

**CITY OF WILMOT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE TWO YEARS ENDED DECEMBER 31, 2015**

**CITY OF WILMOT
CITY OFFICIALS
DECEMBER 31, 2015**

Kleon Kvatum	Mayor
Scott Butler	Council member
Casey Cameron	Council member
Dennis Greiner	Council member
Jerry Lutkemeier	Council member
Cheryl Rondeau Basset	Council member
DeDe Minnala-Backhaus	Finance Officer
Gordon Nielsen	Attorney

**CITY OF WILMOT
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	4 – 5
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With OMB Circular A-133	6 – 7
Schedule of Prior Audit Findings	9
Schedule of Current Audit Findings and Questioned Costs	10 – 11
Independent Auditor’s Report	12 – 13
<i>Basic Financial Statements</i>	
<u>Government-wide Financial Statements:</u>	
As of December 31, 2015:	
Statement of Net Position--Modified Cash Basis	15
For the Year Ended December 31, 2015:	
Statement of Activities--Modified Cash Basis	16 – 17
For the Year Ended December 31, 2014:	
Statement of Activities--Modified Cash Basis	18 – 19
<u>Fund Financial Statements:</u>	
<u>Governmental Funds</u>	
As of December 31, 2015:	
Balance Sheet--Modified Cash Basis	21
For the Year Ended December 31, 2015:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis	22 – 23
For the Year Ended December 31, 2014:	
Statement of Revenues, Expenditures and Changes in Fund Balances--Modified Cash Basis	24 – 25
<u>Proprietary Funds</u>	
As of December 31, 2015:	
Statement of Net Position--Modified Cash Basis	26
For the Year Ended December 31, 2015:	
Statement of Revenues, Expenses and Changes in Fund Net Position--Modified Cash Basis	27

	<u>Page</u>
For the Year Ended December 31, 2014	
Statement of Revenues, Expenses and Changes in Fund Net Position--Modified Cash Basis	28
Notes to the Modified Cash Basis Financial Statements	29 – 39
For the Year Ended December 31, 2015:	
Budgetary Comparison Schedule —Budgetary Basis — General Fund	40 – 41
For the Year Ended December 31, 2014	
Budgetary Comparison Schedule —Budgetary Basis — General Fund	42 – 43
Notes to the Supplementary Information – Budgetary Comparison Schedules	44
Schedule of Expenditures of Federal Awards	45
Schedule of the City’s Proportionate Share of the Net Pension Asset	46
Schedule of the City’s Contributions	47

GRANT AND WILLIAMS, INC.

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

Governing Board
City of Wilmot
Wilmot, 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 and the business-type activities, each major fund of the City of Wilmot, South Dakota (City), as of December 31, 2015 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 September 12, 2016.

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 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 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 and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 and questioned costs as item 2015-001 to be material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of current audit findings and questioned costs as item 2015-002 to be significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of current audit findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 City'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.

Grant and Williams, Inc.

Grant and Williams, Inc.
Certified Public Accountants
September 12, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Governing Board
City of Wilmot
Wilmot, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Wilmot, South Dakota (City) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the biennial period ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current audit findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Wilmot complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the biennial period ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of current audit findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of current audit findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weakness and other deficiency that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of current audit findings and questioned costs as item 2015-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of current audit findings and questioned costs as item 2015-002 to be a significant deficiency.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of current audit findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Grant and Williams, Inc.

Grant and Williams, Inc.
Certified Public Accountants
September 12, 2016

**CITY OF WILMOT, SOUTH DAKOTA
SCHEDULE OF PRIOR AUDIT FINDINGS**

PRIOR AUDIT FINDINGS:

Finding Number 2013-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This comment has not been corrected and is restate as current audit finding number 2015-001.

Finding Number 2013-002:

The Annual report was not prepared, filed or published by the required dates per South Dakota Codified Law (SDCL) 9-22-21. This comment has not been corrected and is included in current audit finding number 2015-002.

Finding Number 2013-003:

The Bank accounts of the City were not reconciled to the City books for several months during 2012 and 2013. This comment has been corrected.

Finding Number 2013-004:

The City buys more than twice the volume of water it sells, resulting in losses averaging over 1,000,000 gallons per month. This comment has been corrected as the City has replaced the water meters and some of the system which has reduce the water losses.

Finding Number 2013-005:

The City's Volunteer Fire Department uses a 2 ½ ton Army Surplus Truck illegally purchased from the Sioux Tribe. It sports licenses plates form a previously junked City vehicle. This comment has been corrected by removing the licenses plates and removing the Truck from service.

Finding Number 2013-006:

A \$60,000 street project was awarded without first advertising for bids. This comment has been corrected.

Finding Number 2013-007:

Controls over cash receipts from the City Landfill site were inadequate. This comment has been corrected.

**CITY OF WILMOT, SOUTH DAKOTA
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**

Summary of the Independent Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2015-001. A significant deficiency was disclosed by our audit of the financial statements for USDA loan covenances not being complied with, budgets overspent and annual reports not being filed in a timely manner as discussed in finding number 2015-002.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. A material weakness was disclosed for internal control over major federal programs for a lack of segregation of duties affecting the reporting compliance requirement category as discussed in finding number 2015-001.
- e. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- f. Our audit disclosed audit findings that are required to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a). See finding number 2015-002.
- g. The federal award tested as major programs were:
 - 1. CFDA 10.760 – Water and Waste Disposal Systems for Rural Communities
 - 2. CFDA 14.228 – Community Development Block Grants / State's Program
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. The City of Wilmot, South Dakota did not qualify as a low-risk auditee.

Current Federal Audit Findings:

Internal Control-Related Findings – Material Weaknesses:

Finding # 2015-001: Material weaknesses in internal accounting controls and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This affects the reporting requirement for Water and Waste Disposal Systems for Rural Communities – CFDA 10.760, 2013. US Department of Agriculture – Rural Development and Community Development Block Grants / State's Program – CFDA 14.228, US Department of Housing and Urban Development, SD Governor's Office of Economic Development.

Criteria: Proper segregation of duties and municipal records results in increased reliability of reported financial data and decreased potential for the loss of public assets

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

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

Recommendation: We recommend that the City of Wilmot officials be cognizant of the lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Corrective Action Plan: The City of Wilmot's Finance Officer, DeDe Minnala-Backhaus, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the City of Wilmot, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City Council is aware of this problem and are attempting to provide compensating internal controls.

Internal Control-Related Findings - Significant Deficiencies:

Finding # 2015-002: Lack of oversight with municipal employees leading to failure to comply with USDA loan covenants, overspending of the budget for both years and failure to comply with South Dakota State Statute 9-22-21 regarding the Annual Report filing with the State.

Criteria: The USDA loan covenances and South Dakota State Statutes compliance are essential for the City of Wilmot and the responsibility of the City Council to insure that the City meets those requirements.

Condition Found: The City accounting records have not accounted for the revenues received for the Water and Sewer project correctly. The City Council has not approved the restricted cash accounts as required by the USDA loan covenances. In addition, the budgets for both years were overspent and the annual reports for 2014 and 2015 were not presented or approved within the South Dakota State Statute requirements.

Effect: As a result, there is noncompliance with the USDA loan agreement and noncompliance with the South Dakota State Statute 9-22-21 regarding the Annual Report.

Recommendation: We recommend that the City of Wilmot officials strengthen their oversight of municipal employees to insure compliance with the USDA loan agreement and compliance with the South Dakota State Statutes

Corrective Action Plan: The City of Wilmot's Finance Officer, DeDe Minnala-Backhaus, is the contact person responsible for the corrective action plan for this comment. The City Council will insure that insure compliance with the USDA loan agreement and compliance with the South Dakota State Statutes.

Federal Compliance-Related Audit Findings and Questioned Costs:

There are no written current federal compliance audit findings to report.

Other Audit Findings:

There are no other audit findings to report.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
City of Wilmot
Wilmot, South Dakota

Report on the Financial Statements

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities and the business-type activities, each major fund of the City of Wilmot, South Dakota, (City) as of December 31, 2015 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 of the City of Wilmot as of December 31, 2015, 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 Schedule of Expenditures of Federal Awards, which as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Budgetary Comparison Schedules, Schedule of the City’s Proportionate Share of the Net Pension Asset and Schedule of the City’s Contributions listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2016 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.

Grant and Williams, Inc.

Grant and Williams, Inc.
Certified Public Accountants
September 12, 2016

CITY OF WILMOT
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WILMOT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 517,281.51	\$ 223,894.23	\$ 741,175.74
TOTAL ASSETS	517,281.51	223,894.23	741,175.74
NET POSITION:			
Unrestricted	517,281.51	223,894.23	741,175.74
TOTAL NET POSITION	\$ 517,281.51	\$ 223,894.23	\$ 741,175.74

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

CITY OF WILMOT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 79,832.26	\$ 377.00	\$ -	\$ 1,815.00
Public Safety	11,550.46	-	-	-
Public Works	115,790.48	70,165.92	-	1,560.53
Health and Welfare	1,815.00	-	-	-
Culture and Recreation	20,462.24	32,845.00	-	-
Miscellaneous Expenditures	8,204.60	487.50	-	-
Total Governmental Activities	237,655.04	103,875.42	-	3,375.53
Business-type Activities:				
Water	637,012.28	136,964.15	140,608.68	-
Sewer	193,662.22	62,908.71	-	-
Total Business-Type Activities	830,674.50	199,872.86	140,608.68	-
Total Primary Government	<u>\$ 1,068,329.54</u>	<u>\$ 303,748.28</u>	<u>\$ 140,608.68</u>	<u>\$ 3,375.53</u>

General Revenues:

Taxes:

 Property Taxes

 Sales Taxes

State Shared Revenues

Unrestricted Investment Earnings

Debt Issued

Miscellaneous Revenue

Total General Revenues and Transfers

Change in Net Position

Net Position-Beginning

Net Position-Ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (77,640.26)	\$ -	\$ (77,640.26)
(11,550.46)	-	(11,550.46)
(44,064.03)	-	(44,064.03)
(1,815.00)	-	(1,815.00)
12,382.76	-	12,382.76
(7,717.10)	-	(7,717.10)
(130,404.09)	-	(130,404.09)
-	(359,439.45)	(359,439.45)
-	(130,753.51)	(130,753.51)
-	(490,192.96)	(490,192.96)
(130,404.09)	(490,192.96)	(620,597.05)
97,809.58	-	97,809.58
146,898.61	-	146,898.61
4,592.75	-	4,592.75
35.71	181.20	216.91
-	547,840.27	547,840.27
5,497.71	-	5,497.71
254,834.36	548,021.47	802,855.83
124,430.27	57,828.51	182,258.78
392,851.24	166,065.72	558,916.96
<u>\$ 517,281.51</u>	<u>\$ 223,894.23</u>	<u>\$ 741,175.74</u>

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

CITY OF WILMOT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 78,178.82	\$ 502.73	\$ -	\$ -
Public Safety	11,440.07	-	-	-
Public Works	240,077.15	67,007.88	-	2,739.67
Culture and Recreation	20,011.29	36,031.02	-	-
Miscellaneous Expenditures	4,787.70	-	-	-
Total Governmental Activities	354,495.03	103,541.63	-	2,739.67
Business-type Activities:				
Water	167,302.76	94,660.92	-	-
Sewer	14,902.33	57,438.79	-	-
Total Business-Type Activities	182,205.09	152,099.71	-	-
Total Primary Government	\$ 536,700.12	\$ 255,641.34	\$ -	\$ 2,739.67

General Revenues:

Taxes:

 Property Taxes

 Sales Taxes

State Shared Revenues

Unrestricted Investment Earnings

Miscellaneous Revenue

Total General Revenues and Transfers

Change in Net Position

Net Position-Beginning

Net Position-Ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (77,676.09)	\$ -	\$ (77,676.09)
(11,440.07)	-	(11,440.07)
(170,329.60)	-	(170,329.60)
16,019.73	-	16,019.73
(4,787.70)	-	(4,787.70)
(248,213.73)	-	(248,213.73)
-	(72,641.84)	(72,641.84)
-	42,536.46	42,536.46
-	(30,105.38)	(30,105.38)
(248,213.73)	(30,105.38)	(278,319.11)
96,676.49	-	96,676.49
151,093.31	-	151,093.31
5,034.90	-	5,034.90
31.95	180.61	212.56
5,333.36	-	5,333.36
258,170.01	180.61	258,350.62
9,956.28	(29,924.77)	(19,968.49)
382,894.96	195,990.49	578,885.45
<u>\$ 392,851.24</u>	<u>\$ 166,065.72</u>	<u>\$ 558,916.96</u>

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

CITY OF WILMOT
FUND FINANCIAL STATEMENTS

**CITY OF WILMOT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General Fund
ASSETS:	
Cash and Cash Equivalents	\$ 517,281.51
TOTAL ASSETS	517,281.51
 FUND BALANCES:	
Unassigned	517,281.51
TOTAL FUND BALANCES	\$ 517,281.51

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

CITY OF WILMOT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	General Fund
Revenues:	
Taxes:	
General Property Taxes	\$ 97,572.25
General Sales and Use Taxes	146,898.61
Amusement Taxes	72.00
Penalties and Interest on Delinquent Taxes	165.33
Total Taxes	244,708.19
Licenses and Permits	377.00
Intergovernmental Revenue:	
State Grants	1,815.00
State Shared Revenue:	
Bank Franchise Tax	1,533.34
Motor Vehicle Commercial Prorate	1,678.44
Liquor Tax Reversion	3,059.41
Motor Vehicle Licenses (5%)	7,171.95
County Shared Revenue:	
County Highway and Bridge Reserve Tax (25%)	14,826.17
Total Intergovernmental Revenue	30,084.31
Charges for Goods and Services:	
Sanitation	46,489.36
Total Charges for Goods and Services	46,489.36
Miscellaneous Revenue:	
Investment Earnings	35.71
Rentals	32,845.00
Special Assessments	1,560.53
Contributions and Donations from Private Sources	364.00
Liquor Operating Agreement Income	487.50
Other	3,109.71
Total Miscellaneous Revenue	38,402.45
Total Revenue	\$ 360,061.31

	<u>General Fund</u>
Expenditures:	
General Government:	
Legislative	\$ 7,036.87
Financial Administration	70,864.06
Other	<u>1,931.33</u>
Total General Government	<u>79,832.26</u>
Public Safety:	
Safety	54.08
Fire	<u>11,496.38</u>
Total Public Safety	<u>11,550.46</u>
Public Works:	
Highways and Streets	80,414.14
Sanitation	<u>35,376.34</u>
Total Public Works	<u>115,790.48</u>
Health and Welfare:	
Health	<u>1,815.00</u>
Total Health and Welfare	1,815.00
Culture and Recreation:	
Parks	3,341.12
Libraries	12,765.95
Auditorium	<u>4,355.17</u>
Total Culture and Recreation	<u>20,462.24</u>
Miscellaneous:	
Other Expenditures	<u>8,204.60</u>
Total Miscellaneous	8,204.60
Total Expenditures	<u>237,655.04</u>
Excess of Revenues Over (Under) Expenditures	122,406.27
Other Financing Sources (Uses):	
Sale of Municipal Property	<u>2,024.00</u>
Total Other Financing Sources (Uses)	<u>2,024.00</u>
Net Change in Fund Balance	124,430.27
Fund Balance - Beginning	<u>392,851.24</u>
FUND BALANCE- ENDING	<u>\$ 517,281.51</u>

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

CITY OF WILMOT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL
FUNDS

For the Year Ended December 31, 2014

	General Fund
Revenues:	
Taxes:	
General Property Taxes	\$ 96,218.87
General Sales and Use Taxes	151,093.31
Amusement Taxes	84.00
Penalties and Interest on Delinquent Taxes	373.62
Total Taxes	247,769.80
Licenses and Permits	502.73
Intergovernmental Revenue:	
State Shared Revenue:	
Bank Franchise Tax	1,281.33
Motor Vehicle Commercial Prorate	1,672.73
Liquor Tax Reversion	3,753.57
Motor Vehicle Licenses (5%)	6,545.25
County Shared Revenue:	
County Highway and Bridge Reserve Tax (25%)	15,174.71
Total Intergovernmental Revenue	28,427.59
Charges for Goods and Services:	
Sanitation	43,615.19
Culture and Recreation	1,726.52
Total Charges for Goods and Services	45,341.71
Miscellaneous Revenue:	
Investment Earnings	31.95
Rentals	33,892.00
Special Assessments	2,739.67
Liquor Operating Agreement Income	412.50
Other	5,333.36
Total Miscellaneous Revenue	42,409.48
Total Revenue	\$ 364,451.31

	<u>General Fund</u>
Expenditures:	
General Government:	
Legislative	\$ 6,635.36
Financial Administration	66,358.08
Other	<u>5,185.38</u>
Total General Government	<u>78,178.82</u>
Public Safety:	
Safety	418.06
Fire	<u>11,022.01</u>
Total Public Safety	<u>11,440.07</u>
Public Works:	
Highways and Streets	202,451.73
Sanitation	<u>37,625.42</u>
Total Public Works	<u>240,077.15</u>
Culture and Recreation:	
Parks	1,773.80
Libraries	10,785.55
Auditorium	<u>7,451.94</u>
Total Culture and Recreation	<u>20,011.29</u>
Miscellaneous:	
Other Expenditures	<u>4,787.70</u>
Total Miscellaneous	4,787.70
Total Expenditures	<u>354,495.03</u>
Excess of Revenues Over (Under) Expenditures	<u>9,956.28</u>
Net Change in Fund Balance	9,956.28
Fund Balance - Beginning	<u>382,894.96</u>
FUND BALANCE- ENDING	<u>\$ 392,851.24</u>

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

CITY OF WILMOT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 14,615.22	\$ 209,279.01	\$ 223,894.23
TOTAL ASSETS	\$ 14,615.22	\$ 209,279.01	\$ 223,894.23
 NET POSITION:			
Unrestricted	14,615.22	209,279.01	223,894.23
TOTAL NET POSITION	\$ 14,615.22	\$ 209,279.01	\$ 223,894.23

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

CITY OF WILMOT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	\$ 111,977.93	\$ 48,842.67	\$ 160,820.60
Revenue Dedicated to Servicing Debt	20,004.00	14,066.04	34,070.04
Miscellaneous	4,982.22	-	4,982.22
Total Operating Revenue	136,964.15	62,908.71	199,872.86
Operating Expenses:			
Personal Services	24,488.87	5,548.00	30,036.87
Other Current Expense	65,091.58	5,669.70	70,761.28
Materials	75,546.56	-	75,546.56
Capital Assets	461,037.27	174,628.52	635,665.79
Total Operating Expenses	626,164.28	185,846.22	812,010.50
Operating Income (Loss)	(489,200.13)	(122,937.51)	(612,137.64)
Nonoperating Revenue (Expense):			
Operating Grants	140,608.68	-	140,608.68
Investment Earnings	81.60	99.60	181.20
Debt Service (Principal)	(7,345.82)	(6,040.17)	(13,385.99)
Interest Expense	(3,502.18)	(1,775.83)	(5,278.01)
Long-Term Debt Issued	371,323.59	176,516.68	547,840.27
Total Nonoperating Revenue (Expense)	501,165.87	168,800.28	669,966.15
Income (Loss) Before Transfers	11,965.74	45,862.77	57,828.51
Change in Net Position	11,965.74	45,862.77	57,828.51
Net Position - Beginning	2,649.48	163,416.24	166,065.72
NET POSITION - ENDING	\$ 14,615.22	\$ 209,279.01	\$ 223,894.23

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	\$ 89,265.92	\$ 57,438.79	\$ 146,704.71
Miscellaneous	5,395.00	-	5,395.00
Total Operating Revenue	94,660.92	57,438.79	152,099.71
Operating Expenses:			
Personal Services	18,685.65	6,136.47	24,822.12
Other Current Expense	10,426.19	8,765.86	19,192.05
Materials	138,190.92	-	138,190.92
Total Operating Expenses	167,302.76	14,902.33	182,205.09
Operating Income (Loss)	(72,641.84)	42,536.46	(30,105.38)
Nonoperating Revenue (Expense):			
Investment Earnings	81.33	99.28	180.61
Total Nonoperating Revenue (Expense)	81.33	99.28	180.61
Income (Loss) Before Transfers	(72,560.51)	42,635.74	(29,924.77)
Net Position - Beginning	75,209.99	120,780.50	195,990.49
NET POSITION - ENDING	\$ 2,649.48	\$ 163,416.24	\$ 166,065.72

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

CITY OF WILMOT
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 (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 Wilmot, (City) 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 two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the 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
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 are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

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

c. **Measurement Focus and Basis of Accounting:**

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

The 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 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 the 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. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

- In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances. The City did not have internal receivables or payables as of December 31, 2015 or 2014.

e. 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 investment authorized by South Dakota Codified Laws (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

f. Capital Assets:

Under the modified cash basis of accounting, capital assets are recorded not as assets, but as a program cost (expense) when they result from cash transactions.

g. Long-Term Liabilities:

Under the modified cash basis of accounting, cash proceeds from long-term debt issuances is recorded as a receipt, while payments to creditors to reduce long-term debts are recorded as a cost of the program which benefits from the financing. Allocations are made where appropriate. Interest costs are not allocated, but are reported as a separate program cost category.

Long-term debts arising from cash transactions of governmental funds are not reported as liabilities in the fund financial statements. Instead, the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for long-term debts of proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

h. 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 acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three 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" or "net investment in capital assets".

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

k. Application of Net Position:

It is the 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.

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 City 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 Finance Officer.
- 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.

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:

General Fund: Activity	12/31/2014	12/31/2015
Public Works - Highways and Streets	\$ 59,846.41	
Public Works - Sanitation	\$ 7,477.34	
Health and Welfare - Health		\$ 1,815.00
Miscellaneous - Other		\$ 104.60

The City plans to take the following actions to address these violations:

The City will use supplemental budgets when the legal authority exists.

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 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 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 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, 2015 and 2014 the City had no investments. Except for certificate of deposit with a maturity date of over three months.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2015 and 2014 the City’s deposits in financial institutions were not exposed to custodial credit risk.

Custodial Credit Risk – Investments – The risk that, in the event of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

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 investments to the fund making the investment.

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 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.

5. **Long-Term Debt:**

A summary of changes in long-term debt follows:

	Beginning Balance @ 1/1/2015	Additions	Deletions	Ending Balance @ 12/31/2015	Due Within One Year
Business-Type Activities:					
Bonds Payable					
Revenue - Sewer	\$ -	\$ 176,516.68	\$ 6,040.17	\$ 170,476.51	\$ 7,548.23
Revenue - Water	-	371,323.59	7,345.82	363,977.77	6,342.19
Total Debt	\$ -	\$ 547,840.27	\$ 13,385.99	\$ 534,454.28	\$ 13,890.42

Enterprise Long-Term Debt:

Revenue Bonds:

Sewer Project Revenue Bonds, Series 2013; matures in 2055; interest rate 2.50%; monthly payments of \$977.00. Financed through the Sewer Fund

170,476.51 7,548.23

Water Project Revenue Bonds, Series 2013; matures in 2055; interest rate 2.75%; monthly payments of \$1,356.00. Financed through the Water Fund

363,977.77 6,342.19

\$ 534,454.28 \$ 13,890.42

The annual requirements to amortize all debt outstanding as of December 31, 2015, are as follows:

Annual Requirements to Amortize Long-Term Debt December 31, 2015						
YEAR	SEWER BOND		WATER BOND		TOTAL REVENUE BONDS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	\$ 7,548.23	\$ 4,175.77	\$ 6,342.19	\$ 9,929.81	\$ 13,890.42	\$ 14,105.58
2017	7,739.11	3,984.89	6,518.82	9,753.18	14,257.93	13,738.07
2018	7,934.83	3,789.17	6,700.37	9,571.63	14,635.20	13,360.80
2019	8,135.48	3,588.52	6,886.96	9,385.04	15,022.44	12,973.56
2020	8,341.22	3,382.78	7,078.76	9,193.24	15,419.98	12,576.02
2021 - 2025	44,978.87	13,641.13	38,463.00	42,897.00	83,441.87	56,538.13
2026 - 2030	50,961.10	7,658.90	44,125.58	37,234.42	95,086.68	44,893.32
2031 - 2035	34,837.67	1,399.33	50,621.79	30,738.21	85,459.46	32,137.54
2036 - 2040	-	-	58,074.39	23,285.61	58,074.39	23,285.61
2041 - 2045	-	-	66,624.18	14,735.82	66,624.18	14,735.82
2046 - 2050	-	-	72,541.73	4,935.84	72,541.73	4,935.84
	<u>\$ 170,476.51</u>	<u>\$ 41,620.49</u>	<u>\$ 363,977.77</u>	<u>\$ 201,659.80</u>	<u>\$ 534,454.28</u>	<u>\$ 243,280.29</u>

The significant covenants for the USDA RD Loans include:

- a. Both the Water and Sewer Funds need to establish a use charge to a level that will pay the monthly principal and interest on the USDA Loans with any excess of the amount needed to be transferred to the Debt Service Account.
 - b. Both the Water and Sewer Funds need to establish a Debt Service Account and set aside each month an amount that will be equal to not less than one-twelfth of the total sum of the principal and interest to become due within the next twelve months. The account has not been established by either Fund.
 - c. Both the Water and Sewer Funds need to establish a Reserve Account and set aside each month an amount equal to 10% of the maximum debt service due in any future calendar year on the bonds. The account has not been established by either Fund.
 - d. Both the Water and Sewer Funds need to establish a Replacement and Depreciation Account and set aside each month a portion of the Projects Revenues in excess of the current requirements of the Debt Service Account and the Reserve Account as determined by the City Council for the accumulation of a reserve for the renewal of worn out, obsolete or damaged properties and equipment of the Utilities. The account has not been established by either Fund.
 - e. Both the Water and Sewer Funds need to establish Surplus Account to capture any amount of the Surplus Net Revenues after the above required applications have been credited. The account has not been established by either Fund.
6. RETIREMENT PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee’s final 3-year average compensation times the employee’s years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee’s final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
 - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
 - 80.0% to 90.0% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% -- 2.1% COLA

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. 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, 2015, 2014, and 2013 were \$4,836.17, \$4,148.82, and \$5,613.00, respectively, equal to the required contributions each year.

Pension Liabilities (Assets):

At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of June 30, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	450,857.84
Less proportionate share of net position liability	433,113.57
Proportionate share of net position asset	<hr style="width: 100%;"/> \$ 17,744 <hr style="width: 100%;"/>

The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the City’s share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015,

the City's proportion was 0.0041837%, which is an increase of 0.0009111% from its proportion measured as of June 30, 2014.

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2016 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	2.0%	80.0%
	100.0%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the City’s proportionate share of net pension liability (asset) calculated using the discount rate of 7.25 percent through 2016 and 7.50 percent thereafter, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of net position asset	44,662	(17,744)	(68,631)

Pension Plan Fiduciary Net Position:

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

7. **Significant Contingencies – Litigation:**

At December 31, 2015, the City was not involved in any litigation.

8. **Subsequent Events:**

The City has evaluated for subsequent events through September 12, 2016, the date which the financial statements were available to be issued. The City is not aware of any subsequent events other than the Water and Sewer construction project was completed in 2016 that would require recognition or disclosure in the financial statements.

9. **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, 2015, 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 joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The City’s responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The City pays an annual premium to the pool to provide coverage for automobile and general liability.

The agreement with the SDPAA provides that the above coverages will be provided to a \$ 5,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The City would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

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

As of December 31, 2015, the City has vested balance in the cumulative reserve fund of \$9,863.

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 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.

CITY OF WILMOT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes	\$ 98,777.00	\$ 98,777.00	\$ 97,572.25	\$ (1,204.75)
General Sales and Use Taxes	133,000.00	133,000.00	146,898.61	13,898.61
Amusement Taxes	-	-	72.00	72.00
Penalties and Interest on Delinquent Taxes	-	-	165.33	165.33
Total Taxes	<u>231,777.00</u>	<u>231,777.00</u>	<u>244,708.19</u>	<u>12,931.19</u>
Licenses and Permits	<u>-</u>	<u>-</u>	<u>377.00</u>	<u>377.00</u>
Intergovernmental Revenue:				
State Grants	-	-	1,815.00	1,815.00
State Shared Revenue:				
Bank Franchise Tax	1,500.00	1,500.00	1,533.34	33.34
Motor Vehicle Commercial Prorate	-	-	1,678.44	1,678.44
Liquor Tax Reversion	-	-	3,059.41	3,059.41
Motor Vehicle Licenses (5%)	6,000.00	6,000.00	7,171.95	1,171.95
County Highway and Bridge Reserve Tax (25%)	10,500.00	10,500.00	14,826.17	4,326.17
Total Intergovernmental Revenue	<u>18,000.00</u>	<u>18,000.00</u>	<u>30,084.31</u>	<u>12,084.31</u>
Charges for Goods and Services:				
Sanitation	39,800.00	39,800.00	46,489.36	6,689.36
Total Charges for Goods and Services	<u>39,800.00</u>	<u>39,800.00</u>	<u>46,489.36</u>	<u>6,689.36</u>
Miscellaneous Revenue:				
Investment Earnings	50.00	50.00	35.71	(14.29)
Rentals	32,400.00	32,400.00	32,845.00	445.00
Special Assessments	1,500.00	1,500.00	1,560.53	60.53
Contributions and Donations from Private Sources	-	-	364.00	364.00
Liquor Operating Agreement	3,500.00	3,500.00	487.50	(3,012.50)
Other	2,640.00	2,640.00	3,109.71	469.71
Total Miscellaneous Revenue	<u>40,090.00</u>	<u>40,090.00</u>	<u>38,402.45</u>	<u>(1,687.55)</u>
Total Revenue	<u>329,667.00</u>	<u>329,667.00</u>	<u>360,061.31</u>	<u>30,394.31</u>

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative	7,050.00	7,050.00	7,036.87	13.13
Contingency Amount Transferred	16,483.00	9,283.00	-	9,283.00
Financial Administration	81,406.00	81,406.00	70,864.06	10,541.94
Other	12,000.00	12,000.00	1,931.33	10,068.67
Total General Government	116,939.00	109,739.00	79,832.26	29,906.74
Public Safety:				
Police	580.00	580.00	54.08	525.92
Fire	12,800.00	12,800.00	11,496.38	1,303.62
Total Public Safety	13,380.00	13,380.00	11,550.46	1,829.54
Public Works:				
Highways and Streets	132,547.00	132,547.00	80,414.14	52,132.86
Sanitation	36,181.00	36,181.00	35,376.34	804.66
Total Public Works	168,728.00	168,728.00	115,790.48	52,937.52
Health and Welfare:				
Health	-	-	1,815.00	(1,815.00)
Total Health and Welfare	-	-	1,815.00	(1,815.00)
Culture and Recreation:				
Parks	3,720.00	3,720.00	3,341.12	378.88
Libraries	10,500.00	17,700.00	12,765.95	4,934.05
Auditorium	9,500.00	9,500.00	4,355.17	5,144.83
Total Culture and Recreation	23,720.00	30,920.00	20,462.24	10,457.76
Miscellaneous:				
Other Expenditures	6,900.00	8,100.00	8,204.60	(104.60)
Total Expenditures	329,667.00	330,867.00	237,655.04	93,211.96
Excess of Revenue Over (Under)				
Expenditures	-	(1,200.00)	122,406.27	123,606.27
Other Financing Sources (Uses):				
Sale of Municipal Property	-	-	2,024.00	2,024.00
Total Other Financing Sources (Uses)	-	-	2,024.00	2,024.00
Net Change in Fund Balances	-	(1,200.00)	124,430.27	125,630.27
Fund Balance - Beginning	392,851.24	392,851.24	392,851.24	-
FUND BALANCE - ENDING	\$ 392,851.24	\$ 391,651.24	\$ 517,281.51	\$ 125,630.27

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

CITY OF WILMOT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes	\$ 94,000.00	\$ 94,000.00	\$ 96,218.87	\$ 2,218.87
General Sales and Use Taxes	135,000.00	135,000.00	151,093.31	16,093.31
Amusement Taxes	-	-	84.00	84.00
Penalties and Interest on Delinquent Taxes	-	-	373.62	373.62
Total Taxes	<u>229,000.00</u>	<u>229,000.00</u>	<u>247,769.80</u>	<u>18,769.80</u>
Licenses and Permits	-	-	502.73	502.73
State Shared Revenue:				
Bank Franchise Tax	900.00	900.00	1,281.33	381.33
Motor Vehicle Commercial Prorate		-	1,672.73	1,672.73
Liquor Tax Reversion	3,000.00	3,000.00	3,753.57	753.57
Motor Vehicle Licenses (5%)	5,000.00	5,000.00	6,545.25	1,545.25
County Shared Revenue:				
County Highway and Bridge Reserve Tax (25%)	10,000.00	10,000.00	15,174.71	5,174.71
Total Intergovernmental Revenue	<u>18,900.00</u>	<u>18,900.00</u>	<u>28,427.59</u>	<u>9,527.59</u>
Charges for Goods and Services:				
Sanitation	40,300.00	40,300.00	43,615.19	3,315.19
Culture and Recreation	-	-	1,726.52	1,726.52
Total Charges for Goods and Services	<u>40,300.00</u>	<u>40,300.00</u>	<u>45,341.71</u>	<u>5,041.71</u>
Miscellaneous Revenue:				
Investment Earnings	50.00	50.00	31.95	(18.05)
Rentals	32,100.00	32,100.00	33,892.00	1,792.00
Special Assessments	1,500.00	1,500.00	2,739.67	1,239.67
Liquor Operating Agreement	-	-	412.50	412.50
Other	2,320.00	2,320.00	5,333.36	3,013.36
Total Miscellaneous Revenue	<u>35,970.00</u>	<u>35,970.00</u>	<u>42,409.48</u>	<u>6,439.48</u>
Total Revenue	<u>324,170.00</u>	<u>324,170.00</u>	<u>364,451.31</u>	<u>40,281.31</u>

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Legislative	6,650.00	6,650.00	6,635.36	14.64
Contingency Amount Transferred	15,000.00	13,500.00	-	13,500.00
Financial Administration	70,266.60	70,266.60	66,358.08	3,908.52
Other	12,000.00	12,000.00	5,185.38	6,814.62
Total General Government	103,916.60	102,416.60	78,178.82	24,237.78
Public Safety:				
Police	850.00	850.00	418.06	431.94
Fire	15,750.00	15,750.00	11,022.01	4,727.99
Total Public Safety	16,600.00	16,600.00	11,440.07	5,159.93
Public Works:				
Highways and Streets	142,605.32	142,605.32	202,451.73	(59,846.41)
Sanitation	30,148.08	30,148.08	37,625.42	(7,477.34)
Total Public Works	172,753.40	172,753.40	240,077.15	(67,323.75)
Culture and Recreation:				
Parks	2,450.00	2,450.00	1,773.80	676.20
Libraries	9,650.00	11,150.00	10,785.55	364.45
Auditorium	10,900.00	10,900.00	7,451.94	3,448.06
Total Culture and Recreation	23,000.00	24,500.00	20,011.29	4,488.71
Miscellaneous:				
Other Expenditures	7,900.00	7,900.00	4,787.70	3,112.30
Total Miscellaneous	7,900.00	7,900.00	4,787.70	3,112.30
Total Expenditures	324,170.00	324,170.00	354,495.03	(30,325.03)
Excess of Revenue Over (Under)				
Expenditures	-	-	9,956.28	9,956.28
Net Change in Fund Balances	-	-	9,956.28	9,956.28
Fund Balance - Beginning	382,894.96	382,894.96	382,894.96	-
FUND BALANCE - ENDING	\$ 382,894.96	\$ 382,894.96	\$ 392,851.24	\$ 9,956.28

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

CITY OF WILMOT
NOTES TO THE SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund

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 City Council introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the City Council, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the City Council to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the City Council.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

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 SI 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.

CITY OF WILMOT, SOUTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2015	Total Federal Expenditures 2014
US Department of Housing and Urban Development - Pass Through Programs: SD Governor's Office of Economic Community Development Block Grant/Entitlement Grants (Note 3)	14.228	1212-104	\$ 140,608.68	\$ -
Total US Department of Housing and Urban Development			<u>140,608.68</u>	<u>-</u>
US Department of Agriculture - Rural Development - Direct Program Rural Development Water and Waste Disposal Systems for Rural Communities (Note 3)	10.760	47 055 0466000550	174,766.68	1,750.00
Water and Waste Disposal Systems for Rural Communities (Note 3)	10.760	47 055 0799000550	322,811.09	48,512.50
Total US Department of Agriculture - Rural Development			<u>497,577.77</u>	<u>50,262.50</u>
Grand Total			<u>\$ 638,186.45</u>	<u>\$ 50,262.50</u>

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City and is presented on the modified cash basis of accounting unless otherwise noted. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2: Summary of Significant Accounting Policies

Federal reimbursements are based upon specific expenditures

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program

Note 4: Federal Loan Program

The City had the following loan balances outstanding at December 31, 2015. These loan balances outstanding which have continuing compliance requirements are also included in the federal expenditures presented in the Schedule.

	Federal CFDA Number	Amount Outstanding
Water and Waste Disposal Systems for Rural Communities - Sewer	10.760	170,476.51
Water and Waste Disposal Systems for Rural Communities - Water	10.760	363,977.77

Schedule of Supplementary Information
CITY OF WILMOT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET
PENSION ASSET

South Dakota Retirement System

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	2015	2014
City's proportion of the net pension asset	0.0041837%	0.0032726%
City's proportionate share of net pension asset	\$ 17,744	\$ 23,578
City's covered-employee payroll	\$ 76,383	\$ 57,233
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension asset	104.10%	107.29%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension asset which is 6/30.

**Schedule of Supplementary Information
CITY OF WILMOT
SCHEDULE OF THE CITY'S CONTRIBUTIONS**

South Dakota Retirement System

Last 10 Fiscal Years
(Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,583	\$ 3,434
Contributions in relation to the contractually required contribution	<u>\$ 4,583</u>	<u>\$ 3,434</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 76,383	\$ 57,233
Contributions as a percentage of covered-employee payroll	6.00%	6.00%