

CITY OF CENTERVILLE
CENTERVILLE, SOUTH DAKOTA
FINANCIAL REPORT
FOR THE TWO YEARS ENDING December 31, 2020
WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
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CITY OF CENTERVILLE
CENTERVILLE, SOUTH DAKOTA

TABLE OF CONTENTS TO THE FINANCIAL REPORT
FOR THE TWO YEARS ENDING DECEMBER 31, 2020

FINANCIAL SECTION

1	Independent Auditor's Report
4	Management's Discussion and Analysis (MD&A) (Supplementary Information)
	Basic Financial Statements -- Modified Cash Basis:
	Government-Wide Financial Statements:
	Statement of Net Position
10	-- As of December 31, 2020
	Statement of Activities
11	-- For the Year Ending December 31, 2020
12	-- For the Year Ending December 31, 2019
	Fund Financial Statements:
	Governmental Funds:
	Balance Sheet
13	-- As of December 31, 2020
	Statement of Receipts, Disbursements, and Changes in Fund Balances
14	-- For the Year Ending December 31, 2020
15	-- For the Year Ending December 31, 2019
	Enterprise Funds:
	Statement of Net Position
16	-- As of December 31, 2020
	Statement of Receipts, Disbursements, and Changes in Net Position
17	-- For the Year Ending December 31, 2020
17	-- For the Year Ending December 31, 2019
	Statement of Cash Flow
18	-- For the Year Ending December 31, 2020
18	-- For the Year Ending December 31, 2019
19	Notes to the Financial Statements
	SUPPLEMENTARY INFORMATION SECTION OTHER THAN MD&A
	Budgetary Comparison Schedules - Budgetary Basis:
33	General Fund -- December 31, 2020
34	General Fund -- December 31, 2019
35	Revolving Loan Fund -- December 31, 2020
35	Revolving Loan Fund -- December 31, 2019
36	3rd Cent Fund -- December 31, 2020
36	3rd Cent Fund -- December 31, 2019
37	Notes to Supplementary Information - Budgets
38	Schedule of Changes in Long-Term Debt -- For the Two Years Ending December 31, 2020
	Pension Schedules:
40	Schedule of the City's Proportional Share of Net Pension (Asset)/Liability
40	Schedule of the City's Contributions
41	Notes to Supplementary Information - Pension

GOVERNMENTAL SECTION

42	Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
44	Schedule of Prior Audit Findings
44	Schedule of Current Audit Findings and Responses

NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "\$" symbol is not used.

INDEPENDENT AUDIT SERVICES, PC

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Governing Board
City of Centerville
Centerville, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying modified cash basis of accounting financial statements of governmental activities, business-type activities, and each major fund of the City of Centerville (City), Turner County, South Dakota, as of December 31, 2020 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

I did not audit the modified cash basis of accounting financial statements of the Centerville Housing & Redevelopment Commission which represents 100% of the cash assets, net position, receipts and disbursements of the discretely presented component unit on the government-wide statement of net position and statement of activities.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Disclaimer of Opinion

The modified cash basis of accounting financial statements of the Centerville Housing & Redevelopment Commission have not been audited. I was not engaged to audit these modified cash basis of accounting financial statements as part of my audit of the City of Centerville's modified cash basis of accounting financial statements. Centerville Housing & Redevelopment Commission's financial statements are included in the City's basic financial statement as the discretely presented component unit and represents 100% of the cash assets, net position, receipts and disbursements of the City's discretely presented component unit.

Disclaimer of Opinion

The financial statements, referred to above, of the financial position and changes in financial position of the discretely presented component unit of the City of Centerville, South Dakota as of December 31, 2020 and for each of the years in the biennial period then ended were not audited by me and, accordingly, I do not express an opinion on the discretely presented component unit.

Unmodified Opinion on all Opinion Units Except for the Discretely Presented Component Unit

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of accounting of governmental activities, business-type activities, and each major fund of the City of Centerville, South Dakota, as of December 31, 2020, and the respective changes in its financial position and, where applicable, cash flows thereof for each of the years in the biennial period then ended in accordance with the modified cash basis of accounting described in note 1.c to these financial statements.

Basis of Accounting

I draw attention to note 1.c of these financial statements, which describes the basis of accounting. These 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. My opinion is not modified with respect to this matter.

Other Matters - Other Supplementary Information (No Opinion)

My audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the City of Centerville's financial statements.

The management's discussion and analysis (page 4 to 9), budgetary comparison schedules (page 33 to 37), and pension schedules (page 40 and 41) listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

I have applied certain limited procedures to this supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on this information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters - Other Supplementary Information (Opinion)

My audit was conducted for the purpose of forming opinions on the modified cash basis of accounting financial statements that collectively comprise the City of Centerville's financial statements.

The schedule of changes in long-term debt (page 38 and 39) is presented for the purpose of additional analysis and is not a required part of the modified cash basis of accounting financial statements.

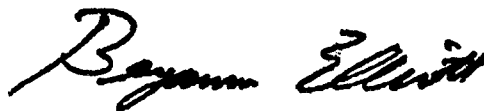
Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the modified cash basis of accounting financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of changes in long-term debt is fairly stated, in all material respects, in relation to the modified cash basis of accounting financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report (page 42) dated February 22, 2022 on my tests of City of Centerville's compliance with certain provisions of laws, regulations, and contracts, and other matters and my consideration of its internal control over financial reporting. The purpose of that report is to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on compliance or internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's compliance and internal control over financial reporting.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

February 22, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the City of Centerville's (City) financial performance provides an overview of the City's financial activities for the two years ending December 31, 2020, within the limitations of the City's modified cash basis of accounting. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS	2020	2019
Receipts:		
Charges for goods and services	481,417	453,393
Operating grants	68,112	18,617
Capital grants	0	0
General receipts	721,504	659,785
	-----	-----
Total	1,271,033	1,131,795
	-----	-----
Disbursements:		
Governmental	824,186	786,335
Business-type	378,808	391,876
	-----	-----
Total	1,202,994	1,178,211
	-----	-----
Increase (Decrease) in Net Position	68,039	(46,416)
Net Position:		
December 31, 2018		1,008,701

December 31, 2019	962,285	962,285
	-----	=====
December 31, 2020	1,030,324	
	=====	
Governmental Funds:		
General	338,866	336,320
Revolving loan	63,508	63,383
3rd Cent	36,335	33,711
Business-Type Funds:		
Water	317,769	299,947
Sewer	273,846	228,924
	-----	-----
Total	1,030,324	962,285
	=====	=====

During 2020, the City:

- * Received \$404,900 in property taxes and \$210,908 in sales taxes.
- * Received a \$36,502 Covid grant.
- * Made street improvements for \$27,448.
- * Made park improvements for \$7,564.
- * Purchased library books and materials for \$9,382.
- * Made principal payments on four water and sewer loans of \$85,059.

During 2019, the City:

- * Received \$378,093 in property taxes and \$180,056 in sales taxes.
- * Purchased police equipment for \$10,003 and fire equipment for \$15,000.
- * Made street improvements for \$42,639.
- * Purchased street equipment for \$9,789.
- * Purchased park equipment for \$20,192.
- * Purchased library books and materials for \$7,932.
- * Made principal payments on four water and sewer loans of \$81,573.

BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This financial report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement-34.

The financial report consists of three parts: (1) management's discussion and analysis (page 4 to 9), (2) the basic financial statements (page 10 to 32) and (3) supplementary information (page 33 to 41). The basic financial statements include two types of statements that present the City from two different financial points of view.

Government-wide financial statements (View #1):

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

Fund financial statements (View #2):

The remaining financial statements are fund financial statements that focus on significant operations of the governmental and enterprise activities of the City.

The governmental financial statements tell how general governmental services were financed in the short-term, as well as what remains for future spending. Governmental funds operated by the City in 2019 and 2020 were the General, Revolving Loan, 3rd Cent, Pascale Permanent Senior (closed in 2019), and Pascale Permanent Ball Field (closed in 2019) funds.

The enterprise fund financial statements offer short-term and long-term financial information about the activities of the City that operate like a business. Enterprise funds operated by the City in 2019 and 2020 were the Water and Sewer funds.

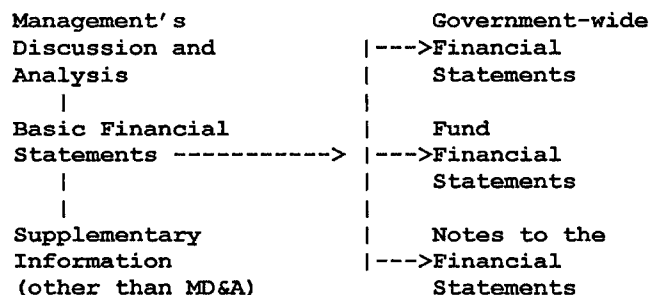
The fiduciary fund financial statements provide information about the financial status of activities in which the City acts solely as a trustee or agent for the benefit of those groups to whom these funds belong. In 2019 and 2020 the City had no fiduciary funds.

The financial statements include notes that explain in more detail some of the information found in the financial statements. The financial statements are also followed by a section of supplementary information that presents a budgetary analysis for the general fund and major special revenue funds.

Supplementary Information:

This Management's Discussion and Analysis (page 4 to 9), the Budgetary Comparison Schedules (page 33 to 37), Schedule of Changes in Debt (page 38 and 39), and Pension Schedules (page 40 and 41) are financial information recommended to be presented by GASB. Such information provides readers of this report with additional data that supplements the government-wide statements and fund financial statements. The Budgetary Comparison Schedule is presented on a budgetary basis of accounting, which reports capital expenditures within their respective expenditure function rather than as a separate capital outlay expenditure.

Here is an overview of the City's financial statements.



Here is a summary of the major features of these financial statement.

	Government-wide Statements	-----Fund Statements-----	
		Governmental Funds	Enterprise Funds
Scope	Entire City (including component units if any)	City activities except enterprise (water and sewer)	Activities operated like a private business (water and sewer)
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position
Required Financial Statements	Statement of Activities	Statement of Receipts Disbursements and Changes in Fund Balances	Statement of Receipts, Disbursements and Changes in Net Position
Basis of Accounting	Modified Cash	Modified Cash	Modified Cash
Measurement Focus	Modified Cash	Modified Cash	Modified Cash
Types of assets & Liabilities	Only cash No liabilities	Only cash No liabilities	Only cash No liabilities
Types of Revenue and Expenditures or Expense	Cash receipts Cash disbursements	Cash receipts Cash disbursements	Cash receipts Cash disbursements

BASIS OF ACCOUNTING

The City has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues and expenses and related assets are recorded when they result from cash transactions, except for the recording of investments.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements (page 10 to 12) report information about the City as a whole using cash accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's cash. The statement of activities includes all of the year's receipts and disbursements.

The two government-wide statements report the City's net position and how they have changed. Net position is the City's petty cash, checking accounts, savings accounts, certificates of deposit, and money market accounts. The change in these accounts is one way to measure the City's financial health. Increases or decreases in net position measures improvements or declines in the City's financial health. To assess the City's overall financial health you also need to consider other factors such as changes in the property tax base, and/or sales tax receipts generated from local businesses.

The government-wide financial statements have two broad categories of information: governmental activity and business-type activity.

The governmental activities include basic services such as police and fire protection, maintenance of streets, pool, parks, and library services. Property taxes, sales taxes, and interest received finance most of these activities.

The business-type activities account for the City's water and sewer activities. These services are funded by user fees. Bonds and federal and state grants help pay for capital improvements to the water and sewer systems.

Component unit activity is for the Centerville Housing & Redevelopment Commission (CHRC).

CHRC is a "component unit" of the City because the Mayor and the City's governing board appoint members to the Commission's governing board and because the City can impose its will on the Commission. For example, by statute the Commission is required to get the City's approval before it can start any specific project or issue debt. (SDCL 11-7-24, 11-7-49, and 11-7-53)

CHRC financial statements may be obtained at Centerville's City Hall.

FUND FINANCIAL STATEMENTS

The fund financial statements (page 13 to 18) provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting tools used to keep track of the City's receipts and disbursements. State law requires the use of some funds and the City Council establishes other funds to manage money for a specific purpose.

The fund financial statements show information in two broad categories: governmental and enterprise (business-type).

Governmental funds: Most of the City's basic services are included in the governmental funds, which focus on (1) how cash flows in and out of that fund, and (2) cash balances left at year-end which are available for spending in the next year. The governmental funds financial statements provide detail that helps you determine whether there is more or fewer cash resources available for spending in the near future to finance City programs.

Enterprise funds: Services for which the City charges the customer a fee are generally reported in enterprise funds. These funds account for cash and the receipt and disbursement of cash, the same as the governmental funds. The water and sewer funds are the only enterprise funds maintained by the City.

MATERIAL CHANGES IN STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

For the Two Years Ending December 31, 2020

(Material changes for governmental activities = changes greater than \$50,000)

(Material changes for business-type activities = changes greater than \$50,000)

== 2020 ==	Increase (Decrease)	Reason
Governmental Activities:		
Receipts from taxes	57,683	More economic activity
Business-Type Activities:		
Cash	62,744	More economic activity
== 2019 ==		
Governmental Activities:		
Cash	(68,841)	Excess disbursement
Donations	(51,568)	One time donation in 2018
Public safety	60,881	Additional police officer
Business-Type Activities:		
Grants	(240,000)	No grants in 2019
Sewer cost	(581,802)	Sewer project complete in 2018
SRF loan proceeds	(240,000)	No new loans in 2019

SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL GENERAL FUND BUDGET

In 2020 the City's general fund budget of \$872,074 was an increase of \$77,119 or 9.70% from 2019. There were supplemental appropriations to the general fund's budget. See also page 33.

In 2019 the City's general fund budget of \$794,955 was a decrease of \$15,971 or 1.97% from 2018. There were supplemental appropriations to the general fund's budget. See also page 34.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Significant capital asset activity is reported above under "Financial Highlights."

SIGNIFICANT LONG-TERM DEBT ACTIVITY

During 2020 the City made principal payments of \$85,059 on its five water and sewer loans. At December 31, 2020 these loans had a balance of \$1,547,903. See page 38 for more information.

During 2019 the City made principal payments of \$81,573 on its five water and sewer loans. At December 31, 2019 these loans had a balance of \$1,632,962. See page 38 for more information.

CURRENTLY KNOWN FACTS

The City adopted an IRS Sec. 125 cafeteria plan effective January 1, 2021.

The City agreed to sell South Lincoln Rural Water System all of Centerville's remaining unused daily maximum capacity of 220,000 gallons of Lewis & Clark Rural Water. This would make Centerville's water rate the cheapest it can be and also Centerville would sell the water at 10 cents per 1,000 gallons over its cost.

In 2021 the City received COVID funds of \$118,112.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Centerville's finance office at P.O. Box C, Centerville, SD 57014 or telephone us at 605.563.2302.

CITY OF CENTERVILLE

TABLE 1 - NET POSITION - MODIFIED CASH BASIS
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2020, DECEMBER 31, 2019, AND DECEMBER 31, 2018

	Governmental Activities			Business-Type Activities			Total Government		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Cash assets	438,709	433,414	502,255	591,615	528,871	506,446	1,030,324	962,285	1,008,701
Net position:									
Restricted	36,335	33,711	52,844	71,081	71,081	71,082	107,416	104,792	123,926
Unrestricted	402,374	399,703	449,411	520,534	457,790	435,364	922,908	857,493	884,775
Total net position	438,709	433,414	502,255	591,615	528,871	506,446	1,030,324	962,285	1,008,701

TABLE 2 - CHANGES IN NET POSITION
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 FOR THE YEARS ENDING
 DECEMBER 31, 2020, DECEMBER 31, 2019, AND DECEMBER 31, 2018

	Governmental Activities			Business-Type Activities			Total Government		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Receipts:									
Program receipts:									
Charges for services	44,492	52,628	47,709	436,925	400,765	403,964	481,417	453,393	451,673
Operating grants and cont	68,112	18,617	10,849				68,112	18,617	10,849
Capital grants and contri.						240,000			240,000
General receipts:									
Receipts from taxes	615,976	558,293	541,197				615,976	558,293	541,197
Receipts from state sourc	44,549	43,257	42,467				44,549	43,257	42,467
Receipts from county sour	1,916	1,896	3,534				1,916	1,896	3,534
Interest received	1,221	862	1,582	4,627	13,536	8,418	5,848	14,398	10,000
Donations		5,000	56,568					5,000	56,568
Other general receipts	10,754	21,587	14,375				10,754	21,587	14,375
Total receipts	787,020	702,140	718,281	441,552	414,301	652,382	1,228,572	1,116,441	1,370,663
Disbursements:									
General government	134,930	98,208	99,517				134,930	98,208	99,517
Public safety	192,911	192,843	131,962				192,911	192,843	131,962
Public works	217,054	216,980	204,429				217,054	216,980	204,429
Health and welfare							0	0	0
Culture and recreation	187,480	184,836	233,216				187,480	184,836	233,216
Economic development	91,811	93,468	96,650				91,811	93,468	96,650
Water				189,509	204,175	205,814	189,509	204,175	205,814
Sewer				189,299	187,701	769,503	189,299	187,701	769,503
Total disbursements	824,186	786,335	765,774	378,808	391,876	975,317	1,202,994	1,178,211	1,741,091
Increase (decrease) in net cash									
assets before loan proceeds	(37,166)	(84,195)	(47,493)	62,744	22,425	(322,935)	25,578	(61,770)	(370,428)
Sale of assets	7,405	15,354	5,465				7,405	15,354	5,465
Compensation for damaged p	35,056		2,743				35,056		2,743
SRF loan proceeds						240,000			240,000
Net change in net position	5,295	(68,841)	(39,285)	62,744	22,425	(82,935)	68,039	(46,416)	(122,220)
Net position:									
December 31, 2017			541,540			589,381			1,130,921
December 31, 2018		502,255	502,255		506,446	506,446		1,008,701	1,008,701
December 31, 2019	433,414	433,414		528,871	528,871		962,285	962,285	
December 31, 2020	438,709			591,615			1,030,324		

CITY OF CENTERVILLE

STATEMENT OF NET POSITION
MODIFIED CASH BASIS
AS OF DECEMBER 31, 2020

	Primary Government			Unaudited Component Unit
	Governmental Activities	Business- Type Activities	Total	
ASSETS:				
Cash and cash equivalents	438,709	242,155	680,864	25,047
Certificates of deposit		278,379	278,379	38,940
Restricted assets:				
Cash and cash equivalents		71,081	71,081	
Total assets	438,709	591,615	1,030,324	63,987
	=====	=====	=====	=====
NET POSITION:				
Restricted for these purposes:				
3rd cent	36,335		36,335	
Library	410		410	
Debt service		71,081	71,081	
Unrestricted	401,964	520,534	922,498	63,987
Total net position	438,709	591,615	1,030,324	63,987
	=====	=====	=====	=====

See accompanying notes.

CITY OF CENTERVILLE

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2020

Functions/Programs: Primary government:	Disbursements	Program Receipts			Net Receipts (Disbursements) and Changes in Net Position			Component Unit (NOT AUDITED)
		Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
<i>Governmental activities:</i>								
General government	134,930	16,640			(118,290)		(118,290)	
Public safety	192,911				(192,911)		(192,911)	
Public works	217,054		27,338		(189,716)		(189,716)	
Health and welfare	0		36,872		36,872		36,872	
Culture and recreation	187,480	7,602			(179,878)		(179,878)	
Economic development	91,811	20,250	3,902		(67,659)		(67,659)	
Total governmental activities	824,186	44,492	68,112	0	(711,582)	0	(711,582)	
<i>Business-type activities:</i>								
Water	189,509	206,481				16,972	16,972	
Sewer	189,299	230,444				41,145	41,145	
Total business-type activities	378,808	436,925	0	0	0	58,117	58,117	
Total primary government	1,202,994	481,417	68,112	0	(711,582)	58,117	(653,465)	
<i>Component unit activity:</i>								
Centerville Housing & Redev Commission	55							(55)
<i>General receipts:</i>								
<i>Taxes:</i>								
Property taxes					404,900		404,900	
Sales taxes					210,908		210,908	
Amusement taxes					168		168	
State shared receipts					44,549		44,549	
County shared receipts					1,916		1,916	
Interest received					1,221	4,627	5,848	399
Rents and franchise fees					2,698		2,698	
Miscellaneous receipts					8,056		8,056	
Sale of surplus property					7,405		7,405	
Compensation for damaged property					35,056		35,056	
Total general receipts and other items					716,877	4,627	721,504	399
Change in net position					5,295	62,744	68,039	344
<i>Net position:</i>								
January 1, 2020					433,414	528,871	962,285	63,643
December 31, 2020					438,709	591,615	1,030,324	63,987

See accompanying notes.

CITY OF CENTERVILLE

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDING DECEMBER 31, 2019

Functions/Programs:	Disbursements	Program Receipts			Net Receipts (Disbursements) and Changes in Net Position			Component Unit (NOT AUDITED)
		Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
Primary government:								
Governmental activities:								
General government	98,208	14,907			(83,301)		(83,301)	
Public safety	192,843				(192,843)		(192,843)	
Public works	216,980		16,713		(200,267)		(200,267)	
Health and welfare	0		1,904		1,904		1,904	
Culture and recreation	184,836	10,971			(173,865)		(173,865)	
Economic development	93,468	26,750			(66,718)		(66,718)	
Total governmental activities	786,335	52,628	18,617	0	(715,090)	0	(715,090)	
Business-type activities:								
Water	204,175	182,987				(21,188)	(21,188)	
Sewer	187,701	217,778				30,077	30,077	
Total business-type activities	391,876	400,765	0	0	0	8,889	8,889	
Total primary government	1,178,211	453,393	18,617	0	(715,090)	8,889	(706,201)	
Component unit activity:								
Centerville Housing & Redev Commission	20							(20)
General receipts:								
Taxes:								
Property taxes					378,093		378,093	
Sales taxes					180,056		180,056	
Amusement taxes					144		144	
State shared receipts					43,257		43,257	
County shared receipts					1,896		1,896	
Interest received					862	13,536	14,398	390
Rents and franchise fees					2,688		2,688	
Donations					5,000		5,000	
Special assessments					6,433		6,433	
Miscellaneous receipts					12,466		12,466	
Sale of surplus property					15,354		15,354	8,150
Transfer in (out)					0		0	
Total general receipts and other items					646,249	13,536	659,785	8,540
Change in net position					(68,841)	22,425	(46,416)	8,520
Net position:								
January 1, 2019					502,255	506,446	1,008,701	55,123
December 31, 2019					433,414	528,871	962,285	63,643

See accompanying notes.

CITY OF CENTERVILLE

BALANCE SHEET -- MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2020

	General Fund	Revolving Fund	3rd Cent Fund	Total
	-----	-----	-----	-----
ASSETS:				
Cash and cash equivalents	338,866	63,508	36,335	438,709
Certificates of deposit				0
	-----	-----	-----	-----
Total assets	338,866	63,508	36,335	438,709
	=====	=====	=====	=====
 FUND BALANCES:				
Nonspendable				0
Restricted	410		36,335	36,745
Committed		63,508		63,508
Assigned	56,100			56,100
Unassigned	282,356			282,356
	-----	-----	-----	-----
Total fund balances	338,866	63,508	36,335	438,709 *
	=====	=====	=====	=====

* Equals net position on
statement of net position

See accompanying notes.

CITY OF CENTERVILLE

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCES -- MODIFIED CASH BASIS -- ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2020

	General Fund	Revolving Fund	3rd Cent Fund	Total
Receipts:				
Local sources:				
Taxes:				
Ad valorem taxes	404,900			404,900
General sales and use taxes	202,865		8,043	210,908
Amusement taxes	168			168
Licenses and permits:	11,825			11,825
Intergovernmental:				
Federal grants:	40,741			40,741
State shared receipts:				
State grants	27,371			27,371
Bank franchise tax	2,543			2,543
Commercial prorate	2,125			2,125
Liquor tax reversion	6,105			6,105
Motor vehicle licenses (5%)	12,444			12,444
Highway and bridge	21,332			21,332
County shared receipts: road tax	1,916			1,916
Charges for goods and services:				
Government	2,540			2,540
Streets	2,000			2,000
Swimming pool	6,902			6,902
Recreation	700			700
Economic development	20,250			20,250
Fines and forfeits	275			275
Miscellaneous:				
Interest received	1,006	125	90	1,221
Rents and franchise fees	2,698			2,698
Other	8,056			8,056
Total receipts	778,762	125	8,133	787,020
Disbursements:				
Current:				
General government:				
Mayor and Council	48,464			48,464
Elections	776			776
Financial administration	67,454			67,454
Other	15,249			15,249
Public safety:				
Police	153,190			153,190
Fire	24,745			24,745
Public works:				
Highways and streets	189,332			189,332
Sanitation	274			274
Health and welfare:				
Ambulance	0			0
Culture and recreation:				
Recreation	4,412			4,412
Parks	55,953			55,953
Pool	42,809			42,809
Library	67,359			67,359
Conservation and development:				
Economic development	86,302		5,509	91,811
Capital outlay	62,358			62,358
Total disbursements	818,677	0	5,509	824,186
Excess of receipts over (under) disbursements	(39,915)	125	2,624	(37,166)
Other financing sources (uses):				
Sale of surplus property	7,405			7,405
Compensation for damaged property	35,056			35,056
Net change in fund balance	2,546	125	2,624	5,295 *
Fund balance:				
January 1, 2020	336,320	63,383	33,711	433,414
December 31, 2020	338,866	63,508	36,335	438,709

* Equals change in net position on
statement of activities

See accompanying notes.

CITY OF CENTERVILLE

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCES -- MODIFIED CASH BASIS -- ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2019

	General Fund	Revolving Fund	3rd Cent Fund	Pascale Permanent Senior Citizens Fund	Pascale Permanent Ball field Fund	Total
Receipts:						
Local sources:						
Taxes:						
Ad valorem taxes	378,093					378,093
General sales and use taxes	173,736		6,320			180,056
Amusement taxes	144					144
Licenses and permits:	10,675					10,675
Intergovernmental:						
State shared receipts:						
State grants	18,617					18,617
Bank franchise tax	1,954					1,954
Commercial prorata	2,081					2,081
Liquor tax reversion	5,748					5,748
Motor vehicle licenses (5%)	12,366					12,366
Highway and bridge	21,108					21,108
County shared receipts: road tax	1,896					1,896
Charges for goods and services:						
Government	2,105					2,105
Streets	2,000					2,000
Swimming pool	9,366					9,366
Recreation	1,605					1,605
Economic development	26,750					26,750
Fines and forfeits	127					127
Miscellaneous:						
Interest received	691	65	81	7	18	862
Rents and franchise fees	2,688					2,688
Donations	5,000					5,000
Special assessments	6,433					6,433
Other	12,466					12,466
Total receipts	695,649	65	6,401	7	18	702,140
Disbursements:						
Current:						
General government:						
Mayor and Council	24,427					24,427
Elections						0
Financial administration	60,849					60,849
Other	12,932					12,932
Public safety:						
Police	145,957					145,957
Fire	21,883					21,883
Public works:						
Highways and streets	162,089					162,089
Sanitation	2,463					2,463
Health and welfare:						
Ambulance	0					0
Culture and recreation:						
Recreation	3,800					3,800
Parks	45,561					45,561
Pool	35,147					35,147
Library	72,204					72,204
Conservation and development:						
Economic development	88,218		5,250			93,468
Capital outlay	105,555					105,555
Total disbursements	781,085	0	5,250	0	0	786,335
Excess of receipts over (under) disbursements	(85,436)	65	1,151	7	18	(84,195)
Other financing sources (uses):						
Sale of surplus property	15,354					15,354
Transfer in (out)	25,081			(12,498)	(12,583)	0
Net change in fund balance	(45,001)	65	1,151	(12,491)	(12,565)	(68,841) *
Fund balance:						
January 1, 2019	381,321	63,318	32,560	12,491	12,565	502,255
December 31, 2019	336,320	63,383	33,711	0	0	433,414
				CLOSED	CLOSED	

* Equals change in net position on
statement of activities

See accompanying notes.

CITY OF CENTERVILLE

STATEMENT OF NET POSITION
MODIFIED CASH BASIS
ENTERPRISE FUNDS
AS OF DECEMBER 31, 2020

	Water Fund	Sewer Fund	Total Enterprise Funds
	-----	-----	-----
ASSETS			
Current assets:			
Cash and cash equivalent	77,382	164,773	242,155
Certificates of deposit	194,866	83,513	278,379
	-----	-----	-----
Total current assets	272,248	248,286	520,534
Noncurrent assets:			
Restricted cash and cash equivalent	45,521	25,560	71,081
	-----	-----	-----
Total assets	317,769	273,846	591,615
	=====	=====	=====
NET POSITION			
Restricted - debt service	45,521	25,560	71,081
Unrestricted	272,248	248,286	520,534
	-----	-----	-----
Total net position	317,769	273,846	591,615
	=====	=====	=====

See accompanying notes.

CITY OF CENTERVILLE

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN NET POSITION -- MODIFIED CASH BASIS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDING DECEMBER 31, 2020
 FOR THE YEAR ENDING DECEMBER 31, 2019

	Water Fund	Sewer Fund	==2020== Total	Water Fund	Sewer Fund	==2019== Total
	-----	-----	-----	-----	-----	-----
Operating receipts:						
Charges for goods and services	206,481	226,596	433,077	182,987	213,930	396,917
	-----	-----	-----	-----	-----	-----
Total operating receipts	206,481	226,596	433,077	182,987	213,930	396,917
	-----	-----	-----	-----	-----	-----
Operating disbursements:						
Personal services	64,533	64,533	129,066	64,526	64,526	129,052
Other current services	25,264	28,867	54,131	43,595	24,450	68,045
Cost of goods sold	52,193		52,193	50,532		50,532
Capital improvements	1,998	2,790	4,788		1,926	1,926
	-----	-----	-----	-----	-----	-----
Total operating disbursements	143,988	96,190	240,178	158,653	90,902	249,555
	-----	-----	-----	-----	-----	-----
Excess operating receipts (disbursements)	62,493	130,406	192,899	24,334	123,028	147,362
Nonoperating receipts (disbursements):						
Interest received	850	3,777	4,627	7,122	6,414	13,536
Crop sales		3,848	3,848		3,848	3,848
Crop cost		0	0		(4,350)	(4,350)
Debt service - principal	(28,127)	(56,932)	(85,059)	(27,232)	(54,341)	(81,573)
Debt service - interest	(17,394)	(36,177)	(53,571)	(18,290)	(38,108)	(56,398)
	-----	-----	-----	-----	-----	-----
Total nonoperating receipts (disbursements)	(44,671)	(85,484)	(130,155)	(38,400)	(86,537)	(124,937)
Excess receipts (disbursements)	17,822	44,922	62,744	(14,066)	36,491	22,425
	-----	-----	-----	-----	-----	-----
Change in net position	17,822	44,922	62,744	(14,066)	36,491	22,425
Net position:						
December 31, 2018				314,013	192,433	506,446
				-----	-----	-----
December 31, 2019	299,947	228,924	528,871	299,947	228,924	528,871
	-----	-----	-----	=====	=====	=====
December 31, 2020	317,769	273,846	591,615			
	=====	=====	=====			

See accompanying notes.

CITY OF CENTERVILLE

STATEMENT OF CASH FLOWS-- MODIFIED CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2020
FOR THE YEAR ENDING DECEMBER 31, 2019

	Water Fund -----	Sewer Fund -----	==2020== Total -----	Water Fund -----	Sewer Fund -----	==2019== Total -----
Cash flows from:						
Operating activities:						
Receipts from customers	206,481	226,596	433,077	182,987	213,930	396,917
Cost of employees	(64,533)	(64,533)	(129,066)	(64,526)	(64,526)	(129,052)
Payments to suppliers	(77,457)	(28,867)	(106,324)	(94,127)	(24,450)	(118,577)
Capital improvements	(1,998)	(2,790)	(4,788)		(1,926)	(1,926)
Net cash provided (used) by operating activities	----- 62,493	----- 130,406	----- 192,899	----- 24,334	----- 123,028	----- 147,362
Noncapital financing activities:						
None			0			0
Capital financing activities:						
Debt service - principal	(28,127)	(56,932)	(85,059)	(27,232)	(54,341)	(81,573)
Debt service - interest	(17,394)	(36,177)	(53,571)	(18,290)	(38,108)	(56,398)
Investing activities:						
Interest received	850	3,777	4,627	7,122	6,414	13,536
Net crop income (loss)		3,848	3,848		(502)	(502)
Redeem cash with fiscal agent			0		139,094	139,094
Purchase certificate of deposits	(1,207)	(516)	(1,723)	(3,059)	(1,311)	(4,370)
Net increase (decrease) in cash and cash equivalents	----- 16,615	----- 44,406	----- 61,021	----- (17,125)	----- 174,274	----- 157,149
Cash and cash equivalents:						
December 31, 2018				123,413	(28,347)	95,066
December 31, 2019	106,288	145,927	252,215	106,288	145,927	252,215
December 31, 2020	122,903	190,333	313,236	=====	=====	=====
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Excess operating receipts or (disbursements)	62,493	130,406	192,899	24,334	123,028	147,362
Net cash provided (used) by operating activities	----- 62,493	----- 130,406	----- 192,899	----- 24,334	----- 123,028	----- 147,362
Noncash investing, capital and financing activities: None						

See accompanying notes.

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. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the City of Centerville's (City) Governing Board.

The City's officials at December 31, 2020 are:

Mayor:	Finance Officer:
Kent Austin	Kristin Hazen
Council:	Attorney:
Jacqueline Krebs, President	Darrell A. Jesse
Adam Carlson	
Conway Lunning	
Jeff Nelson	
Vicki Sikkink	
Cory Simonsen	

The City's financial reporting entity is composed of the following:

Financial Reporting Entity:
Primary Government: - City of Centerville
Component Unit: - Centerville Housing & Redevelopment Commission

To determine the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The reporting entity of the City of Centerville consists of (1) the primary government, which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the City (the primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City unless that organization can, without the approval of the City: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money, unless it would be misleading to exclude the organization because of its relationship with the City.

Based upon the application of these criteria, the Centerville Housing & Redevelopment Commission (CHRC) is a component unit of the City of Centerville. CHRC represents 100% of the balances and activity in the discretely presented component unit column of these financial statements.

CHRC is organized to provide housing in Centerville under SDCL 11-7-7. In 2018 CHRC sold its two 4-plex apartment units and has no housing units at December 31, 2020. Financial information about CHRC is available at the Centerville City Hall.

b. Basis of Presentation:

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds (if any). 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 good and services.

Discretely presented component units (if any) are legally separate organizations that meet certain criteria, as described in note 1.a, above, and may be classified as either governmental or business-type activities. See discussion of individual component units in note 1.a, above.

The Statement of Net Position reports all cash assets. Net position is displayed in two components: restricted (distinguishing between major categories of restrictions) and unrestricted.

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

Fund Financial Statements:

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its cash, net position, receipts and disbursements. Funds are organized into three major categories: governmental, enterprise, and fiduciary (if any). An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the City or if it meets the following criteria:

- a. Total cash, receipts or disbursements of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (cash, receipts or disbursements) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

Funds of the City are described below within their respective fund type:

Governmental Funds

General Fund - a fund established by South Dakota Codified Law (SDCL) 4-11-6 to met all the general operational costs of the City except those required to be accounted for in another fund. The general fund is always a major fund.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has the following special revenue funds:

3rd cent sales tax fund - A fund allowed by SDCL 10-52-8 to account for the receipts from the 3rd cent sales tax imposed on liquor, lodging and dining sales. The 3rd cent can be spent on the promotion of the city. The 3rd cent fund is a major fund.

Revolving Loan Fund - The revolving loan fund is a special revenue fund used for economic development by making loans to start or expand local businesses. The revolving loan fund was created in the 1980's from 5 years of \$10,000 property tax levies. The revolving loan fund is a major fund.

Permanent Funds - permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs - that is, for the benefit of the City or its citizenry.

Pascale Senior Citizen Permanent Fund - This permanent fund is used to account for a bequest from the sale of the Pascale Building. Principal cannot be spent, but interest received is used to support senior citizens activities. The Pascale senior citizens fund is a major fund and was closed in 2019.

Pascale Ball Field Permanent Fund - This permanent fund is used to account for a bequest from the sale of the Pascale Building. Principal cannot be spent, but interest received is used to support the ball field. The Pascale ball field fund is a major fund and was closed in 2019.

Enterprise Funds (Business-Type)

Enterprise Funds - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The City has the following enterprise funds:

Water fund - A fund allowed by SDCL 9-47-1 to provide water to customers within the City of Centerville. The water fund is a major fund.

Sewer fund - A fund allowed by SDCL 9-48-2 to provide sewer services to customers within the City of Centerville. The sewer fund is a major fund.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

The City of Centerville has no fiduciary funds.

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 (disbursements) are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The City's basis of accounting is the modified cash basis of accounting, which is a basis of accounting other than US-GAAP. Under US-GAAP, transactions are recorded in the accounts when revenues are earned and liabilities are incurred. Under the modified cash basis of accounting, transactions are recorded when cash is received or disbursed.

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, applied within the limitations of the modified cash basis of accounting.

Basis of Accounting:

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-type, and component units 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 receipts and disbursement transactions. Under the modified cash basis of accounting, the statement of financial position reports only cash and cash equivalents. 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 cash has been received or disbursed. Acceptable modifications to the cash basis of accounting implemented by the City in these financial statements are certificates of deposit (if any) whose maturity when purchased is more than 90 days.

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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City applied US-GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the fund financial statements for enterprise funds and fiduciary funds (if any) would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

d. Cash and Cash Equivalents:

For purposes of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments (if any) in open-end mutual funds shares or similar investments in external investment pools, are also considered to be cash equivalents.

Financial statement investments consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those type of investments authorized by South Dakota Codified Laws (SDCL) 4-5-6. Under the modified cash basis of accounting, investments are carried at cost.

For the year ending December 31, 2020 all enterprise fund deposits are considered to be cash and cash equivalent for purposes of the statement of cash flow except certificates of deposit totaling \$278,379 held for the water and sewer funds because their maturity when purchased was longer than three months and they are not part of a pool.

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Interfund charges for utility services are not material to these financial statements and, consequently, they are not separately shown.

f. Program Receipts and General Receipts:

Program Receipts:

In the government-wide Statement of Activities, reported program receipts derive directly from the program itself or from parties other than the City's taxpayers or citizenry, as a whole. Program receipts are classified in 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 contribution - 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 contribution - These arise from mandatory and voluntary non-exchange transactions with other government, organization, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

General Receipts:

General receipts include all receipts not specifically earmarked for a specific program. General receipts include all taxes, interest received, unrestricted receipts from federal, state, or county governments, and miscellaneous receipts not related to a program. These receipts are not restricted and can be used for the regular operation of the City.

g. Enterprise Fund Receipt Classifications:

In both the government-wide statements and fund financial statements, enterprise fund operating receipts, such as charges for water and sewer services, result from exchange transactions associated with the fund's principal activity. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, if any, such as grants, operating subsidies, interest received, and transfers in, result from nonexchange transactions.

h. 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 creditor, grantor, 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 "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements. Fiduciary fund equity (except for custodial funds, which have no fund equity) is reported as "Net Position" held in trust for a purpose.

i. Application of Net Position:

It is the City's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

j. Fund Balance Classification Policies and Procedures:

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

- * Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- * Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- * Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.
- * Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Council or Finance Officer.
- * Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

At December 31, 2020 the City of Centerville fund balance classifications are made up of:

<u>Fund Balance Classifications</u>	<u>Account or Fund</u>	<u>Authority or Action</u>	<u>Amount</u>
Nonspendable	None		0
Restricted	Library	Statute	410
Restricted	3rd Cent	Statute	36,335
Committed	Revolving Loan	Ordinance	63,508
Assigned	General - Pool repair	Resolution	21,100
Assigned	General - Police car	Resolution	35,000
Unassigned	General		282,356

			438,709

The City uses "restricted" and "committed" amounts first when 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 City would first use "committed", then "assigned", and lastly "unassigned" amounts of unrestricted fund balance when expenditures are made.

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

The City's special revenue 3rd cent sales tax funds receives its revenue from the 3rd cent sales tax. The City's special revenue revolving loan fund receives its revenue from rents and interest received. See page 14 and 15.

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

Budget overdrafts:

The City is prohibited by statute from spending in excess of appropriated amounts by department within a fund. The following represents overdrafts of departmental expenditures compared to appropriations:

2020:	General fund - General Government/Mayor and Council	28,295
	General fund - General Government/Financial administration	4,154
2019:	General fund - General Government/Mayor and Council	762
	General fund - Public Safety/Police	11,478
	General fund - Culture and Recreation/parks	5,205
	3rd cent fund - Economic development	250

These are not considered significant violations of a departmental expenditure compared to appropriations. In the future, the City expects to make contingency transfers or adopt supplemental appropriations to cover expenditures that will exceed their original appropriation.

3. DEPOSITS, INVESTMENTS AND RELATED RISKS

Except for restricted cash held by 3rd parties and bank certificates of deposit purchased for an individual fund, the City follows the practice of aggregating deposits of its various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The City 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. 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 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.

Deposits are reported at cost, plus interest, if the account is the add-on type.

Actual bank balances at December 31, 2020 were as follows: Insured \$263,116, Collateralized ** \$800,142, for a total of \$1,063,258.

** Uninsured, collateral jointly held by state's/municipality's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at December 31, 2020 was \$1,030,324 held as follows.

One American Bank:	
Checking/savings	\$ 751,820
Certificates of deposit	278,379

	\$ 1,030,199
Petty cash	125

	<u>\$ 1,030,324</u>

Investments - In general, SDCL 4-5-6 permits City money 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); or (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall 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. Investments (if any) are stated at cost.

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

Investment Risk - State law limits eligible investments for the City as discussed above. The City has no investment policy that would further limit its investment choices.

During the two years ending December 31, 2020 the City had no investments.

Custodial Risk (Deposits) - The risk that, in the event of a depository failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At December 31, 2020 the City was not exposed to custodial risk for deposits at One American Bank.

Custodial Risk (Investments) - The risk that, in the event of a default by the counterparty to a transaction, the City will not be able to recover the value of an investment or collateral securities held by the counterparty. During the two years ending December 31, 2020 the City was not exposed to custodial risk for investments because the City had no investments.

Concentration of Credit Risk - the City places no limit on the amount that may be invested in any one institution. The percentage of investments in an institution is shown above.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the investment. The City's policy is to credit all income from deposits and investments to the fund making the deposit or investment.

4. RESTRICTED NET POSITION

The following table shows the net position restricted for specific purposes as shown on the statement of net position:

Purpose:	Restricted By:	Governmental	Business-Type
3rd cent fund	Statute	36,335	
General fund (library)	Statute	410	
Water fund	Debt Covenants		45,521 (1)
Sewer fund	Debt Covenants		25,560 (1)
		-----	-----
		36,745	71,081 (2)

(1) One year of payments
(2) Restricted cash

5. INTERFUND TRANSFERS

In 2019 the permanent funds were closed out and their balances of \$12,498 and \$12,583 were transferred to the general fund. There were no transfers between funds in 2020.

6. REVOLVING LOAN FUND

The City maintains a special revenue revolving loan fund for the purpose of making loans to local business for economic development and to hold properties that are rented to local merchants. During 2019 and 2020 no loans were outstanding.

7. FUTURE REVENUES PLEDGED TO SECURE DEBT

All water fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure the 2004 Drinking Water Revenue Bond, which has a remaining balance of \$517,555. The bond was incurred to cover the cost of water improvements as described on page 38. The bond will mature in 2035. In 2020 the bond had pledged revenue of \$64,491 and total bond payments of \$45,521.

All sewer fund net revenue (after normal operating, repair and maintenance expenses) is pledged to secure a 2002 Clean Water SRF loan, which has a remaining balance of \$114,388, a 2007 USDA Rural Development Loan, which has a remaining balance of \$333,940, a 2013 Clean Water SRF loan, which has a remaining balance of \$353,050, and a 2018 Clean Water SRF loan, which has a remaining balance of \$228,970. These loans were incurred to cover the cost of sewer improvements as described on page 38. The 2002 loan will mature in 2024, the 2007 loan will mature in 2040, the 2013 loan will mature in 2045, and the 2018 loan will mature in 2048. In 2020 the bonds had pledged revenue of \$133,196 and total bond payments of \$93,109.

8. LIBRARY

The City of Centerville and the Centerville School District operate a joint library. The library has a 6 person board on which there are 3 members from the City of Centerville and 3 members from the Centerville School District. However, the City and the School each pay their own library expenses, including payroll. The library has essentially no expenses of its own. The City's library cost are accounted for in the City's general fund.

Library "fine" and "gift" activity had \$410 positive cash at December 31, 2020. This cash is accounted for within the general fund. Activity in this account is not considered material to these financial statements.

9. CENTERVILLE DEVELOPMENT CORPORATION

The Centerville Development Corporation is a legally separate organization with an 9 member board, 2 of whom are appointed by the Centerville City Council. It can set its own budget, own rates for services, and borrow money without Centerville City Council permission. Consequently, it is not considered a component unit of the City of Centerville. However, the City of Centerville does pay the salary and related expenses of its Economic Development Coordinator, which in 2020 was \$81,161. The City does receive a reimbursement from the Centerville Development Corporation of \$6,750 per quarter.

10. PENSION PLAN

Summary of Significant Accounting Policies:

As mentioned in note 1c above, these financial statements, both government-wide and fund financial statements, are presented on a modified cash basis of accounting rather than an accrual/modified accrual basis of accounting. Consequently, these financial statements do not measure the net pension liability (assets), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense (revenue), and information about the fiduciary net position of the South Dakota Retirement System (SDRS).

Plan Description:

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 administered by SDRS to provide retirement benefits for employees of the State of South 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. 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 SDRS, PO Box 1098, Pierre, SD 57501-1098 or calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund 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 retirements that do not meet the above criteria may be payable at a reduced level.

Members that were hired on or 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.

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 long-term inflation assumption of 2.25%.
- > If the fair value of assets is equal to or greater 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 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 equal to or greater than the accrued liabilities.

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

Contributions:

Per SDCL 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the calendar years ending December 31, 2020, 2019, and 2018 were \$20,744, \$20,942 and \$15,672 respectively (employer's share) equal to the required contribution each year.

Pension (Assets)/Liabilities:

At June 30, 2020 SDRS is 100.04% funded and accordingly has net pension (asset). The proportionate shares of the components of the net pension (asset) of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2020 and reported by the City as of December 31, 2020 are as follows:

Proportionate share of total pension liability	\$ 2,062,285
Less: Proportionate share of net position restricted for pension benefits	(2,063,014)

Proportionate share of net pension (asset)/liability	\$ (729)
	=====

The net pension (asset)/liability was measured as of June 30, 2020 and the total pension (asset)/liability used to calculate the net pension (asset)/liability was based on a projection of the City's share of contribution to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the City's proportion was .000167761 which is an increase of .000029362 over its proportion measured as of June 30, 2019.

Actuarial Assumptions:

The total pension (asset)/liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males.

Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

Actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Discount Rate:

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee 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 those 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 (asset)/liability.

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

The following presents the City's proportionate share of the net pension (asset)/liability of SDRS, calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate the is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's proportionate share of the net pension (asset)/liability	\$282,642	\$(729)	\$(232,520)

Investments

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which my utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (ie: the Council should use the same degree of care as a prudent man.)

Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%

	100.0%	

Pension Plan Fiduciary Net Position:

Detailed information about the Plan's fiduciary net position is available in a separately issued SDRS financial report.

11. PROPERTY TAX

Taxes are levied on or before October 1, attach as an enforceable lien on property, become due and payable on the following January 1, and are payable in two installment on or before the following April 30 and October 31. The county bills and collects the City's taxes and remits them to the City.

12. INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. During the two years ending December 31, 2020 the City managed its risks as follows:

Employee Health Insurance:

The City joined the South Dakota Municipal League Health Pool of South Dakota. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The City pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

The City does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

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

Effective January 1, 2018 the SDPAA revised the method of calculating the amount available to be refunded to a withdrawing member. Upon giving proper written notice to the SDPAA a member may withdraw. Within 120 days following withdrawal, or as soon thereafter as the next Annual Budget is completed, the SDPAA will advise the withdrawing member of its total calculated portion of contributions made to the SDPAA that shall be refunded. Refunds are calculated based on the pool's total contributions, along with the member's total contributions, current losses, unpaid losses, and loss expenses, the member's loss ratio, and number of membership years.

A member who withdraws from the SDPAA shall receive a calculated portion of their contributions refunded for unpaid casualty losses, based on the following schedule:

Years	1	2	3	4	5	6+
Percentage	55%	50%	40%	35%	30%	20%

All refunds shall be paid to the withdrawing member over a 5 year term.

As of December 31, 2020, the City's balance available to be refunded per the SDPAA was \$44,503, which was an increase of \$1,492 from December 31, 2019. The change in the amount available for refund is not reported in the current period because these financial statements are on the modified cash basis of accounting.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The City joined the South Dakota Municipal League Workers' Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities.

The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims.

The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

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

Unemployment Benefits:

The City provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. No unemployment payments were made during the two years ending December 31, 2020 and none are expected in 2019.

13. TAX ABATEMENTS

As of December 31, 2020 the City did not provide any tax abatement incentives through its Tax Increment Financing District Project or through other agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

14. LITIGATION

The City can be a party to litigation. No determination can be made at this time regarding the potential outcome of possible matters. However, as discussed in the risk management note above, the City has liability coverage for itself and its employees. Therefore, any litigation is not expected to have a potential material effect on the City's financial statements.

15. OTHER DISCLOSURES AND SUBSEQUENT EVENTS

The City does not operate a landfill.
The City does not have any material related party activities.
The City does not offer any "Other Post Employment Benefits".
The City is not involved in any pending or threatened litigation.

The City adopted an IRS Sec. 125 cafeteria plan effective January 1, 2021.

The City agreed to sell South Lincoln Rural Water System all of Centerville's remaining unused daily maximum capacity of 220,000 gallons of Lewis & Clark Rural Water. This would make Centerville's water rate the cheapest it can be and also Centerville would sell the water at 10 cents per 1,000 gallons over its cost.

In 2021 the City received COVID funds of \$118,112.

CITY OF CENTERVILLE

SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING DECEMBER 31, 2020

GENERAL FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Contingency Transfers	Supplemental:		
Receipts:					
Receipts from local sources					
Taxes:					
Ad valorem taxes	406,027			404,900	(1,127)
Sales and use tax	165,000			202,865	37,865
Amusement tax	175			168	(7)
Licenses and permits:	9,100			11,825	2,725
Intergovernmental receipts:	48,900		22,534	71,434	43,143
Charges for goods and servi.	11,600			11,600	20,792
Fines and forfeits				0	275
Miscellaneous receipts:	43,501			11,760	(31,741)
Total receipts	684,303	0	22,534	778,762	71,925
Disbursements:					
General government:					
Mayor and Council	19,308	861		20,169	(28,295)
Contingency	20,000			20,000	20,000
Amount transferred		(13,918)		(13,918)	(13,918)
Elections	850	32		882	106
Financial administration	62,278	1,022		63,300	(4,154)
Other	14,920	2,503	1,000	18,423	186
Public safety:					
Police	143,299	86	25,334	168,719	15,529
Fire	39,810	86	1,500	41,396	1,675
Public works:					
Highways and streets	206,270		39,000	245,270	28,490
Sanitation	2,800			2,800	2,526
Health and welfare:					
Ambulance				0	0
Culture and recreation:					
Recreation	4,500			4,500	88
Parks	54,626	546	24,500	79,672	16,155
Pool	35,390	8,036		43,426	617
Library	81,967	189		82,156	5,415
Conservation and development:					
Economic development	95,231	48		95,279	8,977
Total disbursements	781,249	(509)	91,334	872,074	53,397
Excess of receipts over (under) disbursement:	(96,946)	509	(68,800)	(165,237)	125,322
Other financing sources (uses):					
Sale of surplus property			5,260	5,260	2,145
Compensation for damaged property			32,500	32,500	2,556
Transfer out		(509)		(509)	509
Net change in fund balance	(96,946)	0	(31,040)	(127,986)	130,532
Fund balance:					
January 1, 2020	336,320			336,320	0
December 31, 2020	239,374	0	(31,040)	208,334	130,532

CITY OF CENTERVILLE

SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING DECEMBER 31, 2019

GENERAL FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Contingency Transfers	Supplemental		
Receipts:					
Receipts from local sources					
Taxes:					
Ad valorem taxes	388,364			378,093	(10,271)
Sales and use tax	165,000			173,736	8,736
Amusement tax			0	144	144
Licenses and permits:	7,400		7,400	10,675	3,275
Intergovernmental receipts:	52,100		52,100	63,770	11,670
Charges for goods and servi.	11,700		11,700	41,826	30,126
Fines and forfeits	2,000		2,000	127	(1,873)
Miscellaneous receipts:	38,900		5,000	27,278	(16,622)
Total receipts	665,464	0	5,000	695,649	25,185
Disbursements:					
General government:					
Mayor and Council	18,365	2,300	3,000	24,427	(762)
Contingency	20,000			20,000	20,000
Amount transferred		(13,400)		(13,400)	(13,400)
Elections	800	310		1,110	1,110
Financial administration	63,350	5,500		60,849	8,001
Other	13,120			12,932	188
Public safety:					
Police	144,042	440		155,960	(11,478)
Fire	40,160			36,883	3,277
Public works:					
Highways and streets	206,143	1,200	8,900	214,517	1,726
Sanitation	500	2,300		2,463	337
Health and welfare:					
Ambulance	0			0	0
Culture and recreation:					
Recreation	4,000			3,800	200
Parks	37,597		22,951	65,753	(5,205)
Pool	35,961	1,350		35,147	2,164
Library	79,851		3,000	80,136	2,715
Conservation and development:					
Economic development	93,215			88,218	4,997
Total disbursements	757,104	0	37,851	781,085	13,870
Excess of receipts over (under) disbursement:	(91,640)	0	(32,851)	(85,436)	39,055
Other financing sources (uses):					
Sale of surplus property				15,354	15,354
Transfer in				25,081	25,081
Net change in fund balance	(91,640)	0	(32,851)	(45,001)	79,490
Fund balance:					
January 1, 2019	381,321			381,321	0
December 31, 2019	289,681	0	(32,851)	336,320	79,490

CITY OF CENTERVILLE

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

FOR THE ONE YEAR ENDING DECEMBER 31, 2020

REVOLVING LOAN FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Supplemental	Final		
Receipts:					
Miscellaneous receipts:					
Interest			0	125	125
Rents			0		0
Total receipts	0	0	0	125	125
Disbursements:					
General government:					
Other - buildings			0		0
Total disbursements	0	0	0	0	0
Excess of receipts over (under) disbursements	0	0	0	125	125
Other financing sources (uses):					
None			0		0
Net change in fund balance	0	0	0	125	125
Fund balance:					
January 1, 2020	63,383		63,383	63,383	0
December 31, 2020	63,383	0	63,383	63,508	125

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

FOR THE ONE YEAR ENDING DECEMBER 31, 2019

REVOLVING LOAN FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Supplemental	Final		
Receipts:					
Miscellaneous receipts:					
Interest	160		160	65	(95)
Rents			0		0
Total receipts	160	0	160	65	(95)
Disbursements:					
General government:					
Other - buildings	0		0		0
Total disbursements	0	0	0	0	0
Excess of receipts over (under) disbursements	160	0	160	65	(95)
Other financing sources (uses):					
None			0		0
Net change in fund balance	160	0	160	65	(95)
Fund balance:					
January 1, 2019	63,318		63,318	63,318	0
December 31, 2019	63,478	0	63,478	63,383	(95)

CITY OF CENTERVILLE

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE ONE YEAR ENDING DECEMBER 31, 2020

3RD CENT SALES TAX FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Supplemental:	Final		
Receipts:					
Receipts from local sources:					
Taxes:					
Sales and use tax	7,090		7,090	8,043	953
Miscellaneous receipts:					
Interest received	90		90	90	0
Donations			0		0
Total receipts	7,180	0	7,180	8,133	953
Disbursements:					
Public works:					
Highways and streets			0		0
Conservation and development:					
Economic development	5,000	509	5,509	5,509	0
Total disbursements	5,000	509	5,509	5,509	0
Excess of receipts over (under) disbursement:	2,180	(509)	1,671	2,624	953
Other financing sources (uses):					
None	0		0		0
Net change in fund balance	2,180	(509)	1,671	2,624	953
Fund balance:					
January 1, 2020	33,711		33,711	33,711	0
December 31, 2020	35,891	(509)	35,382	36,335	953

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE ONE YEAR ENDING DECEMBER 31, 2019

3RD CENT SALES TAX FUND	Budgeted Amounts			Actual (Modified Cash Basis)	Variance Positive (Negative)
	Original	Supplemental:	Final		
Receipts:					
Receipts from local sources:					
Taxes:					
Sales and use tax	7,000		7,000	6,320	(680)
Miscellaneous:					
Interest received	90		90	81	(9)
Donations	2,500		2,500		(2,500)
Total receipts	9,590	0	9,590	6,401	(3,189)
Disbursements:					
Public works:					
Highways and streets			0		0
Conservation and development:					
Economic development	5,000		5,000	5,250	(250)
Total disbursements	5,000	0	5,000	5,250	(250)
Excess of receipts over (under) disbursement:	4,590	0	4,590	1,151	(3,439)
Other financing sources (uses):					
None			0		0
Net change in fund balance	4,590	0	4,590	1,151	(3,439)
Fund balance:					
January 1, 2019	32,560		32,560	32,560	0
December 31, 2019	37,150	0	37,150	33,711	(3,439)

CITY OF CENTERVILLE

NOTES TO SUPPLEMENTARY INFORMATION - BUDGETS

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND AND
SPECIAL REVENUE FUNDS FOR THE TWO YEARS ENDING DECEMBER 31, 2020

1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the supplementary information:

- a. 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.
- b. After adoption by the governing board, the operating budget is legally binding and actual disbursements for each purpose cannot exceed the amounts budgeted, except as indicated in d.
- c. 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.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets. There were one supplemental budgets in 2020 and 2019. See page 33 to 36 for more information.
- e. Formal budgetary integration is employed as a management control device for the general fund and special revenue funds.
- f. Budgets for the general fund and special revenue funds are not adopted on a basis consistent with generally accepted accounting principles (GAAP) because the City uses a modified cash basis of accounting.

2. GAAP AND BUDGETARY ACCOUNTING BASIS DIFFERENCE:

The financial statements prepared in conformity with U.S.GAAP (within the context of the modified cash basis of accounting) present capital outlay expenditure information as a separate category of disbursements. Under the budgetary basis of accounting, capital outlay disbursements are reported within the function to which they relate. For example, the purchase of a road grader would be reported as a capital disbursement on the governmental funds statement of receipts, disbursement and changes in fund balance. However, in the budgetary RSI schedule, the purchase of a road grader would be reported as a disbursement in the public works function of general fund, along with all other current public works disbursements.

CITY OF CENTERVILLE

SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE TWO YEARS ENDING DECEMBER 31, 2020

				Governmental Funds	Enterprise Funds	Principal Payments
	Beginning 12-31-18	2019 Additions (Deletions)	2020 Additions (Deletions)	Ending 12-31-20	Ending 12-31-20	Due in 2021
<hr/>						
BUSINESS-TYPE - DIRECT BORROWING						
2002 Clean Water State Revolving Loan Fund:						
Original approved loan of \$500,000						
Maturing on 4-1-2024						
Interest at 3.5%						
Quarterly payments of \$8,716.87		330	(330)			
Payable solely from segregated sewer project receipts						
Paid by the sewer fund	173,754	(29,166)	(30,200)		114,388	31,271
2004 Drinking Water State Revolving Loan Fund:						
Original amount of \$870,000						
Maturing in 1-1-2035						
Interest at 2.50%						
Administrative fee at 0.75%						
Quarterly payments of \$11,380.39						
Payable solely from segregated water project receipts						
Paid by the water fund	572,914	(27,232)	(28,127)		517,555	29,053
2007 USDA Rural Development Loan:						
Original amount of \$500,000						
Maturing in 2040						
Interest at 4.125%						
Monthly payments of \$2,130.00						
Payable solely from segregated sewer project receipts						
Paid by the sewer fund	356,528	(11,062)	(11,526)		333,940	11,785
2013 Clean Water State Revolving Loan Fund:						
Original approved loan of \$400,509						
Maturing on 5-15-2045						
Interest at 3.25%						
Quarterly payments of \$5,239.06						
Payable solely from segregated sewer project receipts						
Paid by the sewer fund	371,339	(8,997)	(9,292)		353,050	9,598
2018 Clean Water State Revolving Loan Fund:						
Original approved loan of \$240,000						
Maturing on 11-15-2048						
Interest at 2.50%						
Quarterly payments of \$2,848.84						
Payable solely from segregated sewer project receipts						
Paid by the sewer fund	240,000	(5,446)	(5,584)		228,970	5,724
Totals	1,714,535	(81,573)	(85,059)	0	1,547,903	87,431

CITY OF CENTERVILLE

SCHEDULE OF PAYMENTS FOR LONG-TERM DEBT
AT DECEMBER 31, 2020

	Total Payment	Principal	Interest	Balance
	-----	-----	-----	-----
2002 Clean Water State Revolving Loan Fund:				
2021	34,868	31,271	3,597	83,117
2022	34,867	32,380	2,487	50,737
2023	34,868	33,529	1,339	17,208
2024	17,435	17,208	227	0
	-----	-----	-----	
Totals	122,038	114,388	7,650	
	=====	=====	=====	
2004 Drinking Water Revenue Borrower Bond:				
2021	45,522	29,053	16,469	488,502
2022	45,521	30,008	15,513	458,494
2023	45,522	30,996	14,526	427,498
2024	45,521	32,015	13,506	395,483
2025	45,522	33,069	12,453	362,414
2026-2030	227,608	182,396	45,212	180,018
2031-2035	193,467	180,018	13,449	0
	-----	-----	-----	
Totals	648,683	517,555	131,128	
	=====	=====	=====	
2007 USDA Rural Development Loan:				
2021	25,560	11,785	13,775	322,155
2022	25,560	12,271	13,289	309,884
2023	25,560	12,777	12,783	297,107
2024	25,560	13,304	12,256	283,803
2025	25,560	13,853	11,707	269,950
2026-2030	127,800	78,324	49,476	191,626
2031-2035	127,800	95,867	31,933	95,759
2036-2040	106,220	95,759	10,461	0
	-----	-----	-----	
Totals	489,620	333,940	155,680	
	=====	=====	=====	
2013 Clean Water State Revolving Loan Fund:				
2021	20,956	9,598	11,358	343,452
2022	20,956	9,914	11,042	333,538
2023	20,956	10,240	10,716	323,298
2024	20,956	10,577	10,379	312,721
2025	20,957	10,925	10,032	301,796
2026-2030	104,781	60,259	44,522	241,537
2031-2035	104,781	70,845	33,936	170,692
2036-2040	104,781	83,291	21,490	87,401
2041-2045	94,301	87,401	6,900	0
	-----	-----	-----	
Totals	513,425	353,050	160,375	
	=====	=====	=====	
2018 Clean Water State Revolving Loan Fund:				
2021	11,395	5,724	5,671	223,246
2022	11,395	5,869	5,526	217,377
2023	11,395	6,017	5,378	211,360
2024	11,395	6,169	5,226	205,191
2025	11,396	6,325	5,071	198,866
2026-2030	56,977	34,099	22,878	164,767
2031-2035	56,977	38,624	18,353	126,143
2036-2040	56,977	43,750	13,227	82,393
2041-2045	56,977	49,556	7,421	32,837
2046-2048	34,186	32,837	1,349	0
	-----	-----	-----	
Totals	319,070	228,970	90,100	
	=====	=====	=====	

CITY OF CENTERVILLE
FOR THE SEVEN YEARS ENDING DECEMBER 31, 2020

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET) LIABILITY

SDRS Measurement Date Year Ended (1)	City's Pension Allocation Percentage	City's Proportionate Share of Net Pension (Asset) Liability	City's Covered Employee Payroll for its 6-30 Year End	City's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2020	0.0167761%	(729)	337,267	(00.22%)	100.04%
June 30, 2019	0.0138399%	(1,467)	272,049	(00.54%)	100.09%
June 30, 2018	0.0139625%	(326)	280,000	(00.12%)	100.02%
June 30, 2017	0.0128663%	(1,168)	251,362	(00.46%)	100.10%
June 30, 2016	0.0139806%	47,225	235,962	20.01%	96.89%
June 30, 2015	0.0130917%	(55,526)	223,729	(24.82%)	104.10%
June 30, 2014	0.0132712%	(95,614)	216,900	(44.08%)	107.30%

(1) The amounts presented for each fiscal year were determined as of the collective net pension liability (asset) which is 6-30 of the City's current calendar year.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF CENTERVILLE
FOR THE SEVEN YEARS ENDING DECEMBER 31, 2020

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS
TO THE SOUTH DAKOTA RETIREMENT SYSTEM

City's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Employee Payroll for its Calendar Year End	Contributions as a Percentage of Covered Employee Payroll
December 31, 2020	20,744	20,744	0	316,818	6.55%
December 31, 2019	20,942	20,942	0	322,883	6.49%
December 31, 2018	15,672	15,672	0	251,979	6.22%
December 31, 2017	16,635	16,635	0	266,416	6.24%
December 31, 2016	15,388	15,388	0	227,556	6.76%
December 31, 2015	14,927	14,927	0	232,752	6.41%
December 31, 2014	13,798	13,798	0	215,084	6.42%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF CENTERVILLE

NOTES TO SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS FOR THE TWO YEARS ENDING DECEMBER 31, 2020

Changes of Prior Valuation:

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes:

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

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 0.5% 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 FCFR equal to or exceeding 100%. The condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes:

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

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

Governing Board
City of Centerville
Centerville, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis of accounting financial statements of governmental activities, business-type activities, and each major fund, of the City of Centerville (City), Turner County, South Dakota, as of December 31, 2020 and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the City's modified cash basis of accounting financial statements and have issued my report thereon dated February 22, 2022 which was unmodified except for a disclaimer of opinion on the discretely presented component unit, which I was not engaged to audit.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether City of Centerville's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current audit findings as item 2020-01.

Management response to the finding identified in my audit is described in the accompanying schedule of current audit findings. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

I did note other minor matters involving compliance that I reported to the governing body and management of the City of Centerville in a separate Letter of Comments dated February 22, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of City of Centerville's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency*, is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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 were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

I did identify certain deficiencies in internal control, described in the accompanying schedule of current audit findings that I consider to be significant deficiencies. I consider the deficiencies described in the accompanying schedule of current audit findings as items 2020-01 and 2020-02 to be significant deficiencies.

Management responses to the findings identified in my audit are described in the accompanying schedule of current audit findings. Management's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

I did note other matters involving internal control that I reported to the governing body and management of the City of Centerville in a separate Letter of Comments dated February 22, 2022.

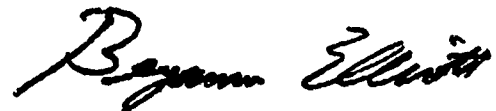
Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of the City's compliance or internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's compliance and internal control over financial reporting. 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.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

February 22, 2022



CITY OF CENTERVILLE
SCHEDULES OF AUDIT FINDINGS
DECEMBER 31, 2020

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Compliance Audit finding:
Not applicable to this audit

Prior Other Audit Findings:
2018-01 Monitoring Centerville Development Corporation - Corrected
2010-01 Budget Overdrafts - Repeated below
2010-02 Preparation of Financial Statements - Repeated below

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

Finding 2020-01: Budget Overdrafts
(compliance and internal control)

Criteria:

SDCL 9-21 requires governmental expenditures to be authorized in an annual appropriation ordinance, or by a supplemental appropriation ordinance, by the governing body before the end of year. The City is prohibited from spending in excess of appropriated amounts at the sub-function level.

Condition:

In 2020 and 2019 City departments exceeded their budget by the following amounts.

2020:	General fund - General Government/Mayor and Council	28,295
	General fund - General Government/Financial administration	4,154
2019:	General fund - General Government/Mayor and Council	762
	General fund - Public Safety/Police	11,478
	General fund - Culture and Recreation/parks	5,205
	3rd cent fund - Economic development	250

Effect:

Expenditures in excess of a budget can lead to unnecessary expenditures.

Also, joint and several liability may attach to any official who approves an expenditure in excess of the amount budgeted for any purpose or department.
SDCL 9-21-9 and 9-21-10

Recommendation:

I recommend the City stay within its budget, using contingency transfers and supplemental appropriations to adjust particular budget line items when necessary.

Management Response:

Management agrees with this recommendation. In the future, the City expects to make contingency transfers or adopt supplemental appropriations to cover expenditures that will exceed their original appropriation.

CITY OF CENTERVILLE
SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES (continued)
DECEMBER 31, 2020

Finding 2020-02: Financial Statement Preparation
(internal control)

Criteria:

A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition:

The City has elected not to have an internal control system designed to prepare the financial statement being audited. As the auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Possible Effect:

This control deficiency could result in a misstatement of the financial statements that would not be prevented or detected.

Recommendations:

This situation is not unusual for an entity of the City's size. It is the responsibility of management, and those charged with governance, to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management Response:

Due to cost constraints, the City will continue to have the auditor draft the financial statements and accompanying notes to the financial statements.