

**MUNICIPALITY OF WESSINGTON SPRINGS
WESSINGTON SPRINGS, SOUTH DAKOTA**

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2018 TO DECEMBER 31, 2018

AND

FOR THE YEAR JANUARY 1, 2019 TO DECEMBER 31, 2019

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF WESSINGTON SRPINGS

MUNICIPAL OFFICIALS
DECEMBER 31, 2019

MAYOR:

Kathy Voorhees

GOVERNING BOARD:

Aaron Roesler – President
Joe Hettinger
Jason Hine
Ryan Knipfer
Kim Schultz

FINANCE OFFICER:

Linda Willman

ATTORNEY:

Gary Blue

Schoenfish & Co., Inc.

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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 Wessington Springs
Wessington Springs, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Wessington Springs, South Dakota (Municipality), as of December 31, 2019 and December 31, 2018 and for each of the 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 August 17, 2020. An adverse opinion was issued on the aggregate discretely presented component units because they are 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 weakness.

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 2019-001 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

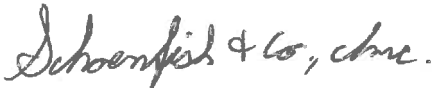
compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 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
August 17, 2020

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Finding Number 2017-001:

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 under current audit finding number 2019-001.

SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2019-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has been reported since 2005.

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 Assistant Finance Officer process all revenue transactions from beginning to end. The Finance Officer and Assistant Finance Officer also 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 Wessington Springs 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.

Management's Response:

The Municipality of Wessington Springs Mayor, Brian Bergeleen, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Wessington Springs, 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 was discussed with the Mayor, Council, and Finance Officer on October 9, 2020.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Wessington Springs
Wessington Springs, 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, each major fund, and the aggregate remaining fund information of the Municipality of Wessington Springs, South Dakota, (Municipality) as of December 31, 2019 and 2018, and for each of the years 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.

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 Wessington Springs, South Dakota, as of December 31, 2019 and December 31, 2018, or the changes in financial position thereof for each of the years in the biennial period then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, modified cash basis, of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Wessington Springs as of December 31, 2019 and December 31, 2018, 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 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 the Municipality's Proportionate Share of the Net Pension Liability (Asset), the Schedule of the Municipality's Contributions, and the Long-Term Liabilities 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

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used to prepare the financial statements or to the 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 17, 2020, 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, 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 17, 2020

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MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	1,283,350.26	1,101,401.35	2,384,751.61
Restricted Assets:			
Cash and Cash Equivalents	38,460.00	375,659.51	414,119.51
TOTAL ASSETS	1,321,810.26	1,477,060.86	2,798,871.12
 NET POSITION:			
Restricted For:			
Debt Service Purposes	38,460.00	401,000.53	439,460.53
Library	165,252.55		165,252.55
Utility Deposits		37,155.76	37,155.76
Unrestricted	1,118,097.71	1,038,904.57	2,157,002.28
TOTAL NET POSITION	1,321,810.26	1,477,060.86	2,798,871.12

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 For the Year Ended December 31, 2019

Functions/Programs	Program Revenues			Net (Expense) 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	128,753.07	37,232.72			(91,520.35)		(91,520.35)
Public Safety	115,283.64				(115,283.64)		(115,283.64)
Public Works	441,663.42	99,930.37	69,135.37	193,495.97	(79,101.71)		(79,101.71)
Health and Welfare	2,038.83		1,585.00		(453.83)		(453.83)
Culture and Recreation	171,361.53	19,031.87			(152,329.66)		(152,329.66)
Conservation and Development	7,500.00				(7,500.00)		(7,500.00)
Miscellaneous Expenses	322,871.51	342,857.14			19,985.63		19,985.63
Total Governmental Activities	<u>1,189,472.00</u>	<u>499,052.10</u>	<u>70,720.37</u>	<u>193,495.97</u>	<u>(426,203.56)</u>	<u>0.00</u>	<u>(426,203.56)</u>
Business-type Activities:							
Water	208,090.35	207,325.30				(765.05)	(765.05)
Sewer	129,534.07	150,942.75				21,408.68	21,408.68
Electric	1,269,738.75	1,322,262.61				52,523.86	52,523.86
Total Business-Type Activities	<u>1,607,363.17</u>	<u>1,680,530.66</u>	<u>0.00</u>	<u>0.00</u>		<u>73,167.49</u>	<u>73,167.49</u>
Total Primary Government	<u>2,796,835.17</u>	<u>2,179,582.76</u>	<u>70,720.37</u>	<u>193,495.97</u>	<u>(426,203.56)</u>	<u>73,167.49</u>	<u>(353,036.07)</u>
General Revenues:							
Taxes:							
Property Taxes					208,789.03		208,789.03
Sales Taxes					353,266.58		353,266.58
State Shared Revenue					8,111.34		8,111.34
Unrestricted Investment Earnings					3,090.08	7,926.99	11,017.07
Debt Issued						16,356.78	16,356.78
Miscellaneous Revenue					22,106.28		22,106.28
Transfers					3,096.14	(3,096.14)	0.00
Total General Revenues and Transfers					<u>598,459.45</u>	<u>21,187.63</u>	<u>619,647.08</u>
Change in Net Position					<u>172,255.89</u>	<u>94,355.12</u>	<u>266,611.01</u>
Net Position - Beginning					1,149,554.37	1,382,705.74	2,532,260.11
NET POSITION - ENDING					<u>1,321,810.26</u>	<u>1,477,060.86</u>	<u>2,798,871.12</u>

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

**MUNICIPALITY OF WESSINGTON SPRINGS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2019**

	<u>General Fund</u>	<u>Additional Sales Tax Fund</u>	<u>Library Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	275,505.94	842,591.77	165,252.55	1,283,350.26
Restricted Cash and Cash Equivalents		38,460.00		38,460.00
TOTAL ASSETS	<u>275,505.94</u>	<u>881,051.77</u>	<u>165,252.55</u>	<u>1,321,810.26</u>
FUND BALANCES:				
Restricted for Library			165,252.55	165,252.55
Restricted for Debt Service		38,460.00		38,460.00
Committed for Employee Insurance	33,900.00			33,900.00
Committed for Pool Renovation	75,000.00	75,000.00		150,000.00
Unassigned	166,605.94	767,591.77		934,197.71
TOTAL FUND BALANCES	<u>275,505.94</u>	<u>881,051.77</u>	<u>165,252.55</u>	<u>1,321,810.26</u>

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

MUNICIPALITY OF WESSINGTON SPINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Additional Sales Tax Fund	Library Fund	Total Governmental Funds
Revenues:				
Taxes:				
General Property Taxes	208,058.59			208,058.59
General Sales and Use Taxes	262,125.49	91,141.09		353,266.58
Amusement Taxes	108.00			108.00
Penalties & Interest on Delinquent Taxes	622.44			622.44
Total Taxes	470,914.52	91,141.09	0.00	562,055.61
Licenses and Permits	3,245.00	0.00	0.00	3,245.00
Intergovernmental Revenue:				
Federal Grants	113,381.63			113,381.63
Federal Grants in Lieu of Taxes	4,192.36			4,192.36
State Grants	7,756.26			7,756.26
State Shared Revenue:				
Bank Franchise Tax	1,880.70			1,880.70
Prorate License Fees	3,357.31			3,357.31
Liquor Tax Reversion	6,230.64			6,230.64
Motor Vehicle Licenses	15,542.14			15,542.14
County Shared Revenue:				
County Road Tax	4,708.86			4,708.86
County Road and Bridge Tax	43,228.06			43,228.06
Total Intergovernmental Revenue	200,277.96	0.00	0.00	200,277.96
Charges for Goods and Services:				
General Government	821.08			821.08
Highways and Streets	3,265.10			3,265.10
Sanitation	89,388.11			89,388.11
Culture and Recreation	16,552.50			16,552.50
Other	7,277.16			7,277.16
Total Charges for Goods and Services	117,303.95	0.00	0.00	117,303.95
Fines and Forfeits:				
Court Fines and Costs	133.00			133.00
Library			2,479.37	2,479.37
Total Fines and Forfeits	133.00	0.00	2,479.37	2,612.37
Miscellaneous Revenue:				
Investment Earnings	729.64	2,067.35	293.09	3,090.08
Rentals	33,166.64			33,166.64
Special Assessments	28,590.76			28,590.76
Maintenance Assessments	47,651.32			47,651.32
Liquor Operating Agreement Income	342,857.14			342,857.14
Other	14,775.99			14,775.99
Total Miscellaneous Revenue	467,771.49	2,067.35	293.09	470,131.93
Total Revenue	1,259,645.92	93,208.44	2,772.46	1,355,626.82
Expenditures:				
General Government:				
Legislative	17,410.77			17,410.77
Executive	2,667.78			2,667.78
Elections	1,473.61			1,473.61
Financial Administration	100,202.18			100,202.18
Other	6,998.73			6,998.73
Total General Government	128,753.07	0.00	0.00	128,753.07

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

MUNICIPALITY OF WESSINGTON SPINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Additional Sales Tax Fund	Library Fund	Total Governmental Funds
Public Safety:				
Police	104,283.64			104,283.64
Fire	11,000.00			11,000.00
Total Public Safety	115,283.64	0.00	0.00	115,283.64
Public Works:				
Highways and Streets	242,113.64			242,113.64
Sanitation	96,727.48			96,727.48
Airport	66,210.30			66,210.30
Total Public Works	405,051.42	0.00	0.00	405,051.42
Health and Welfare:				
Health	2,038.83			2,038.83
Total Health and Welfare	2,038.83	0.00	0.00	2,038.83
Culture and Recreation:				
Recreation	43,933.22			43,933.22
Parks	46,064.19			46,064.19
Libraries	73,727.31		7,636.81	81,364.12
Total Culture and Recreation	163,724.72	0.00	7,636.81	171,361.53
Conservation and Development:				
Economic Development and Assistance	7,500.00			7,500.00
Total Conservation and Development	7,500.00	0.00	0.00	7,500.00
Debt Service	0.00	36,612.00	0.00	36,612.00
Miscellaneous:				
Liquor Operating Agreements	322,871.51			322,871.51
Total Miscellaneous	322,871.51	0.00	0.00	322,871.51
Total Expenditures	1,145,223.19	36,612.00	7,636.81	1,189,472.00
Excess of Revenue Over (Under) Expenditures	114,422.73	56,596.44	(4,864.35)	166,154.82
Other Financing Sources (Uses):				
Transfers In	5,163.49	28,540.76		33,704.25
Transfers Out	(28,540.76)	(2,067.35)		(30,608.11)
Sale of Municipal Property	3,004.93			3,004.93
Total Other Financing Sources (Uses)	(20,372.34)	26,473.41	0.00	6,101.07
Net Change in Fund Balance	94,050.39	83,069.85	(4,864.35)	172,255.89
Fund Balance - Beginning	181,455.55	797,981.92	170,116.90	1,149,554.37
FUND BALANCE - ENDING	275,505.94	881,051.77	165,252.55	1,321,810.26

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2019

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Electric Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	32,052.35	655,573.67	413,775.33	1,101,401.35
Total Current Assets	32,052.35	655,573.67	413,775.33	1,101,401.35
Noncurrent Assets:				
Restricted Cash and Cash Equivalents			375,659.51	375,659.51
Total Noncurrent Assets	0.00	0.00	375,659.51	375,659.51
TOTAL ASSETS	32,052.35	655,573.67	789,434.84	1,477,060.86
NET POSITION:				
Restricted for:				
Revenue Bond Debt Service	7,594.23	17,746.79	252,756.44	278,097.46
Revenue Bond Retirement			122,903.07	122,903.07
Utility Deposits	225.00		36,930.76	37,155.76
Unrestricted Net Position	24,233.12	637,826.88	376,844.57	1,038,904.57
TOTAL NET POSITION	32,052.35	655,573.67	789,434.84	1,477,060.86

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Electric Fund	
Operating Revenue:				
Charges for Goods and Services	207,160.71	150,942.75	957,091.25	1,315,194.71
Surcharge for Security as Debt			365,171.36	365,171.36
Miscellaneous	164.59			164.59
Total Operating Revenue	<u>207,325.30</u>	<u>150,942.75</u>	<u>1,322,262.61</u>	<u>1,680,530.66</u>
Operating Expenses:				
Personal Services	84,584.61	79,708.76	183,944.24	348,237.61
Other Current Expense	54,113.38	29,473.57	665,987.79	749,574.74
Materials	62,488.52	4,218.30	64,156.72	130,863.54
Total Operating Expenses	<u>201,186.51</u>	<u>113,400.63</u>	<u>914,088.75</u>	<u>1,228,675.89</u>
Operating Income (Loss)	<u>6,138.79</u>	<u>37,542.12</u>	<u>408,173.86</u>	<u>451,854.77</u>
Nonoperating Revenue (Expense):				
Investment Earnings	48.56	1,656.13	6,222.30	7,926.99
Debt Service (Principal)	(4,327.27)	(9,041.71)	(210,000.00)	(223,368.98)
Debt Service (Interest)	(2,576.57)	(7,091.73)	(145,650.00)	(155,318.30)
Long-Term Debt Issued			16,356.78	16,356.78
Total Nonoperating Revenue (Expense)	<u>(6,855.28)</u>	<u>(14,477.31)</u>	<u>(333,070.92)</u>	<u>(354,403.51)</u>
Income (Loss) Before Transfers	<u>(716.49)</u>	<u>23,064.81</u>	<u>75,102.94</u>	<u>97,451.26</u>
Transfers Out	(48.56)	(1,656.13)	(1,391.45)	(3,096.14)
Change in Net Position	<u>(765.05)</u>	<u>21,408.68</u>	<u>73,711.49</u>	<u>94,355.12</u>
Net Position - Beginning	32,817.40	634,164.99	715,723.35	1,382,705.74
NET POSITION - ENDING	<u>32,052.35</u>	<u>655,573.67</u>	<u>789,434.84</u>	<u>1,477,060.86</u>

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

**MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2019**

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	<u>193.47</u>
TOTAL ASSETS	<u>193.47</u>
NET POSITION:	
Restricted for:	
Net Position Held in Agency Capacity	<u>193.47</u>
TOTAL NET POSITION	<u><u>193.47</u></u>

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	1,111,094.37	996,454.95	2,107,549.32
Restricted Assets:			
Cash and Cash Equivalents	38,460.00	386,250.79	424,710.79
TOTAL ASSETS	1,149,554.37	1,382,705.74	2,532,260.11
 NET POSITION:			
Restricted For:			
Debt Service Purposes	38,460.00	411,591.81	450,051.81
Library	170,116.90		170,116.90
Utility Deposits		36,693.59	36,693.59
Unrestricted	940,977.47	934,420.34	1,875,397.81
TOTAL NET POSITION	1,149,554.37	1,382,705.74	2,532,260.11

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-Type Activities	Total
Primary Government:							
General Government Activities:							
General Government	149,842.62	36,292.34			(113,550.28)		(113,550.28)
Public Safety	111,785.50	24.38			(111,761.12)		(111,761.12)
Public Works	646,193.83	102,999.64	65,213.71	180,741.14	(297,239.34)		(297,239.34)
Health and Welfare	20,751.88		1,610.00		(19,141.88)		(19,141.88)
Culture and Recreation	146,639.35	26,675.27			(119,964.08)		(119,964.08)
Conservation and Development	7,500.00				(7,500.00)		(7,500.00)
Miscellaneous Expenses	298,701.82	317,686.39			18,984.57		18,984.57
Total Governmental Activities	1,381,415.00	483,678.02	66,823.71	180,741.14	(650,172.13)	0.00	(650,172.13)
Business-type Activities:							
Water	199,364.24	184,179.41					
Sewer	147,307.14	152,723.66				(15,184.83)	(15,184.83)
Electric	1,252,617.26	1,357,405.49				5,416.52	5,416.52
Total Business-Type Activities	1,599,288.64	1,694,308.56	0.00	0.00		95,019.92	95,019.92
Total Primary Government	2,980,703.64	2,177,986.58	66,823.71	180,741.14	(650,172.13)	95,019.92	(555,152.21)
General Revenues:							
Taxes:							
Property Taxes					197,686.52		197,686.52
Sales Taxes					367,898.15		367,898.15
State Shared Revenue					7,639.60		7,639.60
Grants and Contributions not Restricted to Specific Programs					9,503.00		9,503.00
Unrestricted Investment Earnings					2,546.52	5,771.85	8,318.37
Debt Issued					218,236.50		218,236.50
Miscellaneous Revenue					13,145.84		13,145.84
Transfers					2,840.51	(2,840.51)	0.00
Total General Revenues and Transfers					819,496.64	2,931.34	822,427.98
Change in Net Position					169,324.51	97,951.26	267,275.77
Net Position - Beginning					980,229.86	1,284,754.48	2,264,984.34
NET POSITION - ENDING					1,149,554.37	1,382,705.74	2,532,260.11

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

**MUNICIPALITY OF WESSINGTON SPRINGS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2018**

	<u>General Fund</u>	<u>Additional Sales Tax Fund</u>	<u>Library Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	181,455.55	759,521.92	170,116.90	1,111,094.37
Restricted Cash and Cash Equivalents		38,460.00		38,460.00
TOTAL ASSETS	<u>181,455.55</u>	<u>797,981.92</u>	<u>170,116.90</u>	<u>1,149,554.37</u>
FUND BALANCES:				
Restricted for Library			170,116.90	170,116.90
Restricted for Debt Service		38,460.00		38,460.00
Committed for Employee Insurance	33,900.00			33,900.00
Committed for Capital Projects		759,521.92		759,521.92
Unassigned	147,555.55			147,555.55
TOTAL FUND BALANCES	<u>181,455.55</u>	<u>797,981.92</u>	<u>170,116.90</u>	<u>1,149,554.37</u>

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

MUNICIPALITY OF WESSINGTON SPINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General Fund	Additional Sales Tax Fund	Library Fund	Capital Project Fund	Total Governmental Funds
Revenues:					
Taxes:					
General Property Taxes	197,313.66				197,313.66
General Sales and Use Taxes	275,923.54	91,974.61			367,898.15
Amusement Taxes	84.00				84.00
Penalties & Interest on Delinquent Taxes	288.86				288.86
Total Taxes	473,610.06	91,974.61	0.00	0.00	565,584.67
Licenses and Permits	3,185.00	0.00	0.00	0.00	3,185.00
Intergovernmental Revenue:					
Federal Grants	100,248.95				100,248.95
Federal Grants in Lieu of Taxes	2,968.16				2,968.16
State Grants	14,976.53				14,976.53
State Shared Revenue:					
Bank Franchise Tax	1,626.72				1,626.72
Prorate License Fees	3,368.68				3,368.68
Liquor Tax Reversion	6,012.88				6,012.88
Motor Vehicle Licenses	15,532.56				15,532.56
County Shared Revenue:					
County Road Tax	4,708.86				4,708.86
County Road and Bridge Tax	41,603.61				41,603.61
Total Intergovernmental Revenue	191,046.95	0.00	0.00	0.00	191,046.95
Charges for Goods and Services:					
General Government	87.95				87.95
Public Safety	24.38				24.38
Highways and Streets	1,887.29				1,887.29
Sanitation	90,428.83				90,428.83
Culture and Recreation	14,865.85				14,865.85
Other	10,683.52				10,683.52
Total Charges for Goods and Services	117,977.82	0.00	0.00	0.00	117,977.82
Fines and Forfeits:					
Court Fines and Costs	24.38				24.38
Library			11,809.42		11,809.42
Total Fines and Forfeits	24.38	0.00	11,809.42	0.00	11,833.80
Miscellaneous Revenue:					
Investment Earnings	649.00	1,605.44	292.08		2,546.52
Rentals	33,019.39				33,019.39
Special Assessments	26,200.23				26,200.23
Maintenance Assessments	40,925.43				40,925.43
Contributions and Donations from					
Private Sources	9,503.00				9,503.00
Liquor Operating Agreement Income	317,686.39				317,686.39
Other	10,153.30				10,153.30
Total Miscellaneous Revenue	438,136.74	1,605.44	292.08	0.00	440,034.26
Total Revenue	1,223,980.95	93,580.05	12,101.50	0.00	1,329,662.50
Expenditures:					
General Government:					
Legislative	29,363.51				29,363.51
Executive	2,665.57				2,665.57
Elections	780.15				780.15
Financial Administration	90,422.96				90,422.96
Other	8,311.86			18,298.57	26,610.43
Total General Government	131,544.05	0.00	0.00	18,298.57	149,842.62

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

MUNICIPALITY OF WESSINGTON SPINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General Fund	Additional Sales Tax Fund	Library Fund	Capital Project Fund	Total Governmental Funds
Expenditures: (continued)					
Public Safety:					
Police	100,785.50				100,785.50
Fire	11,000.00				11,000.00
Total Public Safety	111,785.50	0.00	0.00	0.00	111,785.50
Public Works:					
Highways and Streets	213,458.78				213,458.78
Sanitation	98,070.81				98,070.81
Airport	97,215.64				97,215.64
Total Public Works	408,745.23	0.00	0.00	0.00	408,745.23
Health and Welfare:					
Health	20,751.88				20,751.88
Total Health and Welfare	20,751.88	0.00	0.00	0.00	20,751.88
Culture and Recreation:					
Recreation	36,732.18				36,732.18
Parks	36,220.81				36,220.81
Libraries	66,583.11		7,103.25		73,686.36
Total Culture and Recreation	139,536.10	0.00	7,103.25	0.00	146,639.35
Conservation and Development:					
Economic Development and Assistance	7,500.00				7,500.00
Total Conservation and Development	7,500.00	0.00	0.00	0.00	7,500.00
Debt Service	0.00	36,612.00	0.00	200,836.60	237,448.60
Miscellaneous:					
Liquor Operating Agreements	298,701.82				298,701.82
Total Miscellaneous	298,701.82	0.00	0.00	0.00	298,701.82
Total Expenditures	1,118,564.58	36,612.00	7,103.25	219,135.17	1,381,415.00
Excess of Revenue Over (Under) Expenditures	105,416.37	56,968.05	4,998.25	(219,135.17)	(51,752.50)
Other Financing Sources (Uses):					
Transfers In	4,445.95	139,815.71		898.67	145,160.33
Transfers Out	(140,714.38)	(1,605.44)			(142,319.82)
Long-Term Debt Issued				218,236.50	218,236.50
Total Other Financing Sources (Uses)	(136,268.43)	138,210.27	0.00	219,135.17	221,077.01
Net Change in Fund Balance	(30,852.06)	195,178.32	4,998.25	0.00	169,324.51
Fund Balance - Beginning	212,307.61	602,803.60	165,118.65	0.00	980,229.86
FUND BALANCE - ENDING	181,455.55	797,981.92	170,116.90	0.00	1,149,554.37

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2018

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Electric Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	32,817.40	634,164.99	329,472.56	996,454.95
Total Current Assets	32,817.40	634,164.99	329,472.56	996,454.95
Noncurrent Assets:				
Restricted Cash and Cash Equivalents			386,250.79	386,250.79
Total Noncurrent Assets	0.00	0.00	386,250.79	386,250.79
TOTAL ASSETS	32,817.40	634,164.99	715,723.35	1,382,705.74
NET POSITION:				
Restricted for:				
Revenue Bond Debt Service	7,594.23	17,746.79	250,540.92	275,881.94
Revenue Bond Retirement			135,709.87	135,709.87
Utility Deposits	250.00		36,443.59	36,693.59
Unrestricted Net Position	24,973.17	616,418.20	293,028.97	934,420.34
TOTAL NET POSITION	32,817.40	634,164.99	715,723.35	1,382,705.74

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Electric Fund	
Operating Revenue:				
Charges for Goods and Services	183,293.43	152,710.11	925,579.20	1,261,582.74
Surcharge for Security as Debt			396,788.59	396,788.59
Miscellaneous	885.98	13.55	35,037.70	35,937.23
Total Operating Revenue	<u>184,179.41</u>	<u>152,723.66</u>	<u>1,357,405.49</u>	<u>1,694,308.56</u>
Operating Expenses:				
Personal Services	78,378.33	77,858.84	175,613.50	331,850.67
Other Current Expense	49,346.82	44,171.79	665,877.72	759,396.33
Materials	63,975.30	8,448.92	51,989.54	124,413.76
Total Operating Expenses	<u>191,700.45</u>	<u>130,479.55</u>	<u>893,480.76</u>	<u>1,215,660.76</u>
Operating Income (Loss)	<u>(7,521.04)</u>	<u>22,244.11</u>	<u>463,924.73</u>	<u>478,647.80</u>
Nonoperating Revenue (Expense):				
Investment Earnings	127.30	1,550.35	4,094.20	5,771.85
Debt Service (Principal)	(880.45)	(2,218.52)	(205,000.00)	(208,098.97)
Debt Service (Interest)	(6,783.34)	(14,609.07)	(154,136.50)	(175,528.91)
Total Nonoperating Revenue (Expense)	<u>(7,536.49)</u>	<u>(15,277.24)</u>	<u>(355,042.30)</u>	<u>(377,856.03)</u>
Income (Loss) Before Transfers	<u>(15,057.53)</u>	<u>6,966.87</u>	<u>108,882.43</u>	<u>100,791.77</u>
Transfers Out	(127.30)	(1,550.35)	(1,162.86)	(2,840.51)
Change in Net Position	<u>(15,184.83)</u>	<u>5,416.52</u>	<u>107,719.57</u>	<u>97,951.26</u>
Net Position - Beginning	48,002.23	628,748.47	608,003.78	1,284,754.48
NET POSITION - ENDING	<u><u>32,817.40</u></u>	<u><u>634,164.99</u></u>	<u><u>715,723.35</u></u>	<u><u>1,382,705.74</u></u>

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

**MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2018**

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	914.50
TOTAL ASSETS	914.50
NET POSITION:	
Restricted for:	
Net Position Held in Agency Capacity	914.50
TOTAL NET POSITION	914.50

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of the Municipality of Wessington Springs (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 fiscally dependent on the Municipality.

The Housing and Redevelopment Commission of the Municipality of Wessington Springs, South Dakota (Commission) is a component unit whose financial statements were not included in the Municipality's modified cash basis of accounting financial statements. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the Wessington Springs, South Dakota.

The Municipality participates in a cooperative unit, the Tri-County Landfill. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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.

Additional Sales Tax Fund – to account for fifty percent of an additional one percent sales tax established by local ordinance which, according to the ordinance, may be used only for capital improvement, land acquisition, the funding of public ambulances and medical emergency response vehicles, public hospitals, or nonprofit hospitals with fifty or fewer licensed beds and other public health care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund, the purchasing of fire fighting vehicles and equipment, and debt retirement. This is a major fund.

Library Fund – to account for fines and similar charges, deposited in a library board bank account subject to checks by the librarian for library purposes. (SDCL 14-2-42) The Municipality has elected to report this fund as a major fund.

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

A Capital Project Fund is used for capital improvements within the Municipality. Funds for these projects usually include grant funds. The Municipality has elected to report the Capital Project Fund as a major fund. This fund was closed in 2018.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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 unite—even if that government is not expected to make any payments—is not payable solely from fee 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.

Electric Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal electrical system and related facilities. (SDCL 9-39-1 and 9-39-26) This is a major fund.

Fiduciary Funds:

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

Agency Fund Types – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results and operations. This fund accounts for employee withholding for medical spending accounts.

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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.

Fund Financial Statements:

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

Basis of Accounting:

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the 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 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 the accounting implemented by the Municipality in these financial statements is:

1. Recording long-term investments in marketable securities (those with maturities more than 90 days 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 expense 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 propriety fund types and fiduciary 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 FINANCIAL STATEMENTS
(continued)

d. Deposits and Investments:

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

Investments classified in the financial statements consist entirely 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.

e. Capital Assets:

Under the modified cash basis of accounting, capital assets are recorded when they result from cash transactions, and are depreciated, where appropriate. The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, and business-type, 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 those assets where appropriate so any capital assets owned by the Municipality and the related depreciation are not reported on the financial statements of the Municipality. Under the modified cash basis of accounting, capital assets are considered a cost of the program for which they were acquired, for the amount paid in cash. In the Statement of Activities, cash payments for capital assets are recorded in the program category for which they were acquired. Allocations between programs are made, where necessary to match the cost with the program that benefits from the use of the capital assets.

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, General Obligation Bonds, Revenue Bonds, and Notes Payable.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, and business-type activities are presented using a modified cash basis of accounting. The 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 debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statement of Activities the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

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

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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.
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 Fund Revenues 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.

i. Cash and Cash Equivalents:

The Municipality considers all highly liquid investments as deposits (including restricted assets) with a term to maturity of three months or less, at date of acquisition, to be cash equivalents.

j. 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 its 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 does not meet the definition of Restricted Net Position.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. The Fiduciary Funds maintained by the Municipality are Agency Funds which have no fund equity.

k. 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.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

I. 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.
- 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 Municipal Governing Board committed the following fund balance types by taking the following action:

<u>Fund Balance Type:</u>	<u>2018</u>	<u>2019</u>	<u>Action</u>
General Fund- Employee Insurance	\$ 33,900.00	\$ 33,900.00	Ordinance
General Fund- Pool Renovation	\$ 0.00	\$ 75,000.00	Ordinance
2 nd Penny Fund	\$759,521.92	\$ 75,000.00	Ordinance

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 of unrestricted fund balance when expenditures are made.

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

2. DEPOSITS AND INVESTMENTS, 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, 7-20-1, 7-20-1.1 and 7-20-1.2, and may be in the form of demand or time deposits.

Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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 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, 2019 and December 31, 2018, 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 – 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 deposits and investments to the General Fund with the exception of the Library Fund. USGAAP, on the other hand, requires income except where legal or contractual requirements require investment income to be credited to a fund other than the one associated with the assets. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities.

3. RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents of \$386,250.79 at December 31, 2018 and \$375,659.51 at December 31, 2019 in the Electric Fund are restricted by revenue bond reserve and retirement requirements. At December 31, 2019 and December 31, 2018, cash and cash equivalents of \$38,460.00 was restricted in the Additional Sales Tax Fund for Debt Service Reserve Requirements.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of 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 following year.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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

5. RESTRICTED NET POSITION

Restricted net position for the two years ended December 31, 2019 was as follows:

	2018	2019
Debt Service:		
General Obligation Bonds		
(Additional Sales Tax)	\$ 38,460.00	\$ 38,460.00
Electric Fund	250,540.92	252,756.44
Water Fund	7,594.23	7,594.23
Sewer Fund	17,746.79	17,746.79
Bond Retirement:		
Electric Fund	135,709.87	122,903.07
Library	170,116.90	165,252.55
Utility Deposits:		
Water Fund	250.00	225.00
Electric Fund	36,443.59	36,930.76
Total Restricted Net Position	\$ 656,862.30	\$ 641,868.84

These balances are restricted by the Electric Fund revenue bond reserve and debt retirement requirements.

6. LONG TERM COMMITMENT

The Municipality entered into a water tank maintenance contract. The following are the minimum payments for the contract:

	Water Fund
2020	28,008.00
2021	28,008.00
2022	28,008.00
2023	28,008.00
2024	11,570.00

NOTES TO THE FINANCIAL STATEMENTS
(continued)

7. INTERFUND TRANSFERS

Interfund transfers for the two years ended December 31, 2019 were as follows:

<u>Transfers From:</u>	<u>Transfers to:</u>		
	<u>General Fund</u>	<u>Additional Sales Tax Fund</u>	<u>Total</u>
General Fund		28,540.76	28,540.76
Additional Sales Tax Fund	2,067.35		2,067.35
Water Fund	48.56		48.56
Electric Fund	1,391.45		1,391.45
Serwer Fund	1,656.13		1,656.13
TOTAL	5,163.49	28,540.76	33,704.25

The transfers were made as budgeted operating transfers to conduct the indispensable functions of the Municipality and to credit interesting earning from various funds to the General Fund.

Interfund transfers for the two years ended December 31, 2018 were as follows:

<u>Transfers From:</u>	<u>Transfers to:</u>			
	<u>General Fund</u>	<u>Additional Sales Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
General Fund		139,815.71	898.67	140,714.38
Additional Sales Tax Fund	1,605.44			1,605.44
Water Fund	127.30			127.30
Electric Fund	1,162.86			1,162.86
Serwer Fund	1,550.35			1,550.35
TOTAL	4,445.95	139,815.71	898.67	145,160.33

The transfers were made as budgeted operating transfers to conduct the indispensable functions of the Municipality and to credit interesting earning from various funds to the General Fund.

8. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid 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 FINANCIAL STATEMENTS
(continued)

Benefits Provided:

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund 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.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to 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. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2019, 2018, and 2017, were \$21,481.21, \$20,506.53, and \$19,801.20, respectively, equal to the required contributions each year.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

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

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2019 are as follows:

Proportionate share of pension liability	\$ 2,012,134.74
Less proportionate share of net position restricted for pension benefits	<u>\$ 2,013,845.76</u>
Proportionate share of net pension liability (asset)	<u>\$ (1,711.02)</u>

The net pension liability (asset) was measured as of June 30, 2019 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, 2019, the Municipality's proportion was 0.01614590%, which is a decrease of (0.0017061%) from its proportion measured as of June 30, 2018.

At June 30, 2018, SDRS is 100.02% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2018 and reported by the Municipality as of December 31, 2018 are as follows:

Proportionate share of pension liability	\$ 1,931,113.54
Less proportionate share of net position restricted for pension benefits	<u>\$ 1,931,481.70</u>
Proportionate share of net pension liability (asset)	<u>\$ (368.16)</u>

The net pension liability (asset) was measured as of June 30, 2018 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, 2018, the Municipality's proportion was 0.01578560%, which is a decrease of (0.01578560%) from its proportion measured as of June 30, 2017.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2019 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% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.88%

NOTES TO THE FINANCIAL STATEMENTS
(continued)

Mortality rates were based on 97% of the RP-2014 Mortality Table, projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on 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, 2018 (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%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	2.0%	0.9%
Total	100%	

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:

At December 31, 2019, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 percent 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% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$283,996.38	\$ (1,711.02)	(\$234,510.93)

NOTES TO THE FINANCIAL STATEMENTS
(continued)

At December 31, 2018, the following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 percent 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% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$278,061.56	\$ (386.16)	(\$226,855.63)

9. JOINT VENTURE

The Municipality participates in a joint venture, known as Tri-County Landfill, formed for the purpose of providing garbage dump area services to its member entities.

The members of the joint venture 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%	Pukwana City	1.09%
Draper City	0.51%	Reliance City	0.70%
Jerauld County	4.21%	Stickney City	1.33%
Jones County	2.16%	Tripp County	13.10%
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. 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. This funding would be shared equally by all members.

As of December 31, 2018, this joint venture had a total fund net position of \$1,392,031 and long-term debt of \$698,486. This is the most recent financial information the entity was able to provide.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

10. SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2019 and December 31, 2018, the Municipality was not involved in any significant litigation.

11. 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, 2019 and December 31, 2018, the Municipality managed its risks as follows:

Employee Health Insurance:

The Municipality purchases health insurance for its employees from a commercial insurance carrier. The Municipality has elected to purchase health insurance with a high deductible for their employee however provides a lower deductible to its employees. The Municipality has elected to be self-insured for the difference of the employees' deductible and the actual insurance deductible on each policy. The Municipality has committed \$33,900.00 in the general fund for the payment of such claims.

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 joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The 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. The pool 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 over 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.

NOTES TO THE FINANCIAL STATEMENTS
(continued)

12. REVENUE PLEDGED FOR DEBT SERVICE

The Municipality has pledged future electric customer revenues to repay electric system bonds issued in 2010 and 2017. Proceeds from the bond provided financing for improvements on the Municipality's electric utility system. Annual principal and interest payments on the bonds are expected to require 22 percent of net revenues.

13. CONFLICT OF INTEREST

Board member Jason Hine, who is an owner of The True Dakota, received over \$7,000 in 2018 and over \$10,000 in 2019 for services for the Municipality of Wessington Springs.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive (Negative)</u>
Revenues:				
Taxes:				
General Property Taxes	214,050.00	214,050.00	208,058.59	(5,991.41)
General Sales and Use Taxes	280,000.00	280,000.00	262,125.49	(17,874.51)
Amusement Taxes	48.00	48.00	108.00	60.00
Penalties and Interest on Delinquent Taxes	250.00	250.00	622.44	372.44
Total Taxes	494,348.00	494,348.00	470,914.52	(23,433.48)
Licenses and Permits	2,125.00	2,125.00	3,245.00	1,120.00
Intergovernmental Revenues:				
Federal Grants	45,000.00	45,000.00	113,381.63	68,381.63
Federal Grants in Lieu of Taxes	3,600.00	3,600.00	4,192.36	592.36
State Grants	0.00	0.00	7,756.26	7,756.26
State Shared Revenues:				
Bank Franchise Tax	1,700.00	1,700.00	1,880.70	180.70
Prorate License Fees	3,250.00	3,250.00	3,357.31	107.31
Liquor Tax Reversion	6,000.00	6,000.00	6,230.64	230.64
Motor Vehicle Licenses	16,000.00	16,000.00	15,542.14	(457.86)
County Shared Revenues:				
County Road Tax	4,700.00	4,700.00	4,708.86	8.86
County Wheel Tax	40,000.00	40,000.00	43,228.06	3,228.06
Total Intergovernmental Revenues	120,250.00	120,250.00	200,277.96	80,027.96
Charges for Goods and Services:				
General Government	25.00	25.00	821.08	796.08
Highways and Streets	1,500.00	1,500.00	3,265.10	1,765.10
Sanitation	93,425.00	93,425.00	89,388.11	(4,036.89)
Culture and Recreation	12,800.00	12,800.00	16,552.50	3,752.50
Other	10,762.00	10,762.00	7,277.16	(3,484.84)
Total Charges for Goods and Services	118,512.00	118,512.00	117,303.95	(1,208.05)
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	133.00	133.00
Total Fines and Forfeits	0.00	0.00	133.00	133.00
Miscellaneous Revenues:				
Investment Earnings	400.00	400.00	729.64	329.64
Rentals	24,702.00	24,702.00	33,166.64	8,464.64
Special Assessments	0.00	0.00	28,590.76	28,590.76
Maintenance Assessments	48,500.00	48,500.00	47,651.32	(848.68)
Liquor Operating Agreement Income	320,000.00	320,000.00	342,857.14	22,857.14
Other	8,000.00	8,000.00	14,775.99	6,775.99
Total Miscellaneous Revenue	401,602.00	401,602.00	467,771.49	66,169.49
Total Revenue	1,136,837.00	1,136,837.00	1,259,645.92	122,808.92

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget -
	Original	Final		Positive (Negative)
Expenditures:				
General Government:				
Legislative	30,504.00	30,504.00	17,410.77	13,093.23
Contingency	65,000.00	65,000.00		
Amount Transferred		(13,550.00)		51,450.00
Executive	7,825.00	7,825.00	2,667.78	5,157.22
Elections	800.00	1,650.00	1,473.61	176.39
Financial Administration	110,242.00	110,242.00	100,202.18	10,039.82
Other	8,000.00	8,000.00	6,998.73	1,001.27
Total General Government	222,371.00	209,671.00	128,753.07	80,917.93
Public Safety:				
Police	103,809.00	104,284.00	104,283.64	0.36
Fire	11,000.00	11,000.00	11,000.00	0.00
Total Public Safety	114,809.00	115,284.00	115,283.64	0.36
Public Works:				
Highways and Streets	238,809.20	253,909.20	242,113.64	11,795.56
Sanitation	102,365.34	102,365.34	96,727.48	5,637.86
Airport	67,516.00	117,516.00	66,210.30	51,305.70
Total Public Works	408,690.54	473,790.54	405,051.42	68,739.12
Health and Welfare:				
Health	7,065.00	7,065.00	2,038.83	5,026.17
Total Health and Welfare	7,065.00	7,065.00	2,038.83	5,026.17
Culture and Recreation:				
Recreation	45,080.00	45,080.00	43,933.22	1,146.78
Parks	45,580.00	52,080.00	46,064.19	6,015.81
Libraries	87,741.00	91,291.00	73,727.31	17,563.69
Total Culture and Recreation	178,401.00	188,451.00	163,724.72	24,726.28
Conservation and Development:				
Economic Development and Assistance	7,500.00	7,500.00	7,500.00	0.00
Total Conservation and Development	7,500.00	7,500.00	7,500.00	0.00
Miscellaneous:				
Liquor Operating Agreements	293,000.00	322,900.00	322,871.51	28.49
Total Miscellaneous	293,000.00	322,900.00	322,871.51	28.49
Total Expenditures	1,231,836.54	1,324,661.54	1,145,223.19	179,438.35
Excess of Revenues Over (Under) Expenditures	(94,999.54)	(187,824.54)	114,422.73	302,247.27
Other Financing Sources (Uses):				
Transfers In	28,075.00	28,075.00	5,163.49	(22,911.51)
Transfers Out	0.00	0.00	(28,540.76)	(28,540.76)
Sale of Municipal Property	0.00	0.00	3,004.93	3,004.93
Total Other Financing Sources (Uses)	28,075.00	28,075.00	(20,372.34)	(48,447.34)
Net Change in Fund Balances	(66,924.54)	(159,749.54)	94,050.39	253,799.93
Fund Balance - Beginning	181,455.55	181,455.55	181,455.55	0.00
FUND BALANCE - ENDING	114,531.01	21,706.01	275,505.94	253,799.93

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SECOND PENNY SALES TAX FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Sales and Use Tax	90,000.00	90,000.00	91,141.09	1,141.09
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	2,067.35	1,067.35
Special Assessments	31,425.00	31,425.00	0.00	(31,425.00)
Total Revenue	<u>122,425.00</u>	<u>122,425.00</u>	<u>93,208.44</u>	<u>(29,216.56)</u>
Expenditures:				
Public Works:				
Airport	685,813.00	685,813.00	0.00	685,813.00
Total Public Works	<u>685,813.00</u>	<u>685,813.00</u>	<u>0.00</u>	<u>685,813.00</u>
Debt Service	<u>36,612.00</u>	<u>36,612.00</u>	<u>36,612.00</u>	<u>0.00</u>
Total Expenditures	<u>722,425.00</u>	<u>722,425.00</u>	<u>36,612.00</u>	<u>685,813.00</u>
Excess of Revenue Over (Under) Expenditures	<u>(600,000.00)</u>	<u>(600,000.00)</u>	<u>56,596.44</u>	<u>656,596.44</u>
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	28,540.76	28,540.76
Transfers Out	<u>(400.00)</u>	<u>(400.00)</u>	<u>(2,067.35)</u>	<u>(1,667.35)</u>
Total Other Financing Sources (Uses)	<u>(400.00)</u>	<u>(400.00)</u>	<u>26,473.41</u>	<u>26,873.41</u>
Net Change in Fund Balances	<u>(600,400.00)</u>	<u>(600,400.00)</u>	<u>83,069.85</u>	<u>683,469.85</u>
Fund Balance - Beginning	<u>797,981.92</u>	<u>797,981.92</u>	<u>797,981.92</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>197,581.92</u>	<u>197,581.92</u>	<u>881,051.77</u>	<u>683,469.85</u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
LIBRARY FUND
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeits:				
Library	0.00	0.00	2,479.37	2,479.37
Miscellaneous Revenue:				
Investment Earnings	1,170.00	1,170.00	293.09	(876.91)
Total Revenue	1,170.00	1,170.00	2,772.46	1,602.46
Expenditures:				
Culture and Recreation:				
Libraries	161,700.00	161,700.00	7,636.81	154,063.19
Total Culture and Recreation	161,700.00	161,700.00	7,636.81	154,063.19
Total Expenditures	161,700.00	161,700.00	7,636.81	154,063.19
Net Change in Fund Balances	(160,530.00)	(160,530.00)	(4,864.35)	155,665.65
Fund Balance - Beginning	170,116.90	170,116.90	170,116.90	0.00
FUND BALANCE - ENDING	9,586.90	9,586.90	165,252.55	155,665.65

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes	203,195.00	203,195.00	197,313.66	(5,881.34)
General Sales and Use Taxes	270,000.00	270,000.00	275,923.54	5,923.54
Amusement Taxes	50.00	50.00	84.00	34.00
Penalties and Interest on Delinquent Taxes	250.00	250.00	288.86	38.86
Total Taxes	473,495.00	473,495.00	473,610.06	115.06
Licenses and Permits	1,820.00	1,820.00	3,185.00	1,365.00
Intergovernmental Revenues:				
Federal Grants	0.00	0.00	100,248.95	100,248.95
Federal Grants in Lieu of Taxes	3,500.00	3,500.00	2,968.16	(531.84)
State Grants	0.00	0.00	14,976.53	14,976.53
State Shared Revenues:				
Bank Franchise Tax	2,000.00	2,000.00	1,626.72	(373.28)
Prorate License Fees	3,300.00	3,300.00	3,368.68	68.68
Liquor Tax Reversion	6,250.00	6,250.00	6,012.88	(237.12)
Motor Vehicle Licenses	15,000.00	15,000.00	15,532.56	532.56
County Shared Revenues:				
County Road Tax	4,700.00	4,700.00	4,708.86	8.86
County Wheel Tax	44,100.00	44,100.00	41,603.61	(2,496.39)
Total Intergovernmental Revenues	78,850.00	78,850.00	191,046.95	112,196.95
Charges for Goods and Services:				
General Government	25.00	25.00	87.95	62.95
Public Safety	0.00	0.00	24.38	24.38
Highways and Streets	750.00	750.00	1,887.29	1,137.29
Sanitation	93,425.00	93,425.00	90,428.83	(2,996.17)
Culture and Recreation	13,500.00	13,500.00	14,865.85	1,365.85
Other-Airport	31,393.00	31,393.00	10,683.52	(20,709.48)
Total Charges for Goods and Services	139,093.00	139,093.00	117,977.82	(21,115.18)
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	24.38	24.38
Total Fines and Forfeits	0.00	0.00	24.38	24.38
Miscellaneous Revenues:				
Investment Earnings	300.00	300.00	649.00	349.00
Rentals	14,100.00	14,100.00	33,019.39	18,919.39
Special Assessments	0.00	0.00	26,200.23	26,200.23
Maintenance Assessments	40,000.00	40,000.00	40,925.43	925.43
Contributions and Donations from Private Sources	0.00	0.00	9,503.00	9,503.00
Liquor Operating Agreement Income	271,390.00	271,390.00	317,686.39	46,296.39
Other	8,000.00	8,000.00	10,153.30	2,153.30
Total Miscellaneous Revenue	333,790.00	333,790.00	438,136.74	104,346.74
Total Revenue	1,027,048.00	1,027,048.00	1,223,980.95	196,932.95

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative	32,683.50	33,046.50	29,363.51	3,682.99
Contingency	65,000.00	65,000.00		
Amount Transferred		(48,960.00)		16,040.00
Executive	2,825.00	2,825.00	2,665.57	159.43
Elections	625.00	795.00	780.15	14.85
Financial Administration	104,334.00	105,009.00	90,422.96	14,586.04
Other	7,290.00	8,340.00	8,311.86	28.14
Total General Government	212,757.50	166,055.50	131,544.05	34,511.45
Public Safety:				
Police	97,850.00	100,785.50	100,785.50	0.00
Fire	11,000.00	11,000.00	11,000.00	0.00
Total Public Safety	108,850.00	111,785.50	111,785.50	0.00
Public Works:				
Highways and Streets	235,201.76	236,011.76	213,458.78	22,552.98
Sanitation	102,078.00	102,178.00	98,070.81	4,107.19
Airport	66,200.00	97,500.00	97,215.64	284.36
Total Public Works	403,479.76	435,689.76	408,745.23	26,944.53
Health and Welfare:				
Health	17,050.00	24,260.00	20,751.88	3,508.12
Total Health and Welfare	17,050.00	24,260.00	20,751.88	3,508.12
Culture and Recreation:				
Recreation	45,005.00	45,005.00	36,732.18	8,272.82
Parks	25,869.00	36,361.00	36,220.81	140.19
Libraries	98,348.36	98,348.36	66,583.11	31,765.25
Total Culture and Recreation	169,222.36	179,714.36	139,536.10	40,178.26
Conservation and Development:				
Economic Development and Assistance	7,500.00	7,500.00	7,500.00	0.00
Total Conservation and Development	7,500.00	7,500.00	7,500.00	0.00
Miscellaneous:				
Liquor Operating Agreements	256,027.00	300,027.00	298,701.82	1,325.18
Total Miscellaneous	256,027.00	300,027.00	298,701.82	1,325.18
Total Expenditures	1,174,886.62	1,225,032.12	1,118,564.58	106,467.54
Excess of Revenues Over (Under) Expenditures	(147,838.62)	(197,984.12)	105,416.37	303,400.49
Other Financing Sources (Uses):				
Transfers In	31,840.00	31,840.00	4,445.95	(27,394.05)
Transfers Out	0.00	0.00	(140,714.38)	(140,714.38)
Total Other Financing Sources (Uses)	31,840.00	31,840.00	(136,268.43)	(168,108.43)
Net Change in Fund Balances	(115,998.62)	(166,144.12)	(30,852.06)	135,292.06
Fund Balance - Beginning	212,307.61	212,307.61	212,307.61	0.00
FUND BALANCE - ENDING	96,308.99	46,163.49	181,455.55	135,292.06

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SECOND PENNY SALES TAX FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Sales and Use Tax	90,000.00	90,000.00	91,974.61	1,974.61
Miscellaneous Revenue:				
Investment Earnings	400.00	400.00	1,605.44	1,205.44
Total Revenue	<u>90,400.00</u>	<u>90,400.00</u>	<u>93,580.05</u>	<u>3,180.05</u>
Expenditures:				
Public Works:				
Airport	553,388.00	553,388.00	0.00	553,388.00
Total Culture and Recreation	<u>553,388.00</u>	<u>553,388.00</u>	<u>0.00</u>	<u>553,388.00</u>
Debt Service	<u>36,612.00</u>	<u>36,612.00</u>	<u>36,612.00</u>	<u>0.00</u>
Total Expenditures	<u>590,000.00</u>	<u>590,000.00</u>	<u>36,612.00</u>	<u>553,388.00</u>
Excess of Revenue Over (Under) Expenditures	<u>(499,600.00)</u>	<u>(499,600.00)</u>	<u>56,968.05</u>	<u>556,568.05</u>
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	139,815.71	139,815.71
Transfers Out	<u>(400.00)</u>	<u>(400.00)</u>	<u>(1,605.44)</u>	<u>(1,205.44)</u>
Total Other Financing Sources (Uses)	<u>(400.00)</u>	<u>(400.00)</u>	<u>138,210.27</u>	<u>138,610.27</u>
Net Change in Fund Balances	<u>(500,000.00)</u>	<u>(500,000.00)</u>	<u>195,178.32</u>	<u>695,178.32</u>
Fund Balance - Beginning	602,803.60	602,803.60	602,803.60	0.00
FUND BALANCE - ENDING	<u>102,803.60</u>	<u>102,803.60</u>	<u>797,981.92</u>	<u>695,178.32</u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
LIBRARY FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeits:				
Library	0.00	0.00	11,809.42	11,809.42
Miscellaneous Revenue:				
Investment Earnings	1,170.00	1,170.00	292.08	(877.92)
Total Revenue	1,170.00	1,170.00	12,101.50	10,931.50
Expenditures:				
Culture and Recreation:				
Libraries	161,700.00	161,700.00	7,103.25	154,596.75
Total Culture and Recreation	161,700.00	161,700.00	7,103.25	154,596.75
Total Expenditures	161,700.00	161,700.00	7,103.25	154,596.75
Net Change in Fund Balances	(160,530.00)	(160,530.00)	4,998.25	165,528.25
Fund Balance - Beginning	165,118.65	165,118.65	165,118.65	0.00
FUND BALANCE - ENDING	4,588.65	4,588.65	170,116.90	165,528.25

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 disbursements 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 disbursement 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, 2019 or 2018.

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.

SUPPLEMENTARY INFORMATION

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

South Dakota Retirement System

Last 5 Years*

	2019	2018	2017	2016	2015
Municipality's proportion of the net pension liability/asset	0.0161459%	0.0157856%	0.0178520%	0.0185492%	0.0194490%
Municipality's proportionate share of net pension liability (asset)	\$ (1,711)	\$ (368)	\$ (1,620)	\$ 62,657	\$ (82,489)
Municipality's covered-employee payroll	\$ 343,295	\$ 392,166	\$ 362,708	\$ 352,714	\$ 355,085
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.50%	0.11%	0.45%	17.76%	23.23%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	100.02%	100.10%	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.

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

Last 5 Years

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 21,481	\$ 20,507	\$ 19,801	\$ 22,531	\$ 20,629
Contributions in relation to the contractually required contribution	\$ 21,481	\$ 20,507	\$ 19,801	\$ 22,531	\$ 20,629
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's covered-employee payroll	\$ 358,023	\$ 341,774	\$ 330,019	\$ 375,507	\$ 343,820
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%

**Notes to Supplementary Information
for the Two Years Ended December 31, 2019**
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes of benefit terms:

No significant changes.

Changes of assumptions:

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% 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%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

SUPPLEMENTARY INFORMATION

LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:						
Governmental Activities:						
Bonds Payable:						
General Obligation Bonds						
Series 2016	470,966.32	218,236.50	(247,298.78)		441,904.04	24,224.80
Notes Payable - Wheel Loader	41,358.81		(34,060.48)		7,298.33	7,298.33
Total Governmental Activities	<u>512,325.13</u>	<u>218,236.50</u>	<u>(281,359.26)</u>	<u>0.00</u>	<u>449,202.37</u>	<u>31,523.13</u>
Business-Type Activities:						
Bonds Payable						
Electric Revenue Refunding Bonds						
Series 2017A	1,240,000.00		(100,000.00)		1,140,000.00	50,000.00
Electric Revenue Refunding Bonds						
Series 2017B	1,925,000.00		(140,000.00)		1,785,000.00	70,000.00
DW Revenue Bonds Series 2016	150,313.00		(4,452.05)		145,860.95	3,652.64
CW Revenue Bonds Series 2016	241,979.00		(11,260.23)		230,718.77	9,316.02
Electric Revenue Refunding Bonds						
Series 2010A	565,000.00		(178,750.02)	(63,749.98)	322,500.00	93,749.99
Total Business-Type Activities	<u>4,122,292.00</u>	<u>0.00</u>	<u>(434,462.30)</u>	<u>(63,749.98)</u>	<u>3,624,079.72</u>	<u>226,718.65</u>
Total Primary Government	<u>4,634,617.13</u>	<u>218,236.50</u>	<u>(715,821.56)</u>	<u>(63,749.98)</u>	<u>4,073,282.09</u>	<u>258,241.78</u>

Liabilities payable at December 31, 2019 are comprised of the following:

General Obligation Bonds:

General Obligation Bonds, Series 2016

Maturity Date: November 5, 2034

Interest Rate: 2.875%

Retired by Additional Sales Tax Fund

\$ 441,904.04

Revenue Bonds:

Electric Refunding Revenue Bonds (Generator), Series 2017A

Maturity Date: May 1, 2036

Interest Rate: 3.35%

Retired by Electric Fund

\$1,140,000.00

Electric Refunding Revenue Bonds (Transmission), Series 2017B

Maturity Date: July 1, 2036

Interest Rate: 4.75%

Retired by Electric Fund

\$1,785,000.00

NOTES TO THE FINANCIAL STATEMENTS
(continued)

Drinking Water Revenue Bonds, Series 2016	
Maturity Date: August 15, 2048	
Interest Rate: 2.25%	
Retired by Water Fund	\$ 145,860.95
Clean Water Revenue Bonds, Series 2016,	
Maturity Date: August 15, 2038	
Interest Rate: 3.00%	
Retired by Sewer Fund	\$ 230,718.77
Electric Revenue Refunding Bonds, Series 2010A,	
Maturity Date: March 10, 2023	
Interest Rate: 3.6% to 4.35%	
Retired by Electric Fund	\$ 322,500.00
Other Long-Term Liabilities:	
Notes Payable on Wheel Loader	
Maturity Date: May 10, 2020	
Interest Rate: 3.65%	
Retired by General Fund	\$ 7,298.33

NOTES TO THE FINANCIAL STATEMENTS
(continued)

Primary Government

The annual requirements to amortize all debt outstanding as of December 31, 2019 are as follows:

Annual Requirements to Maturity for Long-Term Debt
December 31, 2019

Year Ending December 31,	General Obligation Bonds Series 2016		Electrical Revenue Bonds Series 2017A		Electrical Revenue Bonds Series 2017B	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	24,224.80	12,387.20	50,000.00	37,771.25	70,000.00	83,956.25
2021	24,930.54	11,681.46	55,000.00	36,096.25	80,000.00	80,512.50
2022	25,656.79	10,955.21	60,000.00	34,170.00	80,000.00	76,712.50
2023	26,404.23	10,207.77	60,000.00	32,160.00	85,000.00	72,912.50
2024	27,173.44	9,438.56	60,000.00	30,150.00	90,000.00	68,756.25
2025-2029	148,212.76	34,847.24	330,000.00	119,343.75	510,000.00	275,618.75
2030-2034	165,301.48	11,970.14	390,000.00	59,211.25	645,000.00	140,362.50
2035-2039			135,000.00	4,522.50	225,000.00	10,687.50
2040-2044						
2045-2049						
Totals	<u>441,904.04</u>	<u>101,487.58</u>	<u>1,140,000.00</u>	<u>353,425.00</u>	<u>1,785,000.00</u>	<u>809,518.75</u>

Year Ending December 31,	Revenue Refunding Bond Series 2010		Drinking Water Revenue Bond Series 2016		Clean Water Revenue Bond Series 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	93,749.99	15,007.50	3,652.64	3,251.20	9,316.02	6,817.42
2021	98,749.99	9,950.61	3,735.52	3,168.32	9,598.66	6,534.78
2022	103,750.02	5,655.00	3,820.28	3,083.56	9,889.88	6,243.56
2023	26,250.00	1,141.89	3,906.97	2,996.87	10,189.93	5,943.51
2024			3,995.62	2,908.22	10,499.08	5,634.36
2025-2029			21,379.87	13,139.33	57,471.18	23,196.02
2030-2034			23,918.09	10,601.11	66,734.60	13,932.60
2035-2039			26,757.64	7,761.56	57,019.42	3,480.83
2040-2044			29,934.27	4,584.93		
2045-2049			24,760.05	1,128.73		
Totals	<u>322,500.00</u>	<u>31,755.00</u>	<u>145,860.95</u>	<u>52,623.83</u>	<u>230,718.77</u>	<u>71,783.08</u>

Year Ending December 31,	Note Payable Wheel Loader		Total	
	Principal	Interest	Principal	Interest
2020	7,298.33	65.47	258,241.78	159,256.29
2021			272,014.71	147,943.92
2022			283,116.97	136,819.83
2023			211,751.13	125,362.54
2024			191,668.14	116,887.39
2025-2029			1,067,063.81	466,145.09
2030-2034			1,290,954.17	236,077.60
2035-2039			443,777.06	26,452.39
2040-2044			29,934.27	4,584.93
2045-2049			24,760.05	1,128.73
Totals	<u>7,298.33</u>	<u>65.47</u>	<u>4,073,282.09</u>	<u>1,420,658.71</u>

See Independent Auditor's Report.