

**MUNICIPALITY OF SPENCER  
SPENCER, SOUTH DAKOTA**

**AUDIT REPORT**

**FOR THE YEAR JANUARY 1, 2011 TO DECEMBER 31, 2011**

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF SPENCER

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MUNICIPAL OFFICIALS  
DECEMBER 31, 2011

GOVERNING BOARD:

Donna Ruden – President  
Beverly Heidelberger – Vice-President  
Ron Rief

FINANCE OFFICER:

Yo Sherman

ATTORNEY:

Michael Unke

*Schoenfish & Co., Inc.*

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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 Spencer  
Spencer, South Dakota

We have audited the modified cash financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Spencer, South Dakota (Municipality), as of December 31, 2011, and for the year then ended and have issued our report thereon dated June 6, 2012. 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 2011-01 to be a material weakness.

**Compliance and Other Matters**

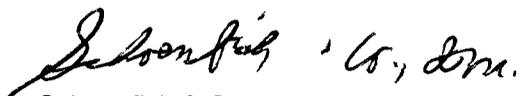
As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are

required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Current Audit Findings as item 2011-02.

The Municipality of Spencer's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. We did not audit the Municipality's responses and, accordingly, we express no opinion on the responses.

We also noted certain additional matters that we have reported to the management of the Municipality in a separate communication dated June 11, 2012.

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 Spencer, 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  
June 6, 2012

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Finding Number 2005-01:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding 2011-01.

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SCHEDULE OF CURRENT AUDIT FINDINGSCURRENT OTHER AUDIT FINDINGS:Internal Control Over RevenuesFinding Number 2011-01:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is the seventh 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 Spencer 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 Spencer President, Donna Ruden, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Spencer, 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.

Compliance – Related Finding:Finding Number 2011-02:

Expenditures exceeded the amounts budgeted in the General Fund in 2011.

Criteria:

SDCL 9-21-2 states in part, "The governing body of each municipality shall, no later than its first regular meeting in September of each year or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality."

Condition:

The Municipality expended money in excess of amounts budgeted without supplementing the budget as allowed by SDCL 9-21-7.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

Effect:

Without amending or adopting the budget or limiting expenditures, expenditures are being made without proper authority.

Recommendation:

2. We recommend that the expenditures be limited to amounts budgeted or budget supplements be made in accordance with SDCL 9-21-7 to allow for expenditures.

Management's Response:

The Municipality of Spencer Mayor, Donna Ruden, is the contact person responsible for the corrective action plan for this comment. The Municipality will be more careful to follow the budgetary guidelines prescribed by law.

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the officials during the course of the audit and with the board president, board members and the finance officer on June 11, 2012.

*Schoenfish & Co., Inc.*

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INDEPENDENT AUDITOR'S REPORT

Municipal Council  
Municipality of Spencer  
Spencer, 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 Spencer, South Dakota, as of December 31, 2011 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 Spencer's management. Our responsibility is to express opinions on the 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 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 Spencer, 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 respective financial position, modified cash basis, of the governmental activities, business-type activities, and each major fund, of the Municipality of Spencer as of December 31, 2011, and the respective changes in financial position, modified cash basis, where applicable, thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.c to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2012, on our consideration of the Municipality of Spencer'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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The Budgetary Comparison

Schedules and the Schedule of Long-Term Debt listed in the Table of Contents are presented for the purpose 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 taken as a whole.



Schoenfish & Co., Inc.  
Certified Public Accountants  
June 6, 2012

*Schoenfish & Co., Inc.*

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**MUNICIPALITY OF SPENCER**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**December 31, 2011**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS:</b>			
Cash and Cash Equivalents	12,614.21	35,390.91	48,005.12
Investments	395,000.00	20,000.00	415,000.00
Internal Balances	79,194.00	(79,194.00)	0.00
<b>TOTAL ASSETS</b>	<b>486,808.21</b>	<b>(23,803.09)</b>	<b>463,005.12</b>
<b>NET ASSETS:</b>			
Restricted for:			
Disaster Relief Purposes	69,360.37		69,360.37
Unrestricted (Deficit)	417,447.84	(23,803.09)	393,644.75
<b>TOTAL NET ASSETS</b>	<b>486,808.21</b>	<b>(23,803.09)</b>	<b>463,005.12</b>

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

**MUNICIPALITY OF SPENCER**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
General Government	25,107.70	12,998.80			(12,108.90)		(12,108.90)
Public Safety	18,867.20	50.00			(18,817.20)		(18,817.20)
Public Works	113,045.81		13,901.90		(99,143.91)		(99,143.91)
Culture and Recreation	13,788.15				(13,788.15)		(13,788.15)
Conservation and Development	764.78				(764.78)		(764.78)
<b>Total Governmental Activities</b>	<b>171,573.64</b>	<b>13,048.80</b>	<b>13,901.90</b>	<b>0.00</b>	<b>(144,622.94)</b>		<b>(144,622.94)</b>
<b>Business-type Activities:</b>							
Water	14,317.64	19,179.72				4,862.08	4,862.08
Sewer	587,825.72	16,981.37		335,000.00		(235,844.35)	(235,844.35)
<b>Total Business-Type Activities</b>	<b>602,143.36</b>	<b>36,161.09</b>	<b>0.00</b>	<b>335,000.00</b>		<b>(230,982.27)</b>	<b>(230,982.27)</b>
<b>Total Primary Government</b>	<b>773,717.00</b>	<b>49,209.89</b>	<b>13,901.90</b>	<b>335,000.00</b>	<b>(144,622.94)</b>	<b>(230,982.27)</b>	<b>(375,605.21)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes					64,795.01		64,795.01
Sales Taxes					18,908.18		18,908.18
State Shared Revenues					1,336.42		1,336.42
Unrestricted Investment Earnings					6,995.50	247.95	7,243.45
Miscellaneous Revenue					20,564.32		20,564.32
Debt Issued						150,962.00	150,962.00
<b>Total General Revenues and Debt Issued</b>					<b>112,599.43</b>	<b>151,209.95</b>	<b>263,809.38</b>
Change in Net Assets					(32,023.51)	(79,772.32)	(111,795.83)
Net Assets - Beginning					518,831.72	55,969.23	574,800.95
<b>NET ASSETS-ENDING</b>					<b>486,808.21</b>	<b>(23,803.09)</b>	<b>463,005.12</b>

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

**MUNICIPALITY OF SPENCER  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
December 31, 2011**

	<u>General Fund</u>	<u>Disaster Relief Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	3,253.84	9,360.37	12,614.21
Investments	335,000.00	60,000.00	395,000.00
Due from Sewer Fund	79,194.00		79,194.00
<b>TOTAL ASSETS</b>	<u>417,447.84</u>	<u>69,360.37</u>	<u>486,808.21</u>
<b>FUND BALANCES:</b>			
Restricted		69,360.37	69,360.37
Assigned for Beautification/Promotion	918.62		918.62
Unassigned	416,529.22		416,529.22
<b>TOTAL FUND BALANCES</b>	<u>417,447.84</u>	<u>69,360.37</u>	<u>486,808.21</u>

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

**MUNICIPALITY OF SPENCER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

	<b>General Fund</b>	<b>Disaster Relief Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Taxes:			
General Property Taxes	63,809.50		63,809.50
General Sales and Use Taxes	18,908.18		18,908.18
Penalties & Interest on Delinquent Taxes	985.51		985.51
Total Taxes	83,703.19	0.00	83,703.19
Licenses and Permits	85.00	0.00	85.00
Intergovernmental Revenue:			
State Shared Revenue:			
Bank Franchise Tax	355.40		355.40
Motor Vehicle Commercial Prorate	1,162.08		1,162.08
Motor Vehicle Licenses	3,574.14		3,574.14
Liquor License Reversion	981.02		981.02
Local Government Highway and Bridge Fund	6,990.96		6,990.96
County Shared Revenue:			
County Road Tax	326.19		326.19
County Wheel Tax	1,848.53		1,848.53
Total Intergovernmental Revenue	15,238.32	0.00	15,238.32
Charges for Goods and Services:			
General Government	350.00		350.00
Sanitation	12,563.80		12,563.80
Total Charges for Goods and Services	12,913.80	0.00	12,913.80
Fines and Forfeits:			
Court Fines and Costs	50.00		50.00
Total Fines and Forfeits	50.00	0.00	50.00
Miscellaneous Revenue:			
Investment Earnings	6,272.35	723.15	6,995.50
Rentals	4,975.00		4,975.00
Other	15,589.32		15,589.32
Total Miscellaneous Revenue	26,836.67	723.15	27,559.82
Total Revenue	138,826.98	723.15	139,550.13

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

**MUNICIPALITY OF SPENCER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

	<b>General Fund</b>	<b>Disaster Relief Fund</b>	<b>Total Governmental Funds</b>
<b>Expenditures:</b>			
General Government:			
Legislative	6,298.35		6,298.35
Financial Administration	5,814.82		5,814.82
Other	12,994.53		12,994.53
Total General Government	25,107.70	0.00	25,107.70
Public Safety:			
Police	16,120.20		16,120.20
Fire	2,747.00		2,747.00
Total Public Safety	18,867.20	0.00	18,867.20
Public Works:			
Highways and Streets	100,679.61		100,679.61
Sanitation	12,366.20		12,366.20
Total Public Works	113,045.81	0.00	113,045.81
Culture and Recreation:			
Recreation	3,645.33		3,645.33
Parks	10,142.82		10,142.82
Total Culture and Recreation	13,788.15	0.00	13,788.15
Conservation and Development:			
Economic Development and Assistance (Industrial Development)		764.78	764.78
Total Conservation and Development	0.00	764.78	764.78
Total Expenditures	170,808.86	764.78	171,573.64
Net Change in Fund Balance	(31,981.88)	(41.63)	(32,023.51)
Fund Balance - Beginning	449,429.72	69,402.00	518,831.72
FUND BALANCE - ENDING	417,447.84	69,360.37	486,808.21

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

**MUNICIPALITY OF SPENCER**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**December 31, 2011**

	<b>Enterprise Funds</b>		<b>Totals</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	19,022.69	16,368.22	35,390.91
Investments	20,000.00		20,000.00
Total Current Assets	39,022.69	16,368.22	55,390.91
<b>TOTAL ASSETS</b>	39,022.69	16,368.22	55,390.91
<b>LIABILITIES:</b>			
Due to General Fund		79,194.00	79,194.00
Total Liabilities	0.00	79,194.00	79,194.00
<b>NET ASSETS:</b>			
Unrestricted Net Assets	39,022.69	(62,825.78)	(23,803.09)
Total Liabilities	39,022.69	(62,825.78)	(23,803.09)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	39,022.69	16,368.22	55,390.91

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

**MUNICIPALITY OF SPENCER**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET ASSETS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**

	<b>Enterprise Funds</b>		<b>Totals</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	
<b>Operating Revenue:</b>			
Charges for Goods and Services	19,179.72	16,981.37	36,161.09
Total Operating Revenue	19,179.72	16,981.37	36,161.09
<b>Operating Expenses:</b>			
Personal Services	2,114.32	3,446.24	5,560.56
Other Current Expense	12,203.32	19,223.65	31,426.97
Total Operating Expenses	14,317.64	22,669.89	36,987.53
Operating Income (Loss)	4,862.08	(5,688.52)	(826.44)
<b>Nonoperating Revenue (Expense):</b>			
Investment Earnings		247.95	247.95
Capital Assets		(565,155.83)	(565,155.83)
Long-Term Debt Issued		150,962.00	150,962.00
Total Nonoperating Revenue (Expense)	0.00	(413,945.88)	(413,945.88)
Income (Loss) Before Contributions	4,862.08	(419,634.40)	(414,772.32)
Capital Contributions		335,000.00	335,000.00
Change in Net Assets	4,862.08	(84,634.40)	(79,772.32)
Net Assets - Beginning	34,160.61	21,808.62	55,969.23
<b>NET ASSETS - ENDING</b>	<b>39,022.69</b>	<b>(62,825.78)</b>	<b>(23,803.09)</b>

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

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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 Spencer (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 and discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

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

See Independent Auditor's Report.

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.

Special Revenue Funds – special revenue funds are used to account for the proceeds of special 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.

Disaster Relief Fund – to account for any gifts received as a result of the tornado of 1998 for the purpose of rebuilding the town. 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.

**c. Measurement Focus and Basis of Accounting:**

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

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

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

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, 2011.

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a nonspendable fund balance 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."

e. Deposits and Investments:

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

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

f. 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. Under the modified cash basis of accounting, all long-term debts arising from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the respective columns on the government-wide financial statements.

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.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

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:

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 two components.

1. 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.
2. 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 "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" 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)

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

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

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

<b>Major Special Revenue Fund</b>	<b>Revenue Source</b>
Disaster Relief Fund	Donations

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

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

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

See Independent Auditor's Report.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

Deposits are reported at cost plus interest, if the account is of the add-on type.

Investments - In general, SDCL 4-5-6 permits Municipality funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly including, without limitation, United States treasury bills, notes, and other obligations issued or directly or indirectly guaranteed by the United States government, or otherwise directly or indirectly backed by the full faith and credit of the United States government, provided that, for other than permanent, trust, retirement, building, and depreciation reserve funds, such securities shall either mature within eighteen months from the date of purchase or be redeemable at the option of the holder within eighteen months from the date of purchase; or (b) repurchase agreements fully collateralized by securities described in (a) above and meeting the requirements of Section 4-5-9, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the one hundred largest United States commercial banks, as measured by domestic deposits; or (c) in shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and whose only investments are in securities described in (a) and repurchase agreements described in (b).

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 fund making the investment.

### 3. PROPERTY TAXES

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

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

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

4. RESTRICTED NET ASSETS

Restricted net assets for the year ended December 31, 2011 were as follows:

Major Funds:	
Disaster Relief Purposes	\$ 69,360.37

5. 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:

	<u>Year Ended 12/31/2011</u>
General Fund:	
Activity:	
General Government - Other	\$ 12,994.53
Fire	2,747.00
Highways and Streets	30,394.61
Sanitation	12,366.20
Recreation	1,245.33
Parks	10,142.82

The Municipality plans to take the following actions to address these violations: use supplemental budgets when legal authority allows.

6. DEFICIT NET ASSETS

As of December 31, 2011, the following individual funds had deficit net assets in the amounts shown:

Sewer Fund	\$ 62,825.78
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7. SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2011, the Municipality was not involved in any significant litigation.

NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS  
(Continued)

8. RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2011, 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.

Workmen's Compensation:

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

Unemployment Benefits:

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

**SUPPLEMENTARY INFORMATION  
MUNICIPALITY OF SPENCER  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues:</b>				
Taxes:				
General Property Taxes	55,000.00	55,000.00	63,809.50	8,809.50
General Sales and Use Taxes	19,000.00	19,000.00	18,908.18	(91.82)
Penalties & Interest on Delinquent Taxes	0.00	0.00	985.51	985.51
Total Taxes	74,000.00	74,000.00	83,703.19	9,703.19
Licenses and Permits	50.00	50.00	85.00	35.00
Intergovernmental Revenue:				
State Shared Revenue:				
Bank Franchise Tax	350.00	350.00	355.40	5.40
Motor Vehicle Commercial Prorate	3,400.00	3,400.00	1,162.08	(2,237.92)
Liquor Tax Reversion	950.00	950.00		(950.00)
Motor Vehicle Licenses	6,000.00	6,000.00	3,574.14	(2,425.86)
Liquor License Reversion	0.00	0.00	981.02	981.02
Local Government Highway and Bridge Fund	0.00	0.00	6,990.96	6,990.96
County Shared Revenue:				
County Road Tax	350.00	350.00	326.19	(23.81)
County Wheel Tax	1,800.00	1,800.00	1,848.53	48.53
Total Intergovernmental Revenue	12,850.00	12,850.00	15,238.32	2,388.32
Charges for Goods and Services:				
General Government	0.00	0.00	350.00	350.00
Highways and Streets	500.00	500.00	0.00	(500.00)
Sanitation	11,000.00	11,000.00	12,563.80	1,563.80
Total Charges for Goods & Services	11,500.00	11,500.00	12,913.80	1,413.80
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	50.00	50.00
Miscellaneous Revenue:				
Investment Earnings	13,200.00	13,200.00	6,272.35	(6,927.65)
Rentals	0.00	0.00	4,975.00	4,975.00
Other	8,775.00	8,775.00	15,589.32	6,814.32
Total Miscellaneous Revenue	21,975.00	21,975.00	26,836.67	4,861.67
Total Revenue	120,375.00	120,375.00	138,826.98	18,451.98

**SUPPLEMENTARY INFORMATION  
MUNICIPALITY OF SPENCER  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures:</b>				
General Government:				
Legislative	8,375.00	8,375.00	6,298.35	2,076.65
Financial Administration	6,335.00	6,335.00	5,814.82	520.18
Other	0.00	0.00	12,994.53	(12,994.53)
Total General Government	<u>14,710.00</u>	<u>14,710.00</u>	<u>25,107.70</u>	<u>(10,397.70)</u>
Public Safety:				
Police	20,120.00	20,120.00	16,120.20	3,999.80
Fire	0.00	0.00	2,747.00	(2,747.00)
Total Public Safety	<u>20,120.00</u>	<u>20,120.00</u>	<u>18,867.20</u>	<u>1,252.80</u>
Public Works:				
Highways and Streets	70,285.00	70,285.00	100,679.61	(30,394.61)
Sanitation	0.00	0.00	12,366.20	(12,366.20)
Total Public Works	<u>70,285.00</u>	<u>70,285.00</u>	<u>113,045.81</u>	<u>(42,760.81)</u>
Culture and Recreation:				
Recreation	2,400.00	2,400.00	3,645.33	(1,245.33)
Parks	0.00	0.00	10,142.82	(10,142.82)
Total Culture and Recreation	<u>2,400.00</u>	<u>2,400.00</u>	<u>13,788.15</u>	<u>(11,388.15)</u>
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	12,000.00	12,000.00	0.00	12,000.00
Total Conservation and Development	<u>12,000.00</u>	<u>12,000.00</u>	<u>0.00</u>	<u>12,000.00</u>
Total Expenditures	<u>119,515.00</u>	<u>119,515.00</u>	<u>170,808.86</u>	<u>(51,293.86)</u>
Excess of Revenue Over (Under) Expenditures	<u>860.00</u>	<u>860.00</u>	<u>(31,981.88)</u>	<u>(32,841.88)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>4,000.00</u>	<u>4,000.00</u>	<u>0.00</u>	<u>(4,000.00)</u>
Net Change in Fund Balances	<u>4,860.00</u>	<u>4,860.00</u>	<u>(31,981.88)</u>	<u>(36,841.88)</u>
Fund Balance - Beginning	<u>449,429.72</u>	<u>449,429.72</u>	<u>449,429.72</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u><u>454,289.72</u></u>	<u><u>454,289.72</u></u>	<u><u>417,447.84</u></u>	<u><u>(36,841.88)</u></u>

**SUPPLEMENTARY INFORMATION  
MUNICIPALITY OF SPENCER  
BUDGETARY COMPARISON SCHEDULE  
DISASTER RELIEF FUND  
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Miscellaneous Revenue:				
Investment Earnings	700.00	700.00	723.15	23.15
Total Revenue	700.00	700.00	723.15	23.15
<b>Expenditures:</b>				
Conservation and Development:				
Urban Redevelopment and Housing	1,000.00	1,000.00	764.78	235.22
Total Expenditures	1,000.00	1,000.00	764.78	235.22
Net Change in Fund Balances	(300.00)	(300.00)	(41.63)	258.37
Fund Balance - Beginning	69,402.00	69,402.00	69,402.00	0.00
FUND BALANCE - ENDING	69,102.00	69,102.00	69,360.37	258.37

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NOTES TO THE SUPPLEMENTARY INFORMATION

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

Note 1. Budgets and Budgetary Accounting:

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

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

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

The Municipality did not encumber any amounts at December 31, 2011.

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

LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/11	Additions	Deletions	Ending Balance 12/31/11	Due Within One Year
<b>Primary Government:</b>					
<b>Business-Type Activities</b>					
Bonds Payable:					
Clean Water SRF Loan	0.00	150,962.00	65,517.00	85,445.00	3,048.06
<b>Total Business-Type Activities</b>	<u>0.00</u>	<u>150,962.00</u>	<u>65,517.00</u>	<u>85,445.00</u>	<u>3,048.06</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>0.00</u>	<u>150,962.00</u>	<u>65,517.00</u>	<u>85,445.00</u>	<u>3,048.06</u>

Debt payable at December 31, 2011 is comprised of the following:

Revenue Bonds:

Clean Water SRF Loan,	\$ 85,445.00
Interest Rate 3.25%,	
Maturity Date April 15, 2028,	
Paid by Sewer Fund	

The annual requirements to amortize all debt outstanding as of December 31, 2011, including interest payments of \$24,782.17, are as follows:

Annual Requirements to Maturity for Long-Term Debt  
December 31, 2011

Year Ending Dec. 31,	Clean Water SRF Revenue Bonds	
	Principal	Interest
2012	3,048.06	2,058.09
2013	4,180.90	2,627.30
2014	4,318.45	2,489.75
2015	4,460.52	2,347.68
2016	4,607.27	2,200.93
2017-2021	25,412.12	8,628.88
2022-2026	29,876.44	4,164.56
2027-2031	9,541.24	264.98
Totals	<u>85,445.00</u>	<u>24,782.17</u>