

CITY OF ONIDA
AUDITED FINANCIAL STATEMENTS
TWO YEARS ENDED DECEMBER 31, 2013

CITY OF ONIDA
CITY OFFICIALS
DECEMBER 31, 2013

Mayor:

Gary Wickersham

Governing Board:

Barb Rilling
Marla Mosiman
Linda Knox
Joel Miller
Don Goddard
Bob Porter

Finance Officer:

Rondha Hiller

Attorney:

Emily Sovell

CITY OF ONIDA

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1 - 2
Schedule of Prior Audit Findings	3
Schedule of Current Audit Findings	4 - 5
Independent Auditors' Report	6 - 7
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of December 31, 2013:	
Statement of Net Position - Modified Cash Basis	8
Year Ended December 31, 2013:	
Statement of Activities - Modified Cash Basis	9
Year Ended December 31, 2012:	
Statement of Activities - Modified Cash Basis	10
Fund Financial Statements:	
Governmental Funds:	
As of December 31, 2013:	
Balance Sheet - Modified Cash Basis	11
Year Ended December 31, 2013:	
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	12
Year Ended December 31, 2012:	
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	13
Proprietary Funds:	
As of December 31, 2013:	

CITY OF ONIDA

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Statement of Net Position - Modified Cash Basis	14
Year Ended December 31, 2013:	
Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis	15
Year Ended December 31, 2012:	
Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis	16
Fiduciary Funds:	
As of December 31, 2013:	
Statement of Net Position - Modified Cash Basis	17
Notes to the Modified Cash Basis Financial Statements	18 - 26
Supplementary Information:	
Year Ended December 31, 2013	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	27
Year Ended December 31, 2012:	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	28
Notes to Supplementary Information - Budgetary Comparison Schedules	29

KOHLMAN, BIERSCHBACH & ANDERSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

ROY R FAUTH, CPA
DAVID S ANDERSON, CPA
WILLIAM J BACHMEIER, CPA
ROSEMARY MUELLER, CPA

117 E. 3RD STREET • PO BOX 127
MILLER, SOUTH DAKOTA 57362
605-853-2744 • 605-853-2745 (FAX)

WITH OFFICES IN
MOBRIDGE, SOUTH DAKOTA
LEMMON, SOUTH DAKOTA

INDEPENDENT AUDITORS' 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

City Council
City of Onida
Onida, 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 City of Onida, South Dakota, as of December 31, 2013, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the auditing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 items #2013-01 and #2013-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Current Audit Findings as item #2013-03.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The City's responses were 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 City'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.

Kohlman, Bierschbach & Anderson, LLP

June 10, 2014

CITY OF ONIDA
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012

PRIOR AUDIT FINDINGS:

#2011-01

A material weakness was reported for a lack of segregation of duties for cash, inventory, capital assets, equity, revenues, and budget, which could result in errors not being found in a timely manner. This condition is restated as current audit finding #2013-01.

#2011-02

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements. This comment is restated as current audit finding #2013-02.

#2011-03

The City had material budget overdrafts in 2010 and 2011 in the General Fund. This comment has not been repeated because the budget overdrafts in 2012 and 2013 were not material to the financial statements. See Note 2 on page 23 for further discussion on the immaterial budget overdrafts.

#2011-04

The City had improvements done in the Electric Fund that exceeded \$50,000 that were required to be bid, but the improvements were not bid before the work was done. This comment is restated as current audit finding #2013-03.

CITY OF ONIDA
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2013-01

Criteria

Internal control can help the City achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting, and it can help ensure that the City complies with laws and regulations.

Condition Found

A material weakness was reported for a lack of segregation of duties for cash, inventory, capital assets, equity, revenues, and budget, which could result in errors not being found in a timely manner.

Effect

This comment is the result of the size of the entity which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Onida has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for cash, inventory, capital assets, equity, revenues, and budget. It is not known how long this comment has been carried forward.

Recommendation

The City is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical.

Management's Response

Gary Wickersham is the contact person responsible for the corrective action plan for this comment. This comment is a result of the size of the City of Onida which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Onida has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for cash, inventory, capital assets, equity, revenues, and budget. The City of Onida is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding cash, inventory, capital assets, equity, revenues, and budget continues to exist.

Finding #2013-02

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with the modified cash basis of accounting.

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

Effect

CITY OF ONIDA
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)

This condition may affect the City'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.

Management's Response

Gary Wickersham is the contact person responsible for the corrective action plan for this comment. He stated that the City does not have enough staff to maintain this standard.

COMPLIANCE AND OTHER MATTERS:

Finding #2013-03

Criteria

SDCL 5-18A requires cities to bid certain items that they purchase, including purchases of \$25,000 or more for materials, building supplies, or equipment and purchases of \$50,000 or more for improvements, with certain exceptions.

Condition Found

The City had improvements done in the Electric Fund that exceeded \$50,000 that were required to be bid, but the improvements were not bid before the work was done

Effect

The improvements were not properly bid before they were purchased. Therefore, they were not in accordance with South Dakota Codified Law.

Recommendation

We recommend the City properly bid all items that are required to be bid before they are purchased.

Management's Response

Gary Wickersham is the contact person responsible for the corrective action plan for this comment. He stated, "In the future, everything will be bid."

Closing Conference

The contents of this report were discussed with Gary Wickersham, Marla Mosiman, Bob Porter, Barbara Rilling, and Rondha Hiller on May 6, 2014.

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
ROY R FAUTH, CPA
DAVID S ANDERSON, CPA
WILLIAM J BACHMEIER, CPA
ROSEMARY MUELLER, CPA

117 E. 3RD STREET • PO BOX 127
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605-853-2744 • 605-853-2745 (FAX)

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INDEPENDENT AUDITORS' REPORT

City Council
City of Onida
Onida, 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 City of Onida, South Dakota, as of December 31, 2013, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The City'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.

Auditors' 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 auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Onida as of December 31, 2013, and the respective changes in financial position thereof for each of the years in the biennial period 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 City's basic financial statements. The Budgetary Comparison Schedules, listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Kohlman, Bierbach & Anderson, LLP

June 10, 2014

CITY OF ONIDA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 3,210	\$ 158,099	\$ 161,309
Investments	843,722	774,018	1,617,740
Restricted Assets:			
Cash and cash equivalents	<u>59,664</u>	<u>-</u>	<u>59,664</u>
TOTAL ASSETS	<u><u>\$ 906,596</u></u>	<u><u>\$ 932,117</u></u>	<u><u>\$ 1,838,713</u></u>
NET POSITION:			
Restricted for:			
Swimming pool renovations	\$ 59,664	\$ -	\$ 59,664
Unrestricted	<u>846,932</u>	<u>932,117</u>	<u>1,779,049</u>
TOTAL NET POSITION	<u><u>\$ 906,596</u></u>	<u><u>\$ 932,117</u></u>	<u><u>\$ 1,838,713</u></u>

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

CITY OF ONIDA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- Type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 59,623	\$ 3,302	\$ -	\$ -	\$ (56,321)	\$ -	\$ (56,321)
Public safety	72,741	199	-	-	(72,542)	-	(72,542)
Public works	189,216	-	35,820	-	(153,396)	-	(153,396)
Culture and recreation	47,137	20,903	-	43,824	17,590	-	17,590
Conservation and development	1,500	-	-	-	(1,500)	-	(1,500)
Miscellaneous expenditure	400	-	-	-	(400)	-	(400)
Total Governmental Activities	370,617	24,404	35,820	43,824	(266,569)	-	(266,569)
Business-Type Activities:							
Water	147,169	141,752	-	-	-	(5,417)	(5,417)
Sewer	15,646	76,430	-	-	-	60,784	60,784
Electric	792,366	860,357	-	-	-	67,991	67,991
Solid Waste	104,222	100,899	-	-	-	(3,323)	(3,323)
Airport	325,462	-	-	509,335	-	183,873	183,873
Total Business-Type Activities	1,384,865	1,179,438	-	509,335	-	303,908	303,908
Total Primary Government	\$ 1,755,482	\$ 1,203,842	\$ 35,820	\$ 553,159	(266,569)	303,908	37,339
General Revenues:							
Taxes:							
Property taxes					158,067	-	158,067
Sales taxes					234,986	-	234,986
State shared revenues					5,650	-	5,650
Unrestricted investment earnings					638	-	638
Miscellaneous revenue					1,084	20,310	21,394
Total General Revenues					400,425	20,310	420,735
Change in Net Position					133,856	324,218	458,074
Net Position - Beginning					772,740	607,899	1,380,639
Net Position - Ending					\$ 906,596	\$ 932,117	\$ 1,838,713

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

CITY OF ONIDA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue 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	\$ 66,984	\$ 4,016	\$ -	\$ -	\$ (62,968)	\$ -	\$ (62,968)
Public safety	51,279	401	-	-	(50,878)	-	(50,878)
Public works	206,347	-	34,279	3,185	(168,883)	-	(168,883)
Culture and recreation	57,893	18,120	-	16,009	(23,764)	-	(23,764)
Conservation and development	1,500	-	-	-	(1,500)	-	(1,500)
Miscellaneous expenditure	500	-	-	-	(500)	-	(500)
Total Governmental Activities	384,503	22,537	34,279	19,194	(308,493)	-	(308,493)
Business-Type Activities:							
Water	127,931	152,475	-	-	-	24,544	24,544
Sewer	19,366	76,932	-	-	-	57,566	57,566
Electric	839,499	800,743	-	-	-	(38,756)	(38,756)
Solid Waste	92,110	99,796	-	-	-	7,686	7,686
Airport	256,833	-	-	-	-	(256,833)	(256,833)
Total Business-Type Activities	1,335,739	1,129,946	-	-	-	(205,793)	(205,793)
Total Primary Government	\$1,720,242	\$1,152,483	\$ 34,279	\$ 19,194	(308,493)	(205,793)	(514,286)
General Revenues:							
Taxes:							
Property taxes					144,799	-	144,799
Sales taxes					220,186	-	220,186
State shared revenues					5,541	-	5,541
Unrestricted investment earnings					818	-	818
Miscellaneous revenue					21,838	20,771	42,609
Total General Revenues					393,182	20,771	413,953
Change in Net Position					84,689	(185,022)	(100,333)
Net Position - Beginning					688,051	792,921	1,480,972
Net Position - Ending					\$ 772,740	\$ 607,899	\$ 1,380,639

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

CITY OF ONIDA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 3,210
Investments	843,722
Restricted cash and cash equivalents	<u>59,664</u>
TOTAL ASSETS	<u>\$ 906,596</u>
FUND BALANCES:	
Restricted for:	
Swimming pool renovations	\$ 59,664
Unassigned	<u>846,932</u>
TOTAL FUND BALANCES	<u>\$ 906,596</u>

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

CITY OF ONIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	General Fund
REVENUES:	
Taxes:	
General property taxes	\$ 157,298
General sales and use taxes	234,986
Amusement taxes	180
Penalties and interest on delinquent taxes	589
Licenses and Permits	3,302
Intergovernmental Revenue:	
State shared revenue:	
Bank franchise tax	887
Liquor tax reversion	4,763
Motor vehicle licenses (5%)	20,430
Local government highway and bridge fund	11,383
County shared revenue:	
County road tax (25%)	2,196
County wheel tax	1,811
Charges for Goods and Services:	
Public safety	133
Culture and recreation	20,903
Fines and Forfeits:	
Court fines and costs	66
Miscellaneous Revenue:	
Investment earnings	638
Contributions and donations from private sources	43,824
Other	1,084
	504,473
TOTAL REVENUE	
EXPENDITURES:	
General Government:	
Legislative	23,402
Elections	9
Financial administration	36,212
Public Safety:	
Police	52,741
Fire	20,000
Public Works:	
Highways and streets	189,216
Culture and Recreation:	
Recreation	36,974
Parks	10,163
Conservation and Development:	

	<u>General Fund</u>
Economic development and assistance (industrial development)	1,500
Miscellaneous:	
Liquor operating agreements	<u>400</u>
TOTAL EXPENDITURES	<u>370,617</u>
NET CHANGE IN FUND BALANCE	133,856
FUND BALANCE - BEGINNING	<u>772,740</u>
FUND BALANCE - ENDING	<u>\$ 906,596</u>

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

CITY OF ONIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	General Fund
REVENUES:	
Taxes:	
General property taxes	\$ 144,460
General sales and use taxes	220,186
Amusement taxes	156
Penalties and interest on delinquent taxes	183
Licenses and Permits	4,016
Intergovernmental Revenue:	
State shared revenue:	
Bank franchise tax	617
Liquor tax reversion	4,924
Motor vehicle licenses (5%)	19,153
Local government highway and bridge fund	11,163
County shared revenue:	
County road tax (25%)	2,196
County wheel tax	1,767
Charges for Goods and Services:	
Public safety	401
Culture and recreation	18,120
Miscellaneous Revenue:	
Investment earnings	818
Special assessments	3,185
Contributions and donations from private sources	16,009
Other	338
	447,692
TOTAL REVENUE	
EXPENDITURES:	
General Government:	
Legislative	32,751
Elections	8
Financial administration	34,225
Public Safety:	
Police	51,279
Public Works:	
Highways and streets	206,347
Culture and Recreation:	
Recreation	49,070
Parks	8,823
Conservation and Development:	
Economic development and assistance (industrial development)	1,500
Miscellaneous:	

	General Fund
Liquor operating agreements	<u>500</u>
TOTAL EXPENDITURES	<u>384,503</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>63,189</u>
OTHER FINANCING SOURCES:	
Sale of municipal property	<u>21,500</u>
TOTAL OTHER FINANCING SOURCES	<u>21,500</u>
NET CHANGE IN FUND BALANCE	84,689
FUND BALANCE - BEGINNING	<u>688,051</u>
FUND BALANCE - ENDING	<u>\$ 772,740</u>

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

CITY OF ONIDA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-Type Activities					Totals
	Enterprise Funds					
	Water Fund	Sewer Fund	Electric Fund	Solid Waste Fund	Airport Fund	
ASSETS:						
Current Assets:						
Cash and cash equivalents	\$ 22,576	\$ 48,464	\$ 68,062	\$ (7,298)	\$26,295	\$ 158,099
Investments	<u>137,975</u>	<u>263,793</u>	<u>372,250</u>	<u>-</u>	<u>-</u>	<u>774,018</u>
Total Current Assets	<u>160,551</u>	<u>312,257</u>	<u>440,312</u>	<u>(7,298)</u>	<u>26,295</u>	<u>932,117</u>
TOTAL ASSETS	<u>\$ 160,551</u>	<u>\$312,257</u>	<u>\$ 440,312</u>	<u>\$ (7,298)</u>	<u>\$26,295</u>	<u>\$ 932,117</u>
NET POSITION:						
Unrestricted	<u>\$ 160,551</u>	<u>\$312,257</u>	<u>\$ 440,312</u>	<u>\$ (7,298)</u>	<u>\$26,295</u>	<u>\$ 932,117</u>
TOTAL NET POSITION	<u>\$ 160,551</u>	<u>\$312,257</u>	<u>\$ 440,312</u>	<u>\$ (7,298)</u>	<u>\$26,295</u>	<u>\$ 932,117</u>

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

CITY OF ONIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities					Totals
	Enterprise Funds					
	Water Fund	Sewer Fund	Electric Fund	Solid Waste Fund	Airport Fund	
OPERATING REVENUE:						
Charges for goods and services	\$ 141,752	\$ 76,430	\$ 860,357	\$100,899	\$ -	\$ 1,179,438
Miscellaneous	-	92	71	-	-	163
TOTAL OPERATING REVENUE	<u>141,752</u>	<u>76,522</u>	<u>860,428</u>	<u>100,899</u>	<u>-</u>	<u>1,179,601</u>
OPERATING EXPENSES:						
Personal services	25,154	8,993	24,433	61,558	-	120,138
Other current expense	35,678	6,653	57,759	16,970	4,677	121,737
Materials (cost of goods sold)	86,337	-	710,174	25,581	-	822,092
Capital assets	-	-	-	113	320,785	320,898
TOTAL OPERATING EXPENSES	<u>147,169</u>	<u>15,646</u>	<u>792,366</u>	<u>104,222</u>	<u>325,462</u>	<u>1,384,865</u>
OPERATING INCOME (LOSS)	<u>(5,417)</u>	<u>60,876</u>	<u>68,062</u>	<u>(3,323)</u>	<u>(325,462)</u>	<u>(205,264)</u>
NONOPERATING REVENUE:						
Capital grants	-	-	-	-	509,335	509,335
Rental revenue	-	-	-	-	20,147	20,147
TOTAL NONOPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,482</u>	<u>529,482</u>
CHANGE IN NET POSITION	(5,417)	60,876	68,062	(3,323)	204,020	324,218
NET POSITION - BEGINNING	<u>165,968</u>	<u>251,381</u>	<u>372,250</u>	<u>(3,975)</u>	<u>(177,725)</u>	<u>607,899</u>
NET POSITION - ENDING	<u>\$ 160,551</u>	<u>\$312,257</u>	<u>\$ 440,312</u>	<u>\$ (7,298)</u>	<u>\$ 26,295</u>	<u>\$ 932,117</u>

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

CITY OF ONIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities Enterprise Funds					Totals
	Water Fund	Sewer Fund	Electric Fund	Solid Waste Fund	Airport Fund	
OPERATING REVENUE:						
Charges for goods and services	\$ 152,475	\$ 76,932	\$ 800,743	\$ 99,796	\$ -	\$ 1,129,946
TOTAL OPERATING REVENUE	<u>152,475</u>	<u>76,932</u>	<u>800,743</u>	<u>99,796</u>	<u>-</u>	<u>1,129,946</u>
OPERATING EXPENSES:						
Personal services	25,270	9,430	19,337	55,647	-	109,684
Other current expense	13,899	9,936	73,269	12,819	5,524	115,447
Materials (cost of goods sold)	88,762	-	658,145	23,490	-	770,397
Capital assets	-	-	88,748	154	251,309	340,211
TOTAL OPERATING EXPENSES	<u>127,931</u>	<u>19,366</u>	<u>839,499</u>	<u>92,110</u>	<u>256,833</u>	<u>1,335,739</u>
OPERATING INCOME (LOSS)	<u>24,544</u>	<u>57,566</u>	<u>(38,756)</u>	<u>7,686</u>	<u>(256,833)</u>	<u>(205,793)</u>
NONOPERATING REVENUE:						
Rental revenue	-	-	-	-	20,771	20,771
TOTAL NONOPERATING REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,771</u>	<u>20,771</u>
CHANGE IN NET POSITION	24,544	57,566	(38,756)	7,686	(236,062)	(185,022)
NET POSITION - BEGINNING	<u>141,424</u>	<u>193,815</u>	<u>411,006</u>	<u>(11,661)</u>	<u>58,337</u>	<u>792,921</u>
NET POSITION - ENDING	<u>\$ 165,968</u>	<u>\$ 251,381</u>	<u>\$ 372,250</u>	<u>\$ (3,975)</u>	<u>\$ (177,725)</u>	<u>\$ 607,899</u>

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

CITY OF ONIDA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ <u>3,849</u>
TOTAL ASSETS	\$ <u><u>3,849</u></u>
NET POSITION:	
Net position held in agency capacity	\$ <u>3,849</u>
TOTAL NET POSITION	\$ <u><u>3,849</u></u>

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

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - 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 City of Onida consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - (Continued)

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 City financial reporting entity are described below:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the City. 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.

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 cost 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 City 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 City sanitary sewer system and related facilities. (SDCL 9-48-2) This is a major fund.

Electric Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the City electrical system and related facilities. (SDCL 9-39-1 and 9-39-26) This is a major fund.

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - (Continued)

Solid Waste Fund - To account for the collection and disposal of solid waste from the City. (SDCL 9-32-11 and 34A-6) This is a major fund.

Airport Fund - To account for the acquisition, construction and operation of the City airport. (SDCL 50-7-2) This is a major fund.

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and is never considered to be a major fund:

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City maintains an agency fund to account for the income and expenses associated with the Phoenix Center.

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 City'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.

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.

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

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - (Continued)

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 City in these financial statements are:

1. Recording long-term investments in marketable securities (those with maturities more than 90 days (three months) from the date of acquisition) acquired with cash assets at cost.

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 City 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 and fiduciary 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.

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

e. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the City'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

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - (Continued)

acquisition of capital assets for use in a particular program.

f. Proprietary Funds Revenue and Expense Classifications:

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

g. 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 does not meet the definition of Restricted Net Position.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

h. Application of Net Position:

It is the City'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.

i. Fund Balance Classification Policies and Procedures:

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

1. Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. 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.

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - (Continued)

3. 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.
4. 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.
5. 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 City 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 City does not have a formal minimum fund balance policy.

NOTE 2 - VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	Year Ended <u>12/31/2012</u>	Year Ended <u>12/31/2013</u>
General Fund:		
<u>Activity:</u>		
General Government - Legislative	\$ --	\$ 184
Public Safety - Fire	\$ --	\$10,000
Culture and Recreation - Recreation	\$1,615	\$ --
Miscellaneous - Liquor operating agreements	\$ 100	\$ --

The City plans to take the following actions to address these violations: Supplement the budget and make contingency transfers.

NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The City follows the practice of aggregating the cash assets of all the 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 City'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

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 3 - (Continued)

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 City funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

As of December 31, 2013, the City had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
External Investment Pools:			
SDFIT	Unrated	\$ <u>1,590,476</u>	\$ <u>1,590,476</u>

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from cities, school districts, and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in SDFIT (98%).

Interest Rate Risk - The City 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 City's policy is to credit all income from deposits and investments to the General Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income except where legal or contractual requirements require investment income to be credited to a fund other than the one associated with the assets. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities.

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

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

<u>Amount:</u>	<u>Purpose:</u>
\$59,664	For swimming pool renovation in the General Fund

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

NOTE 6 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2013, was as follows:

Major Funds

Swimming Pool Renovation Purposes - General Fund	<u>\$59,664</u>
--	-----------------

These balances are restricted by the terms of the donors.

NOTE 7 - RETIREMENT PLAN

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

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2013, 2012, and 2011, were \$8,136, \$7,995, and \$7,347, respectively, equal to the required contributions each year.

CITY OF ONIDA
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 8 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2013, the City was not involved in any litigation.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through June 10, 2014, the date on which the financial statements were available to be issued. Management has determined there are none.

NOTE 10 - RISK MANAGEMENT

The City 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, 2013, the City managed its risks as follows:

Employee Health Insurance:

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

Worker's Compensation:

The City 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 City'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 City 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 City 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 over the past three years.

Unemployment Benefits:

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

SUPPLEMENTARY INFORMATION

CITY OF ONIDA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
General property taxes	\$ 141,400	\$ 141,400	\$ 157,298	\$ 15,898
General sales and use taxes	240,000	240,000	234,986	(5,014)
Amusement taxes	180	180	180	-
Penalties and interest on delinquent taxes	500	500	589	89
Licenses and Permits	3,400	3,400	3,302	(98)
Intergovernmental Revenue:				
State shared revenue:				
Bank franchise tax	500	500	887	387
Liquor tax reversion	4,500	4,500	4,763	263
Motor vehicle licenses (5%)	16,000	16,000	20,430	4,430
Local government highway and bridge fund	9,000	9,000	11,383	2,383
County shared revenue:				
County road tax (25%)	3,000	3,000	2,196	(804)
County wheel tax	1,700	1,700	1,811	111
Charges for Goods and Services:				
Public safety	1,000	1,000	133	(867)
Culture and recreation	20,400	20,400	20,903	503
Fines and Forfeits:				
Court fines and costs	-	-	66	66
Miscellaneous Revenue:				
Investment earnings	700	700	638	(62)
Special assessments	3,370	3,370	-	(3,370)
Contributions and donations from private sources	-	-	43,824	43,824
Other	100	100	1,084	984
TOTAL REVENUE	445,750	445,750	504,473	58,723
EXPENDITURES:				
General Government:				
Legislative	23,218	23,218	23,402	(184)
Elections	325	325	9	316
Financial administration	40,257	40,257	36,212	4,045
Public Safety:				
Police	52,818	52,818	52,741	77
Fire	10,000	10,000	20,000	(10,000)
Public Works:				
Highways and streets	216,864	216,864	189,216	27,648
Culture and Recreation:				
Recreation	55,135	55,135	36,974	18,161

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Parks	22,030	22,030	10,163	11,867
Conservation and Development:				
Economic development and assistance (industrial development)	1,500	1,500	1,500	-
Miscellaneous:				
Liquor operating agreements	500	500	400	100
TOTAL EXPENDITURES	<u>422,647</u>	<u>422,647</u>	<u>370,617</u>	<u>52,030</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>23,103</u>	<u>23,103</u>	<u>133,856</u>	<u>110,753</u>
OTHER FINANCING USES:				
Transfers out	<u>(23,103)</u>	<u>(23,103)</u>	<u>-</u>	<u>23,103</u>
TOTAL OTHER FINANCING USES	<u>(23,103)</u>	<u>(23,103)</u>	<u>-</u>	<u>23,103</u>
NET CHANGE IN FUND BALANCES	-	-	133,856	133,856
FUND BALANCE - BEGINNING	<u>772,740</u>	<u>772,740</u>	<u>772,740</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 772,740</u>	<u>\$ 772,740</u>	<u>\$ 906,596</u>	<u>\$ 133,856</u>

CITY OF ONIDA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
General property taxes	\$ 123,400	\$ 123,400	\$ 144,460	\$ 21,060
General sales and use taxes	230,000	230,000	220,186	(9,814)
Amusement taxes	180	180	156	(24)
Penalties and interest on delinquent taxes	500	500	183	(317)
Licenses and Permits	2,400	2,400	4,016	1,616
Intergovernmental Revenue:				
State shared revenue:				
Bank franchise tax	400	400	617	217
Liquor tax reversion	4,500	4,500	4,924	424
Motor vehicle licenses (5%)	13,000	13,000	19,153	6,153
Local government highway and bridge fund	8,000	8,000	11,163	3,163
County shared revenue:				
County road tax (25%)	2,200	2,200	2,196	(4)
County wheel tax	1,700	1,700	1,767	67
Charges for Goods and Services:				
Public safety	1,000	1,000	401	(599)
Culture and recreation	17,100	17,100	18,120	1,020
Miscellaneous Revenue:				
Investment earnings	1,000	1,000	818	(182)
Special assessments	2,863	2,863	3,185	322
Contributions and donations from private sources	-	-	16,009	16,009
Other	2,100	2,100	338	(1,762)
TOTAL REVENUE	410,343	410,343	447,692	37,349
EXPENDITURES:				
General Government:				
Legislative	33,118	33,118	32,751	367
Elections	325	325	8	317
Financial administration	37,593	37,593	34,225	3,368
Public Safety:				
Police	51,279	51,279	51,279	-
Fire	10,000	10,000	-	10,000
Public Works:				
Highways and streets	344,809	344,809	206,347	138,462
Culture and Recreation:				
Recreation	47,455	47,455	49,070	(1,615)
Parks	22,050	22,050	8,823	13,227
Conservation and Development:				

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Economic development and assistance (industrial development)	1,500	1,500	1,500	-
Miscellaneous:				
Liquor operating agreements	400	400	500	(100)
TOTAL EXPENDITURES	<u>548,529</u>	<u>548,529</u>	<u>384,503</u>	<u>164,026</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(138,186)</u>	<u>(138,186)</u>	<u>63,189</u>	<u>201,375</u>
OTHER FINANCING SOURCES:				
Transfers in	138,186	138,186	-	(138,186)
Sale of municipal property	-	-	21,500	21,500
TOTAL OTHER FINANCING SOURCES	<u>138,186</u>	<u>138,186</u>	<u>21,500</u>	<u>(116,686)</u>
NET CHANGE IN FUND BALANCES	-	-	84,689	84,689
FUND BALANCE - BEGINNING	<u>688,051</u>	<u>688,051</u>	<u>688,051</u>	-
FUND BALANCE - ENDING	<u>\$ 688,051</u>	<u>\$ 688,051</u>	<u>\$ 772,740</u>	<u>\$ 84,689</u>

CITY OF ONIDA
NOTES TO SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND
DECEMBER 31, 2013 AND 2012

Note 1 - Budgets and Budgetary Accounting

The City 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 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 City 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. Unexpended 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 City did not encumber any amounts at either December 31, 2012, or December 31, 2013.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund.

Note 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. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.