health and Welfare:						
Economic Assistance:						
Support of Poor	142,330.43					142,330.43
Other	86,295.00					86,295.00
Health Assistance:						
Health Services	15,000.00					15,000.00
Women, Infants and Children	5,267.87					5,267.87
Social Services:						
Domestic Abuse					10,000.00	10,000.00
Mental Health Services:						
Mentally Ill	353,217.29					353,217.29
Mental Health Centers	44,828.00					44,828.00
Culture and Recreation:						
Culture:						
Public Library	27,100.00					27,100.00
Recreation:						
County Fair	150,754.72					150,754.72
Senior Center	25,427.00					25,427.00

Conservation of Natural Resources:

Soil Conservation:

Soil Conservation Districts	20,000.00			20,000.00
Weed Control	200,045.39			200,045.39

Urban and Economic Development:

Urban Development:

Planning and Zoning	491,982.95			491,982.95
Urban and Rural Development			1,157,364.34	1,157,364.34

Economic Development:

Tourism, Industrial or Recreational Development	5,000.00			5,000.00
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Intergovernmental Expenditures		271,255.52		61,299.74	332,555.26
Debt Service	93,375.00	300,000.00	2,962,193.76	1,209,667.18	4,565,235.94

Capital Outlay		4,212,362.16		4,212,362.16	
Total Expenditures	21,216,861.84	9,484,238.00	4,212,362.16	2,962,193.76	5,428,458.99

					43,304,114.75
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Excess of Revenues Over (Under) Expenditures

	2,409,143.21	(2,946,396.64)	(1,879,386.54)	132,326.73	(340,229.56)	(2,624,542.80)
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Other Financing Sources (Uses):

Transfers In		3,500,000.00		687,187.00	4,187,187.00
Transfers Out	(4,187,187.00)				(4,187,187.00)

Insurance Proceeds	74,054.35	132,029.86			206,084.21
Sale of County Property	2,306,833.25	37,200.00			2,344,033.25

Total Other Financing Sources (Uses)	(1,806,299.40)	3,669,229.86	0.00	0.00	687,187.00	2,550,117.46
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Net Change in Fund Balance	602,843.81	722,833.22	(1,879,386.54)	132,326.73	346,957.44	(74,425.34)
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Fund Balance - beginning, as previously reported	24,547,680.76	800,402.26	53,005,227.09	0.00	1,530,688.47	79,883,998.58
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Restatement due to

Debt Service Fund Activity Incorrectly Reported in Capital Project Fund (See Note 13)			(53,562.17)	53,562.17		0.00
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Fund Balance - beginning, as restated	24,547,680.76	800,402.26	52,951,664.92	53,562.17	1,530,688.47	79,883,998.58
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FUND BALANCE - ENDING	\$ 25,150,524.57	\$ 1,523,235.48	\$ 51,072,278.38	\$ 185,888.90	\$ 1,877,645.91	\$ 79,809,573.24
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The notes to the financial statements are an integral part of this statement.

LINCOLN COUNTY
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2024

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	<u>\$ 3,977,817.08</u>
TOTAL ASSETS	<u>\$ 3,977,817.08</u>
NET POSITION:	
Restricted For:	
Individuals, Organizations, and Other Governments	<u>\$ 3,977,817.08</u>
TOTAL NET POSITION	<u>\$ 3,977,817.08</u>

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

LINCOLN COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
For the Year Ended December 31, 2024

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 162,726,804.53
State Shared Revenue Collections for Other Governments	26,429,641.32
Other Additions	<u>687,376.04</u>
 Total Additions	 <u>189,843,821.89</u>
DEDUCTIONS:	
Payments of Property Tax to Other Governments	161,667,962.37
Payments of State Shared Revenue to Other Governments	27,065,138.59
Other Deductions	<u>607,294.24</u>
 Total Deductions	 <u>189,340,395.20</u>
Change in Net Position	503,426.69
Net Position - beginning, as previously reported	<u>3,474,390.39</u>
 NET POSITION - ENDING	 <u>\$ 3,977,817.08</u>

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

**LINCOLN COUNTY
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Lincoln County (County), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

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

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

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

The remaining special revenue funds are not considered major funds: 911 Service, Fire Protection, Emergency Management, Domestic Abuse, Airport, 24/7 Sobriety, Modernization and Preservation Relief, Devitt Farms Development Tax Increment District #8, Countryside Addition Development Tax Increment District #9, and Rural Access Infrastructure. These funds are reported on the fund financial statements as “Other Governmental Funds.”

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

Justice Center Capital Projects Fund – to account for financial resources to be used for the construction of the Justice Center. This is a major fund.

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

Courthouse Building Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

Highway Building Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

Canton Industrial Park Tax Increment District #7 Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

Justice Center Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest and related costs. The County elected to report as a major fund.

Fiduciary Funds:

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

Custodial Funds – *Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through 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 are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

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

Measurement Focus:

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

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 activities are presented using a modified cash basis of accounting.

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed. The acceptable modification to the cash basis of accounting implemented by the County in these financial statements is:

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

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

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

d. Deposits and Investments:

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

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

e. Capital Assets:

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

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using a modified cash basis of accounting. The County has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating those assets where appropriate, so any capital assets owned by the County and the related depreciation are not reported on the financial statements of the County.

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Limited Tax General Obligation Bonds.

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

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

g. Program Revenues:

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

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

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 creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
2. Unrestricted Net Position – All other net position that do not meet the definition of Restricted Net Position.

Fund Financial Statements:

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

i. Application of Net Position:

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

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 County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the County Commissioners.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Road and Bridge Fund	Motor Vehicle Licenses, Grants, Wheel Tax, and Intergovernmental Revenue

A schedule of fund balances is provided as follows:

LINCOLN COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Road and Bridge Fund	Justice Center Capital Project Fund	Justice Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Restricted For:						
American Rescue Plan Purposes	\$ 262,060.14	\$	\$ 51,072,278.38	\$ 185,888.90	\$	\$ 262,060.14
Justice Center Capital Project Purposes						51,072,278.38
Justice Center Debt Service Purposes						185,888.90
Rural Fire Purposes					51,501.07	51,501.07
Domestic Abuse Purposes					8,716.30	8,716.30
Modernization and Preservation						
Relief Purposes					223,856.69	223,856.69
Rural Access Infrastructure Purposes					1,077,380.27	1,077,380.27
Courthouse Building Debt Service						
Purposes					111,800.38	111,800.38
Highway Building Debt Service						
Purposes					245,696.96	245,696.96
Tax Increment Financing District #9						
Purposes					10,682.80	10,682.80
Assigned To:						
Applied to Next Year's Budget	8,048,441.00					8,048,441.00
Road and Bridge Purposes	4,556,435.00	1,523,235.48				6,079,670.48
Building Purposes	3,500,000.00					3,500,000.00
Emergency Management Purposes					50,393.09	50,393.09
911 Service Purposes					50,728.94	50,728.94
24/7 Sobriety Purposes					20,001.74	20,001.74
Airport Purposes					26,887.67	26,887.67
Unassigned	8,783,588.43					8,783,588.43
Total Fund Balances	<u>\$ 25,150,524.57</u>	<u>\$ 1,523,235.48</u>	<u>\$ 51,072,278.38</u>	<u>\$ 185,888.90</u>	<u>\$ 1,877,645.91</u>	<u>\$ 79,809,573.24</u>

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2024, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to work within the financial reporting entity and describes the transactions or other events that constitutes those changes. See Note 13 for the effect on beginning fund balances due to an error correction.

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

The County 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 County's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1, and 7-20-1.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

As of December 31, 2024, the County has deposits related to the General Fund in the amount of \$12,005,000.00 held in certificates of deposit.

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

As of December 31, 2024, the County had the following investments.

Investment	Credit Rating	Fair Value	Less than 1 Year
U.S. Treasury Notes and Bills	N/A	\$ 23,696,233.75	\$ 23,696,233.75

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2024, the County's deposits in financial institutions were exposed to custodial credit risk as follows:

Depository Name	% Under Collateralized	At-Risk Amount
Premier Bank	0.13%	\$ 9.58

Custodial Credit Risk – Investments – The risk that, in the event of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Interest Rate Risk – The County 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 County's policy is to credit all income from investments to the fund making the investment.

4. PROPERTY TAXES

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

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

5. CONDUIT DEBT

In the past, the County has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2024, there were two series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$82,495,000.00.

6. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2024 was as follows:

Major Purposes:

Capital Project Purposes	\$ 51,072,278.38
Rural Access Infrastructure Purposes	1,077,380.27
American Rescue Plan Purposes	262,060.14
Modernization and Preservation	
Relief Purposes	223,856.69
Debt Service Purposes	<u>554,069.04</u>

Other Purposes:

Rural Fire Purposes	51,501.07
Domestic Abuse Purposes	<u>8,716.30</u>
Total Other Purposes	<u>60,217.37</u>

Total Restricted Net Position

\$ 53,249,861.89

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

7. INTERFUND TRANSFERS

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

<u>Transfers From:</u>	<u>Transfers To:</u>		
	Road and Bridge Fund	Other Governmental Funds	Total
Major Funds:			
General Fund	\$ 3,500,000.00	\$ 687,187.00	\$ 4,187,187.00

The County typically budgets transfers to the Road and Bridge Fund and the 911 Service Fund, the Emergency Management Fund and the Airport Fund (Other Governmental Funds) to conduct the indispensable functions of the County.

8. TAX ABATEMENTS

Lincoln County:

The County created three tax increment districts, the Lincoln County Tax Increment District No. 7 created in 2011, the Lincoln County Tax Increment District No. 8 created in 2016 and the Lincoln County Tax Increment District No. 9 created in 2020, under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the County through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the areas will likely enhance significantly the value of substantially all of the other real property in the tax increment districts.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

In 2011, the County entered into a development agreement with Canton Economic Development Corporation. The County agreed to issue Tax Increment Revenue Bonds and award the bond proceeds to the developer as a discretionary grant to assist in funding the costs of the project.

In 2011, the County issued the Lincoln County Tax Increment Revenue Bonds, Series 2011 in the amount of \$840,000. The positive tax increments received from the district are allocated to pay the principal and interest on the bonds until they are paid off or 20 years whichever is earlier.

In 2016, the County entered into a development agreement with Harrisburg Heritage, LLC and the City of Harrisburg. The County agreed to abate a portion of the property taxes and award the increment proceeds to the developers as a discretionary grant to assist in funding the costs of the projects.

In 2020, the County entered into a development agreement with Neilson Construction, LLC and the City of Lennox. The County agreed to abate a portion of the property taxes and award the increment proceeds to the developers as a discretionary grant to assist in funding the costs of the projects.

The portion of general property taxes collected from the tax increment districts that was not available to Lincoln County, during the calendar year ended December 31, 2024 was \$150,144.30.

Municipality of Beresford:

The Municipality of Beresford has created a tax increment district under the authority granted by South Dakota Codified Law section 11-9. The tax increment district was created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

The Municipality of Beresford has one active tax increment district. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Lincoln County during the life of the tax increment district.

The portion of general property taxes levied for this tax increment district that were not available to Lincoln County, during the calendar year ended December 31, 2024 was \$12,516.91.

Municipality of Harrisburg:

The Municipality of Harrisburg has created tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

The Municipality of Harrisburg has four active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Lincoln County during the life of the tax increment district.

The portion of general property taxes collected from the tax increment districts that was not available to Lincoln County, during the calendar year ended December 31, 2024 was \$203,783.40.

Municipality of Tea:

The Municipality of Tea has created tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

The Municipality of Tea has two active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Lincoln County during the life of the tax increment district.

The portion of general property taxes levied for this tax increment district that were not available to Lincoln County, during the calendar year ended December 31, 2024 was \$73,487.35.

9. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

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

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

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

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

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

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

Contributions:

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

Year	Amount
2024	\$ 730,805.89
2023	\$ 665,026.88
2022	\$ 543,199.57

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

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

Proportionate share of total pension liability	\$ 61,779,952.11
Less proportionate share of net position restricted for pension benefits	<u>61,796,715.71</u>
Proportionate share of net pension asset	<u>\$ (16,763.60)</u>

The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the County's proportion was 0.414123%, which is an increase of 0.017638% from 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 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.71%

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2021

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	\$ 8,518,352.08	\$ (16,763.60)	\$ (7,001,146.88)

Pension Plan Fiduciary Net Position:

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

10. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2024, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the

Risk Management note, the County has liability coverage for itself and its employees with a commercial carrier. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

11. SUBSEQUENT EVENTS

The County entered into a \$15,000,000.00 State Infrastructure Bank loan (Loan) with the South Dakota Department of Transportation (SDDOT) on September 11, 2025 to finance the County's financial commitment to fund the construction of a new interchange on Interstate 29 located at 85th Street. The County will make annual payments over a period of ten years at an annual interest rate of 1.5% beginning in fiscal year 2027.

The County created Tax Increment Financing District #10 (TIF #10) on July 9, 2024 as a financing mechanism to recover the principal and interest of the Loan. The certified project cost of TIF #10 is \$16,284,829.00 comprising \$15,000,000.00 for repayment of principal, \$1,265,127.00 for repayment of interest and \$19,700.00 for legal fees incurred by the County in creation of TIF #10. The County estimates that the tax increment revenues generated by TIF #10 will eventually be sufficient to cover the Loan payments. However, until such time, payments will first be made from tax increment financing revenues, secondly from Surface Transportation Block Grant Program (STBGP) allocations from South Dakota Department of Transportation and lastly from the County's General Fund. TIF #10 will be in place for 20 years or until certified project costs have been recovered.

12. RISK MANAGEMENT

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

Employee Health Insurance:

The County purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The County 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 County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County'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 County 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 County 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 County has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended December 31, 2024, one claim was filed for unemployment benefits. This claim resulted in the payment of benefits in the amount of \$450.84. At December 31, 2024, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

13. RESTATEMENTS OF AND ADJUSTMENTS TO BEGINNING BALANCES

Correction of an Error in Previously Issued Financial Statements:

Beginning Fund Balance in the Justice Center Capital Project Fund and the Justice Center Debt Service Fund was restated due to the reporting of debt service interest earnings of \$53,562.17 in the Justice Center Capital Project Fund. The interest earnings should be reported in the Justice Center Debt Service Fund. There is no effect on the Government-Wide Financial Statements.

The County restated the fund balance of the funds indicated below to appropriately reflect the January 1, 2024 balances as follows:

	<u>12/31/2023 as Previously Reported</u>	<u>Error Correction</u>	<u>12/31/2023 as Restated</u>
Governmental Funds:			
Major Funds:			
Justice Center Capital Project Fund	\$ 53,005,227.09	\$ (53,562.17)	\$ 52,951,664.92
Justice Center Debt Service Fund	0.00	53,562.17	53,562.17
Total Governmental Funds	\$ 53,005,227.09	\$ 0.00	\$ 53,005,227.09

SUPPLEMENTARY INFORMATION
LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 16,620,047.00	\$ 16,620,047.00	\$ 16,485,207.44	\$ (134,839.56)
General Property Taxes--Delinquent	80,000.00	80,000.00	85,310.87	5,310.87
Penalties and Interest	15,000.00	15,000.00	23,984.75	8,984.75
Telephone Tax (Outside)	4,500.00	4,500.00	6,009.96	1,509.96
Tax Deed Revenue	0.00	0.00	1,554.44	1,554.44
Other Taxes	700.00	700.00	6,817.16	6,117.16
Licenses and Permits	373,400.00	373,400.00	371,164.17	(2,235.83)
Intergovernmental Revenue:				
Federal Grants	152,000.00	198,214.00	110,653.50	(87,560.50)
State Grants	5,000.00	73,169.01	154,762.19	81,593.18
State Shared Revenue:				
Bank Franchise	240,000.00	240,000.00	219,783.51	(20,216.49)
Telecommunications Gross Receipts Tax	160,000.00	160,000.00	102,800.28	(57,199.72)
Motor Vehicle 1/4%	0.00	0.00	10,014.53	10,014.53
Liquor Tax Reversion (25%)	250,000.00	250,000.00	259,625.17	9,625.17
Other State Shared Revenue	5,156.00	5,156.00	227,463.70	222,307.70
Other Intergovernmental Revenue	15,000.00	15,000.00	1,128.80	(13,871.20)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	323,800.00	323,800.00	372,078.78	48,278.78
Register of Deeds' Fees	1,090,000.00	1,090,000.00	1,162,759.60	72,759.60
Legal Services	239,000.00	239,000.00	302,263.98	63,263.98
Clerk of Courts Fees	45,000.00	45,000.00	60,102.00	15,102.00
Other Fees	55,000.00	55,000.00	68,686.67	13,686.67
Public Safety:				
Law Enforcement	1,035,197.00	1,035,197.00	1,229,905.95	194,708.95
Prisoner Care	100,000.00	100,000.00	128,913.15	28,913.15
Public Works:				
Other	22,500.00	22,500.00	28,742.75	6,242.75
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	20,000.00	20,000.00	9,694.75	(10,305.25)
Health Assistance:				
Women, Infants and Children	5,000.00	5,000.00	3,861.92	(1,138.08)
Mental Health Services	216,981.00	216,981.00	226,002.84	9,021.84
Fines and Forfeits:				
Costs	56,000.00	56,000.00	85,721.01	29,721.01
Forfeits	100,000.00	100,000.00	111,933.46	11,933.46
Other	0.00	0.00	603.14	603.14
Miscellaneous Revenue:				
Investment Earnings	70,000.00	70,000.00	1,584,039.04	1,514,039.04
Rent	20,286.00	20,286.00	46,727.38	26,441.38
Contributions and Donations	0.00	0.00	1,000.00	1,000.00
Refund of Prior Year's Expenditures	0.00	0.00	2,086.20	2,086.20
Other	1,250.00	85,324.11	134,601.96	49,277.85
Total Revenues	21,320,817.00	21,519,274.12	23,626,005.05	2,106,730.93

Expenditures:

General Government:				
Legislative:				
Board of County Commissioners	734,727.90	742,586.11	486,541.73	256,044.38
Contingency	230,000.00	230,000.00		
Amount Transferred		(196,064.72)		33,935.28
Elections	214,440.00	214,440.00	184,018.96	30,421.04
Judicial System	1,590,500.00	1,682,373.04	1,622,154.50	60,218.54
Financial Administration:				
Auditor	500,082.28	510,082.28	492,708.60	17,373.68
Treasurer	743,954.80	753,791.80	732,164.12	21,627.68
Legal Services:				
State's Attorney	2,534,999.29	2,603,168.30	2,568,002.07	35,166.23

SUPPLEMENTARY INFORMATION
LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2024
(Continued)

	Budgeted Amounts		Variance with Final Budget Positive (Negative)	
	Original	Final	Actual Amounts	
Other General Government:				
General Government Building	1,324,741.50	1,341,641.50	1,318,995.84	22,645.66
Director of Equalization	1,399,922.44	1,507,452.44	1,474,708.18	32,744.26
Register of Deeds	388,499.63	388,499.63	354,154.19	34,345.44
Veterans Service Officer	125,763.72	125,763.72	94,126.37	31,637.35
Predatory Animal	3,007.00	3,007.00	3,006.89	0.11
Other	100,000.00	106,400.00	106,339.36	60.64
Geographic Information System	317,048.14	317,048.14	273,405.74	43,642.40
Information Technology	1,269,134.90	1,274,304.90	1,268,956.69	5,348.21
Human Resources	307,150.31	307,150.31	253,485.73	53,664.58
Public Safety:				
Law Enforcement:				
Sheriff	4,427,049.91	4,759,226.61	4,598,126.33	161,100.28
County Jail	3,353,440.95	3,354,817.25	3,124,062.31	230,754.94
Coroner	91,800.00	91,800.00	79,140.33	12,659.67
Juvenile Detention	330,000.00	514,559.00	514,114.50	444.50
Protective and Emergency Services:				
Flood Control	105,000.00	105,000.00	8,025.75	96,974.25
Health and Welfare:				
Economic Assistance:				
Support of Poor	142,000.00	143,000.00	142,330.43	669.57
Other	86,939.00	171,013.11	86,295.00	84,718.11
Health Assistance:				
Health Services	15,000.00	15,000.00	15,000.00	0.00
Women, Infants and Children	35,818.50	35,818.50	5,267.87	30,550.63
Mental Health Services:				
Mentally Ill	356,000.00	356,000.00	353,217.29	2,782.71
Mental Health Centers	44,828.00	44,828.00	44,828.00	0.00
Culture and Recreation:				
Culture:				
Public Library	27,100.00	27,100.00	27,100.00	0.00
Recreation:				
County Fair	178,395.09	178,395.09	150,754.72	27,640.37
Senior Center	25,427.00	25,427.00	25,427.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
Soil Conservation Districts	20,000.00	20,000.00	20,000.00	0.00
Weed Control	206,560.93	206,560.93	200,045.39	6,515.54
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	653,535.88	653,535.88	491,982.95	161,552.93
Economic Development:				
Tourism, Industrial or Recreational Development	5,000.00	5,000.00	5,000.00	0.00
Other	10,000.00	0.00	0.00	0.00
Debt Service	93,375.00	93,375.00	93,375.00	0.00
Total Expenditures	21,991,242.17	22,712,100.82	21,216,861.84	1,495,238.98
Excess of Revenues Over (Under) Expenditures	(670,425.17)	(1,192,826.70)	2,409,143.21	3,601,969.91
Other Financing Sources (Uses):				
Transfers In	289,337.00	289,337.00	0.00	(289,337.00)
Transfers Out	(5,612,252.00)	(5,612,252.00)	(4,187,187.00)	1,425,065.00
Insurance Proceeds	0.00	0.00	74,054.35	74,054.35
Sale of County Property	0.00	0.00	2,306,833.25	2,306,833.25
Total Other Financing Sources (Uses)	(5,322,915.00)	(5,322,915.00)	(1,806,299.40)	3,516,615.60
Net Change in Fund Balance	(5,993,340.17)	(6,515,741.70)	602,843.81	7,118,585.51
Fund Balance - beginning, as previously reported	24,547,680.76	24,547,680.76	24,547,680.76	0.00
FUND BALANCE - ENDING	\$ 18,554,340.59	\$ 18,031,939.06	\$ 25,150,524.57	\$ 7,118,585.51

SUPPLEMENTARY INFORMATION
LINCOLN COUNTY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	Original	Final	
Revenues:					
Taxes:					
Wheel Tax	\$ 1,600,000.00	\$ 1,600,000.00	\$ 1,808,310.05	\$ 208,310.05	
Licenses and Permits	55,000.00	55,000.00	81,860.00	26,860.00	
Intergovernmental Revenue:					
Federal Grants	100,000.00	100,000.00	17,081.65	(82,918.35)	
Federal Payments in Lieu of Taxes	1,350.00	1,350.00	1,357.00	7.00	
State Grants	408,000.00	408,000.00	889,494.88	481,494.88	
State Shared Revenue:					
Motor Vehicle Licenses	1,500,000.00	1,500,000.00	2,112,406.63	612,406.63	
Prorate License Fees	110,000.00	110,000.00	159,421.54	49,421.54	
63 3/4% Mobile Home	16,000.00	16,000.00	0.00	(16,000.00)	
Motor Fuel Tax	12,000.00	12,000.00	13,922.41	1,922.41	
Other State Shared Revenue	1,100,000.00	1,100,000.00	1,175,755.44	75,755.44	
Other Intergovernmental Revenue	0.00	0.00	20,259.56	20,259.56	
Charges for Goods and Services:					
Public Works:					
Road Maintenance Contract Charges	5,000.00	5,000.00	4,041.54	(958.46)	
Miscellaneous Revenue:					
Investment Earnings	14,000.00	14,000.00	253,105.04	239,105.04	
Refund of Prior Year's Expenditures	0.00	0.00	3.12	3.12	
Other	0.00	0.00	822.50	822.50	
Total Revenues	<u>4,921,350.00</u>	<u>4,921,350.00</u>	<u>6,537,841.36</u>	<u>1,616,491.36</u>	
Expenditures:					
Public Works:					
Highways and Bridges:					
Highways, Roads and Bridges	10,532,753.36	11,207,235.36	8,912,982.48	2,294,252.88	
Intergovernmental Expenditures	300,000.00	300,000.00	271,255.52	28,744.48	
Debt Service	300,000.00	300,000.00	300,000.00	0.00	
Total Expenditures	<u>11,132,753.36</u>	<u>11,807,235.36</u>	<u>9,484,238.00</u>	<u>2,322,997.36</u>	
Excess of Revenues Over (Under) Expenditures	<u>(6,211,403.36)</u>	<u>(6,885,885.36)</u>	<u>(2,946,396.64)</u>	<u>3,939,488.72</u>	
Other Financing Sources (Uses):					
Transfers In	5,211,403.00	5,211,403.00	3,500,000.00	(1,711,403.00)	
Insurance Proceeds	0.00	0.00	132,029.86	132,029.86	
Sale of County Property	0.00	0.00	37,200.00	37,200.00	
Total Other Financing Sources (Uses)	<u>5,211,403.00</u>	<u>5,211,403.00</u>	<u>3,669,229.86</u>	<u>(1,542,173.14)</u>	
Net Change in Fund Balance	(1,000,000.36)	(1,674,482.36)	722,833.22	2,397,315.58	
Fund Balance - beginning, as previously reported	800,402.26	800,402.26	800,402.26	0.00	
FUND BALANCE - ENDING	<u>\$ (199,598.10)</u>	<u>\$ (874,080.10)</u>	<u>\$ 1,523,235.48</u>	<u>\$ 2,397,315.58</u>	

LINCOLN COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget

Note 1. Budgets and Budgetary Accounting:

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

1. Between the fifteenth and thirtieth days of July in each year the Board of County Commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues, and expenditures.
2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.
3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.
4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.
5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.
6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.
7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

SUPPLEMENTARY INFORMATION
LINCOLN COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
South Dakota Retirement System

*Last 10 Years

Calendar Year	County's Proportion of the Net Pension Liability/Asset	County's Proportionate Share of the Net Pension Liability/Asset	County's Covered Payroll	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	0.414123%	\$ (16,763.60)	\$ 10,833,781.72	0.15%	100.00%
2023	0.396485%	\$ (38,698.72)	\$ 9,428,937.13	0.41%	100.10%
2022	0.351914%	\$ (33,258.07)	\$ 7,817,761.40	0.43%	100.10%
2021	0.337845%	\$ (2,587,314.49)	\$ 7,155,220.27	36.16%	105.52%
2020	0.333288%	\$ (14,474.62)	\$ 6,883,880.08	0.21%	100.04%
2019	0.312175%	\$ (33,082.03)	\$ 6,288,684.27	0.53%	100.09%
2018	0.297052%	\$ (6,927.93)	\$ 5,841,807.09	0.12%	100.02%
2017	0.290471%	\$ (26,360.52)	\$ 5,607,243.89	0.47%	100.10%
2016	0.266471%	\$ 900,113.20	\$ 4,822,364.30	18.67%	96.89%
2015	0.271149%	\$ (1,150,021.66)	\$ 4,707,575.53	24.43%	104.10%

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

LINCOLN COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset)

Changes from 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 as follows.

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

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

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

**SUPPLEMENTARY INFORMATION
LINCOLN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures 2024
US Department of Interior - Direct Programs: Bureau of Land Management, Payments in Lieu of Taxes (Note 3)	15.226		\$ 1,357.00	
Total US Department of the Interior			0.00	1,357.00
US Department of Justice - Direct Programs: Bullet Proof Vest Partnership Program	16.607			6,277.48
US Department of Justice - Pass-Through Programs: SD Department of Corrections, Juvenile Justice and Delinquency Prevention	16.540			68,169.01
Total US Department of Justice			0.00	74,446.49
Highway Planning and Construction Cluster: US Department of Transportation - Pass-Through Programs: SD Department of Transportation, Highway Planning and Construction	20.205			29,681.63
Total Highway Planning and Construction Cluster			0.00	29,681.63
Highway Safety Cluster: US Department of Transportation - Pass-Through Programs: SD Department of Public Safety, State and Community Highway Safety	20.600	HS-2024-00244		18,486.20
Total Highway Safety Cluster			0.00	18,486.20
US Department of Transportation - Pass-Through Programs: SD Department of Transportation, Airport Improvement Program (Note 4)	20.106	3-46-0078-21-2023, 3-46-0078-22-2024, 3-46-0078-23-2024	0.00	900,085.01
Total US Department of Transportation			0.00	948,252.84
US Department of Treasury - Direct Programs: COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Note 4)	21.027	SLFRP2894		1,290,727.09
Total US Department of Treasury			0.00	1,290,727.09
US General Services Administration - Pass-Through Programs: SD Federal Property Agency, Donation of Federal Surplus Personal Property (Note 5)	39.003			15.28
Total US General Services Administration			0.00	15.28
US Department of Homeland Security - Pass-Through Programs: SD Department of Public Safety - Office of Emergency Management, Disaster Grants-Public Assistance (Presidentially Declared Disasters) Emergency Management Performance Grants BRIC: Building Resilient Infrastructure and Communities Homeland Security Grant Program	97.036 97.042 97.047 97.067	EMPG24		14,234.71 57,138.00 20,243.99 56,243.02
Total US Department of Homeland Security			0.00	147,859.72
GRAND TOTAL			\$ 0.00	\$ 2,462,658.42

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Federal Reimbursement

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

Note 5: Federal Surplus Property

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

SUPPLEMENTARY INFORMATION
LINCOLN COUNTY
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2024

Indebtedness	Long-Term Debt January 1, 2024	Add New Debt	Less Debt Retired	Long-Term Debt December 31, 2024
Governmental Long-Term Debt:				
Bonds Payable (Note 1)	\$ 60,635,000.00	\$	\$ 1,200,000.00	\$ 59,435,000.00
Governmental Commitment (Note 2)	99,296.51	\$	99,296.51	0.00
Other Long-Term Debt Liabilities (Note 3)	<u>3,290,000.00</u>	<u></u>	<u>390,000.00</u>	<u>2,900,000.00</u>
Total	<u>\$ 64,024,296.51</u>	<u>\$ 0.00</u>	<u>\$ 1,689,296.51</u>	<u>\$ 62,335,000.00</u>

47 Note 1 - The beginning balance was increased by \$10,000.00 to agree to the current debt schedule.

Note 2 - The beginning balance was decreased by \$18,031.02 to agree to the updated debt schedule.

Note 3 - The beginning balance was increased by \$3,200,000.00 to reflect the previously unreported contracts with the City of Harrisburg and City of Tea.

Note 4 - Long-Term Debt:

Debt payable at December 31, 2024 is comprised of the following:

General Obligation Bonds:

Limited General Obligation Bonds-Series 2013, .4 to 2.25 percent interest. Final maturity date December 2026. \$ 430,000.00
Retired by the Courthouse Building Debt Service Fund.

Limited General Obligation Bonds-Series 2016, .080 to 3.25 percent interest. Final maturity date December 2035. \$ 4,475,000.00
Retired by the Highway Building Debt Service Fund.

Limited General Obligation Bonds-Series 2023, 4.625 to 5.00 percent interest. Final maturity date December 2052. \$ 54,530,000.00
Retired by the Justice Center Debt Service Fund.

Other Long-Term Liabilities:

Note Payable - City of Harrisburg, 0% interest. Final maturity date of July 2035. Retired by the Road and Bridge Fund. \$ 2,000,000.00

Note Payable - City of Tea, 0% interest. Final maturity date of July 2030. Retired by the Road and Bridge Fund. \$ 900,000.00