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MARTIN L. GUINDON, CPA  
AUDITOR GENERAL

December 31, 2016

TO: Finance Officers of Small Municipalities

FROM: Rod Fortin, Director of Local Government Assistance

RE: 2016 Municipal Annual Report Forms

Enclosed are the annual report forms and related instructions to be used in completing your 2016 annual financial report. These forms are to be completed by municipalities that receive less than \$600,000 in total revenue AND are not engaging in continuous audits (an internal control review is not an audit.)

Complete the original forms and make copies for distribution. It is acceptable to prepare the financial statements in longhand; however, caution should be taken so that the figures are legible. Exhibits I and II are the only forms required to be published.

SDCL 9-22-21 requires the annual financial report to be submitted to the governing body at the first regular meeting of **March** and published within thirty days thereafter or upon completion of an annual audit. SDCL 4-11-4 authorizes the auditor general to accept an annual report in lieu of a formal audit of the records of a municipality that receives less than \$600,000 in revenue in any one year. The failure to file an annual report places a city in noncompliance and subject to the ramifications thereof. However, if your municipality has **spent \$750,000** or more of federal financial assistance in 2016, that year may be required to be audited. If you have any questions, contact me at 367-5810.

A 30-day extension of the reporting and filing dates may be obtained by E-mail ([rod.fortin@state.sd.us](mailto:rod.fortin@state.sd.us)) or mailing a written request to the SD Department of Legislative Audit. The request should state the reason for the extension and must indicate that your governing body agrees to the request. Reasons accepted generally are significant unforeseen events. (SDCL 9-22-21).

## REPORT PREPARATION

**ACCOUNT NUMBERS** -- All annual reports that are filed with the department should have account numbers for each amount reported. If you type up your own report rather than using our forms, please add the account numbers to your report, or at a minimum you may pencil them onto the copy that is mailed to us. Financial statements prepared on your own software must be completed in the same format as the enclosed.

**CODING --** The revenue and expenditure accounts in some cases have been individually listed or a single line will represent a "grouping" of accounts of a certain type. Please try to force all of your dollar amounts into the appropriate single line or the appropriate grouping. For example, 411-419 General Government includes cost relating to the board, finance office, elections, city hall and other miscellaneous "general government" costs.

No blank revenue and expenditures lines have been provided because all amounts may now fit into the lines provided. Coding shown in parenthesis is for internal departmental use only and may be ignored by each municipality.

Please do not draw in any additional lines or pencil in any unique account names. All amounts should be forced into the accounts provided.

**ENTERPRISE FUNDS --** Enterprise funds are the funds that have user charges as a means of revenue such as the Water, Sewer and Liquor Funds. I have taken the revenue and expenditure accounts for these funds and have shown them on the bottom of the respective financial statements to make it easier for them to be identified.

File by E-mail: [sheri.doolittle@state.sd.us](mailto:sheri.doolittle@state.sd.us)

File by Fax: 1-844-509-6554

File by Mail: Department of Legislative Audit  
427 S. Chapelle  
C/O 500 E. Capitol Avenue  
Pierre, SD 57501-5070

## **MUNICIPAL ANNUAL REPORT INSTRUCTIONS**

### **Small Municipalities**

The municipal annual report forms for municipalities of the third class are designed to be a simplified financial report. The statements are not intended to be presented in conformity with generally accepted accounting principles. The annual report forms consist of the following:

- (a) Exhibit I - Statement of Fund Cash Balances -- All Funds
- (b) Exhibit II - Statement of Receipts, Disbursements and Changes in Fund Cash Balance -- All Funds
- (c) Exhibit III - Statement of Changes in Long-Term Debt

### **STATEMENT DISTRIBUTION**

The report forms should be completed either in ink or by typewriter. Copies of each statement should be prepared, and the report forms should be distributed as follows:

- (a) Original of all statements - to the Department of Legislative Audit
- (b) Copy of Exhibit I and Exhibit II - to the official newspapers
- (c) Copy of all statements - retained by municipality

If your city is to receive an audit of the year 2016, then both the audit report and the enclosed annual report should eventually be filed with the Department of Legislative Audit.

### **STATEMENT PREPARATION**

#### **Exhibit I - Statement of Fund Cash Balances - All Funds**

This statement will show the fund cash balances for all individual funds as of December 31. The total cash assets for each fund must equal the fund cash balance for each fund (bottom line of Exhibit III, page 3).

#### **Exhibit II - Statements of Receipts, Disbursements and Changes in Fund Cash Balances -- All Funds**

This statement will show beginning cash balances, receipts, transfers in, disbursements, transfers out and ending cash balances for all individual funds for the period January 1 through December 31. The ending fund cash balance of each individual fund on page 3 of this statement must agree with the fund cash balance of each fund as reported on Exhibit I. Receipts and disbursements should be classified as to their nature in the manner which the records have them classified. Transfers in must equal transfers out.

#### **Exhibit III - Statement of Changes in Long-Term Debt**

This statement will show the beginning balances of all debt payable by type as of January 1, the new debt acquired and debt retired during the year and the debt payable as of December 31. Interest payments should not be reported (principal only).