

MUNICIPALITY OF CLARK
MUNICIPAL OFFICIALS AND OFFICIAL NEWSPAPER
December 31, 2014

Mayor:

Larry Dreher

City Council Members:

Louann Streff, President
Kerry Kline, Vice President
Belinda Hanson
Tony Woodland
Vicki Orris
Dennis Larson

Finance Officer:

Jackie Luttrell

Attorney:

Chad Fjelland

Official Newspaper:

Clark County Courier

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

Municipal Council
Municipality of Clark, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Clark, 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 27, 2015. The report on the governmental activities, the business-type activities, and the major proprietary funds was qualified because not all of the inventory items were initially recorded as assets and charged to expense in the various functions of government as they were consumed. We did not express an opinion on the discretely presented component unit because the financial statements of the Clark Housing and Redevelopment Commission have not been audited, and we were not engaged to audit the Clark Housing and Redevelopment Commission financial statements as part of our audit of the Municipality's basic financial statements.

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 a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item 2014-01 to be a material weakness.

Compliance and Other Matters

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

Municipality's Response to Findings

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

Purpose of this Report

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

William Neale & Co., P.C.

Watertown, South Dakota
August 27, 2015

MUNICIPALITY OF CLARK
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2014

PRIOR AUDIT FINDINGS

2013-01

Finding: A material weakness was reported for a lack of segregation of duties over the revenue function resulting in decreased reliability of reported financial data and increased potential for loss of public assets. The finding has not been corrected and has been restated as current audit finding number 2014-01.

MUNICIPALITY OF CLARK
SCHEDULE OF CURRENT AUDIT FINDINGS
December 31, 2014

CURRENT AUDIT FINDINGS

2014-01

Finding: A material weakness was reported for a lack of segregation of duties over the revenue function resulting in decreased reliability of reported financial data and increased potential for loss of public assets.

Analysis: Because the finance officer and assistant finance officer initiated, recorded, processed, and reported all transactions from the beginning of the year to the end of the year, there is inadequate segregation of duties over the revenue function.

Recommendation: We recommend that the municipal officials be cognizant of this lack of segregation of duties over the revenue function and attempt to provide compensating internal controls whenever and wherever possible and practical.

Response: The governing board has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. The Municipality is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical.



INDEPENDENT AUDITOR'S REPORT

Municipal Council
Municipality of Clark, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Clark, South Dakota (Municipality), as of December 31, 2014 and for the year then ended, and the related notes to the financial statements. These financial statements collectively comprise the Municipality's basic financial statements as listed in the Table of Contents. We were not engaged to audit the financial statements of the discretely presented component unit.

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 accounting principles generally accepted in the United States of America; this includes 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Because of the matter described in the "Basis for Disclaimer Opinion on Discretely Presented Component Unit" paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the discretely presented component unit.

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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
Discretely Presented Component Unit	Disclaimer
General Fund	Unmodified
Water Fund	Qualified
Sewer Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Major Proprietary Funds

As discussed in Note 4 to the financial statements, the inventory items for the governmental activities, the business-type activities, and the major proprietary funds are recorded as expenses at the time of purchase, which is contrary to accounting principles generally accepted in the United States of America (USGAAP). USGAAP requires the inventories for the governmental activities, the business-type activities, and the major proprietary funds to initially be recorded as assets and charged to expense in the various functions of government as they are consumed. The amount by which this departure would affect the assets and expenses in the government-wide financial statements and proprietary fund financial statements is not reasonably determinable.

Basis for Disclaimer Opinion on Discretely Presented Component Unit

The financial statements of the Clark Housing and Redevelopment Commission have not been audited, and we were not engaged to audit the Clark Housing and Redevelopment Commission financial statements as part of our audit of the Municipality's basic financial statements. The Clark Housing and Redevelopment Commission's financial activities are included in the Municipality's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net position, and revenues.

Qualified Opinions

In our opinion, except for the matter described in the "Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Major Proprietary Funds" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the major proprietary funds of the Municipality of Clark, South Dakota, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer Opinion

Because of the significance of the matter described in the "Basis for Disclaimer Opinion on Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit of the Municipality of Clark, South Dakota. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major governmental funds and the aggregate remaining fund information of the Municipality of Clark, South Dakota, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule on pages 33 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Municipality has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The combining 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 27, 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, and 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.

William Neale & Co., P.C.

Watertown, South Dakota
August 27, 2015

MUNICIPALITY OF CLARK
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Clark
				Housing and Redevelopment Commission
ASSETS:				
Cash and Cash Equivalents	\$ 587,846.72	\$ 170,010.99	\$ 757,857.71	\$ 41,817.06
Receivables, Net	53,038.27	41,458.46	94,496.73	-
Inventories	6,604.33	-	6,604.33	-
Other Assets	31,869.48	-	31,869.48	5,756.00
Restricted Assets:				
Cash and Cash Equivalents	-	96,819.24	96,819.24	-
Capital Assets:				
Land, Improvements and Construction in Progress	193,895.77	36,038.99	229,934.76	-
Other Capital Assets, Net of Depreciation	7,236,090.30	3,196,713.95	10,432,804.25	557,138.70
Total Assets	8,109,344.87	3,541,041.63	11,650,386.50	604,711.76
LIABILITIES :				
Accounts Payable	10,208.35	60,823.12	71,031.47	-
Other Current Liabilities	5,912.68	13,150.64	19,063.32	16,979.32
Noncurrent Liabilities:				
Due Within One Year	5,045.05	34,205.30	39,250.35	359.58
Due in More than One Year	59,338.09	854,240.64	913,578.73	591,776.93
Total Liabilities	80,504.17	962,419.70	1,042,923.87	609,115.83
DEFERRED INFLOWS OF RESOURCES:				
Other Deferred Inflows of Resources	182.67	-	182.67	-
NET POSITION:				
Net Investment in Capital Assets	7,406,891.42	2,347,064.96	9,753,956.38	(34,997.81)
Restricted for:				
Debt Service	-	31,198.49	31,198.49	-
Replacement & Depreciation	-	60,684.45	60,684.45	-
Operation & Maintenance	-	4,936.30	4,936.30	-
Insurance	31,869.48	-	31,869.48	-
Other Purposes	1,279.62	-	1,279.62	-
Unrestricted	588,617.51	134,737.73	723,355.24	30,593.74
Total Net Position	\$ 8,028,658.03	\$ 2,578,621.93	\$ 10,607,279.96	\$ (4,404.07)

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

MUNICIPALITY OF CLARK
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Clark
					Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Commission
Primary Government:								
Governmental Activities:								
General Government	\$ 157,621.73	\$ 18,324.14	\$ -	\$ -	\$ (139,297.59)	\$ -	\$ (139,297.59)	\$ -
Public Safety	97,731.41	5,250.00	1,129.95	-	(91,351.46)	-	(91,351.46)	-
Public Works	598,911.92	96,201.43	78,059.44	1,214.41	(423,436.64)	-	(423,436.64)	-
Health and Welfare	40,371.54	34,620.00	3,850.00	-	(1,901.54)	-	(1,901.54)	-
Culture and Recreation	397,003.22	101,403.19	14,216.70	-	(281,383.33)	-	(281,383.33)	-
Conservation and Development	88,479.64	-	655.00	-	(87,824.64)	-	(87,824.64)	-
Liquor Operating Agreements	195.07	93,131.92	-	-	92,936.85	-	92,936.85	-
* Interest on Long-Term Debt	16,887.37	-	-	-	(16,887.37)	-	(16,887.37)	-
Total Governmental Activities	1,397,201.90	348,930.68	97,911.09	1,214.41	(949,145.72)	-	(949,145.72)	-
Business-Type Activities:								
Water	254,316.44	264,806.68	-	-	-	10,490.24	10,490.24	-
Sewer	185,551.67	204,895.48	-	-	-	19,343.81	19,343.81	-
Total Business-Type Activities	439,868.11	469,702.16	-	-	-	29,834.05	29,834.05	-
Total Primary Government	\$ 1,837,070.01	\$ 818,632.84	\$ 97,911.09	\$ 1,214.41	(949,145.72)	29,834.05	(919,311.67)	-
Component Units:								
Clark Housing and Redevelopment Commission	\$ 71,521.85	\$ 78,343.00	\$ -	\$ -				6,821.15
* The Municipality does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.								
General Revenues:								
Taxes:								
Property Taxes					426,316.56	-	426,316.56	-
Sales Taxes					403,229.11	-	403,229.11	-
State Shared Revenues					10,571.45	-	10,571.45	-
Unrestricted Investment Earnings					773.54	202.10	975.64	24.12
Other General Revenues					(4,936.16)	-	(4,936.16)	-
Transfers					(45,000.00)	45,000.00	-	-
Total General Revenues and Transfers					790,954.50	45,202.10	836,156.60	24.12
Change in Net Position					(158,191.22)	75,036.15	(83,155.07)	6,845.27
Net Position - Beginning					8,091,931.16	2,503,585.78	10,595,516.94	(11,249.34)
Government Merger - Note 16					94,918.09	-	94,918.09	-
Net Position - Ending					\$ 8,028,658.03	\$ 2,578,621.93	\$ 10,607,279.96	\$ (4,404.07)

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

MUNICIPALITY OF CLARK
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 577,546.77	\$ 10,299.95	\$ 587,846.72
Taxes Receivable - Current	4,749.83	-	4,749.83
Taxes Receivable - Delinquent	8,807.81	-	8,807.81
Accounts Receivable, Net	19,386.77	-	19,386.77
Special Assessments Receivable - Current	219.48	-	219.48
Special Assessments Receivable - Delinquent	616.10	-	616.10
Special Assessments Receivable - Deferred	182.67	-	182.67
Due from Other Governments	19,075.61	-	19,075.61
Inventories	6,604.33	-	6,604.33
Deposits	31,869.48	-	31,869.48
TOTAL ASSETS	<u>\$ 669,058.85</u>	<u>\$ 10,299.95</u>	<u>\$ 679,358.80</u>
LIABILITIES:			
Accounts Payable	\$ 10,208.35	\$ -	\$ 10,208.35
Accrued Wages Payable	5,235.93	-	5,235.93
Accrued Taxes Payable	377.79	-	377.79
Amounts Held for Others	145.52	-	145.52
Total Liabilities	<u>15,967.59</u>	<u>-</u>	<u>15,967.59</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	8,807.81	-	8,807.81
Unavailable Revenue - Special Assessments	1,018.25	-	1,018.25
Total Deferred Inflows of Resources	<u>9,826.06</u>	<u>-</u>	<u>9,826.06</u>
FUND BALANCES:			
Nonspendable for:			
Inventory	6,604.33	-	6,604.33
Cumulative Reserve Fund	31,869.48	-	31,869.48
Restricted for:			
Debt Service	-	9,020.33	9,020.33
Library Purposes	-	1,279.62	1,279.62
Assigned for:			
Capital Outlay	39,083.96	-	39,083.96
Unassigned	565,707.43	-	565,707.43
Total Fund Balances	<u>643,265.20</u>	<u>10,299.95</u>	<u>653,565.15</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 669,058.85</u>	<u>\$ 10,299.95</u>	<u>\$ 679,358.80</u>

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

MUNICIPALITY OF CLARK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2014

Total Fund Balances - Governmental Funds \$ 653,565.15

Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	Capital Assets	11,626,316.88	
	Accumulated Depreciation	<u>(4,196,330.81)</u>	
	Net		7,429,986.07

Long-term liabilities, including accrued leave payable, loans/notes payable, and financing (capital acquisition) leases, are not due and payable in the current period and therefore are not reported in the funds.	Accrued Leave Payable	(6,822.48)	
	Other Long-Term Liabilities	(57,560.66)	
	Accrued Interest Payable	<u>(153.44)</u>	
			(64,536.58)

Assets, such as taxes receivable (delinquent) & special assessments (delinquent), are not available to pay for the current period expenditures and therefore are deferred in the funds.	<u>9,643.39</u>
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Net Position - Governmental Activities \$ 8,028,658.03

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

MUNICIPALITY OF CLARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
General Property Taxes	\$ 405,579.47	\$ 19,035.95	\$ 424,615.42
General Sales and Use Taxes	403,229.11	-	403,229.11
Amusement Taxes	36.00	-	36.00
Penalties and Interest on Taxes	1,679.95	0.70	1,680.65
Licenses and Permits	957.50	-	957.50
Intergovernmental Revenue:			
State Grants	4,979.95	-	4,979.95
State Shared Revenue	78,548.75	-	78,548.75
County Shared Revenue	3,047.14	-	3,047.14
Charges for Goods and Services:			
General Government	16,316.64	-	16,316.64
Public Safety	5,250.00	-	5,250.00
Highway and Streets	15,222.26	-	15,222.26
Sanitation	80,979.17	-	80,979.17
Culture and Recreation	98,164.36	391.52	98,555.88
Fines and Forfeits:			
Library	-	169.81	169.81
Miscellaneous Revenue:			
Investment Earnings	749.32	24.22	773.54
Rentals	38,537.50	-	38,537.50
Special Assessments	4,972.11	-	4,972.11
Contributions and Donations	21,086.00	820.70	21,906.70
Liquor Operating Agreement Income	92,941.92	-	92,941.92
Other	1,506.66	-	1,506.66
Total Revenues	<u>1,273,783.81</u>	<u>20,442.90</u>	<u>1,294,226.71</u>
Expenditures:			
General Government:			
Legislative	17,296.24	-	17,296.24
Executive	7,065.93	-	7,065.93
Elections	304.60	-	304.60
Financial Administration	106,685.41	-	106,685.41
Other	20,562.35	-	20,562.35
Public Safety:			
Police	70,542.40	-	70,542.40
Fire	17,106.77	-	17,106.77
Public Works:			
Highways and Streets	254,624.01	-	254,624.01
Sanitation	81,369.77	-	81,369.77
Transit	27,766.08	-	27,766.08

MUNICIPALITY OF CLARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Health and Welfare:			
Health	15,415.46	-	15,415.46
Culture and Recreation:			
Recreation	314,036.21	-	314,036.21
Parks	46,309.60	-	46,309.60
Libraries	18,756.59	489.57	19,246.16
Conservation and Development:			
Economic Development and Assistance	88,479.64	-	88,479.64
Debt Service	12,962.17	46,812.57	59,774.74
Capital Outlay	141,533.85	-	141,533.85
Miscellaneous:			
Liquor Operating Agreements	<u>195.07</u>	<u>-</u>	<u>195.07</u>
Total Expenditures	<u>1,241,012.15</u>	<u>47,302.14</u>	<u>1,288,314.29</u>
Excess of Revenues Over (Under) Expenditures	<u>32,771.66</u>	<u>(26,859.24)</u>	<u>5,912.42</u>
Other Financing Sources (Uses):			
Sale of Surplus Property	1,000.00	-	1,000.00
Compensation for Loss or Damage to Capital Assets	2,185.73	-	2,185.73
Transfers Out	<u>(45,000.00)</u>	<u>-</u>	<u>(45,000.00)</u>
Total Other Financing Sources (Uses)	<u>(41,814.27)</u>	<u>-</u>	<u>(41,814.27)</u>
Net Change in Fund Balances	(9,042.61)	(26,859.24)	(35,901.85)
Increase (Decrease) in Nonspendable Fund Balance	6,834.35	-	6,834.35
Fund Balance - Beginning	<u>645,473.46</u>	<u>37,159.19</u>	<u>682,632.65</u>
FUND BALANCE - ENDING	<u>\$ 643,265.20</u>	<u>\$ 10,299.95</u>	<u>\$ 653,565.15</u>

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

MUNICIPALITY OF CLARK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	(35,901.85)
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide financial statements.		141,533.85
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(291,631.64)
In the statement of activities, the gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.		(9,858.57)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		42,871.16
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".		(15.51)
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.		(3,757.70)
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.		(1,975.02)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. (e.g., cumulative reserve fund)		527.85
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g., accrued interest expense)		<u>16.21</u>
Change in Net Position - Governmental Activities	\$	<u>(158,191.22)</u>

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

MUNICIPALITY OF CLARK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 71,166.53	\$ 98,844.46	\$ 170,010.99
Accounts Receivable, Net	22,788.33	18,670.13	41,458.46
Total Current Assets	<u>93,954.86</u>	<u>117,514.59</u>	<u>211,469.45</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	30,896.00	65,923.24	96,819.24
Capital Assets:			
Land	2,910.50	501.00	3,411.50
Buildings	292,677.18	569,687.00	862,364.18
Improvements Other Than Buildings	1,166,462.96	2,242,249.10	3,408,712.06
Machinery and Equipment	111,436.94	114,425.49	225,862.43
Construction Work in Progress	-	32,627.49	32,627.49
Less: Accumulated Depreciation	<u>(554,621.67)</u>	<u>(745,603.05)</u>	<u>(1,300,224.72)</u>
Total Noncurrent Assets	<u>1,049,761.91</u>	<u>2,279,810.27</u>	<u>3,329,572.18</u>
Total Assets	<u>1,143,716.77</u>	<u>2,397,324.86</u>	<u>3,541,041.63</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	10,123.80	50,699.32	60,823.12
Loans/Notes Payable - Current	-	1,434.66	1,434.66
Accrued Interest Payable	195.40	2,446.79	2,642.19
Accrued Wages Payable	1,129.22	1,129.23	2,258.45
Customer Deposits	8,250.00	-	8,250.00
Bonds Payable - Current	<u>3,021.84</u>	<u>29,748.80</u>	<u>32,770.64</u>
Total Current Liabilities	<u>22,720.26</u>	<u>85,458.80</u>	<u>108,179.06</u>
Noncurrent Liabilities:			
Bonds Payable	173,080.72	643,724.74	816,805.46
Accrued Leave Payable	1,378.98	1,378.98	2,757.96
Other Long-Term Liabilities	<u>-</u>	<u>34,677.22</u>	<u>34,677.22</u>
Total Noncurrent Liabilities	<u>174,459.70</u>	<u>679,780.94</u>	<u>854,240.64</u>
Total Liabilities	<u>197,179.96</u>	<u>765,239.74</u>	<u>962,419.70</u>
NET POSITION:			
Net Investment in Capital Assets	842,763.35	1,504,301.61	2,347,064.96
Restricted for:			
Debt Service	10,896.00	20,302.49	31,198.49
Replacement & Depreciation	20,000.00	40,684.45	60,684.45
Operation & Maintenance	-	4,936.30	4,936.30
Unrestricted	<u>72,877.46</u>	<u>61,860.27</u>	<u>134,737.73</u>
Total Net Position	<u>\$ 946,536.81</u>	<u>\$ 1,632,085.12</u>	<u>\$ 2,578,621.93</u>

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

MUNICIPALITY OF CLARK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenue:			
Charges for Goods and Services	\$ 264,806.68	\$ 204,895.48	\$ 469,702.16
Total Operating Revenue	<u>264,806.68</u>	<u>204,895.48</u>	<u>469,702.16</u>
Operating Expenses:			
Personal Services	44,971.54	44,808.32	89,779.86
Materials (Cost of Goods Sold)	179,595.27	66,586.20	246,181.47
Depreciation	21,737.83	49,069.97	70,807.80
Total Operating Expenses	<u>246,304.64</u>	<u>160,464.49</u>	<u>406,769.13</u>
Operating Income (Loss)	<u>18,502.04</u>	<u>44,430.99</u>	<u>62,933.03</u>
Nonoperating Revenue (Expense):			
Investment Earnings	104.13	97.97	202.10
Interest Expense and Fiscal Charges	(8,011.80)	(25,087.18)	(33,098.98)
Total Nonoperating Revenue (Expense)	<u>(7,907.67)</u>	<u>(24,989.21)</u>	<u>(32,896.88)</u>
Income (Loss) Before Transfers	10,594.37	19,441.78	30,036.15
Transfers In	-	45,000.00	45,000.00
Change in Net Position	10,594.37	64,441.78	75,036.15
Net Position - Beginning	<u>935,942.44</u>	<u>1,567,643.34</u>	<u>2,503,585.78</u>
NET POSITION - ENDING	<u>\$ 946,536.81</u>	<u>\$ 1,632,085.12</u>	<u>\$ 2,578,621.93</u>

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

MUNICIPALITY OF CLARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 259,206.57	\$ 202,230.18	\$ 461,436.75
Receipts for Interfund Services Provided	6,909.81	2,756.50	9,666.31
Payments to Suppliers	(180,431.06)	(68,281.67)	(248,712.73)
Payments to Employees	(44,703.17)	(44,531.97)	(89,235.14)
Net Cash Provided (Used) by Operating Activities	<u>40,982.15</u>	<u>92,173.04</u>	<u>133,155.19</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In	-	45,000.00	45,000.00
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>45,000.00</u>	<u>45,000.00</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	-	(91,417.67)	(91,417.67)
Principal Paid on Capital Debt	(2,900.48)	(30,136.09)	(33,036.57)
Interest Paid on Capital Debt	(7,995.52)	(25,260.41)	(33,255.93)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,896.00)</u>	<u>(146,814.17)</u>	<u>(157,710.17)</u>
Cash Flows from Investing Activities:			
Investment Earnings	104.13	97.97	202.10
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 30,190.28</u>	<u>\$ (9,543.16)</u>	<u>\$ 20,647.12</u>
Cash and Cash Equivalents at Beginning of Year	\$ 71,872.25	\$ 174,310.86	\$ 246,183.11
Cash and Cash Equivalents at End of Year	<u>102,062.53</u>	<u>164,767.70</u>	<u>266,830.23</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 30,190.28</u>	<u>\$ (9,543.16)</u>	<u>\$ 20,647.12</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 18,502.04	\$ 44,430.99	\$ 62,933.03
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	21,737.83	49,069.97	70,807.80
Change in Assets and Liabilities:			
Receivables	1,309.70	91.20	1,400.90
Accounts and Other Payables	(835.79)	(1,695.47)	(2,531.26)
Accrued Wages Payable	139.32	147.30	286.62
Accrued Leave Payable	129.05	129.05	258.10
Net Cash Provided (Used) by Operating Activities	<u>\$ 40,982.15</u>	<u>\$ 92,173.04</u>	<u>\$ 133,155.19</u>

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

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity

The reporting entity of the Municipality of Clark (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); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

The Clark Housing and Redevelopment Commission is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor with the approval of the City Council for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other employees. The City Council, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the City Council the ability to impose its will on the Commission. Separately issued financial statements of the Clark Housing and Redevelopment Commission may be obtained from the entity's secretary/treasurer at 310 N Dakota St, Clark, South Dakota 57225.

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 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. Discretely-presented component units are legally separate organizations that meet certain criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

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:

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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 considered to be 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.

Debt Service Funds – debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Other Governmental Funds is a summarization of all of the Municipality's nonmajor governmental funds. These include the Library Fines Special Revenue Fund, Tax Increment Financing #1 Debt Service Fund, and Tax Increment Financing #2 Debt Service Fund.

Proprietary Funds:

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

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

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

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

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.

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Municipality is 60 days. Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

MUNICIPALITY OF CLARK
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2014

Government-wide Financial Statements:

Capital assets are recorded at historical cost or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2014 balance of governmental activities capital assets includes approximately 70 percent for which the costs were determined by estimates of the original costs. The total December 31, 2014 balance of business-type capital assets includes approximately 7 percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by deflated current replacement costs.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the Municipality. Infrastructure assets acquired since January 1, 2004 are recorded at cost and classified as "Improvements Other Than Buildings."

For governmental activities capital assets, construction period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ -	N/A	N/A
Buildings	\$ 25,000	Straight-line	50-75 yrs
Improvements Other Than Buildings	\$ 10,000	Straight-line	30-100 yrs
Machinery and Equipment	\$ 5,000	Straight-line	10-50 yrs

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide financial statements.

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

e. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of State Revolving Fund loan, revenue bonds, Consolidated Water Facilities Construction Fund loan, bank loans, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund financial statements as in the government-wide financial statements.

f. 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.

g. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses, and Changes in 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 or expenses.

i. Cash and Cash Equivalents:

The Municipality pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

j. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net 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.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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.

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

In accordance with Governmental 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, which is the City Council, 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 City Council.

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 of unrestricted fund balance when expenditures are made.

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

m. Restricted Cash and Cash Equivalents

The restricted cash and cash equivalents reported on the financial statements are due to restrictions imposed by debt covenants.

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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.

Custodial Credit Risk – Deposits

The risk that, in the event of a depository failure, the Municipality’s deposits may not be returned to it. The Municipality does not have a deposit policy for custodial credit risk. As of December 31, 2014 the Municipality’s deposits in financial institutions were not exposed to any custodial credit risk.

Custodial Credit Risk – Investments

The risk that, in the event of the failure of the counterparty to a transaction, the Municipality will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of December 31, 2014, the Municipality did not have any investments.

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.

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The Municipality expects all receivables to be collected within one year. The Municipality considers some receivables to be uncollectible; however, no allowances for estimated uncollectibles have been established.

4. INVENTORY

Inventory in the General Fund and the proprietary funds consists of expendable supplies held for consumption and inventory acquired for resale. Supply inventories are recorded at cost, and inventories held for resale are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-wide Financial Statements:

In the government-wide financial statements, all inventory items for governmental activities and business-type activities, except for the inventory at the golf course, are recorded as expenses at the time of purchase. The inventory at the golf course is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, all inventory items for governmental funds and proprietary funds, except for the inventory at the golf course, are recorded as expenditures/expenses at the time of purchase. The inventory at the golf course is recorded as an asset at the time of purchase and charged to expenditures as it is consumed. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. 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 the following 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 real property in the Municipality.

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2014 is as follows:

	Balance 1/1/14	Increases	Decreases	Balance 12/31/14
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 184,895.77	\$ -	\$ -	\$ 184,895.77
Construction Work in Progress	-	9,000.00	-	9,000.00
Total	184,895.77	9,000.00	-	193,895.77
Capital assets, being depreciated:				
Buildings	1,652,050.02	-	-	1,652,050.02
Improvements Other than Buildings	8,569,797.49	65,771.52	-	8,635,569.01
Machinery and Equipment – Local	1,124,196.75	91,262.33	70,657.00	1,144,802.08
Total	11,346,044.26	157,033.85	70,657.00	11,432,421.11

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Less: accumulated depreciation for:				
Buildings	220,808.08	23,384.00	-	244,192.08
Improvements Other than Buildings	3,261,262.10	210,141.00	-	3,471,403.10
Machinery and Equipment	458,927.42	58,106.64	36,298.43	480,735.63
Total accumulated depreciation	<u>3,940,997.60</u>	<u>291,631.64</u>	<u>36,298.43</u>	<u>4,196,330.81</u>
Total capital assets, being depreciated, net	<u>7,405,046.66</u>	<u>(134,597.79)</u>	<u>34,358.57</u>	<u>7,236,090.30</u>
Governmental activity capital assets, net	<u>\$ 7,589,942.43</u>	<u>\$ (125,597.79)</u>	<u>\$ 34,358.57</u>	<u>\$ 7,429,986.07</u>

* The January 1, 2014 balances were increased by \$88,611.59 due to the government merger of the Clark Golf Club.

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 5,409.33
Public Safety	9,625.84
Public Works	234,765.13
Health & Welfare	24,956.08
Culture & Recreation	<u>16,875.26</u>

Total depreciation expense – governmental activities

\$291,631.64

	Balance 1/1/14	Increases	Decreases	Balance 12/31/14
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,411.50	\$ -	\$ -	\$ 3,411.50
Construction Work in Progress	3,060.63	30,828.76	1,261.90	32,627.49
Total	<u>6,472.13</u>	<u>30,828.76</u>	<u>1,261.90</u>	<u>36,038.99</u>
Capital assets, being depreciated:				
Buildings	862,364.18	-	-	862,364.18
Improvements Other than Buildings	3,346,571.20	62,140.86	-	3,408,712.06
Machinery and Equipment – Local	225,862.43	-	-	225,862.43
Total	<u>4,434,797.81</u>	<u>62,140.86</u>	<u>-</u>	<u>4,496,938.67</u>
Less: accumulated depreciation for:				
Buildings	570,100.37	17,247.28	-	587,347.65
Improvements Other than Buildings	571,155.82	43,575.76	-	614,731.58
Machinery and Equipment	88,160.73	9,984.76	-	98,145.49
Total accumulated depreciation	<u>1,229,416.92</u>	<u>70,807.80</u>	<u>-</u>	<u>1,300,224.72</u>
Total capital assets, being depreciated, net	<u>3,205,380.89</u>	<u>(8,666.94)</u>	<u>-</u>	<u>3,196,713.95</u>
Business-type activity capital assets, net	<u>\$ 3,211,853.02</u>	<u>\$ 22,161.82</u>	<u>\$ 1,261.90</u>	<u>\$ 3,232,752.94</u>

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water	\$21,737.83
Sewer	<u>49,069.97</u>
Total depreciation expense – business-type activities	<u>\$70,807.80</u>

7. LONG-TERM LIABILITIES

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

	Beginning Balance 1/1/14	Additions	Deletions	Ending Balance 12/31/14	Due Within One Year
Primary Government:					
Governmental Activities:					
Loans/Notes Payable	\$ 112,549.48	\$ -	\$ (54,988.82)	\$ 57,560.66	\$ 5,045.05
Accrued Compensated Absences	<u>4,847.46</u>	<u>12,335.66</u>	<u>(10,360.64)</u>	<u>6,822.48</u>	<u>-</u>
Total Governmental Activities	<u>117,396.94</u>	<u>12,335.66</u>	<u>(65,349.46)</u>	<u>64,383.14</u>	<u>5,045.05</u>
Business-Type Activities:					
SRF Loan	257,243.46	-	(19,005.27)	238,238.19	19,679.24
2003 Water Utility Revenue Bonds	179,003.04	-	(2,900.48)	176,102.56	3,021.84
2004 Sewer Utility Revenue Bonds	159,268.78	-	(2,526.50)	156,742.28	2,638.75
2010 Sewer Project Revenue Bonds	285,704.82	-	(7,211.75)	278,493.07	7,430.81
Loans/Notes Payable	<u>37,504.45</u>	<u>-</u>	<u>(1,392.57)</u>	<u>36,111.88</u>	<u>1,434.66</u>
Total Debt	918,724.55	-	(33,036.57)	885,687.98	34,205.30
Accrued Compensated Absences	<u>2,499.86</u>	<u>4,649.44</u>	<u>(4,391.34)</u>	<u>2,757.96</u>	<u>-</u>
Total Business-Type Activities	<u>921,224.41</u>	<u>4,649.44</u>	<u>(37,427.91)</u>	<u>888,445.94</u>	<u>34,205.30</u>
Total Primary Government	<u>\$ 1,038,621.35</u>	<u>\$ 16,985.10</u>	<u>\$ (102,777.37)</u>	<u>\$ 952,829.08</u>	<u>\$ 39,250.35</u>

Liabilities payable at December 31, 2014 are comprised of the following:

Governmental Activities:

Loans/Notes Payable:

Dacotah Bank; original amount of \$83,000; maturing December 15, 2021; interest rate 6.00%; unsecured; payable by the TIF District #1 Debt Service Fund	\$ 57,560.66
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Compensated Absences:

Accrued annual leave; payable by the General Fund	6,822.48
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MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Business-Type Activities:

State Revolving Fund Loan; original amount of \$400,000; maturing January 15, 2025; interest rate 3.50%; payable by the Sewer Fund 238,238.19

Revenue Bonds:

Water Utility Revenue Bonds, Series 2003; original amount of \$200,000; maturing December 22, 2043; interest rate 4.50%; payable by the Water Fund 176,102.56

Sewer Utility Revenue Bonds, Series 2004; original amount of \$176,250; maturing October 7, 2044; interest rate 4.375%; payable by the Sewer Fund 156,742.28

Sewer Project Revenue Bonds, Series 2010; original amount of \$365,000; maturing May 28, 2040; interest rate 3.00%; payable by the Sewer Fund 278,493.07

Loans/Notes Payable:

Consolidated Water Facilities Construction Fund; original amount of \$37,504; maturing November 1, 2033; interest rate 3.00%; payable by the Sewer Fund 36,111.88

Compensated Absences:

Accrued annual leave; payable by the Water Fund and Sewer Fund 2,757.96

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

Annual Requirements to Amortize Long-Term Debt
December 31, 2014

Year Ending	SRF Loan		Revenue Bonds	
	Principal	Interest	Principal	Interest
December 31, 2015	\$ 19,679.24	\$ 8,081.92	\$ 13,091.40	\$ 22,925.52
2016	20,377.11	7,384.05	13,573.99	22,442.93
2017	21,099.71	6,661.45	14,075.13	21,941.79
2018	21,847.96	5,913.20	14,595.52	21,421.40
2019	22,622.73	5,138.43	15,135.89	20,881.03
2020-2024	125,731.73	13,074.07	84,543.67	95,540.93
2025-2029	6,879.71	60.58	101,555.96	78,528.64
2030-2034	-	-	122,149.23	57,935.37
2035-2039	-	-	147,108.96	32,975.64
2040-2044	-	-	85,508.16	8,166.36
	<u>\$ 238,238.19</u>	<u>\$ 46,313.70</u>	<u>\$ 611,337.91</u>	<u>\$ 382,759.61</u>

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Year Ending December 31,	Loans/Notes Payable		Total	
	Principal	Interest	Principal	Interest
2015	\$ 6,479.71	\$ 4,573.63	\$ 39,250.35	\$ 35,581.07
2016	6,865.51	4,187.83	40,816.61	34,014.81
2017	7,242.07	3,811.27	42,416.91	32,414.51
2018	7,631.24	3,422.10	44,074.72	30,756.70
2019	8,042.41	3,010.93	45,801.03	29,030.39
2020-2024	37,763.57	6,740.14	248,038.97	115,355.14
2025-2029	10,263.36	2,273.34	118,699.03	80,862.56
2030-2034	9,384.67	644.45	131,533.90	58,579.82
2035-2039	-	-	147,108.96	32,975.64
2040-2044	-	-	85,508.16	8,166.36
	<u>\$ 93,672.54</u>	<u>\$ 28,663.69</u>	<u>\$ 943,248.64</u>	<u>\$ 457,737.00</u>

8. PLEDGED REVENUES

The City has pledged future property tax revenues to repay \$141,000 in tax incremental notes issued to finance the public improvements of the tax incremental districts. The notes are payable solely from the property taxes generated from property located within the tax incremental districts. Total principal and interest remaining on the notes is \$57,560.66, payable through December 2021. For the current year, principal and interest paid and total property tax revenues were \$46,812.57 and \$19,035.95, respectively.

9. DEBT SERVICE GUARANTEE

The Housing and Redevelopment Commission of the Municipality of Clark, South Dakota (Commission), a discretely-presented component unit, has issued \$300,000 of Essential Function Housing Development Revenue Bonds, Series 2004. The Municipality has a debt service agreement with the Commission to guarantee \$75,000, which is 25% of the original principal amount of the bonds. If the Municipality pays any amounts to the Commission pursuant to the debt service agreement, the Commission agrees to repay said amounts to the Municipality.

10. INTERFUND TRANSFERS

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

	<u>Transfers to:</u>
<u>Transfers from:</u>	<u>Sewer Fund</u>
General Fund	<u>\$45,000.00</u>

The Municipality transferred funds from the General Fund to the Sewer Fund for improvements of the sewer system.

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

11. 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 survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in 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, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. 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 \$18,882.60, \$15,881.77, and \$13,197.71, respectively, equal to the required contributions each year.

12. RISK MANAGEMENT

The Municipality is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year 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 joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for general liability, automobile liability and physical damage, public officials' liability, and property and inland marine.

The agreement with the SDPAA provides that the above coverages will be provided to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The Municipality would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

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

MUNICIPALITY OF CLARK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

As of December 31, 2014, the Municipality has a vested balance in the cumulative reserve fund of \$31,869.48.

The Municipality carries the following deductibles for the insurance coverages:

General Liability	\$ -
Government Officials (Other than Employment Related)	500
Government Officials (Employment Related)	0/5,000
Auto Liability	-
Auto Damage	100
Property	250/1,000
Employee Dishonesty	-
Boiler & Equipment	1,500
Earthquake & Flood	250,000
Law Enforcement Operations	2,000

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

Worker's Compensation:

The Municipality joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

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

Unemployment Benefits:

The Municipality has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The Municipality has used all of its assigned fund balance in the General Fund and will budget an amount for the payment of future unemployment benefits on as needed basis.

During the year ended December 31, 2014, two claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$1,098.72. At December 31, 2014, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next year.

13. LITIGATION

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

MUNICIPALITY OF CLARK
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2014

14. LEASES

The Municipality leases space in the clinic building to a tenant under a ten (10) year operating lease. The rent is \$2,500.00 per month during the first five (5) years of the lease and \$2,575.00 per month for the second five (5) years of the lease. The tenant shall have the option to renew this lease for two additional five (5) year terms. The cost, carrying amount, and accumulated depreciation of the clinic building is \$963,465.44, \$860,695.76, and \$102,769.68, respectively. The rental income received under the lease during the year ended December 31, 2014 was \$30,900.00.

The following is a schedule by years of future minimum rentals under existing operating leases as of December 31, 2014:

<u>Year</u>	<u>General Fund</u>
2015	\$ 30,900.00
2016	30,900.00
2017	<u>5,150.00</u>
Total	<u>\$ 66,950.00</u>

15. SUBSEQUENT EVENTS

On April 20, 2015, the City Council passed Resolution 819 authorizing the issuance of revenue bonds in a principal amount not to exceed \$2,485,000 for the construction of the wastewater treatment facility.

16. GOVERNMENT MERGER

On January 1, 2014 the Clark Golf Club, a nonprofit entity, merged with the Municipality. At the date of the merger, the Clark Golf Club dissolved, and the Municipality accounted for the operations of the golf course in the General Fund. At January 1, 2014, the Municipality included in its financial statements the following assets, liabilities, and components of net position as a result of the government merger:

Assets:	
Cash and Cash Equivalents	\$ 7,807.64
Inventories	6,306.50
Buildings (County Assessment Value)	37,000.00
Improvements Other than Buildings (Carrying Value)	39,493.93
Machinery and Equipment (Carrying Value)	<u>12,117.66</u>
Total Assets	<u>102,725.73</u>
Liabilities:	
Notes Payable	<u>12,117.06</u>
Net Position:	
Net Investment in Capital Assets	76,494.53
Unrestricted	<u>14,114.14</u>
Total Net Position	<u>\$ 90,806.67</u>

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CLARK
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL 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>		
Revenues:				
Taxes:				
General Property Taxes	\$ 410,302.00	\$ 410,302.00	\$ 405,579.47	\$ (4,722.53)
General Sales and Use Taxes	387,500.00	387,500.00	403,229.11	15,729.11
Amusement Taxes	84.00	84.00	36.00	(48.00)
Penalties and Interest on Taxes	1,350.00	1,350.00	1,679.95	329.95
License and Permits	550.00	550.00	957.50	407.50
Intergovernmental Revenue:				
State Grants	-	-	4,979.95	4,979.95
State Shared Revenue	69,375.00	69,375.00	78,548.75	9,173.75
County Shared Revenue	3,035.00	3,035.00	3,047.14	12.14
Charges for Goods and Services:				
General Government	10,400.00	10,400.00	16,316.64	5,916.64
Public Safety	5,250.00	5,250.00	5,250.00	-
Highway and Streets	3,500.00	3,500.00	15,222.26	11,722.26
Sanitation	80,765.00	80,765.00	80,979.17	214.17
Culture and Recreation	12,650.00	88,650.00	98,164.36	9,514.36
Fines and Forfeits:				
Court Fines and Forfeits	3,850.00	3,850.00	-	(3,850.00)
Miscellaneous Revenue:				
Investment Earnings	1,200.00	1,200.00	749.32	(450.68)
Rentals	36,250.00	36,250.00	38,537.50	2,287.50
Special Assessments	2,972.00	2,972.00	4,972.11	2,000.11
Contributions & Donations	7,000.00	7,000.00	21,086.00	14,086.00
Liquor Operating Agreement Income	25,050.00	82,050.00	92,941.92	10,891.92
Other	-	-	1,506.66	1,506.66
Total Revenues	<u>1,061,083.00</u>	<u>1,194,083.00</u>	<u>1,273,783.81</u>	<u>79,700.81</u>
Expenditures:				
General Government:				
Legislative	55,025.00	17,325.00	17,296.24	28.76
Executive	7,035.00	7,185.00	7,065.93	119.07
Elections	850.00	850.00	304.60	545.40
Financial Administration	102,660.00	109,160.00	106,685.41	2,474.59
Other	17,392.00	20,567.00	20,562.35	4.65
Public Safety:				
Police	99,890.00	104,390.00	104,331.50	58.50
Fire	24,075.00	24,075.00	17,106.77	6,968.23

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CLARK
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		
Public Works:				
Highways and Streets	268,343.00	320,824.06	319,072.11	1,751.95
Sanitation	100,928.00	100,928.00	81,369.77	19,558.23
Transit	31,255.00	31,255.00	27,766.08	3,488.92
Health and Welfare:				
Health	14,952.00	15,874.00	15,415.46	458.54
Culture and Recreation:				
Recreation	89,664.00	358,886.64	320,184.21	38,702.43
Parks	63,720.00	90,576.00	82,134.83	8,441.17
Libraries	21,314.00	21,314.00	20,080.01	1,233.99
Conservation and Development:				
Economic Development and Assistance	93,930.00	93,930.00	88,479.64	5,450.36
Debt Service	-	4,474.00	12,962.17	(8,488.17)
Miscellaneous:				
Liquor Operating Agreements	50.00	196.00	195.07	0.93
Total Expenditures	<u>991,083.00</u>	<u>1,321,809.70</u>	<u>1,241,012.15</u>	<u>80,797.55</u>
Excess of Revenues Over (Under) Expenditures	<u>70,000.00</u>	<u>(127,726.70)</u>	<u>32,771.66</u>	<u>160,498.36</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	1,000.00	1,000.00
Compensation for Loss or Damage to Capital Assets	-	-	2,185.73	2,185.73
Transfers Out	(45,000.00)	(45,000.00)	(45,000.00)	-
Total Other Financing Sources (Uses)	<u>(45,000.00)</u>	<u>(45,000.00)</u>	<u>(41,814.27)</u>	<u>3,185.73</u>
Net Change in Fund Balances	25,000.00	(172,726.70)	(9,042.61)	163,684.09
Increase (Decrease) in Nonspendable Fund Balance	-	-	6,834.35	6,834.35
Fund Balance - Beginning	<u>645,473.46</u>	<u>645,473.46</u>	<u>645,473.46</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 670,473.46</u>	<u>\$ 472,746.76</u>	<u>\$ 643,265.20</u>	<u>\$ 170,518.44</u>

MUNICIPALITY OF CLARK
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

1. BASIS OF PRESENTATION

The Budgetary Comparison Schedules have been prepared on the budgetary basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the financial statements prepared in conformity with USGAAP present capital outlay expenditures as a separate function.

2. BUDGETS AND BUDGETARY ACCOUNTING

The Municipality follows these procedures in establishing the budgetary data reflected in the schedules:

1. At the first regular board meeting in September of each year or within ten days thereafter, the City Council introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the City Council, 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 City Council 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 adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the City Council.
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 accounting principles generally accepted in the United States (USGAAP).

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF CLARK
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	Library Fines Special Revenue Fund	Tax Increment Financing #1 Debt Service Fund	Tax Increment Financing #2 Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	<u>\$ 1,279.62</u>	<u>\$ 3,360.73</u>	<u>\$ 5,659.60</u>	<u>\$ 10,299.95</u>
TOTAL ASSETS	<u>\$ 1,279.62</u>	<u>\$ 3,360.73</u>	<u>\$ 5,659.60</u>	<u>\$ 10,299.95</u>
FUND BALANCES:				
Restricted for:				
Debt Service	\$ -	\$ 3,360.73	\$ 5,659.60	\$ 9,020.33
Library Purposes	<u>1,279.62</u>	<u>-</u>	<u>-</u>	<u>1,279.62</u>
Total Fund Balances	<u>1,279.62</u>	<u>3,360.73</u>	<u>5,659.60</u>	<u>10,299.95</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,279.62</u>	<u>\$ 3,360.73</u>	<u>\$ 5,659.60</u>	<u>\$ 10,299.95</u>

MUNICIPALITY OF CLARK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	<u>Library Fines Special Revenue Fund</u>	<u>Tax Increment Financing #1 Debt Service Fund</u>	<u>Tax Increment Financing #2 Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
General Property Taxes	\$ -	\$ 6,399.75	\$ 12,636.20	\$ 19,035.95
Penalties and Interest on Taxes	-	-	0.70	0.70
Charges for Goods and Services:				
Culture and Recreation	391.52	-	-	391.52
Fines and Forfeits:				
Library	169.81	-	-	169.81
Miscellaneous Revenue:				
Investment Earnings	-	7.63	16.59	24.22
Contributions and Donations	820.70	-	-	820.70
Total Revenues	<u>1,382.03</u>	<u>6,407.38</u>	<u>12,653.49</u>	<u>20,442.90</u>
Expenditures:				
Culture and Recreation:				
Libraries	489.57	-	-	489.57
Debt Service	-	8,546.00	38,266.57	46,812.57
Total Expenditures	<u>489.57</u>	<u>8,546.00</u>	<u>38,266.57</u>	<u>47,302.14</u>
Excess of Revenues Over (Under) Expenditures	<u>892.46</u>	<u>(2,138.62)</u>	<u>(25,613.08)</u>	<u>(26,859.24)</u>
Net Change in Fund Balances	892.46	(2,138.62)	(25,613.08)	(26,859.24)
Fund Balance - Beginning	<u>387.16</u>	<u>5,499.35</u>	<u>31,272.68</u>	<u>37,159.19</u>
FUND BALANCE - ENDING	<u>\$ 1,279.62</u>	<u>\$ 3,360.73</u>	<u>\$ 5,659.60</u>	<u>\$ 10,299.95</u>