

**MUNICIPALITY OF CHAMBERLAIN
CHAMBERLAIN, SOUTH DAKOTA**

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2017 TO DECEMBER 31, 2017

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366



MUNICIPALITY OF CHAMBERLAIN

MUNICIPAL OFFICIALS
DECEMBER 31, 2017

MAYOR:

Chad Mutziger

GOVERNING BOARD:

Monte Claussen
Larry Jurgensen
Clint Soulek
Tim Thomas

FINANCE OFFICER:

Nicky Gaulke

ATTORNEY:

Cutler Law Firm, LLP

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 Chamberlain
Chamberlain, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund, of the Municipality of Chamberlain, South Dakota (Municipality), as of December 31, 2017 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated August 7, 2018, which was adverse for aggregate discretely presented component units because they were not presented.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as item 2017-001 to be a material weakness.

Compliance and Other Matters

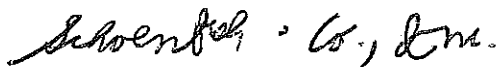
As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

The Municipality's response to the findings 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 it.

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
August 7, 2018

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

None

PRIOR OTHER AUDIT FINDINGS:

Finding Number 2016-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2017-001.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2017-001:

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

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Condition:

The Finance Officer and Deputy Finance Officer have the ability to process all revenue transactions from beginning to end. The Finance Officer and Deputy Finance Officer also have the ability to receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Effect:

As a result, 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 Chamberlain officials be cognizant of this lack of segregation of duties for revenues and attempt to develop policies and provide compensating internal controls whenever, and wherever, possible and practical.

Managements Response:

The Municipality of Chamberlain Mayor, Chad Mutziger is the contact person responsible for the corrective action plan for this finding. Because of the size of the Municipality of Chamberlain, the Municipality can't support hiring additional staff that would be sufficient to support the internal controls needed to properly segregate duties. The Mayor, City Council Members and finance Administration employees are aware of the problem. We will be working on some different policies and controls that will help minimize the future risk. This will be an ongoing process that will include input from the state auditor's Office, talking to other municipalities and utilizing the Mayor and the Council in some of the controls.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with the Mayor, one Board Member, and the Finance Officer on August 14, 2018.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Chamberlain
Chamberlain, South Dakota

Report on the Financial Statements

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 Chamberlain, South Dakota, (Municipality) as of December 31, 2017 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Municipality's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinions

The financial statements do not include financial data for the Municipality's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity that include the financial data for its component units. The Municipality has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented components units would have been presented inclusive of the component units.

Adverse Opinion

In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Municipality of Chamberlain, South Dakota, as of December 31, 2017, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, the business-type activities, and each major fund of the Municipality of Chamberlain as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis of Accounting

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

Other Matters

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 Municipal Contributions, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), and the Long-Term Debt schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

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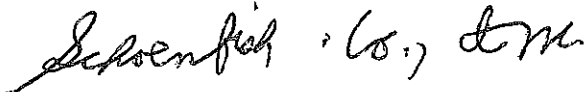
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prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2018 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
August 7, 2018

Schoenfish & Co., Inc.

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MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
December 31, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	3,480,355.88	790,734.07	4,271,089.95
TOTAL ASSETS	3,480,355.88	790,734.07	4,271,089.95
NET POSITION:			
Restricted for:			
Permanently Restricted for:			
Expendable for Library Special			
Gift Purposes	124,152.88		124,152.88
Douville Cemetery Purposes	486,790.75		486,790.75
City Promotion Purposes	424,741.84		424,741.84
Community Center Purposes	231.90		231.90
Business Improvement District Purposes	216,723.63		216,723.63
Grant Revolving Loan Purposes	60,193.37		60,193.37
Park Purposes	62,967.37		62,967.37
Recreation Purposes	444.40		444.40
Library Fines Purposes	3,746.71		3,746.71
Cemetery Care Purposes	166,165.95		166,165.95
Unrestricted	1,934,197.08	790,734.07	2,724,931.15
TOTAL NET POSITION	3,480,355.88	790,734.07	4,271,089.95

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 For the Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	229,938.05	35,185.56			(194,752.49)		(194,752.49)
Public Safety	520,467.59	73,742.56			(446,725.03)		(446,725.03)
Public Works	881,048.41	29,609.32	84,499.86	4,823.37	(762,115.86)		(762,115.86)
Health and Welfare	5,776.20	208.90	2,919.00		(2,648.30)		(2,648.30)
Culture and Recreation	977,273.44	99,489.60	126,745.00	11,500.00	(739,538.84)		(739,538.84)
Conservation and Development	445,153.96				(445,153.96)		(445,153.96)
* Interest on Long-Term Debt	70,624.10				(70,624.10)		(70,624.10)
Total Governmental Activities	3,130,281.75	238,235.94	214,163.86	16,323.37	(2,661,558.58)		(2,661,558.58)
Business-type Activities:							
Water	924,207.88	605,218.02				(318,989.86)	(318,989.86)
Sewer	436,655.20	464,585.27				27,930.07	27,930.07
Airport	68,319.50			105,961.70		37,642.20	37,642.20
Total Business-Type Activities	1,429,182.58	1,069,803.29	0.00	105,961.70		(253,417.59)	(253,417.59)
Total Primary Government	4,559,464.33	1,308,039.23	214,163.86	122,285.07	(2,661,558.58)		(2,914,976.17)
General Revenues:							
Taxes:							
Property Taxes					1,023,355.71		1,023,355.71
Sales Taxes					1,508,758.66		1,508,758.66
State Shared Revenue					25,606.69		25,606.69
Grants and Contributions not Restricted to Specific Programs					105,443.33		105,443.33
Unrestricted Investment Earnings					14,610.14	2,773.06	17,383.20
Miscellaneous Revenue					100,535.10	23,701.05	124,236.15
Transfers					(40,500.00)	40,500.00	0.00
Total General Revenue and Transfers					2,737,809.63	66,974.11	2,804,783.74
Change in Net Position					76,251.05	(186,443.48)	(110,192.43)
Net Position - Beginning					3,404,104.83	977,177.55	4,381,282.38
NET POSITION - ENDING					3,480,355.88	790,734.07	4,271,089.95

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

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

**MUNICIPALITY OF CHAMBERLAIN
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2017**

	General Fund	Liquor, Lodging, and Dining Fund	Douville Cemetery Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	1,937,278.08	424,741.84	486,790.75	631,545.21	3,480,355.88
TOTAL ASSETS	<u>1,937,278.08</u>	<u>424,741.84</u>	<u>486,790.75</u>	<u>631,545.21</u>	<u>3,480,355.88</u>
FUND BALANCES:					
Restricted for:					
Perpetual Care Cemetery				166,165.95	166,165.95
Grant Revolving Loan Purposes				60,193.37	60,193.37
Community Center Purposes	231.90				231.90
Library Special Gift Purposes - Expendable Trust				124,152.88	124,152.88
Library Fines Purposes				3,746.71	3,746.71
Recreation Purposes	444.40				444.40
Park Purposes	62,967.37				62,967.37
Business Improvement District Purposes				216,723.63	216,723.63
Douville Cemetery Fund			486,790.75		486,790.75
City Promotion Fund		424,741.84			424,741.84
Assigned for Capital Outlay Accumulations	31,660.92				31,660.92
Assigned for Recreation Purposes				60,562.67	60,562.67
Unassigned	1,841,973.49				1,841,973.49
TOTAL FUND BALANCES	<u>1,937,278.08</u>	<u>424,741.84</u>	<u>486,790.75</u>	<u>631,545.21</u>	<u>3,480,355.88</u>

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

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

For the Year Ended December 31, 2017

	General Fund	Liquor, Lodging, & Dining Fund	Douville Cemetery Fund	Other Governmental Funds	Total Governmental Funds
Revenue:					
Taxes:					
General Property Taxes	944,521.71				944,521.71
General Sales and Use Taxes	1,374,510.25	134,248.41			1,508,758.66
Gross Receipts Business Taxes				78,618.00	78,618.00
Amusement Taxes	216.00				216.00
Total Taxes	2,319,247.96	134,248.41	0.00	78,618.00	2,532,114.37
Licenses and Permits	31,809.00	0.00	0.00	0.00	31,809.00
Intergovernmental Revenue:					
State Grants	2,919.00				2,919.00
State Shared Revenue:					
Bank Franchise Tax	10,787.67				10,787.67
Prorate License Fees	5,631.21				5,631.21
Liquor Tax Reversion	14,819.02				14,819.02
Motor Vehicle Licenses	29,104.46				29,104.46
County Highway and Bridge Reserve Tax	38,614.41				38,614.41
County Shared Revenue:					
County Road Tax	6,983.00				6,983.00
County Wheel Tax	4,166.78				4,166.78
Total Intergovernmental Revenue	113,025.55	0.00	0.00	0.00	113,025.55
Charges for Goods and Services:					
General Government	3,376.56				3,376.56
Public Safety	72,565.00				72,565.00
Highways and Streets	20,865.32				20,865.32
Health	208.90				208.90
Culture and Recreation	80,438.31			18,047.40	98,485.71
Cemetery				7,344.00	7,344.00
Total Charges for Goods and Services	177,454.09	0.00	0.00	25,391.40	202,845.49
Fines and Forfeits:					
Library				1,003.89	1,003.89
Other	1,177.56				1,177.56
Total Fines and Forfeits	1,177.56	0.00	0.00	1,003.89	2,181.45

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

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

For the Year Ended December 31, 2017

	General Fund	Liquor, Lodging, & Dining Fund	Douville Cemetery Fund	Other Governmental Funds	Total Governmental Funds
Revenue (Continued):					
Miscellaneous Revenue:					
Investment Earnings	4,507.70	1,073.81	1,273.45	7,755.18	14,610.14
Rentals	1,400.00				1,400.00
Special Assessments	4,823.37				4,823.37
Contributions and Donations from Private Sources	140,965.54			102,722.79	243,688.33
Other	37,969.99	262.50		46,700.74	84,933.23
Total Miscellaneous Revenue	189,666.60	1,336.31	1,273.45	157,178.71	349,455.07
Total Revenue	2,832,380.76	135,584.72	1,273.45	262,192.00	3,231,430.93
Expenditures:					
General Government:					
Legislative	34,092.68				34,092.68
Elections	423.81				423.81
Financial Administration	173,590.75				173,590.75
Other	21,830.81				21,830.81
Total General Government	229,938.05	0.00	0.00	0.00	229,938.05
Public Safety:					
Police	429,511.53				429,511.53
Fire	48,221.03				48,221.03
Other Protection	5,000.00				5,000.00
Total Public Safety	482,732.56	0.00	0.00	0.00	482,732.56
Public Works:					
Highways and Streets	645,606.63				645,606.63
Transit	10,000.00				10,000.00
Total Public Works	655,606.63	0.00	0.00	0.00	655,606.63
Health and Welfare:					
Health	5,776.20				5,776.20
Total Health and Welfare	5,776.20	0.00	0.00	0.00	5,776.20

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

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

For the Year Ended December 31, 2017

	General Fund	Liquor, Lodging, & Dining Fund	Douvville Cemetery Fund	Other Governmental Funds	Total Governmental Funds
Expenditures (Continued):					
Culture and Recreation:					
Recreation	173,673.00			35,921.66	209,594.66
Parks	213,141.04				213,141.04
Libraries	70,576.15			79,247.40	149,823.55
Community Center	40,302.11				40,302.11
Total Culture and Recreation	497,692.30	0.00	0.00	115,169.06	612,861.36
Conservation and Development:					
Economic Development and Assistance (Industrial Development)	18,144.94	87,800.30		309,680.90	415,626.14
Total Conservation and Development	18,144.94	87,800.30	0.00	309,680.90	415,626.14
Debt Service	492,498.46	0.00	0.00	0.00	492,498.46
Capital Outlay	235,242.35	0.00	0.00	0.00	235,242.35
Total Expenditures	2,617,631.49	87,800.30	0.00	424,849.96	3,130,281.75
Excess of Revenue Over (Under) Expenditures	214,749.27	47,784.42	1,273.45	(162,657.96)	101,149.18
Other Financing Sources (Uses):					
Transfers In					
Transfers Out	(47,850.00)			7,350.00	7,350.00
Sale of Municipal Property	12,300.00				(47,850.00)
Compensation for Loss or Damage to Capital Assets					12,300.00
Total Other Financing Sources (Uses)	3,301.87				3,301.87
Net Change in Fund Balance	(32,248.13)	0.00	0.00	7,350.00	(24,898.13)
Fund Balance - Beginning	182,501.14	47,784.42	1,273.45	(155,307.96)	76,251.05
FUND BALANCE - ENDING	1,754,776.94	376,957.42	485,517.30	786,853.17	3,404,104.83
	1,937,278.08	424,741.84	486,790.75	631,545.21	3,480,355.88

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2017

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Airport Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	353,529.17	424,544.13	12,660.77	790,734.07
Total Current Assets	353,529.17	424,544.13	12,660.77	790,734.07
TOTAL ASSETS	353,529.17	424,544.13	12,660.77	790,734.07
NET POSITION:				
Unrestricted Net Position	353,529.17	424,544.13	12,660.77	790,734.07
TOTAL NET POSITION	353,529.17	424,544.13	12,660.77	790,734.07

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Airport Fund	
Operating Revenue:				
Charges for Goods and Services	605,218.02	464,585.27		1,069,803.29
Total Operating Revenue	605,218.02	464,585.27	0.00	1,069,803.29
Operating Expenses:				
Personal Services	183,438.88	193,733.18		377,172.06
Other Current Expenses	454,040.56	185,557.83	67,383.82	706,982.21
Materials	57,092.16	19,613.25	935.68	77,641.09
Capital Assets	229,636.28	27,507.42		257,143.70
Total Operating Expenses	924,207.88	426,411.68	68,319.50	1,418,939.06
Operating Income (Loss)	(318,989.86)	38,173.59	(68,319.50)	(349,135.77)
Nonoperating Revenue (Expense):				
Investment Earnings	1,601.72	1,093.50	77.84	2,773.06
Rental Revenue			23,701.05	23,701.05
Contributions and Donations		(6,504.99)		(6,504.99)
Interest		(3,738.53)		(3,738.53)
Total Nonoperating Revenue (Expense)	1,601.72	(9,150.02)	23,778.89	16,230.59
Income (Loss) Before Contributions, Special Items, and Transfers	(317,388.14)	29,023.57	(44,540.61)	(332,905.18)
Capital Contributions			105,961.70	105,961.70
Transfers In			40,500.00	40,500.00
Change in Net Position	(317,388.14)	29,023.57	101,921.09	(186,443.48)
Net Position - Beginning	670,917.31	395,520.56	(89,260.32)	977,177.55
NET POSITION - ENDING	353,529.17	424,544.13	12,660.77	790,734.07

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Municipality is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality (primary government). The Municipality may also be financially accountable for another organization if that organization is fiscally dependent on the Municipality.

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

The Municipality has created a Housing and Redevelopment Commission under the authority of South Dakota Codified Law 11-7-7. This commission has not been active and there is no financial information to report.

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

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.

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

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

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

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

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

Proprietary Funds:

Enterprise 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.

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

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:

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

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

- a. Recording assets and liabilities related to interfund receivables and payables resulting from cash transactions between funds.

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.

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

1. In order to minimize the 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.

e. Deposits and Investments:

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

f. Long-Term Liabilities:

Under the modified cash basis of accounting, cash proceeds from long-term debt issuances is recorded as a receipt, while payments to creditors to reduce long-term debts are recorded as a cost of the program which benefits from the financing. Allocations are made where appropriate. Interest costs are not allocated, but are reported as a separate program cost category.

Long-term debts arising from cash transactions of governmental funds are not reported as liabilities in the fund financial statements. Instead, the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for long-term debts of proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

g. 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues and expenses.

i. Equity Classifications:

Government-wide Statements:

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

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

Fund Financial Statements:

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

j. Application of Net Position:

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

k. Fund Balance Classification Policies and Procedures:

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

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

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

- 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, & Dining Sales Tax	City Promotion
Douville Cemetery Fund	Investment Earnings

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

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

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

Investments – In general, SDCL 4-5-6 permits Municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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, 2017, the Municipality did not have any investments.

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

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

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates that will adversely affect the value of an investment. The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

3. PROPERTY TAXES

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

4. RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2017 was as follows:

Major Purposes:

Permanently Restricted:

Library Special Gift Purposes	\$ 124,152.88
Douville Cemetery Purposes	486,790.75
City Promotion Purposes	424,741.84
Community Center Purposes	231.90
Business Improvement District Purposes	216,723.63
Grant Revolving Loan Purposes	60,193.37
Park Purposes	62,967.37
Recreation Purposes	444.40
Library Fines Purposes	3,746.71
Cemetery Care Purposes	166,165.95
Total Restricted Net Position	<u>\$ 1,546,158.80</u>

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

5. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2017 were as follows:

	<u>Transfers To:</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	<u>Other Governmental Funds</u>	<u>Major Fund</u>	
	<u>Recreation Fund</u>	<u>Airport Fund</u>	
Transfers From:			
Governmental Activities:			
Major Funds:			
General Fund	7,350.00	40,500.00	47,850.00
Total	<u>7,350.00</u>	<u>40,500.00</u>	<u>47,850.00</u>

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

6. TAX ABATEMENTS

The Municipality enters into property tax abatement agreements with local businesses under SDCL 11-9 and Resolution No. 2015-04. The tax increment district was created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

area will likely enhance significantly the value of substantially all of the other real property in the tax increment district. Under this agreement, the Municipality may grant property tax abatements of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Municipality.

For the year ended December 31, 2017, the Municipality entered into an agreement with KTJ268, LLC ("Developer") to locate a Shopko Hometown Store in the Municipality. The agreement provides that:

- Developer agrees that on all positive tax increment that are passed on to the Developer, \$5,000 of the positive increment will be held back and paid to the municipality as an administrative fee each year for years 2018-2020 for a total of \$20,000. The Developer will be entitled to a maximum amount of \$400,000 during the life of the TID. Once the Developer has been paid \$400,000, and should there be life left on the length of the TID, the City will be entitled to collect the remaining revenue until 15 calendar years or the total costs of the project have been met.

7. CONDUIT DEBT

In the past, the Municipality has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the Municipality, nor the State of South Dakota, nor any other political subdivision of the state is obligated in any manner for the repayment of these conduit debt issues. As of December 31, 2017, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$2,475,325.38.

8. OPERATING LEASES

The Municipality of Chamberlain entered into a five-year lease for property with the State of South Dakota. The minimum payments on this lease are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 200
2019	\$ 200
2020	\$ 200

9. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the cost sharing, multiple employer defined benefit pension plan 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
 - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
 - 80.0% to 90.0% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% -- 2.1% COLA

The 2017 legislation modified the COLA, effective for the July 1, 2018 increase:

- 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.

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. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2017, 2016, and 2015 were \$63,750.34, \$59,914.81, and \$58,949.10, respectively, equal to the required contributions each year.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

At June 30, 2017, SDRS is 100.1% funded and accordingly has a net pension liability. The proportionate shares of the components of the net pension liability of South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2017 and reported by the Municipality as of December 31, 2017 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 5,898,530.91
Less proportionate share of total pension liability	<u>\$ 5,903,131.68</u>
Proportionate share of net pension liability (asset)	<u>\$ (4,600.77)</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00%
Discount Rate	6.50% net of plan investment expense

Mortality rates were based on 97% of the RP-2014 Mortality Table, Projected generationally with Scale MP-2016, white collar rates for female and total dataset rates for males. Mortality rates for disabled members were based in the RP-2014 Disabled Retiree Mortality Table, projected generationally with Scale MP-2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (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>
Global Equity	58.0%	4.8%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	2.0%	0.7%
Total	<u>100%</u>	

See Independent Auditor's Report.

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 percent. 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:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 842,629.99	\$ (4,600.77)	\$(694,522.12)

Pension Plan Fiduciary Net Position:

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

10. JOINT VENTURES

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

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

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

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.

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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, 2017, this joint venture had a total fund net position of \$1,199,876 and long-term debt of \$876,707.

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

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

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

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

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

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

Separate financial statements for this joint venture are available from the Missouri Valley Ambulance Service. At December 31, 2016, this joint venture had total fund equity of \$1,011,391.00. This is the most recent financial information the entity was able to provide as of this audit.

11. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2017, the Municipality was not involved in any significant litigation.

12. 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, 2017, 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.

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

Liability Insurance:

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

Worker's Compensation:

The Municipality purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Taxes:				
General Property Taxes	933,324.25	933,324.25	944,521.71	11,197.46
General Sales and Use Taxes	1,304,890.00	1,304,890.00	1,374,510.25	69,620.25
Amusement Taxes	3,000.00	3,000.00	216.00	(2,784.00)
Tax Deed Revenue	300.00	300.00	0.00	(300.00)
Penalties and Interest on Delinquent Taxes	1,000.00	1,000.00	0.00	(1,000.00)
Total Taxes	2,242,514.25	2,242,514.25	2,319,247.96	76,733.71
Licenses and Permits	28,500.00	28,500.00	31,809.00	3,309.00
Intergovernmental Revenue:				
State Grants	5,000.00	5,000.00	2,919.00	(2,081.00)
State Shared Revenue:				
Bank Franchise Tax	9,000.00	9,000.00	10,787.67	1,787.67
Prorate License Fees	5,000.00	5,000.00	5,631.21	631.21
Liquor Tax Reversion	15,000.00	15,000.00	14,819.02	(180.98)
Motor Vehicle Licenses	26,000.00	26,000.00	29,104.46	3,104.46
County Shared Revenue:				
County Road Tax	7,000.00	7,000.00	6,983.00	(17.00)
County HBR Tax	43,000.00	43,000.00	38,614.41	(4,385.59)
County Wheel Tax	3,500.00	3,500.00	4,166.78	666.78
Total Intergovernmental Revenue	113,500.00	113,500.00	113,025.55	(474.45)
Charges for Goods and Services:				
General Government	3,900.00	3,900.00	3,376.56	(523.44)
Public Safety	60,300.00	60,300.00	72,565.00	12,265.00
Highways and Streets	7,500.00	7,500.00	20,865.32	13,365.32
Health	300.00	300.00	208.90	(91.10)
Culture and Recreation	83,730.00	83,730.00	80,438.31	(3,291.69)
Total Charges for Goods and Services	155,730.00	155,730.00	177,454.09	21,724.09
Fines and Forfeits:				
Other	1,000.00	1,000.00	1,177.56	177.56
Total Fines and Forfeits	1,000.00	1,000.00	1,177.56	177.56
Miscellaneous Revenue:				
Investment Earnings	5,000.00	5,000.00	4,507.70	(492.30)
Rentals	1,000.00	1,000.00	1,400.00	400.00
Special Assessments	4,825.00	4,825.00	4,823.37	(1.63)
Contributions and Donations from Private Sources	148,000.00	152,153.61	140,965.54	(11,188.07)
Other	35,200.00	35,200.00	37,969.99	2,769.99
Total Miscellaneous Revenue	194,025.00	198,178.61	189,666.60	(8,512.01)
Total Revenue	2,735,269.25	2,739,422.86	2,832,380.76	92,957.90
Expenditures:				
General Government:				
Legislative	37,480.00	37,480.00	34,092.68	3,387.32
Contingency	30,000.00	30,000.00		
Amount Transferred		(27,850.00)		2,150.00
Elections	1,300.00	1,300.00	423.81	876.19
Financial Administration	170,861.00	180,161.00	173,590.75	6,570.25
Other	14,100.00	26,605.25	21,830.81	4,774.44
Total General Government	253,741.00	247,696.25	229,938.05	17,758.20

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (continued)				
Public Safety:				
Police	432,615.00	467,265.00	467,246.56	18.44
Fire	45,600.00	48,600.00	48,221.03	378.97
Other Protection	5,000.00	5,000.00	5,000.00	0.00
Total Public Safety	<u>483,215.00</u>	<u>520,865.00</u>	<u>520,467.59</u>	<u>397.41</u>
Public Works:				
Highways and Streets	825,000.00	876,400.00	799,674.32	76,725.68
Transit	10,000.00	10,000.00	10,000.00	0.00
Total Public Works	<u>835,000.00</u>	<u>886,400.00</u>	<u>809,674.32</u>	<u>76,725.68</u>
Health and Welfare:				
Health	6,000.00	6,000.00	5,776.20	223.80
Total Health and Welfare	<u>6,000.00</u>	<u>6,000.00</u>	<u>5,776.20</u>	<u>223.80</u>
Culture and Recreation:				
Recreation	172,777.00	179,277.00	173,673.00	5,604.00
Parks	304,400.00	324,549.70	256,580.67	67,969.03
Libraries	81,000.00	81,000.00	70,576.15	10,423.85
Community Center	43,000.00	43,000.00	40,302.11	2,697.89
Total Culture and Recreation	<u>601,177.00</u>	<u>627,826.70</u>	<u>541,131.93</u>	<u>86,694.77</u>
Conservation and Development				
Economic Development and Assistance (Industrial Development)	19,350.00	19,350.00	18,144.94	1,205.06
Total Conservation and Development	<u>19,350.00</u>	<u>19,350.00</u>	<u>18,144.94</u>	<u>1,205.06</u>
Debt Service	<u>422,575.14</u>	<u>494,660.14</u>	<u>492,498.46</u>	<u>2,161.68</u>
Total Expenditures	<u>2,621,058.14</u>	<u>2,802,798.09</u>	<u>2,617,631.49</u>	<u>185,166.60</u>
Excess of Revenue Over (Under) Expenditures	<u>114,211.11</u>	<u>(63,375.23)</u>	<u>214,749.27</u>	<u>278,124.50</u>
Other Financing Sources (Uses):				
Transfers Out	(23,850.00)	(23,850.00)	(47,850.00)	(24,000.00)
Sale of Municipal Property	10,000.00	10,000.00	12,300.00	2,300.00
Compensation for Loss or Damage to Capital Assets	0.00	0.00	3,301.87	3,301.87
Total Other Financing Sources (Uses)	<u>(13,850.00)</u>	<u>(13,850.00)</u>	<u>(32,248.13)</u>	<u>(18,398.13)</u>
Net Change in Fund Balances	<u>100,361.11</u>	<u>(77,225.23)</u>	<u>182,501.14</u>	<u>259,726.37</u>
Fund Balance - Beginning	1,754,776.94	1,754,776.94	1,754,776.94	0.00
FUND BALANCE - ENDING	<u>1,855,138.05</u>	<u>1,677,551.71</u>	<u>1,937,278.08</u>	<u>259,726.37</u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIQUOR, LODGING, & DINING SALES TAX FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
General Sales and Use Taxes	115,000.00	115,000.00	134,248.41	19,248.41
Total Taxes	115,000.00	115,000.00	134,248.41	19,248.41
Miscellaneous Revenue:				
Investment Earnings	500.00	500.00	1,073.81	573.81
Other	0.00	0.00	262.50	262.50
Total Miscellaneous Revenue	500.00	500.00	1,336.31	836.31
Total Revenue	115,500.00	115,500.00	135,584.72	20,084.72
Expenditures:				
Conservation and Development				
Economic Development and Assistance (Industrial Development)	115,500.00	176,250.00	87,800.30	88,449.70
Total Conservation and Development	115,500.00	176,250.00	87,800.30	88,449.70
Total Expenditures	115,500.00	176,250.00	87,800.30	88,449.70
Net Change in Fund Balances	0.00	(60,750.00)	47,784.42	108,534.42
Fund Balance - Beginning	376,957.42	376,957.42	376,957.42	0.00
FUND BALANCE - ENDING	376,957.42	316,207.42	424,741.84	108,534.42

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
DOUVILLE CEMETERY FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Miscellaneous Revenue:				
Investment Earnings	2,000.00	2,000.00	1,273.45	(726.55)
Total Miscellaneous Revenue	2,000.00	2,000.00	1,273.45	(726.55)
Total Revenue	2,000.00	2,000.00	1,273.45	(726.55)
Expenditures:				
Public Works:				
Cemeteries	2,000.00	2,000.00	0.00	2,000.00
Total Public Works	2,000.00	2,000.00	0.00	2,000.00
Total Expenditures	2,000.00	2,000.00	0.00	2,000.00
Net Change in Fund Balances	0.00	0.00	1,273.45	1,273.45
Fund Balance - Beginning	485,517.30	485,517.30	485,517.30	0.00
FUND BALANCE - ENDING	485,517.30	485,517.30	486,790.75	1,273.45

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.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.

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

The Municipality did not encumber any amounts at December 31, 2017.

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

SUPPLEMENTARY INFORMATIONSCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Three Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Municipality's proportion of the net pension liability/asset	0.0506966%	0.0513775%	0.0540683%
Municipality's proportionate share of net pension liability (asset)	\$ (4,601)	\$ 173,548	\$ (229,319)
Municipality's covered-employee payroll	\$ 947,049	\$ 895,433	\$ 909,652
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.49%	19.38%	25.21%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.1%	96.89%	104.10%

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

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

Last Three Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 63,750	\$ 59,915	\$ 58,949
Contributions in relation to the contractually required contribution	<u>\$ 63,750</u>	<u>\$ 59,915</u>	<u>\$ 58,949</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's covered-employee payroll	\$ 976,768	\$ 912,829	\$ 901,958
Contributions as a percentage of covered-employee payroll	6.53%	6.56%	6.54%

SUPPLEMENTARY INFORMATION

LONG-TERM DEBT

A summary of changes in long-term debt for the year ended December 31, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental Activities:					
Bonds Payable:					
SRF-Series 2008	196,179.83		12,632.72	183,547.11	13,048.32
SRF-Series 2009	491,087.16		26,338.49	464,748.67	27,137.57
Note Payable - Fire Truck	55,000.00		11,913.93	43,086.07	10,678.55
Note Payable - Street Sweeper	100,000.00		32,402.88	67,597.12	33,326.58
Note Payable - Country Club # 1	37,796.18		37,796.18	0.00	0.00
Note Payable - Country Club # 2	65,458.00		65,458.00	0.00	0.00
Sales Tax Revenue Bond - Series 2014	1,626,884.50		220,892.96	1,405,991.54	227,031.84
Notes Payable - Revolving Fund	106,859.14		29,527.82	77,331.32	30,320.03
Total Governmental Activities	<u>2,679,264.81</u>	<u>0.00</u>	<u>436,962.98</u>	<u>2,242,301.83</u>	<u>341,542.89</u>
Business-Type Activities:					
Bonds Payable:					
DENR-Consolidated Water	126,231.71		6,504.99	119,726.72	6,701.61
Total Business-Type Activities	<u>126,231.71</u>	<u>0.00</u>	<u>6,504.99</u>	<u>119,726.72</u>	<u>6,701.61</u>
TOTAL	<u>2,805,496.52</u>	<u>0.00</u>	<u>443,467.97</u>	<u>2,362,028.55</u>	<u>348,244.50</u>

Debt payable at December 31, 2017, is comprised of the following:

Revenue Bonds:

Drinking Water #1 – SRF Series 2008
Maturity Date: July 15, 2029
Interest Rate: 3.25%
Payable from General Fund

\$ 183,547.11

Drinking Water #2 – SRF Series 2009
Maturity Date: October 15, 2031
Interest Rate: 3.00%
Payable from General Fund

\$ 464,748.67

DENR – Consolidated Water Revenue Bond
Maturity Date: May 1, 2032
Interest Rate: 3.00%
Payable from Sewer Fund

\$ 119,726.72

Sales Tax Revenue Bond – Series 2014
Maturity Date: October 15, 2024
Interest Rate: 2.75%
Payable from General Fund

\$1,405,991.54

SUPPLEMENTARY INFORMATIONNotes Payable:

Notes Payable – Revolving Fund \$ 77,331.32
Maturity Date: April 15, 2020
Interest Rate: 2.62%
Payable from General Fund

Notes Payable – Firetruck \$ 43,086.07
Maturity Date: June 15, 2021
Interest Rate: 2.99%
Payable from General Fund

Notes Payable – Street Sweeper \$ 67,597.12
Maturity Date: June 5, 2019
Interest Rate: 2.875%
Payable from General Fund

SUPPLEMENTARY INFORMATION

The annual requirements to amortize all debt outstanding as of December 31, 2017 are as follows:

Annual Requirements to Maturity for Long-Term Debt
December 31, 2017

Year Ending	SRF - Drinking Water # 1 Series 2008		SRF - Drinking Water # 2 Series 2009		DENR - Consolidated Water Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2018	13,048.32	5,807.32	27,137.57	13,639.07	6,701.61	3,541.91
2019	13,477.58	5,378.06	27,960.91	12,815.73	6,904.16	3,339.36
2020	13,920.96	4,934.68	28,809.22	11,967.42	7,112.84	3,130.68
2021	14,378.95	4,476.69	29,683.27	11,093.37	7,327.83	2,915.69
2022	14,851.98	4,003.66	30,583.83	10,192.81	7,549.31	2,694.21
2023-2027	81,918.52	12,359.68	167,413.50	36,469.70	41,310.32	9,907.28
2028-2032	31,950.80	1,046.57	153,160.37	9,946.19	42,820.65	3,275.30
Totals	<u>183,547.11</u>	<u>38,006.66</u>	<u>464,748.67</u>	<u>106,124.29</u>	<u>119,726.72</u>	<u>28,804.43</u>

Year Ending	Sales Tax Revenue Bond - Series 2014		Notes Payable - Revolving Fund		Notes Payable - Fire Truck	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2018	227,031.84	36,803.20	30,320.03	1,753.57	10,678.55	1,335.53
2019	183,295.06	30,539.98	31,133.50	940.10	10,997.84	1,016.24
2020	188,315.39	25,519.65	15,877.79	159.01	11,324.79	689.29
2021	193,620.22	20,214.82			10,084.89	1,929.19
2022	198,999.93	14,835.11				
2023-2027	414,729.10	12,940.98				
2028-2032						
Totals	<u>1,405,991.54</u>	<u>140,853.74</u>	<u>77,331.32</u>	<u>2,852.68</u>	<u>43,086.07</u>	<u>4,970.25</u>

Year Ending	Notes Payable - Street Sweeper		Totals	
	Principal	Interest	Principal	Interest
December 31,				
2018	33,326.58	1,943.42	348,244.50	64,824.02
2019	34,270.54	985.28	308,039.59	55,014.75
2020			265,360.99	46,400.73
2021			255,095.16	40,629.76
2022			251,985.05	31,725.79
2023-2027			705,371.44	71,677.64
2028-2032			227,931.82	14,268.06
Totals	<u>67,597.12</u>	<u>2,928.70</u>	<u>2,362,028.55</u>	<u>324,540.75</u>