

**MUNICIPALITY OF CORSICA
CORSICA, SOUTH DAKOTA**

AUDIT REPORT

**FOR THE YEAR JANUARY 1, 2013 TO DECEMBER 31, 2013
AND
FOR THE YEAR JANUARY 1, 2014 TO DECEMBER 31, 2014**

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF CORSICA

MUNICIPAL OFFICIALS
DECEMBER 31, 2014

MAYOR:

Richard Brink

GOVERNING BOARD:

Doug Luebke – President
Troy Bamberg – Vice-President
Kyle Blom
Von Denning
Rocky Niewenhuis
Jerod Star

FINANCE OFFICER:

Barbara Noteboom

ATTORNEY:

Braley Law Office

Schoenfish & Co., Inc.

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

Governing Board
Municipality of Corsica
Corsica, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis of accounting financial statements of the governmental activities, business-type activities, and each major fund of the Municipality of Corsica, South Dakota (Municipality), as of December 31, 2014 and for each of the years in the biennial period 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 21, 2015, which was adverse because discretely presented component units were not presented. Unmodified opinions are reported for the governmental activities, business-type activities, and each major fund.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Current Audit Findings as item 2014-002.

Municipality's Response to Findings

The Municipality of Corsica'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.



Schoenfish & Co., Inc.
Certified Public Accountants
August 21, 2015

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2010-01:

A significant deficiency and material weakness in internal controls was noted due to a lack of proper segregation of duties for the revenues. This comment has not been corrected and is restated as Current Audit Finding Number 2014-001.

PRIOR OTHER AUDIT FINDINGS:

Compliance – Related Finding:

Finding Number 2010-02:

Expenditures exceeded the amounts budgeted in the General Fund in 2009. The contingency transfers were not published in the minutes. This comment has not been corrected and a similar comment is restated as Current Audit Finding Number 2014-002.

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SCHEDULE OF CURRENT AUDIT FINDINGSCURRENT AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2014-001:

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

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Condition:

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

Effect:

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

Recommendation:

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

Management's Response:

The Municipality of Corsica Mayor, Richard Brink, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Corsica, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to provide compensating controls.

Compliance – Related Finding:Finding Number 2014-002:

Expenditures exceeded the amounts budgeted in the General Fund in 2013 and 2014. This is the third consecutive audit in which this comment has occurred.

Criteria:

SDCL 9-21-2 states in part, "The governing body of each municipality shall, no later than its first regular meeting in September of each year or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality." Also SDCL 9-21-9 states, "Neither the governing body nor any department or officer of the municipality shall add to the municipal expenditures in any fiscal year any sum in excess of the amount provided for in the annual appropriation ordinance except as otherwise specially provided. Nor shall the amount spent for any purpose or any department exceed the total amount appropriated for such purpose or for such department in the annual appropriation ordinance for such year, except as otherwise specially provided."

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SCHEDULE OF CURRENT AUDIT FINDINGS
(Continued)

Condition:

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

Effect:

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

Recommendation:

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

Management's Response:

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

CLOSING CONFERENCE

The audit findings were discussed with the officials during the course of the audit and with the Mayor and Finance Officer on August 28, 2015.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Corsica
Corsica, South Dakota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion

The financial statements do not include financial data for the Municipality's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity that include the financial data for its component units. The Municipality has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units would have been presented inclusive of the component units.

Adverse opinion

In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Municipality of Corsica, South Dakota, as of December 31, 2014, or the changes in financial position thereof for each of the years in the biennial period then ended.

Unmodified Opinions

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

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the cash basis of accounting financial statements that collectively comprise the Municipality's financial statements. The Budgetary Comparison Schedules and the long-term liabilities schedule 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

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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 21, 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 other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
August 21, 2015

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

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	376,748.84	19,874.72	396,623.56
Restricted Assets:			
Cash and Cash Equivalents	117,517.52		117,517.52
TOTAL ASSETS	494,266.36	19,874.72	514,141.08
 NET POSITION:			
Restricted for:			
Debt Service Purposes	117,517.52		117,517.52
Restricted for Parks and Promotion	51,409.28		51,409.28
Unrestricted	325,339.56	19,874.72	345,214.28
TOTAL NET POSITION	494,266.36	19,874.72	514,141.08

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

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

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	131,724.11	7,130.00			(124,594.11)		(124,594.11)
Public Safety	51,536.56				(51,536.56)		(51,536.56)
Public Works	875,604.76	3,366.00	24,154.52	227,937.48	(620,146.76)		(620,146.76)
Culture and Recreation	50,871.30	3,680.34			(47,190.96)		(47,190.96)
Conservation and Development	3,000.00				(3,000.00)		(3,000.00)
Miscellaneous Disbursements	57,137.25	34,280.86			(22,856.39)		(22,856.39)
Long-Term Debt Payments	115,810.00				(115,810.00)		(115,810.00)
Total Governmental Activities	1,285,683.98	48,457.20	24,154.52	227,937.48	(985,134.78)		(985,134.78)
Business-type Activities:							
Water	111,891.33	119,228.41				7,337.08	7,337.08
Sewer	82,564.09	80,180.54				(2,383.55)	(2,383.55)
Total Business-Type Activities	194,455.42	199,408.95	0.00	0.00		4,953.53	4,953.53
Total Primary Government	1,480,139.40	247,866.15	24,154.52	227,937.48	(985,134.78)	4,953.53	(980,181.25)
General Receipts:							
Taxes:							
Property Taxes					199,659.81		199,659.81
Sales Taxes					362,342.68		362,342.68
State Shared Receipts					5,323.41		5,323.41
Unrestricted Investment Earnings					608.36	1.87	610.23
Miscellaneous Receipts					72,208.32		72,208.32
Total General Receipts					640,142.58	1.87	640,144.45
Change in Net Position					(344,992.20)	4,955.40	(340,036.80)
Net Position - Beginning					839,258.56	14,919.32	854,177.88
NET POSITION - ENDING					494,266.36	19,874.72	514,141.08

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

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

	General Fund	Liquor, Lodging and Dining Fund	Total
ASSETS:			
Cash and Cash Equivalents	325,339.56	51,409.28	376,748.84
Restricted Cash and Cash Equivalents	117,517.52		117,517.52
TOTAL ASSETS	442,857.08	51,409.28	494,266.36
FUND BALANCES:			
Restricted For:			
Debt Service	117,517.52		117,517.52
Parks & Promotion		51,409.28	51,409.28
Committed for Debt Service	40,795.02		40,795.02
Unassigned	284,544.54		284,544.54
TOTAL FUND BALANCES	442,857.08	51,409.28	494,266.36

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

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

	General Fund	Liquor, Lodging, and Dining Fund	Construction Capital Projects Fund	Total
Receipts:				
Taxes:				
General Property Taxes	199,153.91			199,153.91
General Sales and Use Taxes	351,486.66	10,856.02		362,342.68
Amusement Taxes	24.00			24.00
Penalties & Interest on Delinquent Taxes	481.90			481.90
Total Taxes	551,146.47	10,856.02	0.00	562,002.49
Licenses and Permits	3,165.00	0.00	0.00	3,165.00
Intergovernmental Receipts:				
State Shared Receipts:				
Bank Franchise Tax	872.45			872.45
Motor Vehicle Commercial Prorate	2,362.58			2,362.58
Liquor Tax Reversion	4,450.96			4,450.96
Motor Vehicle Licenses	10,636.74			10,636.74
Local Government Highway and Bridge Fund	8,331.35			8,331.35
County Shared Receipts:				
County Road Tax	1,161.00			1,161.00
County Wheel Tax	1,662.85			1,662.85
Total Intergovernmental Receipts	29,477.93	0.00	0.00	29,477.93
Charges for Goods and Services:				
Sanitation	3,366.00			3,366.00
Culture and Recreation	3,680.34			3,680.34
Other	30,990.44			30,990.44
Total Charges for Goods and Services	38,036.78	0.00	0.00	38,036.78
Miscellaneous Receipts:				
Investment Earnings	287.16		321.20	608.36
Rentals	7,130.00			7,130.00
Special Assessments	227,937.48			227,937.48
Liquor Operating Agreement Income	3,290.42			3,290.42
Other	9,352.54			9,352.54
Total Miscellaneous Receipts	247,997.60	0.00	321.20	248,318.80
Total Receipts	869,823.78	10,856.02	321.20	881,001.00
Disbursements:				
General Government:				
Financial Administration	101,393.70			101,393.70
Other	30,330.41			30,330.41
Total General Government	131,724.11	0.00	0.00	131,724.11
Public Safety:				
Police	47,319.96			47,319.96
Fire	4,216.60			4,216.60
Total Public Safety	51,536.56	0.00	0.00	51,536.56

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

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

	General Fund	Liquor, Lodging, and Dining Fund	Construction Capital Projects Fund	Total
Disbursements (continued):				
Public Works:				
Highways and Streets	421,757.09		290,720.21	712,477.30
Sanitation	3,856.86		124,594.37	128,451.23
Airport	34,676.23			34,676.23
Total Public Works	460,290.18	0.00	415,314.58	875,604.76
Culture and Recreation:				
Recreation	32,670.44			32,670.44
Parks	16,220.86			16,220.86
Libraries	1,980.00			1,980.00
Total Culture and Recreation	50,871.30	0.00	0.00	50,871.30
Conservation and Development:				
Economic Opportunity and Assistance (Industrial Development)	3,000.00			3,000.00
Total Conservation and Development	3,000.00	0.00	0.00	3,000.00
Debt Service	115,810.00	0.00	0.00	115,810.00
Miscellaneous:				
Other Disbursements	57,137.25			57,137.25
Total Miscellaneous	57,137.25	0.00	0.00	57,137.25
Total Disbursements	870,369.40	0.00	415,314.58	1,285,683.98
Excess Receipts Over (Under) Disbursements	(545.62)	10,856.02	(414,993.38)	(404,682.98)
Other Financing Sources (Uses):				
Transfers In	10.20			10.20
Transfers Out			(10.20)	(10.20)
Compensation for Loss or Damage to Capital Assets	59,690.78			59,690.78
Total Other Financing Sources (Uses)	59,700.98	0.00	(10.20)	59,690.78
Net Change in Fund Cash Balance	59,155.36	10,856.02	(415,003.58)	(344,992.20)
Fund Cash Balance - Beginning	383,701.72	40,553.26	415,003.58	839,258.56
FUND CASH BALANCE - ENDING	442,857.08	51,409.28	0.00	494,266.36

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

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

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	<u>11,878.38</u>	<u>7,996.34</u>	<u>19,874.72</u>
TOTAL ASSETS	<u>11,878.38</u>	<u>7,996.34</u>	<u>19,874.72</u>
NET POSITION:			
Unrestricted	<u>11,878.38</u>	<u>7,996.34</u>	<u>19,874.72</u>
TOTAL NET POSITION	<u><u>11,878.38</u></u>	<u><u>7,996.34</u></u>	<u><u>19,874.72</u></u>

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

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

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
Operating Receipts:			
Charges for Goods and Services	116,035.48	79,238.00	195,273.48
Miscellaneous	3,192.93	942.54	4,135.47
Total Operating Receipts	<u>119,228.41</u>	<u>80,180.54</u>	<u>199,408.95</u>
Operating Disbursements:			
Personal Services	5,168.44	9,692.50	14,860.94
Other Current Disbursements	97,950.89	22,142.91	120,093.80
Total Operating Disbursements	<u>103,119.33</u>	<u>31,835.41</u>	<u>134,954.74</u>
Operating Income (Loss)	<u>16,109.08</u>	<u>48,345.13</u>	<u>64,454.21</u>
Non-operating Receipts (Disbursements):			
Investment Earnings	0.84	1.03	1.87
Debt Service (Principal)	(2,266.64)	(20,667.87)	(22,934.51)
Interest Expense	(6,505.36)	(30,060.81)	(36,566.17)
Total Non-operating Receipts (Disbursements)	<u>(8,771.16)</u>	<u>(50,727.65)</u>	<u>(59,498.81)</u>
Change in Net Position	<u>7,337.92</u>	<u>(2,382.52)</u>	<u>4,955.40</u>
Net Position - Beginning	<u>4,540.46</u>	<u>10,378.86</u>	<u>14,919.32</u>
NET POSITION - ENDING	<u><u>11,878.38</u></u>	<u><u>7,996.34</u></u>	<u><u>19,874.72</u></u>

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

MUNICIPALITY OF CORSICA
STATEMENT OF NET POSITION - CASH BASIS
December 31, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	721,905.44	14,919.32	736,824.76
Restricted Assets:			
Cash and Cash Equivalents	117,353.12		117,353.12
TOTAL ASSETS	839,258.56	14,919.32	854,177.88
NET POSITION:			
Restricted for:			
Capital Projects Purposes	415,003.58		415,003.58
Debt Service Purposes	117,353.12		117,353.12
Parks and Promotion	40,553.26		40,553.26
Unrestricted	266,348.60	14,919.32	281,267.92
TOTAL NET POSITION	839,258.56	14,919.32	854,177.88

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

MUNICIPALITY OF CORSICA
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2013

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	128,697.91	6,990.00			(121,707.91)		(121,707.91)
Public Safety	50,144.53				(50,144.53)		(50,144.53)
Public Works	1,347,683.53	4,737.05	20,101.18	234,112.62	(1,088,732.68)		(1,088,732.68)
Culture and Recreation	51,093.38	4,305.59			(46,787.79)		(46,787.79)
Conservation and Development	3,000.00				(3,000.00)		(3,000.00)
Miscellaneous Disbursements	40,244.06	7,179.00			(33,065.06)		(33,065.06)
Long-Term Debt Payments	128,025.23				(128,025.23)		(128,025.23)
Total Governmental Activities	1,748,888.64	23,211.64	20,101.18	234,112.62	(1,471,463.20)	0.00	(1,471,463.20)
Business-type Activities:							
Water	142,390.23	102,744.42				(39,645.81)	(39,645.81)
Sewer	100,343.62	79,029.00				(21,314.62)	(21,314.62)
Total Business-Type Activities	242,733.85	181,773.42	0.00	0.00		(60,960.43)	(60,960.43)
Total Primary Government	1,991,622.49	204,985.06	20,101.18	234,112.62	(1,471,463.20)	(60,960.43)	(1,532,423.63)
General Receipts:							
Taxes:							
Property Taxes					184,092.61		184,092.61
Sales Taxes					297,595.97		297,595.97
State Shared Receipts					4,872.04		4,872.04
Unrestricted Investment Earnings					2,107.12	3.47	2,110.59
Miscellaneous Receipts					21,182.84	3,606.17	24,789.01
Transfers					(38,170.53)	38,170.53	0.00
Total General Receipts and Transfers					471,680.05	41,780.17	513,460.22
Change in Net Position					(999,783.15)	(19,180.26)	(1,018,963.41)
Net Position - Beginning					1,839,041.71	34,099.58	1,873,141.29
NET POSITION - ENDING					839,258.56	14,919.32	854,177.88

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

MUNICIPALITY OF CORSICA
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2013

	<u>General Fund</u>	<u>Liquor, Lodging and Dining Fund</u>	<u>Construction Capital Projects Fund</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	266,348.60	40,553.26	415,003.58	721,905.44
Restricted Cash and Cash Equivalents	117,353.12			117,353.12
TOTAL ASSETS	<u>383,701.72</u>	<u>40,553.26</u>	<u>415,003.58</u>	<u>839,258.56</u>
FUND BALANCES:				
Restricted For:				
Capital Projects			415,003.58	415,003.58
Debt Service	117,353.12			117,353.12
Parks Promotion		40,553.26		40,553.26
Committed for Debt Service	39,873.85			39,873.85
Unassigned	226,474.75			226,474.75
TOTAL FUND BALANCES	<u>383,701.72</u>	<u>40,553.26</u>	<u>415,003.58</u>	<u>839,258.56</u>

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General Fund	Liquor, Lodging, and Dining Fund	Construction Capital Projects Fund	Total
Receipts:				
Taxes:				
General Property Taxes	183,685.78			183,685.78
General Sales and Use Taxes	288,087.82	9,508.15		297,595.97
Amusement Taxes	36.00			36.00
Penalties & Interest on Delinquent Taxes	370.83			370.83
Total Taxes	472,180.43	9,508.15	0.00	481,688.58
Licenses and Permits	6,340.60	0.00	0.00	6,340.60
Intergovernmental Receipts:				
State Grants	230,967.00			230,967.00
State Shared Receipts:				
Bank Franchise Tax	727.72			727.72
Motor Vehicle Commercial Prorate	2,232.85			2,232.85
Liquor Tax Reversion	4,144.32			4,144.32
Motor Vehicle Licenses	9,382.13			9,382.13
Local Government Highway and Bridge Fund	7,325.20			7,325.20
Other	700.00			700.00
County Shared Receipts:				
County Road Tax	1,161.00			1,161.00
Total Intergovernmental Receipts	256,640.22	0.00	0.00	256,640.22
Charges for Goods and Services:				
Sanitation	4,737.05			4,737.05
Culture and Recreation	4,305.59			4,305.59
Other	3,820.56			3,820.56
Total Charges for Goods and Services	12,863.20	0.00	0.00	12,863.20
Miscellaneous Receipts:				
Investment Earnings	271.24		1,835.88	2,107.12
Rentals	6,990.00			6,990.00
Special Assessments	3,145.62			3,145.62
Liquor Operating Agreement Income	3,358.44			3,358.44
Other	14,142.24			14,142.24
Total Miscellaneous Receipts	27,907.54	0.00	1,835.88	29,743.42
Total Receipts	775,931.99	9,508.15	1,835.88	787,276.02
Disbursements:				
General Government:				
Financial Administration	100,573.82			100,573.82
Other	28,124.09			28,124.09
Total General Government	128,697.91	0.00	0.00	128,697.91
Public Safety:				
Police	47,319.96			47,319.96
Fire	2,824.57			2,824.57
Total Public Safety	50,144.53	0.00	0.00	50,144.53

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General Fund	Liquor, Lodging, and Dining Fund	Construction Capital Projects Fund	Total
Disbursements (continued):				
Public Works:				
Highways and Streets	187,761.75		791,355.48	979,117.23
Sanitation	3,580.30		339,152.35	342,732.65
Airport	25,833.65			25,833.65
Total Public Works	217,175.70	0.00	1,130,507.83	1,347,683.53
Culture and Recreation:				
Recreation	26,784.96			26,784.96
Parks	22,328.42			22,328.42
Libraries	1,980.00			1,980.00
Total Culture and Recreation	51,093.38	0.00	0.00	51,093.38
Conservation and Development:				
Economic Opportunity and Assistance (Industrial Development)	3,000.00			3,000.00
Total Conservation and Development	3,000.00	0.00	0.00	3,000.00
Debt Service	128,025.23	0.00	0.00	128,025.23
Miscellaneous:				
Other Disbursements	40,244.06			40,244.06
Total Miscellaneous	40,244.06	0.00	0.00	40,244.06
Total Disbursements	618,380.81	0.00	1,130,507.83	1,748,888.64
Excess Receipts Over (Under) Disbursements	157,551.18	9,508.15	(1,128,671.95)	(961,612.62)
Other Financing Sources (Uses):				
Transfers Out	(38,170.53)			(38,170.53)
Total Other Financing Sources (Uses)	(38,170.53)	0.00	0.00	(38,170.53)
Net Change in Fund Cash Balance	119,380.65	9,508.15	(1,128,671.95)	(999,783.15)
Fund Cash Balance - Beginning	264,321.07	31,045.11	1,543,675.53	1,839,041.71
FUND CASH BALANCE - ENDING	383,701.72	40,553.26	415,003.58	839,258.56

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

MUNICIPALITY OF CORSICA
STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
December 31, 2013

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	<u>4,540.46</u>	<u>10,378.86</u>	<u>14,919.32</u>
TOTAL ASSETS	<u>4,540.46</u>	<u>10,378.86</u>	<u>14,919.32</u>
NET POSITION:			
Unrestricted	<u>4,540.46</u>	<u>10,378.86</u>	<u>14,919.32</u>
TOTAL NET POSITION	<u>4,540.46</u>	<u>10,378.86</u>	<u>14,919.32</u>

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

MUNICIPALITY OF CORSICA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
NET POSITION - CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Enterprise Funds		Totals
	Water Fund	Sewer Fund	
Operating Receipts:			
Charges for Goods and Services	102,744.42	79,029.00	181,773.42
Miscellaneous	3,306.17	300.00	3,606.17
Total Operating Receipts	106,050.59	79,329.00	185,379.59
Operating Disbursements:			
Personal Services	2,977.10	5,915.31	8,892.41
Other Current Disbursements	130,641.13	43,699.63	174,340.76
Total Operating Disbursements	133,618.23	49,614.94	183,233.17
Operating Income (Loss)	(27,567.64)	29,714.06	2,146.42
Non-operating Receipts (Disbursements):			
Investment Earnings	0.46	3.01	3.47
Debt Service (Principal)	(2,175.21)	(19,947.88)	(22,123.09)
Interest Expense	(6,596.79)	(30,780.80)	(37,377.59)
Total Non-operating Receipts (Disbursements)	(8,771.54)	(50,725.67)	(59,497.21)
Income (Loss) Before Transfers	(36,339.18)	(21,011.61)	(57,350.79)
Transfers In	38,170.53		38,170.53
Change in Net Position	1,831.35	(21,011.61)	(19,180.26)
Net Position - Beginning	2,709.11	31,390.47	34,099.58
Net Position - ENDING	4,540.46	10,378.86	14,919.32

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of the Municipality of Corsica (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 Housing and Redevelopment Commission of the Municipality of Corsica, South Dakota (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 Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, 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 Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Corsica Housing and Redevelopment Commission, P.O. Box 7, Corsica, SD 57328. The financial information is not presented in this report.

b. Basis of Presentation:

Government-wide Financial Statements:

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

The Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each segment of the business-type activities of the Municipality and for each function of the Municipality's governmental activities. Direct disbursements are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program receipts include

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

(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. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

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, receipts, and disbursements. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Municipality or it meets the following criteria.

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

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

Governmental Funds:

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

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

Liquor, Lodging and Dining Gross Receipts Tax Fund – to account for the collection of a one percent tax on the gross receipts of lodging, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the city (SDCL 10-52A-2). This fund may be established at the direction of the governing body through local ordinance. This is a major fund.

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

Construction Capital Projects Fund - to account for financial resources to be used for the construction of Streets and Sewer. This is a major fund. This fund was closed in 2014.

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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" receipts and disbursements are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

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

The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions. Under the cash basis of

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

accounting, transactions are recorded in the accounts when cash and/or cash equivalents are received or disbursed and assets and liabilities are recognized to the extent that cash has been received or disbursed.

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

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

d. Deposits and Investments:

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

e. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Revenue Bonds and Financing (Capital Acquisition) Leases.

As discussed in Note 1c. 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 a cash basis of accounting. The Municipality has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions so any outstanding indebtedness is 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.

f. Revenue Received in Advance:

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

g. Program Receipts:

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

h. Proprietary Funds Receipts and Disbursement Classifications:

In the proprietary fund's Statement of Receipts, Disbursements and Changes in Fund Cash Net Position, receipts and disbursements 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, non-capital financing activities, or investing activities are not reported as components of operating receipts and disbursements.

i. Equity Classifications:

Government-wide Statements:

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

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

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.

j. 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.

k. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

See Independent Auditor's Report.

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

- 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 Municipal 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 Government 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.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Liquor, Lodging, & Dining Fund	Sales Tax

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	<u>Year Ended</u> <u>12/31/2013</u>	<u>Year Ended</u> <u>12/31/2014</u>
General Fund:		
Highways and Streets	\$ 10,527.63	\$ 77,202.19
Airport	784.12	4,876.23
Recreation		846.30
Parks	6,239.78	
Economic Development and Assistance	3,000.00	3,000.00
Debt Service	128,025.23	115,810.00
Other Expenditures	40,244.06	57,137.25

The Municipality plans to take the following actions to address these violations: use contingency transfers and supplements when needed.

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

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

Deposits – The Municipality's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

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.

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

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

Credit Risk – State law limits eligible investments for the Municipality, as discussed above. The Municipality has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Municipality places no limit on the amount that may be invested in any one issuer.

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

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

4. RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>2013</u>	<u>2014</u>	
Amount:	Amount:	Purpose:
\$117,353.12	\$117,517.52	Security for loan, bonds, and similar commitments (such as a CD pledged as collateral for a loan)

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 January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

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

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

6. OPERATING COMMITMENTS

In 2006, the Municipality of Corsica entered into a 40-year commitment with Randall Community Water District to provide water to the Municipality. A monthly service charge in the amount of \$3,482 is paid by the Municipality to Randall Community Water District along with a charge of \$1.90 per 1,000 gallons of water consumed. The monthly service charge represents a contribution by the Municipality to aid Randall Community Water District in the construction of the facilities necessary to provide the Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality's Water Fund. The following are the minimum payments on this commitment:

2015	\$ 41,784.00
2016	\$ 41,784.00
2017	\$ 41,784.00
2018	\$ 41,784.00
2019	\$ 41,784.00
2020-2024	\$ 208,920.00
2025-2029	\$ 208,920.00
2030-2034	\$ 208,920.00
2035-2039	\$ 208,920.00
2040-2044	\$ 208,920.00
2045	\$ 41,784.00

7. RESTRICTED NET POSITION

Restricted Net Position for the two years ended December 31, 2014 was as follows:

<u>Major Purposes:</u>	<u>2013</u>	<u>2014</u>
Capital Project Purposes	\$ 415,003.58	\$ -
Debt Service Purposes	117,353.12	117,517.52
Parks & Promotion Purposes	40,553.26	51,409.28

8. INTERFUND TRANSFERS

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

<u>Transfers to:</u>	
<u>Transfers from:</u>	<u>General Fund</u>
<u>Major Funds:</u>	
Construction Capital Projects	\$ 10.20

Interfund transfers for the year ended December 31, 2013 were as follows:

<u>Transfers to:</u>	
<u>Transfers from:</u>	<u>Water Fund</u>
<u>Major Funds:</u>	
General Fund	\$ 38,170.53

NOTES TO THE CASH BASIS FINANCIAL STATEMENTS
(Continued)

The Municipality typically uses transfers to conduct indispensable functions of the Municipality.

9. SIGNIFICANT CONTINGENCIES - LITIGATION

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

10. RISK MANAGEMENT

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

Employee Health Insurance:

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

Liability Insurance:

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

Worker's Compensation:

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

Unemployment Benefits:

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

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

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Receipts:				
Taxes:				
General Property Taxes	148,136.00	148,136.00	199,153.91	51,017.91
General Sales and Use Taxes	260,000.00	260,000.00	351,486.66	91,486.66
Amusement Taxes	0.00	0.00	24.00	24.00
Penalties and Interest on Delinquent Taxes	0.00	0.00	481.90	481.90
Total Taxes	408,136.00	408,136.00	551,146.47	143,010.47
Licenses and Permits	0.00	0.00	3,165.00	3,165.00
Intergovernmental Receipts:				
State Shared Receipts:				
Bank Franchise Tax	1,000.00	1,000.00	872.45	(127.55)
Motor Vehicle Commercial Prorate	0.00	0.00	2,362.58	2,362.58
Liquor Tax Reversion	6,000.00	6,000.00	4,450.96	(1,549.04)
Motor Vehicle Licenses	12,000.00	12,000.00	10,636.74	(1,363.26)
Local Government Highway and Bridge Fund	3,500.00	3,500.00	8,331.35	4,831.35
County Shared Receipts:				
County Road Tax	3,500.00	3,500.00	1,161.00	(2,339.00)
County Wheel Tax	0.00	0.00	1,662.85	1,662.85
Total Intergovernmental Receipts	26,000.00	26,000.00	29,477.93	3,477.93
Charges for Goods and Services:				
Sanitation	3,000.00	3,000.00	3,366.00	366.00
Culture and Recreation	5,000.00	5,000.00	3,680.34	(1,319.66)
Other	8,000.00	8,000.00	30,990.44	22,990.44
Total Charges for Goods and Services	16,000.00	16,000.00	38,036.78	22,036.78
Miscellaneous Receipts:				
Investment Earnings	0.00	0.00	287.16	287.16
Rentals	1,000.00	1,000.00	7,130.00	6,130.00
Special Assessments	0.00	0.00	227,937.48	227,937.48
Liquor Operating Agreement Income	0.00	0.00	3,290.42	3,290.42
Other	12,600.00	12,600.00	9,352.54	(3,247.46)
Total Miscellaneous Receipts	13,600.00	13,600.00	247,997.60	234,397.60
Total Receipts	463,736.00	463,736.00	869,823.78	406,087.78
Disbursements:				
General Government:				
Contingency	0.00	23,686.80		
Amount Transferred		0.00		23,686.80
Financial Administration	113,000.00	114,342.49	101,393.70	12,948.79
Other	84,000.00	96,705.38	30,330.41	66,374.97
Total General Government	197,000.00	234,734.67	131,724.11	103,010.56
Public Safety:				
Police	47,320.00	47,320.00	47,319.96	0.04
Fire	4,000.00	4,745.00	4,216.60	528.40
Total Public Safety	51,320.00	52,065.00	51,536.56	528.44

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Disbursements (continued):				
Public Works:				
Highways and Streets	153,436.00	344,554.90	421,757.09	(77,202.19)
Sanitation	5,000.00	5,000.00	3,856.86	1,143.14
Airport	20,000.00	29,800.00	34,676.23	(4,876.23)
Total Public Works	<u>178,436.00</u>	<u>379,354.90</u>	<u>460,290.18</u>	<u>(80,935.28)</u>
Culture and Recreation:				
Recreation	29,000.00	31,824.14	32,670.44	(846.30)
Parks	16,000.00	16,220.86	16,220.86	0.00
Libraries	1,980.00	1,980.00	1,980.00	0.00
Total Culture and Recreation	<u>46,980.00</u>	<u>50,025.00</u>	<u>50,871.30</u>	<u>(846.30)</u>
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	0.00	0.00	3,000.00	(3,000.00)
Total Conservation and Development	<u>0.00</u>	<u>0.00</u>	<u>3,000.00</u>	<u>(3,000.00)</u>
Debt Service	<u>0.00</u>	<u>0.00</u>	<u>115,810.00</u>	<u>(115,810.00)</u>
Miscellaneous:				
Other Disbursements	0.00	0.00	57,137.25	(57,137.25)
Total Miscellaneous	<u>0.00</u>	<u>0.00</u>	<u>57,137.25</u>	<u>(57,137.25)</u>
Total Disbursements	<u>473,736.00</u>	<u>716,179.57</u>	<u>870,369.40</u>	<u>(154,189.83)</u>
Excess of Receipts Over (Under) Disbursements	<u>(10,000.00)</u>	<u>(252,443.57)</u>	<u>(545.62)</u>	<u>251,897.95</u>
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	10.20	10.20
Compensation for Loss or Damage to Capital Assets	0.00	0.00	59,690.78	59,690.78
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>59,700.98</u>	<u>59,700.98</u>
Net Change in Fund Cash Balances	<u>(10,000.00)</u>	<u>(252,443.57)</u>	<u>59,155.36</u>	<u>311,598.93</u>
Fund Cash Balance - Beginning	<u>383,701.72</u>	<u>383,701.72</u>	<u>383,701.72</u>	<u>0.00</u>
FUND CASH BALANCE - ENDING	<u>373,701.72</u>	<u>131,258.15</u>	<u>442,857.08</u>	<u>311,598.93</u>

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIQUOR, LODGING & DINING TAX FUND
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Taxes:				
General Sales and Use Taxes	10,000.00	10,000.00	10,856.02	856.02
Total Taxes	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,856.02</u>	<u>856.02</u>
Total Receipts	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,856.02</u>	<u>856.02</u>
Disbursements:				
Total Disbursements	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Cash Balances	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,856.02</u>	<u>856.02</u>
Fund Cash Balance - Beginning	<u>40,553.26</u>	<u>40,553.26</u>	<u>40,553.26</u>	<u>0.00</u>
FUND CASH BALANCE - ENDING	<u><u>50,553.26</u></u>	<u><u>50,553.26</u></u>	<u><u>51,409.28</u></u>	<u><u>856.02</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Receipts:				
Taxes:				
General Property Taxes	140,473.00	140,473.00	183,685.78	43,212.78
General Sales and Use Taxes	265,000.00	265,000.00	288,087.82	23,087.82
Amusement Taxes	0.00	0.00	36.00	36.00
Penalties and Interest on Delinquent Taxes	0.00	0.00	370.83	370.83
Total Taxes	405,473.00	405,473.00	472,180.43	66,707.43
Licenses and Permits	0.00	0.00	6,340.60	6,340.60
Intergovernmental Receipts:				
State Grants	0.00	0.00	230,967.00	230,967.00
State Shared Receipts:				
Bank Franchise Tax	1,000.00	1,000.00	727.72	(272.28)
Motor Vehicle Commercial Prorate	0.00	0.00	2,232.85	2,232.85
Liquor Tax Reversion	6,000.00	6,000.00	4,144.32	(1,855.68)
Motor Vehicle Licenses	10,000.00	10,000.00	9,382.13	(617.87)
Local Government Highway and Bridge Fund	3,500.00	3,500.00	7,325.20	3,825.20
Other	0.00	0.00	700.00	700.00
County Shared Receipts:				
County Road Tax	3,500.00	3,500.00	1,161.00	(2,339.00)
Total Intergovernmental Receipts	24,000.00	24,000.00	256,640.22	232,640.22
Charges for Goods and Services:				
Sanitation	2,000.00	2,000.00	4,737.05	2,737.05
Culture and Recreation	5,000.00	5,000.00	4,305.59	(694.41)
Other	4,990.00	4,990.00	3,820.56	(1,169.44)
Total Charges for Goods and Services	11,990.00	11,990.00	12,863.20	873.20
Miscellaneous Receipts:				
Investment Earnings	0.00	0.00	271.24	271.24
Rentals	1,000.00	1,000.00	6,990.00	5,990.00
Special Assessments	0.00	0.00	3,145.62	3,145.62
Liquor Operating Agreement Income	0.00	0.00	3,358.44	3,358.44
Other	9,600.00	9,600.00	14,142.24	4,542.24
Total Miscellaneous Receipts	10,600.00	10,600.00	27,907.54	17,307.54
Total Receipts	452,063.00	452,063.00	775,931.99	323,868.99
Disbursements:				
General Government:				
Contingency	0.00	22,953.15		
Amount Transferred		0.00		22,953.15
Financial Administration	113,000.00	113,000.00	100,573.82	12,426.18
Other	90,000.00	96,491.53	28,124.09	68,367.44
Total General Government	203,000.00	232,444.68	128,697.91	103,746.77
Public Safety:				
Police	48,000.00	48,000.00	47,319.96	680.04
Fire	4,000.00	4,392.50	2,824.57	1,567.93
Total Public Safety	52,000.00	52,392.50	50,144.53	2,247.97

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Disbursements (continued):				
Public Works:				
Highways and Streets	135,083.00	177,234.12	187,761.75	(10,527.63)
Sanitation	4,000.00	4,000.00	3,580.30	419.70
Airport	20,000.00	25,049.53	25,833.65	(784.12)
Total Public Works	159,083.00	206,283.65	217,175.70	(10,892.05)
Culture and Recreation:				
Recreation	27,000.00	27,000.00	26,784.96	215.04
Parks	16,000.00	16,088.64	22,328.42	(6,239.78)
Libraries	1,980.00	1,980.00	1,980.00	0.00
Total Culture and Recreation	44,980.00	45,068.64	51,093.38	(6,024.74)
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	0.00	0.00	3,000.00	(3,000.00)
Total Conservation and Development	0.00	0.00	3,000.00	(3,000.00)
Debt Service	0.00	0.00	128,025.23	(128,025.23)
Miscellaneous:				
Other Disbursements	0.00	0.00	40,244.06	(40,244.06)
Total Miscellaneous	0.00	0.00	40,244.06	(40,244.06)
Total Disbursements	459,063.00	536,189.47	618,380.81	(82,191.34)
Excess of Receipts Over (Under) Disbursements	(7,000.00)	(84,126.47)	157,551.18	241,677.65
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(38,170.53)	(38,170.53)
Total Other Financing Sources (Uses)	0.00	0.00	(38,170.53)	(38,170.53)
Net Change in Fund Cash Balances	(7,000.00)	(84,126.47)	119,380.65	203,507.12
Fund Cash Balance - Beginning	264,321.07	264,321.07	264,321.07	0.00
FUND CASH BALANCE - ENDING	257,321.07	180,194.60	383,701.72	203,507.12

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CORSICA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIQUOR, LODGING & DINING TAX FUND
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Taxes:				
General Sales and Use Taxes	7,000.00	7,000.00	9,508.15	2,508.15
Total Taxes	7,000.00	7,000.00	9,508.15	2,508.15
Total Receipts	7,000.00	7,000.00	9,508.15	2,508.15
Disbursements:				
Total Disbursements	0.00	0.00	0.00	0.00
Net Change in Fund Cash Balances	7,000.00	7,000.00	9,508.15	2,508.15
Fund Cash Balance - Beginning	31,045.11	31,045.11	31,045.11	0.00
FUND CASH BALANCE - ENDING	38,045.11	38,045.11	40,553.26	2,508.15

NOTES TO THE SUPPLEMENTARY INFORMATION

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

Note 1. Budgets and Budgetary Accounting

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

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

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

The Municipality did not encumber any amounts at December 31, 2013 and 2014.

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

Note 2. GAAP/Budgetary Accounting Basis Differences

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

SUPPLEMENTARY INFORMATION

LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/13	Additions	Deletions	Ending Balance 12/31/14	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
Sales Tax Revenue Bonds, Series 2012	1,700,000.00	0.00	120,000.00	1,580,000.00	65,000.00
Financing (Capital Acquisition) Leases	11,416.92	0.00	11,416.92	0.00	0.00
Total Governmental Activities	<u>1,711,416.92</u>	<u>0.00</u>	<u>131,416.92</u>	<u>1,580,000.00</u>	<u>65,000.00</u>
Business-Type Activities:					
Bonds Payable:					
Water Utility Revenue Bond, Series 2007	160,916.81	0.00	4,441.85	156,474.96	2,362.49
Sewer Utility Revenue Bond, Series 2007	565,310.24	0.00	16,127.86	549,182.38	8,367.77
Sewer Revenue Bond, Series 2009	168,727.96	0.00	4,771.72	163,956.24	2,488.04
National Rural Water Association Loan	66,900.05	0.00	19,716.17	47,183.88	10,329.29
Total Business-Type Activities	<u>961,855.06</u>	<u>0.00</u>	<u>45,057.60</u>	<u>916,797.46</u>	<u>23,547.59</u>
TOTAL PRIMARY GOVERNMENT	<u>2,673,271.98</u>	<u>0.00</u>	<u>176,474.52</u>	<u>2,496,797.46</u>	<u>88,547.59</u>

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

Revenue Bonds:

Sales Tax Revenue Bonds – Series 2012 Matures 12-1-32, Interest at 1.20% to 3.90% Payable from General Fund	\$ 1,580,000.00
Water Utility Revenue Bonds - Series 2007 Matures 4-8-47, Interest at 4.125% Payable from Water Fund	\$ 156,474.96
Sewer Utility Revenue Bonds - Series 2007 Matures 4-8-47, Interest at 4.125% Payable from Sewer Fund	\$ 549,182.38
Sewer Revenue Bonds – Series 2009 Matures 11-4-49, Interest at 3.375% Payable from Sewer Fund	\$ 163,956.24

Notes Payable:

National Rural Water Association Loan Matures 4-30-19, Interest at 3.20% Payable from Water Fund	\$ 47,183.88
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SUPPLEMENTARY INFORMATION
(Continued)

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

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

Year Ending Dec. 31,	Sales Tax Revenue Bond, Series 2012		Water Utility Revenue Bond, Series 2007		Sewer Utility Revenue Bond, Series 2007	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	65,000.00	50,030.00	2,362.49	6,409.51	8,367.77	22,700.23
2016	65,000.00	48,860.00	2,461.78	6,310.22	8,719.54	22,348.46
2017	65,000.00	47,690.00	2,565.28	6,206.72	9,086.09	21,981.91
2018	70,000.00	46,520.00	2,673.13	6,098.87	9,468.07	21,599.93
2019	70,000.00	45,260.00	2,785.51	5,986.49	9,866.10	21,201.90
2020-2024	375,000.00	197,050.00	15,785.66	28,074.34	53,427.80	101,912.20
2025-2029	445,000.00	130,425.00	19,394.67	24,465.33	68,100.03	87,239.97
2030-2034	425,000.00	37,825.00	23,828.78	20,031.22	83,669.45	71,670.55
2035-2039			29,276.63	14,583.37	102,798.45	52,541.55
2040-2044			35,970.05	7,889.95	126,300.83	29,039.17
2045-2046			19,370.98	955.02	69,378.25	2,565.20
Totals	<u>1,580,000.00</u>	<u>603,660.00</u>	<u>156,474.96</u>	<u>127,011.04</u>	<u>549,182.38</u>	<u>454,801.07</u>

Year Ending Dec. 31,	Sewer Revenue Bond, Series 2009		National Rural Water Association Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	2,488.04	5,515.96	10,329.29	1,327.40	88,547.59	85,983.10
2016	2,573.32	5,430.68	10,656.74	999.94	89,411.38	83,949.30
2017	2,661.53	5,342.47	10,994.59	662.09	90,307.49	81,883.19
2018	2,752.75	5,251.25	11,343.13	313.55	96,237.08	79,783.60
2019	2,847.12	5,156.88	3,860.13	25.16	89,358.86	77,630.43
2020-2024	15,768.06	24,251.94			459,981.52	351,288.48
2025-2029	18,662.19	21,357.81			551,156.89	263,488.11
2030-2034	22,087.52	17,932.48			554,585.75	147,459.25
2035-2039	26,141.55	13,878.45			158,216.63	81,003.37
2040-2044	30,939.66	9,080.34			193,210.54	46,009.46
2045-2046	37,034.50	1,370.57			125,783.73	4,890.79
Totals	<u>163,956.24</u>	<u>114,568.83</u>	<u>47,183.88</u>	<u>3,328.14</u>	<u>2,496,797.46</u>	<u>1,303,369.08</u>