

***MUNICIPALITY OF WOONSOCKET
AUDIT REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012***

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Your success is our business!

**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**

**To the Board of Trustees
Municipality of Woonsocket, 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 and each major fund of the Municipality of Woonsocket, South Dakota, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "CIO of LLC".

Mitchell, South Dakota
December 3, 2015



Your success is our business!

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Municipality of Woonsocket, South Dakota

We have audited the accompanying modified cash basis of accounting financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Woonsocket, South Dakota, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated December 3, 2015.

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 1c; 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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 from material misstatement.

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

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

Opinion

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, and each major fund of the Municipality of Woonsocket as of December 31, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with the modified cash basis of accounting described in Note 1c to the financial statements.

Basis of Accounting

We draw attention to Note 1c 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 that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the Municipality's basic financial statements. The budgetary comparison schedule, schedule of changes in long-term debt, and other supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.



Mitchell, South Dakota
December 3, 2015

MUNICIPALITY OF WOONSOCKET, SD
STATEMENTS OF NET POSITION – MODIFIED CASH BASIS
AS OF DECEMBER 31,

	2013			2012		
	Primary Government			Primary Government		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS						
Cash and Cash Equivalents	\$ 385,818	\$ 157,811	\$ 543,629	\$ 432,208	\$ 162,430	\$ 594,638
<i>Total Assets</i>	<u>\$ 385,818</u>	<u>\$ 157,811</u>	<u>\$ 543,629</u>	<u>\$ 432,208</u>	<u>\$ 162,430</u>	<u>\$ 594,638</u>
NET POSITION						
Unrestricted	\$ 385,818	\$ 157,811	\$ 543,629	\$ 432,208	\$ 162,430	\$ 594,638
<i>Total Net Position</i>	<u>\$ 385,818</u>	<u>\$ 157,811</u>	<u>\$ 543,629</u>	<u>\$ 432,208</u>	<u>\$ 162,430</u>	<u>\$ 594,638</u>

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

MUNICIPALITY OF WOONSOCKET, SD
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i> <i>Charges for Services</i>	<i>Net (Expense) Revenue and Changes in Net Position</i>		
			<i>Primary Government</i>		
			<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Primary Government:</i>					
<i>Governmental Activities:</i>					
General government	\$ 105,871	\$ 44,130	\$ (61,741)	\$ --	\$ (61,741)
Public safety	20,000	--	(20,000)	--	(20,000)
Public works	287,509	--	(287,509)	--	(287,509)
Health and welfare	660	--	(660)	--	(660)
Culture and recreation	124,653	--	(124,653)	--	(124,653)
Conservation and development	3,629	--	(3,629)	--	(3,629)
<i>Total Governmental Activities</i>	<u>542,322</u>	<u>44,130</u>	<u>(498,192)</u>	<u>--</u>	<u>(498,192)</u>
<i>Business-type Activities:</i>					
Water	102,148	85,210	--	(16,938)	(16,938)
Sewer	49,735	62,054	--	12,319	12,319
<i>Total Business-Type Activities</i>	<u>151,883</u>	<u>147,264</u>	<u>--</u>	<u>(4,619)</u>	<u>(4,619)</u>
<i>Total Primary Government</i>	<u>\$ 694,205</u>	<u>\$ 191,394</u>	<u>\$ (498,192)</u>	<u>\$ (4,619)</u>	<u>\$ (502,811)</u>
<i>General Revenues:</i>					
<i>Taxes:</i>					
Property tax			\$ 162,678	\$ --	\$ 162,678
Sales tax			227,384	--	227,384
State shared revenues			46,313	--	46,313
Unrestricted investment earnings			1,869	--	1,869
Miscellaneous revenue			13,558	--	13,558
<i>Total General Revenues and Transfers</i>			<u>451,802</u>	<u>--</u>	<u>451,802</u>
<i>Change in Net Position</i>			(46,390)	(4,619)	(51,009)
<i>Net Position-Beginning of Year</i>			432,208	162,430	594,638
<i>Net Position-End of Year</i>			<u>\$ 385,818</u>	<u>\$ 157,811</u>	<u>\$ 543,629</u>

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

MUNICIPALITY OF WOONSOCKET, SD
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

<i>Functions/Programs</i>	<i>Program Revenues</i>		<i>Net (Expense) Revenue and Changes in Net Position</i>		
	<i>Expenses</i>	<i>Charges for Services</i>	<i>Primary Government</i>		
			<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Primary Government:</i>					
<i>Governmental Activities:</i>					
General government	\$ 77,799	\$ 42,014	\$ (35,785)	\$ --	\$ (35,785)
Public safety	19,500	--	(19,500)	--	(19,500)
Public works	294,407	--	(294,407)	--	(294,407)
Culture and recreation	97,964	--	(97,964)	--	(97,964)
Conservation and development	8,497	--	(8,497)	--	(8,497)
Miscellaneous expenditures	3,991	--	(3,991)	--	(3,991)
<i>Total Governmental Activities</i>	<u>502,158</u>	<u>42,014</u>	<u>(460,144)</u>	<u>--</u>	<u>(460,144)</u>
<i>Business-type Activities:</i>					
Water					
Sewer	151,442	100,522	--	(17,090)	(17,090)
	40,120	61,331	--	21,211	21,211
<i>Total Business-Type Activities</i>	<u>191,562</u>	<u>161,853</u>	<u>--</u>	<u>4,121</u>	<u>4,121</u>
<i>Total Primary Government</i>	<u>\$ 693,720</u>	<u>\$ 203,867</u>	<u>\$ (460,144)</u>	<u>\$ 4,121</u>	<u>\$ (456,023)</u>
<i>General Revenues:</i>					
<i>Taxes:</i>					
Property tax			\$ 143,146	\$ --	\$ 143,146
Sales tax			237,275	--	237,275
State shared revenues			45,571	--	45,571
Unrestricted investment earnings			1,526	--	1,526
Miscellaneous revenue			40,835	--	40,835
<i>Total General Revenues and Transfers</i>			<u>468,353</u>	<u>--</u>	<u>468,353</u>
<i>Change in Net Position</i>			8,209	4,121	12,330
<i>Net Position-Beginning of Year</i>			<u>423,999</u>	<u>158,309</u>	<u>582,308</u>
<i>Net Position-End of Year</i>			<u>\$ 432,208</u>	<u>\$ 162,430</u>	<u>\$ 594,638</u>

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

MUNICIPALITY OF WOONSOCKET, SD
BALANCE SHEETS – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31,

	<u>2013</u>			<u>2012</u>		
	<u>General Fund</u>	<u>2nd Cent Sales Tax Fund</u>	<u>Total Governmental Funds</u>	<u>General Fund</u>	<u>2nd Cent Sales Tax Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 325,436	\$ 60,382	\$ 385,818	\$ 314,164	\$ 118,044	\$ 432,208
<i>Total Assets</i>	<u>\$ 325,436</u>	<u>\$ 60,382</u>	<u>\$ 385,818</u>	<u>\$ 314,164</u>	<u>\$ 118,044</u>	<u>\$ 432,208</u>
FUND BALANCES						
Committed	\$ --	\$ 60,382	\$ 60,382	\$ --	\$ 118,044	\$ 118,044
Unassigned	325,436	--	325,436	314,164	--	314,164
<i>Total Fund Balances</i>	<u>\$ 325,436</u>	<u>\$ 60,382</u>	<u>\$ 385,818</u>	<u>\$ 314,164</u>	<u>\$ 118,044</u>	<u>\$ 432,208</u>

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

MUNICIPALITY OF WOONSOCKET, SD
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31,

	2013			2012		
	General Fund	2nd Cent Sales Tax Fund	Total Governmental Funds	General Fund	2nd Cent Sales Tax Fund	Total Governmental Funds
Revenues:						
Taxes:						
General property taxes	\$ 162,678		\$ 162,678	\$ 143,146		\$ 143,146
General sales and use taxes	115,836	113,942	229,778	118,983	118,292	237,275
Licenses and permits	4,100	--	4,100	4,300	--	4,300
Intergovernmental:						
Bank franchise tax	5	--	5	10	--	10
Motor vehicle commercial prorata	3,251	--	3,251	3,070	--	3,070
Liquor tax reversion	4,634	--	4,634	4,791	--	4,791
Motor vehicle licenses	9,079	--	9,079	8,495	--	8,495
Local government highway and bridge fund	16,495	--	16,495	18,550	--	18,550
County road tax	6,355	--	6,355	6,355	--	6,355
Charges for goods and services	44,130	--	44,130	42,014	--	42,014
Investment income	1,869	--	1,869	1,526	--	1,526
Miscellaneous	13,558	--	13,558	40,835	--	40,835
Total Revenue	381,990	113,942	495,932	392,075	118,292	510,367
Expenditures:						
Current:						
General government	105,871	--	105,871	77,799	--	77,799
Public safety:						
Police	20,000	--	20,000	19,500	--	19,500
Public works:						
Highways and streets	82,517	126,536	209,053	114,472	100,776	215,248
Sanitation	73,195	--	73,195	67,102	4,939	72,041
Cemeteries	5,261	--	5,261	7,118	--	7,118
Health and welfare:	660	--	660	--	--	--
Culture and recreation:	79,585	45,068	124,653	65,697	32,267	97,964
Conservation and development:						
Economic development and assistance (Industrial development)	3,629	--	3,629	8,497	--	8,497
Miscellaneous	--	--	--	3,991	--	3,991
Total Expenditures	370,718	171,604	542,322	364,176	137,982	502,158
Excess of Revenues Over Expenditures	11,272	(57,662)	(46,390)	27,899	(19,690)	8,209
Net Change in Fund Balance	11,272	(57,662)	(46,390)	27,899	(19,690)	8,209
Fund balances - Beginning of Year	314,164	118,044	432,208	286,265	137,734	423,999
Fund balances - End of Year	\$ 325,436	\$ 60,382	\$ 385,818	\$ 314,164	\$ 118,044	\$ 432,208

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

MUNICIPALITY OF WOONSOCKET, SD
STATEMENTS OF NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
AS OF DECEMBER 31,

	<i>2013</i>			<i>2012</i>		
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Totals</i>	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Totals</i>
ASSETS						
Cash and cash equivalents	\$ 25,570	\$ 132,241	\$ 157,811	\$ 42,508	\$ 119,922	\$ 162,430
<i>Total Assets</i>	<u>\$ 25,570</u>	<u>\$ 132,241</u>	<u>\$ 157,811</u>	<u>\$ 42,508</u>	<u>\$ 119,922</u>	<u>\$ 162,430</u>
NET POSITION						
Unrestricted	\$ 25,570	\$ 132,241	\$ 157,811	\$ 42,508	\$ 119,922	\$ 162,430
<i>Total Net Position</i>	<u>\$ 25,570</u>	<u>\$ 132,241</u>	<u>\$ 157,811</u>	<u>\$ 42,508</u>	<u>\$ 119,922</u>	<u>\$ 162,430</u>

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

MUNICIPALITY OF WOONSOCKET, SD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>			<u>2012</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
<i>Operating Revenues:</i>						
Charges for goods and services	\$ 85,210	\$ 62,054	\$ 147,264	\$ 100,522	\$ 61,331	\$ 161,853
Total Operating Revenues	85,210	62,054	147,264	100,522	61,331	161,853
<i>Operating Expenses:</i>						
Personal services	27,382	16,359	43,741	21,804	15,375	37,179
Other current expense	15,383	--	15,383	--	--	--
Supplies and materials	59,383	33,376	92,759	129,638	24,745	154,383
<i>Total Operating Expenses</i>	102,148	49,735	151,883	151,442	40,120	191,562
<i>Operating Income (Loss)</i>	(16,938)	12,319	(4,619)	(50,920)	21,211	(29,709)
<i>Nonoperating Revenues:</i>						
Grants	--	--	--	33,830	--	33,830
<i>Total Nonoperating Revenue</i>	--	--	--	33,830	--	33,830
<i>Change in net position</i>	(16,938)	12,319	(4,619)	(17,090)	21,211	4,121
<i>Net Position - Beginning of Year</i>	42,508	119,922	162,430	59,598	98,711	158,309
<i>Net Position - End of Year</i>	\$ 25,570	\$ 132,241	\$ 157,811	\$ 42,508	\$ 119,922	\$ 162,430

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

MUNICIPALITY OF WOONSOCKET, SD
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>			<u>2012</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipt from customers	\$ 85,210	\$ 62,054	\$ 147,264	\$ 100,522	\$ 61,331	\$ 161,853
Payments to suppliers	(74,766)	(33,376)	(108,142)	(129,638)	(24,745)	(154,383)
Payments to employees	(27,382)	(16,359)	(43,741)	(21,804)	(15,375)	(37,179)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(16,938)</u>	<u>12,319</u>	<u>(4,619)</u>	<u>(50,920)</u>	<u>21,211</u>	<u>(29,709)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Federal Grant		--	--	33,830	--	33,830
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,830</u>	<u>--</u>	<u>33,830</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,938)	12,319	(4,619)	(17,090)	21,211	4,121
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>42,508</u>	<u>119,922</u>	<u>162,430</u>	<u>59,598</u>	<u>98,711</u>	<u>158,309</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 25,570</u>	<u>\$ 132,241</u>	<u>\$ 157,811</u>	<u>\$ 42,508</u>	<u>\$ 119,922</u>	<u>\$ 162,430</u>

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

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

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 Municipality of Woonsocket, (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.

At this time, Woonsocket has no component units of government which are separate legal entities and for which the Municipality is financially accountable.

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.

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

b. **Basis of Presentation:** *(continued)*

Fund Financial Statements:

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

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

The funds of the Municipality's 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.

2nd Cent Sales Tax Fund – To account for half of the 2% municipal general sales tax used for expenditures of capital improvements and any other use the Municipality deems appropriate for this fund. This is a major fund.

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

b. **Basis of Presentation:** *(continued)*

Fund Financial Statements: *(continued)*

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 of the following criteria is met. Governments should apply each of those criteria in the context of the activity’s principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity).
- b. Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

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

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

The Municipality 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.

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

c. **Measurement Focus and Basis of Accounting:** *(continued)*

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

Recording long-term investments (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 would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

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 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.

e. **Capital Assets:**

The accounting treatment for property, plant and equipment (capital assets) is the same whether the assets are used in governmental fund operations or proprietary fund or 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:**

Under the modified cash basis of accounting, cash proceeds from long-term debt issuances are 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. Debt service 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.

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

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 acquisition 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, revenues 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 pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

j. **Equity Classifications:**

Government-wide Statements:

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

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

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)***

j. **Equity Classifications: (continued)**

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between “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 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 is 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:

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 governing body or 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 Municipality would use restricted amounts first when both restricted and unrestricted fund balances are 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 assigned then lastly unassigned amounts of restricted fund balance when expenditures are made.

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

*MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012*

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

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

Deposits – The Municipality’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank’s public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In General, SDCL 4-5-6 permits Municipality funds to be invested 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 Municipality, as discussed above. The Municipality has no investment policy that would further limit its investment choices.

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

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

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

3. PROPERTY TAXES:

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

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

3. PROPERTY TAXES: (continued)

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

4. LONG-TERM DEBT:

A summary of changes in long-term debt can be found on page 36.

Debt payable at December 31, 2013 and 2012 is comprised of the following:

Other Long-Term Debt:	2013		2012
Santel Communications Cooperative, Inc	\$	--	\$ 370,664
Use of Proceeds: Pass-through financing for local business			
Interest Rate: 3.50% Fixed			
Maturity Date: December 2016			
Fund Servicing Debt: General			
Department of Environment and Natural Resources (DENR)	\$	292,353	\$ 359,459
Use of Proceeds: Drinking Water SRF Loan			
Interest Rate: 3.00% Fixed			
Maturity Date: January 2042			
Fund Servicing Debt: Water			
Subsequent Information: Principal forgiveness of \$416,500 on 1/1/12			

The annual requirements to amortize all debt outstanding as of December 31, 2013 including interest, are listed below:

<i>Years Ending Dec. 31,</i>	<i>Other Long-Term Debt</i>	
	<i>Principal</i>	<i>Interest</i>
2014	\$ 6,687	\$ 8,696
2015	6,890	8,493
2016	7,099	8,284
2017	7,314	8,069
2018	7,536	7,847
2019-2042	256,828	100,823
TOTAL	\$ 292,354	\$ 142,212

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

5. 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. 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, 2013 and 2012 were \$5,822 and \$5,685, respectively, equal to the required contributions each year.

6. 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, 2013 and 2012, the Municipality managed its risks as follows:

Liability Insurance:

The Municipality joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality.

The Municipality pays 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 Municipality pays an annual premium to the pool to provide coverage for:

- Governmental General Liability
- Automobile Liability
- Officials Liability
- Governmental Property

MUNICIPALITY OF WOONSOCKET, SD
NOTES TO THE BASIC FINANCIAL STATEMENTS – MODIFIED CASH BASIS
DECEMBER 31, 2013 AND 2012

6. RISK MANAGEMENT: (continued)

Liability Insurance: (continued)

The agreement with the South Dakota Public Assurance Alliance provides that the above coverages will be provided to a \$2,000,000 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. The Municipality carries a \$250-1,000 deductible for the property coverage, depending on the type of property.

The Municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage. Settled claims resulting from these risks have not exceeded the liability coverage during 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 during the past three years.

Unemployment Benefits:

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

During the year ended December 31, 2013 and 2012 no claims for unemployment benefits were paid. At December 31, 2011, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF WOONSOCKET, SD
BUDGETARY COMPARISON SCHEDULES – MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31,

	2013				2012			
	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>	<i>Budgeted Amounts</i>		<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>			<i>Original</i>	<i>Final</i>		
<i>Resources (Inflows):</i>								
<i>Taxes:</i>								
General property tax	\$ 166,461	\$ 166,461	\$ 162,678	\$ (3,783)	\$ 162,500	\$ 162,500	\$ 143,146	\$ (19,354)
General sales and use tax	90,000	90,000	115,836	25,836	85,000	85,000	118,983	33,983
<i>Total Taxes:</i>	256,461	256,461	278,514	22,053	247,500	247,500	262,129	14,629
Intergovernmental	36,100	36,100	39,819	3,719	35,600	35,600	41,271	5,671
Licenses and Permits	3,500	3,500	4,100	600	3,500	3,500	4,300	800
Charges for Goods and Services	52,200	52,200	44,130	(8,070)	51,700	51,700	42,014	(9,686)
Investment Income	500	500	1,869	1,369	500	500	1,526	1,026
Fines and Forfeits	100	100	--	(100)	100	100	--	(100)
Miscellaneous Revenue	16,350	16,350	13,558	(2,792)	16,350	16,350	40,835	24,485
<i>Amounts Available for Appropriation</i>	\$ 365,211	\$ 365,211	\$ 381,990	\$ 16,779	\$ 355,250	\$ 355,250	\$ 392,075	\$ 36,825

See accompanying note to budgetary comparison schedules.

MUNICIPALITY OF WOONSOCKET, SD
BUDGETARY COMPARISON SCHEDULES – MODIFIED CASH BASIS
GENERAL FUND (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31,

	2013				2012			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<i>Charges to Appropriations (Outflows):</i>								
General Government	\$ 109,827	\$ 109,827	\$ 105,871	\$ (3,956)	\$ 112,942	\$ 112,942	\$ 77,799	\$ (35,143)
Public Safety:								
Police	19,500	19,500	20,000	500	19,500	19,500	19,500	--
<i>Total Public Safety</i>	19,500	19,500	20,000	500	19,500	19,500	19,500	--
Public Works:								
Highways and streets	92,634	92,634	82,517	(10,117)	90,634	90,634	114,472	23,838
Sanitation	62,380	62,380	73,195	10,815	62,380	62,380	67,102	4,722
Cemeteries	9,480	9,480	5,261	(4,219)	9,480	9,480	7,118	(2,362)
<i>Total Public Works</i>	164,494	164,494	160,973	(3,521)	162,494	162,494	188,692	26,198
Health and Welfare	3,010	3,010	660	(2,350)	3,010	3,010	--	(3,010)
Culture and Recreation	62,380	62,380	79,585	17,205	54,304	54,304	65,697	11,393
Conservation and Development	6,000	6,000	3,629	(2,371)	3,000	3,000	8,497	5,497
Miscellaneous Financing Uses	--	--	--	--	--	--	3,991	3,991
<i>Total Expenditures</i>	365,211	365,211	370,718	5,507	355,250	355,250	364,176	8,926
<i>Excess of Revenues Over (Under) Expenditures</i>	--	--	11,272	11,272	--	--	27,899	27,899
<i>Net Change in Fund Balance</i>	--	--	11,272	11,272	--	--	27,899	27,899
<i>Beginning Budgetary Fund Balance</i>	286,265	286,265	314,164	27,899	286,265	286,265	286,265	--
<i>Ending Budgetary Fund Balance</i>	<u>\$ 286,265</u>	<u>\$ 286,265</u>	<u>\$ 325,436</u>	<u>\$ 39,171</u>	<u>\$ 286,265</u>	<u>\$ 286,265</u>	<u>\$ 314,164</u>	<u>\$ 27,899</u>

See accompanying note to budgetary comparison schedules.

MUNICIPALITY OF WOONSOCKET, SD
BUDGETARY COMPARISON SCHEDULES – MODIFIED CASH BASIS
2ND CENT SALES TAX FUND
FOR THE YEARS ENDED DECEMBER 31,

	2013				2012			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<i>Resources (Inflows):</i>								
<i>Taxes:</i>	\$ 90,000	\$ 90,000	\$ 113,942	\$ 23,942	\$ 85,000	\$ 85,000	\$ 118,292	\$ 33,292
<i>Total Revenue</i>	<u>90,000</u>	<u>90,000</u>	<u>113,942</u>	<u>23,942</u>	<u>85,000</u>	<u>85,000</u>	<u>118,292</u>	<u>33,292</u>
<i>Charges to appropriations (Outflows):</i>								
<i>Public Works:</i>								
Highways and streets	75,000	75,000	126,536	(51,536)	70,000	70,000	100,776	(30,776)
Sanitation	--	--	--	--	--	--	4,939	(4,939)
<i>Total Public Works</i>	<u>75,000</u>	<u>75,000</u>	<u>126,536</u>	<u>(51,536)</u>	<u>70,000</u>	<u>70,000</u>	<u>105,715</u>	<u>(35,715)</u>
Culture and Recreation	<u>10,000</u>	<u>10,000</u>	<u>45,068</u>	<u>(35,068)</u>	<u>15,000</u>	<u>15,000</u>	<u>32,267</u>	<u>(17,267)</u>
Conservation and Development:	<u>5,000</u>	<u>5,000</u>	<u>--</u>	<u>5,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Total Expenditures</i>	<u>90,000</u>	<u>90,000</u>	<u>171,604</u>	<u>(81,604)</u>	<u>85,000</u>	<u>85,000</u>	<u>137,982</u>	<u>(52,982)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>--</u>	<u>--</u>	<u>(57,662)</u>	<u>(57,662)</u>	<u>--</u>	<u>--</u>	<u>(19,690)</u>	<u>(19,690)</u>
<i>Net Change in Fund Balance</i>	<u>--</u>	<u>--</u>	<u>(57,662)</u>	<u>(57,662)</u>	<u>--</u>	<u>--</u>	<u>(19,690)</u>	<u>(19,690)</u>
<i>Beginning Budgetary Fund Balance</i>	<u>--</u>	<u>432,208</u>	<u>266,575</u>	<u>(19,690)</u>	<u>--</u>	<u>432,208</u>	<u>286,265</u>	<u>--</u>
<i>Ending Budgetary Fund Balance</i>	<u>\$ --</u>	<u>\$ 432,208</u>	<u>\$ 208,913</u>	<u>\$ (77,352)</u>	<u>\$ --</u>	<u>\$ 432,208</u>	<u>\$ 266,575</u>	<u>\$ (19,690)</u>

See accompanying note to budgetary comparison schedules.

**MUNICIPALITY OF WOONSOCKET, SD
NOTE TO BUDGETARY COMPARISON SCHEDULES
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND
AND FOR EACH MAJOR SPECIAL REVENUE FUND
WITH A LEGALLY REQUIRED BUDGET
DECEMBER 31, 2013 AND 2012**

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

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

The Municipality did not encumber any amounts at December 31, 2013 and 2012.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. The Municipality of Woonsocket presents its budget on the modified cash basis of accounting to coincide with the basis of accounting utilized by the basic financial statements. See Note 1 to the basic financial statements for a definition of modified cash basis.

MUNICIPALITY OF WOONSOCKET, SD
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2013

	<i>2013</i>			
Indebtedness	Long-Term Debt 1-Jan-13	Add New Debt	Less Debt Retired	Long-Term Debt 31-Dec-13
Governmental Long-Term Debt:				
Other Long-Term Liabilities	\$ 298,843	\$ --	\$ 6,490	\$ 292,353
Total	\$ 298,843	\$ --	\$ 6,490	\$ 292,353

	<i>2012</i>			
Indebtedness	Long-Term Debt 1-Jan-12	Add New Debt	Less Debt Retired	Long-Term Debt 31-Dec-12
Governmental Long-Term Debt:				
Other Long-Term Liabilities	\$ 718,516	\$ --	\$ (419,673)	\$ 298,843
Total	\$ 718,516	\$ --	\$ (419,673)	\$ 298,843

**MUNICIPALITY OF WOONSOCKET, SD
MUNICIPAL OFFICIALS
DECEMBER 31, 2013 AND 2012**

Governing Board Members:

**Lindy Peterson
Richard Reider
Richard Regynski
John Ames
Don Schmidt
Brandon Goergen
Jim Steichen**

Municipal Finance Officer:

Tara Weber

Municipal Attorney:

Jeffrey D. Larson