

**MUNICIPALITY OF
WESSINGTON SPRINGS, SOUTH DAKOTA
Audited Financial Statements
December 31, 2014**

MUNICIPALITY OF WESSINGTON SPRINGS
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PRIVATE COMPANIES PRACTICE SECTION

January 13, 2016

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*

Municipal Council
Municipality of Wessington Springs
Wessington Springs, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Wessington Springs, South Dakota (Municipality), as of December 31, 2014, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated January 13, 2016, which includes an adverse opinion on the aggregate discretely presented component unit because the financial statements do not include financial data for the Municipality's legally separate component unit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or

detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item 2014-01 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Municipality of Wessington Springs, South Dakota in a separate letter dated January 13, 2016.

Municipality's Response to Findings

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

Purpose of this Report

This report is intended 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 matter of public record and its distribution is not limited.



Snow, Huether & Coyle
Huron, South Dakota

MUNICIPALITY OF WESSINGTON SPRINGS, SOUTH DAKOTA
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2014

Prior Audit Findings:

2013-01 – Lack of segregation of duties. This is a repeat finding.

Criteria: Standards require that an organization maintain adequate segregation of duties.

Condition: A significant deficiency and material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties.

Cause: This finding is a result of the size of the Municipality of Wessington Springs, South Dakota, which precludes staffing at a level sufficient to provide an ideal environment for internal controls.

Effect: A lack of segregation of duties may increase the risk of misappropriation of assets.

Recommendation for Corrective Action: We understand the Municipality of Wessington Springs, South Dakota has determined it is not cost beneficial to employ additional personnel to be able to adequately segregate duties. Thus, we recommend that the Municipality of Wessington Springs, South Dakota make every reasonable effort to provide compensating controls wherever and whenever possible. However, this lack of segregation of duties continues to exist.

Corrective Action Plan: Linda Willman is the contact person responsible for the corrective action plan for this comment. Municipality of Wessington Springs, South Dakota has determined it is not cost beneficial to employ additional personnel to be able to adequately segregate duties. Municipality of Wessington Springs, South Dakota is aware of this problem and is attempting to provide compensating controls wherever and whenever possible. However, this lack of segregation of duties continues to exist.

MUNICIPALITY OF WESSINGTON SPRINGS, SOUTH DAKOTA
SCHEDULE OF CURRENT AUDIT FINDINGS
For the Year Ended December 31, 2014

Summary of Auditors' Results:

An unmodified opinion was issued on the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information. An adverse opinion was issued on the aggregate discretely presented component unit.

A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties as discussed in 2014-01.

Our audit did not disclose any noncompliance which was material to the financial statements.

Current Audit Findings:

2014-01 – Lack of segregation of duties. This is a repeat finding.

Criteria: Standards require that an organization maintain adequate segregation of duties.

Condition: A significant deficiency and material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties.

Cause: This finding is a result of the size of the Municipality of Wessington Springs, South Dakota, which precludes staffing at a level sufficient to provide an ideal environment for internal controls.

Effect: A lack of segregation of duties may increase the risk of misappropriation of assets.

Recommendation for Corrective Action: We understand the Municipality of Wessington Springs, South Dakota has determined it is not cost beneficial to employ additional personnel to be able to adequately segregate duties. Thus, we recommend that the Municipality of Wessington Springs, South Dakota make every reasonable effort to provide compensating controls wherever and whenever possible. However, this lack of segregation of duties continues to exist.

Corrective Action Plan: Linda Willman is the contact person responsible for the corrective action plan for this comment. Municipality of Wessington Springs, South Dakota has determined it is not cost beneficial to employ additional personnel to be able to adequately segregate duties. Municipality of Wessington Springs, South Dakota is aware of this problem and is attempting to provide compensating controls wherever and whenever possible. However, this lack of segregation of duties continues to exist.

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PRIVATE COMPANIES PRACTICE SECTION

January 13, 2016

INDEPENDENT AUDITORS' REPORT

Municipal Council
Municipality of Wessington Springs
Wessington Springs, South Dakota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Municipality's management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 auditors consider 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 on Aggregate Discretely Presented Component Units

The financial statements referred to above include only the primary government of the Municipality of Wessington Springs, State of South Dakota, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the Municipality's legal entity. The financial statements do not include financial data for the Municipality's legally separate component unit. Accounting principles generally accepted in the United States of America require financial data for the Municipality's legally separate component unit 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 unit. 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 amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component unit would have been reported as \$173,006, \$0, \$173,006, \$199,759, and \$189,811, respectively, on a modified cash basis.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Municipality of Wessington Springs, South Dakota, as of December 31, 2014, or the changes in financial position thereof for the year then ended.

Unmodified 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 primary government of the Municipality of Wessington Springs, South Dakota, as of December 31, 2014, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The Budgetary Comparison Schedules and Schedule of Changes in Long-Term Debt on pages 29 through

42 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 the 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 January 13, 2016, on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



Snow, Huether & Coyle
Huron, South Dakota

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	624,173.82	752,482.01	1,376,655.83
Investments			-
Restricted Assets:			
Cash and cash equivalents		669,794.14	669,794.14
Investments		-	-
TOTAL ASSETS	624,173.82	1,422,276.15	2,046,449.97
NET POSITION:			
Restricted for: (See Note 7)			
Capital Projects Purposes		-	-
Debt Service Purposes		669,794.14	669,794.14
Permanently Restricted Purposes			
Expendable			-
Non-Expendable			-
Other Purposes	169,226.37	30,505.64	199,732.01
Unrestricted	454,947.45	721,976.37	1,176,923.82
TOTAL NET POSITION	624,173.82	1,422,276.15	2,046,449.97

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2014

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	145,529.29	46,826.97		258,452.82	159,750.50		159,750.50
Public Safety	108,347.18	308.51			(108,038.67)		(108,038.67)
Public Works	826,934.23	99,398.78		18,333.30	(709,202.15)		(709,202.15)
Health and Welfare	944.25				(944.25)		(944.25)
Culture and Recreation	117,754.10	12,835.65		93,709.62	(11,208.83)		(11,208.83)
Conservation and Development	10,455.10				(10,455.10)		(10,455.10)
Intergovernmental Expenditures					-		-
Operating Agreements	275,463.87	295,833.93			20,370.06		20,370.06
Capital Outlay - Unallocated					-		-
Interest and Principal on Long-Term Debt					-		-
Total Governmental Activities	1,485,428.02	455,203.84	-	370,495.74	(659,728.44)		(659,728.44)
Business-type Activities:							
Water	175,823.25	167,935.60		1,120.95		(6,766.70)	(6,766.70)
Electric	1,731,894.95	1,341,010.93		274,630.84		(116,253.18)	(116,253.18)
Sewer	56,047.30	157,816.37		688.50		102,457.57	102,457.57
						-	-
Total Business-Type Activities	1,963,765.50	1,666,762.90	-	276,440.29		(20,562.31)	(20,562.31)
Total Primary Government	3,449,193.52	2,121,966.74	-	646,936.03	(659,728.44)	(20,562.31)	(680,290.75)
Component Units:							
Housing and Redevelopment Commission							
General Revenues:							
Taxes:							
Property Taxes					166,299.66		166,299.66
Sales Taxes					342,438.37		342,438.37
Intergovernmental revenue					76,614.03		76,614.03
Grants and Contributions not Restricted to Specific Programs							-
Unrestricted Investment Earnings					1,093.75	2,619.02	3,712.77
Debt Issued					-	-	-
Miscellaneous Revenue					9,192.10	21,074.82	30,266.92
Sale of Municipal Property					-	-	-
Insurance Proceeds					8,879.47	-	8,879.47
Extraordinary Items							-
Transfers					29,052.86	(29,052.86)	-
Total General Revenues, Special Items, Extraordinary Items and Transfers					633,570.24	(5,359.02)	628,211.22
Change in Net Position					(26,158.20)	(25,921.33)	(52,079.53)
Net Position-Beginning					650,332.02	1,448,197.48	2,098,529.50
Adjustments:							-
Adjusted Net Position-Beginning					650,332.02	1,448,197.48	2,098,529.50
NET POSITION-ENDING					624,173.82	1,422,276.15	2,046,449.97

**MUNICIPALITY OF WESSINGTON SPRINGS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General Fund</u>	<u>Add'l Sales Tax Fund</u>	<u>Library Fund</u>	<u>Capital Project Fund</u>	<u>Capital Replacement Fund</u>	<u>Total Governmental Funds</u>
ASSETS:						
Cash and Cash Equivalents	33,321.46	421,625.99	169,226.37	-	-	624,173.82
106 Cash with Fiscal Agent						-
151 Investments						-
107.1 Restricted Cash and Cash Equivalents						-
107.2 Restricted Investments						-
TOTAL ASSETS	<u>33,321.46</u>	<u>421,625.99</u>	<u>169,226.37</u>	<u>-</u>	<u>-</u>	<u>624,173.82</u>
FUND BALANCES:						
263 Nonspendable						-
264 Restricted			169,226.37			169,226.37
265 Committed	28,500.00	421,625.99				450,125.99
266 Assigned					-	-
267 Unassigned	4,821.46				-	4,821.46
TOTAL FUND BALANCES	<u>33,321.46</u>	<u>421,625.99</u>	<u>169,226.37</u>	<u>-</u>	<u>-</u>	<u>624,173.82</u>

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Add'l Sales Tax Fund	Library Fund	Capital Project Fund	Capital Replacement Fund	Total Governmental Funds
Revenues:						
310 Taxes:						
311 General Property Taxes	166,049.45					166,049.45
312 Airflight Property Tax						-
313 General Sales and Use Taxes	256,828.72	85,609.65				342,438.37
314 Gross Receipts Business Taxes						-
315 Amusement Taxes						-
316 911 Telephone Surcharge						-
317 Excise Tax						-
318 Tax Deed Revenue						-
319 Penalties and Interest on Delinquent Taxes	250.21					250.21
						-
Total Taxes	423,128.38	85,609.65	-	-	-	508,738.03
320 Licenses and Permits	3,416.00					3,416.00
330 Intergovernmental Revenue:						
331 Federal Grants	183,527.18			61,901.25		245,428.43
332 Federal Shared Revenue						-
333 Federal Payments in Lieu of Taxes						-
334 State Grants	13,024.39					13,024.39
335 State Shared Revenue:						
335.01 Bank Franchise Tax	1,726.36					1,726.36
335.02 Motor Vehicle Commercial Prorate	3,273.96					3,273.96
335.03 Liquor Tax Reversion	6,988.63					6,988.63
335.04 Motor Vehicle Licenses (5%)	13,298.69					13,298.69
335.06 Fire Insurance Premiums Reversion						-
335.07 Liquor License Reversion						-
335.08 Local Government Highway and Bridge Fund	43,811.67					43,811.67
335.09 911 Remittances						-
335.20 Other	24.00					24.00

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Add'l Sales Tax Fund	Library Fund	Capital Project Fund	Capital Replacement Fund	Total Governmental Funds
336 State Payments in Lieu of Taxes	2,781.86					2,781.86
338 County Shared Revenue:						
338.01 County Road Tax (25%)	4,708.86					4,708.86
338.02 County Highway and Bridge Reserve Tax (25%)						-
338.03 County Wheel Tax						-
338.99 Other						-
339 Other Intergovernmental Revenues	-		-			-
Total Intergovernmental Revenue	273,165.60	-	-	61,901.25	-	335,066.85
340 Charges for Goods and Services:						
341 General Government	1,413.63					1,413.63
342 Public Safety	308.51					308.51
343 Highways and Streets	648.26					648.26
344 Sanitation	83,201.24					83,201.24
345 Health						-
346 Culture and Recreation	11,012.00		-			11,012.00
347 Ambulance						-
348 Cemetery						-
349 Other	15,549.28					15,549.28
Total Charges for Goods and Services	112,132.92	-	-	-	-	112,132.92
350 Fines and Forfeits:						
351 Court Fines and Costs						-
352 Animal Control Fines						-
353 Parking Meter Fines						-
354 Library			1,823.65			1,823.65
359 Other						-
Total Fines and Forfeits	-	-	1,823.65	-	-	1,823.65

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Add'l Sales Tax Fund	Library Fund	Capital Project Fund	Capital Replacement Fund	Total Governmental Funds
360 Miscellaneous Revenue:						
361 Investment Earnings	19.98	1,001.81	71.96			1,093.75
362 Rentals	41,997.34					41,997.34
363 Special Assessments	18,333.30					18,333.30
364 Maintenance Assessments						-
367 Contributions and Donations from Private Sources	-		93,709.62			93,709.62
368 Liquor Operating Agreement Income	295,833.93					295,833.93
369 Other	9,192.10					9,192.10
Total Miscellaneous Revenue	365,376.65	1,001.81	93,781.58	-	-	460,160.04
Total Revenue	1,177,219.55	86,611.46	95,605.23	61,901.25	-	1,421,337.49
Expenditures:						
410 General Government:						
411 Legislative	27,775.94					27,775.94
412 Executive	3,192.02					3,192.02
413 Elections	-					-
414 Financial Administration	103,035.00					103,035.00
419 Other	11,526.33					11,526.33
Total General Government	145,529.29	-	-	-	-	145,529.29
420 Public Safety:						
421 Police	96,442.82					96,442.82
422 Fire	11,904.36					11,904.36
423 Protective Inspection						-
429 Other Protection						-
Total Public Safety	108,347.18	-	-	-	-	108,347.18

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Add'l Sales Tax Fund	Library Fund	Capital Project Fund	Capital Replacement Fund	Total Governmental Funds
430 Public Works:						
431 Highways and Streets	149,919.43					149,919.43
432 Sanitation	138,780.59					138,780.59
433 Water						-
434 Electricity						-
435 Airport	33,200.35					33,200.35
436 Parking Facilities						-
437 Cemeteries						-
438 Natural Gas						-
439 Transit						-
Total Public Works	321,900.37	-	-	-	-	321,900.37
440 Health and Welfare:						
441 Health						-
442 Home Health						-
443 West Nile	944.25					944.25
444 Humane Society						-
445 Drug Education						-
446 Ambulance						-
447 Hospitals, Nursing Homes and Rest Homes						-
449 Other						-
Total Health and Welfare	944.25	-	-	-	-	944.25
450 Culture and Recreation:						
451 Recreation	38,931.99					38,931.99
452 Parks	11,908.52					11,908.52
455 Libraries	49,814.97		1,303.62			51,118.59
456 Auditorium						-
457 Historical Preservation						-
458 Museums						-
Total Culture and Recreation	100,655.48	-	1,303.62	-	-	101,959.10

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Add'l Sales Tax Fund	Library Fund	Capital Project Fund	Capital Replacement Fund	Total Governmental Funds
460 Conservation and Development:						
463 Urban Redevelopment and Housing						-
465 Economic Development and Assistance (Industrial Development)	10,455.10					10,455.10
466 Economic Opportunity						-
Total Conservation and Development	10,455.10	-	-	-	-	10,455.10
470 Debt Service	10,455.80					10,455.80
480 Intergovernmental Expenditures						-
485 Capital Outlay	184,866.81			320,406.25	5,100.00	510,373.06
490 Miscellaneous:						
491 Judgments and Losses						-
492 Other Expenditures						-
499 Liquor Operating Agreements	275,463.87					275,463.87
Total Miscellaneous	275,463.87	-	-	-	-	275,463.87
Total Expenditures	1,158,618.15	-	1,303.62	320,406.25	5,100.00	1,485,428.02
Excess of Revenues Over (Under) Expenditures	18,601.40	86,611.46	94,301.61	(258,505.00)	(5,100.00)	(64,090.53)

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Add'l Sales Tax Fund	Library Fund	Capital Project Fund	Capital Replacement Fund	Total Governmental Funds
Other Financing Sources (Uses):						
391.01 Transfers In	139,028.08	165,626.50		258,505.00	-	563,159.58
511 Transfers Out	(165,626.50)	(368,480.22)				(534,106.72)
513 Payments to Refunded Debt Escrow Agent						-
391.03 Sale of Municipal Property	-					-
391.04 Compensation for Loss or Damage to Capital Assets	8,879.47					8,879.47
391.20 Long-Term Debt Issued	-					-
Total Other Financing Sources (Uses)	(17,718.95)	(202,853.72)	-	258,505.00	-	37,932.33
391.06 (514) Special Items						-
391.05 (515) Extraordinary Items						-
Net Change in Fund Balance	882.45	(116,242.26)	94,301.61	-	(5,100.00)	(26,158.20)
Fund Balance - Beginning	32,439.01	537,868.25	74,924.76	-	5,100.00	650,332.02
Adjustments:						-
						-
Adjusted Fund Balance - Beginning	32,439.01	537,868.25	74,924.76	-	5,100.00	650,332.02
FUND BALANCE- ENDING	33,321.46	421,625.99	169,226.37	-	-	624,173.82

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

**MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
December 31, 2014**

	Enterprise Funds			Totals
	Water Fund	Electric Fund	Sewer Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	23,100.12	323,918.43	405,463.46	752,482.01
151 Investments				-
Total Current Assets	23,100.12	323,918.43	405,463.46	752,482.01
Noncurrent Assets:				
107.1 Restricted Cash and Cash Equivalents		669,794.14		669,794.14
107.2 Restricted Investments				-
Total Noncurrent Assets	-	669,794.14	-	669,794.14
TOTAL ASSETS	23,100.12	993,712.57	405,463.46	1,422,276.15
NET POSITION:				
253.20 Restricted for:				
253.21 Revenue Bond Debt Service		416,504.96		416,504.96
253.22 Revenue Bond Retirement		253,289.18		253,289.18
253.23 Revenue Bond Contingency				-
253.24 Special Assessment Bond Guarantee				-
253.25 Special Assessment Bond Sinking				-
253.26 Equipment Repair and/or Replacement				-
253.27 Landfill Closure and Post Closure Costs				-
253.28 Permanently Restricted Purposes				-
253.29 Other Purposes	300.00	30,205.64		30,505.64
253.90 Unrestricted	22,800.12	293,712.79	405,463.46	721,976.37
TOTAL NET POSITION	23,100.12	993,712.57	405,463.46	1,422,276.15

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

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Enterprise Funds			Totals
	Water Fund	Electric Fund	Sewer Fund	
Operating Revenue:				
370/380 Charges for Goods and Services	167,935.60	900,730.70	157,816.37	1,226,482.67
Revenue Dedicated to Servicing Debt		440,280.23		440,280.23
380.05 Lottery Sales				-
369 Miscellaneous	1,651.49	18,302.09	1,121.24	21,074.82
Total Operating Revenue	169,587.09	1,359,313.02	158,937.61	1,687,837.72
Operating Expenses:				
410 Personal Services	76,038.69	151,671.33	46,504.40	274,214.42
420 Other Current Expense	31,648.37	1,008,145.26	7,089.47	1,046,883.10
426.2 Materials	45,660.47	134,895.84	2,453.43	183,009.74
430 Capital Assets				-
Total Operating Expenses	153,347.53	1,294,712.43	56,047.30	1,504,107.26
Operating Income	16,239.56	64,600.59	102,890.31	183,730.46
Nonoperating Revenue (Expense):				
330 Operating Grants	-	-	-	-
361 Investment Earnings	32.72	2,001.01	585.29	2,619.02
362 Rental Revenue				-
441 Debt Service (Principal)	(20,530.84)	(185,000.00)		(205,530.84)
442 Interest Expense	(1,944.88)	(252,182.52)		(254,127.40)
391.03 Sale of Municipal Property				-
391.20 Long-Term Debt Issued	-	-		-
(429)369.01 Other				-
Total Nonoperating Revenue (Expense)	(22,443.00)	(435,181.51)	585.29	(457,039.22)

MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Enterprise Funds			Totals
	Water Fund	Electric Fund	Sewer Fund	
Income Before Contributions, Special Items, Extraordinary Items and Transfers	(6,203.44)	(370,580.92)	103,475.60	(273,308.76)
391.07 Capital Contributions	1,120.95	274,630.84	688.50	276,440.29
391.1 Transfers In			-	-
511 Transfers Out	(5,032.72)	(10,434.85)	(13,585.29)	(29,052.86)
391.06 (514) Special Items				-
391.05 (515) Extraordinary Items				-
Change in Net Position	(10,115.21)	(106,384.93)	90,578.81	(25,921.33)
Net Position - Beginning	33,215.33	1,100,097.50	314,884.65	1,448,197.48
Adjustments:				-
				-
Adjusted Net Position - Beginning	33,215.33	1,100,097.50	314,884.65	1,448,197.48
NET POSITION - ENDING	23,100.12	993,712.57	405,463.46	1,422,276.15

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

**MUNICIPALITY OF WESSINGTON SPRINGS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2014**

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	2,431.42
Investments	
TOTAL ASSETS	<u>2,431.42</u>
 NET POSITION:	
Restricted (by major category)	
Net Position Held in Agency Capacity	2,431.42
TOTAL NET POSITION	<u>2,431.42</u>

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

MUNICIPALITY OF WESSINGTON SPRINGS
NOTES TO THE MODIFIED CASH BASIS FINANCIAL STATEMENTS

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 (USGAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Financial Reporting Entity:

The reporting entity of the Municipality of Wessington Springs, (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 Wessington Springs, South Dakota (Commission) is a component unit whose financial statements were not included in the municipality's other comprehensive basis of accounting (OCBOA) financial statements. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the Wessington Springs Housing and Redevelopment Commission, Wessington Springs, South Dakota.

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

Additional Sales Tax Fund – to account for fifty percent of an additional one percent sales tax established by local ordinance which, according with the ordinance, may be used only for capital improvement, land acquisition, the funding of public ambulances and medical emergency response vehicles, public hospitals, or nonprofit hospitals with fifty or fewer licensed beds and other public health care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer to the special 911 fund, the purchasing of fire fighting vehicles and equipment, and debt retirement. This is a major fund.

Library Fund – to account for fines and similar charges, deposited in a library board bank account subject to checks by the librarian for library purposes. (SDCL 14-2-42) The Municipality has elected to report this fund as a major fund.

Capital Project Funds – capital project 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).

A Capital Project Fund is used for capital improvements within the Municipality. Funds for these projects usually includes grant funds. The Municipality has elected to report the Capital Project Fund as a major fund.

A Capital Replacement Fund is used to acquire capital assets within the Municipality. Funds for these projects usually included grant funds. The Municipality has elected to report the Capital Replacement Fund as 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 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.

Electric Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal electrical system and related facilities. (SDCL 9-39-1 and 9-39-26) 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 municipality maintains one agency fund to account for employee withholding for medical spending accounts.

c. Measurement Focus and Basis of Accounting:

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

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

Measurement Focus:

Government-wide Financial Statements:

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

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 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 modification to the cash basis of accounting implemented by the Municipality in these financial statements is:

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 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 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 exceed three months, and/or those types of investments authorized by South Dakota Codified Law (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

e. Capital Assets:

Under the modified cash basis of accounting, capital assets are recorded as expenses when they result from cash transactions. The accounting treatment for property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

Under the modified cash basis of accounting, capital assets are considered a cost of the program for which they were acquired, for the amount paid in cash. In the Statement of Activities, cash payments for capital assets are recorded in the program category for which they were acquired. Allocations between programs are made, where necessary to match the cost with the program that benefits from the use of the capital assets.

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as expenditures of the governmental fund when paid for in cash. Capital assets acquired for use in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, General Obligation Bonds, Revenue Bonds, Certificates of Participation, Financing (Capital Acquisition) Leases and Compensated Absences.

As discussed in Note 1.c. above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, and business-type activities are presented using a modified 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, principal and interest portions of the Debt Service payments are reported within the appropriate expense function.

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.

g. Program Revenues:

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

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

h. Proprietary Funds Revenue and Expense Classifications:

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

i. Cash and Cash Equivalents:

The Municipality considers all highly liquid investments as deposits (including restricted assets) with a term to maturity of three months or less, at date of acquisition, to be cash equivalents.

j. Equity Classifications:

Government-wide Financial Statements:

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

1. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and

- regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
2. Unrestricted Net Position – All other net position that do not meet the definition of Restricted Net Position.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between “Nonspendable”, “Restricted”, “Committed”, “Assigned” and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements. The only Fiduciary Funds maintained by the Municipality are Agency Funds which have no fund equity.

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the 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 Municipal Governing Board committed the following fund balance types by taking the following action:

Fund Balance Type	Amount	Action
General Fund	\$ 28,500.00	Ordinance
2 nd Penny Fund	421,625.99	Ordinance

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 amount of unrestricted fund balance when expenditures are made.

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

A schedule of fund balances is provided as follows:

	General Fund	Add'l Sales Tax Fund	Library Fund	Total Governmental Funds
Fund Balances:				
Restricted for:				
Library	\$ -	\$ -	\$ 169,226.37	\$ 169,226.37
Committed for:				
Employee Insurance Program	28,500.00	-	-	28,500.00
Capital Projects	-	421,625.99	-	421,625.99
Unassigned:	<u>4,821.46</u>	<u>-</u>	<u>-</u>	<u>4,821.46</u>
Total Fund Balances	<u>\$ 33,321.46</u>	<u>\$ 421,625.99</u>	<u>\$ 169,226.37</u>	<u>\$ 624,173.82</u>

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

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

Deposits – The Municipality’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (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.

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 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-ended, no load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

Under the modified cash basis of accounting investments are stated at cost.

The Municipality did not carry any investments at December 31, 2014.

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

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

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

3. RESTRICTED CASH AND INVESTMENTS

Cash and investments of \$669,794.14 in the electric fund are restricted by revenue bond reserve requirements.

4. 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 real property in the Municipality.

5. LONG TERM DEBT

A summary of changes in long-term debt is as follows:

	Beginning Balance 1/1/2014	Additions	Deletions	Ending Balance 12/31/2014	Due Within One Year
Primary Government:					
Governmental Activities:					
Notes Payable	\$ 10,250.98	\$ -	\$ (10,250.98)	\$ -	\$ -
Total Governmental Activities	\$ 10,250.98	\$ -	\$ (10,250.98)	\$ -	\$ -
Business-Type Activities:					
Bonds Payable:					
Revenue	\$ 4,590,000.00	\$ -	\$ (185,000.00)	\$ 4,405,000.00	\$ 155,000.00
Notes Payable	52,035.22	-	(20,530.84)	31,504.38	21,512.94
Total Business-Type Activities	\$ 4,642,035.22	\$ -	\$ (205,530.84)	\$ 4,436,504.38	\$ 176,512.94
Total Primary Government	\$ 4,652,286.20	\$ -	\$ (215,781.82)	\$ 4,436,504.38	\$ 176,512.94

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

Revenue Bonds:

Electric Revenue Bonds (Generator), \$1,650,000, Series 2006 Final Maturity 11/1/2036, Interest Rate 4.375% to 5.100% Retired by Electric Fund	\$ 1,400,000.00
Electric Revenue Bonds (Transmission), \$2,435,000, Series 2006B Final Maturity 01/01/2037, Interest Rate 6.00% to 6.75% Retired by Electric Fund	\$ 2,200,000.00
Revenue Refunding Bonds, \$1,100,000, Series 2010A, Final Maturity 03/15/2023, Interest Rate 3.60% to 4.35% Retired by General Fund	\$ 805,000.00

Other Long-Term Liabilities:

Notes Payable on Water Plant Final Maturity 06/10/2016, Interest Rate 4.100% Retired by Water Fund	\$ 31,504.38
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The annual requirements to amortize all debt outstanding as of December 31, 2014, including interest payments of \$3,215,860.63 are as follows:

Year Ending December 31,	Electrical Revenue Bonds Series 2006		Electrical Revenue Bonds Series 2006B		Revenue Refunding Bond Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	40,000.00	69,282.50	40,000.00	144,938.76	75,000.00	31,230.00
2016	40,000.00	67,532.50	45,000.00	142,282.51	80,000.00	28,440.00
2017	40,000.00	65,782.50	50,000.00	139,313.76	85,000.00	25,470.00
2018	45,000.00	63,882.50	50,000.00	136,126.26	85,000.00	22,410.00
2019	45,000.00	61,745.00	55,000.00	132,713.76	90,000.00	18,922.50
2020 - 2024	255,000.00	274,945.00	330,000.00	603,428.17	390,000.00	35,017.50
2025 - 2029	325,000.00	206,355.00	465,000.00	473,688.76	-	-
2030 - 2034	415,000.00	115,005.00	655,000.00	288,205.00	-	-
2035 - 2037	195,000.00	15,045.00	510,000.00	52,987.50	-	-
Total	1,400,000.00	939,575.00	2,200,000.00	2,113,684.48	805,000.00	161,490.00

Year Ending December 31,	Notes Payable Water Plant	
	Principal	Interest
2015	21,512.94	962.78
2016	9,991.44	148.37
2017	-	-
2018	-	-
2019	-	-
2020 - 2024	-	-
2025 - 2029	-	-
2030 - 2034	-	-
2035 - 2037	-	-
Total	31,504.38	1,111.15

Year Ending December 31,	Total	
	Principal	Interest
2015	176,512.94	246,414.04
2016	174,991.44	238,403.38
2017	175,000.00	230,566.26
2018	180,000.00	222,418.76
2019	190,000.00	213,381.26
2020 - 2024	975,000.00	913,390.67
2025 - 2029	790,000.00	680,043.76
2030 - 2034	1,070,000.00	403,210.00
2035 - 2037	705,000.00	68,032.50
Total	4,436,504.38	3,215,860.63

6. INTERFUND TRANSFERS

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

TRANSFERS TO:				
	General Fund	Additional Sales Tax Fund	Capital Project Fund	Total
Transfer From:				
General Fund	\$ -	\$ 165,626.50	\$ -	\$ 165,626.50
Additional Sales Tax Fund	109,975.22	-	258,505.00	368,480.22
Water Fund	5,032.72	-	-	5,032.72
Sewer Fund	10,434.85	-	-	10,434.85
Electric Fund	<u>13,585.29</u>	<u>-</u>	<u>-</u>	<u>13,585.29</u>
 Total	 <u>\$ 139,028.08</u>	 <u>\$ 165,626.50</u>	 <u>\$ 258,505.00</u>	 <u>\$ 563,159.58</u>

The transfers were made as budgeted operating transfers and to credit interest earning from various funds to the General Fund.

7. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2014, were as follows:

	Governmental Activities	Business-Type Activities
Debt Service:		
Electric Fund	\$ -	\$ 416,504.96
Bond Retirement:		
Electric Fund	-	253,289.18
Library	169,226.37	-
Utility Deposits:		
Water Fund	-	300.00
Electric Fund	<u>-</u>	<u>30,205.64</u>
 Total Restricted Net Position	 <u>\$ 169,226.37</u>	 <u>\$ 700,299.78</u>

The business type balances are restricted by the Electric Fund revenue bond reserve requirements.

8. RETIREMENT PLAN

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and 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, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012, were \$20,958.60, \$22,472.71, and \$20,054.04, respectively, equal to the required contributions each year.

9. JOINT VENTURES

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

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

Plankinton City	2.50%	Murdo City	2.81%
Stickney City	1.33%	Jones County	2.16%
White Lake City	1.73%	Kennebec City	1.17%
Aurora County	7.39%	Oacoma City	1.52%
Chamberlain City	9.70%	Presho City	2.70%
Kimball City	3.07%	Reliance City	.70%
Pukwana City	1.09%	Lyman County	4.30%
Brule County	8.81%	Colome City	1.28%
Buffalo County	1.09%	New Witten City	.36%
Alpena City	1.04%	Winner City	13.84%
Lane City	.29%	Tripp County	13.10%
Wessington Springs City	4.47%	White River City	2.46%
Jerauld County	4.21%	Wood City	.30%
Draper City	.51%	Mellette County	6.07%

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

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

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

At December 31, 2014, the joint venture has a total net position of \$1,097,816 and long-term debt of \$265,761, and a fee payable balance of \$300,000.

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. The Municipality has elected to purchase health insurance with a high deductible for its employees however provides a lower deductible to its employees. The Municipality has elected to be self-insured for the difference of the employees' deductible and the actual insurance deductible on each policy. The Municipality has committed \$28,500 in the general fund for the payment of such claims.

Liability Insurance:

The Municipality purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier.

Settled claims resulting from these risks have not exceeded the liability coverage for the past three years.

Worker's Compensation:

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

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

12. REVENUE PLEDGED FOR DEBT SERVICE

The Municipality has pledged future electric customer revenues to repay electric system bonds issued in 2006 and 2010. Proceeds from the bond provided financing for improvements on the Municipality's electric utility system. Annual principal and interest payments on the bonds are expected to require 23 percent of net revenues.

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
310 Taxes:				
311 General Property Taxes	167,900.00	167,900.00	166,049.45	(1,850.55)
312 Airflight Property Tax				-
313 General Sales and Use Taxes	245,000.00	245,000.00	256,828.72	11,828.72
314 Gross Receipts Business Taxes				-
315 Amusement Taxes				-
316 911 Telephone Surcharge				-
317 Excise Tax				-
318 Tax Deed Revenue				-
319 Penalties and Interest on Delinquent Taxes	150.00	150.00	250.21	100.21
Total Taxes	413,050.00	413,050.00	423,128.38	10,078.38
320 Licenses and Permits	2,057.00	2,057.00	3,416.00	1,359.00
330 Intergovernmental Revenue:				
331 Federal Grants	-	-	183,527.18	183,527.18
332 Federal Shared Revenue				-
333 Federal Payments in Lieu of Taxes			-	-
334 State Grants			13,024.39	13,024.39
335 State Shared Revenue:				
335.01 Bank Franchise Tax	1,600.00	1,600.00	1,726.36	126.36
335.02 Motor Vehicle Commercial Prorate	3,000.00	3,000.00	3,273.96	273.96
335.03 Liquor Tax Reversion	6,500.00	6,500.00	6,988.63	488.63
335.04 Motor Vehicle Licenses (5%)	10,000.00	10,000.00	13,298.69	3,298.69
335.06 Fire Insurance Premiums Reversion				-
335.07 Liquor License Reversion				-
335.08 Local Government Highway and Bridge Fund	35,000.00	35,000.00	43,811.67	8,811.67
335.09 911 Remittances				
335.20 Other	60.00	60.00	24.00	(36.00)
336 State Payments in Lieu of Taxes	3,000.00	3,000.00	2,781.86	(218.14)
338 County Shared Revenue:				
338.01 County Road Tax (25%)			4,708.86	4,708.86
338.02 County Highway and Bridge Reserve Tax (25%)				-
338.03 County Wheel Tax				-
338.99 Other				-
339 Other Intergovernmental Revenues			-	-
Total Intergovernmental Revenue	59,160.00	59,160.00	273,165.60	214,005.60

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
340 Charges for Goods and Services:				
341 General Government	75.00	75.00	1,413.63	1,338.63
342 Public Safety	-	-	308.51	308.51
343 Highways and Streets	500.00	500.00	648.26	148.26
344 Sanitation	89,885.00	89,885.00	83,201.24	(6,683.76)
345 Health				-
346 Culture and Recreation	6,000.00	6,000.00	11,012.00	5,012.00
347 Ambulance				-
348 Cemetery				-
349 Other	62,625.00	62,625.00	15,549.28	(47,075.72)
Total Charges for Goods and Services	159,085.00	159,085.00	112,132.92	(46,952.08)
350 Fines and Forfeits:				
351 Court Fines and Costs				-
352 Animal Control Fines				-
353 Parking Meter Fines				-
354 Library				-
359 Other				-
Total Fines and Forfeits	-	-	-	-
360 Miscellaneous Revenue:				
361 Investment Earnings	75.00	75.00	19.98	(55.02)
362 Rentals	11,200.00	11,200.00	41,997.34	30,797.34
363 Special Assessments	432.00	432.00	18,333.30	17,901.30
364 Maintenance Assessments				-
367 Contributions and Donations from Private Sources			-	-
368 Liquor Operating Agreement Income	330,000.00	330,000.00	295,833.93	(34,166.07)
369 Other	7,800.00	7,800.00	9,192.10	1,392.10
Total Miscellaneous Revenue	349,507.00	349,507.00	365,376.65	15,869.65
Total Revenue	982,859.00	982,859.00	1,177,219.55	194,360.55
Expenditures:				
410 General Government:				
411 Legislative	27,940.00	29,122.00	27,775.94	1,346.06
411.5 Contingency Amount Transferred	85,000.00	85,000.00 (5,389.00)		79,611.00
412 Executive	2,438.00	3,196.00	3,192.02	3.98
413 Elections	625.00	625.00	-	625.00
414 Financial Administration	109,400.00	109,890.00	103,035.00	6,855.00
419 Other	13,500.00	13,500.00	11,526.33	1,973.67
Total General Government	238,903.00	235,944.00	145,529.29	90,414.71

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
420 Public Safety:				
421 Police	95,000.00	96,750.00	96,442.82	307.18
422 Fire	11,000.00	11,905.00	11,904.36	0.64
423 Protective Inspection				-
429 Other Protection				-
Total Public Safety	106,000.00	108,655.00	108,347.18	307.82
430 Public Works:				
431 Highways and Streets	220,858.75	221,162.75	204,535.23	16,627.52
432 Sanitation	152,485.00	152,485.00	138,780.59	13,704.41
433 Water				-
434 Electricity				-
435 Airport	55,700.00	163,247.11	163,212.16	34.95
436 Parking Facilities				-
437 Cemeteries				-
438 Natural Gas				-
439 Transit				-
Total Public Works	429,043.75	536,894.86	506,527.98	30,366.88
440 Health and Welfare:				
441 Health				-
442 Home Health				-
443 West Nile	1,060.00	1,060.00	944.25	115.75
444 Humane Society				-
445 Drug Education				-
446 Ambulance				-
447 Hospitals, Nursing Homes and Rest Homes				-
449 Other				-
Total Health and Welfare	1,060.00	1,060.00	944.25	115.75
450 Culture and Recreation:				
451 Recreation	58,060.00	58,060.00	38,931.99	19,128.01
452 Parks	33,285.50	33,285.50	22,603.52	10,681.98
455 Libraries	57,550.00	57,550.00	49,814.97	7,735.03
456 Auditorium				-
457 Historical Preservation				-
458 Museums				-
Total Culture and Recreation	148,895.50	148,895.50	111,350.48	37,545.02
460 Conservation and Development:				
463 Urban Redevelopment and Housing				-
465 Economic Development and Assistance (Industrial Development)	10,500.00	10,500.00	10,455.10	44.90
466 Economic Opportunity				-
Total Conservation and Development	10,500.00	10,500.00	10,455.10	44.90

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
470 Debt Service			-	-
480 Intergovernmental Expenditures				-
485 Capital Outlay			-	-
490 Miscellaneous:				
491 Judgments and Losses				-
492 Other Expenditures				-
499 Liquor Operating Agreements	300,000.00	300,000.00	275,463.87	24,536.13
Total Miscellaneous	300,000.00	300,000.00	275,463.87	24,536.13
Total Expenditures	1,234,402.25	1,341,949.36	1,158,618.15	183,331.21
Excess of Revenues Over (Under) Expenditures	(251,543.25)	(359,090.36)	18,601.40	377,691.76
Other Financing Sources (Uses):				
391.01 Transfers In	296,411.79	296,411.79	139,028.08	(157,383.71)
511 Transfers Out	(15,000.00)	(15,000.00)	(165,626.50)	(150,626.50)
513 Payments to Refunded Debt Escrow Agent				-
391.03 Sale of Municipal Property			-	-
391.04 Compensation for Loss or Damage to Capital Assets			8,879.47	8,879.47
391.20 General Long-Term Debt Issued			-	-
Total Other Financing Sources (Uses)	281,411.79	281,411.79	(17,718.95)	(299,130.74)
391.06 (514) Special Items				-
391.05 (515) Extraordinary Items				-
Net Change in Fund Balances	29,868.54	(77,678.57)	882.45	78,561.02
Fund Balance - Beginning	32,439.01	32,439.01	32,439.01	
Adjustments:				

Adjusted Fund Balance - Beginning	32,439.01	32,439.01	32,439.01	-
FUND BALANCE - ENDING	62,307.55	(45,239.56)	33,321.46	78,561.02

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ADDITIONAL SALES TAX FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
310 Taxes:				
311 General Property Taxes				-
312 Airflight Property Tax				-
313 General Sales and Use Taxes	82,000.00	82,000.00	85,609.65	3,609.65
314 Gross Receipts Business Taxes				-
315 Amusement Taxes				-
316 911 Telephone Surcharge				-
317 Excise Tax				-
318 Tax Deed Revenue				-
319 Penalties and Interest on Delinquent Taxes				-
Total Taxes	82,000.00	82,000.00	85,609.65	3,609.65
320 Licenses and Permits	-	-	-	-
330 Intergovernmental Revenue:				
331 Federal Grants				-
332 Federal Shared Revenue				-
333 Federal Payments in Lieu of Taxes				-
334 State Grants				-
335 State Shared Revenue:				
335.01 Bank Franchise Tax				-
335.02 Motor Vehicle Commercial Prorate				-
335.03 Liquor Tax Reversion				-
335.04 Motor Vehicle Licenses (5%)				-
335.06 Fire Insurance Premiums Reversion				-
335.07 Liquor License Reversion				-
335.08 Local Government Highway and Bridge Fund				-
335.09 911 Remittances				-
335.20 Other				-
336 State Payments in Lieu of Taxes				-
338 County Shared Revenue:				
338.01 County Road Tax (25%)				-
338.02 County Highway and Bridge Reserve Tax (25%)				-
338.03 County Wheel Tax				-
338.99 Other				-
339 Other Intergovernmental Revenues				-
Total Intergovernmental Revenue	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ADDITIONAL SALES TAX FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
340 Charges for Goods and Services:				
341 General Government				-
342 Public Safety				-
343 Highways and Streets				-
344 Sanitation				-
345 Health				-
346 Culture and Recreation				-
347 Ambulance				-
348 Cemetery				-
349 Other				-
Total Charges for Goods and Services	-	-	-	-
350 Fines and Forfeits:				
351 Court Fines and Costs				-
352 Animal Control Fines				-
353 Parking Meter Fines				-
354 Library				-
359 Other				-
Total Fines and Forfeits	-	-	-	-
360 Miscellaneous Revenue:				
361 Investment Earnings	1,000.00	1,000.00	1,001.81	1.81
362 Rentals				-
363 Special Assessments				-
364 Maintenance Assessments				-
367 Contributions and Donations from Private Sources				-
368 Liquor Operating Agreement Income				-
369 Other				-
Total Miscellaneous Revenue	1,000.00	1,000.00	1,001.81	1.81
Total Revenue	83,000.00	83,000.00	86,611.46	3,611.46
Expenditures:				
410 General Government:				
411 Legislative				-
411.5 Contingency Amount Transferred				-
412 Executive				-
413 Elections				-
414 Financial Administration				-
419 Other				-
Total General Government	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ADDITIONAL SALES TAX FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
420 Public Safety:				-
421 Police				-
422 Fire				-
423 Protective Inspection				-
429 Other Protection				-
Total Public Safety	-	-	-	-
430 Public Works:				
431 Highways and Streets				-
432 Sanitation				-
433 Water				-
434 Electricity				-
435 Airport				-
436 Parking Facilities				-
437 Cemeteries				-
438 Natural Gas				-
439 Transit	683,000.00	683,000.00		683,000.00
Total Public Works	683,000.00	683,000.00	-	683,000.00
440 Health and Welfare:				
441 Health				-
442 Home Health				-
443 Mental Health Centers				-
444 Humane Society				-
445 Drug Education				-
446 Ambulance				-
447 Hospitals, Nursing Homes and Rest Homes				-
449 Other				-
Total Health and Welfare	-	-	-	-
450 Culture and Recreation:				
451 Recreation				-
452 Parks				-
455 Libraries				-
456 Auditorium				-
457 Historical Preservation				-
458 Museums				-
Total Culture and Recreation	-	-	-	-
460 Conservation and Development:				
463 Urban Redevelopment and Housing				-
465 Economic Development and Assistance (Industrial Development)				-
466 Economic Opportunity				-
Total Conservation and Development	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ADDITIONAL SALES TAX FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
470 Debt Service				-
480 Intergovernmental Expenditures				-
490 Miscellaneous:				
491 Judgments and Losses				-
492 Other Expenditures	-	-		-
499 Liquor Operating Agreements				-
Total Miscellaneous	-	-	-	-
Total Expenditures	683,000.00	683,000.00	-	683,000.00
Excess of Revenues Over (Under) Expenditures	(600,000.00)	(600,000.00)	86,611.46	686,611.46
Other Financing Sources (Uses):				
391.01 Transfers In			165,626.50	165,626.50
511 Transfers Out	(1,500.00)	(1,500.00)	(368,480.22)	(366,980.22)
513 Payments to Refunded Debt Escrow Agent				-
391.03 Sale of Municipal Property				-
391.04 Compensation for Loss or Damage to Capital Assets				-
391.20 General Long-Term Debt Issued				-
Total Other Financing Sources (Uses)	(1,500.00)	(1,500.00)	(202,853.72)	(201,353.72)
391.06 (514) Special Items				-
391.05 (515) Extraordinary Items				-
Net Change in Fund Balances	(601,500.00)	(601,500.00)	(116,242.26)	485,257.74
Fund Balance - Beginning	537,868.25	537,868.25	537,868.25	
Adjustments:				

Adjusted Fund Balance - Beginning	537,868.25	537,868.25	537,868.25	-
FUND BALANCE - ENDING	(63,631.75)	(63,631.75)	421,625.99	485,257.74

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIBRARY FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
310 Taxes:				
311 General Property Taxes				-
312 Airflight Property Tax				-
313 General Sales and Use Taxes				-
314 Gross Receipts Business Taxes				-
315 Amusement Taxes				-
316 911 Telephone Surcharge				-
317 Excise Tax				-
318 Tax Deed Revenue				-
319 Penalties and Interest on Delinquent Taxes				-
Total Taxes	-	-	-	-
320 Licenses and Permits	-	-	-	-
330 Intergovernmental Revenue:				
331 Federal Grants				-
332 Federal Shared Revenue				-
333 Federal Payments in Lieu of Taxes				-
334 State Grants				-
335 State Shared Revenue:				
335.01 Bank Franchise Tax				-
335.02 Motor Vehicle Commercial Prorate				-
335.03 Liquor Tax Reversion				-
335.04 Motor Vehicle Licenses (5%)				-
335.06 Fire Insurance Premiums Reversion				-
335.07 Liquor License Reversion				-
335.08 Local Government Highway and Bridge Fund				-
335.09 911 Remittances				-
335.20 Other				-
336 State Payments in Lieu of Taxes				-
338 County Shared Revenue:				
338.01 County Road Tax (25%)				-
338.02 County Highway and Bridge Reserve Tax (25%)				-
338.03 County Wheel Tax				-
338.99 Other				-
339 Other Intergovernmental Revenues			-	-
Total Intergovernmental Revenue	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIBRARY FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
340 Charges for Goods and Services:				
341 General Government				-
342 Public Safety				-
343 Highways and Streets				-
344 Sanitation				-
345 Health				-
346 Culture and Recreation			-	-
347 Ambulance				-
348 Cemetery				-
349 Other				-
Total Charges for Goods and Services	-	-	-	-
350 Fines and Forfeits:				
351 Court Fines and Costs				-
352 Animal Control Fines				-
353 Parking Meter Fines				-
354 Library	1,000.00	1,000.00	1,823.65	823.65
359 Other				-
Total Fines and Forfeits	1,000.00	1,000.00	1,823.65	823.65
360 Miscellaneous Revenue:				
361 Investment Earnings			71.96	71.96
362 Rentals				-
363 Special Assessments				-
364 Maintenance Assessments				-
367 Contributions and Donations from Private Sources			93,709.62	93,709.62
368 Liquor Operating Agreement Income				-
369 Other				-
Total Miscellaneous Revenue	-	-	93,781.58	93,781.58
Total Revenue	1,000.00	1,000.00	95,605.23	94,605.23
Expenditures:				
410 General Government:				
411 Legislative				-
411.5 Contingency Amount Transferred				-
412 Executive				-
413 Elections				-
414 Financial Administration				-
419 Other				-
Total General Government	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIBRARY FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
420 Public Safety:				-
421 Police				-
422 Fire				-
423 Protective Inspection				-
429 Other Protection				-
Total Public Safety	-	-	-	-
430 Public Works:				
431 Highways and Streets				-
432 Sanitation				-
433 Water				-
434 Electricity				-
435 Airport				-
436 Parking Facilities				-
437 Cemeteries				-
438 Natural Gas				-
439 Transit				-
Total Public Works	-	-	-	-
440 Health and Welfare:				
441 Health				-
442 Home Health				-
443 Mental Health Centers				-
444 Humane Society				-
445 Drug Education				-
446 Ambulance				-
447 Hospitals, Nursing Homes and Rest Homes				-
449 Other				-
Total Health and Welfare	-	-	-	-
450 Culture and Recreation:				
451 Recreation				-
452 Parks				-
455 Libraries	1,000.00	1,000.00	1,303.62	(303.62)
456 Auditorium				-
457 Historical Preservation				-
458 Museums				-
Total Culture and Recreation	1,000.00	1,000.00	1,303.62	(303.62)
460 Conservation and Development:				
463 Urban Redevelopment and Housing				-
465 Economic Development and Assistance (Industrial Development)				-
466 Economic Opportunity				-
Total Conservation and Development	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF CITY OF WESSINGTON SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
LIBRARY FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
470 Debt Service				-
480 Intergovernmental Expenditures				-
490 Miscellaneous:				
491 Judgments and Losses				-
492 Other Expenditures				-
499 Liquor Operating Agreements				-
Total Miscellaneous	-	-	-	-
Total Expenditures	1,000.00	1,000.00	1,303.62	(303.62)
Excess of Revenues Over (Under) Expenditures	-	-	94,301.61	94,301.61
Other Financing Sources (Uses):				
391.01 Transfers In				-
511 Transfers Out				-
513 Payments to Refunded Debt Escrow Agent				-
391.03 Sale of Municipal Property				-
391.04 Compensation for Loss or Damage to Capital Assets				-
391.20 General Long-Term Debt Issued				-
Total Other Financing Sources (Uses)	-	-	-	-
391.06 (514) Special Items				-
391.05 (515) Extraordinary Items				-
Net Change in Fund Balances	-	-	94,301.61	94,301.61
Fund Balance - Beginning	74,924.76	74,924.76	74,924.76	
Adjustments:				

Adjusted Fund Balance - Beginning	74,924.76	74,924.76	74,924.76	-
FUND BALANCE - ENDING	74,924.76	74,924.76	169,226.37	94,301.61

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 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 Municipality Council introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Municipality Council, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Municipality Commission 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 Municipality Commission.

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

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

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

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.

**MUNICIPALITY OF WESSINGTON SPRINGS
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Year Ended December 31, 2014**

<u>Indebtedness</u>	<u>Long-Term Debt 1-Jan-14</u>	<u>Add New Debt</u>	<u>Less Debt Retired</u>	<u>Long-Term Debt 31-Dec-14</u>
Governmental Long-Term Debt:				
231.01 General Obligation Bonds				
231.02 Revenue Bonds				
231.03 Special Assessment Bonds				
236 Advance from Other Funds				
237 Other Long-Term Liabilities	10,250.98	0.00	(10,250.98)	0.00
Enterprise Long-Term Debt: (only cash basis entities need to complete the enterprise section)				
231.01 General Obligation Bonds				
231.02 Revenue Bonds	4,590,000.00	0.00	(185,000.00)	4,405,000.00
231.03 Special Assessment Bonds				
235 Accrued Landfill Closure and Postclosure Care Costs				
236 Advance from Other Funds				
237 Other Long-Term Liabilities	52,035.22	0.00	(20,530.84)	31,504.38
Total	<u>4,652,286.20</u>	<u>0.00</u>	<u>(215,781.82)</u>	<u>4,436,504.38</u>

(Do not include interest in the above figures)