

Municipality of Wilmot

Independent Auditor's Report and Financial Statements

**For the Year Ended
December 31, 2024**

Municipality of Wilmot

Table of Contents

	Page
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> -----	1-2
Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance -----	3-5
Schedule of Prior Audit Findings -----	6
Schedule of Findings and Questioned Costs -----	7-9
Corrective Action Plan -----	10
Independent Auditor's Report -----	11-13
Financial Statements:	
Statement of Net Position – Modified Cash Basis For the Year Ended December 31, 2024 -----	14
Statement of Activities – Modified Cash Basis: For the Year Ended December 31, 2024-----	15
Governmental Funds	
Balance Sheet – Modified Cash Basis – For the Year Ended December 31, 2024-----	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis For the Year Ended December 31, 2024-----	17-18
Proprietary Funds	
Statement of Net Position – Modified Cash Basis For the Year Ended December 31, 2024-----	19
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis For the Year Ended December 31, 2024-----	20
State of Cash Flows – Modified Cash Basis For the Year Ended December 31, 2024-----	21
Notes to the Modified Cash Basis Financial Statements -----	22-34
Supplemental Information -----	35
Budgetary Comparison Schedules-Modified Cash Basis: General Fund - 2024-----	36-37
Notes to Budgetary Comparison Schedules-----	38
Schedule of Changes in Long-Term Debt -----	39-40
Schedule of the Proportionate Share of the Net Pension Liability (Asset) -----	41
Notes to the Supplementary Information – Pension Schedule -----	42
Schedule of Expenditures of Federal Awards-----	43
Notes to the Schedule of Expenditures of Federal Awards -----	44



**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 Council Members
Municipality of Wilmot, South Dakota

We have audited, in accordance with the 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 Wilmot, South Dakota, as of December 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated September 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) as a basis for designing 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Municipality's financial statements will not be prevented or detected and corrected, on a timely basis. 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 by 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items 2024-01 and 2024-02 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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*.

Municipality's Response to Finding

Government Auditing Standards required the auditor to perform limited procedures on the Municipality's response to the findings identified in our audit. The Municipality's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The Municipality's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. 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 dark ink, appearing to read "CLO of LLC".

Chamberlain, South Dakota
September 17, 2025



**Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program
And on Internal Control over Compliance Required by the Uniform Guidance**

To the Council Members
Municipality of Wilmot, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Municipality of Wilmot's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Municipality of Wilmot's major federal programs for the year ended December 31, 2024. The Municipality of Wilmot's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Municipality of Wilmot compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Municipality of Wilmot and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Municipality of Wilmot's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Municipality of Wilmot's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Municipality of Wilmot's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Municipality of Wilmot's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Municipality of Wilmot's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Municipality of Wilmot's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Municipality of Wilmot's internal control over compliance. Accordingly, no such opinion is expressed

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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 a 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "CIO of LLC".

Chamberlain, South Dakota
September 17, 2025

Municipality of Wilmot
Schedule of Prior Audit Findings
December 31, 2024

Schedule of Prior Audit Findings

Internal Control-Related Findings – Significant Deficiencies:

Finding No. 2023-01 – Lack of segregation of duties

A reportable condition and material weakness in internal controls was noted due to lack of proper segregation of duties for revenues. The City Council has added procedures for the Council to help reduce the risks of not having proper segregation of duties for revenues but not eliminate the finding. The finding is restated as a current audit finding number 2024-01.

Finding No. 2023-02 – Financial reporting

A reportable condition and material weakness in internal controls was noted due to the Municipality requesting external auditors to prepare the financial statements and related notes for the Year ended December 31, 2023. The Municipality reviews, approves, and accepts responsibility for the financial statements and related notes. The finding is rested as a current auditing finding number 2024-02.

Finding No. 2023-03 – Violations of SDCL

The Municipality spent in excess of budgeted amounts without passing appropriate supplemental budget ordinances to pay for operating costs throughout the year, which is a violation of SDCL 9-21-2, SDCL 9-21-9, and SDCL 9-21-7. This was not a repeat finding for 2024.

Municipality of Wilmot
Schedule of Findings and Questioned Costs
December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiencies identified that are not material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a). _____ yes X no

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

Municipality of Wilmot
Schedule of Findings and Questioned Costs (Continued)
December 31, 2024

Schedule of Current Audit Findings

Finding No. 2024-01 – Lack of Segregation of Duties

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

Condition: The small size of the Municipality indicates a significant deficiency in internal controls for lack of segregation of duties for revenue and expenditures procedures.

Cause: The finance officer processes all revenue transactions from beginning to end as well as receives money, issues receipts, posts receipts in the accounting records, prepares bank deposits, reconciles bank statements, and prepares the financial statements.

Effect: 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: Municipality officials should be cognizant of this lack of segregation of duties for revenues and expenditures, and attempt to provide compensating internal control whenever and wherever possible and practical.

View of Responsible Officials: The Municipality agrees with this finding and is willing to accept the risk. Due to the small size of the Municipality, it is not cost beneficial to employ additional personnel to adequately segregate the duties above. The Municipality will continue to regularly provide compensating controls.

Repeat Finding From Prior Years: Finding No. 2024-01 is a repeat finding since 2017.

Municipality of Wilmot
Schedule of Findings and Questioned Costs (Continued)
December 31, 2024

Finding No. 2024-02 – Preparation of Financial Statements

Criteria: Establishing internal control over the preparation of the financial statements and drafting the financial statements is the responsibility of management. The Municipality should have an internal control system designed for the drafting of the financial statements being audited.

Condition: The small size of the Municipality limits the ability of the Municipality office to prepare the financial statements and notes to the financial statements.

Cause: This condition exists due to small staff size within the Municipality's office. These issues are common in a Municipality of this size.

Effect: The Municipality engages the auditor to draft the financial statements and the notes to the financial statements. The possibility of error occurring and not being detected or corrected is present.

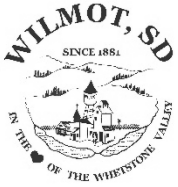
Recommendation: Municipality officials need to be cognizant of accepting the risk with the auditor drafting the financial. If the Municipality chooses not to accept the risk, training should be provided to those employees responsible for drafting the financial statements.

View of Responsible Officials: The Municipality agrees with this finding and is willing to accept the risk. Due to the small size of the Municipality, it is not cost beneficial to employ additional personnel. The Municipality will continue to regularly provide compensating controls.

Repeat Finding From Prior Years: Finding No. 2024-02 is a repeat finding since 2017.

Section III - Federal Award Findings and Questioned Costs

There are no finding or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.516(a).



City of Wilmot

725 Main St, P.O. Box 40, Wilmot, SD 57279
email: cityhall@wilmotcity.com

Phone: 605-938-4811

Corrective Action Plan (Unaudited)

The Municipality of Wilmot, respectfully submits the following corrective action plan for the year ended December 31, 2024.

Name and address of independent public accounting firm:

ELO Prof. LLC
316 Sorenson Dr.
Chamberlain, SD 57325

Finding 2024-01 Lack of Segregation of Duties

Management acknowledges the auditor's finding regarding the lack of segregation of duties. Due to staffing constraints, it is not feasible to fully segregate all accounting functions. However, the Municipality has taken steps to implement mitigating controls and oversight procedures to reduce the risk associated with this finding.

The Municipality has assigned specific oversight responsibilities to supervisory personnel, including the review and approval of monthly bank reconciliations, journal entries, and disbursements. In addition, management has implemented periodic spot checks and cross-training of staff to provide backup and allow for rotating responsibilities where possible.

The Municipality will continue to evaluate duties annually and will make adjustments as feasible, including considering the reallocation of tasks or adding part-time support if resources permit. We understand that due to staffing limitations, this may remain a recurring finding in future audits, but we remain committed to minimizing associated risks through compensating controls and diligent oversight.

Projected implementation date: Ongoing

Finding 2024-02 Preparation of Financial Statements

We requested that our auditors, ELO Prof. LLC, prepare the financial statements, SEFA, and notes to the financial statements as part of their annual audit. Management personnel have been responsible for oversight of those services provided. The Municipality also understands that this may continue to be a finding in future audits.

Projected implementation date: Ongoing



Independent Auditor's Report

To the Council Members
Municipality of Wilmot, South Dakota

Report on the Audit of the Financial Statements

Opinions

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 Wilmot, South Dakota, as of December 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

In our opinion, the accompanying modified cash basis of accounting financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Municipality of Wilmot as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.c. to the financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Municipality and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the modified basis of accounting financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control related matters that we identified during the audit.

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 Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Budgetary Comparison Schedules, the Schedule of the Municipality's Proportionate share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt 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 basic financial statements. The 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 State of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Budgetary Comparison Schedules, the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in Long-Term Debt 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 17, 2025 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 solely 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 opinion on the effectiveness of the Municipality's 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.

A handwritten signature in dark ink, appearing to read "CIO of LLC".

Chamberlain, South Dakota
September 17, 2025

Municipality of Wilmot
Statement of Net Position – Modified Cash Basis
For the Year December 31, 2024

	December 31, 2024		
	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 863,450	\$ 154,895	\$ 1,018,345
Restricted Assets:			
Cash and cash equivalents	--	471,799	471,799
Total Assets	<u>\$ 863,450</u>	<u>\$ 626,694</u>	<u>\$ 1,490,144</u>
 Net Position			
Restricted for:			
Revenue bond debt service	\$ --	\$ 237,276	\$ 237,276
Revenue bond retirement	--	177,823	177,823
Capital outlay	--	56,700	56,700
Unrestricted	<u>863,450</u>	<u>154,895</u>	<u>1,018,345</u>
Total Net Position	<u>\$ 863,450</u>	<u>\$ 626,694</u>	<u>\$ 1,490,144</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Statement of Activities – Modified Cash Basis
For the Year December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 144,945	\$ 3,774	\$ --	\$ 1,772	\$ (139,399)	\$ --	\$ (139,399)
Public safety	18,220	--	--	--	(18,220)	--	(18,220)
Public works	142,185	64,173	26,633	7,346	(44,033)	--	(44,033)
Health and welfare	1,907	--	--	--	(1,907)	--	(1,907)
Culture and recreation	37,352	9,582	--	--	(27,770)	--	(27,770)
Miscellaneous Expenditures	6,890	17,800	--	--	10,910	--	10,910
Total Governmental Activities	351,499	95,329	26,633	9,118	(220,419)	--	(220,419)
Business-type Activities:							
Water	276,535	152,671	--	--	--	(123,864)	(123,864)
Sewer	1,846,077	173,081	--	1,578,697	--	(94,299)	(94,299)
Total Business-Type Activities	2,122,612	325,752	--	1,578,697	--	(218,163)	(218,163)
Total Primary Government	\$ 2,474,111	\$ 421,081	\$ 26,633	\$ 1,587,815	(220,419)	(218,163)	(438,582)
General Revenues:							
Taxes:							
Property tax					125,583	--	125,583
Sales tax					182,748	--	182,748
State shared revenues					5,804	--	5,804
Unrestricted investment earnings					3,212	9,580	12,792
Debt Issued					--	216,340	216,340
Contributions and donations from private sources					5,000	--	5,000
Miscellaneous revenue					781	--	781
Total General Revenues and Transfers					323,128	225,920	549,048
Change in Net Position					102,709	7,757	110,466
Net Position-Beginning of Year					760,741	618,937	1,379,678
Net Position-End of Year					\$ 863,450	\$ 626,694	\$ 1,490,144

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Balance Sheet – Modified Cash Basis
Governmental Funds
December 31, 2024

	<u>December 31, 2024</u>
	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 863,450
Total Assets	<u>\$ 863,450</u>
 Fund Balances	
Unassigned	\$ 863,450
Total Fund Balances	<u>\$ 863,450</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year December 31, 2024

	<u>General Fund</u>
Revenues:	
Taxes:	
General property taxes	\$ 125,162
General sales and use taxes	182,748
Penalties and interest on delinquent taxes	421
Total Taxes	<u>308,331</u>
Licenses and permits	<u>3,774</u>
Intergovernmental:	
State Grants	1,772
Bank franchise tax	2,849
Motor vehicle commercial prorated	1,993
Liquor tax reversion (25%)	2,955
Motor vehicle licenses	8,463
Local government highway and bridge fund	15,599
County road tax (25%)	578
Total Intergovernmental Revenues	<u>34,209</u>
Charges for goods and services:	
Sanitation	53,369
Other	10,804
Total Charges for Goods and Services	<u>64,173</u>
Fines and Forfeits:	
Other	200
Total Fines and Forfeits	<u>200</u>
Miscellaneous revenue:	
Investment earnings	3,212
Rentals	9,582
Special assessments	7,346
Contributions and donations from private sources	5,000
Liquor operating agreement income	17,600
Other	632
Total Miscellaneous Revenue	<u>43,372</u>
Total Revenue	<u>\$ 454,059</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis
Governmental Funds
For the Year December 31, 2024 (Continued)

Expenditures:

Current:

General government:

Legislative	\$ 9,281
Executive	4,261
Financial administration	130,578
Other	825
Total General Government	<u>144,945</u>

Public safety:

Fire	18,220
Total Public Safety	<u>18,220</u>

Public works:

Highways and streets	99,100
Sanitation	43,085
Total Public Works	<u>142,185</u>

Health and welfare:

Health	1,907
Total Health and Welfare	<u>1,907</u>

Culture and recreation

Parks	4,361
Libraries	20,540
Auditorium	12,451
Total Culture and Recreation	<u>37,352</u>

Miscellaneous:

Liquor operating agreements	6,890
Total Miscellaneous	<u>6,890</u>

Total Expenditures	<u>351,499</u>
--------------------	----------------

Excess of Revenues Over (Under) Expenditures	<u>102,560</u>
--	----------------

Other Financing Sources:

Sale of Municipal Property	149
Total Other Financing Sources	<u>149</u>

Net Change in Fund Balance	102,709
----------------------------	---------

Fund Balance - Beginning of Year	<u>760,741</u>
---	----------------

Fund Balance - End of Year	<u><u>\$ 863,450</u></u>
-----------------------------------	--------------------------

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Statement of Net Position – Modified Cash Basis
Proprietary Funds
December 31, 2024

	December 31, 2024		
	Water Fund	Sewer Fund	Totals
Assets			
Unrestricted Assets:			
Cash and cash equivalents	\$ 24,702	\$ 130,193	\$ 154,895
Restricted Assets:			
Restricted cash and cash equivalents for:			
Bond debt service	16,272	221,004	237,276
Bond retirement	105,043	72,780	177,823
Capital outlay	21,600	35,100	56,700
Total restricted assets	142,915	328,884	471,799
Total Assets	<u>\$ 167,617</u>	<u>\$ 459,077</u>	<u>\$ 626,694</u>
Net Position			
Restricted for:			
Revenue bond debt service	\$ 16,272	\$ 221,004	\$ 237,276
Revenue bond retirement	105,043	72,780	177,823
Capital outlay	21,600	35,100	56,700
Unrestricted	24,702	130,193	154,895
Total Net Position	<u>\$ 167,617</u>	<u>\$ 459,077</u>	<u>\$ 626,694</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenues:			
Charges for goods and services	\$ 132,159	\$ 50,811	\$ 182,970
Revenue dedicated to servicing debt	20,137	122,270	142,407
Miscellaneous	375	--	375
Total Operating Revenues	152,671	173,081	325,752
Operating Expenses:			
Personal services	14,979	14,872	29,851
Other current expense	14,281	240,785	255,066
Supplies & materials	61,958	--	61,958
Total Operating Expenses	91,218	255,657	346,875
Operating Income (Loss)	61,453	(82,576)	(21,123)
Nonoperating Revenues (Expenses):			
Capital assets	(169,045)	(1,578,696)	(1,747,741)
Federal grant - ARPA	--	1,578,697	1,578,697
Investment income	3,603	5,977	9,580
Debt service	(8,633)	(8,561)	(17,194)
Interest expense	(7,639)	(3,163)	(10,802)
Long-term debt issued	--	216,340	216,340
Total Nonoperating Income (Expense)	(181,714)	210,594	28,880
Change in Net Position	(120,261)	128,018	7,757
Fund Balance - Beginning of Year	287,878	331,059	618,937
Fund Balance - End of Year	\$ 167,617	\$ 459,077	\$ 626,694

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Statement of Cash Flows – Modified Cash Basis
Proprietary Funds
December 31, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipt from customers	\$ 152,671	\$ 173,081	\$ 325,752
Payments to suppliers	(76,239)	(240,785)	(317,024)
Payments to employees	(14,979)	(14,872)	(29,851)
Net Cash Provided (Used) by Operating Activities	<u>61,453</u>	<u>(82,576)</u>	<u>(21,123)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital debt	--	216,340	216,340
Proceeds from federal capital grants	--	1,578,697	1,578,697
Purchase of capital assets	(169,045)	(1,578,696)	(1,747,741)
Principal paid on capital debt	(8,633)	(8,561)	(17,194)
Interest paid on capital debt	(7,639)	(3,163)	(10,802)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(185,317)</u>	<u>204,617</u>	<u>19,300</u>
Cash Flows from Investing Activities:			
Interest earnings	3,603	5,977	9,580
Net Cash Provided by Investing Activities	<u>3,603</u>	<u>5,977</u>	<u>9,580</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(120,261)	128,018	7,757
Cash and Cash Equivalents - Beginning of Year	<u>287,878</u>	<u>331,059</u>	<u>618,937</u>
Cash and Cash Equivalents - End of Year	<u>\$ 167,617</u>	<u>\$ 459,077</u>	<u>\$ 626,694</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 61,453	\$ (82,576)	\$ (21,123)
Net Cash Provided (Used) by Operating Activities	<u>\$ 61,453</u>	<u>\$ (82,576)</u>	<u>\$ (21,123)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

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 Municipality:

The reporting entity of the Municipality of Wilmot, (Municipality) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal Municipality, 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 Statements of Net Position and Statements of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity. 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 Statements of Activities present a comparison between direct expenses and program revenues for each segment of the business-type activities of the Municipality and for each function of the Municipality's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting Municipality 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:

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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 Municipality 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.

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

1. The activity is financed with debt that is secured solely by 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.)
2. Laws or regulations require that the activity's costs of providing service, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
3. 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.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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’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 Statements 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 Statements 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 is these financial statements is:

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

- 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.

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 of 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.

e. Capital Assets:

Capital assets include land, building, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-live capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

As discussed in Note 1.c above, the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type are presented using a modified cash basis of accounting. The Municipality has not elected to modify their cash basis presentation by recording capital assets arising from cash transactions and depreciating/amortizing those assets where appropriate, so any capital assets owned by the Municipality and the related depreciation/amortization are not reported on the financial statements of the Municipality.

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.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

f. Long-Term Liabilities:

Long-term liabilities include, but are not limited to, Revenue Bonds, and SRF Loans.

As discussed in Note 1.c. above the government-wide Statement of Net Position and Statements of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. The Municipality has not elected to modify their cash basis presentation by recording long-term debt arising from cash transactions, so any outstanding indebtedness is not reported on the financial statements of the Municipality. The Municipality does report the principal and interest payments on long-term debt as Debt Service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances. On the Statements of Activities, the principal portion of these Debt Service payments are reported within the appropriate expense function while the interest portion is reported as Interest on Long-Term Debt.

The Municipality has presented as Supplemental Information a Schedule of Changes in Long-Term Debt along with related notes that include details of any outstanding Long-Term Debt.

g. Program Revenues:

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

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

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statements of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified as operating or non-operating revenues and expenses. Operating revenues and expenses directly relate to the purpose of the fund.

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 Statements of Cash Flows.

j. Equity Classifications:

Government-wide Financial Statements:

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

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

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 are available.

l. Fund Balance Classification Policies and Procedures:

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

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

1. Summary of Significant Accounting Policies: (Continued)

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 nor committed. Fund Balance may be assigned by the governing body or Finance Officer.

Unassigned – included 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 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 Municipality does not have a formal minimum fund balance policy.

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.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

2. Deposits and Investments Credit Risk, Concentrations of Credit Risk, and Interest Rate Risk: (Continued)

Investments – In general, SDCL 4-5-6 permits Municipality funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-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.

As of December 31, 2024, the Municipality did not have any investments.

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 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.

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.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

4. Pension Plan:

a. 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 hybrid defined benefit pension plan designed with several defined contribution plan type provisions and is 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 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 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.

b. Benefits Provided:

SDRS has four classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

4. Pension Plan: (Continued)

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 to reduce the minimum COLA from 0.5% to 0.0%.

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

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and 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% of salary; Class B Judicial Members, 9% of salary; and Class B Public Safety Members, 8% of salary. 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, 2024, 2023, and 2022 were \$8,085, \$6,437, and \$5,871, respectively, equal to the required contributions each year.

d. Pension (Asset):

At June 30, 2024, SDRS is 100.0% 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 Municipality as of this measurement period ending June 30, 2024 and reported by the Municipality as of December 31, 2024 are as follows:

	<u>2024</u>
Proportionate share of pension liability	\$ 613,141
Less proportionate share of net pension restricted for pension benefits	<u>(613,307)</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (166)</u></u>

The net pension (asset) was measured as of June 30, 2024, and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Municipality's proportion was 0.004110% which is an increase of 0.000132% from its proportion measured as of June 30, 2023.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

4. Pension Plan: (Continued)

e. Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010
Other Class A Members: PubG-2010
Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-210, 108% of rates above age 65
Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
Public Safety Retirees: PubS-210, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-210 disabled member mortality table
Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July, 1, 2016, to June 30, 2021.

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 percentages 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.

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

4. Pension Plan: (Continued)

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, 2024 (see the discussion of the investment plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100.0%	

f. Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.5%. 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 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).

g. Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the Municipality's proportionate share of net pension (asset) calculated using the discount rate of 6.50%, as well as what the Municipality'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 (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 84,541	\$ (166)	\$ (69,484)

h. Pension Plan Fiduciary Net Position:

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

Municipality of Wilmot
Notes to the Modified Cash Basis Financial Statements
December 31, 2024

5. 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, 2024, the Municipality managed its risks as:

Employee Health Insurance:

The Municipality purchases health insurance for its employees from a commercial insurance carrier. Settled claims from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The Municipality purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials, with the exception of the Fire Department which is insured in a separate policy as a separate named Municipality, from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workers' Compensation:

The Municipality joined the South Dakota Municipal League Workers' Compensation Fund (Fund), a public Municipality 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 workers' 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 workers' compensation claims.

The Municipality pays an annual premium, to provide workers' 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, 2024, no claims for unemployment benefits were paid. At December 31, 2024, no claims had been filed for unemployment benefits and none are anticipated for the next fiscal year.

Supplemental Information

Municipality of Wilmot
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
General property tax	\$ 131,082	\$ 131,082	\$ 125,162	\$ (5,920)
General sales and use tax	182,143	182,143	182,748	605
Penalties and interest on delinquent taxes	200	200	421	221
Total Taxes	<u>313,425</u>	<u>313,425</u>	<u>308,331</u>	<u>(5,094)</u>
Licenses and permits	1,600	1,600	3,774	2,174
Intergovernmental:				
State grants	1,600	1,600	1,772	172
State Shared Revenue:				
Bank franchise tax	2,000	2,000	2,849	849
Prorate license feeds	1,900	1,900	1,993	93
Liquor tax reversion (25%)	2,800	2,800	2,955	155
Motor vehicle licenses	8,000	8,000	8,463	463
Local government highway and bridge fund	14,804	14,804	15,599	795
County road tax (25%)	577	577	578	1
Total Intergovernmental Revenues	<u>31,681</u>	<u>31,681</u>	<u>34,209</u>	<u>2,528</u>
Charges for Goods and Services:				
Sanitation	53,365	53,365	53,369	4
Culture and recreation	3,500	3,500	--	(3,500)
Other	--	--	10,804	10,804
Total Charges for Goods and Services	<u>56,865</u>	<u>56,865</u>	<u>64,173</u>	<u>7,308</u>
Fines and Forfeits:				
Library	50	50	--	(50)
Other	--	--	200	200
Total Fines and Forfeits	<u>50</u>	<u>50</u>	<u>200</u>	<u>150</u>
Miscellaneous Revenue:				
Investment earnings	560	560	3,212	2,652
Rentals	4,900	4,900	9,582	4,682
Special assessments	7,458	7,458	7,346	(112)
Contributions and donations from private sources	15,500	15,500	5,000	(10,500)
Liquor operating agreement income	17,600	17,600	17,600	--
Other	500	500	632	132
Total Miscellaneous Revenue	<u>46,518</u>	<u>46,518</u>	<u>43,372</u>	<u>(3,146)</u>
Total Revenue	<u>\$ 450,139</u>	<u>\$ 450,139</u>	<u>\$ 454,059</u>	<u>\$ 3,920</u>

See accompanying Note to Budgetary Comparison Schedules.

Municipality of Wilmot
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 December 31, 2024 (Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures:				
General Government:				
Legislative	\$ 15,538	\$ 15,538	\$ 9,281	\$ 6,257
Contingency	26,381	26,381	--	26,381
Amount Transferred	--	(10,200)	--	(10,200)
Executive	8,005	8,005	4,261	3,744
Elections	700	700	--	700
Financial administration	161,356	161,356	130,578	30,778
Buildings repairs	50,000	50,000	825	49,175
Total General Government	261,980	251,780	144,945	106,835
Public Safety:				
Fire	24,150	24,150	18,220	5,930
Total Public Safety	24,150	24,150	18,220	5,930
Public Works:				
Highways and streets	151,504	151,504	99,100	52,404
Sanitation	39,351	46,151	43,085	3,066
Total Public Works	190,855	197,655	142,185	55,470
Health and Welfare:				
Health	2,300	2,300	1,907	393
Total Health and Welfare	2,300	2,300	1,907	393
Culture and Recreation:				
Parks	6,881	6,881	4,361	2,520
Libraries	26,303	29,703	20,540	9,163
Auditorium	27,100	27,100	12,451	14,649
Total Culture and Recreation	60,284	63,684	37,352	26,332
Conservation and Development:				
Urban redevelopment and housing	5,250	5,250	--	5,250
Total Conservation and Development	5,250	5,250	--	5,250
Miscellaneous:				
Liquor operating agreements	9,200	9,200	6,890	2,310
Total Miscellaneous	9,200	9,200	6,890	2,310
Total Expenditures	554,019	554,019	351,499	202,520
Excess of Revenues Over (Under) Expenditures	(103,880)	(103,880)	102,560	206,440
Other Financing Sources (Uses):				
Sale of municipal property	--	--	149	149
Total Other Financing Sources (Uses)	--	--	149	149
Net Change in Fund Balance	(103,880)	(103,880)	102,709	206,589
Beginning Budgetary Fund Balance	760,741	760,741	760,741	--
Ending Budgetary Fund Balance	<u>\$ 656,861</u>	<u>\$ 656,861</u>	<u>\$ 863,450</u>	<u>\$ 206,589</u>

See accompanying Note to Budgetary Comparison Schedules.

Municipality of Wilmot
Notes to Budgetary Comparison Schedules
December 31, 2024

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.
6. 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.
7. The Municipality did not encumber any amounts at December 31, 2024.
8. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
9. The Municipality of Wilmot 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 Wilmot
Schedule of Changes in Long-Term Debt
December 31, 2024

Indebtedness	December 31, 2024			
	Long-Term Debt 1/1/24	Add New Debt	Less Debt Retired	Long-Term Debt 12/31/24
Enterprise Long-Term Debt:				
Revenue bonds	\$ 412,166	\$ --	\$ 17,194	\$ 394,972
SRF Loan	338,200	216,340	--	554,540
Total Long-Term Debt:	<u>\$ 750,366</u>	<u>\$ 216,340</u>	<u>\$ 17,194</u>	<u>\$ 949,512</u>

The annual requirements to amortize all debt outstanding as of December 31, 2024 including interest, are listed below:

Years Ending Dec. 31,	Total	
	Principal	Interest
2025	\$ 17,900	\$ 10,300
2026	18,400	9,900
2027	18,900	9,400
2028	19,400	8,900
2029	19,900	8,400
2030	20,400	7,800
Thereafter	834,612	57,847
Total	<u>\$ 949,512</u>	<u>\$ 112,547</u>

Municipality of Wilmot
Schedule of Changes in Long-Term Debt
December 31, 2024

Notes Payable or Other Long-Term Debt	2024
Rural Development Debt:	\$ 121,860
Sewer Utility Revenue Bond, Series 2015	
Use of proceeds: Sewer Improvements Project	
Interest rate: 2.5% Fixed	
Maturity date: 2055 (anticipated)	
Fund servicing debt: Sewer	
Rural Development Debt:	273,112
Water Utility Revenue Bond, Series 2015	
Use of proceeds: Water Improvements Project	
Interest rate: 2.75% Fixed	
Maturity date: 2055 (anticipated)	
Fund servicing debt: Water	
State Revolving Fund Debt:	554,540
Use of proceeds: Wastewater Collection Improvements Project	
Interest rate: 2.125% Fixed	
Maturity date: 2055 (anticipated)	
Fund servicing debt: Sewer	
	<u>\$ 949,512</u>

Municipality of Wilmot
Schedule of Proportionate Share of the Net Pension Liability (Asset)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Municipality's proportion of the net pension liability (asset)	0.004110%	0.003978%	0.004048%	0.003836%	0.004373%	0.004417%	0.004161%	0.003937%	0.004534%	0.004184%
Municipality's proportionate share of net pension liability (asset)	<u>\$ (166)</u>	<u>\$ (388)</u>	<u>\$ (383)</u>	<u>\$ (29,377)</u>	<u>\$ (190)</u>	<u>\$ (468)</u>	<u>\$ (97)</u>	<u>\$ (357)</u>	<u>\$ 15,316</u>	<u>\$ (17,744)</u>
Municipality's covered payroll	<u>\$ 114,754</u>	<u>\$ 102,604</u>	<u>\$ 96,648</u>	<u>\$ 87,057</u>	<u>\$ 95,977</u>	<u>\$ 93,906</u>	<u>\$ 86,017</u>	<u>\$ 81,203</u>	<u>\$ 83,217</u>	<u>\$ 75,413</u>
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.14%	0.38%	0.40%	33.74%	0.20%	0.50%	0.11%	0.44%	18.40%	23.53%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.00%	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%

See accompanying Note to Schedule of Proportionate Share of the Net Pension Liability (Asset).

Municipality of Wilmot
Notes to Schedule of Proportionate Share of the Net Pension Liability (Asset)
December 31, 2024

Changes from Prior Valuation:

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023 Actuarial Valuation.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes:

During the 2024 Legislative Session no significant SDRS benefit changes were made.

Actuarial Method Changes:

No changes in actuarial methods were made since the prior valuation.

Actuarial Assumption Changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Municipality of Wilmot
Schedule of Expenditures of Federal Awards
December 31, 2024

Award Information	Federal Assistance Listing Number	Pass-Through Entity Name	Name of Grant - Grant ID No.	Federal Expenditures
Other Programs (Treated individually for major program determination)				
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)	21.027	SD-DANR	ARPA-21-027	\$ 1,625,185
Total Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)				1,625,185
Total Department of the Treasury				1,625,185
Total Other Programs (Treated individually for major program determination)				1,625,185
Total Expenditures of Federal Awards				\$ 1,625,185

Municipality of Wilmot
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2024

Note 1: Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Municipality of Wilmot under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Municipality of Wilmot, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Municipality of Wilmot.

Note 2: Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

Note 3: Federal Reimbursement:

The Municipality of Wilmot. has not elected to use the 10% de minimus indirect cost rate.