

**MUNICIPALITY OF PLATTE
PLATTE, SOUTH DAKOTA**

AUDIT REPORT

**FOR THE YEAR JANUARY 1, 2019 TO DECEMBER 31, 2019
AND
FOR THE YEAR JANUARY 1, 2020 TO DECEMBER 31, 2020**

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF PLATTE

MUNICIPAL OFFICIALS
DECEMBER 31, 2020

MAYOR:

Steve Christensen

GOVERNING BOARD:

Jerry Overweg, President
Jarrod Lang, Vice-President
Cole Anderson
Dave Carter
Aaron Vanden Hoek
Mike Van Der Werff

FINANCE OFFICER:

Shauna Meyerink

ATTORNEY:

Tim Whalen

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

Governing Board
Municipality of Platte
Platte, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Platte, South Dakota (Municipality), as of December 31, 2020 and December 31, 2019, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated September 21, 2021, which was adverse for the component units and unmodified for all remaining opinion units.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as item 2020-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and


material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Municipality's Response to Findings

The Municipality's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings. The Municipality's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
September 21, 2021

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

Finding Number 2018-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2020-001.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2020-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties existed for the revenues. This is a continuing audit comment since 2000.

Criteria:

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

Condition:

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

Effect:

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

Recommendation:

1. We recommend that the Municipality of Platte officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response:

The Municipality of Platte Mayor, Kenneth Van Zee, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Platte, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to develop policies and provide compensating controls.

CLOSING CONFERENCE

The audit findings were discussed with the officials during the course of the audit and with the mayor, two councilmen, finance officer, and two assistant finance officers on September 24, 2021.

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Platte
Platte, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Platte, South Dakota, (Municipality) as of December 31, 2020 and December 31, 2019, and for each of the years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Municipality's management is responsible for the preparation and fair presentation of these financial statements in accordance with 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

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

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

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

Basis for Adverse Opinions

The financial statements do not include financial data for the Platte Public Library of the Municipality of Platte. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity that include the financial data for its component units. The Municipality has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented components units would have been presented inclusive of the Platte Public Library of the Municipality of Platte.

Adverse Opinion

In our opinion, because of the omission of financial data for the Platte Public Library, as discussed in the Basis for Adverse Opinions, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Municipality of Platte, South Dakota, as of December 31, 2020 and 2019, or the respective changes in financial position thereof for each of the years in the biennial period then ended.

Unmodified Opinions

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Municipality of Platte as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for each of the years in the biennial period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 and 13 to the financial statements, in 2019 the Municipality adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the Municipality's Contributions, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset) on pages 8 through 19, 64 through 67, 69 and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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

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the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021 on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the Municipality's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
September 21, 2021

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**MUNICIPALITY OF PLATTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

This section of the City of Platte's financial report presents our discussion and analysis of the City's financial performance during the biennial period ended on December 31, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

2020

- During the year, the City of Platte's revenues generated from charges for services, taxes, contributions, and other revenues of the governmental programs were \$1,800,758, which is \$303,024 more than the \$1,497,734 in governmental expenditures.
- In the City's business-type activities, revenues increased 9% and expenses increased 3% from last year. Operating revenues increased from \$712,551 in 2019 to \$776,425 in 2020, while total expenses increased from \$516,589 to \$656,865 in the same time frame. Special Project costs of \$4,641 were added to Construction in Progress and \$9,780 to Equipment Capital Assets.
- In response to the COVID-19 pandemic, the City of Platte applied for and received Federal Government Cares Act grants of approximately \$154,000. The unexpected resources were used to purchase equipment and supplies to help the city and the community continue to function as safely as possible in the uncharted waters of 2020.
Some of the items purchased with Cares Act grant money were:
 - Video monitoring system and iPads for city council members to meet via Zoom
 - Custom Washer and Dryer for fire department use
 - Sanitizing Air Mistlers to reduce pathogens in the city hall offices and auditorium
 - Cleaning supplies and hand sanitizer which were hard to find but much needed
- The general fund reported a \$445,269 increase in cash balances, ending the year with \$1,887,577.

2019

- During the year, the City of Platte's revenues generated from charges for services, taxes, contributions and other revenues of the governmental programs were \$1,510,540, which is \$352,719 more than the \$1,157,821 in governmental expenditures.
- In the City's business-type activities, revenues increased 1% and expenses increased 4% from last year. Operating revenues increased from \$731,593 in 2018 to \$712,551 in 2019 while total expenses increased from \$472,128 to \$516,589 in the same time frame. Special Project costs of \$86,045 were added to Construction in Progress and \$31,250 to Equipment Capital Assets.
- The City of Platte began construction on a new aquatic center in 2016. The new facility is complete with a zero-entry level pool and lap pool with features and new bathhouse and pump house which have been enjoyed since the 2017 season. The one-year warranty review was completed on May 23, 2018. A punch list was compiled of items needing to be addressed with some of these items still to be finished in 2019.
- An airport fuel system was bid out in 2018 with construction beginning in late 2018, nearly in completed in 2019.
- HR Green continued to assist the City in research and design of the necessities to bring our sanitary sewer system into compliance. Additional jetting and televising was completed, as well as composite samples and flow monitoring. Cured-in-place-pipelines (CIPP) lining began in April of 2018 with the majority of the work completed within the year. Follow-up and punch list items will be completed in 2019.
- The general fund reported a \$406,491 increase in cash balances, ending the year with \$1,442,308.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, including related notes, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- 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.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the City operates like businesses. The City has two proprietary funds – the Water Fund, and the Sewer Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in a single column in the basic financial statements.

Figure A-1 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of Municipality of Platte's Government-wide and Fund Financial Statements				
	Government-Wide Statements	Governmental Funds	Fund Financial Statements Proprietary Funds	Fiduciary Funds
Scope	Entire municipal government (except fiduciary funds)	The activities of the municipality that are not proprietary or fiduciary, such as finance office, police, fire, and parks	Activities the municipality operates similar to private businesses, the water and sewer systems	Instances in which the municipality is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the municipality's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position—the difference between the City's assets and liabilities—is one way to measure the City's financial health or position.

- Increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and changes in the sales tax revenue base.

The government-wide financial statements of the City are reported in two categories:

- **Governmental Activities** -- This category includes the most of the City's basic services, such as police, fire, public works, parks department and general administration. Property taxes, sales taxes, charges for services, state and federal grants and interest earnings finance most of these activities.
- **Business-type Activities** -- The City charges a fee to customers to help cover the costs of certain services it provides. The City's water and sewer systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds:

- **Governmental Funds** – Most of the City's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- **Fiduciary Funds** – The City is the trustee, or fiduciary, for various external and internal parties. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased by three percent between fiscal year 2019 and 2020, increasing by \$450,583. The City's combined net position increased by 5% between fiscal year 2018 and 2019, increasing by \$575,808. (See Table A-1)

The Statement of Net Position presents the assets and liabilities in order of relative liquidity. Liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. Long-term liabilities of the City, consisting of compensated absences payable and sewer revenue bonds payable, have been reported in this manner on the Statement of Net Position. The difference between the City's assets and liabilities is its net position.

The City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

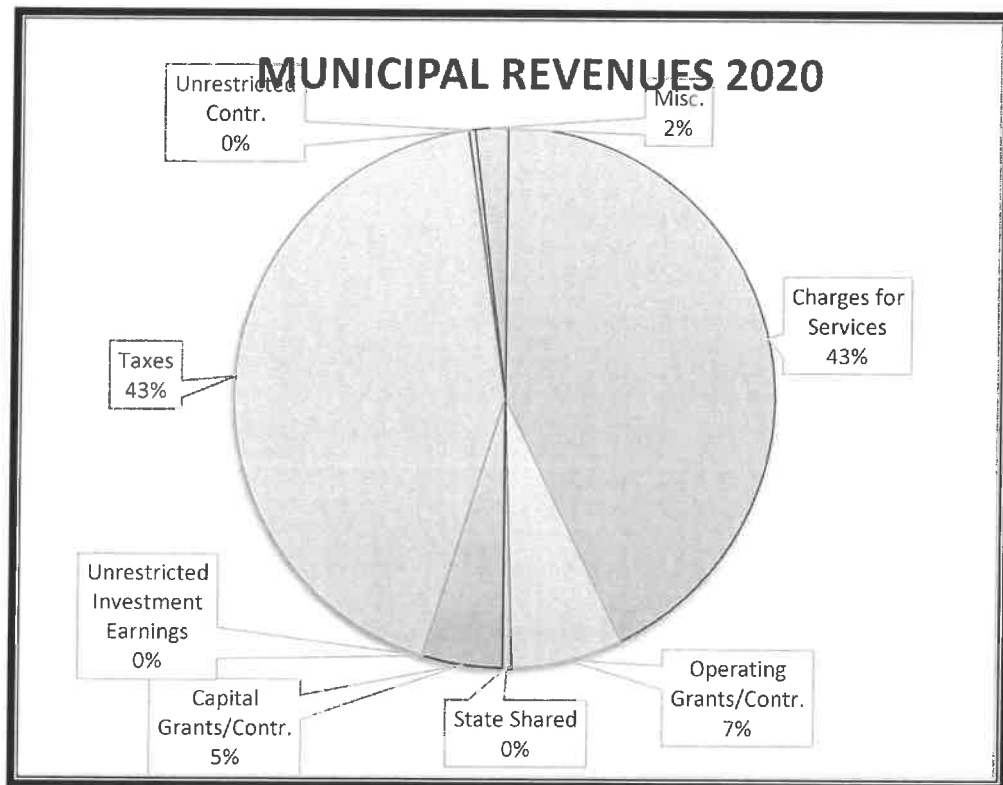
At the end of the current year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

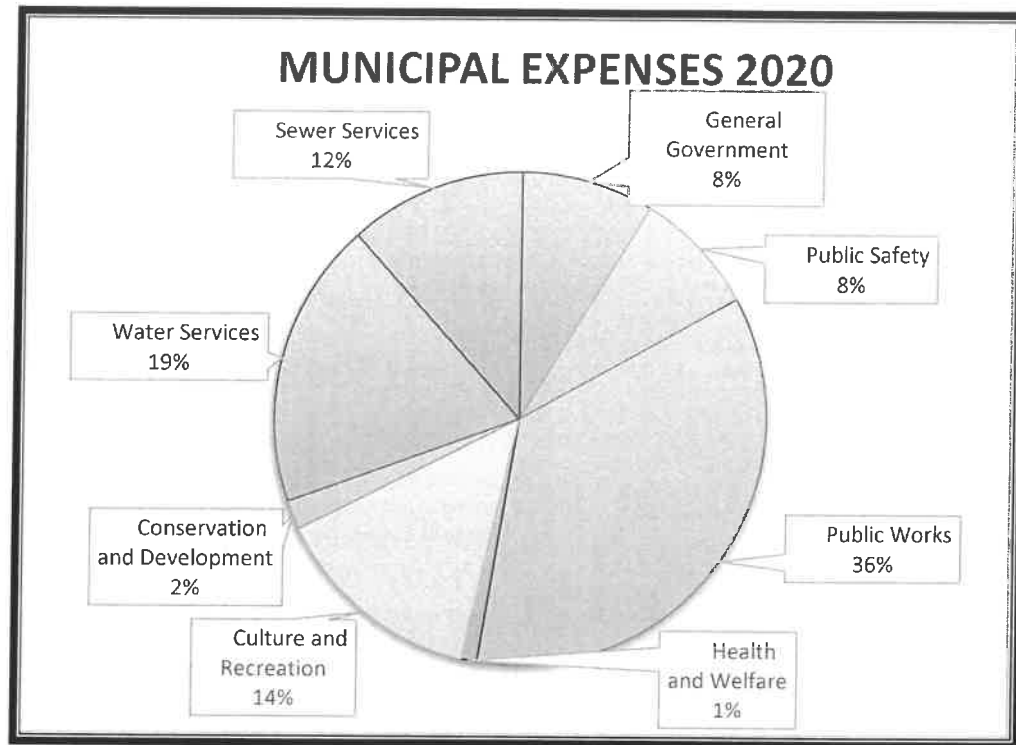
Changes in Net Position

2020

The City's overall revenues totaled \$2,605,182, an increase of 15% from 2019. The largest share of revenue, 43% of the City's revenue, came from charges for services (primarily water and sewer operations). Thirty-two percent came from Sales tax and 11% came from Property Taxes. Six percent came from Federal or State grants and private donations to city funds.

The total cost of all programs and services increased 29% over last year. The City's expenses cover a range of services, with 14% for Culture and Recreation, 36% related to public work services (street maintenance), and 31% related to water system services and sewer system services.



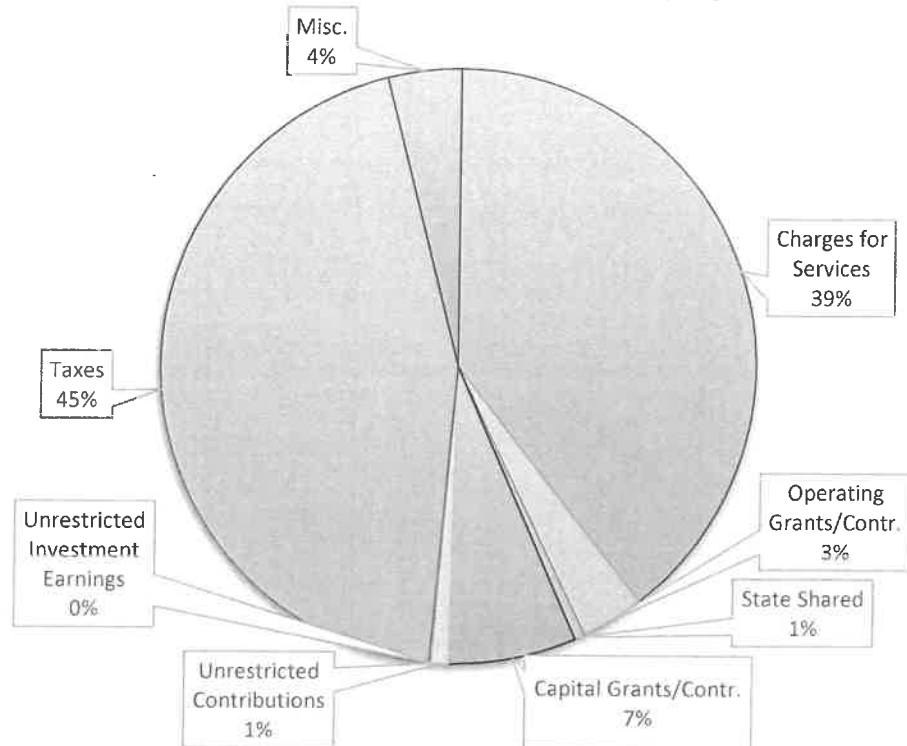


2019

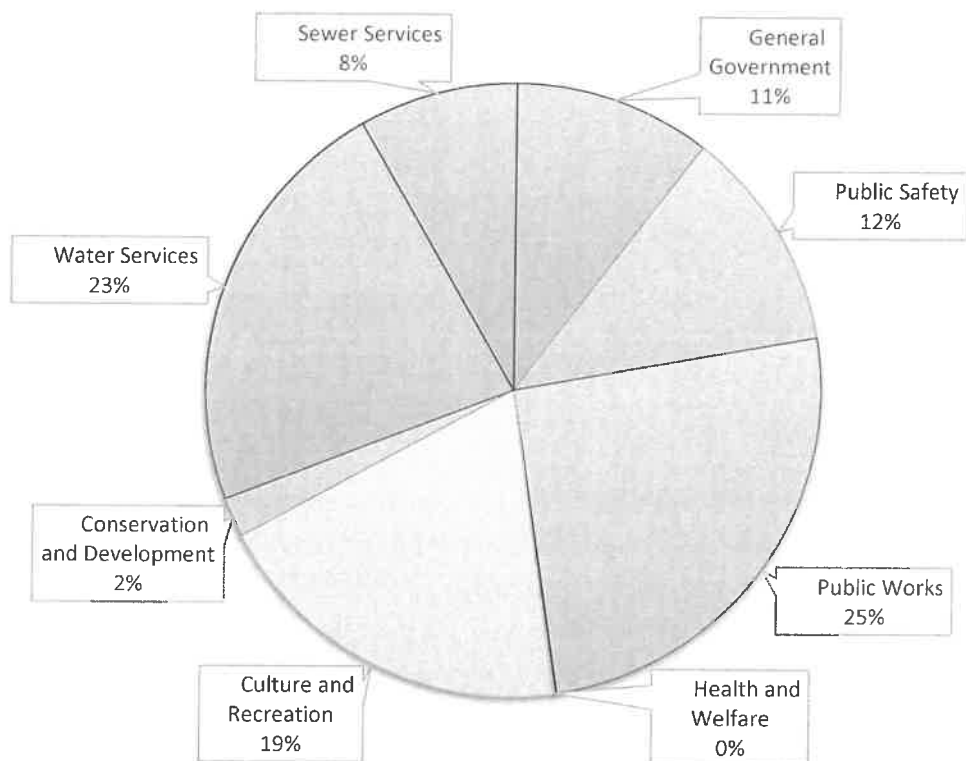
The City's overall revenues totaled \$2,250,218, increasing 2% from 2018. Thirty-nine percent of the City's revenue, came from charges for services (primarily water and sewer operations). Thirty-two percent came from Sales tax and 13% percent came from Property Taxes. Five percent came from Federal or State grants and private donations to city funds.

The total cost of all programs and services increased 6% percent over last year. The City's expenses cover a range of services, with 19% for Culture and Recreation, 25% related to public work services (street maintenance), and 31% related to water system services and sewer system services.

MUNICIPAL REVENUES 2019



MUNICIPAL EXPENSES 2019



Governmental Activities

Table A-2 and the narrative that follows considers the operations of the governmental activities.

Table A-2
MUNICIPALITY OF PLATTE
Changes in Net Position

	Governmental Activities			Business-Type Activities			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Revenues									
Program Revenues:									
Charges for Services	118,658	174,023	338,886	731,593	712,551	776,425	850,251	886,574	1,115,311
Operating Grants	60,871	76,167	173,211				60,871	76,167	173,211
Capital Grants & Contributions	261,305	156,979	122,273				261,305	156,979	122,273
General Revenues:									
Taxes	982,115	1,003,054	1,116,735				982,115	1,003,054	1,116,735
State Sources	11,322	12,984	14,383				11,322	12,984	14,383
Unrestricted Contributions	6,926	20,474	9,626				6,926	20,474	9,626
Unrestricted Investment Earnings	1,408	2,151	1,819	869	1,252	625	2,277	3,403	2,444
Miscellaneous	23,667	64,708	23,825		25,875	27,374	23,667	90,583	51,199
Total Revenue	1,466,272	1,510,540	1,800,758	732,462	739,678	804,424	2,198,734	2,250,218	2,605,182
Expenses									
General Government	160,565	174,441	187,160				160,565	174,441	187,160
Public Safety	170,502	196,850	176,331				170,502	196,850	176,331
Public Works	459,411	425,383	769,477				459,411	425,383	769,477
Health & Welfare	4,858	3,252	22,112				4,858	3,252	22,112
Culture & Recreation	275,967	322,595	301,354				275,967	322,595	301,354
Conservation & Development	42,750	35,300	41,300				42,750	35,300	41,300
Water Services				345,393	376,847	404,417	345,393	376,847	404,417
Sewer Services				126,735	139,742	252,448	126,735	139,742	252,448
Total Expenses	1,114,053	1,157,821	1,497,734	472,128	516,589	656,865	1,586,181	1,674,410	2,154,599
Increase (Decrease) in Net Position	352,219	352,719	303,024	260,334	223,089	147,559	612,553	575,808	450,583
Net Position - Ending	8,810,508	9,163,227	9,466,251	3,567,975	3,791,064	3,938,623	12,378,483	12,954,291	13,404,874

FINANCIAL ANALYSIS OF THE MUNICIPALITY'S FUNDS

The financial analysis of the City's funds mirror those highlighted in the analysis of governmental and business-type activities presented above. The City maintained five governmental funds - General, Bed Board & Booze Tax, Pool Building Fund Raising, New Park Capital Project Fund, and Firehall Expansion Capital Project Funds. The City also maintains two business type funds – Water and Sewer.

General Fund Budgetary Highlights

Over the course of both 2020 and 2019, the City Council revised the City budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the health and welfare of its citizens.
- Increases in appropriations.

2020	Original	Final
Revenue	1,594,250	1,608,379
Expenditures	1,577,674	1,840,481
Variance	16,576	(232,102)

2019	Original	Final
Revenue	1,041,496	1,041,496
Expenditures	997,254	1,090,237
Variance	44,242	(48,741)

CAPITAL ASSET ADMINISTRATION

By the end of 2020, the City had invested \$11,347,248 in a broad range of capital assets, including land, buildings, various machinery and equipment. (See Table A-3.) This amount represents a net decrease (including additions and deductions) of \$327,733 or 3% compared to 2019.

Some capital asset projects were considered Construction in Progress and will not be depreciated as Capital Assets until completed.

Table A-3
Municipality of Platte - Capital Assets
(net of depreciation)

	Governmental Activities			Business-type Activities		
	2018	2019	2020	2018	2019	2020
Land	410,170	410,170	410,170	54,623	54,623	54,623
Construction Work in Progress	324,268	117,903	139,612	1,799,407	1,885,451	0
Buildings	1,074,652	1,084,229	1,053,327	83,362	80,653	77,944
Improvements Other Than Buildings	5,357,427	5,423,194	5,230,641	2,236,183	2,163,724	3,943,556
Machinery and Equipment	304,950	387,839	367,975	73,854	67,195	69,400
Total Capital Assets (Net)	7,471,467	7,423,335	7,201,725	4,247,429	4,251,646	4,145,523

For the year 2020, the major capital asset additions included:

- Construction in progress –Airport Hangar & Fuel System
- A specialized Washer and Dryer for the Fire Department
- Daktronics Scoreboard.

For the year 2019, the major capital asset additions included:

- Construction in progress – Airport Runway Reconstruction, Montana Street Improvement, & Pool Reconstruction
- 2019 John Deere 544L Payloader

LONG-TERM DEBT

At the end of 2020, the City had \$1,740,097 in Sewer Revenue Bonds and other long-term obligations. (See Table A-4 below)

Table A-4
Municipality of Platte - Outstanding Debt and Obligations

	Governmental Activities			Business-type Activities		
	2018	2019	2020	2018	2019	2020
Compensated Absences	\$ 4,509	\$ 4,902	\$ 6,537	\$ 2,900	\$ 3,213	\$ 4,489
Sewer Revenue Loan				148,939	77,824	3,192
Clean Water SRF #1				1,110,259	1,470,437	1,725,879
Total Outstanding Debt and Obligations	4,509	4,902	6,537	1,262,098	1,551,474	1,733,560

The City is liable for the accrued sick leave payable to all full-time employees who have been employed for more than one year.

The City has outstanding Sewer Revenue Loan funds. The loan is secured and paid for from the Sewer Fund. The City does not anticipate the use of any tax dollars to pay for this loan, which was used to replace the majority of the sewer mains throughout the city, and will be fully paid off by January 1, 2021.

The City acquired a Clean Water Sewer Revenue Loan in 2018 to replace the remaining sewer mains and for a monitoring of system flow. Additional financing was acquired through this loan in 2019 and 2020. At the end of 2020, the principal balance due was \$1,725,879.43.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's current economic position is optimistic as it proceeds with major enhancements to the city for the public benefit, including additional airport improvements and Sewer Inspection and Flow projects.

One of the important sources of revenue to the City's General Fund is Property Tax. Under the state mandated property tax freeze, property taxes from one year to the next may increase 3% or an amount based on the Consumer Price Index (CPI) whichever is lower. This year the CPI was 1.7%; therefore, property tax levy requests could increase by 1.7% plus the percentage representing new construction within the city. The property tax levied for 2020 payable in 2021 was \$292,457, up \$11,000 from the previous year amount of \$281,457. The mill levy, which decreased from 3.55 to 3.32, was applied to the equalized valuation of approximately \$88,000,000 to generate the \$292,457 in municipal property taxes.

One of the other primary sources of revenue to the City is sales tax, based on taxable retail sales in the community. Sales tax receipts received into General Fund in 2020 were \$790,678, up 14% percent from the \$682,809 received in the prior year. The City budget for sales tax for 2021 is \$650,000.

CONTACTING THE MUNICIPALITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Platte City Finance Office, 310 S Main Street, PO Box 236, Platte, SD 57369 or email to platte@midstatesd.net.

MUNICIPALITY OF PLATTE
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	1,739,207.26	1,401,273.48	3,140,480.74
Investments	406,799.66	150,000.00	556,799.66
Accounts Receivable, Net	118,041.78	11,260.14	129,301.92
Net Pension Asset	458.59	241.83	700.42
Capital Assets:			
Land and Construction Work in Progress	549,782.50	54,622.50	604,405.00
Other Capital Assets, Net of Depreciation	6,651,942.60	4,090,900.28	10,742,842.88
TOTAL ASSETS	9,466,232.39	5,708,298.23	15,174,530.62
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	67,951.97	35,833.91	103,785.88
TOTAL DEFERRED OUTFLOWS OF RESOURCES	67,951.97	35,833.91	103,785.88
LIABILITIES :			
Other Current Liabilities	730.35	440.37	1,170.72
Customer Deposits		37,926.32	37,926.32
Unearned Revenue		1,590.31	1,590.31
Noncurrent Liabilities:			
Due Within One Year	5,000.00	16,507.63	21,507.63
Due in More than One Year	1,536.94	1,717,052.48	1,718,589.42
TOTAL LIABILITIES	7,267.29	1,773,517.11	1,780,784.40
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	60,665.84	31,991.63	92,657.47
TOTAL DEFERRED INFLOWS OF RESOURCES	60,665.84	31,991.63	92,657.47
NET POSITION:			
Net Investment in Capital Assets	7,201,725.10	2,416,451.25	9,618,176.35
Restricted for:			
Equipment Repair and/or Replacement		90,000.00	90,000.00
Capital Projects	200.00		200.00
City Promotion	159,440.62		159,440.62
Swimming Pool Building Fund	98,789.01		98,789.01
SDRS Pension Purposes	7,744.72	4,084.11	11,828.83
Unrestricted (Deficit)	1,998,351.78	1,428,088.04	3,426,439.82
TOTAL NET POSITION	9,466,251.23	3,938,623.40	13,404,874.63

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

MUNICIPALITY OF PLATTE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	187,160.23	9,723.60	84,130.99		(93,305.64)	(93,305.64)
Public Safety	176,331.60	1,668.21			(174,663.39)	(174,663.39)
Public Works	769,476.66	81,472.29		122,272.76	(565,731.61)	(565,731.61)
Health and Welfare	22,111.69	189.54	69,956.46		48,034.31	48,034.31
Culture and Recreation	301,354.15	209,905.65	19,124.00		(72,324.50)	(72,324.50)
Conservation and Development	41,300.00				(41,300.00)	(41,300.00)
Miscellaneous		35,926.84			35,926.84	35,926.84
Total Governmental Activities	1,497,734.33	338,886.13	173,211.45	122,272.76	(863,363.99)	(863,363.99)
Business-type Activities:						
Water	404,417.35	419,054.17			14,636.82	14,636.82
Sewer	252,447.71	357,370.92			104,923.21	104,923.21
Total Business-type Activities	656,865.06	776,425.09	0.00	0.00	119,560.03	119,560.03
Total Primary Government	2,154,599.39	1,115,311.22	173,211.45	122,272.76	(863,363.99)	(743,803.96)
General Revenues:						
Taxes:						
Property Taxes					285,765.11	285,765.11
Sales Taxes					830,970.36	830,970.36
State Shared Revenues					14,382.74	14,382.74
Grants and Contributions not Restricted to Specific Programs					9,626.03	9,626.03
Unrestricted Investment Earnings					1,819.02	2,444.50
Miscellaneous Revenue					23,825.31	51,199.38
Total General Revenues					1,166,388.57	1,194,388.12
Change in Net Position					303,024.58	450,584.16
Net Position - Beginning					9,163,226.65	12,954,290.47
NET POSITION - ENDING					9,466,251.23	13,404,874.63

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

**MUNICIPALITY OF PLATTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	1,630,777.63	108,429.63	1,739,207.26
Investments	256,799.66	150,000.00	406,799.66
Taxes Receivable--Delinquent	3,691.29		3,691.29
Special Assessments Receivable--Current	6,043.90		6,043.90
Special Assessments Receivable--Deferred	24,175.60		24,175.60
Due from State Government	84,130.99		84,130.99
TOTAL ASSETS	2,005,619.07	258,429.63	2,264,048.70
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accrued Wages Payable	730.35		730.35
Total Liabilities	730.35	0.00	730.35
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	3,691.29		3,691.29
Unavailable Revenue - Special Assessments	30,219.50		30,219.50
Total Deferred Inflows of Resources	33,910.79	0.00	33,910.79
Fund Balances:			
Restricted for Pool Building Fund		98,789.01	98,789.01
Restricted for City Development		159,440.62	159,440.62
Restricted for Capital Projects		200.00	200.00
Assigned for Capital Outlay Accumulations	5,174.76		5,174.76
Assigned for Capital Replacements	65,000.00		65,000.00
Unassigned	1,900,803.17		1,900,803.17
Total Fund Balances	1,970,977.93	258,429.63	2,229,407.56
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	2,005,619.07	258,429.63	2,264,048.70

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

MUNICIPALITY OF PLATTE
Reconciliation of the Governmental funds Balance Sheet to the Statement of Net Position
December 31, 2020

Total Fund Balances - Governmental Funds	<u>2,229,407.56</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>458.59</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>7,201,725.10</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>67,951.97</u>
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,536.94)</u>
Assets such as taxes receivable (delinquent), special assessment receivables (current, delinquent and deferred), and sales tax receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>33,910.79</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(60,665.84)</u>
Net Position - Governmental Activities	<u><u>9,466,251.23</u></u>

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

MUNICIPALITY OF PLATTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
General Property Taxes	285,551.05		285,551.05
General Sales and Use Taxes	790,677.95	40,292.41	830,970.36
Amusement Taxes	60.00		60.00
Penalties and Interest on Delinquent Taxes	556.24		556.24
Licenses and Permits	8,433.21		8,433.21
Intergovernmental Revenue:			
Federal Grants	156,857.92		156,857.92
State Grants	153.91		153.91
State Shared Revenue:			
Bank Franchise Tax	5,868.99		5,868.99
Prorate License Fees	4,976.52		4,976.52
Liquor Tax Reversion	8,513.75		8,513.75
Motor Vehicle Licenses	22,693.57		22,693.57
Local Government Highway and Bridge Fund	15,672.23		15,672.23
County Shared Revenue:			
County HBR Tax (25%)	3,433.33		3,433.33
County Wheel Tax	8,521.97		8,521.97
Charges for Goods and Services:			
General Government	2,423.60		2,423.60
Public Safety	510.00		510.00
Highways and Streets	218.67		218.67
Sanitation	25,956.00		25,956.00
Health	189.54		189.54
Culture and Recreation	45,678.90		45,678.90
Fines and Forfeits:			
Court Fines and Costs	25.00		25.00
Miscellaneous Revenue:			
Investment Earnings	1,165.19	653.83	1,819.02
Rentals	2,370.00		2,370.00
Special Assessments	89,128.88		89,128.88
Contributions and Donations from Private Sources	9,626.03	19,124.00	28,750.03
Liquor Operating Agreement Income	35,926.84		35,926.84
Other	15,594.81		15,594.81
Total Revenue	1,540,784.10	60,070.24	1,600,854.34
Expenditures:			
General Government:			
Legislative	29,205.93		29,205.93
Elections	1,243.41		1,243.41
Financial Administration	118,925.08		118,925.08
Other	14,272.87		14,272.87
Total General Government	163,647.29	0.00	163,647.29

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

MUNICIPALITY OF PLATTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Expenditures (Continued):			
Public Safety:			
Police	147,935.90		147,935.90
Fire	1,242.00		1,242.00
Total Public Safety	149,177.90	0.00	149,177.90
Public Works:			
Highways and Streets	557,849.84		557,849.84
Sanitation	21,050.42		21,050.42
Airport	11,217.11		11,217.11
Total Public Works	590,117.37	0.00	590,117.37
Health and Welfare:			
Health	22,111.69		22,111.69
Total Health and Welfare	22,111.69	0.00	22,111.69
Culture and Recreation:			
Recreation	101,221.43		101,221.43
Parks	29,506.01	46,403.40	75,909.41
Libraries	16,623.64		16,623.64
Auditorium	27,067.89	9,949.54	37,017.43
Total Culture and Recreation	174,418.97	56,352.94	230,771.91
Conservation and Development:			
Economic Development and Assistance	26,900.00	14,400.00	41,300.00
Total Conservation and Development	26,900.00	14,400.00	41,300.00
Capital Outlay	55,828.19	0.00	55,828.19
Total Expenditures	1,182,201.41	70,752.94	1,252,954.35
Excess of Revenue Over (Under)			
Expenditures	358,582.69	(10,682.70)	347,899.99
Other Financing Sources (Uses):			
Sale of Municipal Property	8,230.50		8,230.50
Compensation for Loss or			
Damage to Capital Assets	161,856.75		161,856.75
Total Other Financing Sources (Uses)	170,087.25	0.00	170,087.25
Net Change in Fund Balances	528,669.94	(10,682.70)	517,987.24
Fund Balance - Beginning	1,442,307.99	269,112.33	1,711,420.32
FUND BALANCE - ENDING	1,970,977.93	258,429.63	2,229,407.56

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

MUNICIPALITY OF PLATTE
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balances - Total Governmental Funds	<u>517,987.24</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>55,828.19</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(275,719.85)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	<u>(1,718.00)</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>(402.18)</u>
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments and street assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.	<u>30,219.50</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	<u>(1,635.40)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g. pension expense)	<u>420.15</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(21,955.07)</u>
Change in Net Position of Governmental Activities	<u><u>303,024.58</u></u>

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

MUNICIPALITY OF PLATTE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	570,477.49	830,795.99	1,401,273.48
Investments	150,000.00		150,000.00
Accounts Receivable, Net	8,482.39	2,777.75	11,260.14
Total Current Assets	728,959.88	833,573.74	1,562,533.62
Noncurrent Assets:			
Net Pension Asset	156.28	85.55	241.83
Capital Assets:			
Land	1,702.50	52,920.00	54,622.50
Buildings	138,198.38		138,198.38
Improvements Other Than Buildings	1,977,560.53	3,967,368.49	5,944,929.02
Machinery and Equipment	99,337.55	142,870.02	242,207.57
Less: Accumulated Depreciation	(1,104,550.23)	(1,129,884.46)	(2,234,434.69)
Total Noncurrent Assets	1,112,405.01	3,033,359.60	4,145,764.61
TOTAL ASSETS	1,841,364.89	3,866,933.34	5,708,298.23
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	23,156.60	12,677.31	35,833.91
TOTAL DEFERRED OUTFLOWS OF RESOURCES	23,156.60	12,677.31	35,833.91
LIABILITIES:			
Current Liabilities:			
Accrued Wages Payable	291.40	148.97	440.37
Customer Deposits	37,926.32		37,926.32
Unearned Revenue	1,590.31		1,590.31
Bonds Payable Current:			
General Obligation		13,007.63	13,007.63
Accrued Leave Payable - Current	2,500.00	1,000.00	3,500.00
Total Current Liabilities	42,308.03	14,156.60	56,464.63
Noncurrent Liabilities:			
Accrued Leave Payable	627.10	361.48	988.58
Other Long-Term Liabilities		1,716,063.90	1,716,063.90
Total Noncurrent Liabilities	627.10	1,716,425.38	1,717,052.48
TOTAL LIABILITIES	42,935.13	1,730,581.98	1,773,517.11
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	20,673.64	11,317.99	31,991.63
TOTAL DEFERRED INFLOWS OF RESOURCES	20,673.64	11,317.99	31,991.63
NET POSITION:			
Net Investment in Capital Assets	1,112,248.73	1,304,202.52	2,416,451.25
Restricted for:			
Equipment Repair and/or Replacement	90,000.00		90,000.00
SDRS Pension Purposes	2,639.24	1,444.87	4,084.11
Unrestricted Net Position	596,024.75	832,063.29	1,428,088.04
TOTAL NET POSITION	1,800,912.72	2,137,710.68	3,938,623.40

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

MUNICIPALITY OF PLATTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	418,975.17	357,370.92	776,346.09
Miscellaneous	79.00		79.00
Total Operating Revenue	419,054.17	357,370.92	776,425.09
Operating Expenses:			
Personal Services	121,993.14	65,416.45	187,409.59
Other Current Expense	41,187.69	33,598.01	74,785.70
Materials (Cost of Goods Sold)	199,600.80		199,600.80
Depreciation	41,635.72	78,908.54	120,544.26
Total Operating Expenses	404,417.35	177,923.00	582,340.35
Operating Income (Loss)	14,636.82	179,447.92	194,084.74
Nonoperating Revenue (Expense):			
Investment Earnings	625.48		625.48
Interest Expense		(74,524.71)	(74,524.71)
Other	27,374.07		27,374.07
Total Nonoperating Revenue (Expense)	27,999.55	(74,524.71)	(46,525.16)
Change in Net Position	42,636.37	104,923.21	147,559.58
Net Position - Beginning	1,758,276.35	2,032,787.47	3,791,063.82
NET POSITION - ENDING	1,800,912.72	2,137,710.68	3,938,623.40

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

MUNICIPALITY OF PLATTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2020

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Receipts from Customers	417,606.80	357,026.41	774,633.21
Cash Payments to Employees for Services	(113,625.18)	(60,997.71)	(174,622.89)
Cash Payments to Suppliers of Goods and Services	(240,788.49)	(33,598.01)	(274,386.50)
Net Cash Provided (Used) by Operating Activities	63,193.13	262,430.69	325,623.82
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Capital Debt		265,197.00	265,197.00
Purchase of Capital Assets	(4,890.00)	(9,531.19)	(14,421.19)
Principal Paid on Capital Debt		(84,386.24)	(84,386.24)
Interest Paid on Capital Debt		(74,524.71)	(74,524.71)
Other Receipts (Payments)	27,374.07		27,374.07
Net Cash (Used) by Capital and Related Financing Activities	22,484.07	96,754.86	119,238.93
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Received for Interest	625.48		625.48
Net Cash Provided by Investing Activities	625.48	0.00	625.48
Net Increase (Decrease) in Cash and Cash Equivalents	86,302.68	359,185.55	445,488.23
Balances - Beginning	634,174.81	471,610.44	1,105,785.25
Balances - Ending	720,477.49	830,795.99	1,551,273.48
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	14,636.82	179,447.92	194,084.74
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	41,635.72	78,908.54	120,544.26
(Increase) decrease in Receivables	(2,824.78)	(344.51)	(3,169.29)
(Increase) decrease in Net Pension Asset	226.31	120.85	347.16
(Increase) decrease in Pension Related Deferred Outflows	(5,464.19)	(3,132.67)	(8,596.86)
(Decrease) increase in Accrued Wages Payable	291.40	148.97	440.37
(Decrease) increase in Accrued Leave Payable	871.78	404.02	1,275.80
(Decrease) increase in Customer Deposits	467.24		467.24
(Decrease) increase in Unearned Revenue	910.17		910.17
(Decrease) increase in Pension Related Deferred Inflows	12,442.66	6,877.57	19,320.23
Net Cash Provided (Used) by Operating Activities	63,193.13	262,430.69	325,623.82

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

**MUNICIPALITY OF PLATTE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2020**

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	<u>1,147.27</u>
TOTAL ASSETS	<u><u>1,147.27</u></u>
NET POSITION:	
Restricted for:	
Restricted for Employee Flex Plan	<u>1,147.27</u>
TOTAL NET POSITION	<u><u>1,147.27</u></u>

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

MUNICIPALITY OF PLATTE
STATEMENT OF CHANGES IN NET POSITON
FIDUCIARY FUNDS
For the Year Ended December 31, 2020

	Custodial Funds
ADDITIONS:	
Other Additions	3,618.94
Total Additions	3,618.94
DEDUCTIONS:	
Other Deductions	3,850.00
Total Deductions	3,850.00
Change in Net Position	(231.06)
Net Position - Beginning	1,378.33
NET POSITON - ENDING	1,147.27

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

MUNICIPALITY OF PLATTE
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	1,324,112.49	955,785.25	2,279,897.74
Investments	387,307.83	150,000.00	537,307.83
Accounts Receivable, Net	4,093.47	8,090.85	12,184.32
Net Pension Asset	1,137.95	588.99	1,726.94
Capital Assets:			
Land and Construction Work in Progress	528,072.76	1,940,073.96	2,468,146.72
Other Capital Assets, Net of Depreciation	6,895,262.00	2,311,571.89	9,206,833.89
TOTAL ASSETS	9,139,986.50	5,366,110.94	14,506,097.44
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	52,623.60	27,237.05	79,860.65
TOTAL DEFERRED OUTFLOWS OF RESOURCES	52,623.60	27,237.05	79,860.65
LIABILITIES :			
Customer Deposits		37,459.08	37,459.08
Unearned Revenue		680.14	680.14
Noncurrent Liabilities:			
Due Within One Year	4,500.00	87,286.24	91,786.24
Due in More than One Year	401.54	1,464,187.31	1,464,588.85
TOTAL LIABILITIES	4,901.54	1,589,612.77	1,594,514.31
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	24,481.91	12,671.40	37,153.31
TOTAL DEFERRED INFLOWS OF RESOURCES	24,481.91	12,671.40	37,153.31
NET POSITION:			
Net Investment in Capital Assets	7,423,334.76	2,703,385.08	10,126,719.84
Restricted for:			
Equipment Repair and/or Replacement		90,000.00	90,000.00
Capital Projects	70,174.76		70,174.76
City Promotion	171,834.07		171,834.07
Swimming Pool Building Fund	97,278.26		97,278.26
SDRS Pension Purposes	29,279.64	15,154.64	44,434.28
Unrestricted (Deficit)	1,371,325.16	982,524.10	2,353,849.26
TOTAL NET POSITION	9,163,226.65	3,791,063.82	12,954,290.47

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

MUNICIPALITY OF PLATTE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	174,441.18	6,929.01			(167,512.17)	(167,512.17)
Public Safety	196,850.24	1,133.00			(195,717.24)	(195,717.24)
Public Works	425,383.38	78,436.08		156,979.26	(189,968.04)	(189,968.04)
Health and Welfare	3,252.19	25.00			(3,227.19)	(3,227.19)
Culture and Recreation	322,595.34	61,082.70	76,167.00		(185,345.64)	(185,345.64)
Conservation and Development	35,300.00				(35,300.00)	(35,300.00)
Miscellaneous		26,416.98			26,416.98	26,416.98
Total Governmental Activities	1,157,822.33	174,022.77	76,167.00	156,979.26	(750,653.30)	(750,653.30)
Business-type Activities:						
Water	376,847.53	362,339.12				(14,508.41)
Sewer	139,741.88	350,211.74				210,469.86
Total Business-type Activities	516,589.41	712,550.86	0.00	0.00	195,961.45	195,961.45
Total Primary Government	1,674,411.74	886,573.63	76,167.00	156,979.26	(750,653.30)	(554,691.85)
General Revenues:						
Taxes:						
Property Taxes					279,786.06	279,786.06
Sales Taxes					723,268.13	723,268.13
State Shared Revenues					12,984.33	12,984.33
Grants and Contributions not Restricted to Specific Programs					20,474.18	20,474.18
Unrestricted Investment Earnings					2,151.02	1,251.57
Miscellaneous Revenue					64,708.23	25,875.00
Total General Revenues					1,103,371.95	1,130,498.52
Change in Net Position					352,718.65	223,088.02
Net Position - Beginning					8,810,508.00	3,567,975.80
NET POSITION - ENDING					9,163,226.65	3,791,063.82
						12,954,290.47

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

**MUNICIPALITY OF PLATTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	1,205,000.16	119,112.33	1,324,112.49
Investments	237,307.83	150,000.00	387,307.83
Taxes Receivable--Delinquent	4,093.47		4,093.47
TOTAL ASSETS	1,446,401.46	269,112.33	1,715,513.79
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Total Liabilities	0.00	0.00	0.00
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	4,093.47		4,093.47
Total Deferred Inflows of Resources	4,093.47	0.00	4,093.47
Fund Balances:			
Restricted for Pool Building Fund		97,278.26	97,278.26
Restricted for City Development		171,834.07	171,834.07
Assigned for Capital Outlay Accumulations	5,174.76		5,174.76
Assigned for Capital Replacements	65,000.00		65,000.00
Unassigned	1,372,133.23		1,372,133.23
Total Fund Balances	1,442,307.99	269,112.33	1,711,420.32
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	1,446,401.46	269,112.33	1,715,513.79

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

MUNICIPALITY OF PLATTE
Reconciliation of the Governmental funds Balance Sheet to the Statement of Net Position
December 31, 2019

Total Fund Balances - Governmental Funds	<u>1,711,420.32</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>1,137.95</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>7,423,334.76</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>52,623.60</u>
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,901.54)</u>
Assets such as taxes receivable (delinquent), special assessment receivables (current, delinquent and deferred), and sales tax receivable are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>4,093.47</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(24,481.91)</u>
Net Position - Governmental Activities	<u><u>9,163,226.65</u></u>

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

MUNICIPALITY OF PLATTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
General Property Taxes	276,697.91		276,697.91
General Sales and Use Taxes	682,809.06	40,459.07	723,268.13
Amusement Taxes	96.00		96.00
Penalties and Interest on Delinquent Taxes	358.23		358.23
Licenses and Permits	4,947.01		4,947.01
Intergovernmental Revenue:			
Federal Grants	101,637.90		101,637.90
State Grants	5,646.55		5,646.55
State Shared Revenue:			
Bank Franchise Tax	4,968.30		4,968.30
Prorate License Fees	4,611.79		4,611.79
Liquor Tax Reversion	8,016.03		8,016.03
Motor Vehicle Licenses	21,834.47		21,834.47
Local Government Highway and Bridge Fund	15,507.83		15,507.83
County Shared Revenue:			
County Road and Bridge Tax	6,866.66		6,866.66
County Wheel Tax	7,987.06		7,987.06
Charges for Goods and Services:			
General Government	1,982.00		1,982.00
Public Safety	708.00		708.00
Highways and Streets	3,745.27		3,745.27
Sanitation	17,883.00		17,883.00
Health	25.00		25.00
Culture and Recreation	59,232.70		59,232.70
Fines and Forfeits:			
Court Fines and Costs	425.00		425.00
Miscellaneous Revenue:			
Investment Earnings	1,277.88	873.14	2,151.02
Rentals	1,850.00		1,850.00
Special Assessments	49,694.81		49,694.81
Contributions and Donations from Private Sources	20,474.18	76,167.00	96,641.18
Liquor Operating Agreement Income	26,416.98		26,416.98
Other	4,558.17		4,558.17
Total Revenue	1,330,257.79	117,499.21	1,447,757.00
Expenditures:			
General Government:			
Legislative	28,985.32		28,985.32
Elections	17.10		17.10
Financial Administration	115,551.38		115,551.38
Other	3,124.75		3,124.75
Total General Government	147,678.55	0.00	147,678.55

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

MUNICIPALITY OF PLATTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Expenditures (Continued):			
Public Safety:			
Police	147,920.03		147,920.03
Fire	908.93	15,000.00	15,908.93
Total Public Safety	148,828.96	15,000.00	163,828.96
Public Works:			
Highways and Streets	214,456.49		214,456.49
Sanitation	19,721.53		19,721.53
Airport	11,904.23		11,904.23
Total Public Works	246,082.25	0.00	246,082.25
Health and Welfare:			
Health	3,252.19		3,252.19
Total Health and Welfare	3,252.19	0.00	3,252.19
Culture and Recreation:			
Recreation	111,489.84		111,489.84
Parks	28,114.09		28,114.09
Libraries	20,225.08		20,225.08
Auditorium	29,435.20	63,956.87	93,392.07
Total Culture and Recreation	189,264.21	63,956.87	253,221.08
Conservation and Development:			
Economic Development and Assistance	20,900.00	14,400.00	35,300.00
Total Conservation and Development	20,900.00	14,400.00	35,300.00
Capital Outlay	225,346.67	0.00	225,346.67
Total Expenditures	981,352.83	93,356.87	1,074,709.70
Excess of Revenue Over (Under) Expenditures	348,904.96	24,142.34	373,047.30
Other Financing Sources (Uses):			
Transfers In		2,563.70	2,563.70
Transfers Out	(2,563.70)		(2,563.70)
Sale of Municipal Property	51,750.00		51,750.00
Compensation for Loss or Damage to Capital Assets	8,400.06		8,400.06
Total Other Financing Sources (Uses)	57,586.36	2,563.70	60,150.06
Net Change in Fund Balances	406,491.32	26,706.04	433,197.36
Fund Balance - Beginning	1,035,816.67	242,406.29	1,278,222.96
FUND BALANCE - ENDING	1,442,307.99	269,112.33	1,711,420.32

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

MUNICIPALITY OF PLATTE
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds	<u>433,197.36</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>225,346.67</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(273,479.20)</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>2,633.92</u>
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	<u>(392.40)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g. pension expense)	<u>(766.13)</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(33,821.57)</u>
Change in Net Position of Governmental Activities	<u><u>352,718.65</u></u>

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

MUNICIPALITY OF PLATTE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	484,174.81	471,610.44	955,785.25
Investments	150,000.00		150,000.00
Accounts Receivable, Net	5,657.61	2,433.24	8,090.85
Total Current Assets	639,832.42	474,043.68	1,113,876.10
Noncurrent Assets:			
Net Pension Asset	382.59	206.40	588.99
Capital Assets:			
Land	1,702.50	52,920.00	54,622.50
Buildings	138,198.38		138,198.38
Improvements Other Than Buildings	1,977,560.53	2,077,275.84	4,054,836.37
Machinery and Equipment	94,447.55	137,980.02	232,427.57
Construction Work in Progress		1,885,451.46	1,885,451.46
Less: Accumulated Depreciation	(1,062,914.51)	(1,050,975.92)	(2,113,890.43)
Total Noncurrent Assets	1,149,377.04	3,102,857.80	4,252,234.84
TOTAL ASSETS	1,789,209.46	3,576,901.48	5,366,110.94
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	17,692.41	9,544.64	27,237.05
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,692.41	9,544.64	27,237.05
LIABILITIES:			
Current Liabilities:			
Customer Deposits	37,459.08		37,459.08
Unearned Revenue	680.14		680.14
Bonds Payable Current:			
General Obligation		84,386.24	84,386.24
Accrued Leave Payable - Current	2,000.00	900.00	2,900.00
Total Current Liabilities	40,139.22	85,286.24	125,425.46
Noncurrent Liabilities:			
Accrued Leave Payable	255.32	57.46	312.78
Other Long-Term Liabilities		1,463,874.53	1,463,874.53
Total Noncurrent Liabilities	255.32	1,463,931.99	1,464,187.31
TOTAL LIABILITIES	40,394.54	1,549,218.23	1,589,612.77
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	8,230.98	4,440.42	12,671.40
TOTAL DEFERRED INFLOWS OF RESOURCES	8,230.98	4,440.42	12,671.40
NET POSTION:			
Net Investment in Capital Assets	1,148,994.45	1,554,390.63	2,703,385.08
Restricted for:			
Equipment Repair and/or Replacement	90,000.00		90,000.00
SDRS Pension Purposes	9,844.02	5,310.62	15,154.64
Unrestricted Net Position	509,437.88	473,086.22	982,524.10
TOTAL NET POSITION	1,758,276.35	2,032,787.47	3,791,063.82

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

MUNICIPALITY OF PLATTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenue:			
Charges for Goods and Services	362,339.12	350,211.74	712,550.86
Total Operating Revenue	362,339.12	350,211.74	712,550.86
Operating Expenses:			
Personal Services	120,031.26	64,020.78	184,052.04
Other Current Expense	42,389.65	28,325.89	70,715.54
Materials (Cost of Goods Sold)	168,654.50		168,654.50
Depreciation	41,683.12	41,430.51	83,113.63
Total Operating Expenses	372,758.53	133,777.18	506,535.71
Operating Income (Loss)	(10,419.41)	216,434.56	206,015.15
Nonoperating Revenue (Expense):			
Investment Earnings	1,251.57		1,251.57
Interest Expense		(5,964.70)	(5,964.70)
Gain (Loss) on Sale of Municipal Property	(4,089.00)	25,875.00	21,786.00
Total Nonoperating Revenue (Expense)	(2,837.43)	19,910.30	17,072.87
Change in Net Position	(13,256.84)	236,344.86	223,088.02
Net Position - Beginning	1,771,533.19	1,796,442.61	3,567,975.80
NET POSITION - ENDING	1,758,276.35	2,032,787.47	3,791,063.82

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

MUNICIPALITY OF PLATTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Enterprise Funds		
	Water Fund	Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Receipts from Customers	365,972.40	350,241.05	716,213.45
Cash Payments to Employees for Services	(109,201.96)	(58,191.72)	(167,393.68)
Cash Payments to Suppliers of Goods and Services	(211,044.15)	(28,325.89)	(239,370.04)
Net Cash Provided (Used) by Operating Activities	45,726.29	263,723.44	309,449.73
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Capital Debt		360,178.00	360,178.00
Proceeds from Sale of Capital Assets	25,875.00	25,875.00	51,750.00
Purchase of Capital Assets	(15,625.00)	(101,670.16)	(117,295.16)
Principal Paid on Capital Debt		(71,115.30)	(71,115.30)
Interest Paid on Capital Debt		(5,964.70)	(5,964.70)
Net Cash (Used) by Capital and Related Financing Activities	10,250.00	207,302.84	217,552.84
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Received for Interest	1,251.57		1,251.57
Net Cash Provided by Investing Activities	1,251.57	0.00	1,251.57
Net Increase (Decrease) in Cash and Cash Equivalents	57,227.86	471,026.28	528,254.14
Balances - Beginning	576,946.95	584.16	577,531.11
Balances - Ending	634,174.81	471,610.44	1,105,785.25
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(10,419.41)	216,434.56	206,015.15
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	41,683.12	41,430.51	83,113.63
(Increase) decrease in Receivables	33.64	29.31	62.95
(Increase) decrease in Net Pension Asset	(299.55)	(161.65)	(461.20)
(Increase) decrease in Pension Related Deferred Outflows	9,607.27	5,169.88	14,777.15
(Decrease) increase in Unearned Revenue	124.64		124.64
(Decrease) increase in Accrued Leave Payable	205.28	107.42	312.70
(Decrease) increase in Pension Related Deferred Inflows	1,316.30	713.41	2,029.71
(Decrease) increase in Customer Deposits	3,475.00		3,475.00
Net Cash Provided (Used) by Operating Activities	45,726.29	263,723.44	309,449.73

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

**MUNICIPALITY OF PLATTE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2019**

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	<u>1,378.33</u>
TOTAL ASSETS	<u><u>1,378.33</u></u>
NET POSITION:	
Restricted for:	
Restricted for Employee Flex Plan	<u>1,378.33</u>
TOTAL NET POSITION	<u><u>1,378.33</u></u>

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

MUNICIPALITY OF PLATTE
STATEMENT OF CHANGES IN NET POSITON
FIDUCIARY FUNDS
For the Year Ended December 31, 2019

	Custodial Funds
ADDITIONS:	
Other Additions	3,849.82
Total Additions	3,849.82
DEDUCTIONS:	
Other Deductions	6,642.00
Total Deductions	6,642.00
Change in Net Position	(2,792.18)
Net Position - Beginning	0.00
Restatement:	
Implementation of GASB 84 (See Note 13)	4,170.51
Net Position - Beginning, as Restated	4,170.51
NET POSITON - ENDING	1,378.33

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Municipality is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality (primary government). The Municipality may also be financially accountable for another organization if that organization is fiscally dependent on the Municipality.

The Platte Public Library of the Municipality of Platte, South Dakota is a proprietary fund-type, discretely-presented component unit. The Library is legally separate, but is fiscally dependent upon the Governing Board. Separately issued financial statements of the Library can be obtained from: Platte Public Library, PO Box 64, Platte, SD 57369.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

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

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

The funds of the Municipality financial reporting entity are described below:

Governmental Funds:

General Fund – the General Fund is the general operating fund of the Municipality. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

Special Revenue Funds – special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Liquor, Lodging and Dining Sales Tax Fund – to account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the promotion of advertising of the city. (SDCL 10-52-8) This is not a major fund.

Swimming Pool Fund – to account for financing of a new swimming pool through private donations. This is not a major fund.

Capital Project Funds – capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Fire Hall Expansion Capital Project Fund – to account for financial resources to be used for the expansion of the fire hall. This is not a major fund. This fund was closed in 2019.

Park Capital Projects Fund – to account for financial resources for a new park. This is not a major fund.

Proprietary Funds:

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

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
 - c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and are never considered to be major funds:

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds. The custodial fund maintained by the Municipality is the Employee Flex Fund.

c. Measurement Focus and Basis of Accounting:

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

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 on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and,

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Platte, the length of that cycle is 30 days. The revenues that are accrued at December 31, 2020 are grants from the state.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary funds and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Deposits and Investments:

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are recorded at historical cost, or estimated cost where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The total December 31, 2020 balance of governmental activities capital assets includes approximately zero percent for which the costs were determined by estimates of the original costs. The total December 31, 2020 balance of business-type capital assets includes approximately one percent for which the costs were determined by estimations of the original costs. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the Municipality. Infrastructure assets acquired since January 1, 2004 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land and land rights	\$ -	-- N/A --	-- N/A --
Improvements other than buildings	\$ 10,000.00	Straight-line	33-50 yrs.
Buildings	\$ 50,000.00	Straight-line	15-50 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	4-20 yrs.
Infrastructure	\$ 10,000.00	Straight-line	33-50 yrs.
Utility property and improvements	\$ 10,000.00	Straight-line	33-50 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as Capital Outlay expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of revenue notes payable and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

g. Program Revenues:

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

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

h. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues and expenses.

j. Cash and Cash Equivalents:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

k. Equity Classifications:

Government-wide Statements:

Equity is classified as net position and is displayed in three components.

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

l. Application of Net Position:

It is the Municipality's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

m. Fund Balance Classification Policies and Procedures:

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

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

The Municipality uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

requiring dollar for dollar spending. Additionally, the Municipality would first use committed, then assigned, and lastly unassigned amounts for unrestricted fund balance when expenditures are made.

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

n. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In the biennial period ended December 31, 2020, the Municipality implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the Municipality present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2019 and 2020. The implementation of this standard required the Municipality to reclassify previously reported agency funds as custodial funds. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

3. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The Municipality is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	<u>Year Ended</u> <u>12/31/2020</u>	<u>Year Ended</u> <u>12/31/2019</u>
General Fund:		
<u>Activity</u>		
Health	\$ 8,310.29	
Economic Development		\$ 1,500.00

The Municipality plans to take the following actions to address these violations: Supplemental budgets will be passed when legal spending authority exists.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

Investments – In general, SDCL 4-5-6 permits municipal funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of December 31, 2020 and 2019, the Municipality did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

Credit Risk – State law limits eligible investments for the Municipality, as discussed above. The Municipality has no investment policy that would further limit its investment choices.

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

Interest Rate Risk – The Municipality does not have a formal investment policy that limits investment 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 Municipality's policy is to credit all income from deposits and investments to the fund making the investment.

5. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The Municipality expects all receivables to be collected within one year.

6. INVENTORY

Inventory in the General Fund and special revenue funds consist of expendable supplies held for consumption. Supply inventories are recorded at cost. No material supplies inventories were on hand at December 31, 2019 or 2020.

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased in the governmental funds while the cost is recorded at the time individual items are consumed in the proprietary funds. Reported inventories are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

7. PROPERTY TAXES

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

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

8. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the two years ended December 31, 2020, is as follows:

	Balance 01/01/2019	Increases	Decreases	Balance 12/31/2020
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	410,170.22			410,170.22
Construction Work in Progress	324,267.91	114,144.41	(298,800.04)	139,612.28
Total, not being Depreciated	734,438.13	114,144.41	(298,800.04)	549,782.50
Capital Assets, being Depreciated:				
Buildings	1,519,972.59	40,479.24		1,560,451.83
Improvements Other Than Buildings	6,576,154.05	258,320.80		6,834,474.85
Machinery and Equipment	707,694.41	167,030.45	(20,585.49)	854,139.37
Total, being Depreciated	8,803,821.05	465,830.49	(20,585.49)	9,249,066.05
Less Accumulated Depreciation for:				
Buildings	(445,320.20)	(61,804.98)		(507,125.18)
Improvements Other Than Buildings	(1,218,727.07)	(385,107.21)		(1,603,834.28)
Machinery and Equipment	(402,744.62)	(102,286.86)	18,867.49	(486,163.99)
Total Accumulated Depreciation	(2,066,791.89)	(549,199.05)	18,867.49	(2,597,123.45)
Total Governmental Activities Capital Assets, being Depreciated, Net	6,737,029.16	(83,368.56)	(1,718.00)	6,651,942.60
Governmental Activity Capital Assets, Net	7,471,467.29	30,775.85	(300,518.04)	7,201,725.10

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	2019	2020
General Government	\$ 18,000.00	\$ 18,000.00
Public Safety	15,934.96	16,967.68
Public Works	170,169.98	170,169.93
Culture and Recreation	69,374.26	70,582.24
Total Depreciation Expense - Governmental Activities	<u>\$ 273,479.20</u>	<u>\$ 275,719.85</u>

	Balance 01/01/2019	Increases	Decreases	Balance 12/31/2020
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	54,622.50			54,622.50
Construction Work in Progress	1,799,406.30	90,686.35	(1,890,092.65)	0.00
Total, not being Depreciated	<u>1,854,028.80</u>	<u>90,686.35</u>	<u>(1,890,092.65)</u>	<u>54,622.50</u>
Capital Assets, being Depreciated:				
Buildings	138,198.38			138,198.38
Improvements Other Than Buildings	4,054,836.37	1,890,092.65		5,944,929.02
Machinery and Equipment	301,057.57	41,030.00	(99,880.00)	242,207.57
Total, being Depreciated	<u>4,494,092.32</u>	<u>1,931,122.65</u>	<u>(99,880.00)</u>	<u>6,325,334.97</u>
Less Accumulated Depreciation for:				
Buildings	(54,836.31)	(5,417.38)		(60,253.69)
Improvements Other Than Buildings	(1,818,653.12)	(182,719.91)		(2,001,373.03)
Machinery and Equipment	(227,203.37)	(15,520.60)	69,916.00	(172,807.97)
Total Accumulated Depreciation	<u>(2,100,692.80)</u>	<u>(203,657.89)</u>	<u>69,916.00</u>	<u>(2,234,434.69)</u>
Total Business-Type Activities Capital Assets, being Depreciated, Net	<u>2,393,399.52</u>	<u>1,727,464.76</u>	<u>(29,964.00)</u>	<u>4,090,900.28</u>
Business-Type Activity Capital Assets, Net	<u>4,247,428.32</u>	<u>1,818,151.11</u>	<u>(1,920,056.65)</u>	<u>4,145,522.78</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	2019	2020
Water	41,683.12	41,635.72
Sewer	41,430.51	78,908.54
Total Depreciation Expense - Business-Type Activities	<u>83,113.63</u>	<u>120,544.26</u>

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Construction Work in Progress at December 31, 2020 is composed of the following:

Project Name	Project Authorization	Expended thru 12/31/2020	Committed	Required Future Financing
Airport Hangar & Fuel System	823,708.32	139,612.28	34,204.80	649,891.24
TOTAL	823,708.32	139,612.28	34,204.80	649,891.24

9. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 01/01/19	Additions	Deletions	Ending Balance 12/31/2020	Due Within One Year
Primary Government:					
Governmental Activities:					
Accrued Compensated Absences-					
Governmental Funds	4,509.14	30,195.62	28,167.82	6,536.94	5,000.00
Total Governmental Activities	4,509.14	30,195.62	28,167.82	6,536.94	5,000.00
Business-Type Activities:					
Bonds Payable:					
Revenue - SRFCW # 1	1,110,259.00	625,375.00	9,754.57	1,725,879.43	39,631.75
Sewer Revenue Note Payable	148,939.07		145,746.97	3,192.10	3,192.10
Total Debt	1,259,198.07	625,375.00	155,501.54	1,729,071.53	42,823.85
Accrued Compensated Absences -					
Business-Type Funds	2,900.08	17,917.00	16,328.50	4,488.58	3,500.00
Total Business-Type Activities	1,262,098.15	643,292.00	171,830.04	1,733,560.11	46,323.85
TOTAL PRIMARY GOVERNMENT	1,266,607.29	673,487.62	199,997.86	1,740,097.05	51,323.85

Debt payable at December 31, 2020 is comprised of the following:

Revenue Notes Payable:

Bank of the West Note Number 7750054837 at 4.8% Interest,
Maturity Date January 1, 2021, Payable from the
Sewer Fund

\$ 3,192.10

Bonds Payable:

SRF Clean Water #1 at 2.5% Interest, Maturity
Date August 15, 2047, Payable for the Sewer Fund

\$1,725,879.43

Compensated Absences:

Accrued Leave Balances of Municipal Employees

Payable From: General Fund

\$ 6,536.94

Water Fund

\$ 3,127.10

Sewer Fund

\$ 1,361.48

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize all debt outstanding as of December 31, 2020, except for compensated absences, are as follows:

Annual Requirements to Maturity for Long-Term Debt
December 31, 2020

Year Ending December 31,	Clean Water Revenue Bond, Series 2018		Sewer Revenue Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	39,631.75	42,777.37	3,192.10	41.71	42,823.85	42,819.08
2022	40,631.88	41,777.24			40,631.88	41,777.24
2023	41,657.23	40,751.89			41,657.23	40,751.89
2024	42,708.47	39,700.65			42,708.47	39,700.65
2025	43,786.23	38,622.89			43,786.23	38,622.89
2026-2030	236,073.90	175,971.70			236,073.90	175,971.70
2031-2035	267,402.74	144,642.86			267,402.74	144,642.86
2036-2040	302,889.15	109,156.45			302,889.15	109,156.45
2041-2045	343,084.92	68,960.68			343,084.92	68,960.68
2046-2050	368,013.16	23,430.69			368,013.16	23,430.69
Totals	<u>1,725,879.43</u>	<u>725,792.42</u>	<u>3,192.10</u>	<u>41.71</u>	<u>1,729,071.53</u>	<u>725,834.13</u>

10. LONG-TERM COMMITMENT

The Municipality of Platte entered into a commitment with Randall Community Water District to provide water to the Municipality. A monthly service charge in the amount of \$8,108.00 is paid by the Municipality to Randall Community Water District along with a charge of \$.0025 per gallon of water consumed. The monthly service charge represents a contribution by the Municipality to aid Randall Community Water District in the construction of the facilities necessary to provide the Municipality with water. The Municipality will not acquire ownership of any of these water facilities through these payments. Payments are made from the Municipality's Water Fund.

2021	\$	97,296.00
2022	\$	97,296.00

11. RESTRICTED NET POSITION

Restricted net position for the years ended December 31, 2019 and 2020 were as follows:

	2019	2020
Other Purposes:		
Capital Projects	\$ 70,174.76	\$ 200.00
Swimming Pool Building	97,278.26	98,789.01
Equipment Repair/Replacement	90,000.00	90,000.00
City Promotion Fund	171,834.07	159,440.62
SDRS Pension Purposes	44,434.28	11,828.83
	<u>\$ 473,721.37</u>	<u>\$ 360,258.46</u>

These balances are restricted due to federal grant, statutory requirements, donor restrictions, and governmental accounting standards.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

12. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019 were as follows:

<u>Transfers From:</u>	<u>Transfers to:</u>
	<u>Fire Hall Capital Projects Fund</u>
General Fund	\$ 2,563.70
Total	<u>\$ 2,563.70</u>

The Municipality transferred funds from the Fire Hall Capital Projects Fund to the General Fund to close the fund.

13. IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

The Municipality implemented GASB Statement No. 84, Fiduciary Activities. As a result, beginning net position has been restated to reflect the reclassification of Agency Funds to Custodial Funds as of January 1, 2019 as follows:

	<u>Custodial Funds</u>
Net Position January 1, 2019, as previously reported	0.00
Restatement:	
Implementation of GASB 84	4,170.51
Net Position January 1, 2019, as Restated	<u>\$ 4,170.51</u>

14. PENSION PLAN

Plan Information:

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

Benefits Provided:

SDRS has three different classes of employees, Class A 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

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NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level.

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2020, 2019, and 2018, were \$21,878.91, \$21,092.74, and \$20,868.51, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

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 Municipality as of this measurement period ending June 30, 2020 and reported by the Municipality as of December 31, 2020 are as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Proportionate share of pension liability	\$ 1,982,577.39
Less proportionate share of net pension restricted for pension benefits	<u>\$ 1,983,277.82</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (700.43)</u></u>

At December 31, 2020, the Municipality reported a liability (asset) of \$(700.43) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Municipality's proportion was 0.01612770%, which is an increase (decrease) of (0.0001684%) from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality recognized pension expense (reduction of expense) of \$32,605.43. At December 31, 2020 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	\$ 2,679.50	\$ 548.69
Changes in assumption.	\$ 22,561.17	\$ 90,990.49
Net difference between projected and actual earnings on pension plan investments.	\$ 65,100.88	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 1,246.32	\$ 1,118.29
Municipality contributions subsequent to the measurement date.	<u>\$ 12,198.01</u>	
TOTAL	<u><u>\$ 103,785.88</u></u>	<u><u>\$ 92,657.47</u></u>

\$12,198.01 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended
December 31:

2021	\$ (8,356.62)
2022	\$ (6,086.25)
2023	\$ 1,210.03
2024	<u>\$ 12,163.24</u>
TOTAL	<u><u>\$ (1,069.60)</u></u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

At June 30, 2019, SDRS is 100.09% 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 Municipality as of this measurement period ending June 30, 2019 and reported by the Municipality as of December 31, 2019 are as follows:

Proportionate share of pension liability	\$ 2,030,852.96
Less proportionate share of net pension restricted for pension benefits	<u>\$ 2,032,579.90</u>
Proportionate share of net pension liability (asset)	<u>\$ (1,726.94)</u>

At December 31, 2019, the Municipality reported a liability (asset) of \$(1,726.94) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the Municipality's proportion was 0.01629610%, which is an increase (decrease) of (0.0002928%) from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Municipality recognized pension expense (reduction of expense) of \$50,933.36. At December 31, 2019 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 6,774.11	\$ 781.64
Changes in assumption.	\$ 59,644.01	\$ 24,451.15
Net difference between projected and actual earnings on pension plan investments.		\$ 9,948.59
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 1,886.23	\$ 1,971.93
Municipality contributions subsequent to the measurement date.	<u>\$ 11,556.30</u>	
TOTAL	<u>\$ 79,860.65</u>	<u>\$ 37,153.31</u>

\$11,556.30 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Year Ended
December 31:

2020	\$ 37,805.42
2021	(6,201.80)
2022	(3,912.12)
2023	3,459.54
	<hr/>
TOTAL	\$ 31,151.04
	<hr/>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs – 2020	1.41%
Future COLAs – 2019	1.88%

Mortality rates were based on 97% of the RP-2014 Mortality Table, projected generationally with Scale MP-2016, white collar rates for female 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.

The actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>2020 Long-Term Expected Real Rate of Return</u>	<u>2019 Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%	4.7%
Fixed Income	30.0%	1.5%	1.7%
Real Estate	10.0%	6.2%	4.3%
Cash	2.0%	1.0%	0.9%
Total	<hr/> 100%		

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Discount Rate:

The discount rate used to measure the total pension liability (asset) as of June 30, 2018 and 2017, was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

As of June 30, 2020 and 2019, the following presents the Municipality's proportionate share as of net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

As of June 30, 2020

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$271,717.64	\$(700.42)	\$(223,533.04)

As of June 30, 2019

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$286,638.30	\$(1,726.94)	\$(236,692.50)

Pension Plan Fiduciary Net Position:

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

15. SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2020, the Municipality was not involved in any significant litigation.

16. RISK MANAGEMENT

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

Employee Health Insurance:

The Municipality purchases health insurance for its employees from a commercial insurance carrier.

Liability Insurance:

The Municipality purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Worker's Compensation:

The Municipality purchases liability insurance for worker's compensation from a commercial carrier.

Unemployment Benefits:

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

17. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through September 21, 2021, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLATTE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	284,850.00	284,850.00	285,551.05	701.05
General Sales and Use Taxes	615,000.00	615,000.00	790,677.95	175,677.95
Amusement Taxes	50.00	50.00	60.00	10.00
Penalties and Interest on Delinquent Taxes	250.00	250.00	556.24	306.24
Licenses and Permits	4,900.00	4,900.00	8,433.21	3,533.21
Intergovernmental Revenue:				
Federal Grants	522,500.00	536,629.15	156,857.92	(379,771.23)
State Grants	0.00	0.00	153.91	153.91
State Shared Revenue:				
Bank Franchise Tax	3,500.00	3,500.00	5,868.99	2,368.99
Prorate License Fees	4,500.00	4,500.00	4,976.52	476.52
Liquor Tax Reversion	7,000.00	7,000.00	8,513.75	1,513.75
Motor Vehicle Licenses	17,000.00	17,000.00	22,693.57	5,693.57
Local Government Highway and Bridge Fund	15,000.00	15,000.00	15,672.23	672.23
County Shared Revenue:				
County Road Tax	3,400.00	3,400.00	3,433.33	33.33
County Wheel Tax	6,000.00	6,000.00	8,521.97	2,521.97
Charges for Goods and Services:				
General Government	1,000.00	1,000.00	2,423.60	1,423.60
Public Safety	350.00	350.00	510.00	160.00
Highways and Streets	5,200.00	5,200.00	218.67	(4,981.33)
Sanitation	11,000.00	11,000.00	25,956.00	14,956.00
Health	3,500.00	3,500.00	189.54	(3,310.46)
Culture and Recreation	55,750.00	55,750.00	45,678.90	(10,071.10)
Fines and Forfeits:				
Court Fines and Costs	100.00	100.00	25.00	(75.00)
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	1,165.19	165.19
Rentals	3,000.00	3,000.00	2,370.00	(630.00)
Special Assessments	0.00	0.00	89,128.88	89,128.88
Contributions and Donations from Private Sources	0.00	0.00	9,626.03	9,626.03
Liquor Operating Agreement Income	26,500.00	26,500.00	35,926.84	9,426.84
Other	2,900.00	2,900.00	15,594.81	12,694.81
Total Revenue	1,594,250.00	1,608,379.15	1,540,784.10	(67,595.05)

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLATTE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Expenditures:				
General Government:				
Legislative	35,300.00	35,300.00	29,205.93	6,094.07
Contingency	40,000.00	40,000.00		
Amount Transferred		(39,959.00)		41.00
Elections	1,000.00	1,245.00	1,243.41	1.59
Financial Administration	114,535.00	127,722.00	118,925.08	8,796.92
Other - Government Buildings	6,650.00	14,273.00	14,272.87	0.13
Total General Government	197,485.00	178,581.00	163,647.29	14,933.71
Public Safety:				
Police	153,235.00	153,235.00	147,935.90	5,299.10
Fire	1,400.00	1,400.00	1,242.00	158.00
Total Public Safety	154,635.00	154,635.00	149,177.90	5,457.10
Public Works:				
Highways and Streets	390,889.00	601,501.00	557,849.84	43,651.16
Sanitation	22,350.00	22,350.00	21,050.42	1,299.58
Airport	569,975.00	569,975.00	32,926.85	537,048.15
Transit	1,000.00	1,000.00	0.00	1,000.00
Total Public Works	984,214.00	1,194,826.00	611,827.11	582,998.89
Health and Welfare:				
Health	3,500.00	26,194.00	34,504.29	(8,310.29)
Total Health and Welfare	3,500.00	26,194.00	34,504.29	(8,310.29)
Culture and Recreation:				
Recreation	117,500.00	136,905.00	122,947.28	13,957.72
Parks	42,030.00	42,030.00	29,506.01	12,523.99
Libraries	24,660.00	24,660.00	16,623.64	8,036.36
Auditorium	39,250.00	39,250.00	27,067.89	12,182.11
Total Culture and Recreation	223,440.00	242,845.00	196,144.82	46,700.18
Conservation and Development:				
Economic Development and Assistance	14,400.00	26,900.00	26,900.00	0.00
Promoting the City	0.00	16,500.00	0.00	16,500.00
Total Conservation and Development	14,400.00	43,400.00	26,900.00	16,500.00
Total Expenditures	1,577,674.00	1,840,481.00	1,182,201.41	658,279.59
Excess of Revenue Over (Under)				
Expenditures	16,576.00	(232,101.85)	358,582.69	590,684.54
Other Financing Sources (Uses):				
Sale of Municipal Property	0.00	0.00	8,230.50	8,230.50
Compensation for Loss or Damage to Capital Assets	0.00	0.00	161,856.75	161,856.75
Total Other Financing Sources (Uses)	0.00	0.00	170,087.25	170,087.25
Net Change in Fund Balances	16,576.00	(232,101.85)	528,669.94	760,771.79
Fund Balance - Beginning	1,442,307.99	1,442,307.99	1,442,307.99	0.00
FUND BALANCE - ENDING	1,458,883.99	1,210,206.14	1,970,977.93	760,771.79

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLATTE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	275,746.00	275,746.00	276,697.91	951.91
General Sales and Use Taxes	600,000.00	600,000.00	682,809.06	82,809.06
Amusement Taxes	50.00	50.00	96.00	46.00
Penalties and Interest on Delinquent Taxes	200.00	200.00	358.23	158.23
Licenses and Permits	5,750.00	5,750.00	4,947.01	(802.99)
Intergovernmental Revenue:				
Federal Grants	1,750.00	1,750.00	101,637.90	99,887.90
State Grants	0.00	0.00	5,646.55	5,646.55
State Shared Revenue:				
Bank Franchise Tax	3,500.00	3,500.00	4,968.30	1,468.30
Prorate License Fees	4,000.00	4,000.00	4,611.79	611.79
Liquor Tax Reversion	7,000.00	7,000.00	8,016.03	1,016.03
Motor Vehicle Licenses	17,000.00	17,000.00	21,834.47	4,834.47
Local Government Highway and Bridge Fund	15,000.00	15,000.00	15,507.83	507.83
County Shared Revenue:				
County Road Tax	3,400.00	3,400.00	6,866.66	3,466.66
County Wheel Tax	6,500.00	6,500.00	7,987.06	1,487.06
Charges for Goods and Services:				
General Government	1,000.00	1,000.00	1,982.00	982.00
Public Safety	400.00	400.00	708.00	308.00
Highways and Streets	5,100.00	5,100.00	3,745.27	(1,354.73)
Sanitation	10,000.00	10,000.00	17,883.00	7,883.00
Health	0.00	0.00	25.00	25.00
Culture and Recreation	53,500.00	53,500.00	59,232.70	5,732.70
Fines and Forfeits:				
Court Fines and Costs	100.00	100.00	425.00	325.00
Miscellaneous Revenue:				
Investment Earnings	1,000.00	1,000.00	1,277.88	277.88
Rentals	3,000.00	3,000.00	1,850.00	(1,150.00)
Special Assessments	0.00	0.00	49,694.81	49,694.81
Contributions and Donations from Private Sources	0.00	0.00	20,474.18	20,474.18
Liquor Operating Agreement Income	25,000.00	25,000.00	26,416.98	1,416.98
Other	2,500.00	2,500.00	4,558.17	2,058.17
Total Revenue	1,041,496.00	1,041,496.00	1,330,257.79	288,761.79

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF PLATTE
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Expenditures:				
General Government:				
Legislative	30,575.00	30,575.00	28,985.32	1,589.68
Contingency	40,000.00	40,000.00		
Amount Transferred		(9,721.91)		30,278.09
Elections	1,000.00	1,000.00	17.10	982.90
Financial Administration	118,495.00	118,495.00	115,551.38	2,943.62
Other - Government Buildings	5,650.00	5,650.00	3,124.75	2,525.25
Total General Government	195,720.00	185,998.09	147,678.55	38,319.54
Public Safety:				
Police	163,475.00	163,475.00	147,920.03	15,554.97
Fire	1,400.00	1,400.00	908.93	491.07
Total Public Safety	164,875.00	164,875.00	148,828.96	16,046.04
Public Works:				
Highways and Streets	365,364.00	365,364.00	347,368.49	17,995.51
Sanitation	22,065.00	22,065.00	19,721.53	2,343.47
Airport	17,300.00	84,113.00	78,717.97	5,395.03
Transit	960.00	960.00	0.00	960.00
Total Public Works	405,689.00	472,502.00	445,807.99	26,694.01
Health and Welfare:				
Health	2,500.00	3,252.19	3,252.19	0.00
Total Health and Welfare	2,500.00	3,252.19	3,252.19	0.00
Culture and Recreation:				
Recreation	109,400.00	121,591.18	111,489.84	10,101.34
Parks	37,155.00	57,538.48	53,735.02	3,803.46
Libraries	22,090.00	22,090.00	20,225.08	1,864.92
Auditorium	40,425.00	40,425.00	29,435.20	10,989.80
Total Culture and Recreation	209,070.00	241,644.66	214,885.14	26,759.52
Conservation and Development:				
Economic Development and Assistance	19,400.00	19,400.00	20,900.00	(1,500.00)
Total Conservation and Development	19,400.00	19,400.00	20,900.00	(1,500.00)
Total Expenditures	997,254.00	1,087,671.94	981,352.83	106,319.11
Excess of Revenue Over (Under) Expenditures	44,242.00	(46,175.94)	348,904.96	395,080.90
Other Financing Sources (Uses):				
Sale of Municipal Property	0.00	0.00	51,750.00	51,750.00
Compensation for Loss or Damage to Capital Assets	0.00	0.00	8,400.06	8,400.06
Transfers Out	0.00	(2,565.00)	(2,563.70)	1.30
Total Other Financing Sources (Uses)	0.00	(2,565.00)	57,586.36	60,151.36
Net Change in Fund Balances	44,242.00	(48,740.94)	406,491.32	455,232.26
Fund Balance - Beginning	1,035,816.67	1,035,816.67	1,035,816.67	0.00
FUND BALANCE - ENDING	1,080,058.67	987,075.73	1,442,307.99	455,232.26

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATIONSchedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.NOTE 1. Budgets and Budgetary Accounting

The Municipality followed these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with the accounting principles generally accepted in the United States (USGAAP).

NOTE 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

REQUIRED SUPPLEMENTARY INFORMATIONSCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last Six Years

	2020	2019	2018	2017	2016	2015
Municipality's proportion of the net pension liability/asset	0.0161277%	0.0162961%	0.0165889%	0.0160515%	0.0165106%	0.0169897%
Municipality's proportionate share of net pension liability (asset)	\$ (700)	\$ (1,727)	\$ (387)	\$ (1,457)	\$ 55,771	\$ (72,058)
Municipality's covered-employee payroll	\$ 325,589	\$ 340,496	\$ 290,267	\$ 296,831	\$ 285,923	\$ 283,680
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.22%	0.51%	0.13%	0.49%	19.51%	25.40%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%

The amounts presented were determined as of the measurement date of the collective net pension liability (asset) which is 06/30 of previous fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

Last Six Years

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 21,879	\$ 21,093	\$ 20,869	\$ 19,853	\$ 19,724	\$ 18,781
Contributions in relation to the contractually required contribution	\$ 21,879	\$ 21,093	\$ 20,869	\$ 19,853	\$ 19,724	\$ 18,781
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's covered-employee payroll	\$ 336,393	\$ 322,948	\$ 318,563	\$ 301,513	\$ 300,484	\$ 285,761
Contributions as a percentage of covered-employee payroll	6.50%	6.53%	6.55%	6.58%	6.56%	6.57%

**Notes to Required Supplementary Information
for the Year Ended December 31, 2020**
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 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 FVFR equal to or exceeding 100%. That 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.

**MUNICIPALITY OF PLATTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020**

	Liquor, Lodging & Dining Sales Tax Fund	Swimming Pool Fund	Park Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS:				
Cash and Cash Equivalents	59,440.62	48,789.01	200.00	108,429.63
Investments	100,000.00	50,000.00		150,000.00
TOTAL ASSETS	<u>159,440.62</u>	<u>98,789.01</u>	<u>200.00</u>	<u>258,429.63</u>
LIABILITIES AND FUND BALANCES:				
Total Liabilities	0.00	0.00	0.00	0.00
Fund Balances:				
Restricted for City Promotion	159,440.62			159,440.62
Restricted for Capital Projects - Pool Building		98,789.01		98,789.01
Restricted for Capital Projects - New Park			200.00	200.00
Total Fund Balances	<u>159,440.62</u>	<u>98,789.01</u>	<u>200.00</u>	<u>258,429.63</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>159,440.62</u>	<u>98,789.01</u>	<u>200.00</u>	<u>258,429.63</u>

MUNICIPALITY OF PLATTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>Liquor, Lodging & Dining Sales Tax Fund</u>	<u>Swimming Pool Fund</u>	<u>Park Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Taxes:				
General Sales and Use Taxes	40,292.41			40,292.41
Miscellaneous Revenue:				
Investment Earnings	378.08	275.75		653.83
Contributions and Donations from Private Sources	17,689.00	1,235.00	200.00	19,124.00
Total Revenue	58,359.49	1,510.75	200.00	60,070.24
Expenditures:				
Culture and Recreation:				
Parks	46,403.40			46,403.40
Auditorium	9,949.54			9,949.54
Total Culture and Recreation	56,352.94	0.00	0.00	56,352.94
Conservation and Development:				
Economic Development and Assistance	14,400.00			14,400.00
Total Conservation and Development	14,400.00	0.00	0.00	14,400.00
Total Expenditures	70,752.94	0.00	0.00	70,752.94
Net Change in Fund Balances	(12,393.45)	1,510.75	200.00	(10,682.70)
Fund Balance - Beginning	171,834.07	97,278.26	0.00	269,112.33
FUND BALANCE - ENDING	159,440.62	98,789.01	200.00	258,429.63

**MUNICIPALITY OF PLATTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019**

	Liquor, Lodging & Dining Sales Tax Fund	Swimming Pool Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and Cash Equivalents	71,834.07	47,278.26	119,112.33
Investments	100,000.00	50,000.00	150,000.00
TOTAL ASSETS	171,834.07	97,278.26	269,112.33
LIABILITIES AND FUND BALANCES:			
Total Liabilities	0.00	0.00	0.00
Fund Balances:			
Restricted for City Promotion	171,834.07		171,834.07
Restricted for Capital Projects - Pool Building		97,278.26	97,278.26
Total Fund Balances	171,834.07	97,278.26	269,112.33
TOTAL LIABILITIES AND FUND BALANCES	171,834.07	97,278.26	269,112.33

MUNICIPALITY OF PLATTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Liquor, Lodging & Dining Sales Tax Fund	Swimming Pool Fund	Fire Hall Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
General Sales and Use Taxes	40,459.07			40,459.07
Miscellaneous Revenue:				
Investment Earnings	674.39	198.75		873.14
Contributions and Donations from Private Sources	76,127.00	40.00		76,167.00
Total Revenue	117,260.46	238.75	0.00	117,499.21
Expenditures:				
Public Safety:				
Fire			15,000.00	15,000.00
Total Public Safety	0.00	0.00	15,000.00	15,000.00
Culture and Recreation:				
Auditorium	63,956.87			63,956.87
Total Culture and Recreation	63,956.87	0.00	0.00	63,956.87
Conservation and Development:				
Economic Development and Assistance	14,400.00			14,400.00
Total Conservation and Development	14,400.00	0.00	0.00	14,400.00
Total Expenditures	78,356.87	0.00	15,000.00	93,356.87
Excess of Revenue Over (Under)				
Expenditures	38,903.59	238.75	(15,000.00)	24,142.34
Other Financing Sources (Uses):				
Transfers In			2,563.70	2,563.70
Total Other Financing Sources (Uses)	0.00	0.00	2,563.70	2,563.70
Net Change in Fund Balances	38,903.59	238.75	(12,436.30)	26,706.04
Fund Balance - Beginning	132,930.48	97,039.51	12,436.30	242,406.29
FUND BALANCE - ENDING	171,834.07	97,278.26	0.00	269,112.33