

**MUNICIPALITY OF CHAMBERLAIN
CHAMBERLAIN, SOUTH DAKOTA**

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2014 TO DECEMBER 31, 2014

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF CHAMBERLAIN

MUNICIPAL OFFICIALS
DECEMBER 31, 2014

MAYOR:

Chad Mutziger

GOVERNING BOARD:

Monte Claussen
Larry Jurgensen
Clint Soulek
Tim Thomas

FINANCE OFFICER:

Nicky Gaulke

ATTORNEY:

Cutler & Donahoe, LLP

Schoenfish & Co., Inc.

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105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

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

Governing Board
Municipality of Chamberlain
Chamberlain, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund, of the Municipality of Chamberlain, South Dakota (Municipality), as of December 31, 2014 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated August 24, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as item 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Municipality's Response to Findings

The Municipality's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The Municipality's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
August 24, 2015

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

Finding Number 2013-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2014-001.

PRIOR OTHER AUDIT FINDINGS:

There were no prior other audit findings to report except for the lack of segregation of duties as stated in finding 2013-001.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2014-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is the sixteenth consecutive audit in which this 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 and Deputy Finance Officer have the ability to process all revenue transactions from beginning to end. The Finance Officer and Deputy Finance Officer also have the ability to receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Effect:

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

Recommendation:

1. We recommend that the Municipality of Chamberlain officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response:

The Municipality of Chamberlain Mayor, Chad Mutziger, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Chamberlain, 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, one Board Member, and the Finance Officer on August 28, 2015.

Schoenfish & Co., Inc.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Chamberlain
Chamberlain, South Dakota

Report on the Financial Statements

We have audited the accompanying cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Chamberlain, South Dakota, (Municipality) as of December 31, 2014 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Municipality's management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1.c.; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a cash basis of accounting of the governmental activities, the business-type activities, and each major fund of the Municipality of Chamberlain as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.c. to the financial statements.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the cash basis of accounting financial statements that collectively comprise the Municipality's financial statements. The Budgetary Comparison Schedules and Long-Term Debt Schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2015 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
 Certified Public Accountants
 August 24, 2015

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MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF NET POSITION - CASH BASIS
December 31, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	3,531,730.11	900,434.65	4,432,164.76
TOTAL ASSETS	3,531,730.11	900,434.65	4,432,164.76
NET POSITION:			
Restricted for:			
Douville Cemetery Purposes	483,079.18		483,079.18
City Promotion Purposes	220,260.84		220,260.84
Senior Center Purposes	2,692.20		2,692.20
Business Improvement District Purposes	110,133.99		110,133.99
Grant Revolving Loan Purposes	69,047.17		69,047.17
Park Purposes	80,563.00		80,563.00
Public Safety Purposes	4,279.00		4,279.00
Library Special Gift Purposes	96,952.27		96,952.27
Library Fines Purposes	1,798.81		1,798.81
Cemetery Care Purposes	143,339.89		143,339.89
Capital Improvement Purposes	735,427.00		735,427.00
Unrestricted	1,584,156.76	900,434.65	2,484,591.41
TOTAL NET POSITION	3,531,730.11	900,434.65	4,432,164.76

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2014

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	188,442.88	30,620.50		1,840.85	(155,981.53)		(155,981.53)
Public Safety	482,938.37	61,121.50	700.00	17,215.00	(403,901.87)		(403,901.87)
Public Works	907,943.10	15,335.82	84,709.95	6,874.39	(801,022.94)		(801,022.94)
Health and Welfare	4,623.37	111.00		10,907.70	6,395.33		6,395.33
Culture and Recreation	2,186,904.89	72,907.54	90,845.00	112,210.63	(1,910,941.72)		(1,910,941.72)
Conservation and Development	122,303.69				(122,303.69)		(122,303.69)
* Interest on Long-Term Debt	32,428.17				(32,428.17)		(32,428.17)
Total Governmental Activities	3,925,584.47	180,096.36	176,254.95	149,048.57	(3,420,184.59)		(3,420,184.59)
Business-type Activities:							
Water	464,892.36	530,278.05				65,385.69	65,385.69
Sewer	447,160.00	416,141.25				(31,018.75)	(31,018.75)
Airport	77,575.96	1,254.01	32,961.37			(43,360.58)	(43,360.58)
Total Business-Type Activities	989,628.32	947,673.31	32,961.37	0.00		(8,993.64)	(8,993.64)
Total Primary Government	4,915,212.79	1,127,769.67	209,216.32	149,048.57	(3,420,184.59)	(8,993.64)	(3,429,178.23)
General Receipts:							
Taxes:							
Property Taxes				928,447.85			928,447.85
Sales Taxes				1,392,169.11			1,392,169.11
State Shared Receipts				26,906.69			26,906.69
Grants and Contributions not Restricted to Specific Programs				85,058.80			85,058.80
Unrestricted Investment Earnings				14,195.73	2,816.10		17,011.83
Debt Issued				2,000,000.00			2,000,000.00
Miscellaneous Receipts				72,779.43	19,482.73		92,262.16
Transfers				(55,200.00)	55,200.00		0.00
Total General Receipts and Transfers				4,464,357.61	77,498.83		4,541,856.44
Change in Net Position				1,044,173.02	68,505.19		1,112,678.21
Net Position - Beginning				2,487,557.09	831,929.46		3,319,486.55
NET POSITION - ENDING				3,531,730.11	900,434.65		4,432,164.76

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

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

**MUNICIPALITY OF CHAMBERLAIN
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General Fund</u>	<u>Business Improvement District Fund</u>	<u>Douville Cemetery Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	2,355,092.83	110,133.99	483,079.18	583,424.11	3,531,730.11
TOTAL ASSETS	<u>2,355,092.83</u>	<u>110,133.99</u>	<u>483,079.18</u>	<u>583,424.11</u>	<u>3,531,730.11</u>
FUND BALANCES:					
Restricted for:					
Perpetual Care Cemetery				143,339.89	143,339.89
Facilities and Promoting City				220,260.84	220,260.84
Senior Center Purposes	2,692.20				2,692.20
Library Special Gift Purposes				96,952.27	96,952.27
Library Fines Purposes				1,798.81	1,798.81
Park Purposes	80,563.00				80,563.00
Public Safety Purposes	4,279.00				4,279.00
Business Improvement District Purposes		110,133.99			110,133.99
Douville Cemetery Fund			483,079.18		483,079.18
Grant Revolving Loan Fund				69,047.17	69,047.17
Capital Improvements	735,427.00				735,427.00
Assigned for Capital Outlay Accumulations	31,660.92				31,660.92
Assigned for Next Year's Budget	600,000.00				600,000.00
Assigned for Recreation Purposes				52,025.13	52,025.13
Unassigned	900,470.71				900,470.71
TOTAL FUND BALANCES	<u>2,355,092.83</u>	<u>110,133.99</u>	<u>483,079.18</u>	<u>583,424.11</u>	<u>3,531,730.11</u>

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Business Improvement District Fund	Douville Cemetery Fund	Other Governmental Funds	Total Governmental Funds
Receipts:					
Taxes:					
General Property Taxes	845,752.32				845,752.32
General Sales and Use Taxes	1,270,730.24				1,270,730.24
Gross Receipts Business Taxes		82,134.00		121,438.87	1,392,169.11
Amusement Taxes	288.00				82,134.00
Penalties and Interest on Delinquent Taxes	273.53				288.00
Total Taxes	2,117,044.09	82,134.00	0.00	121,438.87	2,320,616.96
Licenses and Permits	27,320.00	0.00	0.00	0.00	27,320.00
Intergovernmental Receipts:					
State Grants	4,279.00				4,279.00
State Shared Receipts:					
Bank Franchise Tax	10,742.29				10,742.29
Motor Vehicle Commercial Prorate	5,653.18				5,653.18
Liquor Tax Reversion	16,164.40				16,164.40
Motor Vehicle Licenses	25,548.27				25,548.27
County Shared Receipts:					
County Road Tax	6,983.00				6,983.00
County Highway and Bridge Reserve Tax	42,724.51				42,724.51
County Wheel Tax	3,800.99				3,800.99
Total Intergovernmental Receipts	115,895.64	0.00	0.00	0.00	115,895.64
Charges for Goods and Services:					
General Government	3,300.50				3,300.50
Public Safety	59,637.50				59,637.50
Highways and Streets	9,818.82				9,818.82
Health	111.00				111.00
Culture and Recreation	53,974.47				71,617.27
Cemetery				17,642.80	71,617.27
				5,517.00	5,517.00
Total Charges for Goods and Services	126,842.29	0.00	0.00	23,159.80	150,002.09

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Business Improvement District Fund	Douville Cemetery Fund	Other Governmental Funds	Total Governmental Funds
Receipts (Continued):					
Fines and Forfeits:					
Court Fines and Costs	535.00				535.00
Library				1,290.27	1,290.27
Other	949.00				949.00
Total Fines and Forfeits	1,484.00	0.00	0.00	1,290.27	2,774.27
Miscellaneous Receipts:					
Investment Earnings	6,371.18	247.91	1,673.95	5,902.69	14,195.73
Special Assessments	6,874.39				6,874.39
Contributions and Donations from Private Sources	213,154.55			101,344.43	314,498.98
Other	30,101.05			21,457.77	51,558.82
Total Miscellaneous Receipts	256,501.17	247.91	1,673.95	128,704.89	387,127.92
Total Receipts	2,645,087.19	82,381.91	1,673.95	274,593.83	3,003,736.88
Disbursements:					
General Government:					
Legislative	33,780.66				33,780.66
Elections	1,249.65				1,249.65
Financial Administration	136,436.63				136,436.63
Other	16,975.94				16,975.94
Total General Government	188,442.88	0.00	0.00	0.00	188,442.88
Public Safety:					
Police	405,700.55				405,700.55
Fire	44,546.82				44,546.82
Other Protection	4,500.00				4,500.00
Total Public Safety	454,747.37	0.00	0.00	0.00	454,747.37
Public Works:					
Highways and Streets	588,357.71				588,357.71
Cemeteries			5,500.00		5,500.00
Transit	17,939.70				17,939.70
Total Public Works	606,297.41	0.00	5,500.00	0.00	611,797.41

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Business Improvement District Fund</u>	<u>Douville Cemetery Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Disbursements (Continued):					
Health and Welfare:					
Health	4,623.37				4,623.37
Total Health and Welfare	4,623.37	0.00	0.00	0.00	4,623.37
Culture and Recreation:					
Recreation	376,765.87			27,639.84	404,405.71
Parks	252,127.78				252,127.78
Libraries	66,317.13			85,465.77	151,782.90
Community Center	42,674.83				42,674.83
Total Culture and Recreation	737,885.61	0.00	0.00	113,105.61	850,991.22
Conservation and Development:					
Economic Development and Assistance (Industrial Development)	11,666.58	12,850.00		97,787.11	122,303.69
Total Conservation and Development	11,666.58	12,850.00	0.00	97,787.11	122,303.69
Debt Service	353,775.32	0.00	0.00	0.00	353,775.32
Capital Outlay	1,330,767.58	0.00	0.00	8,135.63	1,338,903.21
Total Disbursements	3,688,206.12	12,850.00	5,500.00	219,028.35	3,925,584.47
Excess of Receipts Over (Under) Disbursements	(1,043,118.93)	69,531.91	(3,826.05)	55,565.48	(921,847.59)
Other Financing Sources (Uses):					
Transfers In				8,600.00	8,600.00
Transfers Out	(63,800.00)				(63,800.00)
Long-Term Debt Issued	2,000,000.00				2,000,000.00
Sale of Municipal Property	12,200.00				12,200.00
Compensation for Loss or Damage to Capital Assets	9,020.61				9,020.61
Total Other Financing Sources (Uses)	1,957,420.61	0.00	0.00	8,600.00	1,966,020.61
Net Change in Fund Cash Balance	914,301.68	69,531.91	(3,826.05)	64,165.48	1,044,173.02
Fund Cash Balance - Beginning	1,440,791.15	40,602.08	486,905.23	519,258.63	2,487,557.09
FUND CASH BALANCE - ENDING	2,355,092.83	110,133.99	483,079.18	583,424.11	3,531,730.11

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
December 31, 2014

	<u>Enterprise Funds</u>			<u>Totals</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	<u>506,845.36</u>	<u>327,358.30</u>	<u>66,230.99</u>	<u>900,434.65</u>
TOTAL ASSETS	<u>506,845.36</u>	<u>327,358.30</u>	<u>66,230.99</u>	<u>900,434.65</u>
NET POSITION:				
Unrestricted Net Position	<u>506,845.36</u>	<u>327,358.30</u>	<u>66,230.99</u>	<u>900,434.65</u>
TOTAL NET POSITION	<u>506,845.36</u>	<u>327,358.30</u>	<u>66,230.99</u>	<u>900,434.65</u>

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

MUNICIPALITY OF CHAMBERLAIN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND NET CASH POSITION - CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Airport Fund	
Operating Receipts:				
Charges for Goods and Services	530,278.05	416,141.25	1,254.01	947,673.31
Total Operating Receipts	530,278.05	416,141.25	1,254.01	947,673.31
Operating Disbursements:				
Personal Services	160,972.77	164,676.50		325,649.27
Other Current Disbursements	273,030.34	203,784.56	76,838.59	553,653.49
Materials	30,889.25	13,396.10	737.37	45,022.72
Capital Assets		59,353.75		59,353.75
Debt Service (Principal)		5,949.09		5,949.09
Total Operating Disbursements	464,892.36	447,160.00	77,575.96	989,628.32
Operating Income (Loss)	65,385.69	(31,018.75)	(76,321.95)	(41,955.01)
Nonoperating Receipts (Disbursements):				
Investment Earnings	1,630.44	1,185.66		2,816.10
Rental Receipts			19,482.73	19,482.73
Total Nonoperating Receipts (Disbursements)	1,630.44	1,185.66	19,482.73	22,298.83
Income (Loss) Before Contributions and Transfers	67,016.13	(29,833.09)	(56,839.22)	(19,656.18)
Capital Contributions			32,961.37	32,961.37
Transfers In			55,200.00	55,200.00
Change in Net Cash Position	67,016.13	(29,833.09)	31,322.15	68,505.19
Net Cash Position - Beginning	439,829.23	357,191.39	34,908.84	831,929.46
NET CASH POSITION - ENDING	506,845.36	327,358.30	66,230.99	900,434.65

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

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

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

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Municipality or it meets the following criteria.

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

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

Governmental Funds:

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

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

Business Improvement District Fund – to account for a special assessment or general business license and occupation tax in first and second class municipalities for the financing of business improvement district projects as allowed in SDCL 9-55-3. (SDCL 9-55-2) This is a major fund.

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

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

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

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

Proprietary Funds:

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

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS(Continued)

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

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

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

Airport Fund – financed primarily by the sale of fuel, rentals and an annual transfer from the General Fund. This fund accounts for the acquisition, construction, and operation of the municipal airport. (SDCL 50-7-2) The municipality has elected to report this fund as 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 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 cash basis, transactions are recorded when cash is received or disbursed.

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

The 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 (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the 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.

As a result of the use of this 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.

e. Long-Term Liabilities:

Under the 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 disbursements. 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.

f. Program Receipts:

Program receipts derive directly from the program itself or from parties other than the Municipality's taxpayers or citizenry, as a whole. Program receipts 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.

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

g. Proprietary Funds Revenue and Expense Classifications:

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

h. Equity Classifications:

Government-wide Statements:

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

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

Fund Financial Statements:

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

i. Application of Net Position:

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

j. Fund Balance Classification Policies and Procedures:

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

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

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Business Improvement District Fund	Occupation Tax
Douville Cemetery Fund	Investment Earnings

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

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

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

Investments – In general, SDCL 4-5-6 permits Municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities 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 – Interest rate risk is the risk that changes in interest rates that will adversely affect the value of an investment. The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

3. PROPERTY TAXES

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

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

4. RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2014 were as follows:

	<u>Governmental Activities</u>
Major Funds:	
Douville Cemetery Purposes	\$ 483,079.18
Park Purposes	80,563.00
Public Safety Purposes	4,279.00
Business Improvement District Purposes	110,133.99
Senior Center Purposes	2,692.20
Capital Improvement Purposes	735,427.00
Other Purposes:	
City Promotion Purposes	220,260.84
Grant Revolving Loan Purposes	69,047.17
Library Special Gift Purposes	96,952.27
Library Fines Purposes	1,798.81
Cemetery Care Purposes	143,339.89
Total Restricted Net Position	<u>\$ 1,947,573.35</u>

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

5. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2014 were as follows:

		Transfers To:		
		Governmental Activities	Business-Type Activities	
		Other Governmental Funds	Major Fund	
Transfers From:		Recreation Fund	Airport Fund	Total
Governmental Activities:				
Major Funds:				
General Fund		8,600.00	55,200.00	63,800.00
Total		8,600.00	55,200.00	63,800.00

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

6. CONDUIT DEBT

In the past, the Municipality has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the Municipality, the State of South Dakota, nor any other political subdivision of the state is obligated in any manner for the repayment of these conduit debt issues. As of December 31, 2014, there was one series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$3,189,647.32.

7. OPERATING LEASES

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

Year	Amount
2015	\$ 200

8. RETIREMENT PLAN

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivors benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 were \$58,806.08, \$55,371.94, and \$53,357.36, respectively, equal to the required contributions each year.

9. JOINT VENTURES

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

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

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

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

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

At December 31, 2014, financial information for this joint venture was not available.

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

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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

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

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

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

Separate financial statements for this joint venture are available from the Missouri Valley Ambulance Service. At December 2014, this joint venture had total fund equity of \$1,321,554.00.

10. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2014, the Municipality was not involved in any significant litigation.

11. RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2014, the Municipality managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

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

Worker's Compensation:

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

Unemployment Benefits:

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

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Receipts:				
Taxes:				
General Property Taxes	849,216.00	849,216.00	845,752.32	(3,463.68)
General Sales and Use Taxes	1,215,928.94	1,215,928.94	1,270,730.24	54,801.30
Amusement Taxes	3,000.00	3,000.00	288.00	(2,712.00)
Tax Deed Revenue	300.00	300.00	0.00	(300.00)
Penalties and Interest on Delinquent Taxes	1,000.00	1,000.00	273.53	(726.47)
Total Taxes	2,069,444.94	2,069,444.94	2,117,044.09	47,599.15
Licenses and Permits	24,500.00	27,500.00	27,320.00	(180.00)
Intergovernmental Receipts:				
State Grants	0.00	4,279.00	4,279.00	0.00
State Shared Receipts:				
Bank Franchise Tax	8,000.00	8,000.00	10,742.29	2,742.29
Motor Vehicle Commercial Prorate	4,500.00	4,500.00	5,653.18	1,153.18
Liquor Tax Reversion	12,000.00	12,000.00	16,164.40	4,164.40
Motor Vehicle Licenses	20,000.00	20,000.00	25,548.27	5,548.27
County Shared Receipts:				
County Road Tax	7,000.00	7,000.00	6,983.00	(17.00)
County HBR Tax	35,000.00	35,000.00	42,724.51	7,724.51
County Wheel Tax	4,000.00	4,000.00	3,800.99	(199.01)
Total Intergovernmental Receipts	90,500.00	94,779.00	115,895.64	21,116.64
Charges for Goods and Services:				
General Government	3,900.00	3,900.00	3,300.50	(599.50)
Public Safety	58,814.00	58,814.00	59,637.50	823.50
Highways and Streets	11,000.00	11,000.00	9,818.82	(1,181.18)
Health	800.00	800.00	111.00	(689.00)
Culture and Recreation	52,200.00	52,200.00	53,974.47	1,774.47
Total Charges for Goods and Services	126,714.00	126,714.00	126,842.29	128.29
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	535.00	535.00
Other	1,500.00	1,500.00	949.00	(551.00)
Total Fines and Forfeits	1,500.00	1,500.00	1,484.00	(16.00)
Miscellaneous Receipts:				
Investment Earnings	6,000.00	6,000.00	6,371.18	371.18
Rentals	1,000.00	1,000.00	0.00	(1,000.00)
Special Assessments	6,200.00	6,200.00	6,874.39	674.39
Contributions and Donations from Private Sources	20,000.00	221,808.70	213,154.55	(8,654.15)
Other	12,000.00	15,650.00	30,101.05	14,451.05
Total Miscellaneous Receipts	45,200.00	250,658.70	256,501.17	5,842.47
Total Receipts	2,357,858.94	2,570,596.64	2,645,087.19	74,490.55
Disbursements:				
General Government:				
Legislative	33,200.00	34,100.00	33,780.66	319.34
Contingency	30,000.00	30,000.00		
Amount Transferred		(1,050.00)		28,950.00
Elections	1,100.00	1,250.00	1,249.65	0.35
Financial Administration	147,523.80	147,523.80	136,436.63	11,087.17
Other	19,100.00	19,100.00	16,975.94	2,124.06
Total General Government	230,923.80	230,923.80	188,442.88	42,480.92

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Disbursements: (continued)				
Public Safety:				
Police	380,965.63	437,571.13	433,891.55	3,679.58
Fire	41,000.00	44,700.00	44,546.82	153.18
Other Protection	4,500.00	4,500.00	4,500.00	0.00
Total Public Safety	<u>426,465.63</u>	<u>486,771.13</u>	<u>482,938.37</u>	<u>3,832.76</u>
Public Works:				
Highways and Streets	740,994.65	790,994.65	626,371.67	164,622.98
Transit	20,000.00	20,000.00	17,939.70	2,060.30
Total Public Works	<u>760,994.65</u>	<u>810,994.65</u>	<u>644,311.37</u>	<u>166,683.28</u>
Health and Welfare:				
Health	11,000.00	15,279.00	4,623.37	10,655.63
Total Health and Welfare	<u>11,000.00</u>	<u>15,279.00</u>	<u>4,623.37</u>	<u>10,655.63</u>
Culture and Recreation:				
Recreation	144,882.78	1,910,082.78	1,509,391.87	400,690.91
Parks	282,436.00	379,341.00	340,158.14	39,182.86
Libraries	71,000.00	71,000.00	66,317.13	4,682.87
Community Center	38,500.00	92,416.26	86,581.09	5,835.17
Total Culture and Recreation	<u>536,818.78</u>	<u>2,452,840.04</u>	<u>2,002,448.23</u>	<u>450,391.81</u>
Conservation and Development				
Economic Development and Assistance (Industrial Development)	9,350.00	12,350.00	11,666.58	683.42
Total Conservation and Development	<u>9,350.00</u>	<u>12,350.00</u>	<u>11,666.58</u>	<u>683.42</u>
Debt Service	<u>279,177.24</u>	<u>353,775.32</u>	<u>353,775.32</u>	<u>0.00</u>
Total Disbursements	<u>2,254,730.10</u>	<u>4,362,933.94</u>	<u>3,688,206.12</u>	<u>674,727.82</u>
Excess of Receipts Over (Under) Disbursements	<u>103,128.84</u>	<u>(1,792,337.30)</u>	<u>(1,043,118.93)</u>	<u>749,218.37</u>
Other Financing Sources (Uses):				
Transfers In	0.00	50,000.00	0.00	(50,000.00)
Transfers Out	(24,800.00)	(74,800.00)	(63,800.00)	11,000.00
Sale of Municipal Property	10,000.00	13,000.00	12,200.00	(800.00)
Compensation for Loss or Damage to Capital Assets	0.00	10,940.50	9,020.61	(1,919.89)
General Long-Term Debt Issued	0.00	2,000,000.00	2,000,000.00	0.00
Total Other Financing Sources (Uses)	<u>(14,800.00)</u>	<u>1,999,140.50</u>	<u>1,957,420.61</u>	<u>(41,719.89)</u>
Net Change in Fund Cash Balances	<u>88,328.84</u>	<u>206,803.20</u>	<u>914,301.68</u>	<u>707,498.48</u>
Fund Cash Balance - Beginning	1,440,791.15	1,440,791.15	1,440,791.15	0.00
FUND CASH BALANCE - ENDING	<u>1,529,119.99</u>	<u>1,647,594.35</u>	<u>2,355,092.83</u>	<u>707,498.48</u>

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUSINESS IMPROVEMENT DISTRICT FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Receipts:				
Taxes:				
Gross Receipts Business Taxes	70,000.00	70,000.00	82,134.00	12,134.00
Total Taxes	70,000.00	70,000.00	82,134.00	12,134.00
Miscellaneous Receipts:				
Investment Earnings	200.00	200.00	247.91	47.91
Total Miscellaneous Receipts	200.00	200.00	247.91	47.91
Total Receipts	70,200.00	70,200.00	82,381.91	12,181.91
Disbursements:				
Conservation and Development				
Economic Development and Assistance (Industrial Development)	16,500.00	16,500.00	12,850.00	3,650.00
Total Conservation and Development	16,500.00	16,500.00	12,850.00	3,650.00
Total Disbursements	16,500.00	16,500.00	12,850.00	3,650.00
Net Change in Fund Cash Balances	53,700.00	53,700.00	69,531.91	15,831.91
Fund Cash Balance - Beginning	40,602.08	40,602.08	40,602.08	0.00
FUND CASH BALANCE - ENDING	94,302.08	94,302.08	110,133.99	15,831.91

**SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CHAMBERLAIN
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
DOUVILLE CEMETERY FUND
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Miscellaneous Receipts:				
Investment Earnings	2,000.00	2,000.00	1,673.95	(326.05)
Total Miscellaneous Receipts	2,000.00	2,000.00	1,673.95	(326.05)
Total Receipts	2,000.00	2,000.00	1,673.95	(326.05)
Disbursements:				
Public Works:				
Cemeteries	2,000.00	5,500.00	5,500.00	0.00
Total Public Works	2,000.00	5,500.00	5,500.00	0.00
Total Disbursements	2,000.00	5,500.00	5,500.00	0.00
Net Change in Fund Cash Balances	0.00	(3,500.00)	(3,826.05)	(326.05)
Fund Cash Balance - Beginning	486,905.23	486,905.23	486,905.23	0.00
FUND CASH BALANCE - ENDING	486,905.23	483,405.23	483,079.18	(326.05)

NOTES TO THE SUPPLEMENTARY INFORMATIONSchedules 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, 2014.

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 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 cash basis. Utilizing the 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 DEBT

A summary of changes in long-term debt for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
DENR-Consolidated Water	144,623.85		5,949.09	138,674.76	6,128.90
SRF-Series 2008	231,714.69		11,463.68	220,251.01	11,840.82
SRF-Series 2009	565,539.95		24,079.65	541,460.30	24,810.21
Sales Tax Rev. Refunding - Series 2011	222,588.40		222,588.40	0.00	0.00
Financing (Capital Acquisition)					
Lease - Fire Truck	17,601.04		11,461.79	6,139.25	6,139.25
Note Payable - Country Club # 1	56,526.53		5,412.50	51,114.03	5,707.93
Note Payable - Country Club # 2	255,000.00		63,215.42	191,784.58	62,416.07
Sales Tax Revenue Bond - Series 2014	0.00	2,000,000.00	0.00	2,000,000.00	158,329.27
TOTAL	<u>1,493,594.46</u>	<u>2,000,000.00</u>	<u>344,170.53</u>	<u>3,149,423.93</u>	<u>275,372.45</u>

Debt payable at December 31, 2014, is comprised of the following:

Revenue Bonds:

Drinking Water #1 – SRF Series 2008	\$ 220,251.01
Maturity Date: July 15, 2029	
Interest Rate: 3.25%	
Payable from General Fund	
Drinking Water #2 – SRF Series 2009	\$ 541,460.30
Maturity Date: October 15, 2031	
Interest Rate: 3.00%	
Payable from General Fund	
DENR – Consolidated Water Revenue Bond	\$ 138,674.76
Maturity Date: May 1, 2032	
Interest Rate: 3.00%	
Payable from General Fund	
Notes Payable – Country Club # 1	\$ 51,114.03
Maturity Date: July 1, 2017	
Interest Rate: 5.35%	
Payable from General Fund	
Notes Payable – Country Club # 2	\$ 191,784.58
Maturity Date: May 1, 2017	
Interest Rate: 2.375%	
Payable from General Fund	

SUPPLEMENTARY INFORMATION

Sales Tax Revenue Bond – Series 2014 \$ 2,000,000.00
Maturity Date: October 15, 2024
Interest Rate: 2.75%
Payable from General Fund

Financing (Capital Acquisition) Leases:

2010 Fire Pumper Truck \$ 6,139.25
Maturity Date: September 15, 2015
Interest Rate: 4.69%
Payable from General Fund

The purchase price at the commencement of the financing (capital acquisition) lease was:

	<u>Fire Truck</u>
Principal	\$ 70,000.00
Interest	7,474.85
TOTAL	<u>\$ 77,474.85</u>

SUPPLEMENTARY INFORMATION

The annual requirements to amortize all debt outstanding as of December 31, 2014 are as follows:

Annual Requirements to Maturity for Long-Term Debt
December 31, 2014

Year Ending December 31,	SRF - Drinking Water # 1 Series 2008		SRF - Drinking Water # 2 Series 2009		DENR - Consolidated Water Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	11,840.82	7,014.82	24,810.21	15,966.43	6,128.90	4,114.62
2016	12,230.36	6,625.28	25,562.93	15,213.71	6,314.15	3,929.37
2017	12,632.72	6,222.92	26,338.49	14,438.15	6,504.99	3,738.53
2018	13,048.32	5,807.32	27,137.57	13,639.07	6,701.61	3,541.91
2019	13,477.58	5,378.06	27,960.91	12,815.73	6,904.16	3,339.36
2020-2024	74,337.75	19,940.45	153,055.81	50,827.39	37,780.03	13,437.57
2025-2029	82,683.46	6,880.83	177,725.98	26,157.22	43,845.26	7,372.34
2030-2034			78,868.40	2,684.88	24,495.66	1,113.25
Totals	<u>220,251.01</u>	<u>57,869.68</u>	<u>541,460.30</u>	<u>151,742.58</u>	<u>138,674.76</u>	<u>40,586.95</u>

Year Ending December 31,	Notes Payable - Country Club # 1		Notes Payable - Country Club # 2		Sales Tax Revenue Bond - Series 2014	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	5,707.93	2,621.35	62,416.07	4,618.15	158,329.27	55,505.77
2016	6,019.47	2,309.81	63,910.51	3,123.71	214,786.23	49,048.81
2017	39,386.63	1,517.69	65,458.00	1,576.22	220,892.96	42,942.08
2018					227,031.84	36,803.20
2019					183,295.06	30,539.98
2020-2024					995,664.64	73,510.56
2025-2029						
2030-2034						
Totals	<u>51,114.03</u>	<u>6,448.85</u>	<u>191,784.58</u>	<u>9,318.08</u>	<u>2,000,000.00</u>	<u>288,350.40</u>

Year Ending December 31,	Financing (Capital Acquisition) Lease - Fire Truck		Totals	
	Principal	Interest	Principal	Interest
2015	6,139.25	287.93	275,372.45	90,129.07
2016			328,823.65	80,250.69
2017			371,213.79	70,435.59
2018			273,919.34	59,791.50
2019			231,637.71	52,073.13
2020-2024			1,260,838.23	157,715.97
2025-2029			304,254.70	40,410.39
2030-2034			103,364.06	3,798.13
Totals	<u>6,139.25</u>	<u>287.93</u>	<u>3,149,423.93</u>	<u>554,604.47</u>