

**MUNICIPALITY OF DELMONT
DELMONT, SOUTH DAKOTA**

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2010 TO DECEMBER 31, 2010

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF DELMONT

MUNICIPAL OFFICIALS
DECEMBER 31, 2010

MAYOR:

Ervin Bietz

GOVERNING BOARD:

Clark Will, President
Mae Gunnare, Vice-President
Lawrence Clouse III
Todd Gross
Valrae Schwaderer
Earla Strid

FINANCE OFFICER:

Linda Laib

ATTORNEY:

Barbara Braley

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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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

Municipal Council
Municipality of Delmont
Delmont, South Dakota

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Delmont, South Dakota (Municipality), as of December 31, 2010, and for the year then ended and have issued our report thereon dated May 11, 2011. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as item 2010-01 to be a material weakness.

Compliance and Other Matters

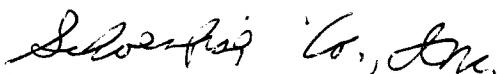
As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

The Municipality of Delmont's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings. We did not audit the Municipality's response and, accordingly, we express no opinion on it.

We also noted certain additional matters that we have reported to the management of the Municipality in a separate communication dated May 20, 2011.

This report is intended solely for the information and use of the South Dakota Legislature, state granting agencies, and the governing board and management of the Municipality of Delmont, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, 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
May 11, 2011

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

The Municipality of Delmont has not had an audit in recent years. The following comments were from an internal control review dated January 13, 2000.

- a. The Municipality did not maintain a general journal as required by the Municipal Accounting Manual.
- b. The Municipality did not maintain adequate general fixed asset records, enterprise fixed asset records and the related depreciation schedules.
- c. The Municipality's cash assets exceeded \$64,000 during 1999. However, the finance officer's surety bond coverage was set at only \$50,000 in violation of SDCL 9-14-6.1 which requires coverage equal to cash assets up to a maximum of \$150,000.
- d. Interest earnings were not independently verified.

Items a. and d. have been corrected. Item b. has not been corrected because the Municipality is now on the modified cash basis of accounting. The Municipality does have asset inventory lists for insurance purposes. Item c. has not been corrected and was communicated to management.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2010-01:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is the first consecutive audit in which a similar comment has occurred.

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 processes all revenue transactions from beginning to end. The Finance Officer also receives money, issues receipts, records receipts, posts receipts in the accounting records, prepares bank deposits, reconciles bank statements, and prepares financial statements.

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 Delmont 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 Delmont Mayor, Ervin Bietz, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Delmont, 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 provide compensating controls.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with the Mayor and Finance Officer on May 20, 2011.

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INDEPENDENT AUDITOR'S REPORT

Municipal Council
Municipality of Delmont
Delmont, South Dakota

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Delmont, South Dakota, as of December 31, 2010, and for the year then ended, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Municipality of Delmont's management. Our responsibility is to express opinions 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1.c., the Municipality of Delmont, South Dakota, prepares its financial statements on modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, modified cash basis, of the governmental activities, business-type activities and each major fund of the Municipality of Delmont as of December 31, 2010, and the changes in financial position, modified cash basis, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America with the basis of accounting described in note 1.c.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2011, on our consideration of the Municipality of Delmont'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* and should be considered in assessing the results of our audit.

The Budgetary Comparison Schedules on pages 22 through 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Municipality of Delmont has not presented Management's Discussion & Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The Long-Term Liabilities schedule listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Schoenfish & Co., Inc.
Certified Public Accountants
May 11, 2011

Schoenfish & Co., Inc.

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MUNICIPALITY OF DELMONT
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
December 31, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	87,237.55	61,945.39	149,182.94
Investments	33,158.59		33,158.59
TOTAL ASSETS	<u>120,396.14</u>	<u>61,945.39</u>	<u>182,341.53</u>
NET ASSETS:			
Unrestricted	120,396.14	61,945.39	182,341.53
TOTAL NET ASSETS	<u>120,396.14</u>	<u>61,945.39</u>	<u>182,341.53</u>

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

MUNICIPALITY OF DELMONT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	46,474.54	5,379.80			(41,094.74)		(41,094.74)
Public Safety	16,766.58			2,115.36	(14,651.22)		(14,651.22)
Public Works	59,298.64		13,534.32	750.00	(45,014.32)		(45,014.32)
Health and Welfare	2,274.40				(2,274.40)		(2,274.40)
Culture and Recreation	12,544.20				(12,544.20)		(12,544.20)
Debt Service	9,900.00				(9,900.00)		(9,900.00)
Total Governmental Activities	147,258.36	5,379.80	13,534.32	2,865.36	(125,478.88)		(125,478.88)
Business-type Activities:							
Water	38,355.36	46,364.19				8,008.83	8,008.83
Sewer	25,556.47	26,821.90				1,265.43	1,265.43
Garbage	18,135.03	19,193.31				1,058.28	1,058.28
Total Business-Type Activities	82,046.86	92,379.40	0.00	0.00		10,332.54	10,332.54
Total Primary Government	229,305.22	97,759.20	13,534.32	2,865.36	(125,478.88)	10,332.54	(115,146.34)
General Revenues:							
Taxes:							
Property Taxes					57,303.48		57,303.48
Sales Taxes					44,141.79		44,141.79
State Shared Revenues					1,958.64		1,958.64
Unrestricted Investment Earnings					828.46	201.32	1,029.78
Debt Issued					8,958.00		8,958.00
Miscellaneous Revenue					5,982.28		5,982.28
Total General Revenues					119,172.65	201.32	119,373.97
Change in Net Assets					(6,306.23)	10,533.86	4,227.63
Net Assets - Beginning					126,702.37	51,411.53	178,113.90
NET ASSETS - ENDING					120,396.14	61,945.39	182,341.53

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

MUNICIPALITY OF DELMONT
BALANCE SHEET - MODIFIED CASH BASIS
December 31, 2010

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	45,265.73	41,971.82	87,237.55
Investments	<u>33,158.59</u>	<u> </u>	<u>33,158.59</u>
TOTAL ASSETS	<u><u>78,424.32</u></u>	<u><u>41,971.82</u></u>	<u><u>120,396.14</u></u>
FUND BALANCES:			
Unreserved Fund Balances:			
Designated for New Year's Budget	17,000.00	<u> </u>	<u>17,000.00</u>
Undesignated	<u>61,424.32</u>	<u>41,971.82</u>	<u>103,396.14</u>
TOTAL NET ASSETS	<u><u>78,424.32</u></u>	<u><u>41,971.82</u></u>	<u><u>120,396.14</u></u>

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

MUNICIPALITY OF DELMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General Fund	Capital Improvement Fund	Total
Revenues:			
Taxes:			
General Property Taxes	56,701.16		56,701.16
General Sales and Use Taxes	22,070.95	22,070.84	44,141.79
Amusement Taxes	96.00		96.00
Penalties & Interest on Delinquent Taxes	602.32		602.32
Total Taxes	79,470.43	22,070.84	101,541.27
Licenses and Permits	2,925.00	0.00	2,925.00
Intergovernmental Revenue:			
Federal Grants	2,115.36		2,115.36
State Grants		750.00	750.00
State Shared Receipts:			
Bank Franchise Tax	261.11		261.11
Motor Vehicle Commercial Prorate	1,122.35		1,122.35
Liquor Tax Reversion	1,601.53		1,601.53
Motor Vehicle Licenses	3,398.36		3,398.36
Local Government Highway and Bridge Fund	8,254.45		8,254.45
County Shared Revenue:			
County Wheel Tax	759.16		759.16
Total Intergovernmental Revenue	17,512.32	750.00	18,262.32
Charges for Goods and Services:			
General Government	1,727.80		1,727.80
Total Charges for Goods and Services	1,727.80	0.00	1,727.80
Miscellaneous Revenue:			
Investment Earnings	635.91	192.55	828.46
Rentals	727.00		727.00
Other	5,982.28		5,982.28
Total Miscellaneous Revenue	7,345.19	192.55	7,537.74
Total Revenue	108,980.74	23,013.39	131,994.13

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

MUNICIPALITY OF DELMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total</u>
Expenditures:			
General Government:			
Executive	4,447.55		4,447.55
Financial Administration	23,626.22		23,626.22
Other	18,400.77		18,400.77
Total General Government	46,474.54	0.00	46,474.54
Public Safety:			
Police	15,675.53		15,675.53
Fire	1,091.05		1,091.05
Total Public Safety	16,766.58	0.00	16,766.58
Public Works:			
Highways and Streets	29,145.87	26,981.55	56,127.42
Sanitation	2,021.22		2,021.22
Water	1,150.00		1,150.00
Total Public Works	32,317.09	26,981.55	59,298.64
Health and Welfare:			
Health	2,274.40		2,274.40
Total Health and Welfare	2,274.40	0.00	2,274.40
Culture and Recreation:			
Parks	12,544.20		12,544.20
Total Culture and Recreation	12,544.20	0.00	12,544.20
Debt Service	9,900.00	0.00	9,900.00
Total Expenditures	120,276.81	26,981.55	147,258.36
Excess Revenues Over (Under) Expenditures	(11,296.07)	(3,968.16)	(15,264.23)
Other Financing Sources (Uses):			
Long-Term Debt Issued		8,958.00	8,958.00
Total Other Financing Sources (Uses)	0.00	8,958.00	8,958.00
Net Change in Fund Balance	(11,296.07)	4,989.84	(6,306.23)
Fund Balance - Beginning	89,720.39	36,981.98	126,702.37
FUND BALANCE - ENDING	78,424.32	41,971.82	120,396.14

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

**MUNICIPALITY OF DELMONT
BALANCE SHEET - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2010**

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Garbage Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	41,113.76	15,440.10	5,391.53	61,945.39
Total Current Assets	41,113.76	15,440.10	5,391.53	61,945.39
TOTAL ASSETS	41,113.76	15,440.10	5,391.53	61,945.39
NET ASSETS:				
Unrestricted Net Assets	41,113.76	15,440.10	5,391.53	61,945.39
TOTAL NET ASSETS	41,113.76	15,440.10	5,391.53	61,945.39

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

MUNICIPALITY OF DELMONT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Garbage Fund	
Operating Revenue:				
Charges for Goods and Services	37,346.19	26,821.90	19,193.31	83,361.40
Revenue Dedicated to Servicing Debt	9,018.00			9,018.00
Total Operating Revenue	<u>46,364.19</u>	<u>26,821.90</u>	<u>19,193.31</u>	<u>92,379.40</u>
Operating Expenses:				
Personal Services	10,482.83	12,073.28	2,960.27	25,516.38
Other Current Expense	21,076.95	5,491.19	15,174.76	41,742.90
Total Operating Expenses	<u>31,559.78</u>	<u>17,564.47</u>	<u>18,135.03</u>	<u>67,259.28</u>
Operating Income (Loss)	<u>14,804.41</u>	<u>9,257.43</u>	<u>1,058.28</u>	<u>25,120.12</u>
Nonoperating Revenue (Expense):				
Investment Earnings	103.12	91.24	6.96	201.32
Debt Service	(6,795.58)	(7,992.00)		(14,787.58)
Total Nonoperating Revenue (Expense)	<u>(6,692.46)</u>	<u>(7,900.76)</u>	<u>6.96</u>	<u>(14,586.26)</u>
Change in Net Assets	<u>8,111.95</u>	<u>1,356.67</u>	<u>1,065.24</u>	<u>10,533.86</u>
Net Assets - Beginning	<u>33,001.81</u>	<u>14,083.43</u>	<u>4,326.29</u>	<u>51,411.53</u>
NET ASSETS - ENDING	<u><u>41,113.76</u></u>	<u><u>15,440.10</u></u>	<u><u>5,391.53</u></u>	<u><u>61,945.39</u></u>

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.c, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have not been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

a. Financial Reporting Entity:

The reporting entity of the Municipality of Delmont (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.

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into 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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

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

The Capital Improvement Fund – to account for financial resources to be used for the construction of major capital improvements in the Municipality. This is a major fund.

Proprietary Funds:

Enterprise Funds – enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues, earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

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.

Garbage Fund – financed primarily by user charges, this fund accounts for the operation of municipal garbage collections. (SDCL 9-32-11 and 34A-6) This is a major fund.

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 uses the modified cash basis of accounting, which is a basis of accounting other than USGAAP. Under USGAAP, transactions are recorded in the accounts when revenues are earned and

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

liabilities are incurred. Under the modified cash basis, transactions are recorded when cash is received or disbursed.

Measurement Focus:

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

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

Basis of Accounting:

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the cash basis of accounting, the statement of financial position reports only cash and cash equivalents. Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed. Acceptable modifications to the cash basis of accounting implemented by the Municipality in these financial statements are:

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

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

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

d. Deposits and Investments:

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

e. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances. The Municipality did not have interfund receivables and payables which required elimination as of December 31, 2010.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. The Municipality did not have internal service fund activity which required elimination as of December 31, 2010.

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

f. Long-Term Liabilities:

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

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

g. Revenue Received in Advance:

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

h. 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:

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Equity Classifications:

Government-wide Statements:

Equity is classified as net assets and is displayed in three components.

1. Invested in capital assets arising from cash transactions, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

k. Application of Net Assets:

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS:

The Municipality is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	Year Ended 12/31/2010
General Fund:	
Activity:	
Financial Administration	\$ 636.22
Police	3,135.53
Parks	3,544.20

The Board plans to take the following actions to address these violations: use contingency transfers and supplemental budgets when legal authority exists.

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

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

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

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

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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

4. PROPERTY TAXES

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

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

5. LONG-TERM COMMITMENTS

The Municipality of Delmont entered into a forty-year commitment with Randall Community Water District to provide water to the Municipality. A monthly charge in the amount of \$585.00 with an additional \$1.70 per 1,000 gallons of water used is paid by the Municipality to Randall Community Water District. The monthly charge represents a contribution by the Municipality to aid Randall Community Water District in the construction of the facilities necessary to provide the Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality's Water Fund.

6. 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, 2010, the Municipality managed its risks as follows:

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.

The Municipality joined the South Dakota Public Assurance Alliance (SDPAA), 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 SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for: vehicle liability; liability coverage for torts, theft of or damage to property; and errors and omissions of public officials.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
(Continued)

The agreement with the SDPAA provides that the above coverages will be provided to a \$987,039 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The Municipality would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of Municipality's First Full Year	50%
End of Municipality's Second Full Year	60%
End of Municipality's Third Full Year	70%
End of Municipality's Fourth Full Year	80%
End of Municipality's Fifth Full Year	90%
End of Municipality's Sixth Full Year and Thereafter	100%

As of December 31, 2010, the Municipality has vested balance in the cumulative reserve fund of \$5,652.84. This amount is not reported on the modified cash basis financial statements.

The Municipality carries a \$250 deductible for the vehicle coverage and \$250 deductible for the other property coverage.

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

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

7. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2010, the Municipality was not involved in any significant litigation.

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF DELMONT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes	58,450.00	58,450.00	56,701.16	(1,748.84)
General Sales and Use Taxes	20,000.00	20,000.00	22,070.95	2,070.95
Amusement Taxes	0.00	0.00	96.00	96.00
Penalties & Interest on Delinquent Taxes	2,430.00	2,430.00	602.32	(1,827.68)
Total Taxes	80,880.00	80,880.00	79,470.43	(1,409.57)
Licenses and Permits	2,750.00	2,750.00	2,925.00	175.00
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	2,115.36	2,115.36
State Shared Revenue:				
Bank Franchise Tax	350.00	350.00	261.11	(88.89)
Motor Vehicle Commercial Prorate	500.00	500.00	1,122.35	622.35
Liquor Tax Reversion	1,250.00	1,250.00	1,601.53	351.53
Motor Vehicle Licenses	4,000.00	4,000.00	3,398.36	(601.64)
Local Government Highway and Bridge Fund	7,500.00	7,500.00	8,254.45	754.45
County Shared Revenue:				
County Road Tax	400.00	400.00	0.00	(400.00)
County Wheel Tax	460.00	460.00	759.16	299.16
Other Intergovernmental Revenues	410.00	410.00	0.00	(410.00)
Total Intergovernmental Revenue	14,870.00	14,870.00	17,512.32	2,642.32
Charges for Goods and Services:				
General Government	530.00	530.00	1,727.80	1,197.80
Sanitation	50.00	50.00	0.00	(50.00)
Total Charges for Goods & Services	580.00	580.00	1,727.80	1,147.80
Fines and Forfeits:				
Court Fines and Costs	100.00	100.00	0.00	(100.00)
Total Fines and Forfeits	100.00	100.00	0.00	(100.00)
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	635.91	(364.09)
Rentals	1,050.00	1,050.00	727.00	(323.00)
Other	4,000.00	4,000.00	5,982.28	1,982.28
Total Miscellaneous Revenue	6,050.00	6,050.00	7,345.19	1,295.19
Total Revenue	105,230.00	105,230.00	108,980.74	3,750.74

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF DELMONT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Contingency	6,000.00	6,000.00		
Amount Transferred		0.00		6,000.00
Executive	7,000.00	7,000.00	4,447.55	2,552.45
Financial Administration	22,990.00	22,990.00	23,626.22	(636.22)
Other	20,120.00	20,120.00	18,400.77	1,719.23
Total General Government	<u>56,110.00</u>	<u>56,110.00</u>	<u>46,474.54</u>	<u>9,635.46</u>
Public Safety:				
Police	12,540.00	12,540.00	15,675.53	(3,135.53)
Fire	3,250.00	3,250.00	1,091.05	2,158.95
Total Public Safety	<u>15,790.00</u>	<u>15,790.00</u>	<u>16,766.58</u>	<u>(976.58)</u>
Public Works:				
Highways and Streets	31,230.00	31,230.00	29,145.87	2,084.13
Sanitation	3,000.00	3,000.00	2,021.22	978.78
Water	2,100.00	2,100.00	1,150.00	950.00
Total Public Works	<u>36,330.00</u>	<u>36,330.00</u>	<u>32,317.09</u>	<u>4,012.91</u>
Health and Welfare:				
Health	3,000.00	3,000.00	2,274.40	725.60
Total Health and Welfare	<u>3,000.00</u>	<u>3,000.00</u>	<u>2,274.40</u>	<u>725.60</u>
Culture and Recreation:				
Parks	9,000.00	9,000.00	12,544.20	(3,544.20)
Total Culture and Recreation	<u>9,000.00</u>	<u>9,000.00</u>	<u>12,544.20</u>	<u>(3,544.20)</u>
Debt Service	<u>10,000.00</u>	<u>10,000.00</u>	<u>9,900.00</u>	<u>100.00</u>
Total Expenditures	<u>130,230.00</u>	<u>130,230.00</u>	<u>120,276.81</u>	<u>9,953.19</u>
Net Change in Fund Balances	<u>(25,000.00)</u>	<u>(25,000.00)</u>	<u>(11,296.07)</u>	<u>13,703.93</u>
Fund Balance - Beginning	89,720.39	89,720.39	89,720.39	0.00
FUND BALANCE - ENDING	<u>64,720.39</u>	<u>64,720.39</u>	<u>78,424.32</u>	<u>13,703.93</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

NOTE 1. Budgets and Budgetary Accounting:

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.

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

The Municipality did not encumber any amounts at December 31, 2010.

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

NOTE 2. GAAP/Budgetary Accounting Basis Differences:

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

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF DELMONT

LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental Activities:					
Rural Development					
Payloader Loan	57,058.73		(7,554.19)	49,504.54	7,891.14
Total Governmental Activities	<u>57,058.73</u>	<u>0.00</u>	<u>(7,554.19)</u>	<u>49,504.54</u>	<u>7,891.14</u>
Business-Type Activities:					
Bonds Payable:					
Sewer Utility Revenue Bonds, Series 2005	149,039.21		(1,879.61)	147,159.60	1,958.18
Drinking Water Revenue Borrower Bond, Series 2009	149,503.00	8,958.00	(2,965.90)	155,495.10	3,701.58
Total Business-Type Activities	<u>298,542.21</u>	<u>8,958.00</u>	<u>(4,845.51)</u>	<u>302,654.70</u>	<u>5,659.76</u>
Total Primary Government	<u><u>355,600.94</u></u>	<u><u>8,958.00</u></u>	<u><u>(12,399.70)</u></u>	<u><u>352,159.24</u></u>	<u><u>13,550.90</u></u>

Debt payable at December 31, 2010, is comprised of the following:

Sewer Utility Revenue Bonds – Series 2005	\$ 147,159.60
Interest Rate: 4.125%	
Maturity Date: August 8, 2045	
Payable from Sewer Fund	
Drinking Water Revenue Borrower Bond – Series 2009	\$ 155,495.10
Interest Rate: 2.50%	
Maturity Date: October 15, 2039	
Payable from Water Fund	
Rural Development Payloader Loan	\$ 49,504.54
Interest Rate: 4.375%	
Maturity Date: August 1, 2016	
Payable from General Fund	

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF DELMONT
(Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2010, are as follows:

Year Ending December 31,	Sewer Utility Revenue Bonds - Series 2005		Drinking Water Revenue Borrower Bond - Series 2009	
	Principal	Interest	Principal	Interest
	2011	1,958.18	6,033.82	3,701.58
2012	2,040.50	5,951.50	3,795.00	3,759.44
2013	2,126.27	5,865.73	3,890.76	3,663.68
2014	2,215.66	5,776.34	3,988.95	3,565.49
2015	2,311.82	5,680.18	4,089.61	3,464.83
2016-2020	13,084.19	26,875.81	22,049.18	15,723.02
2021-2025	16,075.57	23,884.43	24,975.27	12,796.93
2026-2030	19,750.86	20,209.14	28,289.69	9,482.52
2031-2035	24,266.43	15,693.57	32,043.95	5,728.25
2036-2040	29,814.35	10,145.65	28,671.11	1,546.65
2041-2045	33,515.77	3,357.50		
Totals	<u>147,159.60</u>	<u>129,473.67</u>	<u>155,495.10</u>	<u>63,583.67</u>

Year Ending December 31,	Rural Development Payloader Loan		Totals	
	Principal	Interest	Principal	Interest
	2011	7,891.14	2,008.86	13,550.90
2012	8,243.41	1,656.59	14,078.91	11,367.53
2013	8,611.40	1,288.60	14,628.43	10,818.01
2014	8,995.77	904.23	15,200.38	10,246.06
2015	9,397.35	502.65	15,798.78	9,647.66
2016-2020	6,365.47	234.53	41,498.84	42,833.36
2021-2025			41,050.84	36,681.36
2026-2030			48,040.55	29,691.66
2031-2035			56,310.38	21,421.82
2036-2040			58,485.46	11,692.30
2041-2045			33,515.77	3,357.50
Totals	<u>49,504.54</u>	<u>6,595.46</u>	<u>352,159.24</u>	<u>199,652.80</u>