

**MUNICIPALITY OF KIMBALL
KIMBALL, SOUTH DAKOTA**

AUDIT REPORT

**FOR THE YEAR JANUARY 1, 2023 TO DECEMBER 31, 2023
AND
FOR THE YEAR JANUARY 1, 2024 TO DECEMBER 31, 2024**

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF KIMBALL

MUNICIPAL OFFICIALS
DECEMBER 31, 2024

MAYOR:

Donnie Hamiel

GOVERNING BOARD:

Bill Gough – President
Michelle Chemla – Vice-President
Harold Bickner
Matt Bilben
Dayle Blasius
Shelly Janish

FINANCE OFFICER:

Lydia Morley

ATTORNEY:

Theresa Maule

Schoenfish & Co., Inc.

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

Governing Board
Municipality of Kimball
Kimball, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Kimball, South Dakota (Municipality), as of December 31, 2024 and December 31, 2023 and for each of the two years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated January 16, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as item 2024-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an

objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Municipality's Response to Findings

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

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
January 16, 2026

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

There are no prior audit findings to report.

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SCHEDULE OF CURRENT AUDIT FINDINGSCURRENT AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2024-001:Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is the first audit that this comment applies to.

Criteria:

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

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

Cause of Condition:

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

Potential Effect of Condition:

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

Recommendation:

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

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Client's Response:

The Municipality of Kimball Mayor and council are the contact persons responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Kimball, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to develop policies and provide compensating controls.

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the officials during the course of the audit and with the Finance Officer at the conclusion of the audit.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Kimball
Kimball, 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, the business-type activities, and each major fund of the Municipality of Kimball, South Dakota, (Municipality) as of December 31, 2024 and December 31, 2023, and for each year in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Municipality of Kimball as of December 31, 2024, and December 31, 2023, and the respective changes in financial position thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The Budgetary Comparison Schedules, the Schedule of the Municipality's Proportionate Share of the Net

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Pension Liability (Asset), the Schedule of the Municipal Contributions, and the Schedule of Long-Term Liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Budgetary Comparison Schedules, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of the Municipal Contributions, and the Schedule of Long-Term Liabilities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
 Certified Public Accountants
 January 16, 2026

Schoenfish & Co., Inc.

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	2,127,360.07	57,311.49	2,184,671.56
Investments	54,804.00	0.00	54,804.00
TOTAL ASSETS	2,182,164.07	57,311.49	2,239,475.56
NET POSITION:			
Restricted For:			
City Promotion Purposes	179,260.16		179,260.16
Debt Service Purposes		57,311.49	57,311.49
Unrestricted	2,002,903.91		2,002,903.91
TOTAL NET POSITION	2,182,164.07	57,311.49	2,239,475.56

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities
			Grants and Contributions	Grants and Contributions		
Primary Government:						
Governmental Activities:						
General Government	202,369.95	8,761.95			(193,608.00)	(193,608.00)
Public Safety	165,039.95		5,096.00		(159,943.95)	(159,943.95)
Public Works	427,724.07	14,248.06	63,423.92		(350,052.09)	(350,052.09)
Health and Welfare	28,807.35	54,494.63	1,992.00		27,679.28	27,679.28
Culture and Recreation	183,539.85	9,147.52	8,500.00		(165,892.33)	(165,892.33)
Conservation and Development	11,555.02		300.00		(11,255.02)	(11,255.02)
Total Governmental Activities	1,019,036.19	86,652.16	79,311.92	0.00	(853,072.11)	(853,072.11)
Business-type Activities:						
Water	191,793.44	189,992.15			(1,801.29)	(1,801.29)
Sewer	209,172.72	126,856.55		49,724.75	(32,591.42)	(32,591.42)
Total Business-Type Activities	400,966.16	316,848.70	0.00	49,724.75	(34,392.71)	(34,392.71)
Total Primary Government	1,420,002.35	403,500.86	79,311.92	49,724.75	(853,072.11)	(887,464.82)
General Revenues:						
Taxes:						
					284,193.07	284,193.07
Property Taxes						
Sales Taxes					622,720.77	622,720.77
State Shared Revenues					7,099.06	7,099.06
Unrestricted Investment Earnings					87,175.14	87,175.14
Miscellaneous Revenue					23,456.64	23,456.64
Transfers					88,702.86	0.00
Total General Revenues and Transfers					1,113,347.54	1,024,644.68
Change in Net Position					260,275.43	137,179.86
Net Position - Beginning					1,921,888.64	2,102,295.70
NET POSITION - ENDING					2,182,164.07	2,239,475.56

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

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

	<u>General Fund</u>	<u>Liquor, Lodging and Dining Fund</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	1,948,099.91	179,260.16	2,127,360.07
Investments	54,804.00		54,804.00
TOTAL ASSETS	<u>2,002,903.91</u>	<u>179,260.16</u>	<u>2,182,164.07</u>
FUND BALANCES:			
Restricted for City Promotion		179,260.16	179,260.16
Assigned for Next Year's Budget	445,205.01		445,205.01
Unassigned	1,557,698.90		1,557,698.90
TOTAL FUND BALANCES	<u>2,002,903.91</u>	<u>179,260.16</u>	<u>2,182,164.07</u>

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

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

	General Fund	Liquor, Lodging and Dining Fund	Total
Revenues:			
Taxes:			
General Property Taxes	283,764.50		283,764.50
General Sales and Use Taxes	575,560.14	47,160.63	622,720.77
Penalties & Interest on Delinquent Taxes	428.57		428.57
Total Taxes	859,753.21	47,160.63	906,913.84
Licenses and Permits	8,761.95	0.00	8,761.95
Intergovernmental Revenue:			
State Grants	15,888.00		15,888.00
State Shared Revenue:			
Bank Franchise Tax	3,187.03		3,187.03
Prorate License Fees	2,124.52		2,124.52
Liquor Tax Reversion	3,912.03		3,912.03
Motor Vehicle Licenses	15,972.14		15,972.14
Local Government Highway and Bridge Fund	40,191.34		40,191.34
County Shared Revenue:			
County Road Tax	2,902.00		2,902.00
County Wheel Tax	2,233.92		2,233.92
Total Intergovernmental Revenue	86,410.98	0.00	86,410.98
Charges for Goods and Services:			
Sanitation	3,548.06		3,548.06
Culture and Recreation	9,147.52		9,147.52
Total Charges for Goods and Services	12,695.58	0.00	12,695.58
Miscellaneous Revenue:			
Investment Earnings	87,175.14		87,175.14
Rentals	65,194.63		65,194.63
Contributions and Donations from Private Sources	2,000.00		2,000.00
Other	21,456.64		21,456.64
Total Miscellaneous Revenue	175,826.41	0.00	175,826.41
Total Revenue	1,143,448.13	47,160.63	1,190,608.76
Expenditures:			
General Government:			
Legislative	42,660.25		42,660.25
Executive	46,296.52		46,296.52
Financial Administration	99,178.60		99,178.60
Other	14,234.58		14,234.58
Total General Government	202,369.95	0.00	202,369.95

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

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

	General Fund	Liquor, Lodging and Dining Fund	Total
Expenditures (Continued):			
Public Safety:			
Police	139,715.51		139,715.51
Fire	25,324.44		25,324.44
Total Public Safety	165,039.95	0.00	165,039.95
Public Works:			
Highways and Streets	419,686.12		419,686.12
Sanitation	5,831.74		5,831.74
Airport	2,206.21		2,206.21
Total Public Works	427,724.07	0.00	427,724.07
Health and Welfare:			
Health	19,011.66		19,011.66
Humane Society	92.95		92.95
Ambulance	5,126.00		5,126.00
Other	4,576.74		4,576.74
Total Health and Welfare	28,807.35	0.00	28,807.35
Culture and Recreation:			
Recreation	134,373.71		134,373.71
Libraries	49,166.14		49,166.14
Total Culture and Recreation	183,539.85	0.00	183,539.85
Conservation and Development:			
Economic Development and Assistance	1,840.87	9,714.15	11,555.02
Total Conservation and Development	1,840.87	9,714.15	11,555.02
Total Expenditures	1,009,322.04	9,714.15	1,019,036.19
Excess Revenues Over (Under) Expenditures	134,126.09	37,446.48	171,572.57
Other Financing Sources (Uses):			
Transfers In	200,000.00		200,000.00
Transfers Out	(111,297.14)		(111,297.14)
Total Other Financing Sources (Uses)	88,702.86	0.00	88,702.86
Net Change in Fund Balance	222,828.95	37,446.48	260,275.43
Fund Balance - Beginning	1,780,074.96	141,813.68	1,921,888.64
FUND BALANCE - ENDING	2,002,903.91	179,260.16	2,182,164.07

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	22,352.88	34,958.61	57,311.49
Total Current Assets	<u>22,352.88</u>	<u>34,958.61</u>	<u>57,311.49</u>
TOTAL ASSETS	<u>22,352.88</u>	<u>34,958.61</u>	<u>57,311.49</u>
NET POSITION:			
Restricted for:			
Revenue Bond Debt Service	<u>22,352.88</u>	<u>34,958.61</u>	<u>57,311.49</u>
TOTAL NET POSITION	<u>22,352.88</u>	<u>34,958.61</u>	<u>57,311.49</u>

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	186,625.42	124,556.55	311,181.97
Revenued Dedicated to Servicing Debt		2,300.00	2,300.00
Miscellaneous	3,366.73		3,366.73
Total Operating Revenue	189,992.15	126,856.55	316,848.70
Operating Expenses:			
Personal Services	28,619.91	33,761.93	62,381.84
Other Current Expense	12,700.17	13,979.34	26,679.51
Materials	125,214.56	39,963.51	165,178.07
Total Operating Expenses	166,534.64	87,704.78	254,239.42
Operating Income (Loss)	23,457.51	39,151.77	62,609.28
Non-operating Revenue (Expenses):			
Debt Service (Principal)	(16,048.02)	(91,566.74)	(107,614.76)
Debt Service (Interest)	(9,210.78)	(29,901.20)	(39,111.98)
Total Non-operating Revenue (Expenses)	(25,258.80)	(121,467.94)	(146,726.74)
Income (Loss) Before Transfers	(1,801.29)	(82,316.17)	(84,117.46)
Capital Contributions		49,724.75	49,724.75
Transfers In	45,000.00	66,297.14	111,297.14
Transfers Out	(200,000.00)		(200,000.00)
Change in Net Position	(156,801.29)	33,705.72	(123,095.57)
Net Position - Beginning	179,154.17	1,252.89	180,407.06
NET POSITION - ENDING	22,352.88	34,958.61	57,311.49

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

MUNICIPALITY OF KIMBALL
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	1,867,084.64	180,407.06	2,047,491.70
Investments	54,804.00	0.00	54,804.00
TOTAL ASSETS	1,921,888.64	180,407.06	2,102,295.70
NET POSITION:			
Restricted:			
City Promotion Purposes	141,813.68		141,813.68
Debt Service Purposes		180,407.06	180,407.06
Unrestricted	1,780,074.96		1,780,074.96
TOTAL NET POSITION	1,921,888.64	180,407.06	2,102,295.70

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

MUNICIPALITY OF KIMBALL
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	182,744.00	8,121.76			(174,622.24)	(174,622.24)
Public Safety	90,618.00				(90,618.00)	(90,618.00)
Public Works	291,531.51	13,794.59	60,345.43		(217,391.49)	(217,391.49)
Health and Welfare	19,637.00	52,846.68			33,209.68	33,209.68
Culture and Recreation	172,629.00	10,406.01			(162,222.99)	(162,222.99)
Conservation and Development	10,426.22		10,300.00		(126.22)	(126.22)
Total Governmental Activities	767,585.73	85,169.04	70,645.43	0.00	(611,771.26)	(611,771.26)
Business-type Activities:						
Water	258,567.51	182,750.39			(75,817.12)	(75,817.12)
Sewer	214,786.00	126,038.89			(88,747.11)	(88,747.11)
Total Business-Type Activities	473,353.51	308,789.28	0.00	0.00	(164,564.23)	(164,564.23)
Total Primary Government	1,240,939.24	393,958.32	70,645.43	0.00	(611,771.26)	(776,335.49)
General Revenues:						
Taxes:						
Property Taxes					278,043.89	278,043.89
Sales Taxes					601,680.25	601,680.25
State Shared Revenues					6,569.60	6,569.60
Unrestricted Investment Earnings					60,795.49	60,795.49
Miscellaneous Revenue					21,706.24	21,706.24
Transfers					(320,013.29)	0.00
Total General Revenues and Transfers					648,782.18	968,795.47
Change in Net Position					37,010.92	192,459.98
Net Position - Beginning					1,884,877.72	1,909,835.72
NET POSITION - ENDING					1,921,888.64	2,102,295.70

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

**MUNICIPALITY OF KIMBALL
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2023**

	<u>General Fund</u>	<u>Liquor, Lodging and Dining Fund</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	1,725,268.96	141,813.68	1,867,082.64
Investments	54,806.00		54,806.00
TOTAL ASSETS	<u>1,780,074.96</u>	<u>141,813.68</u>	<u>1,921,888.64</u>
FUND BALANCES:			
Restricted for City Promotion		141,813.68	141,813.68
Assigned for Next Year's Budget	150,453.95		150,453.95
Unassigned	1,629,621.01		1,629,621.01
TOTAL FUND BALANCES	<u>1,780,074.96</u>	<u>141,813.68</u>	<u>1,921,888.64</u>

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

MUNICIPALITY OF KIMBALL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Liquor, Lodging and Dining Fund	Total
Revenues:			
Taxes:			
General Property Taxes	277,147.21		277,147.21
General Sales and Use Taxes	557,534.35	44,145.90	601,680.25
Penalties & Interest on Delinquent Taxes	896.68		896.68
Total Taxes	835,578.24	44,145.90	879,724.14
Licenses and Permits	8,121.76	0.00	8,121.76
Intergovernmental Revenue:			
State Grants	10,300.00		10,300.00
State Shared Revenue:			
Bank Franchise Tax	2,637.85		2,637.85
Prorate License Fee	1,447.71		1,447.71
Liquor Tax Reversion	3,931.75		3,931.75
Motor Vehicle Licenses	14,145.05		14,145.05
Local Government Highway and Bridge Fund	38,647.48		38,647.48
County Shared Revenue:			
County Road Tax	3,869.34		3,869.34
County Wheel Tax	2,235.85		2,235.85
Total Intergovernmental Revenue	77,215.03	0.00	77,215.03
Charges for Goods and Services:			
Sanitation	2,380.80		2,380.80
Culture and Recreation	10,406.01		10,406.01
Total Charges for Goods and Services	12,786.81	0.00	12,786.81
Miscellaneous Revenue:			
Investment Earnings	60,795.49		60,795.49
Rentals	62,797.68		62,797.68
Special Assessments	1,462.79		1,462.79
Other	21,706.24		21,706.24
Total Miscellaneous Revenue	146,762.20	0.00	146,762.20
Total Revenue	1,080,464.04	44,145.90	1,124,609.94
Expenditures:			
General Government:			
Legislative	38,948.00		38,948.00
Executive	28,048.00		28,048.00
Elections	19.00		19.00
Financial Administration	92,149.00		92,149.00
Other	23,580.00		23,580.00
Total General Government	182,744.00	0.00	182,744.00

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

MUNICIPALITY OF KIMBALL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Liquor, Lodging and Dining Fund	Total
Expenditures (Continued):			
Public Safety:			
Police	70,179.00		70,179.00
Fire	20,439.00		20,439.00
Total Public Safety	90,618.00	0.00	90,618.00
Public Works:			
Highways and Streets	285,212.51		285,212.51
Sanitation	4,029.00		4,029.00
Airport	2,290.00		2,290.00
Total Public Works	291,531.51	0.00	291,531.51
Health and Welfare:			
Health	9,870.00		9,870.00
Ambulance	5,797.00		5,797.00
Other	3,970.00		3,970.00
Total Health and Welfare	19,637.00	0.00	19,637.00
Culture and Recreation:			
Recreation	125,524.00		125,524.00
Libraries	47,105.00		47,105.00
Total Culture and Recreation	172,629.00	0.00	172,629.00
Conservation and Development:			
Economic Development and Assistance	3,656.00	6,770.22	10,426.22
Total Conservation and Development	3,656.00	6,770.22	10,426.22
Debt Service	0.00	0.00	0.00
Total Expenditures	760,815.51	6,770.22	767,585.73
Excess Revenues Over (Under) Expenditures	319,648.53	37,375.68	357,024.21
Other Financing Sources (Uses):			
Transfers Out	(320,013.29)		(320,013.29)
Total Other Financing Sources (Uses)	(320,013.29)	0.00	(320,013.29)
Net Change in Fund Balance	(364.76)	37,375.68	37,010.92
Fund Balance - Beginning	1,780,439.72	104,438.00	1,884,877.72
FUND BALANCE - ENDING	1,780,074.96	141,813.68	1,921,888.64

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

MUNICIPALITY OF KIMBALL
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	179,154.17	1,252.89	180,407.06
Total Current Assets	179,154.17	1,252.89	180,407.06
TOTAL ASSETS	179,154.17	1,252.89	180,407.06
NET POSITION:			
Restricted for:			
Revenue Bond Debt Service	179,154.17	1,252.89	180,407.06
TOTAL NET POSITION	179,154.17	1,252.89	180,407.06

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

MUNICIPALITY OF KIMBALL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	182,686.89	126,038.89	308,725.78
Miscellaneous	63.50		63.50
Total Operating Revenue	182,750.39	126,038.89	308,789.28
Operating Expenses:			
Personal Services	11,490.77	69,045.87	80,536.64
Other Current Expense	10,893.56	10,764.11	21,657.67
Materials	210,924.38	13,508.08	224,432.46
Total Operating Expenses	233,308.71	93,318.06	326,626.77
Operating Income (Loss)	(50,558.32)	32,720.83	(17,837.49)
Non-operating Revenue (Expenses):			
Debt Service (Principal)	(15,905.29)	(79,660.99)	(95,566.28)
Debt Service (Interest)	(9,353.51)	(41,806.95)	(51,160.46)
Total Non-operating Revenue (Expenses)	(25,258.80)	(121,467.94)	(146,726.74)
Income (Loss) Before Transfers	(75,817.12)	(88,747.11)	(164,564.23)
Transfers In	250,013.29	90,000.00	340,013.29
Transfers Out	(20,000.00)		(20,000.00)
Change in Net Position	154,196.17	1,252.89	155,449.06
Net Position - Beginning	24,958.00	0.00	24,958.00
NET POSITION - ENDING	179,154.17	1,252.89	180,407.06

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

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

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

Governmental Funds:

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

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

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

Proprietary Funds:

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

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, 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. Acceptable modifications to the cash basis of accounting implemented by the Municipality in these financial statements are:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Revenue Received in Advance:

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

g. 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 a significantly greater number of years than most 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 Municipality has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating/amortizing those assets where appropriate, so any capital assets owned by the Municipality and the related depreciation/amortization are not reported on the financial statements of the Municipality.

h. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Revenue Bonds, and Tax Increment Revenue Bonds.

As discussed in Note 1c. above the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, and business-type are presented using a modified cash

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

basis of accounting. The Municipality has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions so any outstanding indebtedness is not reported on the financial statements of the Municipality. The Municipality does report the principal and interest payments on long-term liabilities 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 Liabilities.

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

i. Program Revenues:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents

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

l. Equity Classifications:

Government-wide Financial Statements:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

m. Application of Net Position:

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

n. Fund Balance Classification Policies and Procedures:

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

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

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Liquor, Lodging and Dining Fund	Sales Tax

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

2. DEPOSITS AND INVESTMENTS, FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATION OF CREDIT RISK AND INTEREST RATE RISK

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

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

Investments – In general, SDCL 4-5-6 permits municipal 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 and December 31, 2023, the Municipality did have funds deposited with SDFIT, as shown below, which is reported as a cash and cash equivalent. The investments reported in the financial statements consist of certificates of deposits.

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

As of December 31, 2024 and December 31, 2023, the Municipality had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value 12/31/2023</u>	<u>Fair Value 12/31/2024</u>
External Investment Pools:				
SDFIT	Unrated	N/A	\$ 1,689,307.01	\$ 1,772,751.14
TOTAL INVESTMENTS			<u>\$ 1,689,307.01</u>	<u>\$ 1,772,751.14</u>

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

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

3. PROPERTY TAXES

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

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

4. RESTRICTED NET POSITION

Restricted net position for the two years ended December 31, 2024, and December 31, 2023 were as follows:

<u>Major Funds</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
City Promotion Purposes	179,260.16	141,813.68
Debt Service		
Water Fund	22,352.88	179,154.17
Sewer Fund	34,958.61	1,252.89
Total Restricted Net Position	<u>236,571.65</u>	<u>322,220.74</u>

These balances are restricted due to statutory requirements and loan agreement.

5. INTERFUND TRANSFERS

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

<u>Transfers From:</u>	<u>Transfers To:</u>			
	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Governmental Activities:				
Major Funds:				
General Fund		\$ 45,000.00	\$ 66,297.14	\$ 111,297.14
Business-Type Activities:				
Major Funds:				
Water Funds	\$ 200,000.00			200,000.00
	<u>\$ 200,000.00</u>	<u>\$ 45,000.00</u>	<u>\$ 66,297.14</u>	<u>\$ 311,297.14</u>

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

<u>Transfers From:</u>	<u>Transfers To:</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Governmental Activities:			
Major Funds:			
General Fund	\$ 250,013.29	\$ 70,000.00	\$ 320,013.29
Business-Type Activities:			
Major Funds:			
Water Fund	\$ 20,000.00	20,000.00	
	<u>\$ 250,013.29</u>	<u>\$ 90,000.00</u>	<u>\$ 340,013.29</u>

Interfund transfers are typically used to conduct indispensable functions of the Municipality.

6. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

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

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

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

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 Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2024, 2023, and 2022, were \$11,965.47, \$9,343.75, and \$9,844.32, respectively, equal to the required contributions each year.

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

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

Proportionate share of pension liability	\$ 1,055,914.55
Less proportionate share of net pension restricted for pension benefits	<u>\$ 1,056,201.07</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (286.52)</u></u>

The net pension liability (asset) was measured as of June 30, 2024 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Municipality's proportion was 0.007078%, which is a increase (decrease) of 0.001678% from its proportion measured as of June 30, 2023.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

At June 30, 2023, SDRS is 100.1% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2023 and reported by the Municipality as of December 31, 2023 are as follows:

Proportionate share of pension liability	\$ 782,497.40
Less proportionate share of net pension restricted for pension benefits	<u>\$ 783,024.46</u>
Proportionate share of net pension liability (asset)	<u>\$ (527.06)</u>

The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.00540000%, which is an increase (decrease) of (0.0024380%) from its proportion measured as of June 30, 2022.

Actuarial Assumptions:

The total pension liability (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%

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

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

Year until 111% of rates at age 83 and above.

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2022.

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

Best estimates of real rates 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:

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	100%	

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Discount Rate:

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

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

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

Year Ending December 31, 2024	1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 145,591.76	\$(286.52)	\$(119,660.39)
Year Ending December 31, 2023	1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 108,029.64	\$(527.06)	\$(89,305.74)

Pension Plan Fiduciary Net Position:

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

7. JOINT VENTURES

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

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

8. RISK MANAGEMENT

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

Employee Health Insurance:

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

Liability Insurance:

The Municipality purchases liability insurance for risks related to torts; theft of or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The Municipality joined the South Dakota 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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual and has reinsurance which covers up to an additional \$2,000,000 per individual per incident.

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

Unemployment Benefits:

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

10. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through January 16, 2026, the date on which the financial statements were available to be issued.

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	217,513.00	217,513.00	283,764.50	66,251.50
General Sales and Use Taxes	570,000.00	570,000.00	575,560.14	5,560.14
Penalties and Interest on Delinquent Taxes	0.00	0.00	428.57	428.57
Total Taxes	787,513.00	787,513.00	859,753.21	72,240.21
Licenses and Permits	10,900.00	10,900.00	8,761.95	(2,138.05)
Intergovernmental Revenue:				
State Grants	0.00	0.00	15,888.00	15,888.00
State Shared Revenue:				
Bank Franchise Tax	0.00	0.00	3,187.03	3,187.03
Prorate License Fees		0.00	2,124.52	2,124.52
Liquor Tax Reversion	0.00	0.00	3,912.03	3,912.03
Motor Vehicle Licenses	0.00	0.00	15,972.14	15,972.14
Local Government Highway and Bridge Fund	0.00	0.00	40,191.34	40,191.34
County Shared Revenue:				
County Road Tax	0.00	0.00	2,902.00	2,902.00
County Wheel Tax	0.00	0.00	2,233.92	2,233.92
Other	68,000.00	68,000.00	0.00	(68,000.00)
Total Intergovernmental Revenue	68,000.00	68,000.00	86,410.98	18,410.98
Charges for Goods and Services:				
Sanitation	0.00	0.00	3,548.06	3,548.06
Culture and Recreation	0.00	0.00	9,147.52	9,147.52
Cemetery	80,000.00	80,000.00	0.00	(80,000.00)
Total Charges for Goods and Services	80,000.00	80,000.00	12,695.58	(67,304.42)
Fines and Forfeits:				
Other	50.00	50.00	0.00	(50.00)
Total Fines and Forfeits	50.00	50.00	0.00	(50.00)
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	87,175.14	87,175.14
Rentals	0.00	0.00	65,194.63	65,194.63
Special Assessments	2,308.00	2,308.00	0.00	(2,308.00)
Contributions and Donations from Private Sources	0.00	0.00	2,000.00	2,000.00
Other	10,000.00	10,000.00	21,456.64	11,456.64
Total Miscellaneous Revenue	12,308.00	12,308.00	175,826.41	163,518.41
Total Revenue	958,771.00	958,771.00	1,143,448.13	184,677.13

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Expenditures:				
General Government:				
Legislative	45,759.90	45,759.90	42,660.25	3,099.65
Contingency	25,000.00	25,000.00		
Amount Transferred		(9,723.80)		15,276.20
Executive	65,830.00	65,830.00	46,296.52	19,533.48
Elections	1,600.00	1,600.00	0.00	1,600.00
Financial Administration	98,350.00	99,256.74	99,178.60	78.14
Other	65,300.00	65,300.00	14,234.58	51,065.42
Total General Government	301,839.90	293,022.84	202,369.95	90,652.89
Public Safety:				
Police	84,580.00	140,396.13	139,715.51	680.62
Fire	26,150.00	26,150.00	25,324.44	825.56
Total Public Safety	110,730.00	166,546.13	165,039.95	1,506.18
Public Works:				
Highways and Streets	381,660.29	453,285.00	419,686.12	33,598.88
Sanitation	4,820.00	5,831.74	5,831.74	0.00
Airport	2,800.00	2,800.00	2,206.21	593.79
Total Public Works	389,280.29	461,916.74	427,724.07	34,192.67
Health and Welfare:				
Health	27,500.00	29,188.26	19,011.66	10,176.60
Humane Society	1,400.00	1,400.00	92.95	1,307.05
Ambulance	6,400.00	6,400.00	5,126.00	1,274.00
Other	6,400.00	6,400.00	4,576.74	1,823.26
Total Health and Welfare	41,700.00	43,388.26	28,807.35	14,580.91
Culture and Recreation:				
Recreation	209,439.77	209,439.77	134,373.71	75,066.06
Libraries	49,235.00	49,235.00	49,166.14	68.86
Total Culture and Recreation	258,674.77	258,674.77	183,539.85	75,134.92
Conservation and Development:				
Economic Development and Assistance	7,000.00	7,000.00	1,840.87	5,159.13
Total Conservation and Development	7,000.00	7,000.00	1,840.87	5,159.13
Total Expenditures	1,109,224.96	1,230,548.74	1,009,322.04	221,226.70
Excess of Revenues Over (Under)				
Expenditures	(150,453.96)	(271,777.74)	134,126.09	405,903.83
Other Financing Sources (Uses):				
Transfers In	150,453.96	150,453.96	200,000.00	49,546.04
Transfers Out	0.00	0.00	(111,297.14)	(111,297.14)
Total Other Financing Sources (Uses)	150,453.96	150,453.96	88,702.86	(61,751.10)
Net Change in Fund Balances	0.00	(121,323.78)	222,828.95	344,152.73
Fund Balance - Beginning	1,780,074.96	1,780,074.96	1,780,074.96	0.00
FUND BALANCE - ENDING	1,780,074.96	1,658,751.18	2,002,903.91	344,152.73

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Revenue:				
Taxes:				
General Sales and Use Taxes	40,000.00	40,000.00	47,160.63	7,160.63
Total Taxes	40,000.00	40,000.00	47,160.63	7,160.63
Total Revenue	40,000.00	40,000.00	47,160.63	7,160.63
Expenditures:				
Economic Development:				
Promotion of the City	7,300.00	33,300.00	9,714.15	23,585.85
Total Economic Development	7,300.00	33,300.00	9,714.15	23,585.85
Total Expenditures	7,300.00	33,300.00	9,714.15	23,585.85
Excess of Revenue Over (Under)				
Expenditures	32,700.00	6,700.00	37,446.48	30,746.48
Fund Balance - Beginning	141,813.68	141,813.68	141,813.68	0.00
FUND BALANCE - ENDING	174,513.68	148,513.68	179,260.16	30,746.48

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	211,730.00	211,730.00	277,147.21	65,417.21
General Sales and Use Taxes	540,000.00	540,000.00	557,534.35	17,534.35
Penalties and Interest on Delinquent Taxes	0.00	0.00	896.68	896.68
Total Taxes	751,730.00	751,730.00	835,578.24	83,848.24
Licenses and Permits	8,000.00	8,000.00	8,121.76	121.76
Total Intergovernmental Revenue	70,000.00	70,000.00	77,215.03	7,215.03
Total Charges for Goods and Services	80,000.00	80,000.00	12,786.81	(67,213.19)
Total Fines and Forfeits	50.00	50.00	0.00	(50.00)
Total Miscellaneous Revenue	10,000.00	10,000.00	146,762.20	136,762.20
Total Revenue	919,780.00	919,780.00	1,080,464.04	160,684.04
Expenditures:				
Total General Government	326,145.00	326,145.00	182,744.00	143,401.00
Total Public Safety	136,150.00	136,150.00	90,618.00	45,532.00
Total Public Works	401,080.00	401,080.00	291,531.51	109,548.49
Total Health and Welfare	47,040.00	47,040.00	19,637.00	27,403.00
Total Culture and Recreation	223,955.00	258,674.00	172,629.00	86,045.00
Total Conservation and Development	5,000.00	5,000.00	3,656.00	1,344.00
Total Expenditures	1,139,370.00	1,174,089.00	760,815.51	413,273.49
Excess of Revenues Over (Under)				
Expenditures	(219,590.00)	(254,309.00)	319,648.53	573,957.53
Other Financing Sources (Uses):				
Transfers In	219,590.00	219,590.00	0.00	219,590.00
Transfers Out	0.00	0.00	(320,013.29)	320,013.29
Total Other Financing Sources (Uses)	219,590.00	219,590.00	(320,013.29)	539,603.29
Net Change in Fund Balances	0.00	(34,719.00)	(364.76)	34,354.24
Fund Balance - Beginning	1,780,439.72	1,780,439.72	1,780,439.72	0.00
FUND BALANCE - ENDING	1,780,439.72	1,745,720.72	1,780,074.96	34,354.24

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF KIMBALL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIQUOR, LODGING & DINING TAX FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Revenue:				
Taxes:				
General Sales and Use Taxes	30,000.00	30,000.00	44,145.90	14,145.90
Total Taxes	30,000.00	30,000.00	44,145.90	14,145.90
Total Revenue	30,000.00	30,000.00	44,145.90	14,145.90
Expenditures:				
Economic Development:				
Promotion of the City	7,300.00	7,300.00	6,770.22	529.78
Total Economic Development	7,300.00	7,300.00	6,770.22	529.78
Total Expenditures	7,300.00	7,300.00	6,770.22	529.78
Excess of Revenue Over (Under)				
Expenditures	22,700.00	22,700.00	37,375.68	14,675.68
Fund Balance - Beginning	104,438.00	104,438.00	104,438.00	0.00
FUND BALANCE - ENDING	127,138.00	127,138.00	141,813.68	14,675.68

NOTES TO THE SUPPLEMENTARY INFORMATION

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

Note 1. Budgets and Budgetary Accounting:

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.

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

The Municipality did not encumber any amounts at December 31, 2023 or December 31, 2024.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major Special Revenue Fund.
7. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with the modified cash basis of accounting.

Note 2. GAAP/Budgetary Accounting Basis Differences:

The Municipality's budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenue and expenditures are recognized on a modified cash basis. Utilizing the modified cash basis, revenues are recorded when received in cash and expenditures are recorded when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Ten Years *

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.007078%	\$ (286.52)	\$ 184,073.91	0.16%	100.00%
2023	0.005400%	\$ (527.06)	\$ 132,193.68	0.40%	100.10%
2022	0.007838%	\$ (740.74)	\$ 173,736.40	0.43%	100.10%
2021	0.009295%	\$ (71,183.79)	\$ 196,298.12	36.26%	105.52%
2020	0.008312%	\$ (360.97)	\$ 172,631.10	0.21%	100.04%
2019	0.007827%	\$ (829.48)	\$ 155,728.58	0.53%	100.09%
2018	0.008020%	\$ (187.05)	\$ 155,755.83	0.12%	100.02%
2017	0.008006%	\$ (726.56)	\$ 152,608.18	0.48%	100.10%
2016	0.007164%	\$ 24,198.95	\$ 130,420.11	18.55%	96.89%
2015	0.007033%	\$ (29,828.54)	\$ 117,884.26	25.30%	104.10%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PENSION CONTRIBUTIONS

South Dakota Retirement System

Last Ten Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Municipality's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 11,965.47	\$ 11,965.47	\$ -	\$ 183,763.29	6.51%
2023	\$ 9,343.75	\$ 9,343.75	\$ -	\$ 145,236.17	6.43%
2022	\$ 9,844.32	\$ 9,844.32	\$ -	\$ 154,578.51	6.37%
2021	\$ 12,502.63	\$ 12,502.63	\$ -	\$ 193,327.96	6.47%
2020	\$ 12,342.11	\$ 12,342.11	\$ -	\$ 191,919.46	6.43%
2019	\$ 10,075.97	\$ 10,075.97	\$ -	\$ 158,441.65	6.36%
2018	\$ 9,867.67	\$ 9,867.67	\$ -	\$ 154,388.85	6.39%
2017	\$ 9,884.26	\$ 9,884.26	\$ -	\$ 154,413.00	6.40%
2016	\$ 8,365.60	\$ 8,365.60	\$ -	\$ 133,742.76	6.25%
2015	\$ 8,109.62	\$ 8,109.62	\$ -	\$ 124,904.13	6.49%

**Notes to Required Supplementary Information
for the two Years Ended December 31, 2024**

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

Changes from Prior Valuation

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change 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 20, 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 20, 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.

SCHEDULE OF LONG-TERM LIABILITIES
MUNICIPALITY OF KIMBALL

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LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/23	Additions	Deletions	Ending Balance 12/31/24	Due Within One Year
Primary Government:					
Business-Type Activities:					
Bonds Payable:					
RECD Revenue Bonds	354,196.38	0.00	41,775.83	312,420.55	22,008.03
Tax Increment Revenue Bonds	913,143.75	0.00	161,950.97	751,192.78	89,710.64
Total Business-Type Activities	1,267,340.13	0.00	203,726.80	1,063,613.33	111,718.67
TOTAL PRIMARY GOVERNMENT	1,267,340.13	0.00	203,726.80	1,063,613.33	111,718.67

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

BUSINESS-TYPE ACTIVITIES:

Revenue Bonds:

RECD Sewer & Water Utility Revenue Bonds, Series 2015 \$312,420.55

Fixed Interest Rates at 3.50%,

Final Maturity April 13, 2055, Payable from Water & Sewer Funds

Sewer Tax Increment Revenue Bond, Series 2022 \$ 751,192.78

Interest at 3.35% to 4.75%,

Final Maturity June 1, 2032, Payable from Sewer Fund

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

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

Year Ending	RECD Sewer & Water Utility Revenue Bond, Series 2015		Sewer Tax Increment Revenue Bond, Series 2022		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2025	22,008.03	10,583.97	89,710.64	24,424.11	111,718.67	35,008.08
2026	22,790.81	9,801.19	92,741.11	21,393.64	115,531.92	31,194.83
2027	23,601.41	8,990.59	94,344.44	21,920.46	117,945.85	30,911.05
2028	24,440.85	8,151.15	96,930.38	21,464.68	121,371.23	29,615.83
2029	25,310.12	7,281.88	101,652.49	16,742.58	126,962.61	24,024.46
2030-2034	140,711.40	52,248.60	275,813.72	20,173.93	416,525.12	72,422.53
2035-2039	53,557.93	3,478.07			53,557.93	3,478.07
Totals	312,420.55	100,535.45	751,192.78	126,119.40	1,063,613.33	226,654.85