
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

CITY OF CLARK

DECEMBER 31, 2020

MUNICIPALITY OF CLARK
MUNICIPAL OFFICIALS AND OFFICIAL NEWSPAPER
December 31, 2020

Mayor:

Kerry Kline

City Council Members:

Dennis Larson, President
Andrew Zemlicka, Vice President
Terry Schlagel
Nick Dalton
Derrick Dohmann
Shane Hagstrom

Finance Officer:

Jackie Luttrell (Resigned November 2020)
Alaina Wellnitz

Attorney:

Chad Fjelland

Official Newspaper:

Clark County Courier

MUNICIPALITY OF CLARK
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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 modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Clark, South Dakota (Municipality), as of December 31, 2020 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 September 20, 2021. 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.

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. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2020-01 and 2020-02, that we consider to be material weaknesses.

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 responses 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 them.

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
September 20, 2021

MUNICIPALITY OF CLARK
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2020

PRIOR AUDIT FINDINGS

2019-01

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 2020-01.

MUNICIPALITY OF CLARK
SCHEDULE OF CURRENT AUDIT FINDINGS
December 31, 2020

CURRENT AUDIT FINDINGS

2020-01 Lack of Segregation of Duties

Criteria: A good system of internal controls, which provides for the proper segregation of duties, results in increased reliability of reported financial data and decreased potential for loss of public assets.

Condition: 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.

Cause: The Municipality has an insufficient number of employees to adequately separate duties.

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

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.

Management's Response: Management agrees with this finding. 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.

2020-02 Preparation of Financial Statements and Related Notes and Significant Journal Entries, Including GASB 68 Calculations

Criteria: The Municipality's internal control system should be designed to provide for the preparation of the financial statements and related notes, which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with the modified cash basis of accounting.

Condition: The Municipality requested that the external auditors assist in the preparation of the financial statements and related notes for the year ended December 31, 2020. As part of the financial statement preparation process, at times, we propose material audit adjustments that are not identified as a result of the Municipality's existing internal controls and, therefore, could result in a misstatement of the Municipality's financial statements.

Cause: The limited size of the Municipality's staff and resources cause the inability to prepare the financial statements and related notes and could cause the need for auditors to, at times, propose material journal entries.

Effect: This condition may affect the Municipality's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure that the modified cash basis of accounting has been followed for each fund type, especially for transaction types infrequent in occurrence.

Management's Response: Management agrees with this finding

INDEPENDENT AUDITOR'S REPORT

Municipal Council
Municipality of Clark, South Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Clark, South Dakota (Municipality), as of December 31, 2020 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. 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 the modified cash basis of accounting described in Note 1.c.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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.

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 on a modified basis of accounting of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Clark, South Dakota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The Budgetary Comparison Schedule, Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), Schedule of the Municipality Pension Contributions, and Schedule of Changes in Long-Term Debt 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 basic financial statements or to the basic 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 September 20, 2021, 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 solely 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 effectiveness of the Municipality's 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
September 20, 2021

MUNICIPALITY OF CLARK
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activites	Total	Clark Housing and Redevelopment Commission
Assets				
Cash and Cash Equivalents	\$ 905,801.11	\$ 207,772.30	\$ 1,113,573.41	\$ 63,612.15
Other Assets	-	-	-	5,756.00
Restricted Assets:				
Cash and Cash Equivalents	-	236,077.79	236,077.79	-
Capital Assets:				
Other Capital Assets, Net of Depreciation	-	-	-	477,366.70
Total Assets	\$ 905,801.11	\$ 443,850.09	\$ 1,349,651.20	\$ 546,734.85
Liabilities				
Other Current Liabilities	\$ 1,082.72	\$ 7,950.00	\$ 9,032.72	\$ 18,556.33
Noncurrent Liabilities:				
Due Within One Year	-	-	-	359.58
Due in More than One Year	-	-	-	363,024.09
Total Liabilities	1,082.72	7,950.00	9,032.72	381,940.00
Net Position				
Net Investment in Capital Assets	-	-	-	113,983.03
Restricted for:				
Debt Service	-	184,334.61	184,334.61	-
Replacement and Depreciation	-	44,780.96	44,780.96	-
Operation and Maintenance	-	7,229.20	7,229.20	-
Other Purposes	1,999.60	-	1,999.60	-
Unrestricted	902,718.79	199,555.32	1,102,274.11	50,811.82
Total Net Position	\$ 904,718.39	\$ 435,900.09	\$ 1,340,618.48	\$ 164,794.85

The notes to the modified cash basis financial statements
are an integral part of this statement

MUNICIPALITY OF CLARK
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Clark Housing and Redevelopment Commission
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Primary Government								
Governmental Activities								
General Government	\$ 190,593.84	\$ 16,904.81	\$ 891.10	\$ (155,557.20)	\$ -	\$ (155,557.20)	\$ -	
Public Safety	227,806.84	106,774.41	14,119.98	(101,459.16)	-	(101,459.16)	-	
Public Works	445,558.59	99,929.37	-	(245,062.83)	-	(245,062.83)	-	
Health and Welfare	19,403.76	2,486.00	-	17,392.24	-	17,392.24	-	
Culture and Recreation	421,472.38	6,934.42	7,516.42	(211,538.93)	-	(211,538.93)	-	
Conservation and Developments	37,074.80	1,105.00	-	(35,969.80)	-	(35,969.80)	-	
Liquor Operating Agreements	1,202.15	-	-	24,487.46	-	24,487.46	-	
* Debt Service	24,096.00	-	-	(24,096.00)	-	(24,096.00)	-	
Total Governmental Activities	1,367,208.36	234,134.01	22,527.50	(731,804.22)	-	(731,804.22)	-	
Business-Type Activities								
Water	287,520.28	-	891.10	-	1,918.51	1,918.51	-	
Sewer	325,736.56	-	891.10	-	(9,426.36)	(9,426.36)	-	
Total Business-Type Activities	613,256.84	-	1,782.20	-	(7,507.85)	(7,507.85)	-	
Total Primary Government	\$ 1,980,465.20	\$ 234,134.01	\$ 24,309.70	(731,804.22)	(7,507.85)	(739,312.07)	-	
Component Unit								
Clark Housing and Redevelopment Commission	\$ 33,864.80	\$ 82,800.00	\$ -	\$ -	\$ -	\$ -	48,935.20	
General Revenues								
Taxes:								
Property Taxes				457,604.03		457,604.03	-	
Sales Taxes				504,645.26		504,645.26	-	
State Shared Revenues				11,429.18		11,429.18	-	
Unrestricted Investment Earnings				950.51	573.52	1,524.03	87.49	
Miscellaneous				8,334.13	18,988.05	27,322.18	-	
Total General Revenues				982,963.11	19,562.57	1,002,525.68	87.49	
Change in Net Position				251,156.89	12,054.72	263,213.61	49,022.69	
Net Position - Beginning				653,559.50	423,845.37	1,077,404.87	115,772.16	
Net Position - Ending				\$ 904,718.39	\$ 435,900.09	\$ 1,340,618.48	\$ 164,794.85	

* The Municipality does not have principal and interest expense related to the functions presented above. This amount represents the principal and interest paid on general long-term debt.

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

MUNICIPALITY OF CLARK
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2020

	General Fund	Tax Increment Financing #1 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 901,223.49	\$ 2,578.02	\$ 1,999.60	\$ 905,801.11
Due from Other Funds	11,710.00	-	-	11,710.00
Total Assets	<u>\$ 912,933.49</u>	<u>\$ 2,578.02</u>	<u>\$ 1,999.60</u>	<u>\$ 917,511.11</u>
Liabilities				
Due to Other Funds	\$ -	\$ 11,710.00	-	\$ 11,710.00
Accrued Taxes Payable	78.59	-	-	78.59
Amounts Held for Others	1,004.13	-	-	1,004.13
Total Liabilities	<u>1,082.72</u>	<u>11,710.00</u>	<u>-</u>	<u>12,792.72</u>
Fund Balances				
Restricted for:				
Library Purposes	-	-	1,999.60	1,999.60
Assigned for:				
Capital Outlay	62,865.00	-	-	62,865.00
Unassigned	848,985.77	(9,131.98)	-	839,853.79
Total Fund Balances	<u>911,850.77</u>	<u>(9,131.98)</u>	<u>1,999.60</u>	<u>904,718.39</u>
Total Liabilities and Fund Balances	<u>\$ 912,933.49</u>	<u>\$ 2,578.02</u>	<u>\$ 1,999.60</u>	<u>\$ 917,511.11</u>

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

MUNICIPALITY OF CLARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	General Fund	Tax Increment Financing #1 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
General Property Taxes	\$ 450,477.35	\$ 5,325.52	\$ -	\$ 455,802.87
General Sales and Use Taxes	504,645.26	-	-	504,645.26
Amusement Taxes	48.00	-	-	48.00
Penalties and Interest on Taxes	1,753.16	-	-	1,753.16
Licenses and Permits	1,425.50	-	-	1,425.50
Intergovernmental Revenue:				
Federal Grants	142,495.01	-	-	142,495.01
State Grants	3,419.61	-	1,000.00	4,419.61
State Shared Revenue	85,200.76	-	-	85,200.76
County Shared Revenue	13,423.89	-	-	13,423.89
Charges for Goods and Services:				
General Government	12,660.56	-	-	12,660.56
Public Safety	5,250.00	-	-	5,250.00
Highways and Streets	1,189.25	-	-	1,189.25
Sanitation	99,377.14	-	-	99,377.14
Culture and Recreation	193,228.69	-	60.75	193,289.44
Fines and Forfeits:				
Court Fines and Costs	203.29	-	-	203.29
Library	-	-	105.00	105.00
Miscellaneous Revenue:				
Investment Earnings	950.51	-	-	950.51
Rentals	40,102.84	-	-	40,102.84
Contributions and Donations	22,301.42	-	250.00	22,551.42
Liquor Operating Agreement Income	25,139.61	-	-	25,139.61
Total Revenues	1,603,291.85	5,325.52	1,415.75	1,610,033.12
Expenditures				
General Government:				
Legislative	29,737.00	-	-	29,737.00
Executive	8,829.43	-	-	8,829.43
Elections	17.84	-	-	17.84
Financial Administration	130,747.49	-	-	130,747.49
Other	21,262.08	-	-	21,262.08
Public Safety				
Police	200,090.43	-	-	200,090.43
Fire	27,716.41	-	-	27,716.41

MUNICIPALITY OF CLARK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	General Fund	Tax Increment Financing #1 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Public Works:				
Highways and Streets	343,505.13	-	-	343,505.13
Sanitation	95,460.87	-	-	95,460.87
Transit	6,592.59	-	-	6,592.59
Health and Welfare:				
Health	19,403.76	-	-	19,403.76
Culture and Recreation:				
Recreation	357,523.56	-	-	357,523.56
Parks	43,644.10	-	-	43,644.10
Libraries	18,636.15	-	1,668.57	20,304.72
Conservation and Development:				
Economic Development and Assistance	37,074.80	-	-	37,074.80
Debt Service	15,550.00	8,546.00	-	24,096.00
Miscellaneous:				
Liquor Operating Agreements	1,202.15	-	-	1,202.15
Total Expenditures	<u>1,356,993.79</u>	<u>8,546.00</u>	<u>1,668.57</u>	<u>1,367,208.36</u>
Excess of Revenues Over (Under) Expenditures	<u>246,298.06</u>	<u>(3,220.48)</u>	<u>(252.82)</u>	<u>242,824.76</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	1,625.00	-	-	1,625.00
Compensation for Loss or Damage to Capital Assets	6,709.13	-	-	6,709.13
Total Other Financing Sources (Uses)	<u>8,334.13</u>	<u>-</u>	<u>-</u>	<u>8,334.13</u>
Net Change in Fund Balance	254,632.19	(3,220.48)	(252.82)	251,158.89
Fund Balance - Beginning	<u>657,218.58</u>	<u>(5,911.50)</u>	<u>2,252.42</u>	<u>653,559.50</u>
Fund Balance - Ending	<u>\$ 911,850.77</u>	<u>\$ (9,131.98)</u>	<u>\$ 1,999.60</u>	<u>\$ 904,718.39</u>

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

MUNICIPALITY OF CLARK
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 60,534.59	\$ 147,237.71	\$ 207,772.30
Total Current Assets	<u>60,534.59</u>	<u>147,237.71</u>	<u>207,772.30</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	35,608.64	200,469.15	236,077.79
Total Noncurrent Assets	<u>35,608.64</u>	<u>200,469.15</u>	<u>236,077.79</u>
Total Assets	<u>\$ 96,143.23</u>	<u>\$ 347,706.86</u>	<u>\$ 443,850.09</u>
Liabilities			
Current Liabilities:			
Customer Deposits	\$ 7,950.00	\$ -	\$ 7,950.00
Total Current Liabilities	<u>7,950.00</u>	<u>-</u>	<u>7,950.00</u>
Total Liabilities	<u>7,950.00</u>	<u>-</u>	<u>7,950.00</u>
Net Position			
Restricted for:			
Debt Service	10,896.00	173,438.61	184,334.61
Replacement and Depreciation	24,712.64	20,068.32	44,780.96
Operation and Maintenance	-	7,229.20	7,229.20
Unrestricted	<u>52,584.59</u>	<u>146,970.73</u>	<u>199,555.32</u>
Total Net Position	<u>\$ 88,193.23</u>	<u>\$ 347,706.86</u>	<u>\$ 435,900.09</u>

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

MUNICIPALITY OF CLARK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenue			
Charges for Goods and Services	\$ 288,547.69	\$ 106,944.95	\$ 395,492.64
Revenue Dedicated to Servicing Debt	-	208,474.15	208,474.15
Total Operating Revenue	288,547.69	315,419.10	603,966.79
Operating Expenses			
Personal Services	54,541.57	54,299.14	108,840.71
Other Current Expense	46,056.41	55,001.07	101,057.48
Materials	175,135.20	-	175,135.20
Total Operating Expenses	275,733.18	109,300.21	385,033.39
Operating Income (Loss)	12,814.51	206,118.89	218,933.40
Nonoperating Revenue (Expense)			
Investment Earnings	118.54	454.98	573.52
Rental Revenue	-	18,989.05	18,989.05
Capital Assets	(891.10)	(60,973.97)	(61,865.07)
Debt Service	(10,896.00)	(155,462.38)	(166,358.38)
Total Nonoperating Revenue (Expense)	(11,668.56)	(196,992.32)	(208,660.88)
Income (Loss) Before Contributions	1,145.95	9,126.57	10,272.52
Capital Contributions	891.10	891.10	1,782.20
Change in Net Position	2,037.05	10,017.67	12,054.72
Net Position - Beginning	86,156.18	337,689.19	423,845.37
Net Position - Ending	\$ 88,193.23	\$ 347,706.86	\$ 435,900.09

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

MUNICIPALITY OF CLARK
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Receipts from Customers	\$ 278,821.89	\$ 312,573.55	\$ 591,395.44
Receipts for Interfund Services Provided	9,225.80	2,845.55	12,071.35
Payments to Suppliers	(221,191.61)	(55,001.07)	(276,192.68)
Payments to Employees	<u>(54,541.57)</u>	<u>(54,299.14)</u>	<u>(108,840.71)</u>
Net Cash Provided (Used) by Operating Activities	<u>12,314.51</u>	<u>206,118.89</u>	<u>218,433.40</u>
Cash Flows from Noncapital Financing Activities			
Miscellaneous	<u>-</u>	<u>18,989.05</u>	<u>18,989.05</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>18,989.05</u>	<u>18,989.05</u>
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	891.10	891.10	1,782.20
Purchase of Capital Assets	(891.10)	(60,973.97)	(61,865.07)
Principal Paid on Capital Debt	(3,782.70)	(79,913.48)	(83,696.18)
Interest Paid on Capital Debt	<u>(7,113.30)</u>	<u>(75,548.90)</u>	<u>(82,662.20)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,896.00)</u>	<u>(215,545.25)</u>	<u>(226,441.25)</u>
Cash Flows from Investing Activities			
Investment Earnings	<u>118.54</u>	<u>454.98</u>	<u>573.52</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 1,537.05</u>	<u>\$ 10,017.67</u>	<u>\$ 11,554.72</u>
Cash and Cash Equivalents at Beginning of Year	\$ 94,606.18	\$ 337,689.19	\$ 432,295.37
Cash and Cash Equivalents at End of Year	<u>96,143.23</u>	<u>347,706.86</u>	<u>443,850.09</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 1,537.05</u>	<u>\$ 10,017.67</u>	<u>\$ 11,554.72</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 12,814.51	\$ 206,118.89	\$ 218,933.40
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Change in Assets and Liabilities:			
Customer Deposits	<u>(500.00)</u>	<u>-</u>	<u>(500.00)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 12,314.51</u>	<u>\$ 206,118.89</u>	<u>\$ 218,433.40</u>

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

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Municipality is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality (primary government). The Municipality may also be financially accountable for another organization if 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 workers. The City Council, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, 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 1527 424th Ave NW, 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.

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

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:

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.

Tax Increment Financing #1 Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is a major fund.

Other Governmental Funds is a summarization of all of the Municipality's nonmajor governmental funds, which only includes the Library Fines Special Revenue 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).*

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

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

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

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

Government –wide Financial Statements:

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

Basis of Accounting:

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

The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the modified cash basis of accounting, the statement of financial position reports only cash and cash equivalents (those investments with terms to maturity of 90 days (three months) or less at the date of acquisition). Under the modified cash basis of accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed. Acceptable modifications to the cash basis of accounting implemented by the Municipality in these financial statements are:

- a. Recording assets and liabilities related to interfund receivables and payables resulting from cash transactions between funds.
- b. Recording deferred revenue related to cash received in advance of providing a good or service to a customer in the ordinary course of business (customer deposits).

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

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

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

d. Interfund Eliminations and Reclassifications:

Governmental-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified in order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances, if applicable.

e. Deposits:

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts.

f. Capital Assets:

As discussed in Note 1.c. above the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using the modified cash basis of accounting. The Municipality has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating/amortizing those assets where appropriate so any capital assets owned by the Municipality and the related depreciation/amortization are not reported on the financial statements of the Municipality.

g. Long-Term Liabilities:

The long-term liabilities primarily consist of State Revolving Fund loans, revenue bonds, Consolidated Water Facilities Construction Fund loan, bank loan, and financing (capital acquisition) leases.

As discussed in Note 1.c. above the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using the modified cash basis of accounting. The Municipality has not elected to modify their cash basis presentation by recording long-term debt or long-term liabilities arising from cash transactions, so any outstanding long-term debt or long-term liabilities are not reported on the financial statements of the Municipality. The Municipality does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances. On the Statement of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

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

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

h. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the Municipality's taxpayers or citizenry, as a whole. Program revenues are classified into three categories as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Net Position, revenues and expenses are classified as operating or nonoperating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

j. 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.

k. Equity Classifications:

Government-wide Financial 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 is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements.

l. Application of Net Position:

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

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

m. 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.

n. Restricted Cash and Cash Equivalents

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

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.

As of December 31, 2020, the Municipality did not have any investments.

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

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, 2020 the Municipality's deposits in financial institutions were not exposed to any custodial credit risk.

Interest Rate Risk

The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income

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

3. **PROPERTY TAXES**

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of 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.

4. **PLEDGED REVENUES**

The City has pledged future property tax revenues to repay the \$83,000 tax incremental notes issued to finance the public improvements of the tax incremental district #1. The note is payable solely from the property taxes generated from property located within the tax incremental district. Total principal and interest remaining on the note is \$22,032.65, payable through December 2021. For the current year, principal and interest paid and total property tax revenues were \$8,546.00 and \$5,325.52, respectively.

5. **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.

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

6. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in 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 at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation judicial members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

MUNICIPALITY OF CLARK
 NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
 December 31, 2020

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2020, 2019, and 2018 were \$22,918.70, \$21,512.83, and \$22,346.63, respectively, equal to the required contributions each year.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2020, SDRS is 100.04% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System for the Municipality as of this measurement period ending June 30, 2020 and reported by the Municipality as of December 31, 2020 are as follows:

Proportionate share of total pension liability	\$ 2,136,411.94
Less proportionate share of net position restricted for pension benefits	<u>2,137,166.71</u>
Proportionate share of net pension asset	<u>\$ (754.77)</u>

The net pension asset was measured as of June 30, 2020 and the total pension liability used to calculate the net pension asset was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Municipality's proportion was .0173791%, which is an increase of .000675% from its proportion measured as of June 30, 2019.

Actuarial Assumptions:

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%

Total	100%	
	=====	

Discount Rate:

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the Municipality's proportionate share of net pension asset calculated using the discount rate of 6.50%, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$292,801.09	(\$754.77)	(\$240,877.68)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

7. 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, 2020, 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.

MUNICIPALITY OF CLARK
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
December 31, 2020

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 a Members' Annual Operating Contribution, 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.

Effective January 1, 2018, the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

A member who withdraws from the SDPAA shall receive a calculated portion of their contributions refunded for unpaid casualty losses, based on the following schedule:

<u>Years</u>	<u>Percentage</u>
1	55%
2	50%
3	40%
4	35%
5	30%
6+	20%

All refunds shall be paid to the withdrawing Member over a five-year term.

The amount available for refund to the Municipality is considered a deposit for financial reporting purposes.

As of December 31, 2020, the Municipality's balance available to be refunded per the SDPAA was \$53,079.00, which was an increase of \$2,107.00 from the previous year.

The Municipality carries the following deductibles for the insurance coverages:

General Liability	\$ -
Governmental (Other than Employment Related)	-
Governmental (Employment Related)	0/5,000
Auto Liability	-
Auto Damage	100
Property	250/1,000
Employee Dishonesty	-
Equipment Breakdown	1,500
Earthquake & Flood	10,000
Law Enforcement Operations	2,000
Cyber Liability	10,000

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.

MUNICIPALITY OF CLARK
 NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
 December 31, 2020

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 an as needed basis.

During the year ended December 31, 2020, one claim was filed for unemployment benefits. This claim resulted in the payment of \$142.54. At December 31, 2020, 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 fiscal year.

8. LITIGATION

At December 31, 2020, the Municipality was not involved in any litigation.

9. 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. In 2017 the tenant exercised the first option to renew for an additional five (5) year term at \$2,575.00 per month. The cost, carrying amount, and accumulated depreciation of the clinic building is \$963,465.44, \$835,003.34, and \$128,462.10, respectively. The rental income received under the lease during the year ended December 31, 2020 was \$30,900.00.

The following is a schedule by years of future minimum rentals under existing operating leases as of December 31, 2020:

<u>Year</u>	<u>General Fund</u>
2021	\$ 30,900.00
2022	<u>2,575.00</u>
Total	<u>\$ 33,475.00</u>

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF CLARK
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
General Property Taxes	\$ 452,682.00	\$ 452,682.00	\$ 450,477.35	\$ (2,204.65)
General Sales and Use Taxes	525,000.00	525,000.00	504,645.26	(20,354.74)
Amusement Taxes	48.00	48.00	48.00	-
Penalties and Interest on Taxes	1,300.00	1,300.00	1,753.16	453.16
License and Permits	1,750.00	1,750.00	1,425.50	(324.50)
Intergovernmental Revenue:				
Federal Grants	-	-	142,495.01	142,495.01
State Grants	2,691.00	2,691.00	3,419.61	728.61
State Shared Revenue	85,055.00	85,055.00	85,200.76	145.76
County Shared Revenue	10,685.00	10,685.00	13,423.89	2,738.89
Charges for Goods and Services:				
General Government	12,000.00	12,000.00	12,660.56	660.56
Public Safety	5,250.00	5,250.00	5,250.00	-
Highway and Streets	500.00	500.00	1,189.25	689.25
Sanitation	92,440.00	92,440.00	99,377.14	6,937.14
Culture and Recreation	162,415.00	162,415.00	193,228.69	30,813.69
Fines and Forfeits:				
Court Fines and Costs	100.00	100.00	203.29	103.29
Miscellaneous Revenue:				
Investment Earnings	1,500.00	1,500.00	950.51	(549.49)
Rentals	43,095.00	43,095.00	40,102.84	(2,992.16)
Contributions & Donations	15,415.00	15,415.00	22,301.42	6,886.42
Liquor Operating Agreement Income	27,750.00	27,750.00	25,139.61	(2,610.39)
Total Revenues	1,439,676.00	1,439,676.00	1,603,291.85	163,615.85
Expenditures				
General Government:				
Legislative	82,418.00	30,307.67	29,737.00	570.67
Executive	8,416.00	9,016.00	8,829.43	186.57
Elections	600.00	600.00	17.84	582.16
Financial Administration	126,865.00	134,115.00	130,747.49	3,367.51
Other	21,375.00	21,675.00	21,262.08	412.92
Public Safety:				
Police	171,410.00	202,567.91	200,090.43	2,477.48
Fire	29,475.00	29,475.00	27,716.41	1,758.59
Other Protection	500.00	500.00	-	500.00

MUNICIPALITY OF CLARK
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public Works:				
Highways and Streets	384,410.00	385,660.00	343,505.13	42,154.87
Sanitation	95,010.00	95,610.00	95,460.87	149.13
Transit	20,195.00	20,195.00	6,592.59	13,602.41
Health and Welfare:				
Health	15,931.00	19,736.00	19,403.76	332.24
Culture and Recreation:				
Recreation	329,402.00	372,518.42	357,523.56	14,994.86
Parks	49,260.00	49,260.00	43,644.10	5,615.90
Libraries	20,775.00	20,775.00	18,636.15	2,138.85
Conservation and Development:				
Economic Development and Assistance	33,600.00	37,075.00	37,074.80	0.20
Debt Service	18,971.00	18,971.00	15,550.00	3,421.00
Miscellaneous:				
Liquor Operating Agreements	<u>1,063.00</u>	<u>1,208.00</u>	<u>1,202.15</u>	<u>5.85</u>
Total Expenditures	<u>1,409,676.00</u>	<u>1,449,265.00</u>	<u>1,356,993.79</u>	<u>92,271.21</u>
Excess of Revenues Over (Under) Expenditures	<u>30,000.00</u>	<u>(9,589.00)</u>	<u>246,298.06</u>	<u>255,887.06</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	1,625.00	1,625.00
Compensation for Loss or Damage to Capital Assets	-	-	6,709.13	6,709.13
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,334.13</u>	<u>8,334.13</u>
Net Change in Fund Balances	30,000.00	(9,589.00)	254,632.19	264,221.19
Fund Balance - Beginning	<u>657,218.58</u>	<u>657,218.58</u>	<u>657,218.58</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 687,218.58</u>	<u>\$ 647,629.58</u>	<u>\$ 911,850.77</u>	<u>\$ 264,221.19</u>

MUNICIPALITY OF CLARK
NOTES TO THE SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
December 31, 2020

1. 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.

2. OTHER COMPREHENSIVE BASIS OF ACCOUNTING MODIFIED CASH BASIS/BUDGETARY ACCOUNTING BASIS DIFFERENCES

The financial statements prepared in conformity with USGAAP applied within the context of the modified cash basis of accounting present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CLARK
SCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Municipality's proportion of the net pension liability (asset)	0.0166106%	0.0180139%	0.0180784%	0.0169423%	0.0172126%	0.0167041%	0.0173791%
Municipality's proportionate share of net pension liability (asset)	\$ (119,672.58)	\$ (76,402.10)	\$ 61,067.06	\$ (1,537.53)	\$ (401.44)	\$ (1,770.18)	\$ (754.77)
Municipality's covered payroll	\$ 274,745.41	\$ 303,158.75	\$ 315,950.65	\$ 317,116.68	\$ 328,694.83	\$ 326,132.91	\$ 353,017.31
Municipality's proportionate share of net pension liability (asset) as a percentage of its covered payroll	-43.56%	-25.20%	19.33%	-0.48%	-0.12%	-0.54%	-0.21%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.30%	104.10%	96.89%	100.10%	100.02%	100.09%	100.04%

Note: The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year.

MUNICIPALITY OF CLARK
NOTES TO THE SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Changes from Prior Valuation

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

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

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CLARK
SCHEDULE OF THE MUNICIPALITY'S PENSION CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Contractually required contribution	\$ 18,882.60	\$ 20,690.61	\$ 20,440.57	\$ 20,944.71	\$ 22,346.63	\$ 21,512.83	\$ 22,918.70
	<u>18,882.60</u>	<u>20,690.61</u>	<u>20,440.57</u>	<u>20,944.71</u>	<u>22,346.63</u>	<u>21,512.83</u>	<u>22,918.70</u>
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's covered payroll	\$ 294,229.95	\$ 315,572.44	\$ 314,420.59	\$ 320,873.43	\$ 341,312.82	\$ 331,964.23	\$ 351,317.05
Contributions as a percentage of covered payroll	6.4%	6.6%	6.5%	6.5%	6.5%	6.5%	6.5%

MUNICIPALITY OF CLARK
 SCHEDULE OF CHANGES IN LONG-TERM DEBT
 December 31, 2020

	Beginning Balance 1/1/2020	Additions	Deletions	Ending Balance 12/31/2020	Due Within One Year
SRF Loan.#C461124-01	\$ 132,611.57	\$ -	\$ 23,424.97	\$ 109,186.60	\$ 24,255.68
SRF Loan #C461124-02	1,774,651.81	-	42,909.12	1,731,742.69	44,320.76
2003 Water Utility Revenue Bonds	159,474.68	-	3,797.63	155,677.05	3,956.49
2004 Sewer Utility Revenue Bonds	142,314.01	-	3,283.33	139,030.68	3,429.17
2010 Sewer Project Revenue Bonds	239,007.48	-	8,632.10	230,375.38	8,894.31
CWFCP Loan #2012L-206	28,491.65	-	1,664.99	26,826.66	1,715.31
Dacotah Bank Loan #5297184	28,852.26	-	6,819.61	22,032.65	22,032.65
Financing (Capital Acquisition) Lease	30,063.08	-	14,775.62	15,287.46	15,287.46
	<u>\$ 2,535,466.54</u>	<u>\$ -</u>	<u>\$ 105,307.37</u>	<u>\$ 2,430,159.17</u>	<u>\$ 123,891.83</u>

Long-term debt at December 31, 2020 consists of the following:

State Revolving Fund Loan; original amount of \$400,000; maturing January 15, 2025; interest rate 3.50%; payable by the Sewer Fund	\$ 109,186.60
State Revolving Fund Loan; original amount of \$2,485,000; maturing August 15, 2046; interest rate 3.25%; payable by the Sewer Fund	1,731,742.69
Water Utility Revenue Bonds, Series 2003; original amount of \$200,000; maturing December 22, 2043; interest rate 4.50%; payable by the Water Fund	155,677.05
Sewer Utility Revenue Bonds, Series 2004; original amount of \$176,250; maturing October 7, 2044; interest rate 4.375%; payable by the Sewer Fund	139,030.68
Sewer Project Revenue Bonds, Series 2010; original amount of \$365,000; maturing May 28, 2040; interest rate 3.00%; payable by the Sewer Fund	230,375.38
Consolidated Water Facilities Construction Fund; original amount of \$37,504; maturing November 1, 2033; interest rate 3.00%; payable by the Sewer Fund	26,826.66
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	22,032.65

MUNICIPALITY OF CLARK
SCHEDULE OF CHANGES IN LONG-TERM DEBT
December 31, 2020

Financing (Capital Acquisition) Leases:

Mowers; original amount of \$73,532; maturing June 2021; interest rate
3.41%; payable by the General Fund 15,287.46

The annual requirements to amortize all debt outstanding as of December 31, 2020 are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2020

Year Ending December 31,	SRF Loan		Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 68,576.44	\$ 59,250.60	\$ 16,279.97	\$ 19,736.95
2022	70,894.68	56,932.36	16,885.30	19,131.62
2023	73,291.36	54,535.68	17,514.08	18,502.84
2024	75,769.20	52,057.84	18,167.21	17,849.71
2025	57,327.08	49,679.09	18,845.68	17,171.24
2026-2030	278,249.79	222,079.61	105,365.29	74,719.31
2031-2035	327,131.62	173,197.78	126,763.84	53,320.76
2036-2040	384,600.82	115,728.58	143,074.58	27,454.74
2041-2045	452,166.02	48,163.38	62,187.16	5,025.87
2046-2050	52,922.28	689.06	-	-
	<u>\$ 1,840,929.29</u>	<u>\$ 832,313.98</u>	<u>\$ 525,083.11</u>	<u>\$ 252,913.04</u>

Financing (Capital Acquisition)

Year Ending December 31,	Loans/Notes Payable		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 23,747.96	\$ 2,180.39	\$ 15,287.46	\$ 262.54	\$ 123,891.83	\$ 81,430.48
2022	1,767.15	740.19	-	-	89,547.13	76,804.17
2023	1,820.57	686.77	-	-	92,626.01	73,725.29
2024	1,875.60	631.74	-	-	95,812.01	70,539.29
2025	1,932.28	575.06	-	-	78,105.04	67,425.39
2026-2030	10,573.57	1,963.13	-	-	394,188.65	298,762.05
2031-2035	7,142.18	379.60	-	-	461,037.64	226,898.14
2036-2040	-	-	-	-	527,675.40	143,183.32
2041-2045	-	-	-	-	514,353.18	53,189.25
2046-2050	-	-	-	-	52,922.28	689.06
	<u>\$ 48,859.31</u>	<u>\$ 7,156.88</u>	<u>\$ 15,287.46</u>	<u>\$ 262.54</u>	<u>\$2,430,159.17</u>	<u>\$1,092,646.44</u>