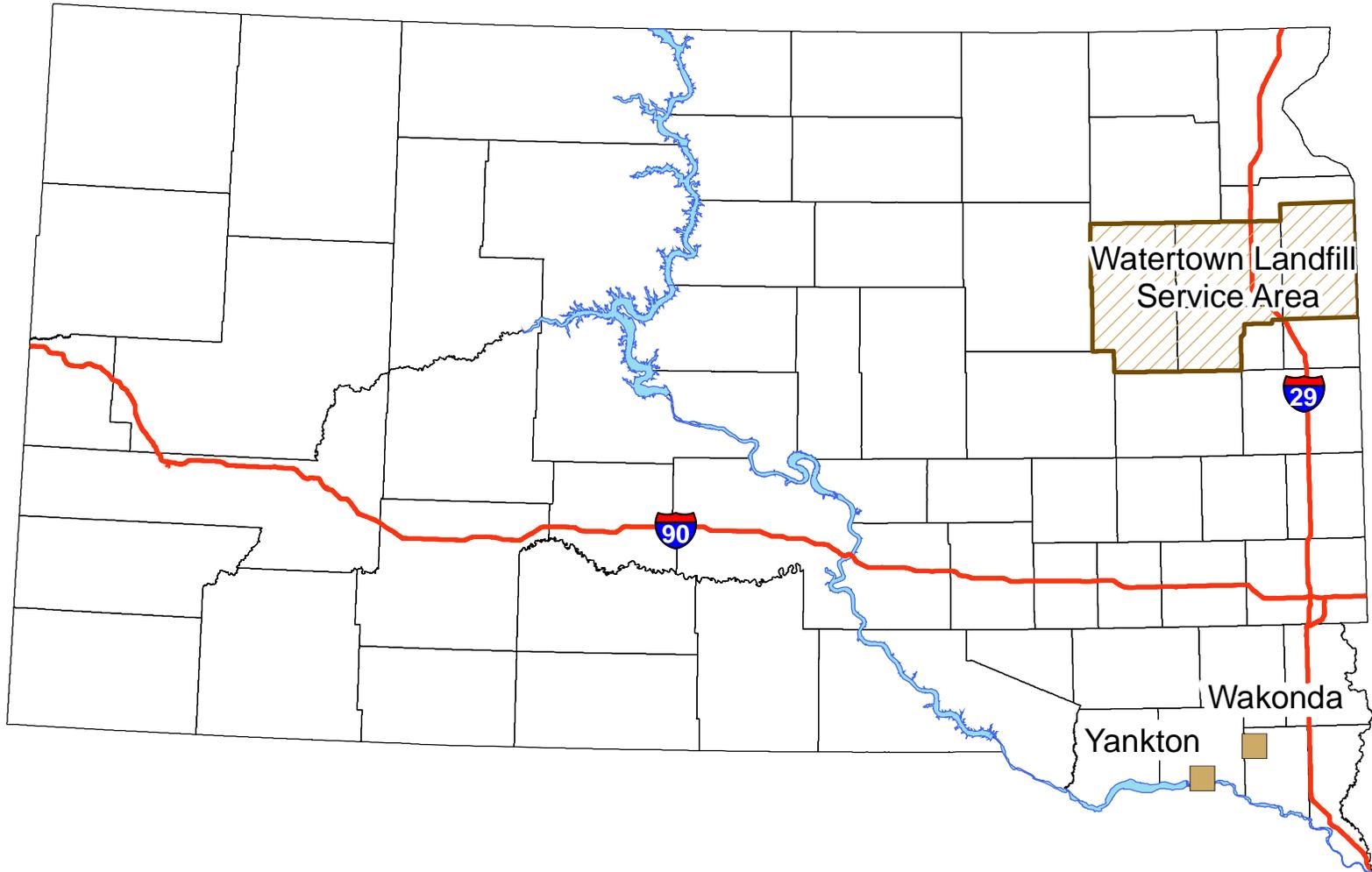


# Solid Waste Management Applications September 2015



TITLE: Solid Waste Management Program Funding Applications

EXPLANATION: The Solid Waste Management Program was established under SDCL 46A-1-83. The Board of Water and Natural Resources may award grant and loan funds for the purpose of solid waste planning and management under the program. ARSD 74:05:10:09 provides that applications for the March funding round are due by January 1. The following applications have been received by DENR for funding consideration at this meeting.

- a. Wakonda
- b. Watertown
- c. Yankton

Pursuant to ARSD 75:05:10:11, the Board must make its funding decisions within 120 days after applications are presented. In accordance with SDCL 46A-1-83, a minimum of 50 percent of the Solid Waste Management Program funds must be reserved for recycling activities.

COMPLETE APPLICATIONS: The application cover sheets and summary sheets have been provided as part of the board packet. Complete applications are available online and can be accessed by typing the following address in your internet browser:

<http://denr.sd.gov/bwnrapps/BWNRapps0915.pdf>

If you would like hard copies of the applications, please contact Andy Bruels at (605) 773-4216.

**WRAP REVIEW SHEET**  
**SOLID WASTE MANAGEMENT PROGRAM**

ENGINEERING REVIEW COMPLETED BY:      DREW HUISKEN

Applicant:	Town of Wakonda
Project Title:	Recycling Drop-off Trailer Purchase
Funding Requested:	\$7,773
Other Proposed Funding:	\$1,943 – Local Cash
Total Project Cost:	\$9,716
Project Description:	The town of Wakonda plans to purchase a recycling collection trailer to receive drop-off recycling from residents in the town and surrounding rural area. Currently, residents do not have access to a recycling drop-off. This purchase will increase recycling participation by increasing the convenience and accessibility of recycling in the area.
Type:	Recycling and Reuse
Service Population:	325
Financial & History Information:	The town of Wakonda has not previously received any SWMP funds.

# Solid Waste Management Program Application

**Applicant**

Town of Wakonda

**Proposed Funding Package**

SWMP Funds: \$7,773

Local Cash: \$1,943

**Address**

111 Ohio Street  
Wakonda, SD 57073

Other: \_\_\_\_\_

Other: \_\_\_\_\_

Other: \_\_\_\_\_

Phone 605 267 3118  
Number

Total Project Cost: \$9,716

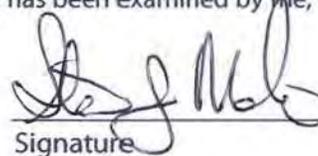
**Project Title:** Recycling Drop-off trailer purchase

**Description:** The Town of Wakonda South Dakota population 325 plans to purchase a recycling collection trailer to receive drop-off recycling from residents of Wakonda and surrounding rural residents. Currently Wakonda residents must transport their own recycling 23 miles to Vermillion. The Wakonda trailer will be identical to those used by the Vermillion / Yankton Solid Waste and Recycling system, which operates the Missouri Valley Recycling facility. This reduces the need for re-education. The Wakonda recycling trailer will be located centrally and available 24-hours. The Clay County Highway Department will provide trailer transport to and from the Vermillion system for recycling and assist in the trailer maintenance and care. Ease, availability and convenience are major contributors to increasing the success of recycling participation.

The Applicant certifies that:

I declare and affirm under the penalties of perjury that this application has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Steve Mohr Mayor of Wakonda  
Name and Title of Authorized Signatory (Typed)

  
Signature

6-30-15  
Date

**Professional Contacts:**

**Application Prepared By:** Phyllis W. Packard  
Contact Person: Phyllis W. Packard  
Mailing Address: 22 W. Bloomingdale St  
City, State, and Zip: Vermillion, SD 57069  
Telephone Number: 605 670 2588 Fax: \_\_\_\_\_  
Email address: pwpackard@gmail.com

**Consulting Engineering Firm:** \_\_\_\_\_  
Contact Person: N/A  
Mailing Address: \_\_\_\_\_  
City, State, and Zip: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_ Fax: \_\_\_\_\_  
Email address: \_\_\_\_\_

**Legal Counsel's Firm:** \_\_\_\_\_  
Legal Counsel: Gary Ward, Ward Law Office  
Mailing Address: 109 North Main Street  
City, State, and Zip: Viborg, South Dakota 57070  
Telephone Number: 605 326 5282 Fax: \_\_\_\_\_  
Email address: \_\_\_\_\_

**Finance Office:** \_\_\_\_\_  
Contact Person: Finance Officer (at time of submission: Nancy Andresen)  
Mailing Address: 111 Ohio Street  
City, State, and Zip: Wakonda, SD 57073  
Telephone Number: 605 267 3118 Fax: \_\_\_\_\_  
Email address: townofwakonda@gmail.com

# Application Checklist

## Items that are part of the application

YES   N/A

Application signed by authorized signatory - page 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Professional contacts completed - page 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Budget sheet completed - page 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Proposed method of financing completed - page 4	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicant information completed - pages 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Status of existing SWMP grants or loans completed - page 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Debt pledge by proposed security completed - page 7	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Property tax information completed - page 8 <b>No loan requested</b>	<input type="checkbox"/>	<input type="checkbox"/>
Sales tax information completed - page 9 <b>No loan requested</b>	<input type="checkbox"/>	<input type="checkbox"/>

## Items that must be attached to the application

\*\*All applications must include items in bold

**Note: Proprietary Fund information for government entities is sufficient.**

<b>**Project narrative that includes all applicable information such as detailed scope of the project, engineering reports, or cost estimates.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>**Current year budget with most recent revenue, expenditures reports and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>**Previous two years of unaudited or audited financial statements and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Amortization Schedules for all debt pledged to proposed security	<input type="checkbox"/>	<input type="checkbox"/>
Local government resolution approving signatory of application, agreements, pay requests, and other required documents as needed for funding <b>To Follow (minutes provided)</b>	<input type="checkbox"/>	<input type="checkbox"/>
Local government resolution approving current fee structure for Solid Waste Program	<input type="checkbox"/>	<input type="checkbox"/>
Cooperative agreement with local government unit	<input type="checkbox"/>	<input type="checkbox"/>
Letters of financial commitment or <u>support</u> from other federal, state, or local agencies or private resources (letters must contain the specific terms or conditions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### Private for-profit entities only

Business Plan	<input type="checkbox"/>	<input type="checkbox"/>
---------------	--------------------------	--------------------------

### BUDGET SHEET

Cost Classification	A SWMP Funds	B Town of Wakonda	C	D	E	Total Funds
1. Administrative Expenses						
A. Personal Services						
B. Travel						
C. Legal						
D. Other						
2. Land, Structure, Right of Way						
3. Engineering						
A. Planning & Design Fees						
B. Project Inspection Fees						
C. Other						
4. Construction & Project Improvements						
5. Equipment	\$7,773	\$1,943				\$9,716
6. Contractual Services						
7. Other						
8. Other						
9. Subtotal (Lines 1- 8)						
10. Contingencies						
11. Total (Lines 9 - 10)	\$7,773	\$1,943				\$9,716
12. Total Percentage	0.00% <b>80%</b>	0.00% <b>20%</b>	0.00%	0.00%	0.00%	<b>100%</b>

Columns A - E: Identify each funding source and enter the amounts budgeted by cost category.

### Proposed Method of Financing

	Secured Funds	Unsecured Funds	Date
SWMP Funds			
Local Cash <b>Town of Wakonda</b>	<b>\$1,943</b>		<b>6/15/2015</b>
Other: <b>Town of Wakonda</b>	<b>Additional if needed</b>		
Other:			
Other:			
Total			

Interest rate and term you are applying for: \_\_\_\_\_ %, \_\_\_\_\_ years.

What security is being pledged toward the repayment of this loan?

**(Political Subdivisions Only)**

- 1. General Obligation bond (requires bond election)
- 2. Revenue Obligation bond
- 3. Sales Tax Revenue bond

### Other Funds to be Borrowed

	Amount	Rate	Term	Annual Debt Service	Security Pledged for Repayment	**Collateral Position
*Other:		0%				
*Other:		0%				
*Other:		0%				

\*Please attach copies of commitment letters that contain specific terms and conditions for each source of financing.

\*\*Please attach collateral information such as cost, book, and market values.

Applicant Type

Township

Fiscal Year Ends \_\_\_\_\_

Population Served

Current: 325

2010: 310

2000: 374

Estimated date construction or acquisition will commence: As Soon as grant approved

Estimated completion or acquisition and installation date: November 30, 2015

\*\*Estimated Useful Life of Project: 20 years Plus

\*\*The term of the loan cannot exceed the useful life of project

### Demographic Area

Identify and briefly describe the current area that is served and identify any new areas to be served as a result of this project.

Currently the 325 Wakonda and surrounding rural residents must individually transport their recycling 23 plus miles to Vermillion. This recycling trailer will provide greater convenience and efficiency to existing recyclers and access to recycling for the 26.5% of Wakonda senior residents. The 24-hour availability also provides local educational reminder to recycling.

### Services Provided

Describe the current services provided and identify any additional service as a result of this project.

The town of Wakonda residents are served by private haulers that do not provide recycling collection. Residents must transport recycling 23 plus miles to Vermillion' drop off trailers. The Wakonda recycling trailer purchase will provide convenient local access. In cooperation and to assist the additional recycling efforts the Clay County Highway Department will provide transport to and from the Missouri Valley Recycling (MVR) in Vermillion, SD. The town waste is disposed at the joint solid waste system, which operates the Vermillion/Yankton Regional Landfill. Recycling works better when convenient!

Describe how the services or products provided with this project will assist in promoting the goals of the Solid Waste Management Hierarchy, which are identified on page 4 of the instructions.

(1) Volume Reduction at the Source: The current system requires individual households to transport recyclables over 23 miles and is highly inefficient. Additional recycling will reduce waste transported from Wakonda to Landfill.  
(2) Recycling and Reuse: The 24-hour local recycling trailer in Wakonda will increase recycling participation through access, convenience and education provide by the trailer's visibility. The trailer will duplicate the Vermillion collection system reducing confusion or change of existing recycling habits.

**Status report for all existing Solid Waste Management Program grants or loans**

Grant/Loan #	Status
	N/A

**If applicable, list the top three products that comprise the applicant's sales.**

Name	City, State, & Phone	Products	% of Sales
N/A			

**If applicable, list the top three principal competitors and their current market share within the industry.**

Name	City, State, & Phone	Products	% of Market Share
None - Drop off	recycling is available in Vermillion and Yankton.		

**List all current debt pledged to the same proposed security for repayment of loan.**

Purpose of Debt	N/A				
Year Debt acquired					
Security Pledged					
Amount Borrowed					
Maturity Date (mmm/yyyy)					
Debt Holder					
Debt Coverage Requirement					
Annual Required Payment					
Outstanding Balance					
Term					
Rate					

**Please use additional sheets if necessary.**

**Property Tax Information:**

**(Complete this section only if General Obligation Bond is pledged to repay your loan)**

Three year valuation trend:

Year	_____	_____	_____
Assessed Valuation	_____	_____	_____
Full & True Valuation	_____	_____	_____

Three year levies and collection trend:

Year	_____	_____	_____
Amount Levied	_____	_____	_____
Collected	_____	_____	_____
Penalties/Interest	_____	_____	_____
Late Payments	_____	_____	_____

Five Largest Taxpayers	Description	Assessed Valuation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Additional Comments:



## Town of Wakonda Project Narrative

The Town of Wakonda South Dakota population 325 plans to purchase a recycling collection trailer to receive drop-off recycling from residents of Wakonda and surrounding rural residents. Currently Wakonda residents are served by private haulers that do not provide recycling collection, if resident wish to recycle they must transport their own recycling 23 miles to Vermillion.

The Trailer will increase recycling participation as well as providing multiple efficiencies and reduction of fuel usage by residents. The only access to recycling is located at the Vermillion / Yankton Solid Waste and Recycling facilities and at drop off sites in Vermillion and Yankton all approximately 23 miles from Wakonda. Each household must transport their own recycling. Over 23 percent of Wakonda's residents are seniors and transport of recycling becomes more difficult with increased age. Additional advantage to the regional system is that if resident choose to take materials to Yankton the transportation is then born by the Vermillion Yankton Joint system to the Vermillion facility for processing and sale.

the Wakonda trailer will be identical to those used by the Vermillion /Yankton Solid Waste and Recycling system, which operates the Missouri Valley Recycling facility. This reduces the need for re-education and provides additional efficiency for the entire regional system. The Wakonda recycling trailer will be located centrally and available 24-hours. The 24-hour availability also provides local educational reminder to recycling.

In cooperation and to assist the additional recycling efforts the Clay County Highway Department will provide trailer transport to and from the Vermillion system for recycling and assist in the trailer maintenance and care. Ease, availability and convenience are major contributors to increasing the success of recycling participation.

Recycling works better when convenient!

(1)Volume Reduction at the Source: The current system requires individual households to transport recyclables over 23 miles and is highly inefficient and wasteful in time and fuel. The additional recycling will reduce waste transported from Wakonda to Landfill.

(2) Recycling and Reuse: The 24-hour local recycling trailer in Wakonda will increase recycling participation through access, convenience and education provide by the trailer's visibility. The trailer will duplicate the Vermillion collection system reducing confusion or change of existing recycling habits.

Attachments:

Equipment quote

Letters of Support





June 23, 2015

SD DENR  
Joe Foss Building  
523 E. Capitol  
Pierre, SD 57501

To whom it may concern,

On behalf of the Joint Powers Solid Waste Advisory Board, it is my pleasure to write a letter of support for the Town of Wakonda and Clay County's proposal to purchase a Pro-Trainer Gravity recycling trailer with potential grant funding from the South Dakota Department of Environment & Natural Resources. The equipment is the same system utilized by Joint Powers. The public and staff are familiar with this equipment and approach to recycling. As Clay County works to become a more sustainable region, investments such as this take on increased importance.

In purchasing the Pro-Gravity recycling trailer, funding from the DENR is vital. The Pro-Gravity recycling trailer would be a great use of DENR funds and a great investment for the Town of Wakonda and surrounding area.

In conclusion, the Joint Powers Solid Waste Advisory board fully supports the efforts of the Town of Wakonda and Clay County as they seek DENR grant funding for the purchase of the Pro-Gravity recycling trailer. We eagerly anticipate the completion of this project.

Sincerely,

Phyllis Packard  
Joint Powers Board Chair



## Board of Clay County Commissioners

211 W. Main St. Suite 200  
Vermillion, SD 57069

Phone: (605) 677-7120  
Fax: (605) 677-7109

---

June 30, 2015

To Whom It May Concern:

The Clay County Commission supports the Town of Wakonda's Solid Waste Management grant application and the Town of Wakonda's project to purchase a drop-off recycling trailer to be located in Wakonda. In support of this project, Clay County Highway Department has pledged to provide the trailer transportation to and from Vermillion's recycling facility.

The residents of Wakonda have requested local recycling service on a continuing basis, and the assistance provided by the Solid Waste management grant program will go a long way to support the State of South Dakota's hierarchy. Small communities such as Wakonda need the assistance to provide recycling services.

Thank you,

Travis Mockler  
Chairman, Board of Clay County Commissioners

## Dr. Riva Sharples

PO Box 355 Wakonda, SD 57073  
(605) 267-0092; rivajanesharples@iw.net

June 29, 2015

### To Whom It May Concern:

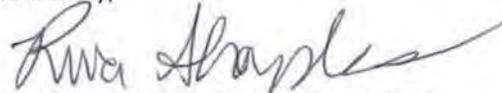
RE: Town of Wakonda grant application for recycling

I am writing to support the Town of Wakonda's grant application to help purchase a recycling trailer for the town of Wakonda. As a long-time resident and a community organizer and leader in this small community of 300 people, I can say that a trailer is desperately needed here. Currently, the only recycling available in town for Wakonda residents is aluminum can recycling. This opportunity is provided by the Wakonda Community Club, a non-profit organization that maintains a bin for aluminum cans in the center of town. This is a great service, but cans are the only thing the club can handle and there is more that could – and should be – recycled in this community. Right now, many people here are throwing away their paper, plastic, newspapers, and glass because they lack access to recycling.

Some individuals in town do save their plastic, paper, glass, and other items and then personally haul them 23 miles away to the nearest town where a recycling center is located, Vermillion, SD. This is a great and wonderful effort by these individuals, but not everyone in town has the time, resources, or physical ability (we have many older residents in town) to be able to do this. Having a recycling trailer located in the town of Wakonda, which would be accessible to all, would make recycling an option for many more people, and that is why the Town of Wakonda is pursuing this grant.

Community members have heard about the possibility of getting this recycling trailer and are excited to see it happen. Of course, because we are a small community, purchasing this trailer outright – with no financial help – would be nearly impossible. **Please help us make Wakonda a greener community by honoring us with a grant. Thank you in advance for your help and consideration!**

Sincerely,



Dr. Riva Sharples, Wakonda resident  
President, non-profit group, Friends of the  
Wakonda Pool  
member, Wakonda Alumni Association  
member, Irene-Wakonda School Board  
member, Wakonda Community Club  
Cubmaster, Irene-Wakonda Cub Scouts Pack 64  
Leader, Irene-Wakonda Girl Scouts #67219

**TOWN OF WAKONDA BOARD  
REGULAR MEETING**

**June 1, 2015**

The regular meeting of the Board of Trustees for the Town of Wakonda, South Dakota was held in the council room at the new Town Office at 111 Ohio St on the 1st day of June, 7:00 p.m. All members were present. There were two visitors: RIVA SHARPLES – CONCERNED RESIDENT

Riva Sharples presented a plan for the town to work with Clay County in a recycling project. The town would need to purchase the recycling trailer, in which there are grants available to fund a portion of the cost. This was agreed upon by the board to move forward. On behalf of The Friends of the Wakonda Pool, Riva addressed the dates and times for swim lessons, water aerobics, and treat purchases. All are scheduled and going as planned. She also addressed Cornstock, she has been in contact with Clay County for emergency preparedness plans.

A concerned resident came before the Board to address the loose and barking dogs. The Board has advised all residents to report loose and barking animals to the Clay County Sheriff. Wakonda is also going to require all pets to be licensed by the town and all vaccinations are current and up to date. This is according to the town ordinances 5.02.11 through 5.02.14. – A shot clinic will be set up with Sioux Nation for Wakonda residents to take their pet there at a special rate. An Ad will be placed in the TriCounty News to advise residents as to dates available.

**ACTION 15 -10**

Mayor approved minutes from May 2015 meeting.

**ACTION 15 -11**

Motion Hackett, seconded Nelson to pay the following bills: (For more detailed information about the bills, contact the finance officer.)

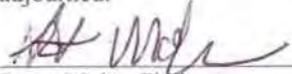
**GENERAL FUND**

SALARIES	3741.16
EFTPS	742.14
SDRS	316.90
VAST	260.88
FIRST NATIONAL BANK	5338.30
SD MUNICIPAL LEAGUE	75.00
BW INSURANCE	525.00
NANCY ANDRESEN (WEBSITE HOSTING)	26.49
CLAY UNION ELECT. (MAY)	657.41

**WATER & SEWER FUND**

SALARIES	2505.00
EFTPS	724.48
SDRS	342.00
CLAY RURAL WATER (DUES)	345.00
CLAY RURAL WATER	3,101.35
CLAY-UNION ELEC.	194.91
FIRST PREMIER BANK CARD	130.78
DAKOTA SUPPLY GROUP	88.03
ORR'S FARM SUPPLY	184.21
SD ONE CALL	3.15
SD DEPT OF REVENUE	15.00
US POST OFFICE	202.00
VAST	44.26
CHARLIE'S BUS SERVICE	15.00

There being no further business, meeting adjourned.

  
Steve Mohr, Chairman

  
Nancy Andresen, Finance Officer

**PLEASE PUBLISH IN THE  
LEGAL SECTION OF  
"THE TRI COUNTY  
NEWS"THE WEEK OF  
June 10, 2014**  
THANKS, Nancy Andresen  
267-3118

## Town of Wakonda Project Narrative

The Town of Wakonda South Dakota population 325 plans to purchase a recycling collection trailer to receive drop-off recycling from residents of Wakonda and surrounding rural residents. Currently Wakonda residents are served by private haulers that do not provide recycling collection, if resident wish to recycle they must transport their own recycling 23 miles to Vermillion.

The Trailer will increase recycling participation as well as providing multiple efficiencies and reduction of fuel usage by residents. The only access to recycling is located at the Vermillion / Yankton Solid Waste and Recycling facilities and at drop off sites in Vermillion and Yankton all approximately 23 miles from Wakonda. Each household must transport their own recycling. Over 23 percent of Wakonda's residents are seniors and transport of recycling becomes more difficult with increased age. Additional advantage to the regional system is that if resident choose to take materials to Yankton the transportation is then born by the Vermillion Yankton Joint system to the Vermillion facility for processing and sale.

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Recycling works better when convenient!

(1)Volume Reduction at the Source: The current system requires individual households to transport recyclables over 23 miles and is highly inefficient and wasteful in time and fuel. The additional recycling will reduce waste



**Town of Wakonda**  
**Profit & Loss**  
 January through June 2015

	<u>Jan - Jun 15</u>
Ordinary Income/Expense	
Income	
Clay County Tax Income	55,553.16
Interest Income	180.08
Pool Revenues	10,805.00
Sales Income	71,860.54
State Tax Income	<u>47,800.71</u>
Total Income	186,199.49
Cost of Goods Sold	
Cost of Goods Sold	0.00
Pool Expenses	
Pool Chemicals	1,096.96
Repair & Mainten	68.65
Pool Expenses - Other	<u>1,393.02</u>
Total Pool Expenses	2,558.63
Street Expense Repair & Mainten	420.68
Water Expense	17,687.71
Water Testing	<u>514.00</u>
Total COGS	<u>21,181.02</u>
Gross Profit	165,018.47
Expense	
Computer and Internet Expenses	125.00
Continuing Education	475.00
Donations	200.00
Dues and Subscriptions	345.00
Equipment Expense	3,081.90
Garbage Disposal	108.00
Insurance Expense	
General Liability Insurance	3,779.00
Insurance Expense - Other	<u>545.00</u>
Total Insurance Expense	4,324.00
Office Supplies	1,793.57
Payroll Expenses	43,751.21
Postage and Delivery	407.61
Professional Fees	2,890.25
Publishing Expense	182.47
Rent Expense	1,215.00
Repairs and Maintenance	
Gasoline	181.17
Repairs and Maintenance - Other	<u>6,147.51</u>
Total Repairs and Maintenance	6,328.68
Telephone Expense	622.99
Utilities	<u>9,030.36</u>
Total Expense	<u>74,881.04</u>
Net Ordinary Income	<u>90,137.43</u>

**Town of Wakonda**  
**Balance Sheet**  
**As of June 30, 2015**

Jun 30, 15

**ASSETS**

Current Assets

Checking/Savings

General Fund	151,805.38
W&S Deposit Holding Acct	800.00
Wakonda Improvement Fund	6,155.77
Water & Sewer	112,118.02

Total Checking/Savings 270,879.17

Accounts Receivable

Accounts Receivable	769.63
---------------------	--------

Total Accounts Receivable 769.63

Total Current Assets 271,648.80

**TOTAL ASSETS** 271,648.80

**LIABILITIES & EQUITY**

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable	2,612.22
------------------	----------

Total Accounts Payable 2,612.22

Other Current Liabilities

Deposits Payable	450.00
------------------	--------

First National Bank	-32,085.60
---------------------	------------

Total Other Current Liabilities -31,635.60

Total Current Liabilities -29,023.38

Total Liabilities -29,023.38

Equity

Opening Balance Equity	194,610.55
------------------------	------------

Retained Earnings	15,924.20
-------------------	-----------

Net Income	90,137.43
------------	-----------

Total Equity 300,672.18

**TOTAL LIABILITIES & EQUITY** 271,648.80

CATAGORY LIST	2012		2013		12 BUDGT		13 BUDG		14 BUDG		15 BUDG	
INCOME	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER	WATER	SEWER
WATER SALES	68544		66,642		64,000		64,000		64,000		65,000	
SEWER SALES		37,142		42,997		40,000		40,000		40,000		44,000
BAD CHECKS	-100.00	-100	-66	-66	-100	-100	-100	-100	-100	-100	-100	-100
2013 LIFT STATION SURCHARGE		7916		7916								2483
2013 LIFT STATION SRF LOAN DISTRIB.		4801		45860						400,000		
<b>TOTAL OPERATION INCOME</b>	<b>68,444</b>	<b>49,759</b>	<b>66,576</b>	<b>96,707</b>	<b>63,900</b>	<b>39,900</b>	<b>63,900</b>	<b>39,900</b>	<b>63,900</b>	<b>439,900</b>	<b>64,900</b>	<b>46,383</b>
<b>OPERATION EXPENSES</b>												
LOAN PAYMENT 2013 LIFT ST PROJ												22,268.00
WATER	41519		34,168		37,000		37,000		37,000		37,000	
REPAIRS, SUPPLIES, MAINT.	6136	13,665	4478	2676	1000	1000	1000	1000	1000	1000	4000	4000
POWER	2237	2237	2341	2341	2000	2000	2000	2000	2000	2000	2500	2500
SAL, SS, MED.	9918	9918	12,555	12,555	9000	9000	9000	9000	9000	9000	14,000	14,000
WATER LINES	3724		2430		5,000	5,000	10,000		10,000		7000	
SEWER LINES		11,253		628	5,000	5,000		10,000		10,000		10,000
BILLING, PRINTING, PHONE, POST, LEGAL	3989	3989	2011	2011	1750	1750	2750	2750	2750	2750	4500	4500
SDRS	1687	1687	1790	1790	1000	1000	1000	1000	1000	1000	1900	1900
<b>TOTAL OPERATING EXPENSES</b>	<b>69,210</b>	<b>42,749</b>	<b>59,773</b>	<b>22,001</b>	<b>61,750</b>	<b>24,750</b>	<b>62,750</b>	<b>25,750</b>	<b>62,750</b>	<b>25,750</b>	<b>70,900</b>	<b>59,168</b>
<b>NONOPERATING INCOME</b>												
INTEREST ON RESERVE CD'S	446.00	446	26	26	500	500	500	500	500	500	35	35
BEGINNING BAL.	21398	21398	9,152	9,152	15000	15000	9153	9153	9153	9153	12,000	12,000
OTHER CD'S W/INT.	17022	17022	14,272	14,272	14500	14500	14193	14193	14,193	14193	15,000	15,000
RESERVE CD'S NO INT.	14962	14962	11,768	11,768	15,500	15,500	14963	14963	14,963	14963	12,000	12,000
<b>TOTAL NONOPERATING INCOME</b>	<b>53828</b>	<b>53828</b>	<b>35,218</b>	<b>35,218</b>	<b>45,500</b>	<b>45,500</b>	<b>38808</b>	<b>38808</b>	<b>38,808</b>	<b>38808</b>	<b>39,035</b>	<b>39035</b>
<b>EQUITY END OF PERIOD</b>	<b>53,062</b>	<b>60,838</b>	<b>42,021</b>	<b>109,924</b>	<b>47,650</b>	<b>60,650</b>	<b>39,958</b>	<b>52,958</b>	<b>39,958</b>	<b>452,958</b>	<b>33,035</b>	<b>26,250</b>

CATAGORY LIST	2010	2011	2012	2013	11 BUDGT	12 BUDGT	13 BUDG	14BUDG	15BUDG
FINANCE OFFICER	4925.60	4968	5254.63	5293	5,000	5,300	5300	5300	5400
SALARY	4925.60	4968				5300			
SCHOOL/WORKSHOPS									
FIRE STATION	4373.93	3471	11,490.33	5,996.00	4100	5500	5500	5500	6500
HEAT	3686.30	2760	3209.34	5584	3200	4500	4500	4500	5500
LIGHTS	369.63	580	705.46	411	450	500	500	500	500
REPAIRS & SUPPLIES	318.00	130	7575.53		450	500	500	500	500
INSURANCE	20471.00	20630	20,755	23,500	25000	23000	23000	23,500	24,000
LEGAL FEES	1357.26	1360	1871.34	1345	1500	1600	1600	1600	1600
MEMBERSHIPS	1012.26	1070				1200	1200	1200	
VOGAL/CROWLEY	290.00	290				400	400	400	
ELECTION									
LIBRARIAN	5000.00	5000	5000	5000	4500	5000	5000	5000	5000
HEAT									
LIGHTS*									
REPAIRS & SUPPLIES									
SALARY									
MISC/CONTINGENCY	1105.66	10833	706.37	115	15747	5,000	15000	15000	15000
PARK	35551.25	16780	223,438	19,965	19900	22,000	22000	22000	26000
LIGHTS	1352.20	1478	1619.69	1525	1500	1500	1500	1500	2000
POOL	7356.44	6048	4680.94	5577	8000	7500	7500	7500	7000
REPAIRS & SUPPLIES	18029.85	280	2730.03	745	400	3000	3000	3000	3000
SALARY-POOL	8812.76	8972	14,407.60	12,117.00	10000	10000	10000	10000	14000
WATER			1863.55	1965	2000	2000	2500	2500	2500
PHONE	330.81	58	184.87	134	275	350	400	400	400
POSTAGE		152	5.3	367	200	250	250	250	250
PRINTING & PUBLISHING	874.65	714	545.09	399	700	1000	1000	1000	1000
REPAIR, MAINT. & LABOR	2955.91	1827	1549.13	446	4500	4500	4500	4500	4500
EQUIPMENT/UPKEEP	1098.26	1350	1549.13	754	2000	2000	2000	2000	2000
GAS	1857.65	477		273	2500	2500	2500	2500	2500
LABOR									
NEW EQUIPMENT									
TESTING									
SALES TAX	234.52		211.34	130	350	350	400	400	400
SDRS	2377.12	2804	2420.73	2510	3600	3000	3000	3000	3000
SHOP	1603.11	1336	543.74	446	7000	6000	6000	6000	6000
HEAT	1466.78	451			2500	2500	2500	2500	2500
LIGHTS	0.00				500	500	500	500	500
REPAIRS & SUPPLIES	136.33	884	543.74	446	4000	3000	3000	3000	3000
STREETS	44822.94	41588	47658.15	16179	44000	53,000	52800	67800	59300
LIGHTS	2950.20	2859	3763.36	4056	3500	3500	3500	3500	4500
REPAIRS & SUPPLIES	29787.59	27173	30,594.10	1,028.00	31500	32000	30800	45,800	40,000
SALARY	9769.60	10423	10,723.79	10,681.00	8500	15000	16000	16000	12000
SNOW REMOVAL	2315.55	1132	581.40	180.00	500	2500	2500	2500	2500
STORM SEWER 01 / WEST NILE			1995.50	233.00					300
SUPPLIES - OFFICE	212.12	279	709.69	259	275	275	1000	1000	1000
TRUSTEES	2576.49	2576	2717.22	2604	2800	2800	2800	2800	2800
SALARY	2576.49	2576				2800			
WITHHOLDING - ALL M&SS	4908.99	5556	5435.56	5872	8000	7000	7000	7000	7000
MEDICARE - ALL	994.58	900	1147.68	1140	2000	1700	1700	1700	1700
SOC. SEC. - ALL	3914.41	3857	4287.88	4732	6000	5300	5300	5300	5300
DEPUTY SHERIFF	10000.00	10000	10000	10000	10000	10,000	10,000	10,000	10,000
ACTUALS:	143,681	129,932	138805.74	100,560	159,447	157,925	169,050	184,550	181,650

8/1/2014

## WATER &amp; SEWER FUND - 2014 - REPORT FOR JULY

1/1/2014 Through 7/12/2014

Subcategory	WATER & SEWER	Total
<b>Income Categories</b>		
COLLECTIONS		
WATER	35,493.40	35,493.40
SEWER	23,544.00	23,544.00
SURCHARGE 2013	13,016.25	13,016.25
W&S IMPROVEMENTS	9,740.00	9,740.00
Total COLLECTIONS	81,793.65	81,793.65
MISCELLANEOUS		
SRF LOAN DISTRIBUTION	403,123.59	403,123.59
BAD CHECK RETURN	(70.85)	(70.85)
Total MISCELLANEOUS	403,052.74	403,052.74
Total Income Categories	484,846.39	484,846.39
<b>Expense Categories</b>		
LEGAL FEES	835.00	835.00
MEMBERSHIPS	835.00	835.00
Total LEGAL FEES		
MISC		
2013 LIFT STATION PROJECT	401,170.74	401,170.74
Total MISC	401,170.74	401,170.74
PHONE	297.57	297.57
PHONE - Unassigned	297.57	297.57
Total PHONE	847.75	847.75
POSTAGE	2,829.10	2,829.10
POWER - W&S	531.06	531.06
PRINTING & PUBLISHING		
REPAIR, MAINTANANCE, & LABOR	2,900.35	2,900.35
GAS	91.00	91.00
TESTING	0.00	0.00
EQUIP UP-KEEP	2,991.35	2,991.35
Total REPAIR, MAINTANANCE, & LABOR	2,389.70	2,389.70
SDRS		
STREETS	0.00	0.00
WORKSHOP	0.00	0.00
Total STREETS		
SUPPLIES	58.96	58.96
OFFICE SUPPLIES	58.96	58.96
Total SUPPLIES	0.00	0.00
VOID		
WATER & SEWER		
WATER	24,253.11	24,253.11
SALARY	7,688.88	7,688.88
SEWER	3,297.84	3,297.84
BILLING UPDATES	0.00	0.00
Total WATER & SEWER	35,239.83	35,239.83
WATER & SEWER - BILLING	389.40	389.40
WATER & SEWER SALARY F.O.	3,443.06	3,443.06
WATER & SEWER SALARY MAINT.		
WATER & SEWER SALARY MAINT. - Unassigned	5,256.27	5,256.27
Total WATER & SEWER SALARY MAINT.	5,256.27	5,256.27
WITHHOLDING		
SOC SEC - W & S	1,993.16	1,993.16
INCOME TAX - W&S	1,198.20	1,198.20
SOC SEC -FO W&S	559.06	559.06
MEDICARE - W & S	468.87	468.87
INCOME TAX FO - W&S	450.00	450.00
MEDICARE-FO-W&S	130.80	130.80

## WATER &amp; SEWER FUND - 2013

1/1/2013 Through 12/31/2013

Subcategory	WATER & SEWER	Total
<u>Income Categories</u>		
COLLECTIONS		
WATER	63,084.20	63,084.20
SEWER	40,635.65	40,635.65
SURCHARGE 2013	7,916.55	7,916.55
W&S IMPROVEMENTS	5,930.00	5,930.00
Total COLLECTIONS	117,566.40	117,566.40
MISCELLANEOUS		
GRANT VERMILLION BASIN WATER DIST	12,500.00	12,500.00
SMALL COMM. PLANNING GRANT CLEAN WATER	10,000.00	10,000.00
SRF LOAN DISTRIBUTION	4,801.00	4,801.00
STOP PAYMENT ON CHECK	41.51	41.51
BAD CHECK RETURN	(132.00)	(132.00)
DEPOSIT RETURN	(150.00)	(150.00)
Total MISCELLANEOUS	27,060.51	27,060.51
Total Income Categories	144,626.91	144,626.91
<u>Expense Categories</u>		
LEGAL FEES		
MEMBERSHIPS	635.00	635.00
Total LEGAL FEES	635.00	635.00
MISC		
2013 LIFT STATION PROJECT	17,301.98	17,301.98
RETURN DEPOSIT - BILL	112.75	112.75
STOP PAYMENT BANK CHARGE	32.00	32.00
MEALS	19.39	19.39
Total MISC	17,466.12	17,466.12
PHONE		
PHONE - Unassigned	506.62	506.62
Total PHONE	506.62	506.62
POSTAGE		
POWER - W&S	1,032.42	1,032.42
PRINTING & PUBLISHING	4,683.68	4,683.68
REPAIR, MAINTANANCE, & LABOR	1,228.39	1,228.39
GAS		
TESTING	3,752.05	3,752.05
EQUIP UP-KEEP	345.00	345.00
Total REPAIR, MAINTANANCE, & LABOR	0.00	0.00
SDRS	4,097.05	4,097.05
STREETS	3,580.54	3,580.54
WORKSHOP		
Total STREETS	80.07	80.07
VOID		
WATER	0.00	0.00
WATER & SEWER		
WATER	2,430.25	2,430.25
WATER	34,168.09	34,168.09
SEWER	628.67	628.67
SCHOOL	212.12	212.12
BILLING UPDATES	100.00	100.00
Total WATER & SEWER	35,108.88	35,108.88
WATER & SEWER - BILLING	522.00	522.00
WATER & SEWER SALARY F.O.	5,212.32	5,212.32
WATER & SEWER SALARY MAINT.		
WATER & SEWER SALARY MAINT. - Unassigned	19,607.43	19,607.43
SCHOOLING	50.00	50.00
Total WATER & SEWER SALARY MAINT.	19,657.43	19,657.43
WITHHOLDING		

**TOWN OF WAKONDA  
BUDGET 2015**

<b>GENERAL FUND - APPROPRIATION - &amp; CASH BALANCE</b>	<b>ESTIMATED INCOME</b>	<b>REQUESTED</b>	<b>OPT OUT</b>
<b>ADMINISTRATIVE:</b>	<b>- TAX LEVY</b>	<b>MONEY</b>	
FINANCE OFFICER	\$5400.00		
TRUSTEES	2,800.00		
<b>OFFICERS SALARIES</b>	<b>\$8,200.00</b>		
DEPUTY SHERRIF	10,000.00		
INSURANCE & BONDS	24,000.00		
LEGAL FEES	1,600.00		
MEDICARE	1,700.00		
LIBRARIAN	5,000.00		
PHONE	400.00		
POSTAGE	250.00		
PRINTING & PUBLISHING	1,000.00		
REPAIRS & MAINT.	4,500.00		
SALES TAX	400.00		
SD RETIREMENT	3,000.00		
SOCIAL SECURITY	5,300.00		
SUPPLIES - OFFICE	1,000.00		
	<b>\$ 53,150.00</b>		
<b>FIRE STATION</b>			
HEAT	5,500.00		
LIGHTS	500.00		
REPAIRS & SUPPLIES	500.00		
	<b>\$ 6,500.00</b>		
<b>PARK</b>			
LIGHTS	2,000.00		
POOL	7,000.00		
REPAIRS & SUPPLIES	3,000.00		
SALARY-POOL	14,000.00		
WATER	2,500.00		
	<b>\$28,500.00</b>		
<b>SHOP</b>			
HEAT	2500.00		
LIGHTS	500.00		
REPAIRS & SUPPLIES	3000.00		
	<b>\$6,000.00</b>		
<b>STREETS</b>			
LIGHTS & HEAT	4,500.00		
REPAIRS & SUPPLIES	40,000.00		
SALARY	12,000.00		
SNOW REMOVAL	2,500.00		
STORM SEWER	300.00		
	<b>\$59,300.00</b>		
<b>MISC./CONTINGENCY</b>	<b>\$15,000.00</b>		
	<b>\$176,650.00</b>	<b>\$65,187.00</b>	<b>\$96,463.00</b>
			<b>15,000</b>

CATAGORY LIST	2010	2011	2012	2013	11 BUDGT	12 BUDGT	13 BUDG	14BUDG	15BUDG
<b>FINANCE OFFICER</b>	<b>4925.60</b>	<b>4968</b>	<b>5254.63</b>	<b>5293</b>	<b>5,000</b>	<b>5,300</b>	<b>5300</b>	<b>5300</b>	<b>5400</b>
SALARY	4925.60	4968				5300			
SCHOOL/WORKSHOPS									
<b>FIRE STATION</b>	<b>4373.93</b>	<b>3471</b>	<b>11,490.33</b>	<b>5,996.00</b>	<b>4100</b>	<b>5500</b>	<b>5500</b>	<b>5500</b>	<b>6500</b>
HEAT	3686.30	2760	3209.34	5584	3200	4500	4500	4500	5500
LIGHTS	369.63	580	705.46	411	450	500	500	500	500
REPAIRS & SUPPLIES	318.00	130	7575.53		450	500	500	500	500
<b>INSURANCE</b>	<b>20471.00</b>	<b>20630</b>	<b>20,755</b>	<b>23,500</b>	<b>25000</b>	<b>23000</b>	<b>23000</b>	<b>23,500</b>	<b>24,000</b>
<b>LEGAL FEES</b>	<b>1357.26</b>	<b>1360</b>	<b>1871.34</b>	<b>1345</b>	<b>1500</b>	<b>1600</b>	<b>1600</b>	<b>1600</b>	<b>1600</b>
MEMBERSHIPS	1012.26	1070				1200	1200	1200	
VOGAL/CROWLEY	290.00	290				400	400	400	
ELECTION									
<b>LIBRARIAN</b>	<b>5000.00</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>4500</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>	<b>5000</b>
HEAT									
LIGHTS'									
REPAIRS & SUPPLIES									
SALARY									
MISC/CONTINGENCY	1105.66	MOWER^					OPT OUT \$	OPT OUT \$	OPT OUT \$
		10833	706.37	115	15747	5,000	15000	15000	15000
<b>PARK</b>	<b>35551.25</b>	<b>16780</b>	<b>223,438</b>	<b>19,965</b>	<b>19900</b>	<b>22,000</b>	<b>22000</b>	<b>22000</b>	<b>26000</b>
LIGHTS	1352.20	1478	1619.69	1525	1500	1500	1500	1500	2000
POOL	7356.44	6048	4680.94	5577	8000	7500	7500	7500	7000
REPAIRS & SUPPLIES	18029.85	280	2730.03	745	400	3000	3000	3000	3000
SALARY-POOL	8812.76	8972	14,407.60	12,117.00	10000	10000	10000	10000	14000
<b>WATER</b>			<b>1863.55</b>	<b>1965</b>	<b>2000</b>	<b>2000</b>	<b>2500</b>	<b>2500</b>	<b>2500</b>
PHONE	330.81	58	184.87	134	275	350	400	400	400
POSTAGE		152	5.3	367	200	250	250	250	250
PRINTING & PUBLISHING	874.65	714	545.09	399	700	1000	1000	1000	1000
<b>REPAIR, MAINT. &amp; LABOR</b>	<b>2955.91</b>	<b>1827</b>	<b>1549.13</b>	<b>446</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>
EQUIPMENT/UPKEEP	1098.26	1350	1549.13	754	2000	2000	2000	2000	2000
GAS	1857.65	477		273	2500	2500	2500	2500	2500
LABOR									
NEW EQUIPMENT									
TESTING									
<b>SALES TAX</b>	<b>234.52</b>		<b>211.34</b>	<b>130</b>	<b>350</b>	<b>350</b>	<b>400</b>	<b>400</b>	<b>400</b>
<b>SDRS</b>	<b>2377.12</b>	<b>2804</b>	<b>2420.73</b>	<b>2510</b>	<b>3600</b>	<b>3000</b>	<b>3000</b>	<b>3000</b>	<b>3000</b>
<b>SHOP</b>	<b>1603.11</b>	<b>1336</b>	<b>543.74</b>	<b>446</b>	<b>7000</b>	<b>6000</b>	<b>6000</b>	<b>6000</b>	<b>6000</b>
HEAT	1466.78	451			2500	2500	2500	2500	2500
LIGHTS	0.00				500	500	500	500	500
REPAIRS & SUPPLIES	136.33	884	543.74	446	4000	3000	3000	3000	3000
<b>STREETS</b>	<b>44822.94</b>	<b>41588</b>	<b>47658.15</b>	<b>16179</b>	<b>44000</b>	<b>53,000</b>	<b>52800</b>	<b>67800</b>	<b>59300</b>
LIGHTS	2950.20	2859	3763.36	4056	3500	3500	3500	3500	4500
REPAIRS & SUPPLIES	29787.59	27173	30,594.10	1,028.00	31500	32000	30800	45,800	40,000
SALARY	9769.60	10423	10,723.79	10,681.00	8500	15000	16000	16000	12000
SNOW REMOVAL	2315.55	1132	581.40	180.00	500	2500	2500	2500	2500
STORM SEWER 01 / WEST NILE			1995.50	233.00					300
SUPPLIES - OFFICE	212.12	279	709.69	259	275	275	1000	1000	1000
<b>TRUSTEES</b>	<b>2576.49</b>	<b>2576</b>	<b>2717.22</b>	<b>2604</b>	<b>2800</b>	<b>2800</b>	<b>2800</b>	<b>2800</b>	<b>2800</b>
SALARY	2576.49	2576				2800			
<b>WITHHOLDING - ALL M&amp;SS</b>	<b>4908.99</b>	<b>5556</b>	<b>5435.56</b>	<b>5872</b>	<b>8000</b>	<b>7000</b>	<b>7000</b>	<b>7000</b>	<b>7000</b>
MEDICARE - ALL	994.58	900	1147.68	1140	2000	1700	1700	1700	1700
SOC. SEC. - ALL	3914.41	3857	4287.88	4732	6000	5300	5300	5300	5300
<b>DEPUTY SHERIFF</b>	<b>10000.00</b>	<b>10000</b>	<b>10000</b>	<b>10000</b>	<b>10000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>ACTUALS:</b>	<b>143,681</b>	<b>129,932</b>	<b>138805.74</b>	<b>100,560</b>	<b>159,447</b>	<b>157,925</b>	<b>169,050</b>	<b>184,550</b>	<b>181,650</b>

MUNICIPALITY OF Wakonda  
 STATEMENT OF FUND CASH BALANCES  
 ALL FUNDS  
 31-Dec-14

	General Fund	Fund	Fund	Enterprise Funds			Total
				Water Fund	Sewer Fund	Fund	
Cash Assets:							
Cash in Checking Accounts	68,957.68			(5,545.07)	109,513.89		172,926.50
Change and Petty Cash							0.00
Passbook Savings	295,494.89						295,494.89
Savings Certificates	34,197.32				52,280.13		86,477.45
							0.00
							0.00
							0.00
							0.00
<b>101 FUND CASH BALANCES</b>	<b>398,649.89</b>	<b>0.00</b>	<b>0.00</b>	<b>(5,545.07)</b>	<b>161,794.02</b>	<b>0.00</b>	<b>554,898.84</b>
(Note 1)							

Municipal funds are deposited or invested with the following depositories:

	0.00

Note 1: These amounts must equal the amounts stated on the bottom line of Exhibit II, page 3.

MUNICIPALITY OF WAKONDA  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
For the Year Ended December 31, 2014

	General Fund	Fund	Fund	Enterprise Funds			Total
				Water Fund	Sewer Fund	Fund	
Receipts (Source):							
311 Property Taxes	113,649.74						113,649.74
313 Sales Tax	74,181.32						74,181.32
316 911 Telephone Surcharge							0.00
311-319 Other Taxes (319)							0.00
320 Licenses and Permits	1,662.50						1,662.50
331 Federal Grants							0.00
335.1 Bank Franchise Tax	595.04						595.04
335.2 Motor Vehicle Commercial Prorate							0.00
335.3 Liquor Tax Reversion	2,585.14						2,585.14
335.4 Motor Vehicle Licenses (5%)	5,828.66						5,828.66
335.6 Fire Insurance Premium Reversion							0.00
335.8 Local Government Highway and Bridge Fund	6,763.53						6,763.53
338.1 County Road Tax (25%)							0.00
338.2 County Highway and Bridge Reserve Tax (25%)	787.96						787.96
338.3 County Wheel Tax							0.00
331-339 Other Intergovernmental Revenue (339)	2,619.93						2,619.93
341-349 Charges for Goods and Services (341)	2,008.56						2,008.56
351-359 Fines and Forfeits (351)							0.00
361 Investment Earnings	340.16				145.58		485.74
362 Rentals							0.00
363-369 Other Revenues (369)	14,679.79						14,679.79



MUNICIPALITY OF WAKONDA  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
For the Year Ended December 31, 2014  
(continued)

	General Fund	Fund	Fund	Enterprise Funds				Total
				Water Fund	Sewer Fund	Fund	Fund	
ENTERPRISE FUNDS								
410 Personal Services				19981.60	19981.64			39,963.24
420 Other Expenses				7084.61	11297.38			18,381.99
426 Supplies and Materials				45485.55				45,485.55
Total Disbursements	162,265.07	0.00	0.00	72,551.76	31,279.02	0.00	0.00	266,095.85
391.01 Transfers In								0.00
51100 Transfers Out	( )	( )	( )	( )	( )	( )	( )	0.00
391.03 Sale of Municipal Property								0.00
391.04 Compensation for Loss or Damage to Capital Assets								0.00
391.2 Money Received From Borrowing								0.00
391.07 Capital Contributions (Grants)					462,898.59			462,898.59
					-461,742.50			-461,742.50
								0.00
Subtotal of Receipts, Disbursements and Transfers	63,437.26	0.00	0.00	192.91	44,812.20	0.00	0.00	108,442.37
Fund Cash Balance, January 1, 2014	335,212.63			-5,737.98	116,981.82			446,456.47
Adjustments:								0.00
								0.00
								0.00
Restated Fund Cash Balance, January 1, 2014	335,212.63	0.00	0.00	-5,737.98	116,981.82	0.00	0.00	446,456.47
FUND CASH BALANCE, DECEMBER 31, 2014	398,649.89	0.00	0.00	-5,545.07	161,794.02	0.00	0.00	554,898.84

MUNICIPALITY OF Wakonda  
 STATEMENT OF CHANGES IN LONG-TERM DEBT  
 For the Year Ended December 31, 2014

	General Long-Term Debt			Enterprise	Total
	General Obligation Bonds	Special Assessment Bonds	Other	Revenue Bonds	
Debt Payable, January 1, 2014				4,801.00	4,801.00
Add New Issues:				462,898.59	462,898.59
					0.00
					0.00
Less Debt Retired					0.00
<b>DEBT PAYABLE, DECEMBER 31, 2014</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>467,699.59</u>	<u>467,699.59</u>
	(23101)	(23103)	(23700)	(23102)	

Note: Amounts reported do not include interest.

City of Wakonda  
 Trial Balance - General Fund  
 December 31, 2014

	Beginning Balance January 1, 2014		Transactions 2014		Trial Balance December 31, 2014		Adjustments December 31, 2014		Adjusted Trial Bal December 31, 2014	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	79,827.25		c 340.16 d 151,180.85	e 162,390.58	68,957.68					68,957.68
Savings	221,188.06		b 74,306.83		295,494.89					295,494.89
CDs	34,197.32		a 0.00		34,197.32					34,197.32
Fund Balance		335,212.63				335,212.63				335,212.63
Property Tax				d 107,131.58	107,131.58					107,131.58
Prior Year Tax				d 5,384.90	5,384.90					5,384.90
Interest & Penalties				d 1,133.26	1,133.26					1,133.26
Sales Tax			e 125.51	b 74,306.83	74,181.32					74,181.32
Bank Franchise Tax				d 595.04	595.04					595.04
Licenses				d 1,662.50	1,662.50					1,662.50
Local Gov't H & B				d 6,763.53	6,763.53					6,763.53
Alcoholic Bev Tax				d 2,585.14	2,585.14					2,585.14
Road & Bridge				d 787.96	787.96					787.96
Motor Vehicle				d 5,828.66	5,828.66					5,828.66
Other County				d 2,619.93	2,619.93					2,619.93
Pool				d 2,008.56	2,008.56					2,008.56
Interest Income				a 0.00 c 340.16	340.16					340.16
Fines										0.00
Miscellaneous				d 1,955.73 d 0.00	1,955.73					1,955.73
Friends of Wakonda - Pool				d 10,000.00	10,000.00					10,000.00
Insurance Refund				d 1,924.06	1,924.06					1,924.06
Donations				d 0.00	0.00					0.00
Dev Corp Café Ins				d 800.00	800.00					800.00
Trustees			e 2,548.78		2,548.78		a 423.64			2,972.42
Finance Officer			e 5,975.32		5,975.32		a 1,941.74			9,143.48



City of Wakonda  
 Trial Balance - Water Fund  
 December 31, 2014

	Beginning Balance January 1, 2014		Transactions 2014		Trial Balance December 31, 2014		Adjustments December 31, 2014		Adjusted Trial Bal December 31, 2014	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	-5,737.98		a 72,744.67	b 72,551.76	-5,545.07				-5,545.07	
Savings					0.00				0.00	
CDs					0.00				0.00	
Fund Balance		-5,737.98				-5,737.98				-5,737.98
Water Charges			a	a 63,895.52	63,895.52				63,895.52	
Interest					0.00				0.00	
Miscellaneous			b	a 29.15	29.15				29.15	
Water & Sewer Improv				a 8,820.00	8,820.00				8,820.00	
Deposit Return			a		0.00				0.00	
			b							
Salary			b	18,054.47	18,054.47				18,054.47	
SDRS			b	1,927.13	1,927.13				1,927.13	
WH			b		0.00				0.00	
Water			b	45,485.55	45,485.55				45,485.55	
Power			b	2,235.21	2,235.21				2,235.21	
Printing and Publishing			b	265.53	265.53				265.53	
Supplies			b	29.48	29.48				29.48	
Repairs			b	2,798.03	2,798.03				2,798.03	
Insurance			b		0.00				0.00	
Phone			b	256.31	256.31				256.31	
Postage			b	670.54	670.54				670.54	
Training			b		0.00				0.00	
Billing			b	295.08	295.08				295.08	
Dues			b	417.50	417.50				417.50	
Miscellaneous			b	116.93	116.93				116.93	
Water Lines			b		0.00				0.00	
Totals	-5,737.98	-5,737.98	145,296.43	145,296.43	67,006.69	67,006.69	0.00	0.00	67,006.69	67,006.69

City of Wakonda  
 Trial Balance - Sewer Fund  
 December 31, 2014

	Beginning Balance January 1, 2014		Transactions 2014		Trial Balance December 31, 2014		Adjustments December 31, 2014		Adjusted Trial Bal December 31, 2014	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	64,847.27		a 537,688.14	b 493,021.52	109,513.89				109,513.89	
Savings					0.00				0.00	
CDs	52,134.55		c 145.58		52,280.13				52,280.13	
Fund Balance		116,981.82				116,981.82				116,981.82
Sewer Charges				a 42,406.80		42,406.80				42,406.80
Sewer Surcharge				a 23,562.75		23,562.75				23,562.75
Water & Sewer Impro				a 8,820.00		8,820.00				8,820.00
Interest				c 145.58		145.58				145.58
Miscellaneous						0.00				0.00
Vermillion Water Basin				a		0.00				0.00
Small Com Planning				a		0.00				0.00
SRF Loan				a 462,898.59		462,898.59				462,898.59
					0.00				0.00	
Salary			b 14,004.76		14,004.76				14,004.76	
SDRS			b 1,927.13		1,927.13				1,927.13	
WH			b 4,049.75		4,049.75				4,049.75	
Power			b 2,235.20		2,235.20				2,235.20	
Printing and Publishing			b 265.53		265.53				265.53	
Supplies					29.48				29.48	
Repairs			b 2,798.03		2,798.03				2,798.03	
Insurance			b		0.00				0.00	
Phone			b 256.31		256.31				256.31	
Postage			b 670.55		670.55				670.55	
Sewer					3,856.47				3,856.47	
Billing			b 295.07		295.07				295.07	
Dues			b 417.50		417.50				417.50	
Miscellaneous					473.24				473.24	
Sewer Project			b 461,742.50		461,742.50				461,742.50	
Sewer Equip			b		0.00				0.00	
Totals	116,981.82	116,981.82	1,030,855.24	1,030,855.24	654,815.54	654,815.54	0.00	0.00	654,815.54	654,815.54

*SRF  
 Loan  
 Balance  
 12-31-14*

*Cash - ckg  
 off by 72000*

**FHA RESERVE INTEREST ON CD'S 2014**

<b>#1700069450</b>	<b>30.67</b>
<b>#1700069451</b>	<b>30.67</b>
<b>TOTAL FHA INTEREST EARNED</b>	<b>\$ 61.34</b>

**SALES TAX CD INTEREST 2014**

<b>#1700069543</b>	<b>-----174.41</b>
<b>SALES TAX INTEREST EARNED</b>	<b>\$ 174.41</b>

**WATER & SEWER CD'S INTEREST 2014**

<b>#1700063404</b>	<b>-----\$ 182.16</b>
<b>WATER &amp; SEWER INTEREST EARNED</b>	<b>\$ 182.16</b>

<b>TOTAL, SALES TX, &amp; W &amp; S CD INTEREST</b>	<b><u>\$356.57</u></b>
-----------------------------------------------------	------------------------

2014

CD#=INV	1700069543	ANNUALLY@.51%	\$
BEGINNING BALANCE =		\$	34,022.91
2/5/2014	\$ 174.41	\$	34,197.32
		\$	34,197.32
		\$	34,197.32
<hr/>			
	\$ 174.41	\$	34,197.32 *

PURCHASED 2-06-09

CD# W&S	1700063404	15 MO @0.51%	
BEGINNING BALANCE =			28,509.17
DATE	INTEREST	NEW BALANCE	
5/10/2013	182.16	\$28,691.33	
		\$	28,691.33
		\$	28,691.33
<hr/>			
	\$ 182.16	\$	28,691.33 *

BEGINNING BALANCE =			
DATE	INTEREST	NEW BALANCE	
			0.00
			0.00
			0.00
<hr/>			
	\$ -	\$	-

CD# W&S			
BEGINNING BALANCE =			\$0.00
DATE	INTEREST	NEW BALANCE	
		\$	-
		\$	-
<hr/>			
	\$ -	\$	-

- CD#= FHA	1700069450	ANNUALLY@.26%	
BEGINNING BALANCE =		\$	11,763.73 sewer
3/3/2014	30.67	\$	11,794.40
		\$	11,794.40
		\$	11,794.40
<hr/>			
	\$ 30.67	\$	11,794.40 *

CD#= FHA	1700069451	ANNUALLY@.26%	
BEGINNING BALANCE =		\$	11,763.73 sewer
3/3/2012	30.67	\$	11,794.40
		\$	11,794.40
		\$	11,794.40
<hr/>			
	\$ 30.67	\$	11,794.40 *

CD#= FHA	1700061963		
BEGINNING BALANCE =			
DATE	INTEREST	NEW BALANCE	
<hr/>			

CD#= FHA			
BEGINNING BALANCE =			\$0.00
DATE	INTEREST	NEW BALANCE	
			\$0.00
			\$0.00
<hr/>			
	\$ -	\$	-

**WAKONDA TOWN CD'S**  
**CD#=INV**  
**BEGINNING BALANCE =**

				\$0.00
			\$	-
			\$	-
			\$	-

**CD#=S TX**  
**BEGINNING BALANCE =**

				\$0.00
			\$	-
			\$	-
			\$	-

**CD#-STX**  
**BEGINNING BALANCE =**

				\$0.00
			\$	-
			\$	-
			\$	-

**CD#=INV**  
**BEGINNING BALANCE =**

				\$0.00
			\$	-
			\$	-
			\$	-

			CASHED CD		EQUALS
INTEREST	\$	417.91	\$	-	\$ 41
TOTAL CD	\$	86,477.45	\$	-	\$ 86,47

Transactions by RECEIPTS - INVESTOR 2014  
INVESTOR ACCOUNT

1/1/2014 Through 12/31/2014

Num	Date	Payee	Amount
-----	------	-------	--------

Income Categories

## SALES TAXES

	1/10/2014	SD AUDITOR	2,737.54
	1/24/2014	SD AUDITOR	3,641.81
	2/2/2014	SD AUDITOR	4,264.33
	2/25/2014	SD AUDITOR	7,160.05
	3/12/2014	SD AUDITOR	2,909.84
	3/26/2014	SD AUDITOR	2,922.32
	4/4/2014	SD AUDITOR	1,957.20
	4/25/2014	SD AUDITOR	3,086.13
	5/7/2014	SD AUDITOR	3,347.72
	5/27/2014	SD AUDITOR	6,185.64
	6/6/2014	SD AUDITOR	287.65
	6/20/2014	SD AUDITOR	2,105.74
	7/4/2014	SD AUDITOR	1,579.76
	7/25/2014	SD AUDITOR	3,724.23
	8/6/2014	SD AUDITOR	1,514.08
	8/22/2014	SD AUDITOR	4,629.82
	9/5/2014	SD AUDITOR	1,084.54
	9/26/2014	SD AUDITOR	3,515.64
	10/8/2014	SD AUDITOR	1,018.31
	10/24/2014	SD AUDITOR	3,219.00
	11/5/2014	SD AUDITOR	3,508.18
	11/28/2014	SD AUDITOR	3,122.94
	12/5/2014	SD AUDITOR	2,520.99
	12/26/2014	SD AUDITOR	4,263.37
	Total SALES TAXES		74,306.83

Total Income Categories			74,306.83
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Grand Total			74,306.83
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**GENERAL FUND 2014**

<b>BEGINNING BALANCE</b>	<b>79,827.25</b>
<b>INTEREST</b>	<b>340.16</b>
<b>RECEIPTS</b>	<b>151,180.85</b>
<b>TOTAL RECEIPTS</b>	<b>231,348.26</b>
<b>DISBURSEMENTS</b>	<b>162,390.58</b>
<b>ENDING BALANCE</b>	<b>68,957.68</b>

12/28/2014

GENERAL FUND - 2014

1/1/2014 Through 12/31/2014

Subcategory	GENERAL FUND	Total
<u>Income Categories</u>		
INTEREST	340.16	340.16
LICENSES		
LIQUOR	1,500.00	1,500.00
BEER	162.50	162.50
Total LICENSES	1,662.50	1,662.50 ✓
MISCELLANEOUS		
DEPOSIT RETURN	89.52	89.52
DEV CORP CAFE INS	800.00	800.00 ✓
FRIENDS OF THE WAKONDA POOL	10,000.00	10,000.00 ✓
INSURANCE REFUND	1,924.06	1,924.06 ✓
LOST CHECK	187.58	187.58
PARK POOL	2,008.56	2,008.56 ✓
CLAY UNION REFUND	1,678.63	1,678.63
Total MISCELLANEOUS	16,688.35	16,688.35
TAXES		
5% MUNICIPAL	5,828.66	5,828.66 ✓
ALCOHOLIC BEV.	2,585.14	2,585.14 ✓
BANK FRANCHISE	595.04	595.04 ✓
CURRENT	107,131.58	107,131.58 ✓
INTEREST ON - TAXES	1,133.26	1,133.26 ✓
LOCAL GOV. HWY & BRIDGE FUND	6,763.53	6,763.53 ✓
OTHER REVENUE - COUNTY	2,619.93	2,619.93 ✓
PRIOR - PREVIOUS TAXES	5,384.90	5,384.90 ✓
25% COUNTY ROADS	787.96	787.96 ✓
Total TAXES	132,830.00	132,830.00
Income - Unassigned	0.00	0.00
Total Income Categories	151,521.01	151,521.01
<u>Expense Categories</u>		
DEPUTY SHERIFF	10,000.00	10,000.00
FINANCE OFFICER		
SCHOOL/WORKSHOPS	60.00	60.00
SALARY	5,975.32	5,975.32
Total FINANCE OFFICER	6,035.32	6,035.32
FIRE STATION		
LIGHTS	325.25	325.25
REPAIRS & SUPPLIES	352.93	352.93
HEAT	3,228.99	3,228.99
Total FIRE STATION	3,907.17	3,907.17
INSURANCE	22,887.00	22,887.00
LEGAL FEES		
MEMBERSHIPS	1,083.61	1,083.61
SAFETY DEP. BOX	15.00	15.00
LEGAL FEES - Unassigned	25.00	25.00
CROWLEY	325.00	325.00
Total LEGAL FEES	1,448.61	1,448.61
LIBRARY		
SALARY	5,000.00	5,000.00
Total LIBRARY	5,000.00	5,000.00
MISC		
MEALS	42.88	42.88
WITHHOLDING UNDERPAYMENT	34.22	34.22
DONATION	100.00	100.00
Total MISC	177.10	177.10
PARK POOL	3,616.26	3,616.26

12/28/2014

GENERAL FUND - 2014

1/1/2014 Through 12/31/2014

Subcategory	GENERAL FUND	Total
REPAIRS & SUPPLIES	142.45	142.45
SALARY-POOL	11,960.05	11,960.05
LIGHTS	1,467.75	1,467.75
Total PARK	17,186.51	17,186.51
POSTAGE	112.00	112.00
PRINTING & PUBLISHING	621.46	621.46
REPAIR, MAINTANANCE, & LABOR		
GAS	194.60	194.60
TESTING	299.73	299.73
EQUIP UP-KEEP	2,917.35	2,917.35
Total REPAIR, MAINTANANCE, & LABOR	3,411.68	3,411.68
SALES TX	125.51	125.51
SDRS	2,999.06	2,999.06
SHOP		
REPAIRS & SUPPLIES	676.41	676.41
Total SHOP	676.41	676.41
STREETS		
REPAIRS & SUPPLIES	58,093.58	58,093.58
SALARY	12,263.63	12,263.63
LIGHTS	4,119.41	4,119.41
Total STREETS	74,476.62	74,476.62
SUPPLIES		
SUPPLIES - Unassigned	105.99	105.99
OFFICE SUPPLIES	174.66	174.66
Total SUPPLIES	280.65	280.65
TRUSTEES		
SALARY	2,548.78	2,548.78
Total TRUSTEES	2,548.78	2,548.78
VOID	0.00	0.00
WATER	2,440.00	2,440.00
WITHHOLDING		
INCOME TAX - STREETS	1,306.77	1,306.77
MEDICARE - PARK POOL	617.43	617.43
MEDICARE - STREETS	454.39	454.39
MEDICARE - TRUSTEES	80.20	80.20
MEDICARE - FINANCE OFF	225.96	225.96
SOC SEC - FINANCE OFF	965.78	965.78
SOC SEC - PARK POOL	1,363.99	1,363.99
SOC SEC - STREETS	1,948.74	1,948.74
SOC SEC - TRUSTEES	343.44	343.44
INCOME TAX - FINANCE OFF	750.00	750.00
Total WITHHOLDING	8,056.70	8,056.70
Total Expense Categories	162,390.58	162,390.58
Grand Total	(10,869.57)	(10,869.57)

FO 750 - 225,969.65,78  
 St 1306.77 454.39 1948.74  
 Pool 617.43 1363.99  
 Trust 343.44 80.20

Gross 7321.19  
 FO 14771.97  
 St

**WATER & SEWER 2014**

<b>BEGINNING BALANCE</b>	<b>-----59,109.29</b>
<b>RECEIPTS</b>	<b>-----610,432.81</b>
<b>SUBTOTAL</b>	<b>-----669,542.10</b>
<b>DISBURSEMENTS</b>	<b>-----565,573.28</b>
<b>ENDING BALANCE</b>	<b>-----103,968.82</b>

WATER & SEWER FUND - 2014

1/1/2014 Through 12/31/2014

Subcategory	WATER & SEWER	Total		
<b>Income Categories</b>				
<b>COLLECTIONS</b>				
WATER	63,895.52	63,895.52	W	
SEWER	42,406.80	42,406.80	S	
SURCHARGE 2013	23,562.75	23,562.75	S	
W&S IMPROVEMENTS	17,640.00	17,640.00	1/2 W 1/2 S	
Total COLLECTIONS	147,505.07	147,505.07		
<b>MISCELLANEOUS</b>				
SRF LOAN DISTRIBUTION	462,898.59	462,898.59	S	
W&S DEPOSIT	100.00	100.00	W	
BAD CHECK RETURN	(70.85)	(70.85)	W	
Total MISCELLANEOUS	462,927.74	462,927.74		
Income - Unassigned	0.00	0.00		
Total Income Categories	610,432.81	610,432.81		
<b>Expense Categories</b>				
<b>LEGAL FEES</b>				
MEMBERSHIPS	835.00	835.00		
Total LEGAL FEES	835.00	835.00	W 417.50	S 417.50
<b>MISC</b>				
2013 LIFT STATION PROJECT	461,742.50	461,742.50		461,742.50
DGR ENG BILL-HALF PAYMENT	361.40	361.40		361.40
CHECK ORDER	118.75	118.75		59.38
MILEAGE	105.12	105.12		52.56
RETURN DEPOSIT - BILL	4.90	4.90		4.90
Total MISC	462,332.67	462,332.67		52.56
<b>PHONE</b>				
PHONE - Unassigned	512.62	512.62		256.31
Total PHONE	512.62	512.62		256.31
<b>POSTAGE</b>				
POWER - W&S	4,470.41	4,470.41	1/2	670.55
PRINTING & PUBLISHING	531.06	531.06	1/2	2235.21
REPAIR, MAINTANANCE, & LABOR				265.53
GAS	4,988.64	4,988.64		2494.32
EQUIP UP-KEEP	464.42	464.42		232.21
TESTING	143.00	143.00		71.50
Total REPAIR, MAINTANANCE, & LABOR	5,596.06	5,596.06		1927.13
<b>SDRS</b>				
STREETS	3,854.26	3,854.26		1927.13
<b>WORKSHOP</b>				
WORKSHOP	0.00	0.00		
Total STREETS	0.00	0.00		
<b>SUPPLIES</b>				
OFFICE SUPPLIES	58.96	58.96		29.48
Total SUPPLIES	58.96	58.96		29.48
<b>VOID</b>				
<b>WATER &amp; SEWER</b>				
WATER	45,485.55	45,485.55	W	45,485.55
SALARY	16,222.01	16,222.01		8111.00
SEWER	3,856.47	3,856.47	S	3856.47
BILLING UPDATES	0.00	0.00		
Total WATER & SEWER	65,564.03	65,564.03		
WATER & SEWER - BILLING	590.15	590.15		295.08
WATER & SEWER SALARY F.O.	5,949.41	5,949.41		2974.70
WATER & SEWER SALARY MAINT.				
WATER & SEWER SALARY MAINT. - Unassigned	5,838.07	5,838.07		2914.03
Total WATER & SEWER SALARY MAINT.	5,838.07	5,838.07		2919.04
<b>WITHHOLDING</b>				

72744.67  
537688.14

71991.05  
493021.52  
72623.16  
-71.40

W 417.50 S 417.50  
461742.50  
361.40  
59.38  
52.56  
4.90  
256.31  
670.55  
2235.21  
265.53  
2494.32  
232.21  
71.50  
1927.13  
1927.13  
29.48  
29.48  
45485.55  
8111.00  
3856.47  
295.08  
2974.70  
2914.03  
2919.04

City of Wakonda  
 Trial Balance - Water Fund  
 December 31, 2013

	Beginning Balance January 1, 2013		Transactions 2013		Trial Balance December 31, 2013		Adjustments December 31, 2013		Adjusted Trial Bal December 31, 2013	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	-11,434.30		a 65,808.71	b 60,112.39	-5,737.98				-5,737.98	
Savings					0.00				0.00	
CDs					0.00				0.00	
Fund Balance		-11,434.30				-11,434.30				-11,434.30
Water Charges			a 132.00	a 63,084.20	62,952.20				62,952.20	
Interest						0.00			0.00	
Miscellaneous			b 32.00	a 41.51	9.51				9.51	
Water & Sewer Improv				a 2,965.00	2,965.00				2,965.00	
Deposit Return			a 150.00		262.75				262.75	
			b 112.75							
Salary			b 12,409.88		12,409.88				12,409.88	
SDRS			b 1,790.27		1,790.27				1,790.27	
WH			b 3,791.25		3,791.25				3,791.25	
Water			b 34,168.09		34,168.09				34,168.09	
Power			b 2,341.84		2,341.84				2,341.84	
Printing and Publishing			b 614.20		614.20				614.20	
Supplies			b 1,215.13		1,215.13				1,215.13	
Repairs			b 1,876.03		1,876.03				1,876.03	
Insurance			b		0.00				0.00	
Phone			b 253.31		253.31				253.31	
Postage			b 516.21		516.21				516.21	
Training			b 196.09		196.09				196.09	
Billing			b 311.00		311.00				311.00	
Dues			b 317.50		317.50				317.50	
Miscellaneous			b 166.84		166.84				166.84	
Water Lines			b		0.00				0.00	
Totals	-11,434.30	-11,434.30	126,203.10	126,203.10	54,492.41	54,492.41	0.00	0.00	54,492.41	54,492.41



City of Wakonda  
 Trial Balance - General Fund  
 December 31, 2013

	Beginning Balance January 1, 2013		Transactions 2013		Trial Balance December 31, 2013		Adjustments December 31, 2013		Adjusted Trial Bal December 31, 2013	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	32,663.37		c 406.91 d 145,098.11	e 98,341.14	79,827.25					79,827.25
Savings	148,258.02		b 72,930.04	c	221,188.06					221,188.06
CDs	34,044.12		a 153.20		34,197.32					34,197.32
Fund Balance	214,965.51				214,965.51					214,965.51
Property Tax				d 101,599.31	101,599.31					101,599.31
Prior Year Tax				d 3,860.02	3,860.02					3,860.02
Interest & Penalties				d 855.52	855.52					855.52
Sales Tax			d 130.47	b 72,930.04	72,799.57					72,799.57
Bank Franchise Tax				d 539.15	539.15					539.15
Licenses				d 1,500.00	1,500.00					1,500.00
Local Gov't H & B				d 9,168.77	9,168.77					9,168.77
Alcoholic Bev Tax				d 2,407.04	2,407.04					2,407.04
Road & Bridge				d 787.96	787.96					787.96
Motor Vehicle				d 5,344.06	5,344.06					5,344.06
Other County				d 2,003.52	2,003.52					2,003.52
Pool				d 2,174.51	2,174.51					2,174.51
Interest Income				a 153.20	560.11					560.11
				c 406.91						
Fines					0.00					0.00
Miscellaneous				d 2,283.25	2,283.25					2,283.25
				d 0.00	0.00				0.00	0.00
Friends of Wakonda - Pool				d 10,000.00	10,000.00					10,000.00
Insurance Refund				d 950.00	950.00					950.00
Donations				d 375.00	375.00					375.00
Dev Corp Caf� Ins				d 1,250.00	1,250.00					1,250.00
Trustees			e 2,604.20		2,604.20	a 438.57			3,042.77	
Finance Officer			e 5,264.12		5,264.12	a 2,192.25			8,340.84	

City of Wakonda  
 Trial Balance Sewer Fund  
 December 31, 2013

	Beginning Balance January 1, 2013		Transactions 2013		Trial Balance December 31, 2013		Adjustments December 31, 2013		Adjusted Trial Bal December 31, 2013	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	29,739.94		a 78,818.20	b 43,710.87	64,847.27				64,847.27	
Savings					0.00				0.00	
CDs	51,869.05		c 265.50		52,134.55				52,134.55	
Fund Balance		81,608.99								81,608.99
Sewer Charges			a	40,635.65	40,635.65				40,635.65	
Sewer Surcharge			a	7,916.55	7,916.55				7,916.55	
Water & Sewer Imp.			a	2,965.00	2,965.00				2,965.00	
Interest			c	265.50	265.50				265.50	
Miscellaneous					0.00				0.00	
Vermillion Water Basin			a	12,500.00	12,500.00				12,500.00	
Small Com Planning			a	10,000.00	10,000.00				10,000.00	
SRF Loan			a	4,801.00	4,801.00				4,801.00	
					0.00				0.00	
Salary			b	12,409.88	12,409.88				12,409.88	
SDRS			b	1,790.27	1,790.27				1,790.27	
WH			b	3,791.25	3,791.25				3,791.25	
									2,341.84	
Power			b	2,341.84	2,341.84				614.20	
Printing and Publishing			b	614.20	614.20				1,215.13	
Supplies				1,215.13	1,215.13				1,876.03	
Repairs			b	1,876.03	1,876.03				0.00	
Insurance			b		0.00				253.31	
Phone			b	253.31	253.31				516.21	
Postage			b	516.21	516.21				171.10	
Training				171.10	171.10				311.00	
Billing			b	311.00	311.00				317.50	
Dues			b	317.50	317.50				801.17	
Miscellaneous				801.17	801.17					
Sewer Project			b	17,301.98	17,301.98				17,301.98	
Sewer Equipment			b		0.00				0.00	
Totals	81,608.99	81,608.99	122,794.57	122,794.57	160,692.69	160,692.69	0.00	0.00	160,692.69	160,692.69

City of Wakonda  
General Fixed Assets

			Land	Buildings	Improvmr	Equipment	
Beginning Balance 1-1-1991			6,175.00	18,771.39		125,849.93	
Equipment	Eq	1992				36,587.42	
Wiring Fire House	Bldg	1993		10,940.89			
Michaels Fence	Impr	1993			12,588.80		
Mower	Eq	1994				5,924.25	
Mower	Eq	1999				6,908.45	
Mower - Sold	Eq	2000				-5,924.25	
Storm Sewer	Impr	2000			37,614.60		
Pickup	Eq	2001				9,950.00	
Café	Café	2003					43,868.19
Dump Truck	Eq	2009				14,200.00	
Propane Tank	Eq	2009				544.94	
Mower	Eq	2011				10,750.00	
Mower - Sold	Eq	2011				-6,908.45	
Totals			6,175.00	29,712.28	50,203.40	197,882.29	43,868.19

City of Wakonda  
 Depreciation Schedule  
 Water & Sewer

Items	Cost	Acquired	Method	Accum				Accum Depr
				Depr 40,544.00	Depr 2011	Depr 2012	Depr 2013	
<b><u>Improvements</u></b>								205,000.00
Lift Station	205,000.00			205,000.00				
Lagoon	245,260.00	91/92	33 yrs	133,776.00	7,432.00	7,432.00	7,432.00	156,072.00
Storm Sewer Project	42,070.00	95/96	50 yrs	12,615.00	841.00	841.00	841.00	15,138.00
Water Tower Project	14,850.00	96/97	33 yrs	6,300.00	450.00	450.00	450.00	7,650.00
Water Lines	9,654.00	1997	50 yrs	2,702.00	193.00	193.00	193.00	3,281.00
Two Blocks Main st New Street	10,322.00	1997	50 yrs	2,884.00	206.00	206.00	206.00	3,502.00
	25,588.00	1998	50 yrs	6,656.00	512.00	512.00	512.00	8,192.00
Water Lines	24,783.00	2002	50 yrs	4,464.00	496.00	496.00	496.00	5,952.00
Water Lines	9,731.00	2003	50 yrs	1,755.00	195.00	195.00	195.00	2,340.00
Water Lines	35,210.00	2004	50 yrs	4,928.00	704.00	704.00	704.00	7,040.00
Water Lines	34,452.50	2005	50 yrs	4,134.00	689.00	689.00	689.00	6,201.00
Water Lines	25,562.86	2006	50 yrs	2,555.00	511.00	511.00	511.00	4,088.00
Water Lines	19,065.62	2007	50 yrs	1,524.00	381.00	381.00	381.00	2,667.00
Water Lines	3,724.61	2012	50 yrs			74.00	74.00	148.00
Sewer Lines	11,253.25	2012	50yrs			225.00	225.00	450.00
Total	716,526.84			429,837.00	12,610.00	12,909.00	12,909.00	0.00 0.00 427,721.00
<b><u>Equipment</u></b>								
JD Engine Standby	19,840.00	2011	15 yrs		1,323.00	1,323.00	1,323.00	3,969.00
Total	736,366.84			429,837.00	13,933.00	14,232.00	14,232.00	0.00 0.00 431,690.00

City of Wakonda  
 Trial Balance - GFA & GLTD  
 December 31, 2013

	Beginning Balance January 1, 2013		Transactions 2013		Trial Balance December 31, 2013		Adjustments December 31, 2013		Adjusted Trial Bal December 31, 2013	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
<b><u>General Fixed Assets</u></b>										
Land	6,175.00				6,175.00				6,175.00	
Buildings	29,712.28				29,712.28				29,712.28	
Improvements	50,203.40				50,203.40				50,203.40	
Machinery & Equipment	197,882.29				197,882.29				197,882.29	
Café	43,868.19				43,868.19				43,868.19	
Invested In GFA		327,841.16				327,841.16				327,841.16
<b>Total</b>	<b>327,841.16</b>	<b>327,841.16</b>	<b>0.00</b>	<b>0.00</b>	<b>327,841.16</b>	<b>327,841.16</b>	<b>0.00</b>	<b>0.00</b>	<b>327,841.16</b>	<b>327,841.16</b>
<b><u>Water &amp; Sewer Fixed Assets</u></b>										
Land	31,005.00				31,005.00				31,005.00	
Improvements	716,526.72				716,526.72				716,526.72	
Equipment	19,840.00				19,840.00				19,840.00	
Accum Depr		417,263.00		14,232.00		431,495.00				431,495.00
CWIP			17,301.98		17,301.98				17,301.98	
Invested in Fixed Assets		350,108.72	14,232.00	17,301.98		353,178.70				353,178.70
<b>Total</b>	<b>767,371.72</b>	<b>767,371.72</b>	<b>31,533.98</b>	<b>31,533.98</b>	<b>784,673.70</b>	<b>784,673.70</b>	<b>0.00</b>	<b>0.00</b>	<b>784,673.70</b>	<b>784,673.70</b>
<b><u>Water &amp; Sewer Long-Term Debt</u></b>										
Amount to Be Provided	0.00		4,801.00		4,801.00				4,801.00	
SRF		0.00		4,801.00		4,801.00				4,801.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>4,801.00</b>	<b>4,801.00</b>	<b>4,801.00</b>	<b>4,801.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,801.00</b>	<b>4,801.00</b>

MUNICIPALITY OF WAKONDA  
 STATEMENT OF CHANGES IN LONG-TERM DEBT  
 For the Year Ended December 31, 2013

	General Long-Term Debt			Enterprise	Total
	General Obligation Bonds	Special Assessment Bonds	Other	Revenue Bonds	
Debt Payable, January 1, 2013				0.00	0.00
Add New Issues:				4,801.00	4,801.00
SRF Loan					0.00
					0.00
Less Debt Retired				0.00	0.00
DEBT PAYABLE, DECEMBER 31, 2013	0.00 (23101)	0.00 (23103)	0.00 (23900)	4,801.00 (23102)	4,801.00

Note: Amounts reported do not include interest.

MUNICIPALITY OF WAKONDA  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
For the Year Ended December 31, 2013  
(continued)

	General Fund	Enterprise Funds						Total	
		Fund	Fund	Water Fund	Sewer Fund	Fund	Fund		Fund
ENTERPRISE FUNDS				17991.40	17991.40				35,982.80
410 Personal Services				8070.90	8417.49				16,488.39
420 Other Expenses				34168.09					34,168.09
426 Supplies and Materials									
Total Disbursements	98210.67	0.00	0.00	60230.39	26408.89	0.00	0.00	0.00	184849.95
39101 Transfers In									0.00
51100 Transfers Out	( )	( )	( )	( )	( )	( )	( )	( )	0.00
391.2 Money Received From Borrowing					4801.00				4,801.00
391.07 Capital Contributions (Grants)					22500.00				22,500.00
Capital Project					(17301.98)				(17,301.98)
									0.00
Subtotal of Receipts, Disbursements and Transfers	120247.12	0.00	0.00	5696.32	35372.83	0.00	0.00	0.00	161316.27
Fund Cash Balance, January 1, 2013	214965.51			(11434.30)	81608.99				285,140.20
Adjustments:									0.00
									0.00
									0.00
Restated Fund Cash Balance, January 1, 2013	214965.51	0.00	0.00	(11434.30)	81608.99	0.00	0.00	0.00	285140.20
FUND CASH BALANCE, DECEMBER 31, 2013	335212.63	0.00	0.00	(5737.98)	116981.82	0.00	0.00	0.00	446,456.47



MUNICIPALITY OF WAKONDA  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
ALL FUNDS  
For the Year Ended December 31, 2013

	General Fund	Enterprise Funds					Total
		Fund	Fund	Water Fund	Sewer Fund	Fund	
Receipts (Source):							106,314.85
311 Property Taxes	106,314.85						72,799.57
313 Sales Tax	72,799.57						0.00
316 911 Telephone Surcharge							0.00
311-319 Other Taxes (319)							1,500.00
320 Licenses and Permits	1,500.00						0.00
331 Federal Grants							539.15
335.1 Bank Franchise Tax	539.15						0.00
335.2 Motor Vehicle Commercial Prorate							0.00
335.3 Liquor Tax Reversion	2,407.04						2,407.04
335.4 Motor Vehicle Licenses (5%)	5,344.06						5,344.06
335.6 Fire Insurance Premium Reversion							0.00
335.7 Liquor License Reversion							0.00
335.8 Local Government Highway and Bridge Fund	9,168.77						9,168.77
338.1 County Road Tax (25%)							0.00
338.2 County Highway and Bridge Reserve Tax (25%)	787.96						787.96
338.3 County Wheel Tax							0.00
331-339 Other Intergovernmental Revenue (339)	2,003.52						2,003.52
341-349 Charges for Goods and Services (341)	2,174.51						0.00
351-359 Fines and Forfeits (351)					265.50		825.61
361 Investment Earnings	560.11						0.00
362 Rentals							14,858.25
363-369 Other Revenues (369)	14,858.25						

MUNICIPALITY OF WAKONDA  
 STATEMENT OF FUND CASH BALANCES  
 ALL FUNDS  
 December 31, 2013

	General Fund	Fund	Fund	Enterprise Funds			Total	
				Water Fund	Sewer Fund	Fund		
Cash Assets:								
Cash in Checking Accounts	79,827.25			(5,737.98)	64,847.27		138,936.54	
Change and Petty Cash							0.00	
Passbook Savings	221,188.06						221,188.06	
Savings Certificates	34,197.32				52,134.55		86,331.87	
							0.00	
							0.00	
							0.00	
							0.00	
<b>101 FUND CASH BALANCES</b>	<b>335,212.63</b>	<b>0.00</b>	<b>0.00</b>	<b>(5,737.98)</b>	<b>116,981.82</b>	<b>0.00</b>	<b>0.00</b>	<b>446,456.47</b>
(Note 1)								

Municipal funds are deposited or invested with the following depositories:

			0.00

Note 1: These amounts must equal the amounts stated on the bottom line of Exhibit II, page 3.

RECEIVED  
JUN - 5 2015  
Division of Financial  
& Technical Assistance

Mayor

605-882-6200

Municipal Airport  
605-882-6209

Planning & Zoning  
Bldg. Inspection  
605-882-6201

Mt. Hope Cemetery  
605-882-6208

City Attorney  
605-882-6200

Engineering Dept.  
605-882-6202

Finance Office  
605-882-6203  
FAX 605-882-6218

Fire Department  
605-886-4733  
FAX 605-886-0795

Library  
605-882-6220  
FAX 605-882-6221

Park, Rec &  
Forestry Dept.  
605-882-6260  
FAX 605-882-5204

Police Dept.  
605-882-6210  
FAX 605-882-6216

Public Works Dept.  
605-882-6204

Solid Waste Dept.  
605-882-6219

Street Dept.  
605-882-6207

Watertown  
Community  
Recreation Center  
605-882-6250  
FAX 605-882-6254

Wastewater  
Treatment Facility  
605-882-6243  
FAX 605-882-6242

June 4, 2015

Andrew Bruels  
Water & Waste Funding Program  
SD DENR  
523 East Capitol  
Pierre, SD 57501-3182

Re: Watertown Regional Landfill Cell #6 SWMP grant application

Dear Andy:

Attached is the Solid Waste Management Program grant application for the Watertown Regional Landfill Cell #6 construction project. The application is complete with the exception of the previous two years of audited financial statements, which I emailed to you earlier today. Please note that the years submitted are 2012 and 2013, since the 2014 statement is not yet completed. As we discussed, these were sent digitally given the size of the documents.

If you require any additional information, please contact me at your convenience, thank you.

Sincerely,



Michael L. Boerger  
Superintendent of Wastewater & Solid Waste  
Watertown, South Dakota 57201  
605-882-6243  
mboerger@watertownsd.us

CITY OF WATERTOWN

23 Second St. NE • P.O. Box 910 • Watertown, South Dakota 57201-0910

FAX 605-882-5214 • Website: [www.watertownsd.us](http://www.watertownsd.us)

# Application Checklist

## Items that are part of the application

YES   N/A

Application signed by authorized signatory - page 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Professional contacts completed - page 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Budget sheet completed - page 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Proposed method of financing completed - page 4	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicant information completed - pages 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Status of existing SWMP grants or loans completed - page 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Debt pledge by proposed security completed - page 7	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Property tax information completed - page 8	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sales tax information completed - page 9	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Items that must be attached to the application

\*\*All applications must include items in bold

**Note: Proprietary Fund information for government entities is sufficient.**

<b>**Project narrative that includes all applicable information such as detailed scope of the project, engineering reports, or cost estimates.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>**Current year budget with most recent revenue, expenditures reports and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>**Previous two years of unaudited or audited financial statements and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Amortization Schedules for all debt pledged to proposed security	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Local government resolution approving signatory of application, agreements, pay requests, and other required documents as needed for funding	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Local government resolution approving current fee structure for Solid Waste Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cooperative agreement with local government unit	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Letters of financial commitment or support from other federal, state, or local agencies or private resources (letters must contain the specific terms or conditions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### Private for-profit entities only

Business Plan	<input type="checkbox"/>	<input type="checkbox"/>
---------------	--------------------------	--------------------------



## Professional Contacts:

**Application Prepared By:** First District

Contact Person: Gregory J. Maag

Mailing Address: PO Box 1207

City, State, and Zip: Watertown, SD 57201

Telephone Number: (605) 882-5115 Fax: (605) 882-5049

Email address: greg@1stdistrict.org

**Consulting Engineering Firm:** Houston Engineering Inc.

Contact Person: Dennis McAlpine

Mailing Address: 6901 E. Fish Lake Road, Suite 140

City, State, and Zip: Maple Grove, MN 55369

Telephone Number: (763) 493-4522 Fax: (763) 493-5572

Email address: dmcalpine@houstoneng.com

**Legal Counsel's Firm:** Watertown City Attorney

Legal Counsel: Stanton Fox

Mailing Address: PO Box 910

City, State, and Zip: Watertown, SD 57201-0910

Telephone Number: (605) 882-6200 Fax: (605) 882-6218

Email address: sfox@watertownsd.us

**Finance Office:** Watertown City Finance Office

Contact Person: Shelly Ebbbers

Mailing Address: PO Box 910

City, State, and Zip: Watertown, SD 57201-0910

Telephone Number: (605) 882-6200 Fax: (605) 882-6218

Email address: sebbbers@watertownsd.us

## BUDGET SHEET

Cost Classification	A SWMP Funds	B Local Funds	C	D	E	Total Funds
1. Administrative Expenses						
A. Personal Services						
B. Travel						
C. Legal						
D. Other						
2. Land, Structure, Right of Way						
3. Engineering						
A. Planning & Design Fees	\$7,311	\$7,311				\$14,622
B. Project Inspection Fees	\$42,747	\$42,747				\$85,494
C. Other	\$650	\$650				\$1,300
4. Construction & Project Improvements	\$427,463	\$427,463				\$854,926
5. Equipment						
6. Contractual Services						
7. Other Soil Testing	\$10,209	\$10,209				\$20,418
8. Other						
9. Subtotal (Lines 1- 8)	\$488,380	\$488,380				\$976,760
10. Contingencies	\$85,056	\$11,620				\$96,676
11. Total (Lines 9 - 10)	\$573,436	\$500,000				\$1,073,436
12. Total Percentage	53.42%	46.58%	0.00%	0.00%	0.00%	

Columns A - E: Identify each funding source and enter the amounts budgeted by cost category.

## Proposed Method of Financing

	Secured Funds	Unsecured Funds	Date
SWMP Funds		\$500,000.00	9/25/2015
Local Cash	\$573,436.00		
Other:			
Other:			
Other:			
<b>Total</b>	<b>\$573,436.00</b>	<b>\$500,000.00</b>	

Interest rate and term you are applying for: \_\_\_\_\_ %, \_\_\_\_\_ years.

What security is being pledged toward the repayment of this loan?

**(Political Subdivisions Only)**

- 1. General Obligation bond (requires bond election)
- 2. Revenue Obligation bond
- 3. Sales Tax Revenue bond

### Other Funds to be Borrowed

	Amount	Rate	Term	Annual Debt Service	Security Pledged for Repayment	**Collateral Position
*Other: N/A		0%				
*Other:		0%				
*Other:		0%				

**\*Please attach copies of commitment letters that contain specific terms and conditions for each source of financing.**

**\*\*Please attach collateral information such as cost, book, and market values.**

Applicant Type Municipality

Fiscal Year Ends December 31

Population Served

Current: 41,000      2010: 41,000      2000: 31,000

Estimated date construction or acquisition will commence: April 15, 2016

Estimated completion or acquisition and installation date: September 15, 2016

\*\*Estimated Useful Life of Project: approximately five years

**\*\*The term of the loan cannot exceed the useful life of project**

**Demographic Area**

Identify and briefly describe the current area that is served and identify any new areas to be served as a result of this project.

The service area boundaries for the Watertown Regional Landfill include all or part of 10 counties in northeastern South Dakota. The counties include Brown, Clark, Codington, Day, Deuel, Grant, Hamlin, Roberts and Spink. The Watertown Regional Landfill serves 36 communities within this service area. It is not anticipated that any new areas will be served as a result of this project.

**Services Provided**

Describe the current services provided and identify any additional service as a result of this project.

The following services are provided by the Watertown Regional Landfill: municipal solid waste disposal; yard waste collection and composting; automated single stream residential recycling collection service; white goods recycling; and tree/branches chipping.

Describe how the services or products provided with this project will assist in promoting the goals of the Solid Waste Management Hierarchy, which are identified on page 4 of the instructions.

The proposed project will advance the State's Solid Waste Management Hierarchy for proper disposal in landfills.

## PROGRAM NARRATIVE STATEMENT

### A. Executive Summary

The City of Watertown is proposing to construct disposal Cell #6 in its landfill facility. The total project costs are estimated to be \$1,073,436. Watertown is requesting \$500,000 of Solid Waste Management Grant funds to assist with the financing of the proposed project. The proposed project is necessary for the continued operation of the Watertown landfill. Therefore, the city has already begun activities to move the project forward to construction. Watertown hired Houston Engineering to complete the final design engineering for the project. Houston Engineer will provide construction engineering for the project. The city is requesting reimbursement for activities already completed for the project. For additional information, please contact Mike Boerger at 605-882-6243 or 605-882-6219.

### B. Project Narrative

**1. Background.** In October of 1991, the U.S. Environmental Protection Agency published the final rules for the Subtitle D regulations that cover solid waste facility design and operation criteria. Subtitle D regulations were designed to protect the public health and the environment, increase public confidence in landfills, and promote recycling and waste minimization. Subtitle D regulations went into effect on October 9, 1993. All landfills receiving municipal solid waste after this date had to comply with Subtitle D regulations. The Watertown landfill is one of fifteen landfills that remained open after the October 9, 1993 deadline. The City of Watertown has spent hundreds of thousands of dollars upgrading the existing landfill facility to comply with new State and Federal solid waste regulations.

**2. Rationale.** As stated previously, the city upgraded its existing facility to meet the Subtitle D regulations. The city also implemented rules and regulations, plus new services to comply with the new State solid waste requirements and help reduce the amount of municipal solid waste being placed in the facility.

The Watertown landfill is currently disposing of solid waste in Cell #5. The landfill needs to begin construction on Cell #6 so that the cell is ready to be used when Cell #5 is determined to be full to grade. Cell #5 is anticipated to reach full to grade in late 2015 or early 2016 based on 2014 disposal quantities. Construction of Cell #6 will allow the facility to continue to dispose of solid waste and create a smooth transition from Cell #5 to Cell #6.

**3. Objectives.** This project has two objectives:

- Construct disposal Cell #6.
- Assist the Watertown regional landfill facility in remaining in compliance with State and Federal solid waste rules, regulations and laws.

**4. Strategies.** The City will address the objectives as follows:

- Acquire the necessary funding to construct the proposed project.
- Hire an engineering firm to perform final design and construction engineering for the construction of Cell #6 including storm water requirements. The city will utilize the competitive bidding process to hire a contractor to construct the new cell and other improvements.
- Construction of disposal Cell #6.

### **C. Eligibility**

This project will advance the State's solid waste management hierarchy for disposal in landfills.

This application is being submitted by the City of Watertown, which is an incorporated municipality, and is therefore eligible for funding under the Solid Waste Management Grant Program.

The proposed project will benefit the public that uses the facility and the local environment by properly and safely disposing of municipal solid waste in a cell designed and constructed to meet Federal and State solid waste requirements.

A detailed work plan, time schedule and provisions for a final report for this project are all included in Section I. *Long Range Planning*, of this narrative statement.

### **D. Need/Problem Identification**

The City of Watertown constructed the necessary improvements to its landfill facility to comply with Federal Subtitle D requirements. The first cell was constructed in 1993. Cell #2 was designed and constructed in 2000-2001. Cell #3 was designed and constructed in 2005. Cell #4 was constructed in 2010. Cell #5 was constructed in 2013. According to the Watertown landfill manager, Cells #1, #2, #3 and #4 are filled to grade with municipal solid waste. Cell #5 is approximately 85% filled to grade. The landfill management also prefers to have some additional disposal space in case the facility needs to take debris caused by an emergency situation such as flood or tornado. The facility received approximately 45,856 tons of municipal solid waste in 2014.

If the new disposal cell is not constructed this year, the landfill's ability to dispose of municipal solid waste maybe disrupted. The planned development and progressive utilization of the permitted Subtitle D disposal area would be disrupted. This would potentially affect the operation of the facility and its ability to provide sustained protection of the environment in compliance with applicable regulations.

#### **E. Benefit/Ability to Solve Identified Problem**

The construction of the proposed new disposal cell will allow the Watertown regional landfill to provide continued services without a disruption. The proposed project will help the facility to continue complying with Federal and State solid waste regulations. The completion of this project will benefit all communities and individuals that utilize the Watertown regional landfill. The project will help protect the local environment.

#### **F. Project Design/Proposed Method of Accomplishment**

The City of Watertown is proposing to design and construct the sixth waste disposal cell at its regional landfill facility. The proposed project includes approximately 152,300 CY of excavation and sub-grade correction; installation of approximately 10,250 SY of geo-composite drainage layer; installation of approximately 26,500 CY of re-compacted soil barrier layer and buffer layer; installation of approximately 13,250 CY of sand drainage layer; installation of de-watering and leachate collection systems infrastructure; removal of old and installation of new fencing; temporary pumping; seeding, mulching and fertilizing of project site plus any other necessary appurtenances to complete this project. The project will utilize the excess material removed during the excavation to construct infrastructure and as cap material for Cells 1, 2, 3, 4, 5 and 6. The new cell construction will help protect the environment and ensure the continued operation of the regional landfill facility benefiting facility customers. The total project costs are estimated to be \$1,073,436. The preliminary engineering report and cost estimates were provided by Houston Engineering Inc.

The city has hired Houston Engineering to complete preliminary engineering and final design engineering. The City anticipates contracting with Houston Engineering for construction engineering for the Cell #6 project. The city will utilize the competitive bidding process to hire a contractor to construct the project.

Watertown has budgeted funds for this project. The funds will be used as a match for the grant funding. The city would like to proceed with the proposed project as soon as possible.

#### **G. Previous Actions/Local Involvement**

The City of Watertown has operated the landfill for many years. The city made improvements to meet Subtitle D requirements. The city and landfill management have implemented several new services to reduce the amount of municipal solid waste being placed in the landfill. The City most recently implemented automated single stream residential recycling collection service. As stated previously, the city hired Houston Engineering to provide engineering services for the project. The need for the proposed project has been discussed at Watertown City Council budget hearings. The City Council has decided the new disposal cell should be constructed. The project has been on the Watertown Capital Improvements Plan for several years, and the City Council has budgeted funds in the Capital Improvements Program for 2016 for the local match for this project.

## H. Persons to Benefit

The primary beneficiaries of the project will be the approximately 41,000 residents in the landfill service area that utilize the facility.

## I. Long Range Planning

**1. Work Plan.** The City of Watertown, with assistance from the First District Association of Local Governments, prepared and submitted a Solid Waste Management Grant application for the proposed project. Local funding for the project has been budgeted in the Capital Improvements Program. Houston Engineering will complete the final design engineering for the project. Construction will begin as soon as weather permits in 2016. The city will provide the SD Department of Environment and Natural Resources (DENR) with a final report.

### 2. Time Schedule.

February 2015	Hired Houston Engineering to provide engineering services for project
August 2015	Complete final design engineering for project
February 2016	Advertise bid for project
March 2016	Award bid for the project
April 2016	Begin project construction
September 2016	Construction on project completed Prepare and submit final report to DENR

**3. Provisions for Final Report.** The city will prepare and submit a final report to DENR detailing the progress of the project.

# MEMO



## External Correspondence

**To:** Mike Boerger  
City of Watertown  
Supt. of Solid Waste

**Date:** May 6, 2015

**Cc:** File

**From:** Dennis McAlpine, P.E. *DMC*  
Bart Schultz, P.E. *BJS*

**Subject:** Cell 6 Construction & Engineering Design  
REVISED

**Project No.:** 7716-008

The purpose of this memorandum is to provide the City of Watertown with a Preliminary Opinion of Probable Construction Costs (POPCC) to complete construction of Cell 6 at the Watertown Regional Landfill facility. Houston Engineering Inc. (HEI) was contracted in the fall of 2013 to provide engineering services to the City of Watertown. These services included engineering design of Cells 5 and 6, support with construction solicitation, and construction management and observation for Cell 5 construction. Cell 5 construction began in the summer 2013 and continued through the fall. Substantial completion of construction activities related to Cell 5 occurred during the summer of 2014.

Concurrent with the development of Cell 5 construction plans, a preliminary set of design plans and project manual were developed for Cell 6. The preliminary design plans and project manual for Cell 6 were not submitted to the South Dakota Department of Environmental and Natural Resources (SD DENR) for review. At that time, it was understood that the preliminary design plans for Cell 6 would be modified to final construction plans with construction activities anticipated for the summer of 2016. This construction schedule is based on historic waste volume utilization forecasts performed by HEI. These forecasts indicate that the below grade airspace for Cell 5 will reach capacity during the fall of 2016. To meet this schedule, HEI has been contracted to modify the Cell 6 preliminary design plans to final design plans for construction. HEI anticipates that solicitation for Cell 6 construction activities will be requested during the winter of 2015.

Cell 6 is located in the northeastern corner of the permitted sub-title D waste limits at the facility. A stormwater culvert currently exists in the southeast area of Cell 6 and penetrates the perimeter berm. The existing culvert facilitates routing of non-contact stormwater from within the permitted waste limits to an adjacent sedimentation basin located near the proposed southern limits of Cell 6. To maintain the existing stormwater routing, as defined in the facility master planning documentation, the southern portion of Cell 6 will need to be shifted slightly northward. In the future when Cell 6 has reached final grades, a letdown structure will be included in the final cover design to route stormwater to the sedimentation basin.

HEI's current design efforts for Cell 6 includes modifications to the southern area to maintain the existing stormwater routing within the waste limits as well as facilitate future stormwater features. This effort will involve updating the facilities existing stormwater master plan.

The following POPCC for Cell 6 is based on the preliminary design plans and HEI's current understanding of the required modifications to Cell 6 to maintain the current stormwater control within the permitted area. The estimated costs identified below are based on average unit prices observed during the solicitation of bids for Cell 5 construction. The various quantities have been revised to reflect the preliminary/modified design for Cell 6.

# MEMO

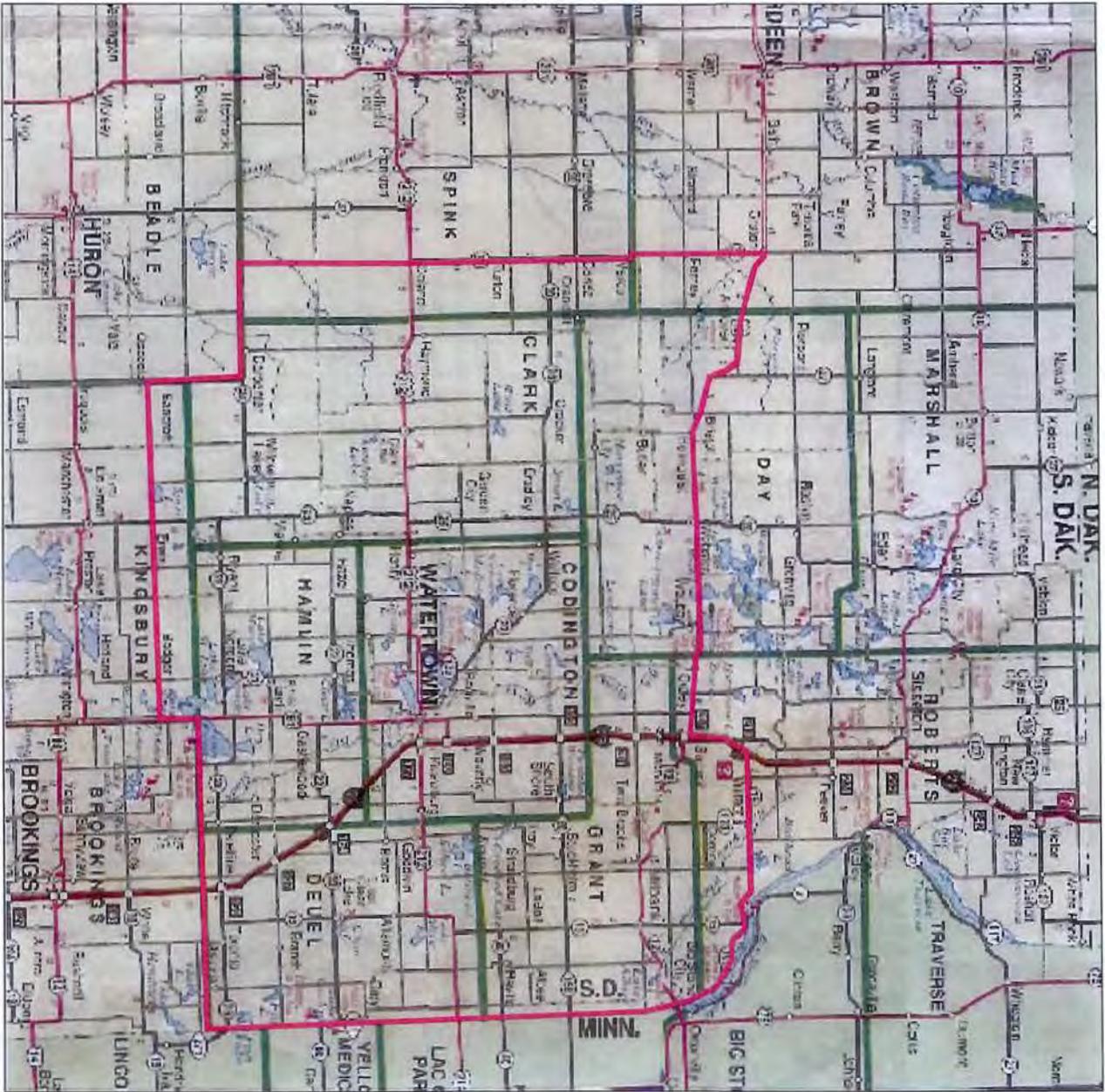


No.	Item Description	Unit	Estimated Quantity	Unit Price	Extension
1	Mobilization	LS	1	\$31,400.00	\$31,400.00
2	Water for Dust Control	Mgal	1,500	\$3.10	\$4,650.00
3	Salvage Containment Fence	LF	1,124	\$2.83	\$3,176.42
4	Remove Existing Silt Fence	LF	1,500	\$0.64	\$963.00
5	Temporary Pumping	LS	1	\$2,500.00	\$2,500.00
6	Test Pit Excavation	HR	40	\$135.00	\$5,400.00
7	Common Excavation (CV) (P)	CY	150,784	\$1.83	\$275,934.72
8	Subgrade Correction (CV)	CY	1,500	\$2.33	\$3,495.00
9	Geocomposite Drainage Layer	SY	10,246	\$10.80	\$110,656.80
10	Dewatering Trench & Piping	LF	1,079	\$18.35	\$19,799.65
11	Dewatering Pipe Berm Penetration	LF	250	\$30.00	\$7,500.00
12	Leachate Collection Trench	LF	912	\$36.63	\$33,402.91
13	Leachate Sideslope Cleanout w/Support Structure	EA	1	\$1,580.00	\$1,580.00
14	Buffer Layer (In-Place) (P)	CY	3,415	\$2.13	\$7,273.95
15	Re-Compacted Soil Barrier Layer (CV) (P)	CY	23,053	\$1.89	\$43,570.17
16	Sand Drainage Layer (In-Place) (P)	CY	13,234	\$20.96	\$277,411.11
17	Phase Separation Berm	LF	275	\$10.60	\$2,915.00
18	Silt Fence	LF	1,500	\$3.29	\$4,929.00
19	Erosion Control Blanket - Straw	SY	250	\$2.94	\$734.00
20	12" wattles	LF	30	\$8.44	\$253.20
21	Rip-rap (SDDOT Class B)	CY	50	\$47.00	\$2,350.00
22	Install Salvaged Containment Fence	LF	550	\$8.19	\$4,504.50
23	Seeding, Mulch, Fertilizer & Disk Anchoring	AC	8.50	\$1,238.40	\$10,526.40
Construction Costs =					\$854,925.83

Below is a summary of the total costs for Cell 6 construction including the work to refine the Cell 6 design and the anticipated solicitation support, construction management, observation costs and soil testing costs.

Construction Costs =	\$854,925.83
Finalize Engineering Design =	\$14,622.00
Conduct Existing Conditions Survey for use in Final Design =	1,300.00
Anticipated Construction Solicitation, Observation & Management Costs (10%) =	\$85,492.58
Anticipated Cell 6 Soil Testing Costs =	\$20,416.89
<b>Cell 6 Total Cost =</b>	<b>\$976,757.30</b>

The above summary does not include any provisions for unforeseen conditions or omissions discovered as the project progresses. We advise the City to consider a 10% (\$96,675.73) addition to the project budget to cover any additional work.



1 of 1

WATERTOWN REGIONAL LANDFILL  
SERVICE AREA

WATERTOWN REGIONAL LANDFILL  
WATERTOWN, SOUTH DAKOTA

Drawn By: JCK  
 Chk' by: JCK  
 PROJ #: A-3789  
 DWG: WAT-BOUND  
 DATE: 8/2005

**HELMS and ASSOCIATES**  
 CONSULTING ENGINEERS AND LAND SURVEYORS

P.O. BOX 111 - 221 BROWN COUNTY HIGHWAY #19  
 APODIXEN, SOUTH DAKOTA 57401 - PHONE: (605)225-1212 - FAX: (605)225-3188

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No.	Revisions	By	App.	Date

**SOLID WASTE EXPENDITURES**

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	PROJECTED FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>605 SOLID WASTE</b>							
<b>430 PUBLIC WORKS</b>							
432.30 Solid Waste Collection	696,520	786,213	816,890	717,034	842,450	842,450	842,450
432.40 Solid Waste Disposal	1,357,950	1,362,493	1,293,210	1,124,982	1,867,000	1,867,000	1,867,000
432.45 Solid Waste Recycling	367,451	354,059	475,840	376,051	749,900	749,900	749,900
<b>TOTAL SOLID WASTE</b>	<b>2,421,921</b>	<b>2,502,765</b>	<b>2,585,940</b>	<b>2,218,067</b>	<b>3,459,350</b>	<b>3,459,350</b>	<b>3,459,350</b>

**SOLID WASTE REVENUES**

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	PROJECTED FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>SOLID WASTE COLLECTION</b>							
<b>360 MISCELLANEOUS REVENUE</b>							
36909 Other Misc. Revenue	248	242	200	609	250	250	250
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>248</b>	<b>242</b>	<b>200</b>	<b>609</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>380 ENTERPRISE OPERATING REVENUE</b>							
38401 Refuse Collection Fees	441,975	452,470	445,000	456,043	453,950	453,950	453,950
38402 Penalty	31,450	32,314	30,000	32,192	30,000	30,000	30,000
<b>TOTAL ENTERPRISE OPERATING REVENUE</b>	<b>473,425</b>	<b>484,784</b>	<b>475,000</b>	<b>488,235</b>	<b>483,950</b>	<b>483,950</b>	<b>483,950</b>
<b>TOTAL SOLID WASTE COLLECTION</b>	<b>473,673</b>	<b>485,026</b>	<b>475,200</b>	<b>488,844</b>	<b>484,200</b>	<b>484,200</b>	<b>484,200</b>
<b>SOLID WASTE DISPOSAL</b>							
<b>320 LICENSES AND PERMITS</b>							
32104 Commercial Hauler Permits	50	-	-	-	-	-	-
<b>TOTAL LICENSES AND PERMITS</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>330 INTERGOVERNMENTAL REVENUE</b>							
33113 FEMA Grant	-	37,768	-	-	-	-	-
33404 Solid Waste Grant	115,223	232,301	296,400	-	-	-	-
33499 Other State Grants	-	4,484	-	-	-	-	-
<b>TOTAL INTERGOVERNMENTAL REVENUE</b>	<b>115,223</b>	<b>274,553</b>	<b>296,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>360 MISCELLANEOUS REVENUE</b>							
36100 Interest Earned	11,005	10,058	8,300	9,183	9,000	9,000	9,000
36401 Sale of Fixed Assets	376	1,107	-	838	-	-	-
36402 Comp. Loss of Fixed Assets	5,000	-	-	-	-	-	-
36909 Other Miscellaneous Revenue	5,380	3,889	-	2,141	-	-	-
36910 Cash Short & Over	(3)	(1)	-	10	-	-	-
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>21,758</b>	<b>15,053</b>	<b>8,300</b>	<b>12,172</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
<b>380 ENTERPRISE OPERATING REVENUE</b>							
38401 Refuse Collection Fees	215,848	220,974	220,000	222,717	221,700	221,700	221,700
38402 Penalty	(2,635)	16,044	15,000	16,229	15,000	15,000	15,000
38403 Individual Tipping Fees	122,316	130,782	110,000	136,946	115,000	115,000	115,000
38404 Commercial Tipping Fees	1,044,606	1,103,640	1,040,000	1,126,660	1,070,000	1,070,000	1,070,000
<b>TOTAL ENTERPRISE OPERATING REVENUE</b>	<b>1,380,135</b>	<b>1,471,440</b>	<b>1,385,000</b>	<b>1,502,552</b>	<b>1,421,700</b>	<b>1,421,700</b>	<b>1,421,700</b>
<b>390 OTHER FINANCING SOURCES</b>							
39101 Sale of General Fixed Assets	-	-	-	-	-	-	-
39107 Capital Contributions	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SOLID WASTE DISPOSAL</b>	<b>1,517,166</b>	<b>1,761,046</b>	<b>1,689,700</b>	<b>1,514,724</b>	<b>1,430,700</b>	<b>1,430,700</b>	<b>1,430,700</b>
<b>SOLID WASTE RECYCLING</b>							
<b>330 INTERGOVERNMENTAL REVENUE</b>							
33404 Solid Waste Grant	114,725	118,075	-	-	-	-	-
<b>TOTAL INTERGOVERNMENTAL REVENUE</b>	<b>114,725</b>	<b>118,075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>360 MISCELLANEOUS REVENUE</b>							
36401 Sale Of Capital Assets	-	-	-	-	-	-	-
36909 Other Misc. Revenue	49,619	29,321	15,000	12,000	15,000	15,000	15,000
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>49,619</b>	<b>29,321</b>	<b>15,000</b>	<b>12,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>380 ENTERPRISE OPERATING REVENUE</b>							
38401 Refuse Collection Fees	370,026	378,812	370,000	190,869	380,000	380,000	380,000
38402 Penalty	26,330	27,054	26,000	26,556	26,000	26,000	26,000
38410 Sale of Carts	11,512	15,704	2,000	10,996	4,000	4,000	4,000
<b>TOTAL ENTERPRISE OPERATING REVENUE</b>	<b>407,868</b>	<b>421,570</b>	<b>398,000</b>	<b>228,421</b>	<b>410,000</b>	<b>410,000</b>	<b>410,000</b>
<b>TOTAL SOLID WASTE RECYCLING</b>	<b>572,212</b>	<b>568,966</b>	<b>413,000</b>	<b>240,421</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>
<b>TOTAL SOLID WASTE FUND</b>	<b>2,563,051</b>	<b>2,815,038</b>	<b>2,577,900</b>	<b>2,243,989</b>	<b>2,339,900</b>	<b>2,339,900</b>	<b>2,339,900</b>

605 PUBLIC ENTERPRISE FUND  
 430 PUBLIC WORKS  
 432.30 SOLID WASTE COLLECTION

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	TOTAL FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>410 PERSONAL SERVICES</b>							
41100 Supervision Salary	38,766	45,417	47,300	47,226	48,250	48,250	48,250
41101 Clerical & Oper Salary	211,103	232,987	217,710	128,684	222,250	222,250	222,250
41102 Temporary Salaries	-	-	3,200	3,000	-	-	-
41109 Overtime Pay	14,728	15,958	20,000	13,915	20,600	20,600	20,600
41200 OASI-Employer Contributions	18,466	20,097	20,830	19,791	20,900	20,900	20,900
41300 Retirement and Pensions	15,521	17,041	17,100	16,632	17,500	17,500	17,500
41400 Worker's Comp Insurance	8,952	9,941	11,000	11,911	15,900	15,900	15,900
41500 Group Health Insurance	47,069	47,095	49,000	57,693	48,750	48,750	48,750
<b>TOTAL PERSONAL SERVICES</b>	<b>354,605</b>	<b>388,536</b>	<b>386,140</b>	<b>298,852</b>	<b>394,150</b>	<b>394,150</b>	<b>394,150</b>
<b>420 OTHER CURRENT EXPENDITURES</b>							
42104 Insurance Premium	10,508	11,589	17,250	16,833	17,400	17,400	17,400
42200 Expert & Consultant Serv	1,311	874	1,200	1,176	1,200	1,200	1,200
42220 Drug/Alcohol Testing	308	253	400	400	400	400	400
42404 Other Rentals	-	-	1,000	1,000	1,000	1,000	1,000
42501 Equip Maintenance	42,423	47,574	53,000	53,000	53,000	53,000	53,000
42603 Motor Fuel & Lubricants	70,585	76,318	72,000	71,866	74,000	74,000	74,000
42610 Clothing & Materials	194	162	500	428	500	500	500
42612 Food	380	201	600	600	600	600	600
42627 Safety Supplies	676	266	500	500	500	500	500
42701 Travel Exp Personnel	-	497	200	196	300	300	300
42702 Subscr & Membership	1,009	395	600	735	700	700	700
42805 Phone-Monthly Service	144	189	300	300	300	300	300
<b>TOTAL OTHER CURRENT EXPENDITURES</b>	<b>127,538</b>	<b>138,318</b>	<b>147,550</b>	<b>147,034</b>	<b>149,900</b>	<b>149,900</b>	<b>149,900</b>
<b>430 CAPITAL OUTLAY</b>							
43602 Computer Equipment	-	999	-	-	-	-	-
43611 Dumpsters/Carts	-	10,900	37,000	24,948	32,200	32,200	32,200
43804 Pickup	-	-	-	-	39,000	39,000	39,000
43808 Refuse Trucks	277	-	-	-	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>277</b>	<b>11,899</b>	<b>37,000</b>	<b>24,948</b>	<b>71,200</b>	<b>71,200</b>	<b>71,200</b>
<b>490 MISCELLANEOUS</b>							
49000 Focus Watertown Program	40,000	40,000	40,000	40,000	40,000	40,000	40,000
49318 Transfer Out - General Fund	174,100	207,460	206,200	206,200	187,200	187,200	187,200
<b>TOTAL MISCELLANEOUS</b>	<b>214,100</b>	<b>247,460</b>	<b>246,200</b>	<b>246,200</b>	<b>227,200</b>	<b>227,200</b>	<b>227,200</b>
<b>TOTAL BUDGET - SOLID WASTE COLLECTION</b>	<b>696,520</b>	<b>786,213</b>	<b>816,890</b>	<b>717,034</b>	<b>842,450</b>	<b>842,450</b>	<b>842,450</b>

605 PUBLIC ENTERPRISE FUND  
 430 PUBLIC WORKS  
 432.40 SOLID WASTE DISPOSAL

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	TOTAL FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>410 PERSONAL SERVICES</b>							
41100 Supervision Salary	69,403	75,924	66,200	65,756	68,500	68,500	68,500
41101 Clerical & Oper Salary	228,611	249,231	256,900	242,416	255,600	255,600	255,600
41109 Overtime Pay	780	2,937	3,900	3,361	4,000	4,000	4,000
41200 OASI-Employer Contributions	21,656	22,512	23,410	22,353	23,300	23,300	23,300
41300 Retirement & Pensions	17,785	18,584	19,620	18,558	19,700	19,700	19,700
41400 Worker's Comp Insurance	9,504	9,721	16,000	11,362	16,000	16,000	16,000
41500 Group Health Insurance	55,053	51,081	59,000	65,681	63,100	63,100	63,100
41501 Retiree Health Insurance	-	3,667	3,000	4,453	-	-	-
<b>TOTAL PERSONAL SERVICES</b>	<b>402,792</b>	<b>433,657</b>	<b>448,030</b>	<b>433,940</b>	<b>450,200</b>	<b>450,200</b>	<b>450,200</b>
<b>420 OTHER CURRENT EXPENDITURES</b>							
42104 Insurance Premiums	13,748	10,241	5,230	4,606	4,700	4,700	4,700
42207 Professional & Test Fee	24,009	28,003	35,000	30,104	40,000	40,000	40,000
42220 Drug/Alcohol Testing	729	264	800	800	800	800	800
42400 Rent-Machinery & Equipment	10,650	43,211	20,000	20,000	20,000	20,000	20,000
42500 Construction Materials	1,682	3,713	5,000	5,000	5,000	5,000	5,000
42501 Equip Maintenance	77,281	85,749	75,700	106,381	82,000	82,000	82,000
42502 Bldg Maintenance	5,167	13,969	5,200	9,076	9,500	9,500	9,500
42524 Disposal of Hazardous Waste	10,151	11,480	15,000	10,399	15,000	15,000	15,000
42600 Office Supplies	4,757	5,595	5,000	4,990	5,200	5,200	5,200
42603 Motor Fuel & Lubricants	131,088	125,883	136,000	134,000	136,000	136,000	136,000
42607 Education & Rec Supplies	25	405	500	500	500	500	500
42610 Clothing & Material	80	-	500	548	500	500	500
42612 Food	536	498	600	600	600	600	600
42613 Small Tools	2,830	1,096	2,500	2,500	2,500	2,500	2,500
42615 Ag & Hort Supplies	2,598	2,124	2,500	2,500	5,500	5,500	5,500
42617 Cleaning Service	1,720	1,915	2,400	2,400	2,400	2,400	2,400
42618 Postage	1,000	604	700	300	700	700	700
42626 Foam Polymer	19,753	24,247	33,000	24,960	33,000	33,000	33,000
42627 Safety Supplies	1,396	998	1,700	1,700	1,700	1,700	1,700
42701 Travel Exp Personnel	30	497	900	780	900	900	900
42702 Subsc & Membership	1,658	2,191	2,550	3,343	2,900	2,900	2,900
42801 Natural Gas	11,110	18,920	25,000	25,000	25,000	25,000	25,000
42802 Electricity	7,235	8,063	9,000	9,000	11,000	11,000	11,000
42803 Water	586	1,114	1,200	460	1,200	1,200	1,200
42805 Phone-Monthly Service	1,532	1,511	1,700	1,700	1,700	1,700	1,700
<b>TOTAL OTHER CURRENT EXPENDITURES</b>	<b>331,351</b>	<b>392,291</b>	<b>387,680</b>	<b>401,647</b>	<b>408,300</b>	<b>408,300</b>	<b>408,300</b>
<b>430 CAPITAL OUTLAY</b>							
43431 Air Assessment	-	-	30,000	-	-	-	-
43600 Machinery & Equipment	1,770	-	107,500	8,475	-	-	-
43602 Computer Equipment/Software	-	14,595	5,000	765	-	-	-
43622 Compactor	-	-	-	-	660,000	660,000	660,000
43636 Cell #5 Engineer/Construction	-	-	-	12,495	-	-	-
43639 Loader & Attachments	-	-	175,000	175,996	225,000	225,000	225,000
43663 Radio Equipment	4,570	-	-	-	-	-	-
43900 Improv. Other Than Buildings	8,998	-	-	-	-	-	-
43905 Permit Renewal Plan Update	4,045	-	-	-	-	-	-
43906 Gas Utilization Project	-	-	45,000	-	-	-	-
43950 Fence	-	-	-	-	15,000	15,000	15,000
43958 Landfill Cell Engineer/Const.	-	-	-	-	13,500	13,500	13,500
<b>TOTAL CAPITAL OUTLAY</b>	<b>19,383</b>	<b>14,595</b>	<b>362,500</b>	<b>197,731</b>	<b>913,500</b>	<b>913,500</b>	<b>913,500</b>
<b>450 OTHER EXPENDITURES</b>							
45400 Remittance of Revenue	39,453	46,281	45,000	41,664	45,000	45,000	45,000
45700 Depreciation Expense	461,241	421,073	-	-	-	-	-
45702 Landfill Closure/Post Closure Expense	98,885	50,411	50,000	50,000	50,000	50,000	50,000
45711 Other Post Employment Benefits	4,845	4,185	-	-	-	-	-
<b>TOTAL OTHER EXPENDITURES</b>	<b>604,424</b>	<b>521,950</b>	<b>95,000</b>	<b>91,664</b>	<b>95,000</b>	<b>95,000</b>	<b>95,000</b>
<b>TOTAL BUDGET - SOLID WASTE DISPOSAL</b>	<b>1,357,950</b>	<b>1,362,493</b>	<b>1,293,210</b>	<b>1,124,982</b>	<b>1,867,000</b>	<b>1,867,000</b>	<b>1,867,000</b>

605 PUBLIC ENTERPRISE FUND  
 430 PUBLIC WORKS  
 432.45 SOLID WASTE RECYCLING

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	TOTAL FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>410 PERSONAL SERVICES</b>							
41100 Supervision Salary	29,918	34,588	36,000	35,993	36,800	36,800	36,800
41101 Clerical & Oper Salary	117,820	134,951	145,140	145,790	148,200	148,200	148,200
41102 Temporary Salaries	2,320	4,329	3,000	3,000	3,000	3,000	3,000
41109 Overtime Pay	9,818	10,638	12,950	11,943	13,300	13,300	13,300
41200 OASI-Employer Contributions	11,045	12,597	14,250	14,253	14,500	14,500	14,500
41300 Retirement	9,075	10,329	11,650	11,690	12,000	12,000	12,000
41400 Worker's Comp Insurance	5,509	6,458	8,000	7,083	10,800	10,800	10,800
41500 Group Health Insurance	25,784	26,879	31,000	43,201	33,000	33,000	33,000
<b>TOTAL PERSONAL SERVICES</b>	<b>211,289</b>	<b>240,769</b>	<b>261,990</b>	<b>272,953</b>	<b>271,600</b>	<b>271,600</b>	<b>271,600</b>
<b>420 OTHER CURRENT EXPENDITURES</b>							
42104 Insurance Premiums	5,867	4,759	3,850	6,188	6,400	6,400	6,400
42207 Professional Fees	48,749	99	2,000	2,000	2,000	2,000	2,000
42220 Drug/Alcohol Testing	-	55	200	200	200	200	200
42221 E-waste Program	20,538	6,979	25,000	21,000	25,000	25,000	25,000
42501 Equipment Maintenance	12,499	13,869	15,000	15,000	16,000	16,000	16,000
42603 Motor Fuel & Lubricants	36,672	38,450	38,000	38,000	38,000	38,000	38,000
42607 Education & Rec Supplies	5,725	6,731	7,000	7,000	7,000	7,000	7,000
42612 Food	101	13	100	100	100	100	100
42618 Postage	8,013	2,700	4,000	4,000	4,000	4,000	4,000
42627 Safety Supplies	875	454	600	600	600	600	600
42805 Phone-Monthly Service	96	96	100	100	100	100	100
<b>TOTAL OTHER CURRENT EXPENDITURES</b>	<b>139,135</b>	<b>74,205</b>	<b>95,850</b>	<b>94,188</b>	<b>99,400</b>	<b>99,400</b>	<b>99,400</b>
<b>430 CAPITAL OUTLAY</b>							
43611 Dumpsters/Carts	2,040	29,651	-	-	-	-	-
43682 Recycling Containers	14,987	5,380	13,000	8,910	16,900	16,900	16,900
43808 Refuse Truck	-	4,054	-	-	257,000	257,000	257,000
43900 Improv. Other than Buildings	-	-	105,000	-	105,000	105,000	105,000
<b>TOTAL CAPITAL OUTLAY</b>	<b>17,027</b>	<b>39,085</b>	<b>118,000</b>	<b>8,910</b>	<b>378,900</b>	<b>378,900</b>	<b>378,900</b>
<b>TOTAL BUDGET - SOLID WASTE RECYCLING</b>	<b>367,451</b>	<b>354,059</b>	<b>475,840</b>	<b>376,051</b>	<b>749,900</b>	<b>749,900</b>	<b>749,900</b>

RESOLUTION NO. 15-13

WHEREAS, the City desires funding for the construction of landfill Cell #6; and

WHEREAS, the City has been awarded SD Solid Waste Management Grants (SWMG) for these projects;  
and

WHEREAS, the City assures and certifies that all SWMG program requirements will be fulfilled; and

WHEREAS, the City will provide the local matching funds required for the projects;

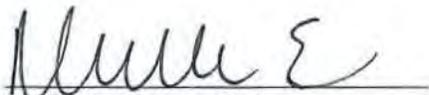
THEREFORE, BE IT RESOLVED, that the City Council authorizes the Mayor to sign any and all required grant application forms, grant agreements, pay requests and any related documents associated with the SWMG.

Dated at Watertown, South Dakota, this 1<sup>st</sup> day of June, 2015.

The above and foregoing Resolution was moved for adoption by Alderperson Albertsen, seconded by Alderperson Mantey, and upon roll call motion carried, whereupon the Mayor declared the resolution to be duly passed and adopted.

I hereby certify that Resolution 15-13 was published in the Watertown Public Opinion, the official newspaper of said City, on the 6<sup>th</sup> day of June, 2015.

Attest:

  
\_\_\_\_\_  
Rochelle Ebbers, CPA  
Finance Officer

City of Watertown

  
\_\_\_\_\_  
Steve Thorson  
Mayor

**Resolution No. 15-04**

**A Resolution amending the Rate Schedule for Users of the Landfill, Refuse, Compost and Recycling System**

**WHEREAS** *Chapter 11.04, Garbage and Rubbish*, of the *Revised Ordinances of the City of Watertown* requires the City Council to set the rates to be charged for the use of the landfill by resolution; and

**WHEREAS** this Council adopted Resolution No. Y-3129 on December 1, 1997, establishing new tipping fees for landfill service; and

**WHEREAS** the rates established by Resolution No. Y-3129 are hereby found to be outdated and in need of adjustment.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Watertown, South Dakota, as follows:

**Section 1.**

The City's landfill rates shall hereafter be as follows:

- (a) The regular residential refuse, compost and recycling user charge for each household or living unit shall be \$10.50 per month.
- (b) The landfill user charge shall be \$37.50 per ton for all material delivered to the Sub-title D pit. Any untarped shall be charged the rate of \$75.00 per ton for Sub-title D delivered material. Three dollars per ton of the Sub-title D user charge shall be allocated to the Landfill Land Acquisition Fund.
- (c) The landfill user charge shall be \$22.00 per ton for material delivered to the compost area, white goods area or tree area. Any untarped load shall be charged the rate of \$44.00 per ton for delivered non Sub-title D material.
- (d) Any delivered Sub-title D materials outside of the established landfill service area shall be subject to an additional charge of \$9.50.
- (e) The landfill user charge shall be \$18.00 per ton for all contaminated soil delivered to the Sub-title D Cell for disposal that is not a hazardous waste. Petroleum contaminated soil (contaminated by diesel fuel, fuel oil, kerosene, jet fuel or gasoline) shall be less than or equal to the Solid Waste permit limit for total petroleum hydrocarbons (TPH). Soil contaminated with pesticides, solvents, transformer oil, motor oil, lubricant, grease, tar or similar materials shall not release any free oil, liquid or solvent and shall not contain polychlorinated biphenyls (PCBs) at or above 50 ppb.

(f) Any asbestos load shall be charged the rate of \$3.00 per pound with a minimum charge of \$200.00. After 100 pounds, the fee shall be \$0.20 per pound based on 10 pound increments. Untarped asbestos loads are not accepted.

These rates shall be effective April 1, 2015.

**Section 2.**

Any resolutions previously adopted by the City Council that conflict with this resolution are hereby expressly repealed.

Dated at Watertown, South Dakota, this 20<sup>th</sup> day of January 2015.

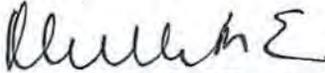
The above and foregoing Resolution was moved for adoption by Alderperson Rieffenberger, seconded by Alderperson Danforth, and upon the roll call motion carried, whereupon the Mayor declared the resolution to be duly passed and adopted.

I hereby certify that Resolution 15-04 was published in the Watertown Public Opinion, the official newspaper of said City, on the 24<sup>th</sup> day of January, 2015.

Rochelle M. Ebbers, CPA

City of Watertown

Attest:



Rochelle M. Ebbers, CPA  
Finance Officer

  
\_\_\_\_\_  
Steve Thorson  
Mayor

## RESOLUTION #2015-12

### Application for DENR Solid Waste Grant

WHEREAS, the Town of Wakonda wishes to purchase a recycling drop-off trailer in order to increase recycling efforts of residents, and

WHEREAS, the South Dakota Department of Environment and Natural resources Solid waste Management Program provides grant funds for such projects

THEREFORE, BE IT RESOLVED, that the Town of Wakonda is submitting a grant application to request funds to assist in the purchase of a recycling drop-off trailer in order to increase recycling efforts of residents and the surrounding area

BE IT FURTHER RESOLVED, that Mayor of Wakonda shall act as signatory for the application, agreements, and pay requests in relation to this project.

Councilor Nelson moved the adoption of the foregoing resolution.

Motion seconded by Councilor Hackett.

Vote of Town Council: Aye 3 Nay 0 .

Upon which voting the resolution was declared passed and adopted.

Dated at Wakonda, South Dakota this 6<sup>th</sup> of July 2015.

\_\_\_\_\_  
Board of County Commissioners  
Clay County, South Dakota

ATTEST:

Steve Mohr  
Steve Mohr  
Mayor



RECEIVED  
JUN - 5 2015  
Division of Financial  
& Technical Assistance

Mayor  
605-882-6200

Municipal Airport  
605-882-6209

Planning & Zoning  
Bldg. Inspection  
605-882-6201

Mt. Hope Cemetery  
605-882-6208

City Attorney  
605-882-6200

Engineering Dept.  
605-882-6202

Finance Office  
605-882-6203  
FAX 605-882-6218

Fire Department  
605-886-4733  
FAX 605-886-0795

Library  
605-882-6220  
FAX 605-882-6221

Park, Rec &  
Forestry Dept.  
605-882-6260  
FAX 605-882-5204

Police Dept.  
605-882-6210  
FAX 605-882-6216

Public Works Dept.  
605-882-6204

Solid Waste Dept.  
605-882-6219

Street Dept.  
605-882-6207

Watertown  
Community  
Recreation Center  
605-882-6250  
FAX 605-882-6254

Wastewater  
Treatment Facility  
605-882-6243  
FAX 605-882-6242

June 4, 2015

Andrew Bruels  
Water & Waste Funding Program  
SD DENR  
523 East Capitol  
Pierre, SD 57501-3182

Re: Watertown Regional Landfill Cell #6 SWMP grant application

Dear Andy:

Attached is the Solid Waste Management Program grant application for the Watertown Regional Landfill Cell #6 construction project. The application is complete with the exception of the previous two years of audited financial statements, which I emailed to you earlier today. Please note that the years submitted are 2012 and 2013, since the 2014 statement is not yet completed. As we discussed, these were sent digitally given the size of the documents.

If you require any additional information, please contact me at your convenience, thank you.

Sincerely,



Michael L. Boerger  
Superintendent of Wastewater & Solid Waste  
Watertown, South Dakota 57201  
605-882-6243  
mboerger@watertownsd.us

## CITY OF WATERTOWN

23 Second St. NE • P.O. Box 910 • Watertown, South Dakota 57201-0910  
FAX 605-882-5214 • Website: www.watertownsd.us

# Application Checklist

## Items that are part of the application

YES   N/A

Application signed by authorized signatory - page 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Professional contacts completed - page 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Budget sheet completed - page 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Proposed method of financing completed - page 4	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicant information completed - pages 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Status of existing SWMP grants or loans completed - page 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Debt pledge by proposed security completed - page 7	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Property tax information completed - page 8	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sales tax information completed - page 9	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Items that must be attached to the application

\*\*All applications must include items in bold

**Note: Proprietary Fund information for government entities is sufficient.**

<b>**Project narrative that includes all applicable information such as detailed scope of the project, engineering reports, or cost estimates.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>**Current year budget with most recent revenue, expenditures reports and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>**Previous two years of unaudited or audited financial statements and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Amortization Schedules for all debt pledged to proposed security	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Local government resolution approving signatory of application, agreements, pay requests, and other required documents as needed for funding	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Local government resolution approving current fee structure for Solid Waste Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cooperative agreement with local government unit	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Letters of financial commitment or support from other federal, state, or local agencies or private resources (letters must contain the specific terms or conditions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### Private for-profit entities only

Business Plan	<input type="checkbox"/>	<input type="checkbox"/>
---------------	--------------------------	--------------------------



## Professional Contacts:

### Application Prepared By: First District

Contact Person: Gregory J. Maag

Mailing Address: PO Box 1207

City, State, and Zip: Watertown, SD 57201

Telephone Number: (605) 882-5115 Fax: (605) 882-5049

Email address: greg@1stdistrict.org

### Consulting Engineering Firm: Houston Engineering Inc.

Contact Person: Dennis McAlpine

Mailing Address: 6901 E. Fish Lake Road, Suite 140

City, State, and Zip: Maple Grove, MN 55369

Telephone Number: (763) 493-4522 Fax: (763) 493-5572

Email address: dmcalpine@houstoneng.com

### Legal Counsel's Firm: Watertown City Attorney

Legal Counsel: Stanton Fox

Mailing Address: PO Box 910

City, State, and Zip: Watertown, SD 57201-0910

Telephone Number: (605) 882-6200 Fax: (605) 882-6218

Email address: sfox@watertownsd.us

### Finance Office: Watertown City Finance Office

Contact Person: Shelly Ebbbers

Mailing Address: PO Box 910

City, State, and Zip: Watertown, SD 57201-0910

Telephone Number: (605) 882-6200 Fax: (605) 882-6218

Email address: sebbbers@watertownsd.us

## BUDGET SHEET

Cost Classification	A SWMP Funds	B Local Funds	C	D	E	Total Funds
1. Administrative Expenses						
A. Personal Services						
B. Travel						
C. Legal						
D. Other						
2. Land, Structure, Right of Way						
3. Engineering						
A. Planning & Design Fees	\$7,311	\$7,311				\$14,622
B. Project Inspection Fees	\$42,747	\$42,747				\$85,494
C. Other	\$650	\$650				\$1,300
4. Construction & Project Improvements	\$427,463	\$427,463				\$854,926
5. Equipment						
6. Contractual Services						
7. Other Soil Testing	\$10,209	\$10,209				\$20,418
8. Other						
9. Subtotal (Lines 1- 8)	\$488,380	\$488,380				\$976,760
10. Contingencies	\$85,056	\$11,620				\$96,676
11. Total (Lines 9 - 10)	\$573,436	\$500,000				\$1,073,436
12. Total Percentage	53.42%	46.58%	0.00%	0.00%	0.00%	

Columns A - E: Identify each funding source and enter the amounts budgeted by cost category.

## Proposed Method of Financing

	Secured Funds	Unsecured Funds	Date
SWMP Funds		\$500,000.00	9/25/2015
Local Cash	\$573,436.00		
Other:			
Other:			
Other:			
<b>Total</b>	<b>\$573,436.00</b>	<b>\$500,000.00</b>	

Interest rate and term you are applying for: \_\_\_\_\_ %, \_\_\_\_\_ years.

What security is being pledged toward the repayment of this loan?

***(Political Subdivisions Only)***

- 1. General Obligation bond (requires bond election)
- 2. Revenue Obligation bond
- 3. Sales Tax Revenue bond

## Other Funds to be Borrowed

	Amount	Rate	Term	Annual Debt Service	Security Pledged for Repayment	**Collateral Position
*Other: N/A		0%				
*Other:		0%				
*Other:		0%				

**\*Please attach copies of commitment letters that contain specific terms and conditions for each source of financing.**

**\*\*Please attach collateral information such as cost, book, and market values.**

Applicant Type Municipality

Fiscal Year Ends December 31

Population Served

Current: 41,000      2010: 41,000      2000: 31,000

Estimated date construction or acquisition will commence: April 15, 2016

Estimated completion or acquisition and installation date: September 15, 2016

\*\*Estimated Useful Life of Project: approximately five years

**\*\*The term of the loan cannot exceed the useful life of project**

**Demographic Area**

Identify and briefly describe the current area that is served and identify any new areas to be served as a result of this project.

The service area boundaries for the Watertown Regional Landfill include all or part of 10 counties in northeastern South Dakota. The counties include Brown, Clark, Codington, Day, Deuel, Grant, Hamlin, Roberts and Spink. The Watertown Regional Landfill serves 36 communities within this service area. It is not anticipated that any new areas will be served as a result of this project.

**Services Provided**

Describe the current services provided and identify any additional service as a result of this project.

The following services are provided by the Watertown Regional Landfill: municipal solid waste disposal; yard waste collection and composting; automated single stream residential recycling collection service; white goods recycling; and tree/branches chipping.

Describe how the services or products provided with this project will assist in promoting the goals of the Solid Waste Management Hierarchy, which are identified on page 4 of the instructions.

The proposed project will advance the State's Solid Waste Management Hierarchy for proper disposal in landfills.

## PROGRAM NARRATIVE STATEMENT

### A. Executive Summary

The City of Watertown is proposing to construct disposal Cell #6 in its landfill facility. The total project costs are estimated to be \$1,073,436. Watertown is requesting \$500,000 of Solid Waste Management Grant funds to assist with the financing of the proposed project. The proposed project is necessary for the continued operation of the Watertown landfill. Therefore, the city has already begun activities to move the project forward to construction. Watertown hired Houston Engineering to complete the final design engineering for the project. Houston Engineer will provide construction engineering for the project. The city is requesting reimbursement for activities already completed for the project. For additional information, please contact Mike Boerger at 605-882-6243 or 605-882-6219.

### B. Project Narrative

**1. Background.** In October of 1991, the U.S. Environmental Protection Agency published the final rules for the Subtitle D regulations that cover solid waste facility design and operation criteria. Subtitle D regulations were designed to protect the public health and the environment, increase public confidence in landfills, and promote recycling and waste minimization. Subtitle D regulations went into effect on October 9, 1993. All landfills receiving municipal solid waste after this date had to comply with Subtitle D regulations. The Watertown landfill is one of fifteen landfills that remained open after the October 9, 1993 deadline. The City of Watertown has spent hundreds of thousands of dollars upgrading the existing landfill facility to comply with new State and Federal solid waste regulations.

**2. Rationale.** As stated previously, the city upgraded its existing facility to meet the Subtitle D regulations. The city also implemented rules and regulations, plus new services to comply with the new State solid waste requirements and help reduce the amount of municipal solid waste being placed in the facility.

The Watertown landfill is currently disposing of solid waste in Cell #5. The landfill needs to begin construction on Cell #6 so that the cell is ready to be used when Cell #5 is determined to be full to grade. Cell #5 is anticipated to reach full to grade in late 2015 or early 2016 based on 2014 disposal quantities. Construction of Cell #6 will allow the facility to continue to dispose of solid waste and create a smooth transition from Cell #5 to Cell #6.

**3. Objectives.** This project has two objectives:

- Construct disposal Cell #6.
- Assist the Watertown regional landfill facility in remaining in compliance with State and Federal solid waste rules, regulations and laws.

**4. Strategies.** The City will address the objectives as follows:

- Acquire the necessary funding to construct the proposed project.
- Hire an engineering firm to perform final design and construction engineering for the construction of Cell #6 including storm water requirements. The city will utilize the competitive bidding process to hire a contractor to construct the new cell and other improvements.
- Construction of disposal Cell #6.

### **C. Eligibility**

This project will advance the State's solid waste management hierarchy for disposal in landfills.

This application is being submitted by the City of Watertown, which is an incorporated municipality, and is therefore eligible for funding under the Solid Waste Management Grant Program.

The proposed project will benefit the public that uses the facility and the local environment by properly and safely disposing of municipal solid waste in a cell designed and constructed to meet Federal and State solid waste requirements.

A detailed work plan, time schedule and provisions for a final report for this project are all included in Section I. *Long Range Planning*, of this narrative statement.

### **D. Need/Problem Identification**

The City of Watertown constructed the necessary improvements to its landfill facility to comply with Federal Subtitle D requirements. The first cell was constructed in 1993. Cell #2 was designed and constructed in 2000-2001. Cell #3 was designed and constructed in 2005. Cell #4 was constructed in 2010. Cell #5 was constructed in 2013. According to the Watertown landfill manager, Cells #1, #2, #3 and #4 are filled to grade with municipal solid waste. Cell #5 is approximately 85% filled to grade. The landfill management also prefers to have some additional disposal space in case the facility needs to take debris caused by an emergency situation such as flood or tornado. The facility received approximately 45,856 tons of municipal solid waste in 2014.

If the new disposal cell is not constructed this year, the landfill's ability to dispose of municipal solid waste maybe disrupted. The planned development and progressive utilization of the permitted Subtitle D disposal area would be disrupted. This would potentially affect the operation of the facility and its ability to provide sustained protection of the environment in compliance with applicable regulations.

#### **E. Benefit/Ability to Solve Identified Problem**

The construction of the proposed new disposal cell will allow the Watertown regional landfill to provide continued services without a disruption. The proposed project will help the facility to continue complying with Federal and State solid waste regulations. The completion of this project will benefit all communities and individuals that utilize the Watertown regional landfill. The project will help protect the local environment.

#### **F. Project Design/Proposed Method of Accomplishment**

The City of Watertown is proposing to design and construct the sixth waste disposal cell at its regional landfill facility. The proposed project includes approximately 152,300 CY of excavation and sub-grade correction; installation of approximately 10,250 SY of geo-composite drainage layer; installation of approximately 26,500 CY of re-compacted soil barrier layer and buffer layer; installation of approximately 13,250 CY of sand drainage layer; installation of de-watering and leachate collection systems infrastructure; removal of old and installation of new fencing; temporary pumping; seeding, mulching and fertilizing of project site plus any other necessary appurtenances to complete this project. The project will utilize the excess material removed during the excavation to construct infrastructure and as cap material for Cells 1, 2, 3, 4, 5 and 6. The new cell construction will help protect the environment and ensure the continued operation of the regional landfill facility benefiting facility customers. The total project costs are estimated to be \$1,073,436. The preliminary engineering report and cost estimates were provided by Houston Engineering Inc.

The city has hired Houston Engineering to complete preliminary engineering and final design engineering. The City anticipates contracting with Houston Engineering for construction engineering for the Cell #6 project. The city will utilize the competitive bidding process to hire a contractor to construct the project.

Watertown has budgeted funds for this project. The funds will be used as a match for the grant funding. The city would like to proceed with the proposed project as soon as possible.

#### **G. Previous Actions/Local Involvement**

The City of Watertown has operated the landfill for many years. The city made improvements to meet Subtitle D requirements. The city and landfill management have implemented several new services to reduce the amount of municipal solid waste being placed in the landfill. The City most recently implemented automated single stream residential recycling collection service. As stated previously, the city hired Houston Engineering to provide engineering services for the project. The need for the proposed project has been discussed at Watertown City Council budget hearings. The City Council has decided the new disposal cell should be constructed. The project has been on the Watertown Capital Improvements Plan for several years, and the City Council has budgeted funds in the Capital Improvements Program for 2016 for the local match for this project.

## H. Persons to Benefit

The primary beneficiaries of the project will be the approximately 41,000 residents in the landfill service area that utilize the facility.

## I. Long Range Planning

**1. Work Plan.** The City of Watertown, with assistance from the First District Association of Local Governments, prepared and submitted a Solid Waste Management Grant application for the proposed project. Local funding for the project has been budgeted in the Capital Improvements Program. Houston Engineering will complete the final design engineering for the project. Construction will begin as soon as weather permits in 2016. The city will provide the SD Department of Environment and Natural Resources (DENR) with a final report.

### 2. Time Schedule.

February 2015	Hired Houston Engineering to provide engineering services for project
August 2015	Complete final design engineering for project
February 2016	Advertise bid for project
March 2016	Award bid for the project
April 2016	Begin project construction
September 2016	Construction on project completed Prepare and submit final report to DENR

**3. Provisions for Final Report.** The city will prepare and submit a final report to DENR detailing the progress of the project.

# MEMO



## External Correspondence

**To:** Mike Boerger  
City of Watertown  
Supt. of Solid Waste

**Date:** May 6, 2015

**Cc:** File

**From:** Dennis McAlpine, P.E. *DMC*  
Bart Schultz, P.E. *BXS*

**Subject:** Cell 6 Construction & Engineering Design  
REVISED

**Project No.:** 7716-008

The purpose of this memorandum is to provide the City of Watertown with a Preliminary Opinion of Probable Construction Costs (POPCC) to complete construction of Cell 6 at the Watertown Regional Landfill facility. Houston Engineering Inc. (HEI) was contracted in the fall of 2013 to provide engineering services to the City of Watertown. These services included engineering design of Cells 5 and 6, support with construction solicitation, and construction management and observation for Cell 5 construction. Cell 5 construction began in the summer 2013 and continued through the fall. Substantial completion of construction activities related to Cell 5 occurred during the summer of 2014.

Concurrent with the development of Cell 5 construction plans, a preliminary set of design plans and project manual were developed for Cell 6. The preliminary design plans and project manual for Cell 6 were not submitted to the South Dakota Department of Environmental and Natural Resources (SD DENR) for review. At that time, it was understood that the preliminary design plans for Cell 6 would be modified to final construction plans with construction activities anticipated for the summer of 2016. This construction schedule is based on historic waste volume utilization forecasts performed by HEI. These forecasts indicate that the below grade airspace for Cell 5 will reach capacity during the fall of 2016. To meet this schedule, HEI has been contracted to modify the Cell 6 preliminary design plans to final design plans for construction. HEI anticipates that solicitation for Cell 6 construction activities will be requested during the winter of 2015.

Cell 6 is located in the northeastern corner of the permitted sub-title D waste limits at the facility. A stormwater culvert currently exists in the southeast area of Cell 6 and penetrates the perimeter berm. The existing culvert facilitates routing of non-contact stormwater from within the permitted waste limits to an adjacent sedimentation basin located near the proposed southern limits of Cell 6. To maintain the existing stormwater routing, as defined in the facility master planning documentation, the southern portion of Cell 6 will need to be shifted slightly northward. In the future when Cell 6 has reached final grades, a letdown structure will be included in the final cover design to route stormwater to the sedimentation basin.

HEI's current design efforts for Cell 6 includes modifications to the southern area to maintain the existing stormwater routing within the waste limits as well as facilitate future stormwater features. This effort will involve updating the facilities existing stormwater master plan.

The following POPCC for Cell 6 is based on the preliminary design plans and HEI's current understanding of the required modifications to Cell 6 to maintain the current stormwater control within the permitted area. The estimated costs identified below are based on average unit prices observed during the solicitation of bids for Cell 5 construction. The various quantities have been revised to reflect the preliminary/modified design for Cell 6.

# MEMO



No.	Item Description	Unit	Estimated Quantity	Unit Price	Extension
1	Mobilization	LS	1	\$31,400.00	\$31,400.00
2	Water for Dust Control	Mgal	1,500	\$3.10	\$4,650.00
3	Salvage Containment Fence	LF	1,124	\$2.83	\$3,176.42
4	Remove Existing Silt Fence	LF	1,500	\$0.64	\$963.00
5	Temporary Pumping	LS	1	\$2,500.00	\$2,500.00
6	Test Pit Excavation	HR	40	\$135.00	\$5,400.00
7	Common Excavation (CV) (P)	CY	150,784	\$1.83	\$275,934.72
8	Subgrade Correction (CV)	CY	1,500	\$2.33	\$3,495.00
9	Geocomposite Drainage Layer	SY	10,246	\$10.80	\$110,656.80
10	Dewatering Trench & Piping	LF	1,079	\$18.35	\$19,799.65
11	Dewatering Pipe Berm Penetration	LF	250	\$30.00	\$7,500.00
12	Leachate Collection Trench	LF	912	\$36.63	\$33,402.91
13	Leachate Sideslope Cleanout w/Support Structure	EA	1	\$1,580.00	\$1,580.00
14	Buffer Layer (In-Place) (P)	CY	3,415	\$2.13	\$7,273.95
15	Re-Compacted Soil Barrier Layer (CV) (P)	CY	23,053	\$1.89	\$43,570.17
16	Sand Drainage Layer (In-Place) (P)	CY	13,234	\$20.96	\$277,411.11
17	Phase Separation Berm	LF	275	\$10.60	\$2,915.00
18	Silt Fence	LF	1,500	\$3.29	\$4,929.00
19	Erosion Control Blanket - Straw	SY	250	\$2.94	\$734.00
20	12" wattles	LF	30	\$8.44	\$253.20
21	Rip-rap (SDDOT Class B)	CY	50	\$47.00	\$2,350.00
22	Install Salvaged Containment Fence	LF	550	\$8.19	\$4,504.50
23	Seeding, Mulch, Fertilizer & Disk Anchoring	AC	8.50	\$1,238.40	\$10,526.40
Construction Costs =					\$854,925.83

Below is a summary of the total costs for Cell 6 construction including the work to refine the Cell 6 design and the anticipated solicitation support, construction management, observation costs and soil testing costs.

Construction Costs =	\$854,925.83
Finalize Engineering Design =	\$14,622.00
Conduct Existing Conditions Survey for use in Final Design =	1,300.00
Anticipated Construction Solicitation, Observation & Management Costs (10%) =	\$85,492.58
Anticipated Cell 6 Soil Testing Costs =	\$20,416.89

Cell 6 Total Cost = \$976,757.30

The above summary does not include any provisions for unforeseen conditions or omissions discovered as the project progresses. We advise the City to consider a 10% (\$96,675.73) addition to the project budget to cover any additional work.



SOLID WASTE EXPENDITURES

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	PROJECTED FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>605 SOLID WASTE</b>							
<b>430 PUBLIC WORKS</b>							
432.30 Solid Waste Collection	696,520	786,213	816,890	717,034	842,450	842,450	842,450
432.40 Solid Waste Disposal	1,357,950	1,362,493	1,293,210	1,124,982	1,867,000	1,867,000	1,867,000
432.45 Solid Waste Recycling	367,451	354,059	475,840	376,051	749,900	749,900	749,900
<b>TOTAL SOLID WASTE</b>	<b>2,421,921</b>	<b>2,502,765</b>	<b>2,585,940</b>	<b>2,218,067</b>	<b>3,459,350</b>	<b>3,459,350</b>	<b>3,459,350</b>

SOLID WASTE REVENUES

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	PROJECTED FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>SOLID WASTE COLLECTION</b>							
<b>360 MISCELLANEOUS REVENUE</b>							
36909 Other Misc. Revenue	248	242	200	609	250	250	250
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>248</b>	<b>242</b>	<b>200</b>	<b>609</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>380 ENTERPRISE OPERATING REVENUE</b>							
38401 Refuse Collection Fees	441,975	452,470	445,000	456,043	453,950	453,950	453,950
38402 Penalty	31,450	32,314	30,000	32,192	30,000	30,000	30,000
<b>TOTAL ENTERPRISE OPERATING REVENUE</b>	<b>473,425</b>	<b>484,784</b>	<b>475,000</b>	<b>488,235</b>	<b>483,950</b>	<b>483,950</b>	<b>483,950</b>
<b>TOTAL SOLID WASTE COLLECTION</b>	<b>473,673</b>	<b>485,026</b>	<b>475,200</b>	<b>488,844</b>	<b>484,200</b>	<b>484,200</b>	<b>484,200</b>
<b>SOLID WASTE DISPOSAL</b>							
<b>320 LICENSES AND PERMITS</b>							
32104 Commercial Hauler Permits	50	-	-	-	-	-	-
<b>TOTAL LICENSES AND PERMITS</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>330 INTERGOVERNMENTAL REVENUE</b>							
33113 FEMA Grant	-	37,768	-	-	-	-	-
33404 Solid Waste Grant	115,223	232,301	296,400	-	-	-	-
33499 Other State Grants	-	4,484	-	-	-	-	-
<b>TOTAL INTERGOVERNMENTAL REVENUE</b>	<b>115,223</b>	<b>274,553</b>	<b>296,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>360 MISCELLANEOUS REVENUE</b>							
36100 Interest Earned	11,005	10,058	8,300	9,183	9,000	9,000	9,000
36401 Sale of Fixed Assets	376	1,107	-	838	-	-	-
36402 Comp. Loss of Fixed Assets	5,000	-	-	-	-	-	-
36909 Other Miscellaneous Revenue	5,380	3,889	-	2,141	-	-	-
36910 Cash Short & Over	(3)	(1)	-	10	-	-	-
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>21,758</b>	<b>15,053</b>	<b>8,300</b>	<b>12,172</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
<b>380 ENTERPRISE OPERATING REVENUE</b>							
38401 Refuse Collection Fees	215,848	220,974	220,000	222,717	221,700	221,700	221,700
38402 Penalty	(2,635)	16,044	15,000	16,229	15,000	15,000	15,000
38403 Individual Tipping Fees	122,316	130,782	110,000	136,946	115,000	115,000	115,000
38404 Commercial Tipping Fees	1,044,606	1,103,540	1,040,000	1,126,660	1,070,000	1,070,000	1,070,000
<b>TOTAL ENTERPRISE OPERATING REVENUE</b>	<b>1,380,135</b>	<b>1,471,440</b>	<b>1,385,000</b>	<b>1,502,552</b>	<b>1,421,700</b>	<b>1,421,700</b>	<b>1,421,700</b>
<b>390 OTHER FINANCING SOURCES</b>							
39101 Sale of General Fixed Assets	-	-	-	-	-	-	-
39107 Capital Contributions	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SOLID WASTE DISPOSAL</b>	<b>1,517,166</b>	<b>1,761,046</b>	<b>1,689,700</b>	<b>1,514,724</b>	<b>1,430,700</b>	<b>1,430,700</b>	<b>1,430,700</b>
<b>SOLID WASTE RECYCLING</b>							
<b>330 INTERGOVERNMENTAL REVENUE</b>							
33404 Solid Waste Grant	114,725	118,075	-	-	-	-	-
<b>TOTAL INTERGOVERNMENTAL REVENUE</b>	<b>114,725</b>	<b>118,075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>360 MISCELLANEOUS REVENUE</b>							
36401 Sale Of Capital Assets	-	-	-	-	-	-	-
36909 Other Misc. Revenue	49,619	29,321	15,000	12,000	15,000	15,000	15,000
<b>TOTAL MISCELLANEOUS REVENUE</b>	<b>49,619</b>	<b>29,321</b>	<b>15,000</b>	<b>12,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>380 ENTERPRISE OPERATING REVENUE</b>							
38401 Refuse Collection Fees	370,026	378,812	370,000	190,869	380,000	380,000	380,000
38402 Penalty	26,330	27,054	26,000	26,556	26,000	26,000	26,000
38410 Sale of Carts	11,512	15,704	2,000	10,996	4,000	4,000	4,000
<b>TOTAL ENTERPRISE OPERATING REVENUE</b>	<b>407,868</b>	<b>421,570</b>	<b>398,000</b>	<b>228,421</b>	<b>410,000</b>	<b>410,000</b>	<b>410,000</b>
<b>TOTAL SOLID WASTE RECYCLING</b>	<b>572,212</b>	<b>568,966</b>	<b>413,000</b>	<b>240,421</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>
<b>TOTAL SOLID WASTE FUND</b>	<b>2,563,051</b>	<b>2,815,038</b>	<b>2,577,900</b>	<b>2,243,989</b>	<b>2,339,900</b>	<b>2,339,900</b>	<b>2,339,900</b>

605 PUBLIC ENTERPRISE FUND  
 430 PUBLIC WORKS  
 432.30 SOLID WASTE COLLECTION

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	TOTAL FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>410 PERSONAL SERVICES</b>							
41100 Supervision Salary	38,766	45,417	47,300	47,226	48,250	48,250	48,250
41101 Clerical & Oper Salary	211,103	232,987	217,710	128,684	222,250	222,250	222,250
41102 Temporary Salaries	-	-	3,200	3,000	-	-	-
41109 Overtime Pay	14,728	15,958	20,000	13,915	20,600	20,600	20,600
41200 OASI-Employer Contributions	18,466	20,097	20,830	19,791	20,900	20,900	20,900
41300 Retirement and Pensions	15,521	17,041	17,100	16,632	17,500	17,500	17,500
41400 Worker's Comp Insurance	8,952	9,941	11,000	11,911	15,900	15,900	15,900
41500 Group Health Insurance	47,069	47,095	49,000	57,693	48,750	48,750	48,750
<b>TOTAL PERSONAL SERVICES</b>	<b>354,605</b>	<b>388,536</b>	<b>386,140</b>	<b>298,852</b>	<b>394,150</b>	<b>394,150</b>	<b>394,150</b>
<b>420 OTHER CURRENT EXPENDITURES</b>							
42104 Insurance Premium	10,508	11,589	17,250	16,833	17,400	17,400	17,400
42200 Expert & Consultant Serv	1,311	874	1,200	1,176	1,200	1,200	1,200
42220 Drug/Alcohol Testing	308	253	400	400	400	400	400
42404 Other Rentals	-	-	1,000	1,000	1,000	1,000	1,000
42501 Equip Maintenance	42,423	47,574	53,000	53,000	53,000	53,000	53,000
42603 Motor Fuel & Lubricants	70,585	76,318	72,000	71,866	74,000	74,000	74,000
42610 Clothing & Materials	194	162	500	428	500	500	500
42612 Food	380	201	600	600	600	600	600
42627 Safety Supplies	676	266	500	500	500	500	500
42701 Travel Exp Personnel	-	497	200	196	300	300	300
42702 Subscr & Membership	1,009	395	600	735	700	700	700
42805 Phone-Monthly Service	144	189	300	300	300	300	300
<b>TOTAL OTHER CURRENT EXPENDITURES</b>	<b>127,538</b>	<b>138,318</b>	<b>147,550</b>	<b>147,034</b>	<b>149,900</b>	<b>149,900</b>	<b>149,900</b>
<b>430 CAPITAL OUTLAY</b>							
43602 Computer Equipment	-	999	-	-	-	-	-
43611 Dumpsters/Carts	-	10,900	37,000	24,948	32,200	32,200	32,200
43804 Pickup	-	-	-	-	39,000	39,000	39,000
43808 Refuse Trucks	277	-	-	-	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>277</b>	<b>11,899</b>	<b>37,000</b>	<b>24,948</b>	<b>71,200</b>	<b>71,200</b>	<b>71,200</b>
<b>490 MISCELLANEOUS</b>							
49000 Focus Watertown Program	40,000	40,000	40,000	40,000	40,000	40,000	40,000
49318 Transfer Out - General Fund	174,100	207,460	206,200	206,200	187,200	187,200	187,200
<b>TOTAL MISCELLANEOUS</b>	<b>214,100</b>	<b>247,460</b>	<b>246,200</b>	<b>246,200</b>	<b>227,200</b>	<b>227,200</b>	<b>227,200</b>
<b>TOTAL BUDGET - SOLID WASTE COLLECTION</b>	<b>696,520</b>	<b>786,213</b>	<b>816,890</b>	<b>717,034</b>	<b>842,450</b>	<b>842,450</b>	<b>842,450</b>

605 PUBLIC ENTERPRISE FUND  
 430 PUBLIC WORKS  
 432.40 SOLID WASTE DISPOSAL

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	TOTAL FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>410 PERSONAL SERVICES</b>							
41100 Supervision Salary	69,403	75,924	66,200	65,756	68,500	68,500	68,500
41101 Clerical & Oper Salary	228,611	249,231	256,900	242,416	255,600	255,600	255,600
41109 Overtime Pay	780	2,937	3,900	3,361	4,000	4,000	4,000
41200 OASI-Employer Contributions	21,656	22,512	23,410	22,353	23,300	23,300	23,300
41300 Retirement & Pensions	17,785	18,584	19,620	18,558	19,700	19,700	19,700
41400 Worker's Comp Insurance	9,504	9,721	16,000	11,362	16,000	16,000	16,000
41500 Group Health Insurance	55,053	51,081	59,000	65,681	63,100	63,100	63,100
41501 Retiree Health Insurance	-	3,667	3,000	4,453	-	-	-
<b>TOTAL PERSONAL SERVICES</b>	<b>402,792</b>	<b>433,657</b>	<b>448,030</b>	<b>433,940</b>	<b>450,200</b>	<b>450,200</b>	<b>450,200</b>
<b>420 OTHER CURRENT EXPENDITURES</b>							
42104 Insurance Premiums	13,748	10,241	5,230	4,606	4,700	4,700	4,700
42207 Professional & Test Fee	24,009	28,003	35,000	30,104	40,000	40,000	40,000
42220 Drug/Alcohol Testing	729	264	800	800	800	800	800
42400 Rent-Machinery & Equipment	10,650	43,211	20,000	20,000	20,000	20,000	20,000
42500 Construction Materials	1,682	3,713	5,000	5,000	5,000	5,000	5,000
42501 Equip Maintenance	77,281	85,749	75,700	106,381	82,000	82,000	82,000
42502 Bldg Maintenance	5,167	13,969	5,200	9,076	9,500	9,500	9,500
42524 Disposal of Hazardous Waste	10,151	11,480	15,000	10,399	15,000	15,000	15,000
42600 Office Supplies	4,757	5,595	5,000	4,990	5,200	5,200	5,200
42603 Motor Fuel & Lubricants	131,088	125,883	136,000	134,000	136,000	136,000	136,000
42607 Education & Rec Supplies	25	405	500	500	500	500	500
42610 Clothing & Material	80	-	500	548	500	500	500
42612 Food	536	498	600	600	600	600	600
42613 Small Tools	2,830	1,096	2,500	2,500	2,500	2,500	2,500
42615 Ag & Hort Supplies	2,598	2,124	2,500	2,500	5,500	5,500	5,500
42617 Cleaning Service	1,720	1,915	2,400	2,400	2,400	2,400	2,400
42618 Postage	1,000	604	700	300	700	700	700
42626 Foam Polymer	19,753	24,247	33,000	24,960	33,000	33,000	33,000
42627 Safety Supplies	1,396	998	1,700	1,700	1,700	1,700	1,700
42701 Travel Exp Personnel	30	497	900	780	900	900	900
42702 Subsc & Membership	1,658	2,191	2,550	3,343	2,900	2,900	2,900
42801 Natural Gas	11,110	18,920	25,000	25,000	25,000	25,000	25,000
42802 Electricity	7,235	8,063	9,000	9,000	11,000	11,000	11,000
42803 Water	586	1,114	1,200	460	1,200	1,200	1,200
42805 Phone-Monthly Service	1,532	1,511	1,700	1,700	1,700	1,700	1,700
<b>TOTAL OTHER CURRENT EXPENDITURES</b>	<b>331,351</b>	<b>392,291</b>	<b>387,680</b>	<b>401,647</b>	<b>408,300</b>	<b>408,300</b>	<b>408,300</b>
<b>430 CAPITAL OUTLAY</b>							
43431 Air Assessment	-	-	30,000	-	-	-	-
43600 Machinery & Equipment	1,770	-	107,500	8,475	-	-	-
43602 Computer Equipment/Software	-	14,595	5,000	765	-	-	-
43622 Compactor	-	-	-	-	660,000	660,000	660,000
43636 Cell #5 Engineer/Construction	-	-	-	12,495	-	-	-
43639 Loader & Attachments	-	-	175,000	175,996	225,000	225,000	225,000
43663 Radio Equipment	4,570	-	-	-	-	-	-
43900 Improv. Other Than Buildings	8,998	-	-	-	-	-	-
43905 Permit Renewal Plan Update	4,045	-	-	-	-	-	-
43906 Gas Utilization Project	-	-	45,000	-	-	-	-
43950 Fence	-	-	-	-	15,000	15,000	15,000
43958 Landfill Cell Engineer/Const.	-	-	-	-	13,500	13,500	13,500
<b>TOTAL CAPITAL OUTLAY</b>	<b>19,383</b>	<b>14,595</b>	<b>362,500</b>	<b>197,731</b>	<b>913,500</b>	<b>913,500</b>	<b>913,500</b>
<b>450 OTHER EXPENDITURES</b>							
45400 Remittance of Revenue	39,453	46,281	45,000	41,664	45,000	45,000	45,000
45700 Depreciation Expense	461,241	421,073	-	-	-	-	-
45702 Landfill Closure/Post Closure Expense	98,885	50,411	50,000	50,000	50,000	50,000	50,000
45711 Other Post Employment Benefits	4,845	4,185	-	-	-	-	-
<b>TOTAL OTHER EXPENDITURES</b>	<b>604,424</b>	<b>521,950</b>	<b>95,000</b>	<b>91,664</b>	<b>95,000</b>	<b>95,000</b>	<b>95,000</b>
<b>TOTAL BUDGET - SOLID WASTE DISPOSAL</b>	<b>1,357,950</b>	<b>1,362,493</b>	<b>1,293,210</b>	<b>1,124,982</b>	<b>1,867,000</b>	<b>1,867,000</b>	<b>1,867,000</b>

605 PUBLIC ENTERPRISE FUND  
 430 PUBLIC WORKS  
 432.45 SOLID WASTE RECYCLING

	ACTUAL FY 12	ACTUAL FY 13	BUDGET FY 14	TOTAL FY 14	REQUEST FY 15	MAYOR'S BUDGET	APPROVED FY 15
<b>410 PERSONAL SERVICES</b>							
41100 Supervision Salary	29,918	34,588	36,000	35,993	36,800	36,800	36,800
41101 Clerical & Oper Salary	117,820	134,951	145,140	145,790	148,200	148,200	148,200
41102 Temporary Salaries	2,320	4,329	3,000	3,000	3,000	3,000	3,000
41109 Overtime Pay	9,818	10,638	12,950	11,943	13,300	13,300	13,300
41200 OASI-Employer Contributions	11,045	12,597	14,250	14,253	14,500	14,500	14,500
41300 Retirement	9,075	10,329	11,650	11,690	12,000	12,000	12,000
41400 Worker's Comp Insurance	5,509	6,458	8,000	7,083	10,800	10,800	10,800
41500 Group Health Insurance	25,784	26,879	31,000	43,201	33,000	33,000	33,000
<b>TOTAL PERSONAL SERVICES</b>	<b>211,289</b>	<b>240,769</b>	<b>261,990</b>	<b>272,953</b>	<b>271,600</b>	<b>271,600</b>	<b>271,600</b>
<b>420 OTHER CURRENT EXPENDITURES</b>							
42104 Insurance Premiums	5,867	4,759	3,850	6,188	6,400	6,400	6,400
42207 Professional Fees	48,749	99	2,000	2,000	2,000	2,000	2,000
42220 Drug/Alcohol Testing	-	55	200	200	200	200	200
42221 E-waste Program	20,538	6,979	25,000	21,000	25,000	25,000	25,000
42501 Equipment Maintenance	12,499	13,869	15,000	15,000	16,000	16,000	16,000
42603 Motor Fuel & Lubricants	36,672	38,450	38,000	38,000	38,000	38,000	38,000
42607 Education & Rec Supplies	5,725	6,731	7,000	7,000	7,000	7,000	7,000
42612 Food	101	13	100	100	100	100	100
42618 Postage	8,013	2,700	4,000	4,000	4,000	4,000	4,000
42627 Safety Supplies	875	454	600	600	600	600	600
42805 Phone-Monthly Service	96	96	100	100	100	100	100
<b>TOTAL OTHER CURRENT EXPENDITURES</b>	<b>139,135</b>	<b>74,205</b>	<b>95,850</b>	<b>94,188</b>	<b>99,400</b>	<b>99,400</b>	<b>99,400</b>
<b>430 CAPITAL OUTLAY</b>							
43611 Dumpsters/Carts	2,040	29,651	-	-	-	-	-
43682 Recycling Containers	14,987	5,380	13,000	8,910	16,900	16,900	16,900
43808 Refuse Truck	-	4,054	-	-	257,000	257,000	257,000
43900 Improv. Other than Buildings	-	-	105,000	-	105,000	105,000	105,000
<b>TOTAL CAPITAL OUTLAY</b>	<b>17,027</b>	<b>39,085</b>	<b>118,000</b>	<b>8,910</b>	<b>378,900</b>	<b>378,900</b>	<b>378,900</b>
<b>TOTAL BUDGET - SOLID WASTE RECYCLING</b>	<b>367,451</b>	<b>354,059</b>	<b>475,840</b>	<b>376,051</b>	<b>749,900</b>	<b>749,900</b>	<b>749,900</b>

RESOLUTION NO. 15-13

WHEREAS, the City desires funding for the construction of landfill Cell #6; and

WHEREAS, the City has been awarded SD Solid Waste Management Grants (SWMG) for these projects; and

WHEREAS, the City assures and certifies that all SWMG program requirements will be fulfilled; and

WHEREAS, the City will provide the local matching funds required for the projects;

THEREFORE, BE IT RESOLVED, that the City Council authorizes the Mayor to sign any and all required grant application forms, grant agreements, pay requests and any related documents associated with the SWMG.

Dated at Watertown, South Dakota, this 1<sup>st</sup> day of June, 2015.

The above and foregoing Resolution was moved for adoption by Alderperson Albertsen, seconded by Alderperson Mantey, and upon roll call motion carried, whereupon the Mayor declared the resolution to be duly passed and adopted.

I hereby certify that Resolution 15-13 was published in the Watertown Public Opinion, the official newspaper of said City, on the 6<sup>th</sup> day of June, 2015.

Attest:



Rochelle Ebbers, CPA  
Finance Officer

City of Watertown



Steve Thorson  
Mayor

**Resolution No. 15-04**

**A Resolution amending the Rate Schedule for Users of the Landfill, Refuse, Compost and Recycling System**

**WHEREAS** *Chapter 11.04, Garbage and Rubbish*, of the *Revised Ordinances of the City of Watertown* requires the City Council to set the rates to be charged for the use of the landfill by resolution; and

**WHEREAS** this Council adopted Resolution No. Y-3129 on December 1, 1997, establishing new tipping fees for landfill service; and

**WHEREAS** the rates established by Resolution No. Y-3129 are hereby found to be outdated and in need of adjustment.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Watertown, South Dakota, as follows:

**Section 1.**

The City's landfill rates shall hereafter be as follows:

- (a) The regular residential refuse, compost and recycling user charge for each household or living unit shall be \$10.50 per month.
- (b) The landfill user charge shall be \$37.50 per ton for all material delivered to the Sub-title D pit. Any untarped shall be charged the rate of \$75.00 per ton for Sub-title D delivered material. Three dollars per ton of the Sub-title D user charge shall be allocated to the Landfill Land Acquisition Fund.
- (c) The landfill user charge shall be \$22.00 per ton for material delivered to the compost area, white goods area or tree area. Any untarped load shall be charged the rate of \$44.00 per ton for delivered non Sub-title D material.
- (d) Any delivered Sub-title D materials outside of the established landfill service area shall be subject to an additional charge of \$9.50.
- (e) The landfill user charge shall be \$18.00 per ton for all contaminated soil delivered to the Sub-title D Cell for disposal that is not a hazardous waste. Petroleum contaminated soil (contaminated by diesel fuel, fuel oil, kerosene, jet fuel or gasoline) shall be less than or equal to the Solid Waste permit limit for total petroleum hydrocarbons (TPH). Soil contaminated with pesticides, solvents, transformer oil, motor oil, lubricant, grease, tar or similar materials shall not release any free oil, liquid or solvent and shall not contain polychlorinated biphenyls (PCBs) at or above 50 ppb.

(f) Any asbestos load shall be charged the rate of \$3.00 per pound with a minimum charge of \$200.00. After 100 pounds, the fee shall be \$0.20 per pound based on 10 pound increments. Untarped asbestos loads are not accepted.

These rates shall be effective April 1, 2015.

**Section 2.**

Any resolutions previously adopted by the City Council that conflict with this resolution are hereby expressly repealed.

Dated at Watertown, South Dakota, this 20<sup>th</sup> day of January 2015.

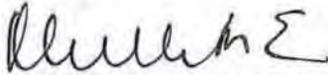
The above and foregoing Resolution was moved for adoption by Alderperson Rieffenberger, seconded by Alderperson Danforth, and upon the roll call motion carried, whereupon the Mayor declared the resolution to be duly passed and adopted.

I hereby certify that Resolution 15-04 was published in the Watertown Public Opinion, the official newspaper of said City, on the 24<sup>th</sup> day of January, 2015.

Rochelle M. Ebbers, CPA

City of Watertown

Attest:



Rochelle M. Ebbers, CPA  
Finance Officer



Steve Thorson  
Mayor

Mayor  
605-882-6200

Municipal Airport  
605-882-6209

Planning & Zoning  
Bldg. Inspection  
605-882-6201

Mt. Hope Cemetery  
605-882-6208

City Attorney  
605-882-6200

Engineering Dept.  
605-882-6202

Finance Office  
605-882-6203  
FAX 605-882-6218

Fire Department  
605-886-4733  
FAX 605-886-0795

Library  
605-882-6220  
FAX 605-882-6221

Park, Rec &  
Forestry Dept.  
605-882-6260  
FAX 605-882-5204

Police Dept.  
605-882-6210  
FAX 605-882-6216

Public Works Dept.  
605-882-6204

Solid Waste Dept.  
605-882-6219

Street Dept.  
605-882-6207

Watertown  
Community  
Recreation Center  
605-882-6250  
FAX 605-882-6254

Wastewater  
Treatment Facility  
605-882-6243  
FAX 605-882-6242

August 17, 2015

Mr. Michael Perkovich  
Program Administrator  
Water and Waste Funding Program  
Joe Foss Building  
523 East Capitol  
Pierre, South Dakota 57501-3182

Dear Mr. Perkovich:

I have enclosed the City's rationale for the current build and fill to grade progression that we are utilizing at our landfill provided by Houston Engineering. If you have any additional questions on this matter feel free to contact Mike Boerger Superintendent of Wastewater and Solid Waste for the City of Watertown or Dennis McAlpine of Houston Engineering Inc. our landfill design engineers.

The City is not requesting a loan at this time as we believe that by adjusting our landfill tipping fees upward as we have in February 2012 and April 2015, that we will have sufficient funds for future cell projects with any amount of grant assistance that may be received for the Cell #6 project.

We believe the current accrual of financial assurance funds is a conservative and proactive approach to ensuring that the City has the necessary funds to close cells available as required by statute.

Thank you for your past assistance, which is greatly appreciated.

Sincerely,

  
Mayor Steve Thorson  
Watertown, South Dakota

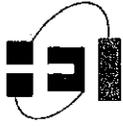
ST/mb

CC: Greg Maag, First District of Local Governments, Watertown  
Dennis McAlpine, Houston Engineering, Inc., Maple Grove, MN  
Rochelle Ebbers, Finance Officer, Watertown  
Mike Boerger, Superintendent of Wastewater & Solid Waste, Watertown

## CITY OF WATERTOWN

23 Second St. NE • P.O. Box 910 • Watertown, South Dakota 57201-0910

FAX 605-882-5214 • Website: [www.watertownsd.us](http://www.watertownsd.us)



Houston Engineering Inc.

Maple Grove Office

763.493.4522

763.493.5572

6901 East Fish Lake Road, Suite 140 Maple Grove MN 55369

August 17, 2015

Mr. Michael A. Perkovich, P.E.  
Water and Waste Funding - Program Manager  
South Dakota Department of Environment and Natural Resources  
523 East Capitol  
Pierre, South Dakota 57501-3182

**Subject: Supporting Documentation for Cell #6 Grant Application from SD DENR Solid Waste Management Program**

Dear Mr. Perkovich,

This letter is being provided in response to the South Dakota Department of Environment and Natural Resources (SD DENR) Solid Waste Management Program's July 27, 2015 request for additional information regarding the Cell #6 grant application. The department is requesting rationale for the facilities waste filling operations and corresponding need to develop additional cells.

The current Subtitle-D landfill facility consists of five (5) operational landfill cells (Cells 1-5). To date, the facility has been constructed and filled to the elevation of the adjacent perimeter access road that surrounds the facility. Operations at the facility includes a filling scheme to accommodate operational controls for litter and stormwater, and to provide access to the active fill areas during all types of weather conditions.

The landfill was designed as a valley-fill facility with a perimeter berm around the entire waste disposal area. The access road is constructed on the perimeter berm which also provides a natural screen from the prevailing winds, thus minimizing the problems with wind-blown litter at the facility. Another feature of the valley-fill is a centrally located leachate collection line with each cell graded to drain to the center of the landfill. Stormwater that is contained within the perimeter access road/berm must be managed and routed to prevent contact with the waste. For operational ease, waste and cover materials are sequenced to provide storm water management away from access points. While below the grade of the perimeter access road/berm storm water is managed in a similar scheme as leachate collection in that stormwater is routed to the center of the landfill. The main stormwater conveyance ditch coincides with the horizontal location of the leachate collection line. The leachate collection line and stormwater ditch are separated vertically by clay fill material. Until all cells are filled to grade, at which time stormwater will be managed above grade and routed to the perimeter of the facility and away from the main leachate collection line, all or portions of this stormwater ditch must be maintained. Filling areas directly adjacent this stormwater ditch, especially vertical fills in Cells 2-5, pose a potential for fouling the collection system if excessive infiltration and associated sediment transport occurs. Filling waste higher in area(s) that drain to the stormwater ditch will route more stormwater and sediment to this area which may in time effect the functionality of the leachate collection system. A functional leachate collection system is crucial to the vitality of a landfill.

Current filling operations have progressed to a point where access from the fill area to the south side of the site is providing challenges from within the waste limits. Access from the waste fill area of Cell 3 to the adjacent undeveloped area along Cell #1 (site of future Cell #7) is susceptible to excessive erosion as result of the grade change. Filling waste grades higher in this area will further limit the accessibility between the developed and undeveloped areas of the landfill.

To alleviate this problem and provide multiple access points into the fill area, Cell #6 will include the construction of two

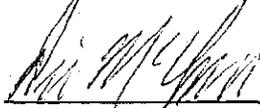
Page 2

(2) dedicated landfill access roads to enter and exit the east side of the cell. These landfill access roads have been designed and located such that they will remain functional until the last cell (future Cell #9) is constructed. The landfill access roads will provide a managed location for crossing the centrally located leachate collection line and stormwater conveyance ditch.

Depending on available waste capacity at the facility during the construction period of Cell #6 (anticipated spring/summer 2016) waste filling operations may transition from existing Cell #5 (current fill area) to resume above grade portions of existing Cell #2. With the completion of Cell #6 including the proposed landfill access roads and the first lift of waste atop the base liner for frost protection, waste filling operations will resume along the western portions of existing Cell #2 above grade. The anticipated waste filling sequence utilizing vertical capacity in existing Cell #2 will provide a wind-break for future operations in Cells 3-6. Waste filling operations in the active cells (cells 2-6) will continue to an elevation where the stormwater within this area can be routed to the perimeter of the facility away from the centrally located stormwater ditch. In addition to the enhanced stormwater controls realized with the aforementioned construction activities, the construction of Cell #6 will provide the operator with the flexibility to place waste in areas both above and below grade as conditions allow.

Throughout the grant application process for the Cell #6 HEI will be available to provide additional clarifications or information as needed. Please contact me at 763.493.4522 with any questions.

Sincerely,  
HOUSTON ENGINEERING, INC.



Dennis McAlpine, PE  
Project Engineer  
dmcalpine@houstoneng.com

CC: Michael Boerger, Superintendent of Wastewater and Solid Waste – City of Watertown  
Shane Waterman, City Engineer – City of Watertown  
Barton Schultz, Senior Project Manager – Houston Engineering, Inc.

# 2013

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT  
CITY OF WATERTOWN, SOUTH DAKOTA**



**January 1, 2013 – December 31, 2013**



**Prepared by THE CITY FINANCE OFFICE  
Rochelle Ebbers, CPA, Finance Officer**



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CITY OF  
WATERTOWN

June 23, 2014

23 Second St. NE  
P.O. Box 910  
Watertown, SD 57201-0910  
www.watertownsd.us

Honorable Steve Thorson, Mayor  
Members of the City Council  
City of Watertown  
Watertown, South Dakota, 57201

I am pleased to submit to you the Comprehensive Annual Financial Report for the City of Watertown, South Dakota, for the fiscal year ended December 31, 2013.

The report was prepared by the City Finance Office in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City management. We believe the data as presented is accurate and reliable in all material respects; is presented in a manner designed to set forth fairly the financial position and results of operations of the City as measured by the financial activities of its various funds; and that disclosures necessary to enable readers to gain an understanding of the City's financial affairs have been included.

Management of the City is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Watertown's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's financial statements have been audited by William Neale & Co., P.C. a firm of certified public accountants authorized by the State of South Dakota to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Watertown for the fiscal year ended December 31, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Watertown's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Watertown was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of the federal awards. These reports are included in this report.

Mayor  
605-882-6200  
Fax: 605-882-5214

Regional Airport  
605-882-6209  
Fax: 605-882-5285

Building Services  
605-882-6201  
Fax: 605-882-5264

Mt. Hope Cemetery  
605-882-6208

City Attorney  
605-882-6200  
Fax: 605-882-5214

Engineering  
& Planning  
605-882-6202  
Fax: 605-882-5264

Finance Office  
605-882-6203  
FAX 605-882-6218

Fire Department  
605-882-5030  
FAX 605-882-5041

Library  
605-882-6220  
FAX 605-882-6221

Park, Rec &  
Forestry Dept.  
605-882-6260  
FAX 605-882-5204

Police Dept.  
605-882-6210  
FAX 605-882-6216

Solid Waste Dept.  
605-882-6219  
Fax: 605-882-6375

Street Dept.  
605-882-6207

Watertown  
Community  
Recreation Center  
605-882-6250  
FAX 605-882-6254

Wastewater  
Treatment Facility  
605-882-6243  
FAX 605-882-6242

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Watertown's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Watertown**

The City of Watertown, incorporated in 1885, is a progressive community that has been able to maintain its small town charm. The City is located in northeast South Dakota, at the crossroads of Interstate 29 and US Highway 212. It is nicknamed "South Dakota's Rising Star", because it is a growing and vibrant community that offers residents and visitors an unparalleled quality of life.

The City government operates under a Home Rule Charter and is aldermanic in form with ten alderpersons and a full-time mayor. The City is divided into five wards with representation on the City Council by two from each ward. The mayor is elected at large. The length of terms for alderpersons and the mayor are four years with elections held in each odd-numbered year. The City Council meets the first Monday of each month in regular session and, in addition, numerous special meetings and work sessions throughout the year. The City Council is responsible for adopting the budget, enacting ordinances, resolutions and regulations governing the City as well as approving the mayor's appointment of members of committees and advisory boards and Department Heads of the City.

The City provides the full range of municipal services normally associated with a municipality. These basic services include public safety, streets, solid waste collection and disposal, planning, culture and recreation, sewer, airport and utility services including water, electric and gas. For financial reporting purposes, all funds involved in providing these services are included based on financial accountability. Financial accountability is determined by several inherent factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. The Housing and Redevelopment Commission is a legally separate authority whose board is appointed by the City Council and reported separately as a component unit within the City of Watertown financial statements.

The annual budget serves as the basis for the City of Watertown's financial planning, development and control. The budget ordinance must be adopted by a majority of the Council members no later than September 30 of each year. Once the budget is approved, the expenditures incorporated within the budget become legally binding and the actual expenditures cannot exceed the budgeted amounts unless amended through a supplemental appropriation ordinance or other permitted means. Even though it is not necessary to make formal appropriations for enterprise funds, an annual budget is developed and published no later than December 31 of each year. Because enterprise fund revenues and expenses fluctuate with changing service and delivery levels, flexible budgets are used for planning, control and evaluation purposes. All appropriations, except for capital expenditures, shall lapse at the close of the fiscal year. Under the Home Rule Charter, an appropriation for capital expenditures shall continue in force until expended, revised or repealed unless three years pass without activity.

Budgetary control is monitored at the function level. All funds budgeted in accordance with state statute are included in the budget-to-actual comparisons, presented on pages as part of the required supplemental information and supplementary information.

### **Factors Affecting Financial Condition**

The information presented in these financial statements is best understood when it is considered from the broader perspective of the environment within which the City of Watertown operates.

## **Economic Conditions and Outlook**

In 2013, the national economy remained stable showing small gains in the recovery process. The local economy has continued to remain steady with General Fund sales tax revenues showing an increase and ended 2013 exceeding budgeted revenues by 11.2%. The original budget anticipated no unassigned fund balance was going to be needed to fill the gap between General Fund anticipated revenues and expenditures. With the sales tax revenues exceeding budgeted levels, the net change in fund balance of \$697,257 was put back into unassigned fund balance to help offset any future recessionary impact. The City continues to have a healthy unassigned fund balance to not only assist in an economic downturn but to accommodate future growth needs of the City. The governing body's past practice of budgeting conservatively will help to ensure there will be adequate unassigned fund balance available in the General Fund to accommodate future needs or economic downturns.

The labor force in Codrington County decreased from 16,265 to 16,250 from December 31, 2012 to December 31, 2013 and the total employment increased from 15,635 to 15,690 individuals for those dates, respectively. Unemployment for Codrington County was at 3.5% which is lower than the national level at year end.

The total number of building permits increased to 521 compared to 516 in 2012. Out of the 521 permits issued in 2013, 103 were for new construction while 418 were for remodel/additions compared to 2012 at 73 and 443 respectively. The value of the work increased in 2013 to \$45,309,940 compared to the 2012 value of \$44,034,425. The increase in new construction permits indicates the strength of the local economy and confidence in its sustainability in future years.

## **Major Initiatives**

Some major capital initiatives started or completed during 2013 are listed below:

**Main Fire Station Remodel** – The construction for the Main Station remodel for the Fire Department which began in 2012 and was completed around October 2013. The main station is centrally located in Uptown Watertown allowing the Fire Department to provide coverage for the majority of City residents. The station was last updated in 1965 and had continuous roofing and heating system repairs. The remodel increased the square footage to allow for more offices, sleeping quarters and storage space. It has also allowed for a drive through bay so large fire trucks don't have to back out of the garage into oncoming traffic. Most of the costs associated with this project were paid from the Capital Improvement Sales Tax Fund using second penny sales tax revenues.

**Children's Zoo and Otter Exhibit** – The expansion of the current Children's Zoo will offer a hands-on experience for children and adults. An addition of an Otter Exhibit increases the number of animals and exhibits available for public viewing. These two projects are expected to increase the number of zoo visitors offering new and exciting sites for all ages. This project is anticipated to be complete by August of 2014 and will be paid from the Capital Improvement Sales Tax Fund using second penny sales tax revenues.

There were two economic development projects completed in 2013. One was to extend Pheasant Ridge Drive within the Pheasant Ridge Industrial Park to accommodate additional businesses within the Park. Additional businesses will help to increase the property tax increment valuation being used to pay off the current Tax Increment Financing loan. The City also had the opportunity to purchase land adjacent to the softball complex and ice arena from a business that was destroyed by fire. The business was torn down and the land will be used for additional parking for those facilities. Both of these projects were paid from the Capital Improvement Sales Tax Fund using second penny sales tax revenues.

## **Long-Term Planning**

The City of Watertown is committed to providing the best services possible at an affordable rate. The Mayor and Department Heads continue to look for new revenue sources to keep up with rising costs associated with the demand for quality services. Some revenue sources identified are billing insurance companies for fire calls and charging for ambulance service provided outside city limits.

In addition to providing affordable services to the public, the City strives to be fiscally responsible for the day-to-day operations within the city departments. There has been increased focus on extending the life of equipment to minimize replacement purchases until the end of the equipment's useful life to ensure current revenue sources can cover expenditures. Since personnel costs make up the largest portion of the operating budgets, there has been an increased focus on ensuring a sustainable revenue source is identified for any additional personnel requests. With the gradual increases in sales tax revenues, ongoing equipment needs and additional personnel will be prioritized and replaced or added based on need.

Another important service is providing sanitary sewer services to the residents of the city. The State Revolving Loan Fund project that constructed a new pump lift station, a new preliminary treatment facility and a new interceptor sewer has replaced the outdated equipment that had been in place for many years. This puts the City in a proactive position for future residential and industrial growth within the community.

The flooding issue that has plagued the City of Watertown along with other communities around the area was not an issue this past year due to another year without any substantial rainfall. The water levels on both Lake Kampeska and the Big Sioux River that runs through the City continued to be well below the full level allowing lake residents the opportunity to make further repairs to their lakeshore property from past flooding events. However, this is an issue that has a constant impact on the community and permanent solutions need to be found along with funding sources to complete this large of a project.

With the continued focus on keeping local dollars in the community versus going out of town or out of state to purchase goods and services, the shop local campaign continues to encourage businesses to promote local products and services encouraging citizens to spend within the community. The \$2 per night room tax collected by the local hotel establishments within the city also allows the Convention and Visitors Bureau to actively promote the facilities enticing various sporting events and conventions to hold their events in Watertown.

## **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Watertown for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the thirty-first consecutive year that the City of Watertown has achieved this prestigious award (fiscal years ended 1982-2012).

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Office staff and with the assistance of the Municipal Utilities Department. I express my sincere and wholehearted appreciation to each and every member of the Finance Office team for their hard work! I would also like to thank your office, Mayor, and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectively submitted,

A handwritten signature in blue ink, appearing to read "Rochelle Ebbers".

Rochelle Ebbers, CPA, CPFO  
Finance Officer



Government Finance Officers Association

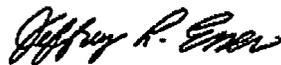
Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Watertown**  
**South Dakota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**



Executive Director/CEO

Municipal Officials

---

<b>Governing Boards</b>	<b>Expires</b>
<b>LIBRARY BOARD</b>	
Judy Trzynka	July, 2014
Dave Weigel	July, 2014
Tom Linngren	July, 2015
Cathy Zubke	July, 2015
Jackie Baxter	July, 2016
Mike Danforth - Liaison	
<b>MUNICIPAL UTILITIES BOARD</b>	
Mike Luken	July, 2014
Wayne Schultz	July, 2015
Ernie Wight	July, 2016
David Strait	July, 2017
Dustin Padgett	July, 2018
Don Roby - Liaison	
<b>PARK &amp; RECREATION BOARD</b>	
Jay Johnson	July, 2014
Pat Shriver	July, 2015
Dennis Murphy	July, 2015
Scott Johnston	July, 2017
Lee Rycraft	July, 2018
Heidi Stoick	July, 2018
Jon Solum - Liaison	
<b>COMMUNITY RECREATION BOARD</b>	
Tom Franken	July, 2014
Lorene Wasland	July, 2014
Bob Weiss	July, 2015
Brian Richter	July, 2015
Mike Petersen	July, 2016
Keith Enstad	July, 2016
Jon McAreavey	no term
Darrell Stacey	no term
Scott Johnston	no term
Mike Danforth - Liaison	
Dan Albersten - Liaison	

Municipal Officials

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**City Elected Officials**

**Expires**

**MAYOR**

Steve Thorson July, 2017

**ALDERPERSONS**

**WARD A**

Mike Danforth July, 2015

Don Roby July, 2017

**WARD B**

Jon Solum July, 2015

Bill Rieffenberger July, 2017

**WARD C**

Alvin Meisenheimer July, 2015

Beth Mantey July, 2017

**WARD D**

Bruce Buhler July, 2015

Randy Tupper July, 2017

**WARD E**

Russ Wilkins July, 2015

Dan Albertsen July, 2017

**City Appointed Officers**

**CITY ATTORNEY**

Stanton Fox

**BUILDING OFFICIAL**

Ken Bucholz

**RECREATION CENTER DIRECTOR**

John Small

**POLICE CHIEF**

Lee McPeck

**CITY ENGINEER**

Tom Drake

**STREET SUPERINTENDENT**

Robin Beynon

**FINANCE OFFICER**

Rochelle Ebbers

**SUPERINTENDENT OF UTILITIES**

Steve Lehner

**FIRE CHIEF**

Doug Kranz

**WASTE WATER/SOLID WASTE SUPERINTENDENT**

Mike Boerger

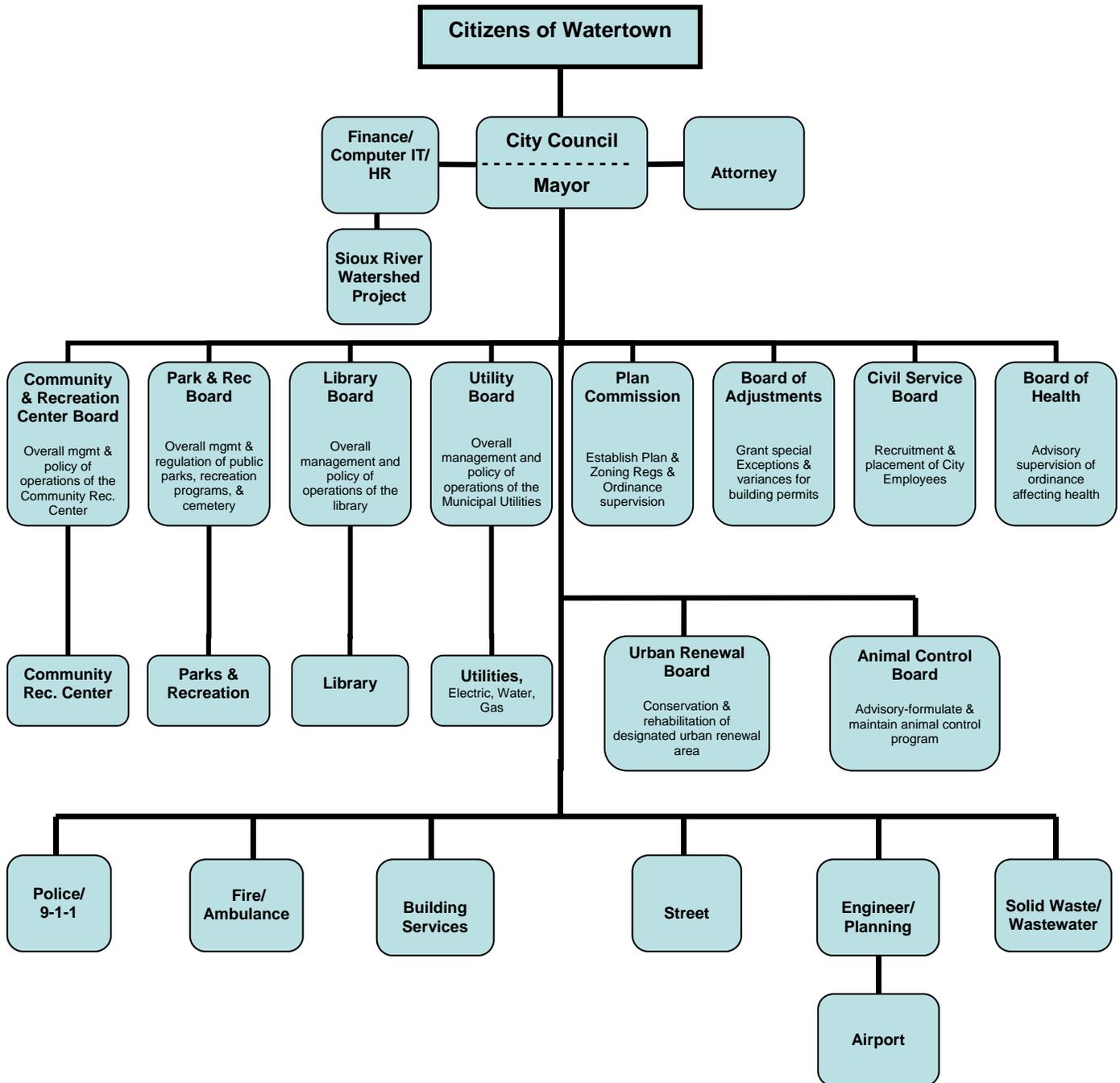
**LIBRARY DIRECTOR**

Michael Mullin

**PARK & RECREATION DIRECTOR**

Terry Jorgenson

Organizational Chart



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# **WILLIAM NEALE & CO., P.C.**

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Watertown, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Watertown, South Dakota (City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Housing and Redevelopment Commission, which represents 100 percent of the assets, net position, and revenues of the component unit column. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Housing and Redevelopment Commission, is based solely on the report of the other auditors. 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 entity'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 entity'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.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Watertown, South Dakota as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## 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, and the Schedule of Funding Progress on pages 16 through 24, 68 through 72, and page 73 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 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, and the schedule of expenditures of federal awards information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*William Neale & Co., P.C.*

Watertown, South Dakota  
June 23, 2014

## Management's Discussion and Analysis

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This discussion and analysis presents an overview of the financial activities and financial position for the City of Watertown (the "City") for the year ended December 31, 2013. Please read and consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and the City's financial statements.

### Financial Highlights

At the close of 2013, total assets of the City exceeded liabilities by \$259 million. This amount is referred to as the City's "net position." Of this net position amount, \$39 million may be used to meet the City's ongoing obligations to citizens and creditors. The \$259 million net position amount is comprised of three major components:



The City's total net position increased during 2013 by approximately \$13.5 million. Of this increase, \$6.4 million occurred within the City's governmental activities and the remaining \$7.1 million increase occurred within the City's business-type activities, or Enterprise Funds. The most significant reason for the increase in the governmental activities reflects the dedicated revenues of the Capital Improvement Fund. The revenues of the Capital Improvement Fund (\$8.0 million) are limited in their use to primarily acquiring or constructing capital assets which are then depreciated over the useful lives of those capital assets. Therefore, revenues generated in the Capital Improvement Fund result in an immediate increase in net position, however, when those revenues are spent, the decrease in net position is not immediate but, rather, is realized over a long period of time as the capital assets are depreciated. Unless and until the annual depreciation expense on those capital assets equals or exceeds those revenues, net position will tend to increase.

An increase in net position in the business-type activities is somewhat analogous to what a private sector business may report as net profit. The most significant factor influencing the \$7.1 million increase in net position within the business-type activities this year is increase in Charges for Goods and Services. Of the \$7.1 million increase in the net position of the business-type activities, \$4.1 million occurred as a result of increases in collections from residential and commercial customers. These increases in charges for services are made from various sources such as sewer collections, residential solid waste collections, commercial solid waste tipping fees, and utility customers both residential and commercial charged for electric, water and gas usage.

As of the close of 2013, the City's Governmental Funds reported combined ending fund balances of \$25.1 million. Of this total amount, \$13.4 million is available for spending at the City's discretion, although only about \$6.6 million is within the City's General Fund and is held as unassigned for any specific purpose. The City's total long-term debt as of December 31, 2013, is \$52.7 million including \$3.7 million that will become due and payable during 2014.

### Overview of 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 fund statements tell how government services like public safety and culture & recreation were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities that the City operates like a business. The City has six proprietary funds – the Sewer Fund, Solid Waste Fund, Airport Fund, Water Fund, Electric Fund and Gas Fund.

## Management's Discussion and Analysis

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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 and enterprise funds, each of which are added together and presented in a single column in the basic financial statements.

**Government-wide financial statements.** The government-wide statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health & welfare, culture & recreation, conservation & development and debt service. The business-type activities of the City include the enterprise activities of the sewer, solid waste, airport, electric, water and gas funds.

The government-wide financial statements include not only the City of Watertown itself (known as the primary government), but also the legally separate Watertown Housing & Redevelopment Authority for which the City is considered to be financially accountable or for which the nature and significance of their relationship with the City is such that the exclusion would cause the City's financial statements to be misleading or incomplete. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the entity's administrative office at 24 W. Kemp Ave, Watertown, South Dakota 57201.

**Fund financial statements.** A fund is a grouping of related accounts that are used to maintain financial control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained 16 individual governmental funds for 2013. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the

Management's Discussion and Analysis

General Fund and Capital Improvement Fund which are considered to be major funds. Data from the other 14 governmental funds are combined into a single aggregated presentation. Fund data for each individual non-major governmental fund is provided in the form of combining statements following the required supplementary information.

The City adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided as required supplementary information for the major governmental funds to demonstrate compliance with this budget. In addition, a budgetary comparison statement has been provided for the non-major governmental funds following the required supplementary information.

**Proprietary funds.** The City maintains one type of proprietary fund: Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Watertown uses enterprise funds to account for its sewer, solid waste, airport, electric, water, and gas funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The sewer, electric, water, gas and airport funds are considered to be major funds. Data from the other enterprise fund is in a single aggregated presentation. Individual fund data for the non-major enterprise fund is provided in the form of combining statements following the required supplementary information.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City's fiduciary funds consist of these three funds: 125 Escrow Agency Fund, Redemption Agency Fund, and the Security Deposit Agency Fund.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the General Fund and each major special revenue fund, and the schedule of funding progress.

The combining statements referred to earlier in connection with non-major governmental funds and the non-major enterprise funds are presented immediately following the required supplementary information.

**Government-wide Financial Analysis**

**Net Position.** As presented on the following table, the City's assets exceeded liabilities by \$259,321,361 at the close of the fiscal year ending December 31, 2013.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and Other Assets	\$ 27,533,918	\$ 28,378,025	\$ 27,374,641	\$ 32,155,735	\$ 54,908,559	\$ 60,533,760
Capital Assets	101,308,649	106,055,831	152,529,638	153,683,359	253,838,287	259,739,190
Total Assets	128,842,567	134,433,856	179,904,279	185,839,094	308,746,846	320,272,950
Long-term Debt Outstanding	18,028,358	17,116,727	36,991,443	35,573,962	55,019,801	52,690,689
Other Liabilities	952,375	1,120,956	5,007,179	5,482,715	5,959,554	6,603,671
Total Liabilities	18,980,733	18,237,683	41,998,622	41,056,677	60,979,355	59,294,360
Total Deferred Inflows of Resources	615,279	595,391	1,319,330	1,061,838	1,934,609	1,657,229
Net Position:						
Net Investment in Capital Assets	85,000,053	90,859,225	117,465,744	120,161,321	202,465,797	211,020,546
Restricted	3,739,347	3,729,910	4,920,074	5,123,610	8,659,421	8,853,520
Unrestricted	20,507,155	21,011,647	14,200,509	18,435,648	34,707,664	39,447,295
Total Net Position	\$ 109,246,555	\$ 115,600,782	\$ 136,586,327	\$ 143,720,579	\$ 245,832,882	\$ 259,321,361

Management's Discussion and Analysis

By far the largest portion (81.4%) of the City's net position is represented by \$211.0 million in investments in capital assets (e.g., land, buildings, infrastructure, 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. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position of \$8.9 million comprises 3.4% of the total net position. These assets are subject to external restrictions on how they may be used.

The remaining balance of \$39.4 million, or 15.2%, in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within unrestricted net position have internally imposed limitations which may further control the purpose for which such net position may be used.

**Changes in net position.** The City's revenues for the year totaled \$79.0 million including more than \$54.8 million from charges for services. This means that 69 cents of every revenue dollar came from charges for services (primarily the business-type funds such as Sewer, Solid Waste, Electric, Water and Gas). Taxes accounted for \$18.7 million of total revenues, or about 24 cents of every revenue dollar.

The City's net position increased by \$13.5 million or 5.5% during the current fiscal year as shown on the following table. This increase is attributable to the stable growth in the community requiring a substantial investment in infrastructure and other assets. More details that account for the change in net position are provided in the following analysis of the governmental and business-type activities.

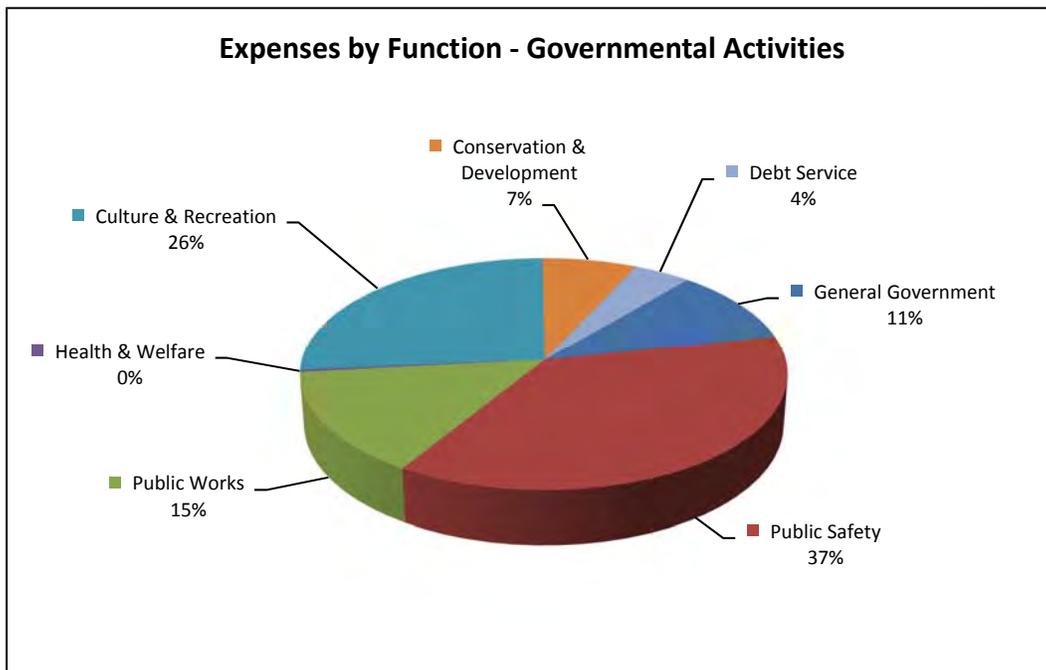
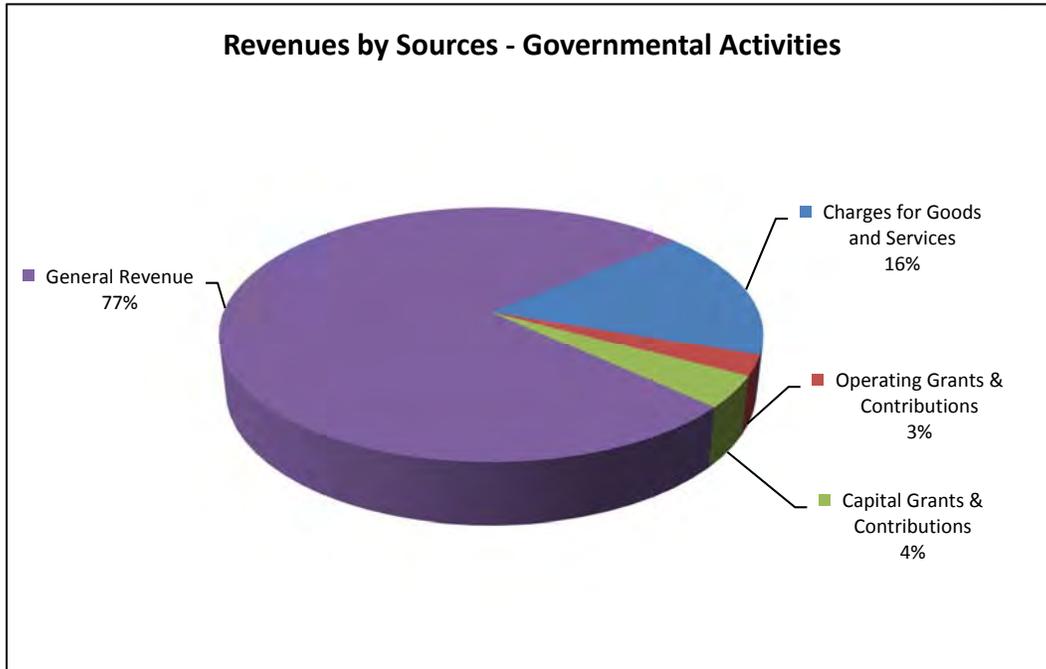
	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,104,286	\$ 4,356,705	\$ 46,450,137	\$ 50,462,573	\$ 50,554,423	\$ 54,819,278
Operating Grants and Contributions	659,139	694,993	179,884	63,628	839,023	758,621
Capital Grants and Contributions	13,877,663	1,057,552	9,274,509	1,801,569	23,152,172	2,859,121
General Revenues:						
Taxes	18,422,895	18,649,735	4,865	6,032	18,427,760	18,655,767
State Shared Revenues	844,462	934,849	-	-	844,462	934,849
Other	645,270	798,747	129,752	191,262	775,022	990,009
Total Revenues	38,553,715	26,492,581	56,039,147	52,525,064	94,592,862	79,017,645
Expenses:						
General Government	2,179,248	2,278,875	-	-	2,179,248	2,278,875
Public Safety	7,607,436	8,014,490	-	-	7,607,436	8,014,490
Public Works	3,045,042	3,127,223	-	-	3,045,042	3,127,223
Health and Welfare	51,181	68,610	-	-	51,181	68,610
Culture and Recreation	5,717,719	5,666,008	-	-	5,717,719	5,666,008
Conservation and Development	937,887	1,511,981	-	-	937,887	1,511,981
Debt Service	1,264,972	923,567	-	-	1,264,972	923,567
Sewer	-	-	3,553,717	3,589,083	3,553,717	3,589,083
Solid Waste	-	-	2,247,821	2,295,305	2,247,821	2,295,305
Airport	-	-	835,405	1,042,696	835,405	1,042,696
Electric	-	-	23,075,668	23,842,210	23,075,668	23,842,210
Water	-	-	5,169,923	4,707,937	5,169,923	4,707,937
Gas	-	-	8,013,641	8,461,181	8,013,641	8,461,181
Total Expenses	20,803,485	21,590,754	42,896,175	43,938,412	63,699,660	65,529,166
Excess (Deficiency) Before Transfers	17,750,230	4,901,827	6,244,935	8,586,652	30,893,202	13,488,479
Transfers	1,807,975	1,452,400	(1,807,975)	(1,452,400)	-	-
Change in Net Position	19,558,205	6,354,227	11,334,997	7,134,252	30,893,202	13,488,479
Net Position - Beginning	89,688,350	109,246,555	125,251,330	136,586,327	214,939,680	245,832,882
Net Position - Ending	\$ 109,246,555	\$ 115,600,782	\$ 136,586,327	\$ 143,720,579	\$ 245,832,882	\$ 259,321,361

Management's Discussion and Analysis

**Governmental Activities**

Governmental activities increased the City's net position by \$6.4 million, accounting for 47.1% of the total growth in the net position of the City. As discussed above, the reason for the majority of this increase is the limitation on the use of current Capital Improvement Fund revenues largely to capital asset acquisition or construction.

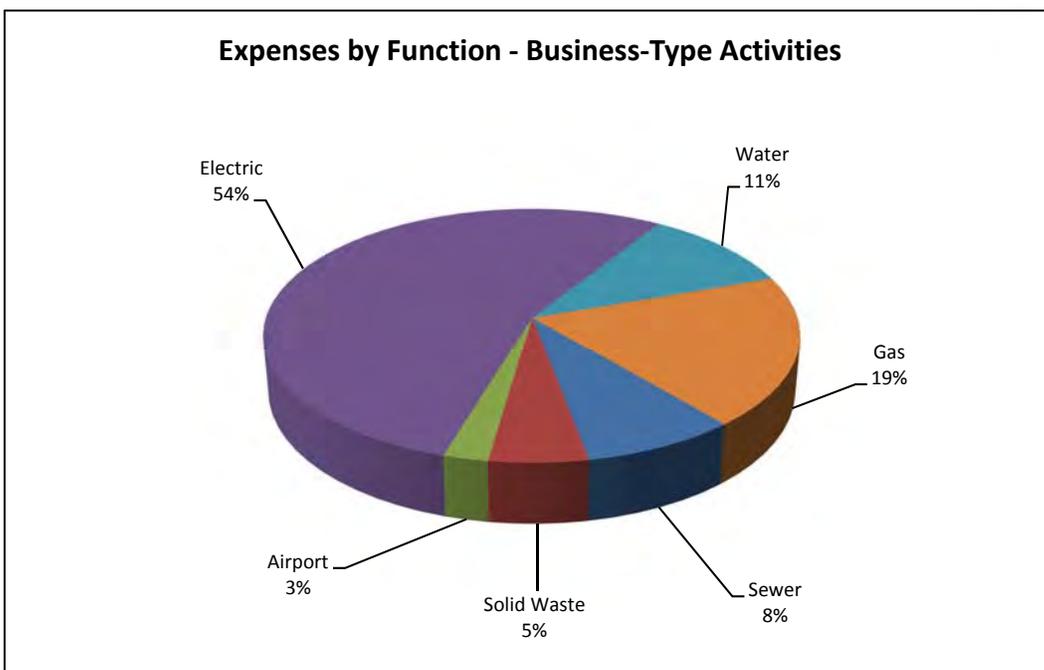
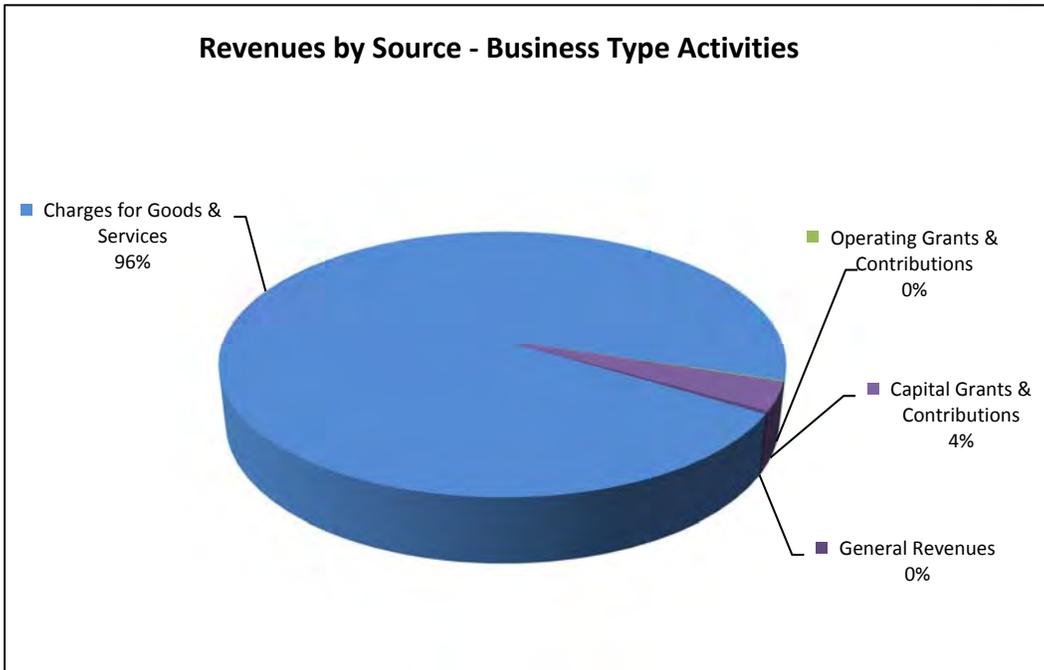
The following charts summarize the revenues and expenses associated with Governmental Activities:



Management's Discussion and Analysis

**Business-Type Activities**

Business-type activities increased the City's net position by \$7.1 million, accounting for 52.9% of the total growth in the City's net position. Key reasons for this increase, as discussed above, include the large operating income of the Electric, Water and Gas Enterprise funds and the capital grants to the Airport Fund. The following charts summarize the revenues and expenses associated with Business-Type Activities:



## Management's Discussion and Analysis

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### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by statute while others are established to assist management in accounting for certain activities.

#### Governmental Funds

The accounting focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing activities and abilities. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2013, the City's governmental funds reported combined fund balance total of \$25.1 million, an increase of \$.6 million, or 2.7% from 2012. Of the total fund balance, the City has internally earmarked \$16.6 million for specific purposes which are reported as assigned for in the fund balances.

**General Fund** – The General Fund is the chief operating fund of the City. The fund balance increased by \$697,257, or about 9.6%, from 2012. Even with a more stable economy allowing sales tax revenues to exceed budgeted projections, interest earnings continue to fall below projected amounts and prior year earnings. As of the end of 2013, \$1.3 million of net position are either nonspendable, restricted, or assigned in the General Fund for future capital outlay or other specified purposes. The unassigned fund balance of \$6.6 million is about 49.9% of 2013 General Fund revenues. The nonspendable, restricted, and assigned amounts will not affect the availability of fund resources for future use.

**Capital Improvement Fund** – The fund balance decreased by \$50,856 or 0.2%. This decrease resulted from several large projects within the Capital Improvement Fund including the Main Fire Station remodel project that was substantially complete in 2013 and the Children's Zoo and Otter Exhibit improvement project started but not yet complete as of the end of 2013. Excess Fund Balance was allocated to partially fund the completion of these projects. As of the end of 2013, there was \$8.4 million of capital outlay accumulation set aside in the Capital Improvement Fund for future capital spending. The reserved amounts will not affect the availability of fund resources for future use.

#### Proprietary Funds

**Sewer Fund** – Net position decreased by \$37,566, or 0.06%, on operating income of \$277,215. The amount of operating income equals approximately 5.2% of operating revenues for this fund. The decrease in net position is attributable to a slight increase in operating expenses.

**Electric, Gas, and Water Funds** – Net position in the Electric, Gas and Water Funds increased by a combined \$6.5 million or 12.9%. This increase resulted from overall strong operating income from electric, gas and water utility services.

**Airport Fund** – Net position increased by \$359,695, or 1.8%. This increase is mostly due to capital contributions of \$1.0 million.

#### General Budgetary Highlights

The final 2013 General Fund expenditure budget reflects an increase to the original budget almost \$438,000, or about 3.4%, with the majority of this increase in the public works functional area. The majority of the increase was in the public works budget due to the special assessment road and alley projects completed in 2013.

Actual General Fund expenditures were about \$286,500, or 2.2%, less than the original budget. The difference between the original budgeted expenditures and actual results was largely due to unspent contingency funds, having a mild winter causing less snow removal budget.

## Management's Discussion and Analysis

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### Capital Asset and Debt Administration

#### Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013, totals \$259,739,190 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, park facilities, roads and other infrastructure assets. The reported investment in capital assets increased during 2013 by \$5.9 million or 2.3%.

Major capital asset events during the 2013 included the following:

- Street system improvements completed - \$.9 million
- Purchase land and bike trail expansion - \$.9 million
- Complete Main Fire Station Remodel - \$2.6 million
- Purchase of a refuse truck, collection containers and Cell #5 - \$.8 million
- Completed FBO Ramp reconstruction & sewer improvements - \$1.0 million

Additional information on the City of Watertown's capital assets can be found in Note 3.I in the notes to the financial statements.

#### Long-term debt

At the end of 2013 the City had total debt outstanding of \$52,690,689 in General Obligation Bonds, Sales Tax Bonds and other long-term obligations. This is a decrease of 4.2% or about \$2.3 million. There was no significant long-term debt activity for the year. The decrease noted above is from the normal pay down of debt principal owing on the long-term debt outstanding.

The City has General Obligation (GO) Bonds backed by the full faith and credit of the City. Principal and interest on these GO Bonds are secured and paid using revenues generated from a special property tax levy. As of December 31, 2013 the GO Bond has an outstanding balance of \$3,800,000.

The City has outstanding \$3,580,000 in Sales Tax Revenue Bonds, Series 2006. The bonds are secured with and paid from the Capital Improvement Fund sales tax revenue. The City does not anticipate the use of any property tax dollars to pay for these bonds. These bonds were used to construct the Regional Library.

The City has outstanding \$3,325,000 in Sales Tax Revenue Bonds, Series 2012, these bonds were the result of refinancing the 2003 and 2004 Sales Tax Revenue Bonds. The bonds are secured with and paid from the Capital Improvement Fund sales tax revenue. The City does not anticipate the use of any property tax dollars to pay for these bonds. These bonds were used to construct storm sewer improvements and the Family Aquatic Center.

Additional information on the City of Watertown's long-term debt can be found in Note 3.J in the notes to the financial statements.

### Economic Outlook and Next Year's Budget

The City adopted the 2013 budget in mid-2012 with the expectation of a stable local economy with an optimistic outlook that the economy would continue to be steady with the potential of slight growth both in the economy and in the City's property tax base. The sales tax revenues reflected moderate growth in the local economy which continues to be at a higher rate than the recovery in the national markets. The City's 2014 sales tax revenue is projected to be 3.8% higher than the 2013 budgeted amount. The trend in retail sales taxes has shown a 4.5% increase over the first few months of 2014 which helps to reiterate the continued strength of the local economy as well as the consumer faith in the sustainability of the current economic conditions. The 2014 General Fund budget was established with the intention of using no fund balance to fund the General Fund expenditures. This reflects the continued improvement in the local retail economy throughout 2013 resulting in improved sales tax revenues. With the continued concern about the stability of the national economy and the uncertainty of several federal policies such as the Obama care reform and federal budgets available for continued grant programs, revenues will be monitored very carefully in the coming budget year to mitigate any financial implications of any negative trends to the overall City budget.

Management's Discussion and Analysis

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Overall, the 2014 budget reflects an increase in planned spending of \$1.9 million, or 5.2%, from the original 2013 budget. This increase in capital expenditures is due to multiple large street projects budgeted for completion in 2014 as well as the purchase of land for the Multipurpose Facility scheduled to begin construction in the spring of 2015. The sales-tax-dependent General Fund budget reflects an increase of \$571,400, or 3.9%. Revenues will continue to be monitored very carefully in the coming budget year to ensure adequate coverage for the planned expenditures without the use of any fund balance.

Growth of the City's property tax base increased in 2013 with an overall increase in the taxable value of real property of \$53.1 million reflecting a \$23.0 million increase from new property placed on the tax rolls and a \$30.1 million increase by virtue of the reappraisal process. This amount represents a net increase in the property tax base of 4.3% with real growth in the tax base from new property of slightly less than 1.9%. As a result of all of these changes and with a slight decrease in the General Fund mill levy from \$2.376 per \$1,000 of value to \$2.373 per \$1,000, General Fund property tax revenues will increase by approximately \$122,000, or about 4.2%. In addition, the special property tax levy used to repay the Event Center GO Bonds will generate approximately \$458,000 in property tax revenues for the Debt Service Fund.

**Requests for Information**

This financial report is designed to provide a comprehensive look at the City of Watertown's financial picture for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, PO Box 910, City of Watertown, Watertown, SD 57201-0910, (605) 882-6203.

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Net Position

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Commission
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 22,345,166	\$ 15,940,898	\$ 38,286,064	\$ -
Non-Pooled Cash and Investments	-	-	-	361,503
Receivables, net	3,505,935	7,377,942	10,883,877	2,050
Due from Other Governments	184,166	1,323,750	1,507,916	-
Inventories	125,240	1,294,046	1,419,286	-
Deposits	330,054	-	330,054	-
Prepaid Expenses	666	109,118	109,784	24,039
Internal Balances	188,251	(188,251)	-	-
Deposit for Flexible Spending	-	11,901	11,901	-
Restricted Pooled Cash and Investments	1,698,547	6,286,331	7,984,878	-
Capital Assets:				
Land and Work in Progress	14,556,003	4,790,093	19,346,096	145,152
Other Capital Assets, Net of Depreciation	91,499,828	148,893,266	240,393,094	735,447
Total assets	<u>134,433,856</u>	<u>185,839,094</u>	<u>320,272,950</u>	<u>1,268,191</u>
<b>LIABILITIES</b>				
Accounts Payable	911,520	4,416,687	5,328,207	8,133
Salaries Payable	-	97,752	97,752	-
Retainage Payable	191,676	19,476	211,152	-
Accrued Interest Payable	17,760	267,515	285,275	-
Customer Deposits	-	681,285	681,285	13,840
Revenues Collected in Advance	-	428,059	428,059	-
Unearned Revenue	595,391	633,779	1,229,170	-
Long-term Liabilities:				
Due within one year	1,591,504	2,078,254	3,669,758	21,494
Due in more than one year	15,525,223	33,495,708	49,020,931	-
Total liabilities	<u>18,833,074</u>	<u>42,118,515</u>	<u>60,951,589</u>	<u>43,467</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	90,859,225	120,161,321	211,020,546	880,599
Restricted for Cemetery Perpetual Care:				
Expendable	6,024	-	6,024	-
Nonexpendable	50,000	-	50,000	-
Restricted for Conservation & Development	426,876	-	426,876	-
Restricted for Culture & Recreation	883,337	-	883,337	-
Restricted for Debt Service	1,885,268	2,758,896	4,644,164	-
Restricted for Public Safety	148,351	-	148,351	-
Restricted for Operation & Maintenance	-	187,849	187,849	-
Restricted for Replacement & Depreciation	-	2,176,865	2,176,865	-
Restricted for Cumulative Reserve Fund	330,054	-	330,054	-
Restricted for Housing Assistance Payments	-	-	-	34,902
Unrestricted	21,011,647	18,435,648	39,447,295	309,223
Total net position	<u>\$ 115,600,782</u>	<u>\$ 143,720,579</u>	<u>\$ 259,321,361</u>	<u>\$ 1,224,724</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental Activities:				
General Government	\$ 2,278,875	\$ 118,522	\$ 354	\$ 2,853
Public Safety	8,014,490	1,594,057	172,596	4,280
Public Works	3,127,223	257,342	143,306	426,036
Health and Welfare	68,610	-	-	-
Culture and Recreation	5,666,008	2,176,508	213,980	585,542
Conservation and Development	1,511,981	210,276	164,757	38,841
Interest on Long-Term Debt	923,567	-	-	-
Total governmental activities	21,590,754	4,356,705	694,993	1,057,552
Business-Type Activities:				
Sewer	3,589,083	3,413,812	19,908	301,799
Solid Waste	2,295,305	2,411,245	42,252	350,376
Airport	1,042,696	143,536	1,468	991,355
Electric	23,842,210	26,671,481	-	137,965
Water	4,707,937	5,323,126	-	7,184
Gas	8,461,181	12,499,373	-	12,890
Total business-type activities	43,938,412	50,462,573	63,628	1,801,569
Total primary government	65,529,166	54,819,278	758,621	2,859,121
<b>Component units:</b>				
Watertown Housing and Redev.	1,166,835	274,114	854,883	-
Total Component Units	\$ 1,166,835	\$ 274,114	\$ 854,883	\$ -

General revenues:  
 Taxes  
   Property Taxes  
   Sales and Use Taxes  
   Other Taxes  
 State Shared Revenues  
 Interest Earned  
 Other Miscellaneous  
 Sale of Capital Assets

Transfers

Total general revenues & transfers  
 Change in net position

Net position - beginning  
 Net position - ending

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Activities (continued)

Net(Expense) Revenue and Changes in Net Position			Component Unit Housing and Redevelopment Commission
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (2,157,146)	\$ -	\$ (2,157,146)	\$ -
(6,243,557)	-	(6,243,557)	-
(2,300,539)	-	(2,300,539)	-
(68,610)	-	(68,610)	-
(2,689,978)	-	(2,689,978)	-
(1,098,107)	-	(1,098,107)	-
(923,567)	-	(923,567)	-
<u>(15,481,504)</u>	<u>-</u>	<u>(15,481,504)</u>	<u>-</u>
-	146,436	146,436	-
-	508,568	508,568	-
-	93,663	93,663	-
-	2,967,236	2,967,236	-
-	622,373	622,373	-
-	4,051,082	4,051,082	-
-	8,389,358	8,389,358	-
<u>(15,481,504)</u>	<u>8,389,358</u>	<u>(7,092,146)</u>	<u>-</u>
-	-	-	(37,838)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,838)</u>
3,839,601	-	3,839,601	-
14,435,880	-	14,435,880	-
374,254	6,032	380,286	-
934,849	-	934,849	-
495,797	132,601	628,398	918
297,966	-	297,966	8,923
4,984	58,661	63,645	-
<u>1,452,400</u>	<u>(1,452,400)</u>	<u>-</u>	<u>-</u>
<u>21,835,731</u>	<u>(1,255,106)</u>	<u>20,580,625</u>	<u>9,841</u>
<u>6,354,227</u>	<u>7,134,252</u>	<u>13,488,479</u>	<u>(27,997)</u>
<u>109,246,555</u>	<u>136,586,327</u>	<u>245,832,882</u>	<u>1,252,721</u>
<u>\$ 115,600,782</u>	<u>\$ 143,720,579</u>	<u>\$ 259,321,361</u>	<u>\$ 1,224,724</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Balance Sheet - Governmental Funds

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 6,133,763	\$ 14,285,926	\$ 1,925,477	\$ 22,345,166
Property Taxes Receivable	39,645	-	6,135	45,780
Sales Tax Receivable	742,587	740,714	70,278	1,553,579
Accounts Receivable	231,420	-	77,152	308,572
Special Assessments Receivable	354,054	237,939	1,213	593,206
Interest Receivable	4,301	12,605	1,529	18,435
Loans Receivable	-	800,131	103,432	903,563
Leases Receivable	-	4,800	78,000	82,800
Due From Other Funds	1,182,578	-	-	1,182,578
Due From Other Governments	160,884	-	23,282	184,166
Inventory	93,545	-	31,695	125,240
Prepaid Items	-	-	666	666
Deposits	330,054	-	-	330,054
Advance To Other Fund	-	5,478,601	-	5,478,601
Restricted Assets:				
Pooled Cash and Investments	70,415	1,607,477	20,655	1,698,547
Total assets	<u>9,343,246</u>	<u>23,168,193</u>	<u>2,339,514</u>	<u>34,850,953</u>
<b>LIABILITIES</b>				
Accounts Payable	347,969	395,491	168,060	911,520
Retainage Payable	-	191,676	-	191,676
Advance From Other Fund	-	-	6,472,928	6,472,928
Total liabilities	<u>347,969</u>	<u>587,167</u>	<u>6,640,988</u>	<u>7,576,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	1,059,080	910,806	180,552	2,150,438
Total Deferred Inflows of Resources	<u>1,059,080</u>	<u>910,806</u>	<u>180,552</u>	<u>2,150,438</u>
<b>FUND BALANCES</b>				
Nonspendable for:				
Inventory	93,545	-	31,695	125,240
Cemetery Perpetual Care	50,000	-	-	50,000
Advances	-	5,478,601	-	5,478,601
Restricted for:				
Debt Service	-	1,607,477	277,791	1,885,268
BBB Sales Tax	-	-	169,394	169,394
Big Sioux River Project	-	-	201,925	201,925
E-911 Services	-	-	148,351	148,351
Library	-	-	406,331	406,331
Urban Renewal Loans	-	-	20,655	20,655
Cable TV Security	14,391	-	-	14,391
Cemetery Perpetual Care	6,024	-	-	6,024
Casualty Reserve	-	-	40,763	40,763
Assigned for:				
Capital Outlay	844,842	8,415,839	106,333	9,367,014
Cumulative Reserve Fund	330,054	-	-	330,054
Park Development	-	-	90,881	90,881
Golf Course	-	-	47,099	47,099
Zoo Improvements	-	-	7,942	7,942
Other Purposes	-	6,168,303	397,352	6,565,655
Unassigned:	6,597,341	-	(6,428,538)	168,803
Total fund balances	<u>7,936,197</u>	<u>21,670,220</u>	<u>(4,482,026)</u>	<u>25,124,391</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,343,246</u>	<u>\$ 23,168,193</u>	<u>\$ 2,339,514</u>	<u>\$ 34,850,953</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Fund balances of governmental funds \$ 25,124,391

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	132,951,644	
Accumulated Depreciation	<u>(26,895,813)</u>	106,055,831

Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds.

GO Bonds	(3,800,000)	
2006 Revenue Bonds	(3,580,000)	
2012 Revenue Bonds	(3,325,000)	
SRF Loan #6 - CW	(944,595)	
SRF Loan #6 - NPS	(88,824)	
SRF Loan #8 - CW	(420,779)	
SRF Loan #8 - NPS	(47,081)	
SRF Loan #10 - CW	(2,431,100)	
SRF Loan #11 - CW	(181,515)	
Fire Truck Lease Payable	(292,331)	
Golf Cart Lease Payable	(85,381)	
Accrued Interest Payable	(17,760)	
Other Post Employment Benefits	(259,074)	
Compensated Absences	<u>(1,661,047)</u>	(17,134,487)

Assets such as interest receivable, sales tax and special assessments receivables are not available to pay for current period expenditures and therefore are deferred in the funds.

Interest Receivable	18,435	
Franchise Fees	37,213	
E-911 Surcharges	45,112	
Grants	6,660	
General Sales and Use Tax	<u>1,368,225</u>	1,555,047

Net Position of governmental activities \$ 115,600,782

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Tax Revenue				
Property	\$ 2,943,326	\$ -	\$ 896,275	\$ 3,839,601
Sales	6,842,601	6,835,289	710,825	14,388,715
Other Taxes	367,650	-	-	367,650
Licenses and Permits	259,051	-	-	259,051
Intergovernmental	1,269,391	303,908	187,870	1,761,169
Charges for Goods and Services	1,174,393	-	2,498,974	3,673,367
Fines and Forfeits	37,415	-	17,451	54,866
Interest Revenue	19,687	472,835	7,289	499,811
Rentals	-	-	128,819	128,819
Special Assessments	112,331	78,634	50,507	241,472
Donations/Contributions	4,280	261,634	235,552	501,466
Miscellaneous	200,752	36,112	61,102	297,966
Total revenues	<u>13,230,877</u>	<u>7,988,412</u>	<u>4,794,664</u>	<u>26,013,953</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,835,609	-	472,993	2,308,602
Public Safety	6,536,379	1,311,270	749,681	8,597,330
Public Works	2,775,652	1,582,603	-	4,358,255
Health and Welfare	68,610	-	-	68,610
Culture and Recreation	987,791	2,603,516	4,509,355	8,100,662
Conservation and Development	294,232	886,059	304,481	1,484,772
Debt Service	-	1,135,820	900,582	2,036,402
Total expenditures	<u>12,498,273</u>	<u>7,519,268</u>	<u>6,937,092</u>	<u>26,954,633</u>
Excess (deficiency) of revenues over expenditures	<u>732,604</u>	<u>469,144</u>	<u>(2,142,428)</u>	<u>(940,680)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	127,253	-	10,841	138,094
Transfers Out	(1,785,000)	(520,000)	(58,000)	(2,363,000)
Transfers In	1,622,400	-	2,193,000	3,815,400
Total other financing sources (uses)	<u>(35,347)</u>	<u>(520,000)</u>	<u>2,145,841</u>	<u>1,590,494</u>
Net Change in Fund Balances	697,257	(50,856)	3,413	649,814
Fund balances -- beginning	7,238,940	21,721,076	(4,485,439)	24,474,577
Fund balances -- ending	<u>\$ 7,936,197</u>	<u>\$ 21,670,220</u>	<u>\$ (4,482,026)</u>	<u>\$ 25,124,391</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities

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Net change in fund balances --total governmental funds \$ 649,814

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the Statement of Activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Expenditure for Capital Assets	6,429,535	
Less Current Depreciation	<u>(2,018,389)</u>	4,411,146

In the statement of activities, the loss on disposal of assets and transfer of assets are reported, whereas in the governmental funds, the disposal of capital assets and transfer of assets are not reflected.

(91,942)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Donated capital assets	426,036	
Gain on transfer of capital assets	2,853	
Loss on trade of capital assets	(911)	
Changes in deferred revenue:		
Interest	(4,014)	
Special Assessments	(870)	
Sales Taxes	47,165	
Franchise Fees	5,784	
E-911 Surcharges	820	
Grants	<u>(4,130)</u>	472,733

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Repayment of Bond Principal	<u>1,111,990</u>	1,111,990
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Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.

(153,440)

Governmental funds do not reflect the change in Other Post Employment Benefits (OPEB), but the statement of activities reflects the change in OPEB through expenditures.

(46,919)

Expenses in the Statement of Activities that do not require current financial resources and are not reported in the fund financial statements:

Change in Accrued Interest Payable		845
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Change in net position of governmental activities		<u><u>\$ 6,354,227</u></u>
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**The notes to the financial statements are an integral part of this statement.**

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Net Position - Proprietary Funds

	Sewer Fund	Electric Fund	Water Fund
<b>ASSETS</b>			
Current assets:			
Pooled Cash and Investments	\$ 1,978,808	\$ 7,619,243	\$ 79,451
Accounts Receivable	298,343	2,299,609	367,988
Unbilled Accounts Receivable	-	790,739	142,776
Interest Receivable	3,486	6,468	-
Leases Receivable	-	-	-
Due From Other Funds	-	-	-
Due From Other Governments	-	-	-
Advance To Other Fund	994,327	-	-
Inventory	166,342	532,340	309,918
Prepaid Expense	-	7,887	24,294
Deposit for Flexible Spending	-	11,901	-
Restricted Pooled Cash and Investments	2,642,070	681,285	2,481,540
Total Current assets:	<u>6,083,376</u>	<u>11,949,472</u>	<u>3,405,967</u>
Noncurrent assets:			
Land	1,764,321	350,253	510,669
Buildings and Structures	35,918,047	6,660,511	22,314,484
Furniture Equipment Machinery	1,282,320	1,469,475	395,553
Improvements Other Than Buildings	47,555,836	35,657,027	28,050,277
Intangible Property	-	-	-
Construction in Progress	577,528	1,169,484	24,856
Accumulated Depreciation	(22,914,117)	(27,645,892)	(13,883,141)
Accumulated Amortization	-	(26,456)	(12,649)
Total Noncurrent assets:	<u>64,183,935</u>	<u>17,634,402</u>	<u>37,400,049</u>
Total assets	<u>70,267,311</u>	<u>29,583,874</u>	<u>40,806,016</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	84,559	2,380,176	181,063
Salaries Payable	-	43,766	29,003
Retainage Payable	14,759	-	-
Revenues Collected in Advance	-	178,819	30,179
Due to Other Funds	-	1,855	4,700,000
Loans Payable	741,756	-	973,933
Accrued Interest Payable	94,391	-	173,124
Accrued Vacation and Sick Leave	41,475	124,329	80,133
Customer Deposits	-	681,285	-
Unearned Revenue	-	-	-
Total Current liabilities:	<u>976,940</u>	<u>3,410,230</u>	<u>6,167,435</u>
Noncurrent liabilities:			
Accrued Vacation and Sick Leave	124,425	372,988	240,400
Other Post Employment Benefits	21,135	35,121	17,561
Closure/Post Closure Liability	-	-	-
Loans Payable	11,472,680	-	20,333,669
Total Noncurrent liabilities:	<u>11,618,240</u>	<u>408,109</u>	<u>20,591,630</u>
Total liabilities	<u>12,595,180</u>	<u>3,818,339</u>	<u>26,759,065</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	51,969,498	17,634,402	16,092,448
Restricted for SRF O&M	187,849	-	-
Restricted for SRF R&D	2,176,865	-	-
Restricted for Debt Service	277,356	-	2,481,540
Unrestricted	3,060,563	8,131,133	(4,527,037)
Total net position	<u>\$ 57,672,131</u>	<u>\$ 25,765,535</u>	<u>\$ 14,046,951</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Net Position - Proprietary Funds (continued)

Gas Fund		Airport Fund		Other Proprietary Funds		Total Proprietary Funds	
\$	3,857,533	\$	-	\$	2,405,863	\$	15,940,898
	1,889,644		2,846		246,413		5,104,843
	686,824		-		-		1,620,339
	6,732		-		2,295		18,981
	-		633,779		-		633,779
	4,700,000		-		1,855		4,701,855
	-		1,091,449		232,301		1,323,750
	-		-		-		994,327
	210,363		38,699		36,384		1,294,046
	76,937		-		-		109,118
	-		-		-		11,901
	-		-		481,436		6,286,331
	<u>11,428,033</u>		<u>1,766,773</u>		<u>3,406,547</u>		<u>38,040,168</u>
	43,861		268,561		38,174		2,975,839
	1,020,717		1,720,395		993,472		68,627,626
	619,799		2,869,017		4,844,669		11,480,833
	15,580,054		23,500,821		3,828,222		154,172,237
	470,654		-		-		470,654
	18,440		-		23,946		1,814,254
	(9,877,631)		(7,758,353)		(3,517,264)		(85,596,398)
	(222,581)		-		-		(261,686)
	<u>7,653,313</u>		<u>20,600,441</u>		<u>6,211,219</u>		<u>153,683,359</u>
	<u>19,081,346</u>		<u>22,367,214</u>		<u>9,617,766</u>		<u>191,723,527</u>
	1,464,827		70,270		209,019		4,389,914
	24,983		-		-		97,752
	-		4,717		26,773		46,249
	219,061		-		-		428,059
	-		1,182,578		-		5,884,433
	-		-		-		1,715,689
	-		-		-		267,515
	76,365		4,663		35,600		362,565
	-		-		-		681,285
	-		633,779		-		633,779
	<u>1,785,236</u>		<u>1,896,007</u>		<u>271,392</u>		<u>14,507,240</u>
	229,094		13,988		106,800		1,087,695
	17,560		4,224		24,627		120,228
	-		-		481,436		481,436
	-		-		-		31,806,349
	<u>246,654</u>		<u>18,212</u>		<u>612,863</u>		<u>33,495,708</u>
	<u>2,031,890</u>		<u>1,914,219</u>		<u>884,255</u>		<u>48,002,948</u>
	7,653,313		20,600,441		6,211,219		120,161,321
	-		-		-		187,849
	-		-		-		2,176,865
	-		-		-		2,758,896
	9,396,143		(147,446)		2,522,292		18,435,648
\$	<u>17,049,456</u>	\$	<u>20,452,995</u>	\$	<u>8,733,511</u>	\$	<u>143,720,579</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Water Fund</u>
<b>OPERATING REVENUES</b>			
Charges for Goods and Services	\$ 1,990,756	\$ 26,481,534	\$ 2,831,261
Miscellaneous	10,423	149,661	202,992
Rentals	-	40,286	196,763
Revenue Dedicated to Servicing Debt	1,412,633	-	2,092,110
Total operating revenues	<u>3,413,812</u>	<u>26,671,481</u>	<u>5,323,126</u>
<b>OPERATING EXPENSES</b>			
Personal Services	970,401	-	-
Supplies	119,955	-	-
Utilities	255,532	-	-
Other Charges	324,207	-	-
Production	-	19,336,548	1,318,653
Distribution	-	1,929,205	806,049
Transmission	-	3,013	-
Accounts and Commercial	-	631,546	291,123
Administrative and General	-	397,584	220,397
Other Miscellaneous Expense	-	28,882	15,927
Depreciation	1,471,502	1,503,942	1,346,217
Amortization	-	11,490	5,505
Total operating expenses	<u>3,141,597</u>	<u>23,842,210</u>	<u>4,003,871</u>
Operating Income (Loss)	<u>272,215</u>	<u>2,829,271</u>	<u>1,319,255</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Tax Revenue	-	-	-
Intergovernmental	19,908	-	-
Interest Revenue	81,427	19,733	-
Interest Expense	(387,486)	-	(704,066)
Contributions	(60,000)	-	-
Gain(Loss) on Disposition of Capital Assets	1,111	-	-
Total nonoperating revenues (expenses)	<u>(345,040)</u>	<u>19,733</u>	<u>(704,066)</u>
Income (loss) before contributions and transfers	(72,825)	2,849,004	615,189
Transfers In	-	-	-
Transfers Out	(266,540)	(689,040)	(90,000)
Capital Contributions	301,799	137,965	7,184
Change in net position	<u>(37,566)</u>	<u>2,297,929</u>	<u>532,373</u>
Total net position -- beginning	57,709,697	23,467,606	13,514,578
Total net position -- ending	<u>\$ 57,672,131</u>	<u>\$ 25,765,535</u>	<u>\$ 14,046,951</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds(continued)

Gas Fund	Airport Fund	Other Proprietary Funds	Total Proprietary Funds
\$ 12,475,733	\$ 12,421	\$ 2,377,793	\$ 46,169,498
21,705	88	33,452	418,321
1,935	131,027	-	370,011
-	-	-	3,504,743
<u>12,499,373</u>	<u>143,536</u>	<u>2,411,245</u>	<u>50,462,573</u>
-	215,829	1,067,147	2,253,377
-	46,462	288,661	455,078
-	40,233	29,893	325,658
-	174,207	448,531	946,945
6,213,014	-	-	26,868,215
984,752	-	-	3,720,006
-	-	-	3,013
391,190	-	-	1,313,859
199,325	-	-	817,306
11,044	-	-	55,853
642,869	565,965	421,073	5,951,568
18,987	-	-	35,982
<u>8,461,181</u>	<u>1,042,696</u>	<u>2,255,305</u>	<u>42,746,860</u>
<u>4,038,192</u>	<u>(899,160)</u>	<u>155,940</u>	<u>7,715,713</u>
-	6,032	-	6,032
-	1,468	42,252	63,628
21,383	-	10,058	132,601
-	-	-	(1,091,552)
-	-	(40,000)	(100,000)
56,443	-	1,107	58,661
<u>77,826</u>	<u>7,500</u>	<u>13,417</u>	<u>(930,630)</u>
4,116,018	(891,660)	169,357	6,785,083
-	260,000	-	260,000
(459,360)	-	(207,460)	(1,712,400)
12,890	991,355	350,376	1,801,569
<u>3,669,548</u>	<u>359,695</u>	<u>312,273</u>	<u>7,134,252</u>
<u>13,379,908</u>	<u>20,093,300</u>	<u>8,421,238</u>	<u>136,586,327</u>
<u>\$ 17,049,456</u>	<u>\$ 20,452,995</u>	<u>\$ 8,733,511</u>	<u>\$ 143,720,579</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statement of Cash Flows - Proprietary Funds

	<u>Sewer Fund</u>	<u>Electric Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Receipts from Customer Including Deposits	\$ 3,404,822	\$ 26,349,230
Cash Receipts for Interfund Services Provided	19,630	1,239,873
Payments to Suppliers	(422,615)	(19,193,843)
Payments to Employees	(962,523)	(2,559,920)
Payments for Interfund Services Used	(251,448)	(38,979)
Other Operating Cash Receipts	10,423	-
Other Payments	-	(1,392,657)
Net cash provided (used) by operating activities	<u>1,798,289</u>	<u>4,403,704</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Interfund Loans	-	-
Repayments of Interfund Loans	-	-
Tax Revenue	-	-
Intergovernmental Revenue	14,576	-
Contribution	(60,000)	-
Transfers Out	(266,540)	(689,040)
Transfers In	-	-
Net cash provided (used) by noncapital financing activities	<u>(311,964)</u>	<u>(689,040)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(477,454)	(1,671,236)
Interest payments on SRF Loan	(393,518)	-
Proceeds from SRF Loan	122,288	-
Capital Contribution	-	137,965
Principal payments on SRF Loan	(714,757)	-
Capital Grant	-	-
Retirement Work in Progress	-	(165)
Proceeds from sales of capital assets	1,111	-
Net cash provided (used) by capital and related financing activities	<u>(1,462,330)</u>	<u>(1,533,436)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	16,216	18,231
Net cash provided by investing activities	<u>16,216</u>	<u>18,231</u>
Net increase (decrease) in cash and cash equivalents	40,211	2,199,459
Pooled Cash and Investments - beginning of year	4,580,667	6,101,069
Pooled Cash and Investments - end of year	4,620,878	8,300,528
Less Restricted Pooled Cash and Investments	(2,642,070)	(681,285)
Pooled Cash and Investments Per Balance Sheet	<u>\$ 1,978,808</u>	<u>\$ 7,619,243</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 272,215	\$ 2,829,271
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,471,502	1,515,432
Changes in assets and Liabilities:		
Accounts Payable - Other	22,988	208,823
Accounts Payable	-	223,407
Customer Receivables	21,063	(270,836)
Inventory	2,643	(62,491)
Other Operating Receivables	-	(47,775)
Other Post Employment Benefits	3,170	1,644
Closure/Post closure costs	-	-
Salaries & Benefits Payable	4,708	6,229
Net Cash provided (used) by operating activities	<u>\$ 1,798,289</u>	<u>\$ 4,403,704</u>
Noncash Investing, Capital, and Financing Activities:		
Contributions of Capital Assets	\$ 301,799	\$ -

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

City of Watertown  
 Comprehensive Annual Financial Report  
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Statement of Cash Flows - Proprietary Funds (continued)

Water Fund		Gas Fund		Airport Fund		Other Proprietary Funds		Total Proprietary Funds	
\$	5,212,877	\$	11,738,401	\$	145,222	\$	2,234,118	\$	49,084,670
	464,000		325,894		-		-		2,049,397
	(1,020,894)		(5,787,743)		(444,883)		(801,782)		(27,671,760)
	(1,445,551)		(1,393,698)		(218,605)		(1,041,822)		(7,622,119)
	(485,671)		(13,957)		-		-		(790,055)
	-		-		88		33,452		43,963
	(1,411)		(613,074)		-		-		(2,007,142)
	<u>2,723,350</u>		<u>4,255,823</u>		<u>(518,178)</u>		<u>423,966</u>		<u>13,086,954</u>
	4,700,000		(4,700,000)		683,559		-		683,559
	(3,300,000)		3,300,000		-		-		-
	-		-		6,031		-		6,031
	-		-		-		-		14,576
	-		-		-		(40,000)		(100,000)
	(90,000)		(459,360)		-		(207,460)		(1,712,400)
	-		-		260,000		-		260,000
	<u>1,310,000</u>		<u>(1,859,360)</u>		<u>949,590</u>		<u>(247,460)</u>		<u>(848,234)</u>
	(2,451,069)		(440,710)		(995,494)		(831,413)		(6,867,376)
	(711,727)		-		-		-		(1,105,245)
	-		-		-		-		122,288
	7,184		12,890		-		-		158,039
	(942,913)		-		-		-		(1,657,670)
	-		-		564,082		392,628		956,710
	(258)		(411)		-		-		(834)
	-		56,442		-		1,107		58,660
	<u>(4,098,783)</u>		<u>(371,789)</u>		<u>(431,412)</u>		<u>(437,678)</u>		<u>(8,335,428)</u>
	-		18,881		-		10,695		64,023
	-		18,881		-		10,695		64,023
	(65,433)		2,043,555		-		(250,477)		3,967,315
	2,626,424		1,813,978		-		3,137,776		18,259,914
	2,560,991		3,857,533		-		2,887,299		22,227,229
	(2,481,540)		-		-		(481,436)		(6,286,331)
\$	<u>79,451</u>	\$	<u>3,857,533</u>	\$	<u>-</u>	\$	<u>2,405,863</u>	\$	<u>15,940,898</u>
\$	1,319,255	\$	4,038,192	\$	(899,160)	\$	155,940	\$	7,715,713
	1,351,722		661,856		565,965		421,073		5,987,550
	-		-		-		228		232,039
	(31,437)		292,402		(171,971)		(104,153)		208,248
	78,378		(533,401)		1,774		(24,310)		(727,332)
	(7,851)		16,114		(12,010)		18,816		(44,779)
	(17,955)		(232,412)		-		(119,364)		(417,506)
	822		821		507		50,411		57,375
	-		-		-		4,185		4,185
	30,416		12,251		(3,283)		21,140		71,461
\$	<u>2,723,350</u>	\$	<u>4,255,823</u>	\$	<u>(518,178)</u>	\$	<u>423,966</u>	\$	<u>13,086,954</u>
\$	-	\$	-	\$	-	\$	-	\$	301,799

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

City of Watertown  
Comprehensive Annual Financial Report  
Year Ended December 31, 2013

Statement of Net Position - Fiduciary Funds

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	<b>Agency Funds</b>
	<hr/>
<b>ASSETS</b>	
Pooled Cash and Investments	\$ 89,361
Interest Receivable	23
Total Assets	<hr/> 89,384 <hr/>
<b>LIABILITIES</b>	
Due to Others	89,384
Total Liabilities	<hr/> 89,384 <hr/>

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

Notes to the Financial Statements

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**NOTE 1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City of Watertown is a municipal corporation governed by an elected ten member City Council. An elected mayor presides at the Council meetings and votes only in the case of a tie. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable or for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is separate from the City.

Discretely Presented Component Unit: The Housing and Redevelopment Commission of the City of Watertown, South Dakota, is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the City Council, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other employees. The City Council, though, retains the statutory authority to approve, deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the City Council the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the entity's administrative office at 24 W. Kemp Ave, Watertown, South Dakota 57201.

**B. Basis of Presentation**

The basic financial statements are prepared in conformity with GASB Statement No. 34 and presented on both the government-wide and fund financial level. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions the City has changed accounting policies. This important new standard has left the total amount reported as fund balance unchanged, but has altered the categories and terminology.

With the implementation of GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position the City has changed accounting policies. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, Elements of Financial Statements.

With the implementation of GASB Statement No. 65 Items Previously Reported as Assets and Liabilities the City has changed accounting policies. This statement provides guidance for proper classification of previously reported assets and liabilities in accordance with Concepts Statement No. 4, Elements of Financial Statements.

*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 and discretely presented component units. 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. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.A., above, and may be classified as either governmental or business-type activities.

## Notes to the Financial Statements

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The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City'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 for 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 City 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 City (General Fund) or it meets the following criteria:

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

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

### **Governmental Funds:**

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

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

*Debt Service Funds* – debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

### **Proprietary Funds:**

*Enterprise Funds* – enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

### **Fiduciary Funds:**

*Agency Funds* – agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds maintained by the City include the Security Deposit Fund, Redemption Fund, and Section 125 Escrow Fund.

Notes to the Financial Statements

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*Security Deposit Fund* is used to account for the collection and return or forfeiture of surety coverage receipts required by the City for items such as contract performance.

*Redemption Fund* is used to account for collection of and remittance to contractors holding special assessment certificates for various improvements.

*Section 125 Escrow Fund* is used to account for the employee's contributions and disbursement of Section 125 Flexible Spending Accounts.

The City reports the following major governmental funds:

The *General Fund* is the government's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue sources include taxes, licenses and permits, intergovernmental revenue, charges for goods and services, fines and forfeits, and miscellaneous revenue. In addition to general government, primary expenditures include public safety, public works, health and welfare, culture and recreation and conservation and development.

The *Capital Improvement Fund* accounts for the capital improvement projects and debt service funded by the second penny City sales tax.

*Other Governmental Funds* is a summarization of all of the non-major governmental funds. These include additional special revenue and debt service funds.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the government's sanitary sewer collection and treatment operations and storm water management system.

The *Electric Fund* accounts for the activities of the government's electric distribution operations.

The *Water Fund* accounts for the activities of the government's water distribution operations.

The *Gas Fund* accounts for the activities of the government's natural gas distribution operations.

The *Airport Fund* accounts for the activities of the government's airport operations.

*Other Proprietary Funds* is a summarization of all of the non-major proprietary funds. This includes the Solid Waste 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 transactions are recorded, regardless of the measurement focus.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues and expenditures are recorded when they occur regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency funds have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

## Notes to the Financial Statements

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Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes that have become due and payable, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating expenses of the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then, unrestricted resources as they are needed. Resources restricted to a greater degree are utilized before resources having lesser restrictions.

### **D. Interfund Eliminations and Reclassifications:**

*Government-wide Financial Statements:* In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which, if any, are presented as Internal Balances.

*Fund Financial Statements:* Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a nonspendable fund balance account which indicates that they do not constitute "available spendable resources" since they are not a component of net current position. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

### **E. Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, alleys, sewer lines and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost ranging from \$5,000 to \$50,000, depending on the type of asset and an estimated useful life of one year or longer.

Notes to the Financial Statements

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All land and land rights are considered capital assets regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with accounting principles generally accepted in the United States. For capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with accounting principles generally accepted in the United States. There was no interest capitalized in the proprietary funds for 2013.

Depreciation of all exhaustible capital assets is charged as an allocated expense against operations in the government-wide financial statements and in the proprietary fund financial statements. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Structures	25-50
Furniture and Equipment	10
Machinery and Automotive	5-10
Other Capital Assets	20-50

Governmental activities capital assets and related depreciation expenses are only reported in the Governmental Activities columns on the government-wide financial statements. Because their measurement focus is on "current financial resources," capital assets and related depreciation expenses are not recorded in the governmental fund financial statements. In the governmental fund financial statements, capital asset acquisitions are reported as expenditures in the appropriate function.

**F. Program Revenues:**

Program revenues derive directly from the program itself or from parties other than the City'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.

**G. Proprietary Funds Revenue and Expense Classifications:**

In the proprietary funds Statement of Revenues, Expenses, and Changes in 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 or expenses.

Notes to the Financial Statements

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**H. Assets, Liabilities, and Net Position or Equity**

*Cash and Cash Equivalents:* Cash and cash equivalents include currency on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are included as part of the Pooled Cash and Investments.

The City pools its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. Also, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows. A pooled cash & investments account is maintained for all City funds. Interest earnings are allocated to those funds that have an average positive balance in their cash account pursuant to the City's formal investment policy.

*Receivables and Payables:* Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. current interfund loans) or "advances to/from other funds" (i.e. non-current interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by the nonspendable fund balance account in the applicable governmental funds to indicate they are not available for appropriation and are not available spendable financial resources.

*Restricted Assets and Restricted Net Position:* Assets and net position whose use is restricted for construction, debt service, or the payment of specific claims and benefits have been classified as restricted assets and restricted net position as their use is limited by bond covenant or other externally imposed requirements.

*Inventories and Prepaid Items:* Inventories of supplies for all funds, except the Electric, Water, and Gas, are recorded at cost using the first-in, first-out (FIFO) method. Inventories of supplies for the Electric, Water, and Gas are recorded at cost using the average cost method. The cost of inventory is recognized as an expense in the governmental fund financial statements as well as in the business-type fund and government-wide financial statements when used (consumption method). The inventories reported in the governmental fund financial statements are off-set by a nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Compensated Absences:* It is the City's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits. The accumulation of unused vacation and comp time is limited based upon employee classification. Upon separation, the City will reimburse the employee for accumulated vacation time not to exceed established maximums and comp time pursuant to federal regulations. The amount of unused sick leave accumulation is not limited and a portion is recognized as a long-term liability. Upon retirement, the City reimburses eligible employees a portion of the unused sick leave. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

*Unavailable Revenue:* As sources of revenue become measurable, even though not currently available, they are generally recorded as receivable and unavailable revenue in governmental funds. When the sources of revenue become available for use, they are recognized as revenue.

*Long-Term Obligations:* In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

## Notes to the Financial Statements

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### *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 positions 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 positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements: Fund balance is displayed in five components based on the spending constraints placed on them. The following classifications describe the spending constraints:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form (such as inventory) or (b) legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts restricted that are either (a) externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed Fund Balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the entity’s governing board.
4. Assigned Fund Balance – amounts that are constrained by the government’s “intent” to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
5. Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts reported only in the General Fund.

Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds do not have fund equity.

*Net Position/Fund Balances:* It is the City’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The City will first use restricted fund balance, committed fund balance will be considered next and assigned fund balance third when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used like assigned or unassigned.

*Accounting Estimates:* The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Notes to the Financial Statements

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**NOTE 2. Stewardship, Compliance, and Accountability**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The City incurred no material violations of finance related legal contractual provisions.

**B. Net Position/Fund Balance Deficits**

As of December 31, 2013, the following funds have deficit fund balances in the amount shown:

Tax Increment Financing 1 Fund	\$ (1,992,143)
Tax Increment Financing 2 Fund	\$ (1,188,252)
Tax Increment Financing 3 Fund	\$ (219,695)
Tax Increment Financing 5 Fund	\$ (2,216,891)
Tax Increment Financing 6 Fund	\$ (811,557)

**NOTE 3. Detailed Notes on All Funds**

**A. Deposits and Investments**

The City maintains a pooled cash portfolio that is used by all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle fund monies while ensuring that the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved. This pool is governed by an investment policy established by the City Council. Management of the City's investment pool is the responsibility of the City Finance Officer. The pool consists of checking accounts, savings accounts and certificates of deposit with original maturities of up to 24 months all of which are stated at fair value. Fund equity in the pool is shown as Pooled Cash and Investments in all financial statements. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

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

Investments – In general, SDCL 4-5-6 permits Municipality funds to be invested 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.

The City has an adopted investment policy, conforming to all applicable laws of the State of South Dakota, which serves as the guide to the deposit and investment of operating funds which are managed within the City's pooled cash portfolio. This policy sets forth the City's investment objectives as well as authorized and suitable deposits and investments, maturity constraints, internal controls, and performance measures. The foremost objective of the City's investment program as set forth by the investment policy is safety of principal. Investment decisions are made under the assumption that, except under limited circumstances, all investments within the pooled cash portfolio will be held to maturity.

## Notes to the Financial Statements

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*Credit Risk:* State law limits eligible investments for the City as discussed above. The City's investment policy follows State Law and does not further limit investment choices. As of December 31, 2013, the City did not have any investments.

*Custodial Credit Risk:* The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

*Concentration of credit risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. Currently, there are no investments that are subject to this risk.

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy has been to establish a maturity schedule that has investments maturing in a "laddered" fashion with only a small amount of the total portfolio being reinvested each month. This technique reduces the risk that all or most of the investments will mature and be reinvested at a time of relatively low interest rates.

### **Component Unit**

The Housing and Redevelopment Commission falls under the same requirements of South Dakota Statutes as the City's governmental and business-type funds in regards to permitted deposits and investments. The Commission has no further investment policy as to interest, credit, or concentration risk. As of December, 31, 2013, the deposits of the Authority were fully insured or collateralized as required by SDCL 4-6A, and the non-pooled cash and investments consist of checking, savings and certificates of deposits.

### **B. Property Tax**

Real property tax levies are established on or before October 1 of each year. Taxes are recorded as receivable, levied, and attached as an enforceable lien on property as of January 1 of each year. Taxes are payable in two installments on or before April 30 and October 31 of that year. The County bills and collects the City taxes and remits collections to the City. No accrual for the property tax levy becoming due in January of 2014 is included in the accompanying financial statements, since such taxes become due and payable on January 1, 2014, and are levied to finance expenditures budgeted for the subsequent period.

The City is permitted by State Statute to levy an increase of no more than the lesser of three percent or the index factor, as defined in the statutes, over the amount of revenue receivable from real property taxes in the preceding year, excluding the amount levied pursuant to an affirmative two-thirds vote of the governing body. After applying the index factor, the City may increase the revenue from real property taxes above the limitations by the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of property separately classified and subject to statutory adjustments and reductions, only if assessed the same as property of equal value. Property tax revenue may also be increased for the scheduled payment increases on bonded indebtedness incurred prior to December 31, 1995, and for a levy directed by the order of a court for the purpose of paying a judgment against the City.

The combined tax rate to finance municipal services including principal and interest on long-term debt for the year ended December 31, 2013 was \$2.73 per \$1,000 of taxable valuation.

Notes to the Financial Statements

**C. Receivables**

Receivables for the City's individual major funds, aggregate nonmajor funds, and fiduciary funds including the applicable allowances for uncollectible accounts are as follows at December 31, 2013:

	<b>Interest</b>	<b>Taxes</b>	<b>Accounts</b>	<b>Special Assessments</b>	<b>Loans</b>	<b>Leases</b>	<b>Unbilled Accounts</b>	<b>Total</b>
<b>General Fund</b>	\$ 4,301	\$ 782,232	\$ 231,420	\$ 354,054	\$ -	\$ -	\$ -	\$ 1,372,007
<b>Capital Improvement</b>	12,605	740,714	-	237,939	800,131	4,800	-	1,796,189
<b>Sewer</b>	3,486	-	298,343	-	-	-	-	301,829
<b>Electric</b>	6,468	-	2,299,609	-	-	-	790,739	3,096,816
<b>Water</b>	-	-	367,988	-	-	-	142,776	510,764
<b>Gas</b>	6,732	-	1,889,644	-	-	-	686,824	2,583,200
<b>Airport</b>	-	-	2,846	-	-	633,779	-	636,625
<b>Nonmajor and Other</b>	3,824	76,413	323,565	1,213	103,432	78,000	-	586,447
	<u>\$ 37,416</u>	<u>\$ 1,599,359</u>	<u>\$5,413,415</u>	<u>\$ 593,206</u>	<u>\$ 903,563</u>	<u>\$ 716,579</u>	<u>\$1,620,339</u>	<u>\$10,883,877</u>

Electric, Water, and Gas are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to electric sales	\$ 21,302
Uncollectibles related to water sales	3,056
Uncollectibles related to gas sales	<u>17,369</u>
<b>Total uncollectibles of the current fiscal year</b>	<b>\$ 41,727</b>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Interest receivable (general fund)	\$ 4,301
Interest receivable (special revenue funds)	13,842
Interest receivable (debt service fund)	292
Sales tax receivable (general fund)	656,852
Sales tax receivable (special revenue funds)	711,373
Special assessments not yet due (general fund)	354,054
Special assessments not yet due (special revenue funds)	237,939
Accounts receivable - Franchise Fees (general fund)	37,213
Accounts receivable - E-911 surcharges (special revenue funds)	45,112
Due from other governments (general fund)	6,660
Leases Receivable - (special revenue funds)	<u>82,800</u>
<b>Total</b>	<b>\$ 2,150,438</b>

Notes to the Financial Statements

**D. Due From Other Governments**

Amounts due from other governments include the following at December 31, 2013:

	Due from Federal	Due from State	Total
<b>Primary Government:</b>			
<b>Governmental Activities</b>			
General Fund	\$ 26,679	\$ 134,205	\$ 160,884
E-911 Fund	-	12,697	12,697
Sioux River Watershed Fund	10,585	-	10,585
Total Governmental Activities	37,264	146,902	184,166
<b>Business-Type Activities</b>			
<b>Enterprise Funds</b>			
Solid Waste	-	232,301	232,301
Airport	1,014,717	76,732	1,091,449
Total Business-Type Activities	1,014,717	309,033	1,323,750
<b>Total</b>	<b>\$ 1,051,981</b>	<b>\$ 455,935</b>	<b>\$ 1,507,916</b>

**E. Interfund Receivables and Payables**

Interfund receivables and payables result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Interfund receivables and payables do not include advances which are discussed below. The composition of interfund balances as of December 31, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 1,182,578
Gas Fund	Water Fund	4,700,000
Solid Waste Fund	Electric Fund	1,855

**F. Interfund Transfers**

Transfers are budgeted to subsidize the operations of the fund receiving the transfer. Interfund transfers for the year ended December 31, 2013 were as follows:

	General Fund	Nonmajor Governmental Funds	Airport Fund	Total
<b>Transfers Out</b>				
General Fund	\$ -	\$ 1,685,000	\$ 100,000	\$ 1,785,000
Capital Improvement Fund	-	360,000	160,000	520,000
Sewer Fund	266,540	-	-	266,540
Electric Fund	689,040	-	-	689,040
Gas Fund	459,360	-	-	459,360
Water Fund	-	90,000	-	90,000
Nonmajor Governmental Funds	-	58,000	-	58,000
Nonmajor Business-Type Funds	207,460	-	-	207,460
	<b>\$ 1,622,400</b>	<b>\$ 2,193,000</b>	<b>\$ 260,000</b>	<b>\$ 4,075,400</b>

Notes to the Financial Statements

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**G. Advances**

The City made an inter-fund loan in 2004 from the Capital Improvement Fund to the TIF 1 Fund in the amount of \$2,400,000. As authorized in Resolution No. 04-56, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 1 district. The loan terms state the loan will be paid back as property taxes are collected by the TIF 1 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

The City made another inter-fund loan in 2004 from the Capital Improvement Fund to the TIF 2 Fund in the amount of \$1,020,000. As authorized in Resolution No. 04-71, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 2 district. The loan terms state that the loan will be paid back as property taxes are collected by the TIF 2 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

The City made another inter-fund loan in 2005 from the Capital Improvement Fund to the TIF 3 Fund in the amount of \$450,000. As authorized in Resolution No. 05-65, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 3 district. The loan terms state that the loan will be paid back as property taxes are collected by the TIF 3 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

The City made another inter-fund loan in 2010 from the Capital Improvement Fund and the Sewer Fund to the TIF 5 Fund in the amount of \$1,825,000. As authorized in Resolution 10-40, the City used available funds from the Capital Improvement and Sewer Funds to finance the project costs for the public improvements made in the TIF 5 district. The loan terms state the loan will be paid back to the Capital Improvement Fund first as property taxes are collected by the TIF 5 Fund over a period not to exceed twenty years at an interest rate of 7.00%. If the Capital Improvement Fund loan is repaid within the twenty years, the Sewer Fund will be repaid back at an interest rate of 7.00%.

The City made another inter-fund loan in 2010 from the Capital Improvement Fund to the TIF 6 Fund in the amount of \$800,000. As authorized in Resolution 09-34, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 6 district. The loan terms state that the loan will be paid back as property taxes are collected by the TIF 6 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

**H. Leases**

The City leases City-owned buildings, office facilities and other land/property under operating leases to various organizations and private citizens.

*Special Revenue Fund – Park and Recreation:* Lease of land with original cost of leased portion: \$2,698; Carrying amount: \$2,698; Depreciation on asset to date: land/ non-depreciable. The lease, which expires in 2027, calls for annual lease payments of the greater of the minimum rent payment or % of gross receipts as follows:

Operating Season	GREATER OF	
	% of Gross Receipts	Minimum Rent
1 <sup>st</sup> – 5 <sup>th</sup>	5%	\$ 5,000
6 <sup>th</sup> - 10 <sup>th</sup>	6%	\$ 5,000
11 <sup>th</sup> - 30 <sup>th</sup>	7%	\$ 6,000
Upon Renewal:		
31 <sup>st</sup> - 34 <sup>th</sup>	7%	\$ 7,000

Notes to the Financial Statements

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The rental payments, based on the minimum rent, that are payable for the term of the lease have been accrued as a lease receivable in the Park & Recreation Fund. The following is a schedule, by year, of the future rentals on the lease of the land as of December 31, 2013:

2014	\$	6,000
2015		6,000
2016		6,000
2017		6,000
2018		6,000
2019-23		30,000
2024-26		18,000
Total	\$	<u>78,000</u>

*Special Revenue Fund – Capital Improvement:* Lease of farmland with original cost of: \$144,365; Carrying amount \$144,365; Depreciation on asset to date: land/non-depreciable. The lease expires December 31, 2014. The rental payments payable for the term of the lease have been accrued as a lease receivable in the Capital Improvement Fund. The following is a schedule, by year, of the future rentals on the lease of farmland as of December 31, 2013:

2014	\$	4,800
Total	\$	<u>4,800</u>

*Business-Type Fund – Airport:* Lease of building space with original cost of leased asset: Building \$57,239; Carrying amount: \$37,773; Depreciation on asset to date: \$19,466. Lease expires in 2020. The rental payments that are payable for the terms of the leases have been accrued as leases receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2013:

2014	\$	3,404
2015		3,404
2016		3,404
2017		3,404
2018		3,404
2019-20		5,957
Total	\$	<u>22,977</u>

Lease of building space with original cost of leased asset: Building \$403,167; Carrying amount: \$265,877; Depreciation on asset to date: \$137,290. Lease expires in 2014. The rental payments that are payable for the terms of the leases have been accrued as leases receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2013:

2014	\$	7,374
Total	\$	<u>7,374</u>

Notes to the Financial Statements

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Lease of building space with original cost of leased asset: Building \$64,265; Carrying amount: \$42,410; Depreciation on asset to date: \$21,855. Lease expires in 2020. The rental payments that are payable for the terms of the leases have been accrued as leases receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2013:

2014	\$	17,000
2015		17,000
2016		17,000
2017		17,000
2018		17,000
2019-20		28,333
Total	\$	113,333

Lease of various parcels of land with original cost of leased assets: Land \$13,165; Carrying amount: \$13,165; Depreciation on assets to date: land/non-depreciable. Rental payments payable for the terms of the leases ranging from 2013 to 2034 have been accrued as leases receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2013:

2014	\$	61,124
2015		65,861
2016		17,193
2017		21,929
2018		20,339
2019-23		98,236
2024-28		97,430
2029-33		97,430
2034-35		10,553
Total	\$	490,095

Notes to the Financial Statements

**I. Capital Assets**

Capital asset activity for the Primary Government for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Non-Depreciable Assets				
Land	\$ 13,302,212	\$ 886,816	\$ (88,744)	\$ 14,100,284
Construction in Progress	1,765,557	1,610,401	(1,612,914)	1,763,044
Depreciable Assets:				
Buildings & Structures	32,110,035	2,832,406	-	34,942,441
Improvements other than Buildings	69,278,853	2,273,573	(154,390)	71,398,036
Equipment & Automotive	10,184,406	899,107	(335,675)	10,747,838
Totals	126,641,063	8,502,303	(2,191,723)	132,951,643
Less Accumulated Depreciation:				
Buildings & Structures	(6,407,636)	(692,196)	-	(7,099,832)
Improvements other than Buildings	(12,828,816)	(400,794)	154,390	(13,075,220)
Equipment & Automotive	(6,095,962)	(933,644)	308,846	(6,720,760)
Total Accumulated Depreciation	(25,332,414)	(2,026,634)	463,236	(26,895,812)
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 101,308,649</b>	<b>\$ 6,475,669</b>	<b>\$ (1,728,487)</b>	<b>\$ 106,055,831</b>
<b>Business-Type Activities</b>				
Non-Depreciable Assets				
Land	\$ 2,975,839	\$ -	\$ -	\$ 2,975,839
Construction in Progress	1,421,215	1,342,612	(949,573)	1,814,254
Depreciable Assets:				
Intangible Property	470,654	-	-	470,654
Buildings & Structures	66,644,477	2,379,724	(396,575)	68,627,626
Improvements Other than Buildings	152,046,508	3,365,366	(1,239,637)	154,172,237
Equipment & Automotive	10,508,825	1,002,309	(30,301)	11,480,833
Totals at Historical Cost	234,067,518	8,090,011	(2,616,086)	239,541,443
Less Accumulated Depreciation:				
Amortization of Intangible Property	(225,703)	(35,983)	-	(261,686)
Buildings & Structures	(18,815,897)	(1,488,827)	396,575	(19,908,149)
Improvements Other than Buildings	(56,137,480)	(3,679,356)	1,240,471	(58,576,365)
Equipment & Automotive	(6,358,800)	(780,532)	27,448	(7,111,884)
Total Accumulated Depreciation	(81,537,880)	(5,984,698)	1,664,494	(85,858,084)
<b>Business-Type Activities Capital Assets, net</b>	<b>\$ 152,529,638</b>	<b>\$ 2,105,313</b>	<b>\$ (951,592)</b>	<b>\$ 153,683,359</b>

\* The depreciation expense for governmental activities of \$2,018,389 includes accumulated depreciation additions of \$2,026,634 less \$8,245 of accumulated depreciation on assets transferred in from business-type activities. The depreciation expense for business-type activities of \$5,987,550 includes accumulated depreciation additions of \$5,984,698 plus \$2,852 of accumulated depreciation on assets transferred in from governmental activities.

Notes to the Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	<b>Depreciation Expense</b>
General Government	\$ 59,066
Public Safety	651,673
Public Works	303,052
Culture & Recreation	794,471
Conservation & Development	210,127
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 2,018,389</b>
<b>Business-Type Activities:</b>	
Sewer	\$ 1,471,502
Solid Waste	421,073
Airport	565,965
Electric	1,515,432
Water	1,351,722
Gas	661,856
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 5,987,550</b>

Projects included in construction in progress for the primary government are as follows:

Project	Contracted Amount	Expended to 12/31/13	Committed
<b>Governmental Funds:</b>			
Pheasant Ridge Drive	\$ 241,602	\$ 137,066	\$ 104,536
City Hall Council Chambers	134,509	47,466	87,043
16 <sup>th</sup> Ave. N. – North Grove	90,055	83,521	6,534
14 <sup>th</sup> Ave. N.	141,001	125,166	15,835
South Broadway Bridge Project	-	56,922	-
11 <sup>th</sup> St. N & Drainage Pond	-	6,943	-
20 <sup>th</sup> Ave. S & 7 <sup>th</sup> St. W	-	5,136	-
Children’s Zoo/Otter Exhibit	1,616,757	1,206,955	409,802
Golf Course Irrigation Project	-	55,150	-
Fire Training Center SCBA House	-	38,719	-
	<u>2,223,924</u>	<u>1,763,044</u>	<u>623,750</u>
<b>Enterprise Funds:</b>			
Sanitary Sewer Rehabilitation Project	344,716	339,135	5,581
5 <sup>th</sup> Ave NW Storm Sewer Phase 1	358,995	238,393	120,602
Landfill Cell #6 Construction	27,356	23,947	3,409
Gas System Force Account Projects	-	18,440	-
Electric System Force Account Projects	-	1,169,483	-
Water System Force Account Projects	321,546	24,856	296,690
	<u>1,052,613</u>	<u>1,814,254</u>	<u>426,282</u>
Total Primary Government	<u>\$ 3,276,537</u>	<u>\$ 3,577,298</u>	<u>\$ 1,050,032</u>

Notes to the Financial Statements

**J. Long-Term Debt**

Long-term debt consists of bonded indebtedness, installment purchase contracts, capital leases, compensated absences, and other post employment benefits. A summary of long-term debt issued and retired during 2013 and outstanding balances as of December 31, 2013 follows:

	Balance Outstanding 12/31/2012	Additions During 2013	Deletions During 2013	Balance Outstanding 12/31/2013	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<b>Loans Payable</b>					
State Revolving Fund-Loan #3; Original Issue \$2,583,734; 5.25% Interest, Due in 2016	\$ 754,578	\$ -	\$ 174,152	\$ 580,426	\$ 183,476
State Revolving Fund-Loan #5; Original Issue \$2,055,000; 3.5% Interest, Due in 2025	1,503,530	-	100,133	1,403,397	103,684
State Revolving Fund-Loan #7 CW; Original Issue \$847,170; 2.25% interest; Due in 2029	683,908	-	35,273	648,635	36,074
State Revolving Fund-Loan #7 NPS; Original Issue \$81,205; 2.25% interest; Due in 2029	68,619	-	3,539	65,080	3,619
State Revolving Fund-Loan #9 CW; Original Issue \$16,446,000; 3.0% interest; due in 2031	9,802,743	121,147	406,992	9,516,898	414,903
State Revolving Fund-Loan Drinking Water; Original Issue \$23,760,000; 3.25% interest; Due in 2030	22,250,515	-	942,913	21,307,602	973,933
<b>Total Loans Payable</b>				<u>33,522,038</u>	<u>1,715,689</u>
<b>Compensated Absences Payable</b>	1,387,445	664,123	601,308	1,450,260	362,565
<b>Other Post Employment Benefits (OPEB)</b>	109,080	59,751	48,603	120,228	-
<b>Closure/Post Closure Costs</b>	431,024	50,412	-	481,436	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>				<u>35,573,962</u>	<u>2,078,254</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>Bonds Issued</b>					
2010 GO Refunding Bond – Event Center; General Obligation Bonds; Original Issue \$4,415,000; 1-3.35% interest; due in 2023	4,115,000	-	315,000	<u>3,800,000</u>	<u>330,000</u>
<b>Total GO Bonds</b>				<u>3,800,000</u>	<u>330,000</u>
2006 Sales Tax Revenue Bond – Library Expansion Project; Original Issue \$4,985,000; 3.35-4.55% interest; due in 2026	3,785,000	-	205,000	3,580,000	215,000
2012 Sales Tax Revenue - Refunding Bond – CIP Sewer Project & Family Aquatic Center \$4,165,000; 0.4-2.7% interest; due in 2024	3,640,000	-	315,000	<u>3,325,000</u>	<u>280,000</u>
<b>Total Sales Tax Revenue Bonds</b>				<u>6,905,000</u>	<u>495,000</u>
<b>Loans Payable</b>					
State Revolving Fund Loan #6-CW; Original Issue \$1,189,145; 2.25% interest; due in 2029	994,985	-	50,390	944,595	51,534
State Revolving Fund Loan #6-NPS; Original Issue \$113,985; 2.25% interest; due in 2028	93,848	-	5,024	88,824	5,138
State Revolving Fund-Loan #8-CW; Original Issue \$612,877; 2.25% interest; due in 2029	443,662	-	22,883	420,779	23,402
State Revolving Fund-Loan #8-NPS; Original Issue \$58,747; 2.25% interest; due in 2029	49,641	-	2,560	47,081	2,618
State Revolving Fund-Loan #10-CW; Original Issue \$3,330,000; 3.0% interest; due in 2031	2,535,278	-	104,178	2,431,100	107,338
State Revolving Fund-Loan #11-CW; Original Issue \$815,000; 3.0% interest; due in 2032	188,754	-	7,239	<u>181,515</u>	<u>7,459</u>
<b>Total Loans Payable</b>				<u>4,113,894</u>	<u>197,489</u>

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	Balance Outstanding 12/31/2012	Additions During 2013	Deletions During 2013	Balance Outstanding 12/31/2013	Due Within One Year
<b>LONG-TERM DEBT (continued)</b>					
<b>Long-Term Capital Leases</b>					
Fire Truck Lease – Leasing 2 Inc. Original Issue \$645,458; 4.46% interest	357,785	-	65,454	292,331	68,372
Golf Cart Lease – DeLage Landen Public Finance LLC; 4.45% interest; Original Issue\$160,448	104,643	-	19,262	85,381	85,381
<b>Total Long-Term Capital Leases</b>				<u>377,712</u>	<u>153,753</u>
<b>Compensated Absences Payable</b>					
General Fund	1,163,961	659,430	556,970	1,266,421	316,605
Special Revenue Funds	343,646	201,906	150,926	394,626	98,657
<b>Other Post Employment Benefits (OPEB)</b>					
General Fund	160,439	87,209	51,449	196,199	-
Special Revenue Funds	51,716	27,214	16,055	62,875	-
				<u>1,920,121</u>	<u>415,262</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>				<u>17,116,727</u>	<u>1,591,504</u>
<b>TOTAL OF BONDS, INSTALLMENT CONTRACTS &amp; CAPITAL LEASES</b>				<u>\$ 52,690,689</u>	<u>\$ 3,669,758</u>

\*Compensated absences in the Governmental Funds have typically been liquidated from the General, Park & Recreation, Recreation Center, Big Sioux River Project and E-911 Funds.

*General Obligation Bonds Payable*

The City issues general obligation bonds (GO bonds) to provide funds for the acquisition and construction of major capital facilities. GO bonds have been issued for governmental activities specifically for construction of the Event Center. GO bonds are direct obligations and pledge the full faith and credit of the City.

Annual debt service requirements to maturity for GO bonds are as follows:

Year	GO Refunding Bonds		
	Principal	Interest	Total
2014	\$ 330,000	\$ 106,452	\$ 436,452
2015	350,000	101,008	451,008
2016	375,000	93,657	468,657
2017	395,000	84,845	479,845
2018	410,000	74,575	484,575
2019-22	<u>1,940,000</u>	<u>163,610</u>	<u>2,103,610</u>
Totals	<u>\$ 3,800,000</u>	<u>\$ 624,147</u>	<u>\$ 4,424,147</u>

*Revenue Bonds Payable*

The City also issues bonds where the City pledges specific revenue streams or income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for both governmental and business-type activities.

Annual debt service requirements to maturity for revenue bonds are as follows:

Notes to the Financial Statements

<b>2006 Sales Tax Revenue Bonds (Library)</b>				<b>2012 Sales Tax Revenue Bonds - Refunding</b>			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2014	\$ 215,000	\$ 153,242	\$ 368,242	2014	\$ 280,000	\$ 62,248	\$342,248
2015	220,000	144,858	364,858	2015	280,000	59,727	339,727
2016	230,000	136,058	366,058	2016	280,000	56,648	336,648
2017	240,000	126,742	366,742	2017	285,000	53,147	338,147
2018	250,000	116,903	366,903	2018	285,000	49,158	334,158
2019-23	1,420,000	418,565	1,838,565	2019-23	1,540,000	161,317	1,701,317
2024-28	1,005,000	92,820	1,097,820	2024-28	375,000	10,125	385,125
<b>Totals</b>	<b>\$3,580,000</b>	<b>\$1,189,188</b>	<b>\$ 4,769,188</b>	<b>Totals</b>	<b>\$3,325,000</b>	<b>\$ 452,370</b>	<b>\$ 3,777,370</b>

*Loans – Business-Type Activities*

The City has several State Revolving Fund (SRF) loans outstanding for various sewer and water projects. These loans will be repaid with pledged sewer user fees from the Sewer Enterprise Fund and pledged water user fees from the Water Fund. SRF Loan No. 9 was approved for \$16,446,000 to complete five sewer projects with 10% principal forgiveness. The drawdown amount on this loan was \$11,526,932 and had not been completed before December 31, 2013.

Annual debt service requirements to maturity for SRF loans are as follows:

<b>SRF Loan #3</b>				<b>SRF Loan #5</b>			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2014	\$ 183,476	\$ 26,899	\$ 210,375	2014	\$ 103,684	\$ 47,767	\$ 151,451
2015	193,300	17,076	210,376	2015	107,360	44,091	151,451
2016	203,650	6,726	210,376	2016	111,168	40,284	151,452
<b>Totals</b>	<b>\$ 580,426</b>	<b>\$ 50,701</b>	<b>\$ 631,127</b>	2017	115,110	36,342	151,452
				2018	119,192	32,260	151,452
				2019-23	662,440	94,818	757,258
				2024-28	184,443	4,870	189,313
				<b>Totals</b>	<b>\$1,403,397</b>	<b>\$ 300,432</b>	<b>\$1,703,829</b>

<b>SRF Loan #7</b>				<b>SRF Loan #7-NPS</b>			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2014	\$ 36,074	\$ 14,291	\$ 50,365	2014	\$ 3,619	\$ 1,435	\$ 5,054
2015	36,893	13,473	50,366	2015	3,702	1,352	5,054
2016	37,730	12,636	50,366	2016	3,786	1,268	5,054
2017	38,586	11,780	50,366	2017	3,871	1,182	5,053
2018	39,461	10,904	50,365	2018	3,959	1,094	5,053
2019-23	211,151	40,676	251,827	2019-23	21,185	4,081	25,266
2024-28	236,219	15,608	251,827	2024-28	23,701	1,566	25,267
2029-33	12,521	71	12,592	2029-33	1,257	7	1,264
<b>Totals</b>	<b>\$ 648,635</b>	<b>\$ 119,439</b>	<b>\$ 768,074</b>	<b>Totals</b>	<b>\$ 65,080</b>	<b>\$ 11,985</b>	<b>\$ 77,065</b>

Notes to the Financial Statements

SRF Loan #9				Water System Revenue Bonds Series 2008			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2014	\$ 414,903	\$ 277,275	\$ 692,178	2014	\$ 973,933	\$ 680,708	\$ 1,654,641
2015	427,490	264,687	692,177	2015	1,005,974	648,667	1,654,641
2016	440,460	251,717	692,177	2016	1,039,069	615,572	1,654,641
2017	453,823	238,354	692,177	2017	1,073,253	581,388	1,654,641
2018	467,592	224,585	692,177	2018	1,108,561	546,080	1,654,641
2019-23	2,559,562	901,325	3,460,887	2019-23	6,114,444	2,158,760	8,273,204
2024-28	2,972,123	488,764	3,460,887	2024-28	7,188,606	1,084,598	8,273,204
2029-33	1,661,153	69,291	1,730,444	2029-33	2,803,762	91,860	2,895,622
Totals	\$9,397,106	\$2,715,998	\$12,113,104	Totals	\$21,307,602	\$ 6,407,633	\$27,715,235

\*The amortization schedule principal amount of \$9,397,106 on SRF Loan #9 does not include the 2013 drawdown requests of \$119,792 for expenses incurred before December 31, 2013.

**State Revolving Fund (SRF) Loan Covenants**

SRF Loan documents require that various "funds" and sub-accounts be used within the Sewer Fund for the purpose of application and proper allocation of revenue of the sewer and to secure the payment of principal and interest on the SRF Loans. In the past, sewer rates were increased in anticipation of the debt service payments on the SRF Loans No. 3, 5, 7, 7 NPS and 9 and other costs related to the sewer system improvements. Under the SRF loan documents, the additional revenues resulting from these rate increases are identified as special charges or surcharges and are used within the Sewer Fund to finance costs in the following priority:

1. Operation and Maintenance of Improvements
2. Replacement and Depreciation of Improvements
3. Debt Service Payments on the SRF Loan
4. Unrestricted Surplus Fund

SRF Loan documents require that various "funds" and sub-accounts be used within the Water Fund for the purpose of application and proper allocation of revenue of the water system and to secure the payment of principal and interest on the SRF Loan. The water system users were charged a surcharge rate to cover the debt service payments on the Drinking Water SRF Loan. The surcharge rate collected within the Water Fund to finance debt service payments may not be used for any other purpose other than debt reduction of the Drinking Water SRF Loan.

The various revenue bond documents authorized the City to proceed with various wastewater and water system improvement projects and permitted the City to borrow money through the SRF program to finance these various improvements. The City has complied with all requirements of the various revenue bond resolutions and with all applicable requirements of the SRF Loan agreements entered into pursuant to these resolutions.

Notes to the Financial Statements

*Loans – Governmental Activities*

SRF Loans No. 6 and 8 consist of two portions: Clean Water (CW) and Non Point Source (NPS). The CW portions of the loans were used for storm sewer improvement projects. The NPS portions of the loans were used for watershed improvements. The draw downs for the CW and NPS portion of both loans are complete and annual debt service requirements to maturity for these projects have been established. SRF Loan No. 10 was used for two storm sewer improvement projects. SRF Loan No. 11 was used to complete the Watertown Police Departments “Green” Parking Lot. Payments are made from the Capital Improvement Sales Tax Fund with annual debt service requirements to maturity for the SRF loans as follows:

<b>SRF Loan #6 CW</b>			
Year	Principal	Interest	Total
2014	\$ 51,534	\$ 20,820	\$ 72,354
2015	52,703	19,651	72,354
2016	53,899	18,455	72,354
2017	55,122	17,232	72,354
2018	56,372	15,982	72,354
2019-23	301,640	60,131	361,771
2024-28	337,451	24,320	361,771
2029-33	35,874	303	36,177
<b>Totals</b>	<b>\$ 944,595</b>	<b>\$ 176,894</b>	<b>\$ 1,121,489</b>

<b>SRF Loan #6 NPS</b>			
Year	Principal	Interest	Total
2014	\$ 5,138	\$ 1,955	\$ 7,093
2015	5,255	1,839	7,094
2016	5,373	1,720	7,093
2017	5,496	1,598	7,094
2018	5,620	1,473	7,093
2019-23	30,073	5,393	35,466
2024-28	31,869	1,823	33,692
<b>Totals</b>	<b>\$ 88,824</b>	<b>\$ 15,801</b>	<b>\$ 104,625</b>

<b>SRF Loan #8 CW</b>			
Year	Principal	Interest	Total
2014	\$ 23,402	\$ 9,271	\$ 32,673
2015	23,933	8,740	32,673
2016	24,476	8,197	32,673
2017	25,031	7,642	32,673
2018	25,599	7,074	32,673
2019-23	136,977	26,387	163,364
2024-28	153,238	10,125	163,363
2029-33	8,123	45	8,168
<b>Total</b>	<b>\$ 420,779</b>	<b>\$ 77,481</b>	<b>\$ 498,260</b>

<b>SRF Loan #8 NPS</b>			
Year	Principal	Interest	Total
2014	\$ 2,618	\$ 1,037	\$ 3,655
2015	2,678	978	3,656
2016	2,739	917	3,656
2017	2,801	855	3,656
2018	2,864	791	3,655
2019-23	15,326	2,952	18,278
2024-28	17,146	1,132	18,278
2029-33	909	5	914
<b>Total</b>	<b>\$ 47,081</b>	<b>\$ 8,667</b>	<b>\$ 55,748</b>

<b>SRF Loan #10</b>			
Year	Principal	Interest	Total
2014	\$ 107,338	\$ 71,733	\$ 179,071
2015	110,595	68,476	179,071
2016	113,950	65,121	179,071
2017	117,407	61,664	179,071
2018	120,970	58,102	179,072
2019-23	662,178	233,179	895,357
2024-28	768,910	126,447	895,357
2029-33	429,752	17,926	447,678
<b>Totals</b>	<b>\$ 2,431,100</b>	<b>\$ 702,648</b>	<b>\$ 3,133,748</b>

<b>SRF Loan #11</b>			
Year	Principal	Interest	Total
2014	\$ 7,459	\$ 5,362	\$ 12,821
2015	7,685	5,136	12,821
2016	7,918	4,903	12,821
2017	8,158	4,662	12,820
2018	8,406	4,415	12,821
2019-23	46,013	18,091	64,104
2024-28	53,430	10,674	64,104
2029-33	42,446	2,426	44,872
<b>Totals</b>	<b>\$ 181,515</b>	<b>\$ 55,669</b>	<b>\$ 237,184</b>

Notes to the Financial Statements

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*Long-Term Capital Lease*

The City entered into a contract with Leasing 2, Inc. in 2007 for the purpose of acquiring a ladder fire truck. The asset acquired through the capital lease is valued at \$731,875 and the principal balance remaining on this capital lease as of December 31, 2013, is \$292,331. The asset is included in the capital asset account, equipment and automotive, and is being depreciated. The fire truck was financed under an annual appropriation equipment lease agreement between the City and Sun Trust Equipment Finance & Leasing Corporation who has a security interest in the fire truck. Lease payments are made from the Capital Improvement Fund with annual debt service requirements to maturity for the capital lease is as follows:

<b>Capital Lease – Fire Truck</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 68,372	\$ 13,034	\$ 81,406
2015	71,421	9,985	81,406
2016	74,606	6,801	81,407
2017	77,932	3,475	81,407
<b>Totals</b>	<b>\$ 292,331</b>	<b>\$ 33,295</b>	<b>\$ 325,626</b>

The City entered into a contract with NB Golf, LLC in 2010 for the purpose of acquiring 45 golf carts. The asset acquired through the capital lease is valued at \$160,448 and the principal balance remaining on this capital lease as of December 31, 2013, is \$85,381. The asset is included in the capital asset account, equipment and automotive, and is being depreciated. The golf carts were financed under an equipment lease agreement between the City and De Lage Landen Public Finance, LLC who has a security interest in the golf carts. Lease payments are made from the Park & Recreation Fund with annual debt service requirements to maturity for the capital lease as follows:

<b>Capital Lease – Golf Carts</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 85,381	\$ 3,629	\$ 89,010
<b>Totals</b>	<b>\$ 85,381</b>	<b>\$ 3,629</b>	<b>\$ 89,010</b>

Notes to the Financial Statements

*Legal Debt Limit*

The City is subject to Article XIII, Section 4, of the South Dakota Constitution which limits the amount of bonded debt to a percent of the assessed valuation of the taxable property therein for the year preceding that in which said indebtedness is incurred.

	"No-Limit" Debt	Debt Capacity at 5% (Unrestricted)	Additional 10% Debt Capacity (Water/Sewer)
2013 Assessed Value	<u>\$ 1,386,139,780</u>		
Maximum Debt Capacity:		\$69,306,989	\$138,613,978
Existing Bonds:			
GO Refinancing Bonds (Event Center; 1-3.35% interest)	-	3,800,000	-
SRF Loan No. 3 (Wastewater Revenue Surcharge)	580,426	-	-
SRF Loan No. 5 (Wastewater Revenue Surcharge)	1,403,397	-	-
SRF Loan No. 7-CW (Wastewater Revenue Surcharge)	648,635	-	-
SRF Loan No. 7-NPS (Wastewater Revenue Surcharge)	65,080	-	-
SRF Loan No. 9-CW (Wastewater Revenue Surcharge)	9,516,898	-	-
SRF Loan Drinking Water (Water Revenue Surcharge)	21,307,602	-	-
SRF Loan No. 6-CW (Sales Tax)	-	944,595	-
SRF Loan No. 6-NPS (Sales Tax)	-	88,824	-
SRF Loan No. 8-CW (Sales Tax)	-	420,779	-
SRF Loan No. 8-NPS (Sales Tax)	-	47,081	-
SRF Loan No. 10-CW (Sales Tax)	-	2,431,100	-
SRF Loan No. 11-CW (Sales Tax)	-	181,515	-
2006 Sales Tax Revenue Bonds (3.35-4.55%)	-	3,580,000	-
2012 Sales Tax Revenue Bonds (0.4%-2.7%)	-	3,325,000	-
Total Bonded Debt	33,522,038	14,818,894	-
Other Debt:			
Capital Lease – Fire Truck	292,331	-	-
Capital Lease – Golf Carts	85,381	-	-
Total Other Debt	377,712	-	-
Total Debt	33,899,750	14,818,894	-
Available Debt Capacity	N/A	\$54,488,095	\$138,613,978

The State Constitution sets two legal debt limits on municipalities. The City has an unrestricted (i.e. for any legally authorized purpose) legal debt limit equal to 5% of the total assessed value of taxable property. In addition, the Constitution permits the City to issue debt for water or sewer improvements in an amount up to 10% of the total assessed value of taxable property. Water or sewer debt that applies against the 10% limit does not apply against the 5% limit. However, certain requirements, including a public vote, must be met in order for water or sewer debt to apply against the 10% limit. Also, revenue bonded indebtedness that is secured by a surcharge on utility charges as well as annual appropriation leases have been determined not to be debt in determining municipal debt capacity and is referred to above as "no-limit" debt. The table above summarizes the legal debt limit and available debt capacity for the City as of December 31, 2013.

Notes to the Financial Statements

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*Compensated Absences*

Annual leave is earned by all full-time employees and appointed officers. Upon termination, officers and employees are entitled to receive compensation for their eligible unused accrued annual leave. Governmental funds that are used to liquidate the liability for compensated absences are as follows: General Fund, Special Revenue Funds (Park & Recreation, Recreation Center, E-911 Emergency, and Big Sioux River Watershed Project). Enterprise funds that are used to liquidate the liability are the Sewer, Solid Waste, Airport, Electric, Water, and Gas funds. The amount reported for the current portion is an estimate based on past historical use.

*Conduit Debt*

In the past, the City has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the City, State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as a liability in the accompanying financial statements. As of December 31, 2013, there were three series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$4,125,748.

**K. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the City to place a final cover on the landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. In 2009 a new survey of the landfill was done and changes in estimates were made. The information presented in the financial statements use these new estimates. The \$481,436 reported as a liability for landfill closure and postclosure care costs at December 31, 2013, represents the cumulative amount reported to date based on the use of 24% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,524,514 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. The City expects to close the landfill in the year 2058. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City is required by state and federal laws and regulations to set aside funds to finance closure and postclosure care. The City is in compliance with these requirements, and at December 31, 2013, investments of \$481,436 are held for these purposes. These are reported as restricted assets on the balance sheet. However, if these funds are inadequate or additional care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Closure/Postclosure Liability	\$481,436	\$431,024	\$332,139

**L. Retirement Plan**

All full-time employees participate in the South Dakota Retirement System (SDRS), a Cost-Sharing Multiple Employer Public Employee Retirement System established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivors benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Notes to the Financial Statements

General employees are required by state statute to contribute six percent of their salary to the plan, while public safety employees contribute at eight percent. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City of Watertown's share of contributions to the SDRS for the years ended December 31, 2013, 2012 and 2011 were \$920,295, \$854,038, and \$844,614 respectively, equal to the required contributions each year.

**M. Other Postemployment Benefits**

During fiscal 2008, the City adopted the provisions of GASB 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions". The major change under GASB 45 is to attribute the cost of post-employment benefits to the time during which the employee is working for the employer. Accordingly, a prospective liability is recorded on December 31, 2013 for a Post-Employment Benefit Obligation as determined by an actuarial calculation.

*Plan Description.* The City of Watertown operates a single-employer retiree benefit plan that offers medical insurance benefits to eligible employees and their spouses. The authority for providing other post-employment benefits is found in South Dakota Codified Law 6-1-16 and 9-14-35. Benefits and eligibility for non-exempt employees are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for exempt and certain non-exempt employees are established and amended by the governing body. There are 265 active and 27 retired members in the plan.

*Funding Policy.* The City is currently funding the plan on a pay-as-you-go basis.

*Annual OPEB Cost and NET OPEB Obligation.* The City's annual post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	\$ 179,903
Interest on net OPEB obligation	12,849
Adjustment to annual required contribution	<u>(18,577)</u>
Annual OPEB cost (expense)	174,175
Contributions made	<u>(116,107)</u>
Increase in net OPEB obligation	58,068
Net OPEB obligation – beginning of year	<u>321,235</u>
Net OPEB obligation – end of year	<u><u>\$ 379,303</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for years ending December 31, 2013, 2012 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$174,175	66.6%	\$379,303
2012	\$172,733	59.1%	\$321,235
2011	\$199,031	76.4%	\$250,749

Notes to the Financial Statements

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*Funded Status and Funding Progress.* The funded status of the plan as of December 31, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 1,792,871
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,792,871
Funded ratio (actuarial value of plan assets/ AAL)	0%
Covered payroll (active plan members)	\$ 12,752,071
UAAL as a percentage of covered payroll	14.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point and do not explicitly reflect the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% interest discount rate and an annual medical healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% in 9 years. Both rates include a 3.0% inflation assumption. The unfunded actuarial accrued liability (UAAL) is amortized as a level dollar amount over 30 years. Differences between the expected and actual UAAL in future years will be amortized over 30 years using an open amortization period.

**N. Segment Information for Enterprise Funds**

For the Sewer and Water Funds, this requirement is effectively met by the statements in this report because the funds are reported as major business-type funds; therefore the required segment information has already been disclosed in the fund financial statements.

**NOTE 5. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2013, the City managed its risks as follows:

**A. Unemployment**

The City has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The City has no equity set aside in the General Fund for the payment of future unemployment benefits. Unemployment benefits are appropriated on an annual basis.

Notes to the Financial Statements

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During the year ended December 31, 2013, two claims were filed for unemployment benefits. These claims were not paid as of December 31, 2013, the estimated accrued liability at year end was \$1,998. The City does not anticipate any changes in employment practices or elimination of any positions currently held. The history of unemployment payments indicates that most benefits were paid on temporary personnel.

**B. Employee Health Insurance**

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

**C. Liability Insurance**

The City purchases liability insurance for some risks related to torts and theft or damage to property from commercial insurance carriers. In addition, the City has obtained coverage for liability through the South Dakota Public Assurance Alliance, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The premiums and deductibles are as follows:

Coverage	Limit	Deductible	Premium
<b>South Dakota Public Assurance Alliance</b>			
General Liability	\$ 5,000,000	None	\$ 297,837
Automobile Coverage	\$ 2,000,000	None	\$ 100,098
Public Officials Liability	\$ 2,000,000	\$ 2,500	\$ 18,875
Law Enforcement Liability	\$ 2,000,000	\$ 3,000	\$ 19,528
<b>Commercial Insurance Carriers</b>			
Buildings, Contents, Boiler & Machinery	Replacement Cost	\$ 10,000	\$ 134,191
Airport Liability	\$ 10,000,000	None	\$ 8,720
Official & Employee Bond	\$ 250,000	\$ 1,000	\$ 1,922

A portion of the member premiums are also allocated to a cumulative reserve fund. The City would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund. As of December 31, 2012 the City had reached its sixth full year and was eligible 100% refund if needed. As of December 31, 2013, the City of Watertown has a vested balance in the cumulative reserve fund of \$330,054. No additional money will be added to the cumulative reserve fund. The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

**D. Workmen's Compensation**

The City is a member of South Dakota Municipal League Worker's Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer on behalf of the member organizations a program of worker's compensation coverage to obtain lower costs for coverage and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to

Notes to the Financial Statements

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and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium to provide coverage for its employees under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the fund members. Coverage limits are set by state statute.

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

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City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Required Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - General Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue				
Property	\$ 2,944,455	\$ 2,944,455	\$ 2,943,326	\$ (1,129)
Sales	6,151,000	6,151,000	6,842,601	691,601
Other Taxes	383,500	383,500	367,650	(15,850)
Licenses & Permits	209,400	209,400	259,051	49,651
Intergovernmental	890,050	890,050	1,269,391	379,341
Charges for Goods and Services	976,710	976,710	1,174,393	197,683
Fines and Forfeits	48,430	48,430	37,415	(11,015)
Interest Revenue	35,000	35,000	19,687	(15,313)
Special Assessments	31,000	31,000	112,331	81,331
Donations/Contributions	2,500	2,500	4,280	1,780
Miscellaneous	164,400	164,400	200,752	36,352
Total Revenues	<u>11,836,445</u>	<u>11,836,445</u>	<u>13,230,877</u>	<u>1,394,432</u>
<b>EXPENDITURES</b>				
General Government				
Legislative	563,280	563,280	247,662	315,618
Financial Administration	727,900	727,900	712,922	14,978
Other	901,510	943,510	875,025	68,485
Public Safety				
Police	3,422,850	3,446,050	3,389,063	56,987
Fire Fighting & Prevention	945,940	969,858	957,250	12,608
Ambulance Service	2,169,550	2,194,550	2,190,066	4,484
Public Works				
Highways, Streets and Roadways	1,548,060	1,791,960	1,719,108	72,852
Snow Removal	410,720	410,720	367,777	42,943
Street Lighting	477,000	487,000	482,320	4,680
Storm Sewer/Flood/Control	59,350	59,350	36,064	23,286
Cemetery	175,800	175,800	170,383	5,417
Health and Welfare				
Mosquito Control	89,660	89,660	68,610	21,050
Culture and Recreation				
Forestry	183,430	183,430	182,041	1,389
Library	809,790	809,790	805,750	4,040
Conservation and Development				
Building Services	299,920	299,920	294,232	5,688
Total Expenditures	<u>12,784,760</u>	<u>13,152,778</u>	<u>12,498,273</u>	<u>654,505</u>
Excess (deficiency) of revenues over expenditures	<u>(948,315)</u>	<u>(1,316,333)</u>	<u>732,604</u>	<u>2,048,937</u>

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Required Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - General Fund (continued)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	-	-	127,253	127,253
Transfers In	1,622,400	1,622,400	1,622,400	-
Transfers (Out)	(1,715,000)	(1,785,000)	(1,785,000)	-
Total other financing sources (uses)	(92,600)	(162,600)	(35,347)	127,253
Net Change in fund balances	(1,040,915)	(1,478,933)	697,257	2,176,190
Fund Balances - beginning	7,238,940	7,238,940	7,238,940	-
Fund Balances - ending	\$ 6,198,025	\$ 5,760,007	\$ 7,936,197	\$ 2,176,190

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Required Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Capital Improvement Fund

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Tax Revenue	\$ 6,100,000	\$ 6,100,000	\$ 6,835,289	\$ 735,289
Intergovernmental	1,116,750	1,116,750	303,908	(812,842)
Interest Revenue	517,700	517,700	472,835	(44,865)
Special Assessments	-	-	78,634	78,634
Donations/Contributions	-	-	261,634	261,634
Miscellaneous	-	-	36,112	36,112
<b>Total Revenues</b>	<b>7,734,450</b>	<b>7,734,450</b>	<b>7,988,412</b>	<b>253,962</b>
<b>EXPENDITURES</b>				
Public Safety				
Public Safety Improvements	205,000	1,518,150	1,311,270	206,880
Public Works				
Street System Improvements	2,888,000	3,470,600	1,256,124	2,214,476
Storm Sewer/Flood Projects	400,000	2,000,000	326,479	1,673,521
Culture and Recreation				
Recreational Facility Improvements	2,662,500	4,623,720	2,603,516	2,020,204
Conservation and Development				
Industrial Park & Other Infrastructure	320,000	1,027,505	886,059	141,446
Debt Service	1,077,000	1,077,000	1,135,820	(58,820)
<b>Total Expenditures</b>	<b>7,552,500</b>	<b>13,716,975</b>	<b>7,519,268</b>	<b>6,197,707</b>
Excess (deficiency) of revenues over expenditures	181,950	(5,982,525)	469,144	6,451,669
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(520,000)	(520,000)	(520,000)	-
Total other financing sources (uses)	(520,000)	(520,000)	(520,000)	-
Net Change in fund balances	(338,050)	(6,502,525)	(50,856)	6,451,669
Fund Balances - beginning	21,721,076	21,721,076	21,721,076	-
<b>Fund Balances - ending</b>	<b>\$ 21,383,026</b>	<b>\$ 15,218,551</b>	<b>\$ 21,670,220</b>	<b>\$ 6,451,669</b>

Required Supplementary Information  
Notes to Required Supplementary Information – Budgetary Reporting

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### The Schedule

The Budgetary Comparison Schedules provide comparisons of the original and legally amended budget with actual amounts on a sub-function level for the General Fund and Capital Improvement Fund. In addition to the required general fund presentation, the special revenue fund presented has a legally adopted annual budget and is reported as a major fund in the financial statements.

The City follows legally prescribed procedures in establishing the budgetary data reflected in the financial statements as follows:

1. Prior to August 15, the Finance Officer submits to the City Council a proposed operating budget for the General, Special Revenue, Debt Service, and Capital Project Funds based on budget requests submitted and presented by the various department heads of the City for the fiscal year commencing the following January. The operating budget includes proposed expenditures and the means of financing them. The budget is introduced by the City Council as a formal ordinance by the first meeting in September or within ten days thereafter.
2. Public hearings are conducted to obtain taxpayers comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance, and the ordinance is certified to the county auditor for tax levy purposes.
4. After adoption by the governing body, the expenditures incorporated in the budget for the General, Special Revenue, Debt Service, and Capital Project Funds become legally binding and the actual expenditures must be held to budgeted amounts at the department level (i.e., Finance, Police, Fire, Street, etc.) unless amended as permitted by state law or home rule charter. (See item No. 7 below).
5. The governing board may include in the General Fund an operating budget line item for contingencies pursuant to South Dakota Codified Law that cannot exceed five percent of the total operating budget. The governing board may transfer, by resolution, such amounts appropriated for contingencies to any other appropriation category in which insufficient amounts were provided or for items for which no appropriation was originally provided.
6. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until expended, revised or repealed; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from, or encumbrance of, the appropriation.
7. If it is determined during the year that sufficient amounts have not been budgeted for a particular department within the General, Special Revenue, Debt Service, and Capital Project Funds, South Dakota Codified Law allows the passage of a supplemental budget appropriation ordinance by the governing board to increase legal spending authority. Any such supplements must be adopted in accordance with the same laws governing the adoption of the annual appropriations ordinance. The budget may also be amended to appropriate state or federal grant funds that were not anticipated within the original budget. Such grant funds may be appropriated by approval of a motion to do so by a simple majority of the City Council. Bond proceeds are deemed to be formally appropriated upon bond issuance and require no further formal action by the City Council. Home Rule Charter allows the City Council to transfer unencumbered appropriation balance from one department to the appropriation of another department. Home Rule Charter also allows the finance officer to transfer part or all of any unencumbered appropriation balance among programs within a department upon approval by the council.
8. The South Dakota Codified Laws do not allow city financial officers or other appointed officers to amend the budget. The legal spending authority can be amended only by the steps described in item No. 5 and No. 7 above.

Required Supplementary Information  
Notes to Required Supplementary Information – Budgetary Reporting

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9. Budgets are prepared for the City's funds on the same basis and using the same accounting practices, generally accepted accounting principles (GAAP), as are used to prepare financial statements of the funds.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2013.

GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with United States GAAP 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 of which they relate.

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Required Supplementary Information - Schedule of Funding Progress

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
01/01/2012	-	1,471,636	1,471,636	0.0%	12,752,071	11.5%
01/01/2010	-	1,862,964	1,862,964	0.0%	11,629,201	16.0%
01/01/2008	-	1,616,278	1,616,278	0.0%	10,636,883	15.2%

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Combining Balance Sheet - Nonmajor Governmental Funds

	Special Revenue Funds	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>			
Pooled Cash and Investments	\$ 1,653,821	\$ 271,656	\$ 1,925,477
Property Taxes Receivable	-	6,135	6,135
Sales Tax Receivable	70,278	-	70,278
Accounts Receivable	77,152	-	77,152
Special Assessments Receivable	1,213	-	1,213
Interest Receivable	1,237	292	1,529
Loans Receivable	103,432	-	103,432
Leases Receivable	78,000	-	78,000
Due From Other Governments	23,282	-	23,282
Inventory	31,695	-	31,695
Prepaid Items	666	-	666
Restricted Assets:			
Pooled Cash and Investments	20,655	-	20,655
Total assets	<u>2,061,431</u>	<u>278,083</u>	<u>2,339,514</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	168,060	-	168,060
Advance From Other Fund	6,472,928	-	6,472,928
Total liabilities	<u>6,640,988</u>	<u>-</u>	<u>6,640,988</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	102,260	292	102,552
Unearned Revenue	78,000	-	78,000
Total Deferred Inflows of Resources	<u>180,260</u>	<u>292</u>	<u>180,552</u>
<b>FUND BALANCES</b>			
Nonspendable for:			
Inventory	31,695	-	31,695
Restricted for:			
Debt Service	-	277,791	277,791
BBB Sales Tax	169,394	-	169,394
Big Sioux River Project	201,925	-	201,925
E-911 Services	148,351	-	148,351
Library	406,331	-	406,331
Urban Renewal Loans	20,655	-	20,655
Casualty Reserve	40,763	-	40,763
Assigned for:			
Capital Outlay	106,333	-	106,333
Park Development	90,881	-	90,881
Golf Course	47,099	-	47,099
Zoo Improvements	7,942	-	7,942
Other Purposes	397,352	-	397,352
Unassigned:	(6,428,538)	-	(6,428,538)
Total fund balances	<u>(4,759,817)</u>	<u>277,791</u>	<u>(4,482,026)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,061,431</u>	<u>\$ 278,083</u>	<u>\$ 2,339,514</u>

City of Watertown  
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Nonmajor Governmental Funds

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Tax Revenue			
Property	\$ 449,122	\$ 447,153	\$ 896,275
Sales	710,825	-	710,825
Intergovernmental	187,870	-	187,870
Charges for Goods and Services	2,498,974	-	2,498,974
Fines and Forfeits	17,451	-	17,451
Interest Revenue	6,144	1,145	7,289
Rentals	128,819	-	128,819
Special Assessments	50,507	-	50,507
Donations/Contributions	235,552	-	235,552
Miscellaneous	61,102	-	61,102
Total revenues	<u>4,346,366</u>	<u>448,298</u>	<u>4,794,664</u>
<b>EXPENDITURES</b>			
Current:			
General Government	472,993	-	472,993
Public Safety	749,681	-	749,681
Culture and Recreation	4,509,355	-	4,509,355
Conservation and Development	304,481	-	304,481
Debt Service	474,692	425,890	900,582
Total expenditures	<u>6,511,202</u>	<u>425,890</u>	<u>6,937,092</u>
Excess (deficiency) of revenues over expenditures	<u>(2,164,836)</u>	<u>22,408</u>	<u>(2,142,428)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Municipal Property	10,841	-	10,841
Transfers In	2,193,000	-	2,193,000
Transfers Out	(58,000)	-	(58,000)
Total other financing sources (uses)	<u>2,145,841</u>	<u>-</u>	<u>2,145,841</u>
Net Change in Fund Balances	<u>(18,995)</u>	<u>22,408</u>	<u>3,413</u>
Fund balances -- beginning	(4,740,822)	255,383	(4,485,439)
Fund balances -- ending	<u>\$ (4,759,817)</u>	<u>\$ 277,791</u>	<u>\$ (4,482,026)</u>

Combining Statements

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**Nonmajor Special Revenue Funds**

**Park & Recreation Fund** – to account for the operations and maintenance of the City owned park and recreation facilities and activities except for the Community Recreation Center.

**BBB Sales Tax Fund** – to account for the revenues and expenditures of the special one percent (1%) city gross receipts tax on lodging, alcoholic beverages, prepared food and admissions. Revenues are restricted by State Law for the purpose of land acquisition, architectural fees, construction costs, payment for civic center, auditorium, or athletic facility buildings (including the maintenance, staffing and operation of such facilities) and the promotion and advertising of the City.

**Recreation Center Fund** – to account for the operations and maintenance of the Community Recreation Center facilities and activities. Financing is provided by revenues from memberships, program fees and inter-fund transfers.

**Casualty Reserve Fund** – to account for the revenues and expenditures to replace and repair property of the City which was damaged or lost as a result of a casualty loss that was not covered by insurance.

**E-911 Emergency Fund** – to account for the \$1.25 per phone line surcharge assessed to customers of private phone companies operating within Codrington County. These funds are used to defray the costs incurred by the City in providing emergency dispatch services.

**Library Fines Fund** – to account for the revenue derived from library fines and other allowed charges. Expenditures are authorized by the Library Board.

**Urban Renewal Fund** – to account for the revenues and expenditures authorized by the Urban Renewal Board for the uptown projects and to account for loans made by the Board to businesses within the uptown district and the repayments on these loans. Funding for the original loans was received as part of a Community Development Block Grant (CDBG) in the 1980's.

**Big Sioux River Project Fund** - to account for the revenues and expenditures of the watershed improvement project. The project will reduce siltation entering the Big Sioux River and Lake Kampeska. The project is funded by a Section 319 EPA federal grant and various other state, local, and private sources.

**Tax Increment Financing 1 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #1. This TID was created to capture the incremental tax revenue generated by development of the Hanten Industrial Park and to pay for infrastructure improvements in the park.

**Tax Increment Financing 2 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #2. This TID was created to capture the incremental tax revenue generated by development of the Mallard Point Business Park and to pay for infrastructure improvements in the park.

**Tax Increment Financing 3 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #3. This TID was created to capture the incremental tax revenue generated by development of the Pheasant Ridge Business Park and to pay for infrastructure improvements in the park.

**Tax Increment Financing 5 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #5. This TID was created to capture the incremental tax revenue generated by development of the 1<sup>st</sup> Avenue North Extension area and to pay for road construction costs.

**Tax Increment Financing 6 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #6. This TID was created to capture the incremental tax revenue generated by development of the Pheasant Ridge Industrial Park and to pay for site improvements, land costs and road improvements in the park.

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City of Watertown  
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Combining Balance Sheet - Nonmajor Special Revenue Funds

	Park & Recreation Fund	BBB Sales Tax Fund	Recreation Center Fund	Casualty Reserve Fund	E-911 Emergency Fund	Library Fines Fund
<b>ASSETS</b>						
Current assets:						
Pooled Cash and Investments	\$ 447,347	\$ 202,169	\$ 82,640	\$ 40,763	\$ 106,430	\$ 430,573
Sales Tax Receivable	-	70,278	-	-	-	-
Accounts Receivable	-	-	-	-	77,152	-
Special Assessments Receivable	-	-	-	-	-	-
Interest Receivable	409	124	71	33	85	346
Loans Receivable	-	-	-	-	-	-
Leases Receivable	78,000	-	-	-	-	-
Due From Other Governments	-	-	-	-	12,697	-
Inventory	31,695	-	-	-	-	-
Prepaid Items	-	-	666	-	-	-
Restricted Cash	-	-	-	-	-	-
<b>Total assets</b>	<b>557,451</b>	<b>272,571</b>	<b>83,377</b>	<b>40,796</b>	<b>196,364</b>	<b>430,919</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	55,860	47,142	29,482	-	2,816	24,242
Advance From Other Fund	-	-	-	-	-	-
<b>Total liabilities</b>	<b>55,860</b>	<b>47,142</b>	<b>29,482</b>	<b>-</b>	<b>2,816</b>	<b>24,242</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	409	56,035	71	33	45,197	346
Unearned Revenue	78,000	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>78,409</b>	<b>56,035</b>	<b>71</b>	<b>33</b>	<b>45,197</b>	<b>346</b>
<b>FUND BALANCES</b>						
Nonspendable for:						
Inventory	31,695	-	-	-	-	-
Restricted for:						
BBB Sales Tax	-	169,394	-	-	-	-
Big Sioux River Project	-	-	-	-	-	-
E-911 Services	-	-	-	-	148,351	-
Library	-	-	-	-	-	406,331
Urban Renewal Loans	-	-	-	-	-	-
Casualty Reserve	-	-	-	40,763	-	-
Assigned for:						
Capital Outlay	56,333	-	50,000	-	-	-
Park Development	90,881	-	-	-	-	-
Golf Course	47,099	-	-	-	-	-
Zoo Improvements	7,942	-	-	-	-	-
Other Purposes	189,232	-	3,824	-	-	-
Unassigned:	-	-	-	-	-	-
<b>Total fund balances</b>	<b>423,182</b>	<b>169,394</b>	<b>53,824</b>	<b>40,763</b>	<b>148,351</b>	<b>406,331</b>
Total liabilities, deferred inflows of resources and fund balance	\$ 557,451	\$ 272,571	\$ 83,377	\$ 40,796	\$ 196,364	\$ 430,919

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Combining Balance Sheet - Nonmajor Special Revenue Funds (continued)

Urban Renewal Fund	Big Sioux River Project Fund	Tax Increment Financing 1 Fund	Tax Increment Financing 2 Fund	Tax Increment Financing 3 Fund	Tax Increment Financing 5 Fund	Tax Increment Financing 6 Fund	Total
\$ 101,329	\$ 198,180	\$ 21,906	\$ 5,483	\$ 4,660	\$ 1,256	\$ 11,085	\$ 1,653,821
-	-	-	-	-	-	-	70,278
-	-	-	-	-	-	-	77,152
1,213	-	-	-	-	-	-	1,213
106	-	27	8	8	4	16	1,237
103,432	-	-	-	-	-	-	103,432
-	-	-	-	-	-	-	78,000
-	10,585	-	-	-	-	-	23,282
-	-	-	-	-	-	-	31,695
-	-	-	-	-	-	-	666
20,655	-	-	-	-	-	-	20,655
<u>226,735</u>	<u>208,765</u>	<u>21,933</u>	<u>5,491</u>	<u>4,668</u>	<u>1,260</u>	<u>11,101</u>	<u>2,061,431</u>
1,678	6,840	-	-	-	-	-	168,060
-	-	2,014,049	1,193,735	224,355	2,218,147	822,642	6,472,928
<u>1,678</u>	<u>6,840</u>	<u>2,014,049</u>	<u>1,193,735</u>	<u>224,355</u>	<u>2,218,147</u>	<u>822,642</u>	<u>6,640,988</u>
106	-	27	8	8	4	16	102,260
-	-	-	-	-	-	-	78,000
<u>106</u>	<u>-</u>	<u>27</u>	<u>8</u>	<u>8</u>	<u>4</u>	<u>16</u>	<u>180,260</u>
-	-	-	-	-	-	-	31,695
-	-	-	-	-	-	-	169,394
-	201,925	-	-	-	-	-	201,925
-	-	-	-	-	-	-	148,351
-	-	-	-	-	-	-	406,331
20,655	-	-	-	-	-	-	20,655
-	-	-	-	-	-	-	40,763
-	-	-	-	-	-	-	106,333
-	-	-	-	-	-	-	90,881
-	-	-	-	-	-	-	47,099
-	-	-	-	-	-	-	7,942
204,296	-	-	-	-	-	-	397,352
-	-	(1,992,143)	(1,188,252)	(219,695)	(2,216,891)	(811,557)	(6,428,538)
<u>224,951</u>	<u>201,925</u>	<u>(1,992,143)</u>	<u>(1,188,252)</u>	<u>(219,695)</u>	<u>(2,216,891)</u>	<u>(811,557)</u>	<u>(4,759,817)</u>
\$ 226,735	\$ 208,765	\$ 21,933	\$ 5,491	\$ 4,668	\$ 1,260	\$ 11,101	\$ 2,061,431

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Nonmajor Special Revenue Funds

	Park & Recreation Fund	BBB Sales Tax Fund	Recreation Center Fund	Casualty Reserve Fund	E-911 Emergency Fund	Library Fines Fund
<b>REVENUES</b>						
Tax Revenue						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	710,825	-	-	-	-
Intergovernmental	21,913	-	-	-	-	1,200
Charges for Goods and Services	1,110,303	-	843,211	-	545,460	-
Fines and Forfeits	-	-	-	-	-	17,451
Interest Revenue	1,833	565	398	179	610	1,676
Rentals	121,825	-	4,894	-	-	-
Special Assessments	-	-	-	-	-	-
Donations/ Contributions	173,678	-	8,640	-	-	14,393
Miscellaneous	17,651	531	9,057	2,674	10,497	16,278
Total revenues	1,447,203	711,921	866,200	2,853	556,567	50,998
<b>EXPENDITURES</b>						
Current:						
General Government	-	444,984	-	28,009	-	-
Public Safety	-	-	-	-	749,681	-
Culture and Recreation	3,247,756	194,550	965,280	-	-	101,769
Conservation and Development	-	-	-	-	-	-
Debt Service	23,760	-	-	-	-	-
Total expenditures	3,271,516	639,534	965,280	28,009	749,681	101,769
Excess (deficiency) of revenues over expenditures	(1,824,313)	72,387	(99,080)	(25,156)	(193,114)	(50,771)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Municipal Property	10,569	-	272	-	-	-
Transfers In	1,828,000	-	65,000	-	160,000	-
Transfers Out	-	(58,000)	-	-	-	-
Total other financing sources (uses)	1,838,569	(58,000)	65,272	-	160,000	-
Net change in fund balances	14,256	14,387	(33,808)	(25,156)	(33,114)	(50,771)
Fund balances -- beginning	408,926	155,007	87,632	65,919	181,465	457,102
Fund balances -- ending	\$ 423,182	\$ 169,394	\$ 53,824	\$ 40,763	\$ 148,351	\$ 406,331

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Nonmajor Special Revenue Funds(continued)

Urban Renewal Fund	Big Sioux River Project Fund	Tax Increment Financing 1 Fund	Tax Increment Financing 2 Fund	Tax Increment Financing 3 Fund	Tax Increment Financing 5 Fund	Tax Increment Financing 6 Fund	Total
\$ -	\$ -	\$ 251,363	\$ 44,467	\$ 69,775	\$ 6,708	\$ 76,809	\$ 449,122
-	-	-	-	-	-	-	710,825
-	164,757	-	-	-	-	-	187,870
-	-	-	-	-	-	-	2,498,974
-	-	-	-	-	-	-	17,451
581	-	131	34	63	20	54	6,144
2,100	-	-	-	-	-	-	128,819
50,507	-	-	-	-	-	-	50,507
-	38,841	-	-	-	-	-	235,552
2,992	1,422	-	-	-	-	-	61,102
56,180	205,020	251,494	44,501	69,838	6,728	76,863	4,346,366
-	-	-	-	-	-	-	472,993
-	-	-	-	-	-	-	749,681
-	-	-	-	-	-	-	4,509,355
89,952	209,529	-	-	-	-	5,000	304,481
-	-	145,749	81,571	17,266	147,983	58,363	474,692
89,952	209,529	145,749	81,571	17,266	147,983	63,363	6,511,202
(33,772)	(4,509)	105,745	(37,070)	52,572	(141,255)	13,500	(2,164,836)
-	-	-	-	-	-	-	10,841
-	140,000	-	-	-	-	-	2,193,000
-	-	-	-	-	-	-	(58,000)
-	140,000	-	-	-	-	-	2,145,841
(33,772)	135,491	105,745	(37,070)	52,572	(141,255)	13,500	(18,995)
258,723	66,434	(2,097,888)	(1,151,182)	(272,267)	(2,075,636)	(825,057)	(4,740,822)
\$ 224,951	\$ 201,925	\$ (1,992,143)	\$ (1,188,252)	\$ (219,695)	\$ (2,216,891)	\$ (811,557)	\$ (4,759,817)

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Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Park and Recreation Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Goods and Services	\$ 1,147,650	\$ 1,147,650	\$ 1,110,303	\$ (37,347)
Intergovernmental	20,000	20,000	21,913	1,913
Interest Revenue	3,500	3,500	1,833	(1,667)
Rentals	120,825	120,825	121,825	1,000
Donations	160,500	160,500	173,678	13,178
Miscellaneous	10,150	10,150	17,651	7,501
Total revenues	<u>1,462,625</u>	<u>1,462,625</u>	<u>1,447,203</u>	<u>(15,422)</u>
<b>EXPENDITURES</b>				
Culture and Recreation	3,313,400	3,399,450	3,247,756	151,694
Debt Service	23,760	23,760	23,760	-
Total expenditures	<u>3,337,160</u>	<u>3,423,210</u>	<u>3,271,516</u>	<u>151,694</u>
Excess (deficiency) of revenues over expenditures	<u>(1,874,535)</u>	<u>(1,960,585)</u>	<u>(1,824,313)</u>	<u>136,272</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	3,000	3,000	10,569	7,569
Transfers In	1,758,000	1,758,000	1,828,000	70,000
Total other financing sources (uses)	<u>1,761,000</u>	<u>1,761,000</u>	<u>1,838,569</u>	<u>77,569</u>
Net change in fund balances	(113,535)	(199,585)	14,256	213,841
Fund balances -- beginning	408,926	408,926	408,926	-
Fund balances -- ending	<u>\$ 295,391</u>	<u>\$ 209,341</u>	<u>\$ 423,182</u>	<u>\$ 213,841</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - BBB Sales Tax Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue				
Sales	\$ 656,000	\$ 656,000	\$ 710,825	\$ 54,825
Interest Revenue	750	750	565	(185)
Miscellaneous	1,000	1,000	531	(469)
Total revenues	<u>657,750</u>	<u>657,750</u>	<u>711,921</u>	<u>54,171</u>
<b>EXPENDITURES</b>				
General Government	442,000	451,000	444,984	6,016
Culture and Recreation	194,550	194,550	194,550	-
Total expenditures	<u>636,550</u>	<u>645,550</u>	<u>639,534</u>	<u>6,016</u>
Excess (deficiency) of revenues over expenditures	<u>21,200</u>	<u>12,200</u>	<u>72,387</u>	<u>60,187</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(58,000)	(58,000)	(58,000)	-
Total other financing sources (uses)	<u>(58,000)</u>	<u>(58,000)</u>	<u>(58,000)</u>	<u>-</u>
Net change in fund balances	(36,800)	(45,800)	14,387	60,187
Fund balances -- beginning	155,007	155,007	155,007	-
Fund balances -- ending	<u>\$ 118,207</u>	<u>\$ 109,207</u>	<u>\$ 169,394</u>	<u>\$ 60,187</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Recreation Center Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Goods and Services	\$ 839,000	\$ 839,000	\$ 843,211	\$ 4,211
Interest Revenue	2,000	2,000	398	(1,602)
Rentals	8,000	8,000	4,894	(3,106)
Donations	6,550	6,550	8,640	2,090
Miscellaneous	21,000	21,000	9,057	(11,943)
Total revenues	876,550	876,550	866,200	(10,350)
<b>EXPENDITURES</b>				
Culture and Recreation	941,550	966,550	965,280	1,270
Total expenditures	941,550	966,550	965,280	1,270
Excess (deficiency) of revenues over expenditures	(65,000)	(90,000)	(99,080)	(9,080)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	-	-	272	272
Transfers In	65,000	65,000	65,000	-
Total other financing sources (uses)	65,000	65,000	65,272	272
Net change in fund balances	-	(25,000)	(33,808)	(8,808)
Fund balances -- beginning	87,632	87,632	87,632	-
Fund balances -- ending	\$ 87,632	\$ 62,632	\$ 53,824	\$ (8,808)

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Casualty Reserve Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest Revenue	\$ 500	\$ 500	\$ 179	\$ (321)
Other Miscellaneous	1,500	1,500	2,674	1,174
Total revenues	2,000	2,000	2,853	853
<b>EXPENDITURES</b>				
General Government	40,500	40,500	28,009	12,491
Total expenditures	40,500	40,500	28,009	12,491
Excess (deficiency) of revenues over expenditures	(38,500)	(38,500)	(25,156)	13,344
Net change in fund balances	(38,500)	(38,500)	(25,156)	13,344
Fund balances -- beginning	65,919	65,919	65,919	-
Fund balances -- ending	\$ 27,419	\$ 27,419	\$ 40,763	\$ 13,344

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - E-911 Emergency Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Goods and Services	\$ 593,200	\$ 593,200	\$ 545,460	\$ (47,740)
Interest Revenue	2,000	2,000	610	(1,390)
Miscellaneous	6,000	6,000	10,497	4,497
Total revenues	601,200	601,200	556,567	(44,633)
<b>EXPENDITURES</b>				
Public Safety	813,550	813,550	749,681	63,869
Total expenditures	813,550	813,550	749,681	63,869
Excess (deficiency) of revenues over expenditures	(212,350)	(212,350)	(193,114)	19,236
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	160,000	160,000	160,000	-
Total other financing sources (uses)	160,000	160,000	160,000	-
Net change in fund balances	(52,350)	(52,350)	(33,114)	19,236
Fund balances -- beginning	181,465	181,465	181,465	-
Fund balances -- ending	\$ 129,115	\$ 129,115	\$ 148,351	\$ 19,236

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Library Fines Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,200	\$ 1,200
Fines and Forfeits	21,000	21,000	17,451	(3,549)
Interest Revenue	3,000	3,000	1,676	(1,324)
Donations/Contributions	-	-	14,393	14,393
Miscellaneous	15,000	15,000	16,278	1,278
Total revenues	<u>39,000</u>	<u>39,000</u>	<u>50,998</u>	<u>11,998</u>
<b>EXPENDITURES</b>				
Culture and Recreation	110,850	110,850	101,769	9,081
Total expenditures	<u>110,850</u>	<u>110,850</u>	<u>101,769</u>	<u>9,081</u>
Excess (deficiency) of revenues over expenditures	<u>(71,850)</u>	<u>(71,850)</u>	<u>(50,771)</u>	<u>21,079</u>
Net change in fund balances	(71,850)	(71,850)	(50,771)	21,079
Fund balances -- beginning	457,102	457,102	457,102	-
Fund balances -- ending	<u>\$ 385,252</u>	<u>\$ 385,252</u>	<u>\$ 406,331</u>	<u>\$ 21,079</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Urban Renewal Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest Revenue	\$ 2,000	\$ 2,000	\$ 581	\$ (1,419)
Rentals	2,400	2,400	2,100	(300)
Special Assessments	50,400	50,400	50,507	107
Miscellaneous	3,000	3,000	2,992	(8)
Total revenues	<u>57,800</u>	<u>57,800</u>	<u>56,180</u>	<u>(1,620)</u>
<b>EXPENDITURES</b>				
Conservation and Development	42,975	99,475	89,952	9,523
Total expenditures	<u>42,975</u>	<u>99,475</u>	<u>89,952</u>	<u>9,523</u>
Excess (deficiency) of revenues over expenditures	<u>14,825</u>	<u>(41,675)</u>	<u>(33,772)</u>	<u>7,903</u>
Net change in fund balances	14,825	(41,675)	(33,772)	7,903
Fund balances -- beginning	<u>258,723</u>	<u>258,723</u>	<u>258,723</u>	<u>-</u>
Fund balances -- ending	<u>\$ 273,548</u>	<u>\$ 217,048</u>	<u>\$ 224,951</u>	<u>\$ 7,903</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Big Sioux River Project Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 131,000	\$ 131,000	\$ 164,757	\$ 33,757
Donations/Contributions	33,300	33,300	38,841	5,541
Miscellaneous	-	-	1,422	1,422
Total revenues	164,300	164,300	205,020	40,720
<b>EXPENDITURES</b>				
Conservation and Development	303,850	303,850	209,529	94,321
Total expenditures	303,850	303,850	209,529	94,321
Excess (deficiency) of revenues over expenditures	(139,550)	(139,550)	(4,509)	135,041
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	140,000	140,000	140,000	-
Total other financing sources (uses)	140,000	140,000	140,000	-
Net change in fund balances	450	450	135,491	135,041
Fund balances -- beginning	66,434	66,434	66,434	-
Fund balances -- ending	\$ 66,884	\$ 66,884	\$ 201,925	\$ 135,041

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Tax Increment Financing 1 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 252,500	\$ 252,500	\$ 251,363	\$ (1,137)
Interest Revenue	200	200	131	(69)
Total Revenues	<u>252,700</u>	<u>252,700</u>	<u>251,494</u>	<u>(1,206)</u>
<b>EXPENDITURES</b>				
Debt Service	<u>146,200</u>	<u>146,200</u>	<u>145,749</u>	<u>451</u>
Total Expenditures	<u>146,200</u>	<u>146,200</u>	<u>145,749</u>	<u>451</u>
Excess (deficiency) of revenues over expenditures	<u>106,500</u>	<u>106,500</u>	<u>105,745</u>	<u>(755)</u>
Net Change in fund balances	106,500	106,500	105,745	(755)
Fund Balances -- beginning	(2,097,888)	(2,097,888)	(2,097,888)	-
Fund Balances -- ending	<u>\$ (1,991,388)</u>	<u>\$ (1,991,388)</u>	<u>\$ (1,992,143)</u>	<u>\$ (755)</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual -Tax Increment Financing 2 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 46,500	\$ 46,500	\$ 44,467	\$ (2,033)
Interest Revenue	50	50	34	(16)
Total Revenues	46,550	46,550	44,501	(2,049)
<b>EXPENDITURES</b>				
Debt Service	81,600	81,600	81,571	29
Total Expenditures	81,600	81,600	81,571	29
Excess (deficiency) of revenues over expenditures	(35,050)	(35,050)	(37,070)	(2,020)
Net Change in fund balances	(35,050)	(35,050)	(37,070)	(2,020)
Fund Balances -- beginning	(1,151,182)	(1,151,182)	(1,151,182)	-
Fund Balances -- ending	\$ (1,186,232)	\$ (1,186,232)	\$ (1,188,252)	\$ (2,020)

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Tax Increment Financing 3 Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Tax Revenue	\$ 73,000	\$ 73,000	\$ 69,775	\$ (3,225)
Interest Revenue	70	70	63	(7)
Total revenues	<u>73,070</u>	<u>73,070</u>	<u>69,838</u>	<u>(3,232)</u>
<b>EXPENDITURES</b>				
Debt Service	17,200	17,200	17,266	(66)
Total expenditures	<u>17,200</u>	<u>17,200</u>	<u>17,266</u>	<u>(66)</u>
Excess (deficiency) of revenues over expenditures	<u>55,870</u>	<u>55,870</u>	<u>52,572</u>	<u>(3,298)</u>
Net change in fund balances	55,870	55,870	52,572	(3,298)
Fund balances -- beginning	(272,267)	(272,267)	(272,267)	-
Fund balances -- ending	<u>\$ (216,397)</u>	<u>\$ (216,397)</u>	<u>\$ (219,695)</u>	<u>\$ (3,298)</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual -Tax Increment Financing 5 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 5,500	\$ 5,500	\$ 6,708	\$ 1,208
Interest Revenue	25	25	20	(5)
Total revenues	5,525	5,525	6,728	1,203
<b>EXPENDITURES</b>				
Debt Service	82,000	148,000	147,983	17
Total expenditures	82,000	148,000	147,983	17
Excess (deficiency) of revenues over expenditures	(76,475)	(142,475)	(141,255)	1,220
Net change in fund balances	(76,475)	(142,475)	(141,255)	1,220
Fund balances -- beginning	(2,075,636)	(2,075,636)	(2,075,636)	-
Fund balances -- ending	\$ (2,152,111)	\$ (2,218,111)	\$ (2,216,891)	\$ 1,220

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual -Tax Increment Financing 6 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 58,000	\$ 58,000	\$ 76,809	\$ 18,809
Interest Revenue	50	50	54	4
Total revenues	<u>58,050</u>	<u>58,050</u>	<u>76,863</u>	<u>18,813</u>
<b>EXPENDITURES</b>				
Current:				
Conservation and Development	5,000	5,000	5,000	-
Debt Service	59,400	59,400	58,363	1,037
Total expenditures	<u>64,400</u>	<u>64,400</u>	<u>63,363</u>	<u>1,037</u>
Excess (deficiency) of revenues over expenditures	<u>(6,350)</u>	<u>(6,350)</u>	<u>13,500</u>	<u>19,850</u>
Net change in fund balances	(6,350)	(6,350)	13,500	19,850
Fund balances -- beginning	(825,057)	(825,057)	(825,057)	-
Fund balances -- ending	<u>\$ (831,407)</u>	<u>\$ (831,407)</u>	<u>\$ (811,557)</u>	<u>\$ 19,850</u>

Combining Statements

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**Nonmajor Debt Service Funds**

**GO Bond** – to account for the general obligation bonds issued in 2002 for the construction of the Watertown Event Center and the refinancing bonds issued in 2010.

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Combining Balance Sheet - Nonmajor Debt Service Fund

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	<u>GO Bonds</u>
<b>ASSETS</b>	
Current assets:	
Pooled Cash and Investments	\$ 271,656
Property Taxes Receivable	6,135
Interest Receivable	292
Total assets	<u>278,083</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue	292
Total Deferred Inflows of Resources	<u>292</u>
<b>FUND BALANCES</b>	
Restricted for:	
Debt Service	277,791
Total fund balances	<u>277,791</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 278,083</u>

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Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Nonmajor Debt Service Fund

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	<u>GO Bonds</u>
<b>REVENUES</b>	
Tax Revenue	
Property	\$ 447,153
Interest Revenue	1,145
Total revenues	<u>448,298</u>
<b>EXPENDITURES</b>	
Debt Service	<u>425,890</u>
Total expenditures	<u>425,890</u>
Excess (deficiency) of revenues over expenditures	22,408
Fund balances -- beginning	<u>255,383</u>
Fund balances -- ending	<u>\$ 277,791</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - GO Bond Fund

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Tax Revenue				
Property	\$ 446,250	\$ 446,250	\$ 447,153	\$ 903
Interest Revenue	2,000	2,000	1,145	(855)
Total revenues	<u>448,250</u>	<u>448,250</u>	<u>448,298</u>	<u>48</u>
<b>EXPENDITURES</b>				
Debt Service	426,390	426,390	425,890	500
Total expenditures	<u>426,390</u>	<u>426,390</u>	<u>425,890</u>	<u>500</u>
Excess (deficiency) of revenues over expenditures	<u>21,860</u>	<u>21,860</u>	<u>22,408</u>	<u>548</u>
Net change in fund balances	21,860	21,860	22,408	548
Fund balances -- beginning	255,383	255,383	255,383	-
Fund balances -- ending	<u>\$ 277,243</u>	<u>\$ 277,243</u>	<u>\$ 277,791</u>	<u>\$ 548</u>

Combining Statements

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**Nonmajor Enterprise Funds**

**Solid Waste Fund** – to account for solid waste services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, billing and collection.

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Combining Statement of Net Position - Nonmajor Business-Type Funds

	<u>Enterprise Funds</u>	
	<u>Solid Waste Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Current assets:		
Pooled Cash and Investments	\$ 2,405,863	\$ 2,405,863
Accounts Receivable	246,413	246,413
Interest Receivable	2,295	2,295
Due from Other Funds	1,855	1,855
Due From Other Governments	232,301	232,301
Inventory	36,384	36,384
Restricted Cash	481,436	481,436
Total Current assets:	<u>3,406,547</u>	<u>3,406,547</u>
Noncurrent assets:		
Land	38,174	38,174
Buildings and Structures	993,472	993,472
Furniture Equipment Machinery	4,844,669	4,844,669
Improvements Other Than Buildings	3,828,222	3,828,222
Construction in Progress	23,946	23,946
Accumulated Depreciation	(3,517,264)	(3,517,264)
Total Noncurrent assets:	<u>6,211,219</u>	<u>6,211,219</u>
Total assets	<u>9,617,766</u>	<u>9,617,766</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Current liabilities:		
Accounts Payable	209,019	209,019
Retainage Payable	26,773	26,773
Accrued Vacation and Sick Leave	35,600	35,600
Total Current liabilities:	<u>271,392</u>	<u>271,392</u>
Noncurrent liabilities:		
Accrued Vacation and Sick Leave	106,800	106,800
Other Post Employment Benefits	24,627	24,627
Closure/Post Closure Liability	481,436	481,436
Total Noncurrent liabilities:	<u>612,863</u>	<u>612,863</u>
Total liabilities	<u>884,255</u>	<u>884,255</u>
Net Investment in Capital Assets	6,211,219	6,211,219
Unrestricted	2,522,292	2,522,292
Total net position	<u>\$ 8,733,511</u>	<u>\$ 8,733,511</u>

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Combining Statement of Revenues, Expenses, and Changes in Net Position-  
 Nonmajor Business-Type Funds

	<u>Enterprise Funds</u>	
	<u>Solid Waste Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>		
Charges for Goods and Services	\$ 2,377,793	\$ 2,377,793
Miscellaneous	33,452	33,452
Total Operating revenues	<u>2,411,245</u>	<u>2,411,245</u>
<b>OPERATING EXPENSES</b>		
Personal Services	1,067,147	1,067,147
Supplies	288,661	288,661
Utilities	29,893	29,893
Other Charges	448,531	448,531
Depreciation	421,073	421,073
Total operating expenses	<u>2,255,305</u>	<u>2,255,305</u>
Operating Income (Loss)	<u>155,940</u>	<u>155,940</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental Revenue	42,252	42,252
Interest Revenue	10,058	10,058
Contributions	(40,000)	(40,000)
Gain(Loss) on Disposition of Capital Assets	1,107	1,107
Total nonoperating revenues (expenses)	<u>13,417</u>	<u>13,417</u>
Income (loss) before contributions and transfers	169,357	169,357
Transfers Out	(207,460)	(207,460)
Capital Contributions	350,376	350,376
Change in net position	312,273	312,273
Total net position -- beginning	<u>8,421,238</u>	<u>8,421,238</u>
Total net position -- ending	<u>\$ 8,733,511</u>	<u>\$ 8,733,511</u>

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Combining Statement of Cash Flows - Nonmajor Business-Type Funds

	<u>Enterprise Funds</u>	
	<u>Solid Waste Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer including deposits	\$ 2,234,118	\$ 2,234,118
Payments to suppliers	(801,782)	(801,782)
Payments to employees	(1,041,822)	(1,041,822)
Other Operating Cash Receipts	33,452	33,452
Net cash provided (used) by operating activities	<u>423,966</u>	<u>423,966</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Contribution	(40,000)	(40,000)
Transfers Out	(207,460)	(207,460)
Net cash provided (used) by noncapital financing activities	<u>(247,460)</u>	<u>(247,460)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(831,413)	(831,413)
Capital Grant	392,628	392,628
Proceeds from sales of capital assets	1,107	1,107
Net cash provided (used) by capital and related financing activities	<u>(437,678)</u>	<u>(437,678)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	10,695	10,695
Net cash provided by investing activities	<u>10,695</u>	<u>10,695</u>
Net increase (decrease) in cash and cash equivalents	(250,477)	(250,477)
Pooled Cash and Investments - beginning of year	3,137,776	3,137,776
Pooled Cash and Investments - end of year	2,887,299	2,887,299
Less Restricted Pooled Cash and Investments	(481,436)	(481,436)
Pooled Cash and Investment Per Balance Sheet	<u>\$ 2,405,863</u>	<u>\$ 2,405,863</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 155,940	\$ 155,940
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	421,073	421,073
Changes in assets and Liabilities:		
Accounts Payable - Other	228	228
Accounts Payable - Supplier	(104,153)	(104,153)
Customer Receivables	(24,310)	(24,310)
Inventory	18,816	18,816
Other operating receivables	(119,364)	(119,364)
Closure/Post closure costs	50,411	50,411
Other Post Employment Benefits	4,185	4,185
Salaries & Benefits Payable	21,140	21,140
Net Cash provided (used) by operating activities	<u>\$ 423,966</u>	<u>\$ 423,966</u>

Combining Statements

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**Fiduciary Funds**

**125 Escrow Agency Fund** – to account for the employee’s withholdings and disbursement for Section 125 Flexible Spending Accounts.

**Redemption Agency Fund** – to account for collection of and remittance to contractors holding special assessment certificates for various improvements.

**Security Deposit Agency Fund** – to account for the collection and return or forfeiture of all surety coverage receipts required by the City for items such as contract performance.

City of Watertown  
 Comprehensive Annual Financial Report  
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Combining Statement of Net Position - Fiduciary Funds

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	Agency Funds			Total
	125 Escrow Agency Fund	Redemption Agency Fund	Security Deposit Agency Fund	
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 25,470	\$ 500	\$ 63,391	\$ 89,361
Interest Receivable	-	-	23	23
Total Assets	<u>25,470</u>	<u>500</u>	<u>63,414</u>	<u>89,384</u>
<b>LIABILITIES</b>				
Due to Others	25,470	500	63,414	89,384
Total Liabilities	<u>\$ 25,470</u>	<u>\$ 500</u>	<u>\$ 63,414</u>	<u>\$ 89,384</u>

City of Watertown  
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Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds

	<b>Balance January 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2013</b>
<b>125 Escrow Fund</b>				
Assets:				
Pooled Cash and Investments	\$ 30,547	\$ 97,946	\$ 103,023	\$ 25,470
Liabilities:				
Due to Flex Claims	\$ 30,547	\$ 97,946	\$ 103,023	\$ 25,470
<b>Redemption Fund</b>				
Assets:				
Pooled Cash and Investments	\$ 500	\$ -	\$ -	\$ 500
Liabilities:				
Due to Certificate Holders	\$ 500	\$ -	\$ -	\$ 500
<b>Security Deposit Fund</b>				
Assets:				
Pooled Cash and Investments	\$ 63,856	\$ 610	\$ 1,075	\$ 63,391
Interest Receivable	30	1	8	23
Total Assets	\$ 63,886	\$ 611	\$ 1,083	\$ 63,414
Liabilities:				
Accounts Payable	\$ -	\$ 1,075	\$ 1,075	\$ -
Bidder's Deposits	63,886	611	1,083	63,414
Total Liabilities	\$ 63,886	\$ 1,686	\$ 2,158	\$ 63,414
<b>Total All Agency Funds</b>				
Assets:				
Pooled Cash and Investments	\$ 94,903	\$ 98,556	\$ 104,098	\$ 89,361
Interest Receivable	30	1	8	23
Total Assets	\$ 94,933	\$ 98,557	\$ 104,106	\$ 89,384
Liabilities:				
Due to Flex Claims	\$ 30,547	\$ 97,946	\$ 103,023	\$ 25,470
Due to Certificate Holders	500	-	-	500
Accounts Payable	-	1,075	1,075	-
Due to Bidders	63,886	611	1,083	63,414
Total Liabilities	\$ 94,933	\$ 99,632	\$ 105,181	\$ 89,384

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## Statistical Section

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This part of the City of Watertown’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City’s overall financial health.

Contents	Page
Financial Trends	108
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	118
<i>These schedules contain information to help the reader assess two of the government’s significant local revenue sources, property and sales tax.</i>	
Debt Capacity	120
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt, and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	126
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	128
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

City of Watertown  
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Statistics (Unaudited)

**Table 1**  
**Net Position by Component (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2004	2005	2006	2007
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 33,131,711	\$ 38,778,621	\$ 42,910,080	\$ 47,791,276
Restricted	334,529	(252,416)	5,384,568	4,744,766
Unrestricted	19,583,536	20,184,885	18,515,631	20,525,046
<b>Total Governmental Activities Net Position</b>	<b>53,049,776</b>	<b>58,711,090</b>	<b>66,810,279</b>	<b>73,061,088</b>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	76,631,882	78,257,049	80,830,075	93,713,787
Restricted	1,125,182	1,627,448	2,332,710	2,250,823
Unrestricted	8,268,507	8,311,211	7,970,219	5,883,775
<b>Total Business-Type Activities Net Position</b>	<b>86,025,571</b>	<b>88,195,708</b>	<b>91,133,004</b>	<b>101,848,385</b>
<b>Primary Government</b>				
Net Investment in Capital Assets	109,763,593	117,035,670	123,740,155	141,505,063
Restricted	1,459,711	1,375,032	7,717,278	6,995,589
Unrestricted	27,852,043	28,496,096	26,485,850	26,408,821
<b>Total Primary Government Net Position</b>	<b>\$ 139,075,347</b>	<b>\$ 146,906,798</b>	<b>\$ 157,943,283</b>	<b>\$ 174,909,473</b>

City of Watertown  
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 Year Ended December 31, 2013

Statistics (Unaudited)

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	2008	2009	2010	2011	2012	2013
\$	51,029,214	\$ 55,524,697	\$ 60,575,273	\$ 67,767,554	\$ 85,000,053	\$ 90,859,225
	4,688,698	4,248,755	4,270,785	4,056,531	3,739,347	3,729,910
	23,032,412	20,768,250	17,365,658	17,916,695	20,507,155	21,011,647
	78,750,324	80,541,702	82,211,716	89,740,780	109,246,555	115,600,782
	97,151,295	101,568,572	104,804,892	108,084,421	117,465,744	120,161,321
	2,321,033	4,144,904	4,968,431	4,971,973	4,920,074	5,123,610
	6,105,604	7,861,507	10,473,916	12,194,936	14,200,509	18,435,648
	105,577,932	113,574,983	120,247,239	125,251,330	136,586,327	143,720,579
	148,180,509	157,093,269	165,380,165	175,851,975	202,465,797	211,020,546
	7,009,731	8,393,659	9,239,216	9,028,504	8,659,421	8,853,520
	29,138,016	28,629,757	27,839,574	30,111,631	34,707,664	39,447,295
\$	184,328,256	\$ 194,116,685	\$ 202,458,955	\$ 214,992,110	\$ 245,832,882	\$ 259,321,361

City of Watertown  
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Statistics (Unaudited)

**Table 2**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2004	2005	2006	2007
<b>Expenses</b>				
<b>Governmental Activities</b>				
General Government	\$ 2,661,507	\$ 2,526,647	\$ 2,263,546	\$ 2,081,938
Public Safety	4,539,227	4,577,510	5,162,524	6,027,544
Public Works	2,203,276	2,907,346	2,923,705	5,210,444
Health and Welfare	55,762	131,608	128,194	152,548
Culture and Recreation	3,655,310	4,324,997	4,663,705	5,398,262
Conservation and Development	4,333,120	2,002,869	1,351,546	1,127,959
Interest on Long-Term Debt	437,605	775,177	943,562	969,371
<b>Total Governmental Activities</b>	<b>17,885,807</b>	<b>17,246,154</b>	<b>17,436,782</b>	<b>20,968,066</b>
<b>Business-Type Activities</b>				
Sewer	2,391,907	2,580,467	2,462,574	2,614,782
Solid Waste	1,336,739	1,521,945	1,635,773	1,801,588
Airport	388,741	452,915	427,644	517,809
Electric	13,183,290	14,287,836	14,854,667	16,732,001
Water	2,257,159	2,389,920	2,648,436	2,836,951
Gas	17,235,497	20,550,668	22,540,265	22,960,556
Water Bond	378,313	364,944	361,564	415,885
<b>Total Business-Type Activities Expenses</b>	<b>37,171,646</b>	<b>42,148,695</b>	<b>44,930,923</b>	<b>47,879,572</b>
<b>Total Primary Government Expenses</b>	<b>55,057,453</b>	<b>59,394,849</b>	<b>62,367,705</b>	<b>68,847,638</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General Government	328	88,003	88,937	110,331
Public Safety	582,815	759,822	810,005	761,711
Public Works	126,272	179,367	193,486	120,870
Health and Welfare	1,280	2,200	2,950	1,795
Culture and Recreation	1,250,135	1,359,572	1,633,329	1,712,916
Conservation and Development	29,095	102,418	194,497	210,867
Operating Grants and Contributions	893,600	802,673	696,445	461,103
Capital Grants and Contributions	4,874,487	2,414,636	1,752,712	3,333,292
<b>Total Governmental Activities Program Revenues</b>	<b>7,758,012</b>	<b>5,708,691</b>	<b>5,372,361</b>	<b>6,712,885</b>
<b>Business-Type Activities</b>				
<b>Charges for Services</b>				
Sewer	2,540,141	2,653,177	2,718,978	2,740,310
Solid Waste	1,951,976	1,958,100	2,023,769	2,073,322
Airport	133,426	104,681	112,719	181,990
Electric	14,681,182	15,767,071	16,112,853	18,213,206
Water	2,138,580	2,050,867	2,138,417	2,467,522
Gas	18,373,187	20,930,499	23,669,760	23,258,513
Water Bond	626,469	640,387	633,029	472,666
Operating Grants and Contributions	-	3,072	-	-
Capital Grants and Contributions	649,932	804,509	845,719	9,481,462
<b>Total Business-Type Activities Program Revenues</b>	<b>41,094,893</b>	<b>44,912,363</b>	<b>48,255,244</b>	<b>58,888,991</b>
<b>Total Primary Government Program Revenues</b>	<b>48,852,905</b>	<b>50,621,054</b>	<b>53,627,605</b>	<b>65,601,876</b>
<b>Net (Expenses) Revenues</b>				
Governmental Activities	(10,127,795)	(11,537,463)	(12,064,421)	(14,255,181)
Business-Type Activities	3,923,247	2,763,668	3,324,321	11,009,419
<b>Total Primary Government Net Expense</b>	<b>\$ (6,204,548)</b>	<b>\$ (8,773,795)</b>	<b>\$ (8,740,100)</b>	<b>\$ (3,245,762)</b>

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Statistics (Unaudited)

	2008	2009	2010	2011	2012	2013
\$	2,013,451	\$ 2,239,381	\$ 2,310,431	\$ 2,121,098	\$ 2,179,248	\$ 2,278,875
	6,027,524	6,995,236	6,690,164	7,792,889	7,607,436	8,014,490
	3,924,863	5,567,390	6,572,449	3,872,691	3,045,042	3,127,223
	112,178	143,252	155,521	106,977	51,181	68,610
	4,663,565	4,447,026	5,082,426	5,571,198	5,717,719	5,666,008
	2,367,988	2,185,846	4,077,887	824,564	937,887	1,511,981
	980,531	989,693	1,000,750	1,193,734	1,264,972	923,567
	20,090,100	22,567,824	25,889,628	21,483,151	20,803,485	21,590,754
	2,654,696	2,795,065	2,827,414	3,685,485	3,553,717	3,589,083
	1,912,915	1,883,078	2,231,953	2,225,436	2,247,821	2,295,305
	652,775	684,003	731,815	766,861	835,405	1,042,696
	19,057,099	21,067,051	22,278,923	23,085,560	23,075,668	23,842,210
	3,189,027	3,018,896	3,328,414	3,642,761	5,169,923	4,707,937
	36,286,483	22,675,100	18,590,439	10,182,905	8,013,641	8,461,181
	-	-	-	-	-	-
	63,752,995	52,123,193	49,988,958	43,589,008	42,896,175	43,938,412
	83,843,095	74,691,017	75,878,586	65,072,159	63,699,660	65,529,166
	94,191	95,725	102,738	109,666	110,237	118,522
	883,982	848,182	804,582	847,295	1,267,262	1,594,057
	233,702	136,082	209,369	177,996	347,757	257,342
	2,805	2,120	2,460	1,440	-	-
	1,791,085	1,844,853	1,946,663	1,998,369	2,155,501	2,176,508
	190,285	149,469	182,063	172,426	223,529	210,276
	592,547	1,500,508	1,187,355	747,499	659,139	694,993
	2,204,146	1,039,834	3,501,985	4,490,263	13,877,663	1,057,552
	5,992,743	5,616,773	7,937,215	8,544,954	18,641,088	6,109,250
	2,723,042	2,662,905	2,749,380	3,268,702	3,369,238	3,413,812
	2,126,587	2,158,445	2,143,671	2,228,029	2,322,098	2,411,245
	135,333	122,541	115,443	114,843	119,981	143,536
	20,873,566	22,586,756	23,392,522	25,063,172	24,941,694	26,671,481
	3,232,484	4,154,367	4,145,187	4,288,038	5,514,814	5,323,126
	36,333,029	25,617,261	20,139,602	12,290,057	10,182,312	12,499,373
	-	-	-	-	-	-
	-	137,144	61,087	1,067,742	179,884	63,628
	2,960,700	3,181,150	4,856,309	1,280,359	9,274,509	1,801,569
	68,384,741	60,620,569	57,603,201	49,600,942	55,904,530	52,327,770
	74,377,484	66,237,342	65,540,416	58,145,896	74,545,618	58,437,020
	(14,097,357)	(16,951,051)	(17,952,413)	(12,938,197)	(2,162,397)	(15,481,504)
	4,631,746	8,497,376	7,614,243	6,011,934	13,008,355	8,389,358
\$	(9,465,611)	(8,453,675)	(10,338,170)	(6,926,263)	10,845,958	(7,092,146)

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Statistics (Unaudited)

**Table 2 (continued)**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Governmental Activities				
Taxes				
Property Taxes	\$ 2,272,325	\$ 2,428,888	\$ 2,714,384	\$ 2,860,183
Sales and Use Taxes	9,664,195	10,836,904	11,121,297	12,188,673
Other Taxes	489,661	503,469	569,358	535,745
Licenses & Permits	156,836	-	-	-
State Shared Revenues	518,725	532,410	553,627	779,009
Investment Earnings	445,590	968,867	1,548,508	1,586,553
Rentals	72,633	-	-	-
Miscellaneous	186,143	423,882	275,762	323,635
Sales of Capital Assets	219,050	44,642	19,084	-
Premiums from Bonds	-	-	12,466	-
Transfers	(849,943)	980,500	1,041,020	766,300
Total Governmental Activities	<u>13,175,215</u>	<u>16,719,562</u>	<u>17,855,506</u>	<u>19,040,098</u>
Business-Type Activities				
Taxes				
Other Taxes	10,731	11,747	10,190	10,346
Investment Earnings	159,971	291,193	493,476	461,917
Sales of Capital Assets	-	-	16	-
Miscellaneous	-	-	-	-
Transfers	849,943	(980,500)	(1,041,020)	(766,300)
Total Business-Type Activities	<u>1,020,645</u>	<u>(677,560)</u>	<u>(537,338)</u>	<u>(294,037)</u>
Total Primary Government General Revenues	<u>14,195,860</u>	<u>16,042,002</u>	<u>17,318,168</u>	<u>18,746,061</u>
Change in Net Position				
Governmental Activities	3,047,420	5,182,099	5,791,085	4,784,917
Business-Type Activities	4,943,892	2,086,108	2,786,983	10,715,382
Total Primary Government	<u>\$ 7,991,312</u>	<u>\$ 7,268,207</u>	<u>\$ 8,578,068</u>	<u>\$ 15,500,299</u>

City of Watertown  
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Statistics (Unaudited)

	2008	2009	2010	2011	2012	2013
\$	3,077,979	\$ 3,217,832	\$ 3,409,712	\$ 3,527,126	\$ 3,662,785	\$ 3,839,601
	12,391,871	12,078,171	12,722,695	13,417,259	14,201,502	14,435,880
	575,150	580,539	604,185	644,792	558,608	374,254
	-	-	-	-	-	-
	824,082	677,265	737,314	780,300	844,462	934,849
	1,255,522	931,412	657,381	566,533	522,308	495,797
	-	-	-	-	-	-
	297,984	519,310	223,836	290,407	103,667	297,966
	-	-	-	-	19,295	4,984
	-	-	-	-	-	-
	1,364,005	737,900	1,267,304	1,240,844	1,807,975	1,452,400
	19,786,593	18,742,429	19,622,427	20,467,261	21,720,602	21,835,731
	9,794	7,764	9,398	8,261	4,865	6,032
	342,516	205,653	158,880	-	124,287	132,601
	-	-	-	80,110	5,465	58,661
	109,496	24,158	157,039	144,630	-	-
	(1,364,005)	(737,900)	(1,267,304)	(1,240,844)	(1,807,975)	(1,452,400)
	(902,199)	(500,325)	(941,987)	(1,007,843)	(1,673,358)	(1,255,106)
	18,884,394	18,242,104	18,680,440	19,459,418	20,047,244	20,580,625
	5,689,236	1,791,378	1,670,014	7,529,064	19,558,205	6,354,227
	3,729,547	7,997,051	6,672,256	5,004,091	11,334,997	7,134,252
\$	9,418,783	\$ 9,788,429	\$ 8,342,270	\$ 12,533,155	\$ 30,893,202	\$ 13,488,479

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 Year Ended December 31, 2013

Statistics (Unaudited)

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**Table 3**  
**Fund Balances of Governmental Funds (modified accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2004	2005	2006	2007
General Fund				
Reserved	\$ 205,811	\$ 96,593	\$ 111,140	\$ 464,377
Unreserved	5,315,644	5,687,386	5,668,844	5,673,028
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>5,521,455</u>	<u>5,783,979</u>	<u>5,779,984</u>	<u>6,137,405</u>
All Other Governmental Funds				
Reserved	9,709,398	1,402,621	2,004,425	5,817,730
Unreserved, Reported in				
Special Revenue Funds	1,248,689	11,042,195	15,798,469	11,778,008
Debt Service Funds	48,326	70,475	95,835	124,812
Capital Projects Funds	4,911,083	2,394,660	805,250	788,989
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 15,917,496</u>	<u>\$ 14,909,951</u>	<u>\$ 18,703,979</u>	<u>\$ 18,509,539</u>

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	2008	2009	2010	2011	2012	2013
\$	460,519	\$ 485,273	\$ 471,288	\$ -	\$ -	\$ -
	6,086,492	5,123,231	5,179,949	-	-	-
	-	-	-	191,384	149,495	143,545
	-	-	-	20,307	20,371	20,415
	-	-	-	1,834,287	330,054	1,174,896
	-	-	-	3,744,725	6,739,020	6,597,341
	6,547,011	5,608,504	5,651,237	5,790,703	7,238,940	7,936,197
	6,046,771	5,676,516	7,430,002	-	-	-
	14,581,378	13,004,547	7,973,744	-	-	-
	153,462	181,979	208,507	-	-	-
	-	-	-	-	-	-
	-	-	-	5,590,064	5,545,826	5,510,296
	-	-	-	2,932,836	2,768,332	2,872,687
	-	-	-	13,819,224	15,277,075	15,233,749
	-	-	-	(6,394,499)	(6,355,596)	(6,428,538)
\$	20,781,611	\$ 18,863,042	\$ 15,612,253	\$ 15,947,625	\$ 17,235,637	\$ 17,188,194

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**Table 4**  
**Changes in Fund Balances of Governmental Funds (modified accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2004	2005	2006	2007	2008
<b>Revenues</b>					
Taxes	\$ 12,426,181	\$ 13,769,261	\$ 14,319,732	\$ 15,485,565	\$ 16,035,282
Licenses and Permits	156,397	161,952	230,185	299,872	228,960
Intergovernmental	2,282,204	1,395,457	1,145,538	2,302,724	2,067,182
Charges for Goods and Services	1,834,901	2,073,901	2,403,288	2,415,740	2,598,905
Fines and Forfeitures	65,783	69,087	79,904	90,756	87,082
Interest	442,510	881,016	1,330,062	1,562,728	1,375,784
Miscellaneous Revenue	1,994,612	2,136,374	1,258,173	1,250,948	862,324
<b>Total Revenues</b>	<b>19,202,588</b>	<b>20,487,048</b>	<b>20,766,882</b>	<b>23,408,333</b>	<b>23,255,519</b>
<b>Expenditures</b>					
General Government	2,421,133	2,411,779	1,953,217	1,824,808	2,003,829
Public Safety	4,271,301	4,489,573	4,978,559	6,857,734	5,925,253
Public Work	1,571,473	2,079,050	2,094,081	7,039,201	5,589,803
Health and Welfare	54,463	131,059	127,180	151,971	112,208
Culture and Recreation	3,411,169	3,461,596	4,348,380	6,863,660	5,352,446
Conservation and Development	966,920	714,668	725,469	1,161,056	1,731,205
Contributions to Other Gov't	-	-	355,000	282,500	-
Capital Outlay	12,163,445	7,618,326	6,764,013	62,109	4,753
Debt Service					
Principal	366,177	534,133	705,616	797,537	846,333
Interest	374,996	814,716	925,437	970,676	979,795
Administrative Charges	1,500	2,300	2,300	2,000	2,000
Bond Issuance Costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>25,602,577</b>	<b>22,257,200</b>	<b>22,979,252</b>	<b>26,013,252</b>	<b>22,547,625</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(6,399,989)</b>	<b>(1,770,152)</b>	<b>(2,212,370)</b>	<b>(2,604,919)</b>	<b>707,894</b>
<b>Other Financing Sources (Uses)</b>					
Sales of Municipal Property	191,550	44,641	13,836	29,759	20,521
Long-Term Debt Issuance	4,989,014	-	4,997,466	1,641,787	589,258
Premium on Bonds Issued	-	-	-	-	-
Pmt To Refunded Bond Escrow Agent	-	-	-	-	-
Transfer In	3,371,226	3,188,646	3,620,740	2,646,300	4,193,233
Transfer Out	(2,400,726)	(2,208,146)	(2,629,639)	(1,880,000)	(2,829,228)
<b>Total Other Financing Sources (Uses)</b>	<b>6,151,064</b>	<b>1,025,141</b>	<b>6,002,403</b>	<b>2,437,846</b>	<b>1,973,784</b>
<b>Net Change in Fund Balances</b>	<b>\$ (248,925)</b>	<b>\$ (745,011)</b>	<b>\$ 3,790,033</b>	<b>\$ (167,073)</b>	<b>\$ 2,681,678</b>
Debt service as a % of noncapital expenditures	4.7%	5.8%	10.2%	11.5%	7.4%

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	2009	2010	2011	2012	2013
\$	15,897,362	\$ 16,655,844	\$ 17,400,555	\$ 18,529,315	\$ 18,595,966
	191,135	227,893	217,234	270,639	259,051
	2,199,694	2,588,137	4,090,514	2,079,525	1,761,169
	2,640,488	2,742,393	2,788,625	3,361,454	3,673,367
	85,449	81,556	71,284	62,469	54,866
	1,033,825	742,083	617,191	547,730	499,811
	1,081,741	3,038,795	1,110,025	1,085,281	1,169,723
	23,129,694	26,076,701	26,295,428	25,936,413	26,013,953
	2,466,700	2,252,324	2,214,463	2,165,287	2,308,602
	7,642,490	11,570,206	12,263,026	8,516,828	8,597,330
	6,697,461	7,448,552	4,422,104	5,375,413	4,358,255
	142,427	155,327	123,925	51,181	68,610
	6,188,672	6,357,466	5,653,602	5,491,966	8,100,662
	1,999,344	3,876,901	596,354	767,142	1,484,772
	-	-	-	-	-
	-	-	-	-	-
	904,123	1,005,962	1,102,395	1,289,742	1,111,990
	989,794	1,001,326	1,188,733	927,973	922,912
	2,000	2,000	2,750	3,550	1,500
	-	58,785	-	54,453	-
	27,033,011	33,728,849	27,567,352	24,643,535	26,954,633
	(3,903,317)	(7,652,148)	(1,271,924)	1,292,878	(940,680)
	44,461	6,305	1,815	159,114	138,094
	263,880	7,526,374	530,997	4,165,000	-
	-	3,022	-	-	-
	-	(4,358,913)	-	(4,258,943)	-
	3,160,400	3,148,666	2,996,750	3,432,200	3,815,400
	(2,422,500)	(1,881,362)	(1,782,800)	(2,054,000)	(2,363,000)
	1,046,241	4,444,092	1,746,762	1,443,371	1,590,494
\$	(2,857,076)	\$ (3,208,056)	\$ 474,838	\$ 2,736,249	\$ 649,814
	8.8%	8.3%	11.3%	12.1%	10.5%

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**Table 5**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Residential Property	Commercial Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a % of Actual Value
2004	631,449,813	272,109,739	903,559,552	2.80	1,063,011,238	85%
2005	685,167,843	303,272,316	988,440,159	2.73	1,162,870,478	85%
2006	707,991,200	313,375,833	1,021,367,033	2.67	1,201,608,274	85%
2007	862,037,766	320,139,830	1,182,177,596	2.50	1,383,147,787	85%
2008	863,073,456	340,213,014	1,203,286,470	2.58	1,415,631,141	85%
2009	921,168,488	366,738,271	1,287,906,759	2.65	1,515,184,422	85%
2010	927,815,856	381,159,855	1,308,975,711	2.59	1,539,971,425	85%
2011	932,257,198	381,637,650	1,313,894,848	2.68	1,545,758,645	85%
2012	944,992,929	389,987,956	1,334,980,885	2.74	1,570,565,747	85%
2013	982,112,861	404,026,919	1,386,139,780	2.73	1,630,752,682	85%

Source: Codington County Board of Equalization.

**Table 6**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	City of Watertown			Overlapping Rates							
	Operating Millage	Debt Service Millage	Total City Millage	County			Watertown School District			Special Districts	Total Direct & Overlapping Rates
				Operating Millage	Service Millage	Total County Millage	Operating Millage	Service Millage	Total School Millage		
2004	2.32	0.48	2.80	3.93	0.00	3.93	16.08	0.00	16.08	0.79	23.60
2005	2.28	0.45	2.73	3.89	0.00	3.89	15.73	0.00	15.73	0.79	23.14
2006	2.25	0.42	2.67	3.88	0.00	3.88	14.92	0.00	14.92	0.72	22.19
2007	2.11	0.39	2.50	3.67	0.00	3.67	13.84	0.00	13.84	1.24	21.25
2008	2.19	0.39	2.58	3.73	0.00	3.73	13.51	0.00	13.51	1.15	20.97
2009	2.26	0.39	2.65	3.73	0.00	3.73	13.40	0.00	13.40	1.14	20.92
2010	2.20	0.39	2.59	3.66	0.00	3.66	13.22	0.00	13.22	1.05	20.52
2011	2.32	0.36	2.68	3.71	0.00	3.71	13.22	0.00	13.22	1.02	20.63
2012	2.38	0.36	2.74	3.63	0.00	3.63	13.39	0.00	13.39	0.97	20.73
2013	2.37	0.36	2.73	3.58	0.00	3.58	14.08	0.00	14.08	0.97	21.36

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**Table 7**  
**Principal Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	2013			2004		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Wal-Mart Real Estate	\$ 10,203,702	1	0.74%	\$ -	-	-
Glacial Lakes Energy	9,576,350	2	0.69%	3,412,490	7	0.34%
Menards	7,987,728	3	0.58%	4,050,751	4	0.40%
Watertown Co-op Elevator	7,301,279	4	0.53%	-	-	-
Watertown Plaza LLC	5,967,420	5	0.43%	-	-	-
Worthington Industries	5,408,091	6	0.39%	-	-	-
Les McElhany & David McElhany	4,387,420	7	0.32%	-	-	-
Brown Investment Group	4,311,254	8	0.31%	-	-	-
Michael B. Lantsberger	4,238,019	9	0.31%	-	-	-
Stone Oil Company	4,211,248	10	0.30%	-	-	-
Watertown Development Co.	-	-	-	3,781,132	5	0.37%
Western Minnesota Municipal Power	-	-	-	5,709,812	3	0.56%
Premier Bankcard	-	-	-	3,219,421	9	0.32%
US West Communications	-	-	-	6,600,041	2	0.65%
Univest Covington (Runnings)	-	-	-	3,335,119	8	0.33%
Smith Equipment Mfg.	-	-	-	3,042,312	10	0.30%
Developers Diversified	-	-	-	10,425,934	1	1.03%
Dayton Hudson Corp.	-	-	-	3,665,111	6	0.36%
Totals	\$ 63,592,511		4.59%	\$ 47,242,123		4.66%

Entire City Assessed Valuation for 2013: \$ 1,386,139,780

DATA SOURCE: Office of the Director of Equalization

NOTE: The Codington County Director of Equalization(DOE) is the tax assessor for the property within the City of Watertown.

**Table 8**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended Dec. 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
	Amount	Percentage of Levy	Amount		Percentage of Levy	
2004	2,423,462	2,393,487	98.76	29,975	2,423,462	100.00
2005	2,709,691	2,677,281	98.80	32,410	2,709,691	100.00
2006	2,853,893	2,832,111	99.24	21,737	2,853,848	100.00
2007	3,086,308	3,051,987	98.89	34,321	3,086,308	100.00
2008	3,210,432	3,179,206	99.03	30,680	3,209,886	99.98
2009	3,400,681	3,374,430	99.23	25,429	3,399,859	99.98
2010	3,520,622	3,496,951	99.33	21,670	3,518,621	99.94
2011	3,657,796	3,636,544	99.42	16,106	3,652,650	99.86
2012	3,832,251	3,814,038	99.52	-	3,814,038	99.52
2013	4,013,830 (see note below)					

NOTE: (1) The year shown on this table indicates the year of the levy for collection in the next year, the 2013 tax levy will be collected in the year 2014, so such information is not available at the time of preparing this table.

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**Table 9**  
**Historical Sales and Use Tax Receipts**  
**Last Ten Fiscal Years**

Year	General Sales Tax	Capital Improvement Sales Tax	Pledged Revenues (1)
2004	\$ 4,805,879	\$ 4,334,930	\$ 2,408,294
2005	5,403,276	4,880,858	2,701,638
2006	5,551,722	4,997,364	2,776,313
2007	5,748,587	5,691,884	2,845,942
2008	5,875,447	5,865,987	5,865,987
2009	5,750,139	5,748,865	5,748,865
2010	6,012,216	6,006,708	6,006,708
2011	6,291,800	6,289,668	6,289,668
2012	6,802,708	6,800,967	6,800,967
2013	6,842,601	6,835,289	6,835,289

(1) Pledged revenues for 2006 and 2012 Sales Tax Bonds are that portion of the proceeds of the Sales Tax in excess of the proceeds produced by the first one percent (1%) of the Sales Tax, but not exceeding the proceeds produced by a rate of one-half of one percent (1/2 of 1%). All of the Capital Improvement Sales Tax revenues are pledged for the repayment of SRF Loans No. 6 and 8

**Table 10**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business Type Activities			Total Primary Government	Percentage of Personal Income	Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Sales Tax Revenue Bonds	SRF Loans #6, #8, #10, & #11	Installment Contracts	Water Bonds	Loan Payables				
2004	5,420,000	204,573	6,745,000	-	356,636	1,435,000	4,810,065	18,971,274	4.79%	396,179,749	937
2005	5,295,000	145,409	6,435,000	-	316,667	1,175,000	4,261,290	17,628,366	4.45%	396,179,749	871
2006	5,160,000	82,960	10,955,000	-	273,500	900,000	3,636,238	21,007,698	5.30%	396,179,749	1,038
2007	5,010,000	662,501	10,420,000	-	226,880	-	3,960,755	20,280,136	5.12%	396,179,749	1,002
2008	4,840,000	592,830	9,865,000	1,584,455	176,530	-	6,170,351	23,229,166	5.86%	396,179,749	1,148
2009	4,655,000	537,856	9,295,000	1,808,563	122,152	-	6,588,809	23,007,380	5.81%	396,179,749	1,137
2010	4,640,000	621,126	8,700,000	4,689,433	63,424	-	25,977,890	44,691,873	8.62%	518,446,588	2,080
2011	4,415,000	543,504	8,090,000	4,490,100	-	-	36,685,650	54,224,254	10.46%	518,446,588	2,524
2012	4,115,000	462,428	7,425,000	4,306,168	-	-	35,063,893	51,372,489	9.91%	518,446,588	2,391
2013	3,800,000	377,712	6,905,000	4,113,894	-	-	33,522,038	48,718,644	9.40%	518,446,588	2,268

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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**Table 11**  
**Ratio of Net General Obligation Bonded Debt**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Value of Property	Percentage of Personal Income	Per Capita
2004	5,420,000	48,326	5,371,674	0.63%	1.36%	265
2005	5,295,000	70,475	5,224,525	0.58%	1.32%	258
2006	5,160,000	95,835	5,064,165	0.51%	1.28%	250
2007	5,010,000	124,812	4,885,188	0.48%	1.23%	241
2008	4,840,000	153,462	4,686,538	0.40%	1.18%	232
2009	4,655,000	181,979	4,473,021	0.37%	1.13%	221
2010	4,640,000	208,507	4,431,493	0.34%	1.12%	206
2011	4,415,000	233,245	4,181,755	0.32%	0.81%	195
2012	4,115,000	255,383	3,859,617	0.29%	0.74%	180
2013	3,800,000	277,791	3,522,209	0.25%	0.68%	164

**Table 12**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2013**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School District	\$ 2,680,000	77%	\$ 2,065,476
Subtotal, overlapping debt			2,065,476
City of Watertown direct debt			15,196,606
Total direct and overlapping debt			<u>\$ 17,262,082</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Auditors Office. Debt outstanding data provided by the Watertown School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Watertown. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Watertown. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping government.

Note: The percentage of overlapping debt applicable is estimated by using taxable assessed property values. Applicable percentages were estimated by determining the portion of the schools taxable assessed value that is within the City's boundaries and dividing it by the School's total taxable assessed value.

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**Table 13**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	2004	2005	2006	2007	2008	2009
Debt Limit (5% limit)	45,177,978	49,422,008	51,068,352	59,108,880	60,164,324	64,385,338
Total net debt applicable to limit	13,100,156	12,468,034	16,646,334	16,740,869	17,965,985	15,880,715
Legal debt margin	32,077,822	36,953,974	34,422,018	42,368,011	42,198,339	48,504,623
Total net debt applicable to the limit as a percentage of debt limit	29.00%	25.23%	32.60%	28.32%	29.86%	24.67%

Note: The State of South Dakota Constitution sets two legal debt limits on municipalities. The City has an unrestricted (i.e. for any legally authorized purpose) legal debt limit equal to 5% of the total assessed value of taxable property. In addition the Constitution permits the City to issue debt for water or sewer improvements in an amount equal to 10% of the total value of taxable property. Water or sewer debt that applies against the 10% limit does not apply against the 5% limit.

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	2010	2011	2012	2013
Debt Limit (5% limit)	65,448,786	65,694,742	66,749,044	69,306,989
Total net debt applicable to limit	18,092,857	16,995,100	15,846,168	14,818,894
Legal debt margin	47,355,929	48,699,642	50,902,876	54,488,095
Total net debt applicable to the limit as a percentage of debt limit	27.64%	25.87%	23.74%	21.38%

Legal Debt Margin Calculation for Fiscal Year 2013

	"No-Limit" Debt	Debt Capacity at 5% (Unrestricted)	Additional 10% Debt Capacity (Water/Sewer)
2013 Assessed Value		<u>\$1,386,139,780</u>	
Maximum Debt Capacity:	\$ -	\$69,306,989	\$138,613,978
Existing Bonds:			
GO Refinancing Bonds (Event Center; 1.0-3.35% interest)	-	3,800,000	-
SRF Loan No. 3 (Wastewater Revenue Surcharge)	580,426	-	-
SRF Loan No. 5 (Wastewater Revenue Surcharge)	1,403,397	-	-
SRF Loan No. 6-CW (Sales Tax)	-	944,595	-
SRF Loan No. 6-NPS (Sales Tax)	-	88,824	-
SRF Loan No. 7-CW (Wastewater Revenue Surcharge)	648,635	-	-
SRF Loan No. 7-NPS (Wastewater Revenue Surcharge)	65,080	-	-
SRF Loan No. 8-CW (Sales Tax)	-	420,779	-
SRF Loan No. 8-NPS (Sales Tax)	-	47,081	-
SRF Loan No. 9-CW (Wastewater Revenue Surcharge)	9,516,898	-	-
SRF Loan No. 10-CW (Sales Tax)	-	2,431,100	-
SRF Loan No. 11-CW (Sales Tax)	-	181,515	-
SRF Loan Drinking Water (Water Revenue Surcharge)	21,307,602	-	-
2006 Sales Tax Revenue Bonds (3.35-4.55%)	-	3,580,000	-
2012 Sales Tax Revenue Bonds (0.4-2.7%)	-	3,325,000	-
Total Bonded Debt	33,522,038	14,818,894	-
Other Debt:			
Capital Lease - Fire Truck	292,331	-	-
Capital Lease - Golf Carts	85,381	-	-
Total Other Debt	377,712	-	-
Total Debt	33,899,750	14,818,894	-
Available Debt Capacity	N/A	\$54,488,095	\$138,613,978

City of Watertown  
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Statistics (Unaudited)

**Table 14**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Year**

Fiscal Year	1993 Water Revenue Bonds						State Revolving Fund Loans		
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Utility Service Charges	Less: Operating Expenses	Net Available Revenue
				Principal	Interest	Coverage			
2004	636,579	125,203	511,376	250,000	80,423	1.55	2,525,042	1,261,487	1,263,555
2005	657,829	123,212	534,617	260,000	69,173	1.62	2,642,218	1,387,179	1,255,039
2006	633,028	124,002	509,026	275,000	57,212	1.53	2,711,597	1,299,419	1,412,178
2007	472,666	115,578	357,088	900,000	90,537	0.36	2,574,196	1,469,253	1,104,943
2008	-	-	-	-	-	-	2,689,856	1,469,475	1,220,381
2009	-	-	-	-	-	-	2,650,728	1,531,910	1,118,818
2010	-	-	-	-	-	-	2,738,892	1,502,013	1,236,879
2011	-	-	-	-	-	-	3,253,856	1,669,074	1,584,782
2012	-	-	-	-	-	-	8,520,446	4,340,018	4,180,428
2013	-	-	-	-	-	-	8,326,760	4,322,245	4,004,515

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating Expenses do not include interest, depreciation, amortization, and other post employment benefit expenses.

The Sales Tax Revenue Bonds are backed by 50% of the sales tax collected in the Capital Improvement Fund.

The SRF Loans are backed by 100% of all sales tax collected in the Capital Improvement Fund.

All of the outstanding Water Revenue Bonds were called and paid off in 2008.

City of Watertown  
 Comprehensive Annual Financial Report  
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Statistics (Unaudited)

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State Revolving Fund Loans (cont)			Sales Tax Revenue Bonds			
Debt Service			Net Available	Debt Service		
Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage
556,972	191,988	1.69	2,384,212	160,000	73,115	-
580,996	167,964	1.68	2,684,472	310,000	296,176	4.43
643,235	177,985	1.72	2,776,313	465,000	377,296	3.30
671,977	142,117	1.36	2,845,942	535,000	433,257	2.94
633,505	157,523	1.54	5,865,987	555,000	417,415	6.03
343,481	148,618	2.27	5,748,865	570,000	399,890	5.93
342,063	285,891	1.97	6,006,708	595,000	381,230	6.15
287,401	129,845	3.80	6,289,668	610,000	360,545	6.48
1,542,743	1,113,425	1.57	6,800,967	725,000	218,668	7.21
1,656,683	1,103,919	1.45	6,835,289	520,000	225,745	9.17

Statistics (Unaudited)

**Table 15**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Income (1)	Median Age (1)	Education in Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2004	20,237	19,577	35.3	12.9	3,777	4.1%
2005	20,237	19,577	35.3	12.9	3,831	3.7%
2006	20,237	19,577	35.3	12.9	3,816	3.3%
2007	20,237	19,577	35.3	12.9	3,734	3.0%
2008	20,237	19,577	35.3	12.9	3,777	4.1%
2009	20,237	19,577	35.3	12.9	3,708	5.5%
2010	21,482	24,134	36.6	13.0	3,687	4.7%
2011	21,482	24,134	36.6	13.0	3,743	4.4%
2012	21,482	24,134	36.6	13.0	3,876	4.0%
2013	21,482	24,134	36.6	13.0	3,795	3.5%

DATA SOURCE:

- (1) U.S. Dept of Commerce, Bureau of Census  
 Education: U.S. Department of Commerce, Bureau of Census  
 (Update every 10 years)

2000 Census detail data presented as follows:

25 years and over-years of school completed:

- Elementary through 8th grade - 1,246
- 9th through 12th grade, no diploma - 1,156
- High school graduate - 6,242
- Some college, no degree - 3,404
- Associates Degree - 1,248
- Bachelor's Degree - 2,286
- Graduate or professional degree - 796

2010 Census detail data presented as follows:

25 years and over-years of school completed:

- Elementary through 8th grade - 763
- 9th through 12th grade, no diploma - 500
- High school graduate - 4,801
- Some college, no degree - 2,970
- Associates Degree - 1,374
- Bachelor's Degree - 2,748
- Graduate or professional degree - 722

Median level shown is an estimate based on a weighted average of the 2000 and 2010 Census figures

- (2) Annual School Census by the Board of Education. (Kindergarten through Grade 12-Public Schools only- does not include Private or Vocational School)
- (3) South Dakota Labor Bulletin.

Statistics (Unaudited)

**Table 16**  
**Principal Employers**  
**Current Year and Ten Years Ago**

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employed	Employees	Rank	Percentage of Total City Employed
Watertown School District	887	1	4.13%	835	1	4.13%
Prairie Lakes Healthcare System	533	2	2.48%	560	3	2.77%
Terex Utilities	525	3	2.44%	363	5	1.79%
Angus Palm	475	4	2.21%	342	6	1.69%
Premier Bankcard	354	5	1.65%	610	2	3.01%
City of Watertown	343	6	1.60%	330	7	1.63%
HyVee	340	7	1.58%	-	-	-
Sparton	290	8	1.35%	-	-	-
Walmart Supercenter	280	9	1.30%	425	4	2.10%
Jenkins Living Center	258	10	1.20%	205	9	1.01%
Dakota Sioux Casino	-	-	-	200	10	0.99%
Oak Valley Farms	-	-	-	256	8	1.27%
<b>Total</b>	<b>4,285</b>		<b>19.95%</b>	<b>4,126</b>		<b>20.39%</b>

Source: Focus Watertown

Statistics (Unaudited)

**Table 17**  
**Full-Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Full-Time Equivalent Employees as of December 31									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government</b>										
Mayor/City Council	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Attorney	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Finance	7.74	7.50	7.50	7.50	7.58	7.69	7.53	7.58	7.00	7.10
Information Technology	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering	4.58	4.58	4.60	5.60	5.60	5.34	5.63	7.36	7.41	7.36
<b>Public Safety</b>										
Police	34.06	34.06	35.06	40.06	40.06	41.06	41.25	41.56	42.01	42.57
E-911	8.50	8.50	8.50	9.00	9.40	10.00	9.80	12.80	12.80	12.80
Fire/Ambulance	29.00	29.00	29.00	32.00	32.00	34.00	37.00	34.00	37.00	37.00
<b>Public Works</b>										
Public Works Director	1.70	2.02	2.06	2.06	2.06	2.06	2.06	-	-	-
Streets	12.44	13.87	14.03	14.08	14.12	13.96	13.92	14.26	12.77	14.02
Cemetery	2.98	2.96	2.90	2.92	3.11	3.13	3.08	3.08	3.13	3.15
Building Services	-	-	-	-	-	-	5.48	4.48	4.47	4.46
<b>Health and Welfare</b>										
Animal Control	1.23	1.23	1.23	1.30	1.22	1.40	1.40	1.40	-	-
<b>Culture and Recreation</b>										
Park and Recreation	48.32	46.51	47.06	55.52	53.77	55.50	54.64	54.09	50.97	51.15
Community Recreation Center	13.87	14.72	14.72	14.37	13.48	14.98	14.59	14.63	14.38	14.81
Forestry	3.07	3.08	3.08	3.08	2.93	2.93	2.93	2.93	2.84	2.46
Library	13.84	13.94	12.94	12.94	12.94	12.94	12.94	12.94	11.49	11.44
<b>Conservation &amp; Development</b>										
Sioux River Watershed Project	2.75	2.75	2.75	2.75	3.75	2.70	2.72	2.65	1.62	1.64
Terry Redlin Freshwater Institute	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Planning and Zoning	3.00	4.24	4.86	5.65	5.62	5.52	-	-	-	-
Urban Renewal	0.68	0.68	0.68	0.75	0.48	0.37	0.40	0.40	0.20	0.06
<b>Wastewater</b>										
Wastewater	14.62	14.62	14.62	14.50	14.50	14.50	14.50	14.50	14.50	14.50
<b>Refuse Collection</b>										
Refuse Collection	16.25	16.50	16.50	16.50	16.50	16.69	16.69	16.64	16.62	16.74
<b>Airport</b>										
Airport	3.67	2.67	2.67	2.34	3.06	3.00	3.75	4.08	4.04	3.02
<b>Electric</b>										
Electric	31.00	31.00	31.00	31.00	33.00	33.00	32.00	30.00	31.00	30.00
<b>Gas</b>										
Gas	15.00	15.00	15.00	15.00	14.00	14.00	14.00	14.00	15.00	14.00
<b>Water</b>										
Water	13.00	13.00	13.00	14.00	17.00	16.00	17.00	18.00	16.00	18.00

Source: City Departments

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2013

Statistics (Unaudited)

**Table 18**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Police</b>										
Physical Arrests	1,046	1,367	2,108	2,189	2,049	1,864	1,913	2,205	2,148	2,461
Accidents	1,084	1,063	904	939	775	855	875	860	793	794
Traffic Violations	1,202	1,470	2,260	2,783	2,052	1,925	1,435	1,305	1,411	1,359
<b>Fire</b>										
Emergency Responses	1,588	1,696	1,725	1,626	1,706	1,804	1,839	1,857	2,185	2,211
Fire Calls	484	426	387	483	691	597	392	385	485	460
Inspections	469	185	286	174	297	607	617	285	342	314
<b>Solid Waste</b>										
Refuse Deposited (tons per day)	102	99	102	104	106	111	121	123	137	141
Recyclables collected (tons per day)	5	2	2	2	2	2	2	2	2	3
<b>Other Public Works</b>										
Crack Sealed Streets (blocks)	110	168	123	40	38	0	0	0	0	0
Seal Coat Streets (blocks)	80	186	165	138	154	148	130	128	145	134
Street Resurfacing (blocks)	38	55	50	51	54	36	51	58	44	35
<b>Parks and Recreation</b>										
Community Center Memberships	4,257	4,304	4,274	4,337	4,485	4,597	4,573	4,614	4,971	4,842
Participants in Youth Programs	7,281	4,920	5,922	4,961	5,568	4,477	4,547	4,740	5,305	5,266
<b>Library</b>										
Items in Collection	85,693	86,391	87,582	89,578	98,154	100,012	101,430	110,209	110,923	135,690
Total Items Loaned	207,321	192,115	195,524	196,798	234,366	271,589	261,058	263,643	228,680	221,072
<b>Wastewater</b>										
Avg sewage treatment (mill gal per day)	2.77	2.73	2.36	3.17	3.00	3.27	3.60	3.99	2.42	2.90
<b>Airport</b>										
Boardings per year	8,735	8,975	5,920	5,131	4,804	4,609	7,576	8,924	5,679	4,447

Source: City Departments

Statistics (Unaudited)

**Table 19**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	12	12	13	14	14	14	15	14	14
Fire Stations	1	1	1	1	1	1	1	2	2	2
Refuse collection										
* Collection Trucks	8	9	9	9	9	9	9	8	7	7
Other public works										
*** Streets (miles)		148	151	154	157	157	158	158	163	170
Streetlights	2209	2316	2420	2546	2616	2684	2691	2676	2688	2640
* Traffic signals	26	26	26	26	26	37	39	39	39	31
Parks and Recreation										
* Acreage	486	486	486	486	486	486	486	631	631	631
** Derby Downs clubhouse & arena (acres)		80	80	80	80	80	80	80	80	80
* Playgrounds	19	19	19	19	19	21	21	21	21	21
* Baseball/softball fields	25	25	25	25	25	25	25	18	18	18
* Soccer/football fields	12	12	12	12	12	12	12	16	16	16
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Airport										
Runways	2	2	2	2	2	2	2	2	2	2

Source: City Departments

Notes:

- \* Statistical data not available prior to 2004
- \*\* Derby Downs was transferred into the Parks and Recreation in 2005
- \*\*\* Corrected number based on Department of Transportation miles used in Geographic Information System

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

To the City Council  
City of Watertown, 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 City of Watertown, South Dakota (City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2014. Our report includes a reference to other auditors who audited the financial statements of The Housing and Redevelopment Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

## 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 entity'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.

*William Neale & Co., P.C.*

Watertown, South Dakota  
June 23, 2014



# **WILLIAM NEALE & CO., P.C.**

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the City Council  
City of Watertown, South Dakota

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Watertown, South Dakota (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current audit findings and questioned costs.

The City's basic financial statements include the operations of The Housing and Redevelopment Commission, which received \$854,883 in federal awards which is not included in the schedule during the year ended December 31, 2013. Our audit, described below, did not include the operations of The Housing and Redevelopment Commission because The Housing and Redevelopment Commission engaged other auditors to perform an audit in accordance with OMB Circular A-133.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

## Opinion on Each Major Federal Program

In our opinion, the City of Watertown, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

## Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

*William Neale & Co., P.C.*

Watertown, South Dakota  
June 23, 2014

**CITY OF WATERTOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures Amount 2013</u>
Department of Housing & Urban Development:			
Direct Federal Funding:			
Economic Development Initiative – Special Project, Neighborhood Initiative & Miscellaneous Grants	14.251	B-08-SP-SD-0570	\$ <u>555</u>
Department of Justice:			
Indirect Federal Funding:			
SD Office of Attorney General, Recovery Act – Internet Crimes Against Children Task Force Program (ICAC)	16.800	--	<u>6,658</u>
Direct Federal Funding:			
Bureau of Justice Assistance, Bulletproof Vest Partnership Program	16.607	--	2,090
Office of Community Oriented Policing Services: Public Safety Partnership & Community Policing Grants	16.710	2011UMWX0169	<u>58,892</u>
			<u>60,982</u>
Total Department of Justice			<u>67,640</u>
Department of Transportation:			
Indirect Federal Funding:			
SD Department of Transportation, Highway Planning & Construction	20.205	EM 8015(36) PCN 010D	76,554
SD Department of Game, Fish & Parks, Recreational Trails Program	20.219	--	65,000
SD Department of Public Safety, Office of Highway Safety, State & Community Highway Safety	20.600	NHTSA 2012-47-46	7,482
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	NHTSA 2014-47-46	3,526
SD Office of Emergency Management, Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	--	<u>26,746</u>
			<u>179,308</u>
Direct Federal Funding:			
Airport Improvement Program – Major Program	20.106	3-46-0058-25-11	78,636
	20.106	3-46-0058-26-12	751,032
	20.106	3-46-0058-27-13	<u>87,422</u>
			<u>917,090</u>
Total Department of Transportation			<u>1,096,398</u>

**CITY OF WATERTOWN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2013**  
**(Continued)**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures Amount 2013</u>
General Services Administration:			
Indirect Federal Funding:			
SD Federal Property Agency, Donation of Federal Surplus Personal Property - Note 2	39.003	--	<u>8,686</u>
National Endowment for the Humanities:			
Direct Federal Funding:			
Promotion of the Arts – Partnership Agreements	45.025	--	500
Promotion of the Humanities – Federal/State Partnerships	45.129	--	<u>700</u>
Total National Endowment for the Humanities			<u>1,200</u>
Environmental Protection Agency:			
Indirect Federal Funding:			
SD Department of Environment and Natural Resources, Nonpoint Source Implementation Grant	66.460	C9-99818512-0	161,957
	66.460	--	<u>2,800</u>
Total Environmental Protection Agency			<u>164,757</u>
Department of Health & Human Services:			
Indirect Federal Funding:			
SD Department of Health, Community Transformation Grants	93.531	13CTG06	<u>20,000</u>
Homeland Security:			
Indirect Federal Funding:			
SD Office of Emergency Management, Disaster Grants – Public Assistance (Presidentially Declared Disasters) – Major Program	97.036	--	326,076
SD Department of Public Safety, Office of Homeland Security, Homeland Security Grant Program	97.067	--	42,629
SD Department of Public Safety, Office of Homeland Security, Pass Through Codington County, Homeland Security Grant Program	97.067	--	<u>35,596</u>
			<u>404,301</u>

**CITY OF WATERTOWN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2013**  
**(Continued)**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures Amount 2013</u>
Direct Federal Funding: Transportation Security Administration, Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0213HSLR762	19,675
Total Homeland Security			423,976
GRAND TOTAL - Note 3			<u>\$1,783,212</u>

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the municipality and is presented on the modified accrual/full accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the municipality.

Note 3: The amount only includes the federal expenditures of the City of Watertown, the primary government, and does not include the federal expenditures of the Watertown Housing and Redevelopment Commission, a component unit of the City of Watertown.

**CITY OF WATERTOWN**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2013**

**PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS**

The prior audit report disclosed no written audit findings.

**PRIOR OTHER AUDIT FINDINGS**

The prior audit report disclosed no written audit findings.

**CITY OF WATERTOWN**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2013**

**A. SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

1. An unmodified opinion was issued on the financial statements of each opinion unit.
2. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.
3. Our audit did not disclose any noncompliance which was material to the financial statements.

**Federal Awards**

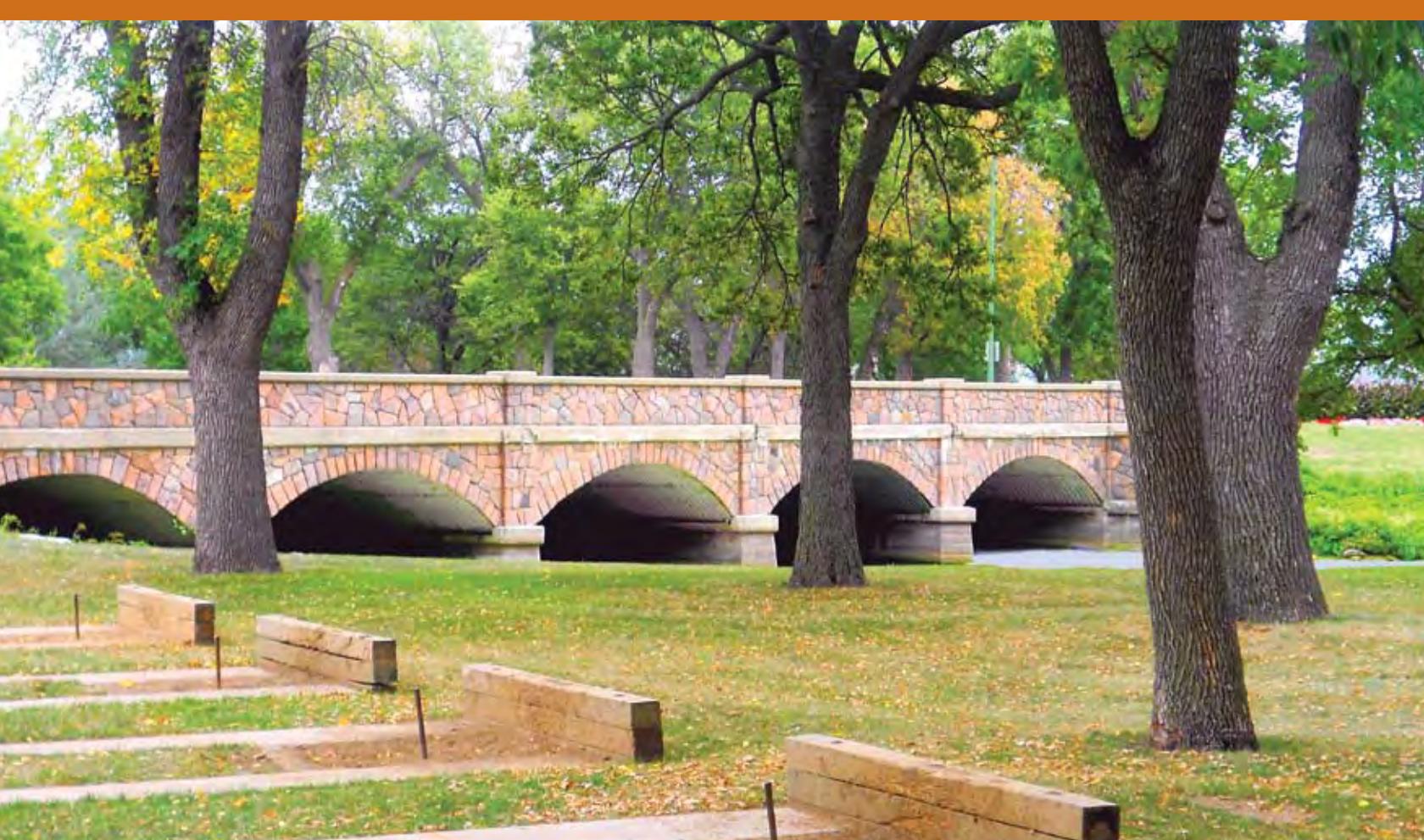
4. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
5. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
6. The federal awards tested as major programs were Airport Improvement Program (20.106) and Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036).
7. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
8. The City of Watertown did qualify as a low-risk entity.

**B. CURRENT FEDERAL COMPLIANCE AUDIT FINDINGS**

There are no written current federal compliance audit findings to report.

**C. CURRENT OTHER AUDIT FINDINGS**

There are no written current other audit findings to report.



COMPREHENSIVE ANNUAL

# Financial Report

2012 FISCAL YEAR

January 1, 2012 to December 31, 2012

Prepared by: The City Finance Office

Rochelle M. Ebbers, CPA  
Finance Officer



CITY OF WATERTOWN, SOUTH DAKOTA

### **About the Cover**

**The City of Watertown provides citizens with numerous Park and Recreation activities. The Parks division of the City maintains the Recreation Trail that has currently completed twenty nine miles of biking and walking trails from the east side of town by the Redlin Art Center to around Lake Kampeska. When the project is completed it will span 58 miles. The City also provides fifteen tennis courts, seven basketball courts, six sand volleyball courts, seventeen ball fields, and a soccer complex for those looking to participate in or observe the various outdoor activities. Additionally, there is both an indoor and outdoor ice skating rink and a skate park. For a map of the parks please visit <http://www.watertownsd.us/index.aspx?NID=346>.**

**The City has twenty five park areas where families can spend time using the playground equipment, take in a game of disc golf or horseshoes, or simply enjoy the outdoors by utilizing one of the picnic shelters. For those who want to have a little taste of farming but do not have the space available, the City has established one hundred and fifty four garden plots available for rent.**

**For more information on the various Park & Recreation activities available to the public please visit <http://www.watertownsd.us/index.aspx?nid=164>.**

# **2012**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF WATERTOWN, SOUTH DAKOTA**



**January 1, 2012 – December 31, 2012**



**Prepared by THE CITY FINANCE OFFICE  
Rochelle Ebbers, CPA, Finance Officer**



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June 19, 2013

**CITY OF  
WATERTOWN**

23 Second St. NE  
P.O. Box 910  
Watertown, SD 57201-0910  
www.watertownsd.us

Honorable Gary Williams, Mayor  
Members of the City Council  
City of Watertown  
Watertown, South Dakota, 57201

I am pleased to submit to you the Comprehensive Annual Financial Report for the City of Watertown, South Dakota, for the fiscal year ended December 31, 2012.

The report was prepared by the City Finance Office in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City management. We believe the data as presented is accurate and reliable in all material respects; is presented in a manner designed to set forth fairly the financial position and results of operations of the City as measured by the financial activities of its various funds; and that disclosures necessary to enable readers to gain an understanding of the City's financial affairs have been included.

Management of the City is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Watertown's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's financial statements have been audited by William Neale & Co., P.C. a firm of certified public accountants authorized by the State of South Dakota to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Watertown for the fiscal year ended December 31, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Watertown's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Watertown was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of the federal awards. These reports are included in this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Watertown's MD&A can be found immediately following the report of the independent auditors.

- Mayor  
605-882-6200
- Municipal Airport  
605-882-6209
- Building Services  
605-882-6201
- Mt. Hope Cemetery  
605-882-6208
- City Attorney  
605-882-6200
- Engineering & Planning  
605-882-6202
- Finance Office  
605-882-6203  
FAX 605-882-6218
- Fire Department  
605-886-4733  
FAX 605-886-0795
- Library  
605-882-6220  
FAX 605-882-6221
- Park, Rec & Forestry Dept.  
605-882-6260  
FAX 605-882-5204
- Police Dept.  
605-882-6210  
FAX 605-882-6216
- Solid Waste Dept.  
605-882-6219
- Street Dept.  
605-882-6207
- Watertown Community Recreation Center  
605-882-6250  
FAX 605-882-6254
- Wastewater Treatment Facility  
605-882-6243  
FAX 605-882-6242

## **Profile of the City of Watertown**

The City of Watertown, incorporated in 1885, is a progressive community that has been able to maintain its small town charm. The City is located in northeast South Dakota, at the crossroads of Interstate 29 and US Highway 212. It is nicknamed “South Dakota’s Rising Star”, because it is a growing and vibrant community that offers residents and visitors an unparalleled quality of life.

The City government operates under a Home Rule Charter and is aldermanic in form with ten alderpersons and a full-time mayor. The City is divided into five wards with representation on the City Council by two from each ward. The mayor is elected at large. The length of terms for alderpersons and the mayor are four years with elections held in each odd-numbered year. The City Council meets the first Monday of each month in regular session and, in addition, numerous special meetings and work sessions throughout the year. The City Council is responsible for adopting the budget, enacting ordinances, resolutions and regulations governing the City as well as approving the mayor’s appointment of members of committees and advisory boards and Department Heads of the City.

The City provides the full range of municipal services normally associated with a municipality. These basic services include public safety, streets, solid waste collection and disposal, planning, culture and recreation, sewer, airport and utility services including water, electric and gas. For financial reporting purposes, all funds involved in providing these services are included based on financial accountability. Financial accountability is determined by several inherent factors, including fiscal dependence, ability to impose will upon the entity’s governing body, provision of specific financial burdens or benefits and separate legal entity status. The Housing and Redevelopment Commission is a legally separate authority whose board is appointed by the City Council and reported separately as a component unit within the City of Watertown financial statements.

The annual budget serves as the basis for the City of Watertown’s financial planning, development and control. The budget ordinance must be adopted by a majority of the Council members no later than September 30 of each year. Once the budget is approved, the expenditures incorporated within the budget become legally binding and the actual expenditures cannot exceed the budgeted amounts unless amended through a supplemental appropriation ordinance or other permitted means. Even though it is not necessary to make formal appropriations for enterprise funds, an annual budget is developed and published no later than December 31 of each year. Because enterprise fund revenues and expenses fluctuate with changing service and delivery levels, flexible budgets are used for planning, control and evaluation purposes. All appropriations, except for capital expenditures, shall lapse at the close of the fiscal year. Under the Home Rule Charter, an appropriation for capital expenditures shall continue in force until expended, revised or repealed unless three years pass without activity.

Budgetary control is monitored at the function level. All funds budgeted in accordance with state statute are included in the budget-to-actual comparisons, presented on pages as part of the required supplemental information and supplementary information.

## **Factors Affecting Financial Condition**

The information presented in these financial statements is best understood when it is considered from the broader perspective of the environment within which the City of Watertown operates.

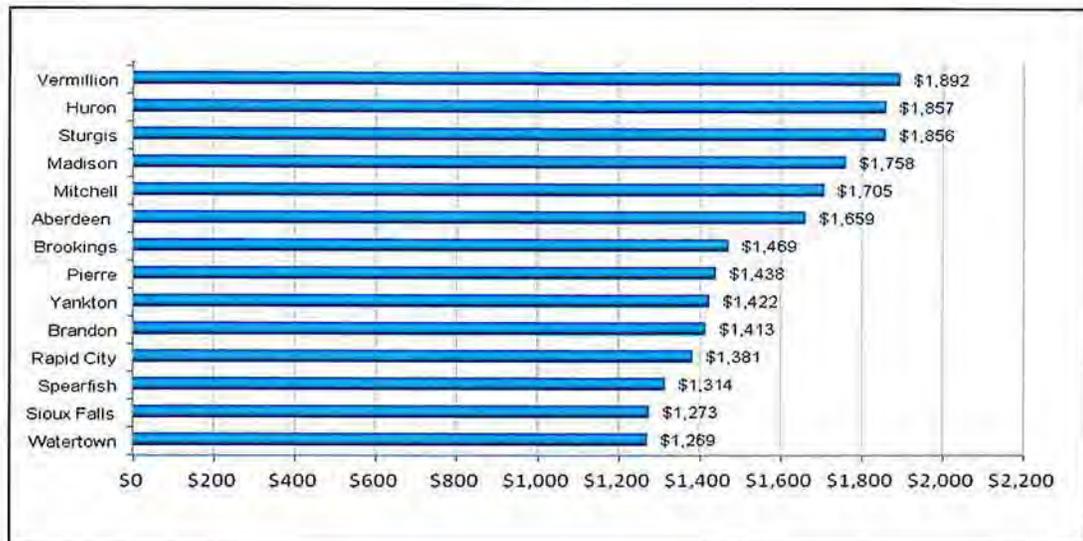
## **Economic Conditions and Outlook**

In 2012, the national economy continued to struggle to gain any progress in the slow recovery. The local economy, however, has remained steady with General Fund sales tax revenues showing an increase and ended 2012 exceeding budgeted revenues by 12.5%. The original budget anticipated no

unassigned fund balance was going to be needed to fill the gap between General Fund anticipated revenues and expenditures. With the sales tax revenues exceeding budgeted levels, the net change in fund balance of \$1,448,237 was put back into unassigned fund balance to replenish the fund balance from past deficits. The City once again has a healthy unassigned fund balance to not only assist in an economic downturn but to accommodate future growth needs of the City. The governing body's past practice of budgeting conservatively will help to minimize the negative impact of an ensure there will be adequate unassigned fund balance available in the General Fund to accommodate future needs or economic downturns.

The labor force in Codington County increased from 16,175 to 16,265 from December 31, 2011 to December 31, 2012 and the total employment increased from 15,490 to 15,635 individuals for those dates, respectively. Unemployment for Codington County was at 3.9% which is lower than the national level at year end.

Even with the slow recovery in the economy, the citizens of Watertown still enjoyed the lowest property tax rate among the largest 14 cities in South Dakota. Total taxes paid including city, county and school district on a \$100,000 home for 2010 tax levy due in 2011 is shown on the following graph.



The total number of building permits increased to 516 compared to 468 in 2011. Out of the 516 permits issued in 2012, 73 were for new construction while 443 were for remodel/additions compared to 2011 at 60 and 408 respectively. The value of the work decreased in 2012 to \$44,034,425 compared to the 2011 value of \$49,551,475.

### Major Initiatives

Some major capital initiatives started or completed during 2012 are listed below:

**Main Fire Station Remodel** – The construction for the Main Station remodel for the Fire Department began in 2012 and will be completed around July 2013. The main station is centrally located in Uptown Watertown allowing the Fire Department to provide coverage for the majority of City residents. The station was last updated in 1965 and has continuous roofing and heating system repairs. The remodel will also increase the square footage to allow for more offices, sleeping quarters and storage space. It will also allow for a drive through bay so large fire trucks don't have to back out of the garage and into oncoming traffic. Most of the costs associated with this project have been paid from the Capital Improvement Sales Tax Fund using second penny sales tax revenues.

Children's Zoo and Otter Exhibit – The expansion of the current Children's Zoo will offer a hands-on experience for children and adults. An addition of an Otter Exhibit will increase the number of animals and exhibits available for public viewing. These two projects are expected to increase the number of zoo visitors offering new and exciting sites for all ages. This project will be complete by June of 2014 and will be paid from the Capital Improvement Sales Tax fund using second penny sales tax revenues.

A major runway reconstruction project was completed at the Watertown Regional Airport in 2012. Runway 17/35 was originally built in the 1940's and was showing signs of wear. This project included the reconstruction of Runway 17/35 and Runway End 30 and associated exit taxiways. The project was completed using concrete versus asphalt to extend the life of the runway. Having a regional airport with essential air services is vital to the City for both citizens and future economic growth. As with most major airport improvements, this project was funded with 95% federal funds, 3% State aviation funds and the balance from Capital Improvement Sales Tax Funds.

### **Long-Term Planning**

The City of Watertown is committed to providing the best services possible at an affordable rate. The Mayor and Department Heads continue to look for new revenue sources to keep up with rising costs associated with the demand for quality services. Some revenue sources identified are billing insurance companies for fire calls and charging for ambulance service provided outside city limits.

In addition to providing affordable services to the public, the City strives to be fiscally responsible for the day-to-day operations within the city departments. There has been increased focus on extending the life of equipment to minimize replacement purchases until the end of the equipment's useful life to ensure current revenue sources can cover expenditures. Since personnel costs make up the largest portion of the operating budgets, there has been an increased focus on ensuring a sustainable revenue source is identified for any additional personnel requests. With the gradual increases in sales tax revenues, future equipment needs and additional personnel will be prioritized and replaced or added based on need.

Another important service is providing sanitary sewer services to the residents of the city. The SRF project to construct a new pump lift station, a new preliminary treatment facility and a new interceptor sewer will replace the outdated equipment currently in place. This puts the City in a proactive position for future residential and industrial growth within the community.

The flooding issue that has plagued the City of Watertown along with other communities around the area was not an issue this past year due to the near draught conditions affecting most of the state. The water levels on both Lake Kampeska and the Big Sioux River that runs through the City saw all time lows which allowed lake residents the opportunity to make necessary repairs to their lakeshore property from past flooding events. However, this is an issue that has a constant impact on the community and permanent solutions need to be found along with funding sources to complete this large of a project.

With the continued focus on keeping local dollars in the community versus going out of town or out of state to purchase goods and services, the shop local campaign continues to encourage businesses to promote local products and services encouraging citizens to spend within the community. The \$2 per night room tax collected by the local hotel establishments within the city also allows the Convention and Visitors Bureau to actively promote the facilities enticing various sporting events and conventions to hold their events in Watertown.

### **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Watertown for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the

thirtieth consecutive year that the City of Watertown has achieved this prestigious award (fiscal years ended 1982-2011).

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Office staff and with the assistance of the Municipal Utilities Department. I express my sincere and wholehearted appreciation to each and every member of the Finance Office team for their hard work! I would also like to thank your office, Mayor, and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectively submitted,



Rochelle Ebbers, CPA, CPFO  
Finance Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Watertown  
South Dakota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moynell*

President

*Jeffrey R. Enos*

Executive Director

Municipal Officials

---

<b>Governing Boards</b>	<b>Expires</b>
<b>LIBRARY BOARD</b>	
Jackie Baxter	July, 2013
Judy Trzynka	July, 2014
Dave Weigel	July, 2014
Tom Linngren	July, 2015
Cathy Zubke	July, 2015
Mike Danforth - Liaison	
<b>MUNICIPAL UTILITIES BOARD</b>	
Dustin Padgett	July, 2013
Mike Luken	July, 2014
Wayne Schultz	July, 2015
Ernie Wight	July, 2016
David Strait	July, 2017
Bruce Buhler - Liaison	
<b>PARK &amp; RECREATION BOARD</b>	
Jean Doyen	July, 2013
Heidi Stoick	July, 2013
Jim Stoudt	July, 2014
Kim Bellum	July, 2015
Dennis Murphy	July, 2015
Scott Johnston	July, 2017
Mike Danforth - Liaison	
<b>COMMUNITY RECREATION BOARD</b>	
Cal VenJohn	July, 2013
Keith Enstad	July, 2013
Tom Franken	July, 2014
Lorene Wasland	July, 2014
Bob Weiss	July, 2015
Brian Richter	July, 2015
Jon McAreavey	no term
Darrell Stacey	no term
Scott Johnston	no term
Mike Christians - Liaison	
Jon Solum - Liaison	

Municipal Officials

---

**City Elected Officials**

**Expires**

MAYOR

Gary Williams

July, 2013

ALDERPERSONS

WARD A

Dennis Solberg

July, 2013

Mike Danforth

July, 2015

Mike Danforth - Liaison

Bill Rieffenberger

July, 2013

Jon Solum

July, 2015

WARD C

Dana Jones

July, 2013

Alvin Meisenheimer

July, 2015

WARD D

Steve Thorson

July, 2013

Bruce Buhler

July, 2015

WARD E

Mike Christians

July, 2013

Russ Wilkins

July, 2015

**City Appointed Officers**

CITY ATTORNEY

Stanton Fox

BUILDING OFFICIAL

Ken Bucholz

RECREATION CENTER DIRECTOR

John Small

POLICE CHIEF

Jo Vitek

CITY ENGINEER

Tom Drake

STREET SUPERINTENDENT

Michael Rye

FINANCE OFFICER

Rochelle Ebbers

SUPERINTENDENT OF UTILITIES

Steve Lehner

FIRE CHIEF

Doug Kranz

WASTE WATER/SOLID WASTE SUPERINTENDENT

Mike Boerger

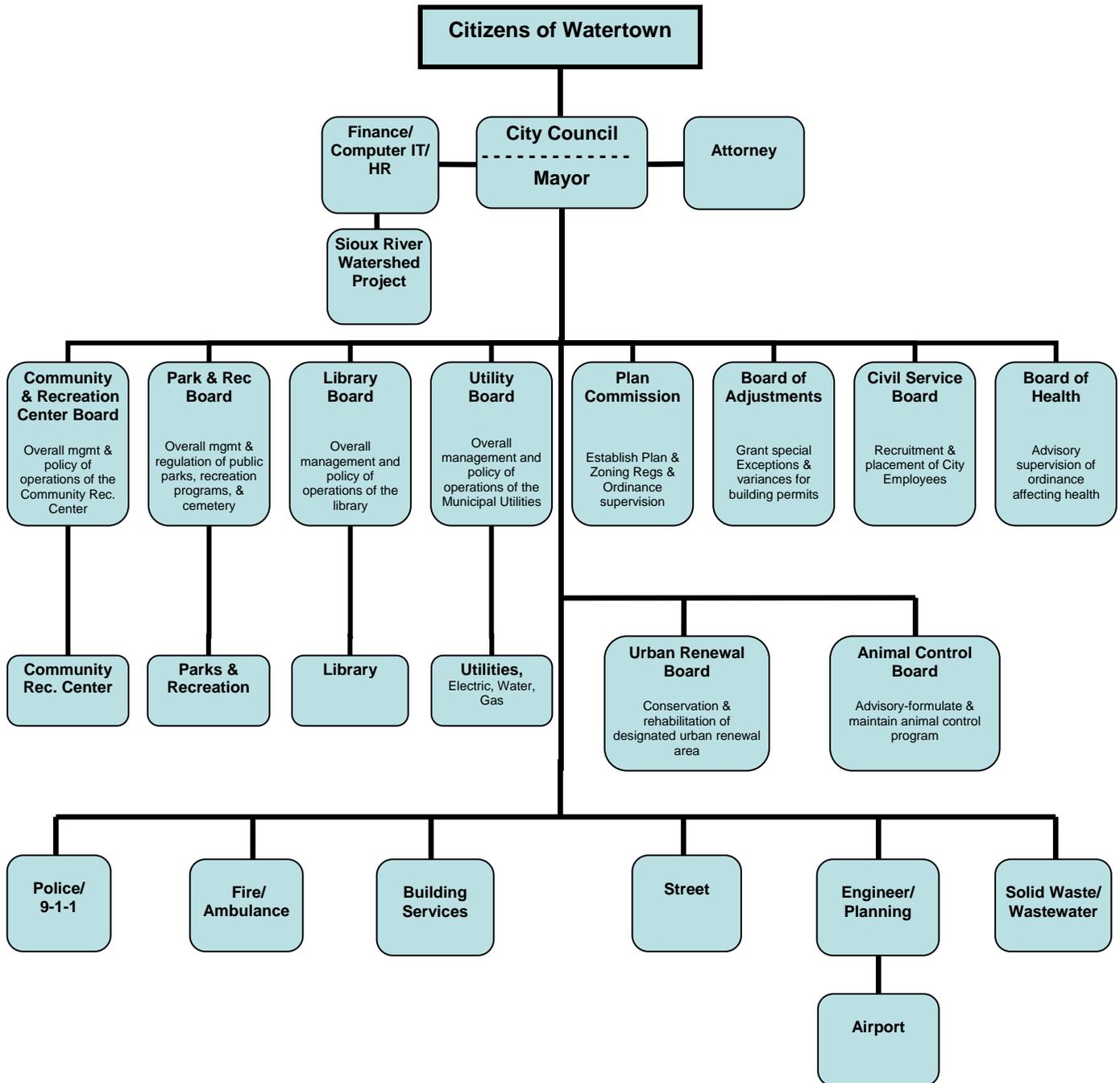
LIBRARY DIRECTOR

Michael Mullin

PARK & RECREATION DIRECTOR

Terry Jorgenson

Organizational Chart



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# WILLIAM NEALE & CO., P.C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Watertown, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Watertown, South Dakota (City) as of December 31, 2012 and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We did not audit the financial statements of The Housing and Redevelopment Commission, which represents 100 percent of the assets, net assets, and revenues of the component unit column. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Housing and Redevelopment Commission, is based on the report of the other auditors.

### Management's Responsibility for the Financial Statements

The City'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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, 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.

### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Watertown, South Dakota as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## 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, and the Schedule of Funding Progress on pages 16 through 24, 68 through 72, and page 73 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 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 City's financial statements. The introductory section, combining and individual nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, statistical section, and Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 combining and individual nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, and Schedule of Expenditures of Federal Awards have 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2013 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*William Neale & Co., P.C.*

Watertown, South Dakota

June 17, 2013

## Management's Discussion and Analysis

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This discussion and analysis presents an overview of the financial activities and financial position for the City of Watertown (the "City") for the year ended December 31, 2012. Please read and consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and the City's financial statements.

### Financial Highlights

At the close of 2012, total assets of the City exceeded liabilities by \$246 million. This amount is referred to as the City's "net position." Of this net position amount, \$35 million may be used to meet the City's ongoing obligations to citizens and creditors. The \$246 million net position amount is comprised of three major components:



The City's total net position increased during 2012 by approximately \$30.8 million. Of this increase, \$19.5 million occurred within the City's governmental activities and the remaining \$11.3 million increase occurred within the City's business-type activities, or Enterprise Funds. The most significant reason for the increase in the governmental activities reflects the dedicated revenues of the Capital Improvement Fund. The revenues of the Capital Improvement Fund (\$8.2 million) are limited in their use to primarily acquiring or constructing capital assets which are then depreciated over the useful lives of those capital assets. Therefore, revenues generated in the Capital Improvement Fund result in an immediate increase in net position, however, when those revenues are spent, the decrease in net position is not immediate but, rather, is realized over a long period of time as the capital assets are depreciated. Unless and until the annual depreciation expense on those capital assets equals or exceeds those revenues, net position will tend to increase.

An increase in net position in the business-type activities is somewhat analogous to what a private sector business may report as net profit. The most significant factor influencing the \$11.3 million increase in net position within the business-type activities this year is increase in capital grants and contributions. Of the \$11.3 million increase in the net position of the business-type activities, \$9.3 million occurred as a result of state and federal grants, developer donations and contributions to the Enterprise Funds from Governmental Funds. Therefore, capital contributions made from these various sources to the Sewer, Solid Waste and Airport Enterprise Funds, which were used for airport infrastructure improvements, recycling programs and for the construction of sanitary and storm sewers, are also a reason behind the increase in the net position of the business-type activities.

As of the close of 2012, the City's Governmental Funds reported combined ending fund balances of \$24.5 million. Of this total amount, \$21.9 million is available for spending at the City's discretion, although only about \$6.7 million is within the City's General Fund and is held as unassigned for any specific purpose. The City's total long-term debt as of December 31, 2012, is \$55 million including \$3.5 million that will become due and payable during 2013.

### Overview of 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 fund statements tell how government services like public safety and culture & recreation were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities that the City operates like a business. The City has six proprietary funds – the Sewer Fund, Solid Waste Fund, Airport Fund, Water Fund, Electric Fund and Gas Fund.

## Management's Discussion and Analysis

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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 and enterprise funds, each of which are added together and presented in a single column in the basic financial statements.

**Government-wide financial statements.** The government-wide statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health & welfare, culture & recreation, conservation & development and debt service. The business-type activities of the City include the enterprise activities of the sewer, solid waste, airport, electric, water and gas funds.

The government-wide financial statements include not only the City of Watertown itself (known as the primary government), but also the legally separate Watertown Housing & Redevelopment Authority for which the City is considered to be financially accountable or for which the nature and significance of their relationship with the City is such that the exclusion would cause the City's financial statements to be misleading or incomplete. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the entity's administrative office at 24 W. Kemp Ave, Watertown, South Dakota 57201.

**Fund financial statements.** A fund is a grouping of related accounts that are used to maintain financial control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained 16 individual governmental funds for 2012. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the

Management's Discussion and Analysis

General Fund and Capital Improvement Fund which are considered to be major funds. Data from the other 14 governmental funds are combined into a single aggregated presentation. Fund data for each individual non-major governmental fund is provided in the form of combining statements following the required supplementary information.

The City adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided as required supplementary information for the major governmental funds to demonstrate compliance with this budget. In addition, a budgetary comparison statement has been provided for the non-major governmental funds following the required supplementary information.

**Proprietary funds.** The City maintains one type of proprietary fund: Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Watertown uses enterprise funds to account for its sewer, solid waste, airport, electric, water, and gas funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The sewer, electric, water, gas and airport funds are considered to be major funds. Data from the other enterprise fund is in a single aggregated presentation. Individual fund data for the non-major enterprise fund is provided in the form of combining statements following the required supplementary information.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City's fiduciary funds consist of these three funds: 125 Escrow Agency Fund, Redemption Agency Fund, and the Security Deposit Agency Fund.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the General Fund and each major special revenue fund, and the schedule of funding progress.

The combining statements referred to earlier in connection with non-major governmental funds and the non-major enterprise funds are presented immediately following the required supplementary information.

**Government-wide Financial Analysis**

**Net Position.** As presented on the following table, the City's assets exceeded liabilities by \$245,832,882 at the close of the fiscal year ending December 31, 2012.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and Other Assets	\$ 25,408,520	\$ 27,533,918	\$ 25,463,328	\$ 27,374,641	\$ 50,871,848	\$ 54,908,559
Capital Assets	85,306,158	101,308,649	144,770,072	152,529,638	230,076,230	253,838,287
Total Assets	110,714,678	128,842,567	170,233,400	179,904,279	280,948,078	308,746,846
Long-term Debt Outstanding	19,166,136	18,028,358	38,475,818	36,991,443	57,641,954	55,019,801
Other Liabilities	1,180,733	952,375	5,108,345	5,007,179	6,289,078	5,959,554
Total Liabilities	20,346,869	18,980,733	43,584,163	41,998,622	63,931,032	60,979,355
Total Deferred Inflows of Resources	627,029	615,279	1,397,907	1,319,330	2,024,936	1,934,609
Net Position:						
Net Investment in Capital Assets	67,767,554	85,000,053	108,084,421	117,465,744	175,851,975	202,465,797
Restricted	4,056,531	3,739,347	4,971,973	4,920,074	9,028,504	8,659,421
Unrestricted	17,916,695	20,507,155	12,194,936	14,200,509	30,111,631	34,707,664
Total Net Position	\$ 89,740,780	\$ 109,246,555	\$125,251,330	\$ 136,586,327	\$ 214,992,110	\$ 245,832,882

Management's Discussion and Analysis

By far the largest portion (82.4%) of the City's net position is represented by \$202.5 million in investments in capital assets (e.g., land, buildings, infrastructure, 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. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position of \$8.7 million comprises 3.5% of the total net position. These assets are subject to external restrictions on how they may be used.

The remaining balance of \$34.7 million, or 14.1%, in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within unrestricted net position have internally imposed limitations which may further control the purpose for which such net position may be used.

**Changes in net position.** The City's revenues for the year totaled \$94.6 million including more than \$50.6 million from charges for services. This means that 53 cents of every revenue dollar came from charges for services (primarily the business-type funds such as Sewer, Solid Waste, Electric, Water and Gas). Taxes accounted for \$18.4 million of total revenues, or about 19 cents of every revenue dollar.

The City's net position increased by \$30.9 million or 14.3% during the current fiscal year as shown on the following table. This increase is attributable to the stable growth in the community requiring a substantial investment in infrastructure and other assets. More details that account for the change in net position are provided in the following analysis of the governmental and business-type activities.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,307,192	\$ 4,104,286	\$ 47,252,841	\$ 46,450,137	\$ 50,560,033	\$ 50,554,423
Operating Grants and Contributions	747,499	659,139	1,067,742	179,884	1,815,241	839,023
Capital Grants and Contributions	4,490,263	13,877,663	1,280,359	9,274,509	5,770,622	23,152,172
General Revenues:						
Taxes	17,589,177	18,422,895	8,261	4,865	17,597,438	18,427,760
State Shared Revenues	780,300	844,462	-	-	780,300	844,462
Other	856,940	645,270	224,740	129,752	1,081,680	775,022
Total Revenues	27,771,371	38,553,715	49,833,943	56,039,147	77,605,314	94,592,862
Expenses:						
General Government	2,121,098	2,179,248	-	-	2,121,098	2,179,248
Public Safety	7,792,889	7,607,436	-	-	7,792,889	7,607,436
Public Works	3,872,691	3,045,042	-	-	3,872,691	3,045,042
Health and Welfare	106,977	51,181	-	-	106,977	51,181
Culture and Recreation	5,571,198	5,717,719	-	-	5,571,198	5,717,719
Conservation and Development	824,564	937,887	-	-	824,564	937,887
Debt Service	1,193,734	1,264,972	-	-	1,193,734	1,264,972
Sewer	-	-	3,685,485	3,553,717	3,685,485	3,553,717
Solid Waste	-	-	2,225,436	2,247,821	2,225,436	2,247,821
Airport	-	-	766,861	835,405	766,861	835,405
Electric	-	-	23,085,560	23,075,668	23,085,560	23,075,668
Water	-	-	3,642,761	5,169,923	3,642,761	5,169,923
Gas	-	-	10,182,905	8,013,641	10,182,905	8,013,641
Total Expenses	21,483,151	20,803,485	43,589,008	42,896,175	65,072,159	63,699,660
Excess (Deficiency) Before Transfers	6,288,220	17,750,230	6,244,935	13,142,972	12,533,155	30,893,202
Transfers	1,240,844	1,807,975	(1,240,844)	(1,807,975)	-	-
Change in Net Position	7,529,064	19,558,205	5,004,091	11,334,997	12,533,155	30,893,202
Net Position - Beginning	82,211,716	89,688,350	120,247,239	125,251,330	202,458,955	214,939,680
Net Position - Ending	\$ 89,740,780	\$ 109,246,555	\$125,251,330	\$ 136,586,327	\$214,992,110	\$ 245,832,882

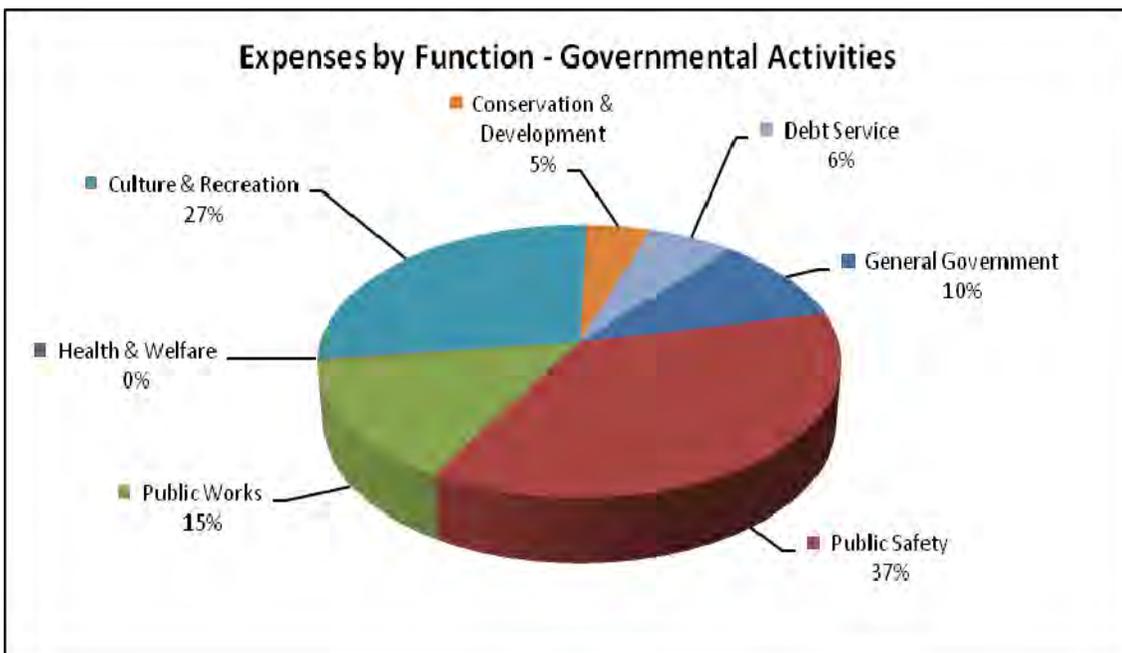
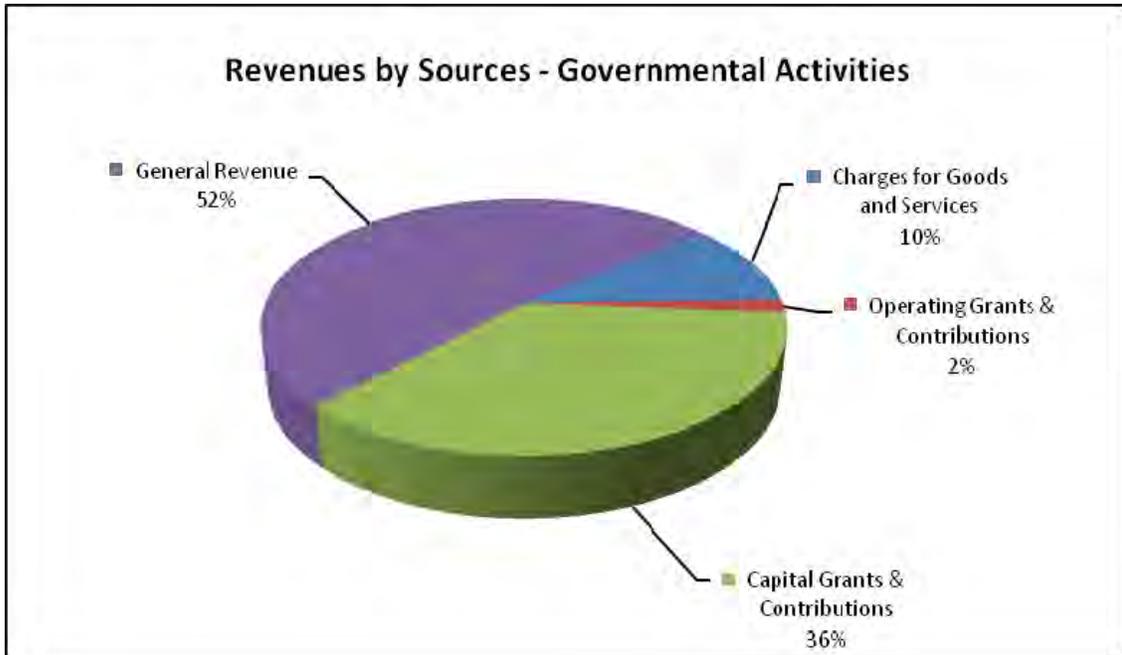
Management's Discussion and Analysis

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**Governmental Activities**

Governmental activities increased the City's net position by \$19.6 million, accounting for 63.3% of the total growth in the net position of the City. As discussed above, the reason for the majority of this increase is the limitation on the use of current Capital Improvement Fund revenues largely to capital asset acquisition or construction.

The following charts summarize the revenues and expenses associated with Governmental Activities:

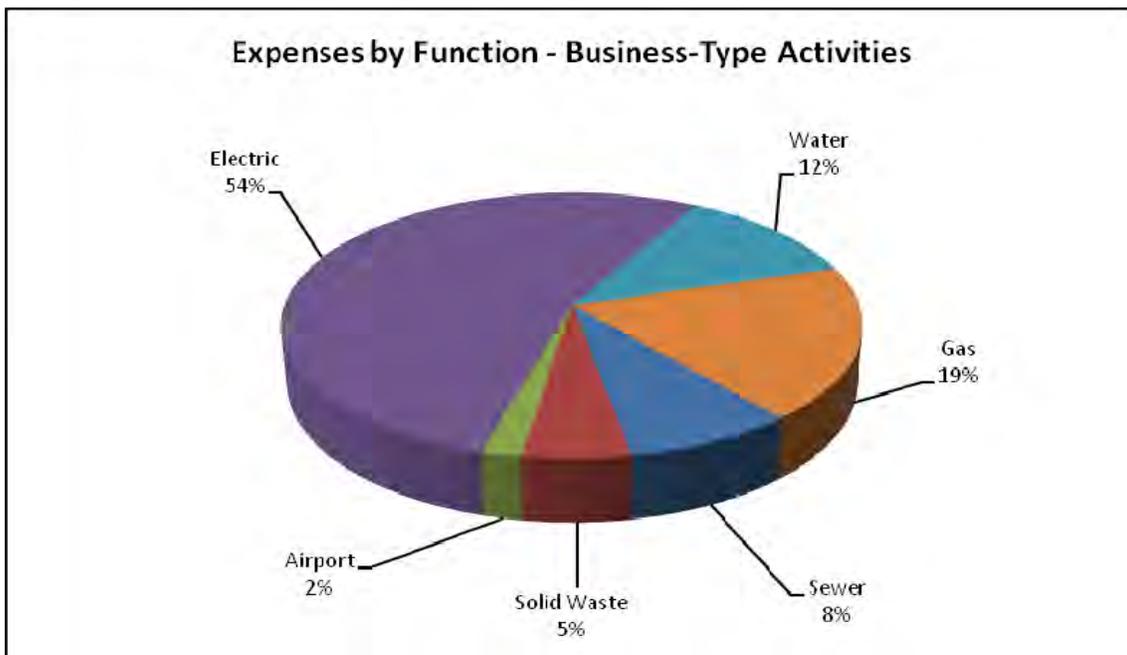
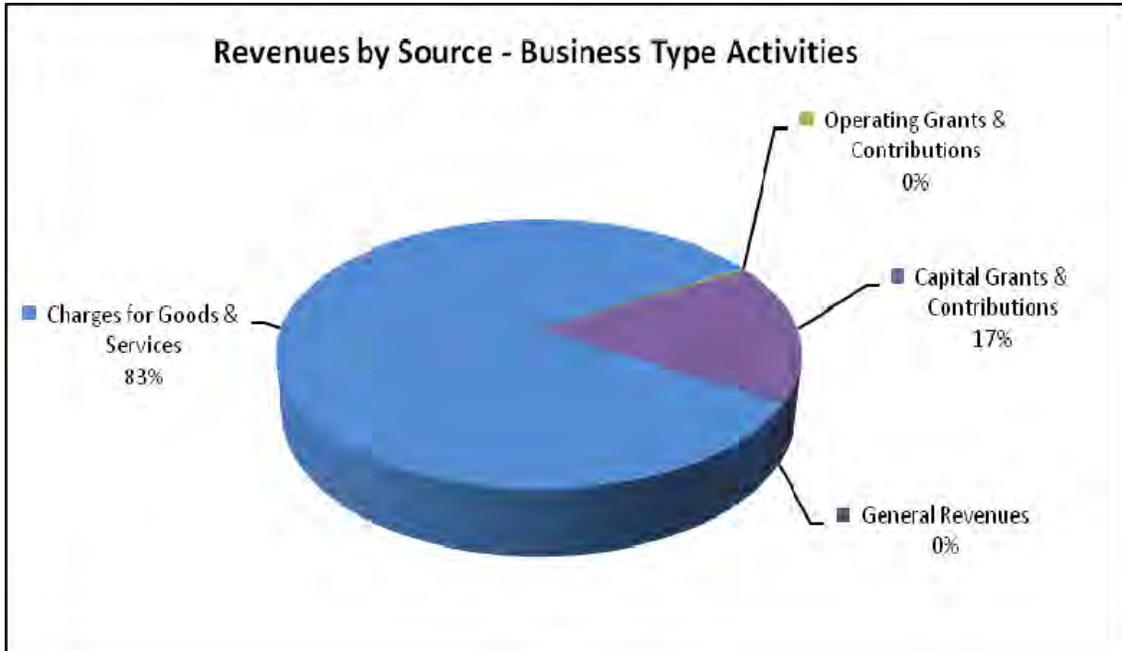


Management's Discussion and Analysis

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**Business-Type Activities**

Business-type activities increased the City's net position by \$11.3 million, accounting for 36.7% of the total growth in the City's net position. Key reasons for this increase, as discussed above, include the large operating income of the Electric, Water and Gas Enterprise funds and the capital grants to the Airport Fund. The following charts summarize the revenues and expenses associated with Business-Type Activities:



## Management's Discussion and Analysis

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### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by statute while others are established to assist management in accounting for certain activities.

#### Governmental Funds

The accounting focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing activities and abilities. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2012, the City's governmental funds reported combined fund balance total of \$24.5 million, an increase of \$2.7 million, or 12.6% from 2011. Of the total fund balance, the City has internally earmarked \$15.6 million for specific purposes which are reported as assigned for in the fund balances.

**General Fund** – The General Fund is the chief operating fund of the City. The fund balance increased by \$1,448,237, or about 25.0%, from 2011. Even with a more stable economy allowing sales tax revenues to exceed budgeted projections, interest earnings continue to fall below projected amounts and prior year earnings. As of the end of 2012, \$5 million of net position are either nonspendable, restricted, or assigned in the General Fund for future capital outlay or other specified purposes. The unassigned fund balance of \$6.7 million is about 51.7% of 2012 General Fund revenues. The nonspendable, restricted, and assigned amounts will not affect the availability of fund resources for future use.

**Capital Improvement Fund** – The fund balance increased by \$1.2 million or 5.8%. This increase resulted from several large projects within the Capital Improvement Fund including the Main Fire Station remodel project and the Children's Zoo and Otter Exhibit improvement project being started but not substantially complete at the end of 2012. Revenue allocated to these projects in 2012 will be carried over in 2013 to complete these projects. As of the end of 2012, there was no capital outlay accumulation set aside in the Capital Improvement Fund for future capital spending. The reserved amounts will not affect the availability of fund resources for future use.

#### Proprietary Funds

**Sewer Fund** – Net position increased by \$.6 million, or 1.0%, on operating income of \$291,490. The amount of operating income equals approximately 8.7% of operating revenues for this fund. The increase in net position is attributable to capital contributions of \$.8 million and a slight increase in operating revenues of \$.1 million.

**Electric, Gas, and Water Funds** – Net position in the Electric, Gas and Water Funds increased by a combined \$2.7 million or 5.7%. This increase resulted from overall strong operating income from electric, gas and water utility services.

**Airport Fund** – Net position increased by \$7.9 million, or 6.4%. This increase is mostly due to capital contributions of \$8.2 million.

#### General Budgetary Highlights

The final 2012 General Fund expenditure budget reflects an increase to the original budget almost \$443,500, or about 3.5%, with the majority of this increase in the public works functional area. The majority of the increase was in the public works budget due to the special assessment road and alley projects completed in 2012.

Actual General Fund expenditures were about \$904,000, or 7.2%, less than the original budget. The difference between the original budgeted expenditures and actual results was largely due to unspent contingency funds, having a mild winter causing less snow removal budget and a decrease in the ambulance personnel budget.

Management's Discussion and Analysis

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### **Capital Asset and Debt Administration**

#### **Capital assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012, totals \$253,838,287 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, park facilities, roads and other infrastructure assets. The reported investment in capital assets increased during 2012 by \$23.8 million or 10.3%.

Major capital asset events during the 2012 included the following:

- Street system improvements completed - \$2.3 million
- Completion of NE Interceptor sewer project - \$.3 million
- Begin construction on the Main Fire Station Remodel - \$1.6 million
- Purchase of a refuse truck and recycle containers - \$.5 million
- Completed Airport runway 17/35 reconstruction project - \$7.2 million

Additional information on the City of Watertown's capital assets can be found in Note 3.I in the notes to the financial statements.

#### **Long-term debt**

At the end of 2012 the City had total debt outstanding of \$55,019,801 in General Obligation Bonds, Sales Tax Bonds and other long-term obligations. This is a decrease of 4.5% or about \$2.6 million. The significant long-term debt activity for the year was the refinancing of the 2003 and 2004 Sales Tax Revenue Bonds.

The City has General Obligation (GO) Bonds backed by the full faith and credit of the City. Principal and interest on these GO Bonds are secured and paid using revenues generated from a special property tax levy. As of December 31, 2012 the GO Bond has an outstanding balance of \$4,115,000.

The City has outstanding \$3,785,000 in Sales Tax Revenue Bonds, Series 2006. The bonds are secured with and paid from the Capital Improvement Fund sales tax revenue. The City does not anticipate the use of any property tax dollars to pay for these bonds. These bonds were used to construct the Regional Library.

The City has outstanding \$3,640,000 in Sales Tax Revenue Bonds, Series 2012, these bonds were the result of refinancing the 2003 and 2004 Sales Tax Revenue Bonds. The bonds are secured with and paid from the Capital Improvement Fund sales tax revenue. The City does not anticipate the use of any property tax dollars to pay for these bonds. These bonds were used to construct street, sanitary sewer and storm sewer improvements, and the Family Aquatic Center.

Additional information on the City of Watertown's long-term debt can be found in Note 3.J in the notes to the financial statements.

#### **Economic Outlook and Next Year's Budget**

The City adopted the 2013 budget in mid-2012 with the expectation of a stable local economy with an optimistic outlook that the economy would continue to be steady with the potential of slight growth both in the economy and in the City's property tax base. The sales tax revenues reflected moderate growth in the local economy which is more positive than the stagnant recovery in the national markets. The City's 2013 sales tax revenue is projected to be 2% higher than the 2012 budgeted amount. The trend in retail sales taxes has continued to remain steady over the first few months of 2013, however, the percent increase over the previous year continues to decrease giving the appearance of a plateau in sales tax increases. The 2013 General Fund budget was established with the intention of using no fund balance to fund the General Fund expenditures. This reflects the continued improvement in the local retail economy throughout 2012 resulting in improved sales tax revenues. With the continued concern about the stability of the national economy and the uncertainty of several federal policies such as the Obama care reform and federal budgets available for continued grant programs, revenues will be monitored very carefully in the coming budget year to mitigate any financial implications of any negative trends to the overall City budget.

Management's Discussion and Analysis

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Overall, the 2013 budget reflects a decrease in planned spending of \$5.5 million, or 12.8%, from the original 2012 budget. This decrease is due to the Airport runway project being budgeted and completed in 2012 causing an \$8.0 million decrease in capital expenditures in the Airport Fund in 2013. The sales-tax-dependent General Fund budget reflects an increase of \$252,300, or 1.8%. Revenues will continue to be monitored very carefully in the coming budget year to ensure adequate coverage for the planned expenditures without the use of any fund balance.

Growth of the City's property tax base increased in 2012 with an overall increase in the taxable value of real property of \$28.5 million reflecting an \$18.6 million increase from new property placed on the tax rolls and a \$9.9 million increase by virtue of the reappraisal process. This amount represents a net increase in the property tax base of 2.4% with real growth in the tax base from new property of slightly more than 1.5%. As a result of all of these changes and with a slight increase in the General Fund mill levy from \$2.321 per \$1,000 of value to \$2.376 per \$1,000, General Fund property tax revenues will increase by approximately \$135,000, or about 4.8%. In addition, the special property tax levy used to repay the Event Center GO Bonds will generate approximately \$446,000 in property tax revenues for the Debt Service Fund.

**Requests for Information**

This financial report is designed to provide a comprehensive look at the City of Watertown's financial picture for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, PO Box 910, City of Watertown, Watertown, SD 57201-0910, (605) 882-6203.

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Statement of Net Position

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Commission
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 20,794,063	\$ 12,434,565	\$ 33,228,628	\$ -
Non-Pooled Cash and Investments	-	-	-	303,343
Receivables, net	4,733,515	6,607,495	11,341,010	2,897
Due from Other Governments	254,135	778,574	1,032,709	-
Inventories	122,540	1,249,267	1,371,807	-
Deposits	330,054	-	330,054	-
Prepaid Expenses	666	38,065	38,731	31,156
Internal Balances	(429,450)	429,450	-	-
Deposit for Flexible Spending	-	11,877	11,877	-
Restricted Pooled Cash and Investments	1,728,395	5,825,348	7,553,743	-
Capital Assets:				
Land and Work in Progress	14,647,261	4,397,054	19,044,315	145,152
Other Capital Assets, Net of Depreciation	86,661,388	148,132,584	234,793,972	814,624
Total assets	<u>128,842,567</u>	<u>179,904,279</u>	<u>308,746,846</u>	<u>1,297,172</u>
<b>LIABILITIES</b>				
Accounts Payable	784,991	4,087,628	4,872,619	19,563
Salaries Payable	-	89,106	89,106	-
Retainage Payable	148,779	74,987	223,766	-
Accrued Interest Payable	18,605	281,208	299,813	-
Customer Deposits	-	474,250	474,250	11,014
Long-term Liabilities:				
Due within one year	1,488,891	2,003,545	3,492,436	13,874
Due in more than one year	16,539,467	34,987,898	51,527,365	-
Total liabilities	<u>18,980,733</u>	<u>41,998,622</u>	<u>60,979,355</u>	<u>44,451</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned Revenue	615,279	590,819	1,206,098	-
Revenues Collected in Advance	-	728,511	728,511	-
Total Deferred Inflows of Resources	<u>615,279</u>	<u>1,319,330</u>	<u>1,934,609</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	85,000,053	117,465,744	202,465,797	959,776
Restricted for Cemetery Perpetual Care:				
Expendable	6,024	-	6,024	-
Nonexpendable	50,000	-	50,000	-
Restricted for Conservation & Development	325,157	-	325,157	-
Restricted for Culture & Recreation	953,660	-	953,660	-
Restricted for Debt Service	1,892,987	2,847,450	4,740,437	-
Restricted for Public Safety	181,465	-	181,465	-
Restricted for Operation & Maintenance	-	186,058	186,058	-
Restricted for Replacement & Depreciation	-	1,886,566	1,886,566	-
Restricted for Cumulative Reserve Fund	330,054	-	330,054	-
Restricted for Housing Assistance Payments	-	-	-	44,723
Unrestricted	20,507,155	14,200,509	34,707,664	248,222
Total net position	<u>\$ 109,246,555</u>	<u>\$ 136,586,327</u>	<u>\$ 245,832,882</u>	<u>\$ 1,252,721</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Statement of Activities

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental Activities:				
General Government	\$ 2,179,248	\$ 110,237	\$ 436	\$ -
Public Safety	7,607,436	1,267,262	215,478	5,770
Public Works	3,045,042	347,757	135,000	12,993,870
Health and Welfare	51,181	-	-	-
Culture and Recreation	5,717,719	2,155,501	161,503	774,995
Conservation and Development	937,887	223,529	146,722	103,028
Interest on Long-Term Debt	1,264,972	-	-	-
Total governmental activities	<u>20,803,485</u>	<u>4,104,286</u>	<u>659,139</u>	<u>13,877,663</u>
Business-Type Activities:				
Sewer	3,553,717	3,369,238	167,485	782,182
Solid Waste	2,247,821	2,322,098	12,399	217,549
Airport	835,405	119,981	-	8,220,484
Electric	23,075,668	24,941,694	-	54,294
Water	5,169,923	5,514,814	-	-
Gas	8,013,641	10,182,312	-	-
Total business-type activities	<u>42,896,175</u>	<u>46,450,137</u>	<u>179,884</u>	<u>9,274,509</u>
Total primary government	<u>63,699,660</u>	<u>50,554,423</u>	<u>839,023</u>	<u>23,152,172</u>
<b>Component units:</b>				
Watertown Housing and Redev.	1,293,037	262,601	613,724	-
Total Component Units	<u>\$ 1,293,037</u>	<u>\$ 262,601</u>	<u>\$ 613,724</u>	<u>\$ -</u>

General revenues:

- Taxes
  - Property Taxes
  - Sales and Use Taxes
  - Other Taxes
- State Shared Revenues
- Interest Earned
- Other Miscellaneous
- Sale of Capital Assets

Transfers

Total general revenues & transfers  
 Change in net position

Net position - beginning  
 Adjustment for implementation of GASB 65  
 Net position - beginning after restatement  
 Net position - ending

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Statement of Activities (continued)

Net(Expense) Revenue and Changes in Net Position				
Primary Government				Component Unit Housing and Redevelopment Commission
Governmental Activities	Business-Type Activities	Total		
\$ (2,068,575)	\$ -	\$ (2,068,575)		\$ -
(6,118,926)	-	(6,118,926)		-
10,431,585	-	10,431,585		-
(51,181)	-	(51,181)		-
(2,625,720)	-	(2,625,720)		-
(464,608)	-	(464,608)		-
(1,264,972)	-	(1,264,972)		-
<u>(2,162,397)</u>	<u>-</u>	<u>(2,162,397)</u>		<u>-</u>
-	765,188	765,188		-
-	304,225	304,225		-
-	7,505,060	7,505,060		-
-	1,920,320	1,920,320		-
-	344,891	344,891		-
-	2,168,671	2,168,671		-
-	13,008,355	13,008,355		-
<u>(2,162,397)</u>	<u>13,008,355</u>	<u>10,845,958</u>		<u>-</u>
-	-	-		(416,712)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (416,712)</u>
3,662,785	-	3,662,785		-
14,201,502	-	14,201,502		-
558,608	4,865	563,473		-
844,462	-	844,462		-
522,308	124,287	646,595		1,171
103,667	-	103,667		15,384
19,295	5,465	24,760		-
<u>1,807,975</u>	<u>(1,807,975)</u>	<u>-</u>		<u>-</u>
<u>21,720,602</u>	<u>(1,673,358)</u>	<u>20,047,244</u>		<u>16,555</u>
<u>19,558,205</u>	<u>11,334,997</u>	<u>30,893,202</u>		<u>(400,157)</u>
89,740,780	125,251,330	214,992,110		1,652,878
(52,430)	-	(52,430)		-
<u>89,688,350</u>	<u>125,251,330</u>	<u>214,939,680</u>		<u>1,652,878</u>
<u>\$ 109,246,555</u>	<u>\$ 136,586,327</u>	<u>\$ 245,832,882</u>		<u>\$ 1,252,721</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Balance Sheet - Governmental Funds

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 5,485,678	\$ 13,464,788	\$ 1,843,597	\$ 20,794,063
Property Taxes Receivable	52,195	-	8,413	60,608
Sales Tax Receivable	1,244,895	1,244,718	112,241	2,601,854
Accounts Receivable	319,804	-	80,255	400,059
Special Assessments Receivable	357,489	244,463	1,622	603,574
Interest Receivable	5,020	15,306	2,123	22,449
Loans Receivable	4,995	841,177	105,199	951,371
Deferred Receivable	-	9,600	84,000	93,600
Due From Other Funds	498,765	-	-	498,765
Due From Other Governments	148,640	31,897	73,598	254,135
Inventory	99,495	-	23,045	122,540
Prepaid Items	-	-	666	666
Deposits	330,054	-	-	330,054
Advance To Other Fund	-	5,522,781	-	5,522,781
Restricted Assets:				
Pooled Cash and Investments	70,370	1,637,604	20,421	1,728,395
Total assets	<u>8,617,400</u>	<u>23,012,334</u>	<u>2,355,180</u>	<u>33,984,914</u>
<b>LIABILITIES</b>				
Accounts Payable	338,712	244,135	202,144	784,991
Retainage Payable	3,021	145,758	-	148,779
Advance From Other Fund	-	-	6,450,996	6,450,996
Total liabilities	<u>341,733</u>	<u>389,893</u>	<u>6,653,140</u>	<u>7,384,766</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue	759,511	647,302	103,479	1,510,292
Unearned Revenue	277,216	254,063	84,000	615,279
Total Deferred Inflows of Resources	<u>1,036,727</u>	<u>901,365</u>	<u>187,479</u>	<u>2,125,571</u>
<b>FUND BALANCES</b>				
Nonspendable for:				
Inventory	99,495	-	23,045	122,540
Cemetery Perpetual Care	50,000	-	-	50,000
Advances	-	5,522,781	-	5,522,781
Restricted for:				
Debt Service	-	1,637,604	255,383	1,892,987
BBB Sales Tax	-	-	150,438	150,438
Event Center Theater	-	-	4,569	4,569
E-911 Services	-	-	181,465	181,465
Library	-	-	457,102	457,102
Urban Renewal Loans	-	-	15,852	15,852
Cable TV Security	14,347	-	-	14,347
Cemetery Perpetual Care	6,024	-	-	6,024
Casualty Reserve	-	-	65,919	65,919
Assigned for:				
Cumulative Reserve Fund	330,054	-	-	330,054
Park Development	-	-	68,656	68,656
Golf Course	-	-	46,939	46,939
Zoo Improvements	-	-	12,114	12,114
Other Purposes	-	14,560,691	588,675	15,149,366
Unassigned:	6,739,020	-	(6,355,596)	383,424
Total fund balances	<u>7,238,940</u>	<u>21,721,076</u>	<u>(4,485,439)</u>	<u>24,474,577</u>
Total liabilities and fund balances	<u>\$ 8,617,400</u>	<u>\$ 23,012,334</u>	<u>\$ 2,355,180</u>	<u>\$ 33,984,914</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Fund balances of governmental funds \$ 24,474,577

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	126,641,064	
Accumulated Depreciation	<u>(25,332,415)</u>	101,308,649

Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The costs associated with issuance of long-term debt are reported as assets in the government-wide financial statements for future interest payments and amortized as an adjustment to interest expense in the statement of activities over the life of the debt.

GO Bonds	(4,115,000)	
2006 Revenue Bonds	(3,785,000)	
2012 Revenue Bonds	(3,640,000)	
SRF Loan #6 - CW	(994,985)	
SRF Loan #6 - NPS	(93,848)	
SRF Loan #8 - CW	(443,662)	
SRF Loan #8 - NPS	(49,641)	
SRF Loan #10 - CW	(2,535,278)	
SRF Loan #11 - CW	(188,754)	
Fire Truck Lease Payable	(357,785)	
Golf Cart Lease Payable	(104,643)	
Accrued Interest Payable	(18,605)	
Other Post Employment Benefits	(212,155)	
Compensated Absences	<u>(1,507,607)</u>	(18,046,963)

Assets such as interest receivable, sales tax and special assessments receivables are not available to pay for current period expenditures and therefore are deferred in the funds.

Interest Receivable	22,449	
Special Assessments	80,272	
Franchise Fees	31,429	
E-911 Surcharges	44,292	
Grants	10,790	
General Sales and Use Tax	<u>1,321,060</u>	1,510,292

Net Position of governmental activities \$ 109,246,555

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Tax Revenue				
Property	\$ 2,806,910	\$ -	\$ 855,875	\$ 3,662,785
Sales	6,802,708	6,800,967	698,051	14,301,726
Other Taxes	384,221	-	180,583	564,804
Licenses and Permits	270,639	-	-	270,639
Intergovernmental	1,166,891	752,412	160,222	2,079,525
Charges for Goods and Services	1,165,082	-	2,196,372	3,361,454
Fines and Forfeits	43,911	-	18,558	62,469
Interest Revenue	23,293	513,752	10,685	547,730
Rentals	-	-	129,369	129,369
Special Assessments	169,101	53,794	50,387	273,282
Donations/Contributions	6,770	19,833	349,491	376,094
Miscellaneous	195,558	19,563	91,415	306,536
Total revenues	<u>13,035,084</u>	<u>8,160,321</u>	<u>4,741,008</u>	<u>25,936,413</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,758,636	-	406,651	2,165,287
Public Safety	5,986,428	1,802,543	727,857	8,516,828
Public Works	2,666,894	2,708,519	-	5,375,413
Health and Welfare	51,181	-	-	51,181
Culture and Recreation	942,260	568,255	3,981,451	5,491,966
Conservation and Development	262,441	142,438	362,263	767,142
Debt Service	-	1,387,483	888,235	2,275,718
Total expenditures	<u>11,667,840</u>	<u>6,609,238</u>	<u>6,366,457</u>	<u>24,643,535</u>
Excess (deficiency) of revenues over expenditures	<u>1,367,244</u>	<u>1,551,083</u>	<u>(1,625,449)</u>	<u>1,292,878</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	103,793	48,500	6,821	159,114
Refunding Bond Issuance	-	4,165,000	-	4,165,000
Payment to Refunded Bond Escrow Agent	-	(4,258,943)	-	(4,258,943)
Transfers Out	(1,676,000)	(320,000)	(58,000)	(2,054,000)
Transfers In	1,653,200	-	1,779,000	3,432,200
Total other financing sources (uses)	<u>80,993</u>	<u>(365,443)</u>	<u>1,727,821</u>	<u>1,443,371</u>
Net Change in Fund Balances	1,448,237	1,185,640	102,372	2,736,249
Fund balances -- beginning	<u>5,790,703</u>	<u>20,535,436</u>	<u>(4,587,811)</u>	<u>21,738,328</u>
Fund balances -- ending	<u>\$ 7,238,940</u>	<u>\$ 21,721,076</u>	<u>\$ (4,485,439)</u>	<u>\$ 24,474,577</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities

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Net change in fund balances --total governmental funds \$ 2,736,249

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the Statement of Activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Expenditure for Capital Assets	5,410,740	
Transfer of Capital Asset	429,775	
Less Current Depreciation	<u>(2,489,206)</u>	3,351,309

In the statement of activities, the loss on disposal of assets and transfer of assets are reported, whereas in the governmental funds, the disposal of capital assets and transfer of assets are not reflected.

(359,007)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Donated capital assets	12,993,870	
Gain on trade of capital assets	16,319	
Changes in deferred revenue:		
Interest	(25,422)	
Special Assessments	7,073	
Sales Taxes	(100,224)	
Franchise Fees	26	
E-911 Surcharges	(6,222)	
Grants	<u>(68,225)</u>	12,817,195

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of Bonds	(4,165,000)	
Repayment of Bond Principal	5,394,742	
Restricted Non-Pooled Cash and Investments	(133,913)	
Principal Forgiveness (SRF Loans - ARRA)	<u>266</u>	1,096,095

Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.

(41,730)

Governmental funds do not reflect the change in Other Post Employment Benefits (OPEB), but the statement of activities reflects the change in OPEB through expenditures.

(50,500)

Expenses in the Statement of Activities that do not require current financial resources and are not reported in the fund financial statements:

Change in Accrued Interest Payable		8,594
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Change in net position of governmental activities \$ 19,558,205

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Statement of Net Position - Proprietary Funds

	Sewer Fund	Electric Fund	Water Fund
<b>ASSETS</b>			
Current assets:			
Pooled Cash and Investments	\$ 2,231,553	\$ 5,626,819	\$ 55,464
Accounts Receivable	319,405	2,139,914	429,855
Unbilled Accounts Receivable	-	726,771	126,967
Interest Receivable	4,387	4,967	-
Deferred Receivable	-	-	-
Due From Other Funds	-	-	-
Due From Other Governments	1,141	-	-
Advance To Other Fund	928,215	-	-
Inventory	168,985	469,849	302,067
Prepaid Expense	-	8,192	28,867
Deposit for Flexible Spending	-	11,877	-
Restricted Pooled Cash and Investments	2,349,114	474,250	2,570,960
Total Current assets:	<u>6,002,800</u>	<u>9,462,639</u>	<u>3,514,180</u>
Noncurrent assets:			
Land	1,764,321	350,253	510,669
Buildings and Structures	35,773,870	6,660,511	20,475,512
Furniture Equipment Machinery	1,287,804	1,469,475	376,033
Improvements Other Than Buildings	47,492,430	35,714,995	27,906,595
Intangible Property	-	-	-
Construction in Progress	-	527,290	71,517
Accumulated Depreciation	(21,448,099)	(27,229,126)	(13,032,737)
Accumulated Amortization	-	(14,966)	(7,143)
Total Noncurrent assets:	<u>64,870,326</u>	<u>17,478,432</u>	<u>36,300,446</u>
Total assets	<u>70,873,126</u>	<u>26,941,071</u>	<u>39,814,626</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	61,571	2,157,051	217,074
Salaries Payable	-	40,819	24,704
Retainage Payable	8,900	-	-
Due to Other Funds	-	67	3,300,000
Loans Payable	713,769	-	942,914
Accrued Interest Payable	100,423	-	180,785
Accrued Vacation and Sick Leave	40,298	123,509	73,604
Customer Deposits	-	474,250	-
Total Current liabilities:	<u>924,961</u>	<u>2,795,696</u>	<u>4,739,081</u>
Noncurrent liabilities:			
Accrued Vacation and Sick Leave	120,894	370,526	220,812
Other Post Employment Benefits	17,965	33,477	16,739
Closure/Post Closure Liability	-	-	-
Loans Payable	12,099,609	-	21,307,602
Total Noncurrent liabilities:	<u>12,238,468</u>	<u>404,003</u>	<u>21,545,153</u>
Total liabilities	<u>13,163,429</u>	<u>3,199,699</u>	<u>26,284,234</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenue	-	-	-
Revenues Collected in Advance	-	273,766	15,814
Total Deferred Inflows of Resources	<u>-</u>	<u>273,766</u>	<u>15,814</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	52,056,948	17,478,432	14,049,930
Restricted for SRF O&M	186,058	-	-
Restricted for SRF R&D	1,886,566	-	-
Restricted for Debt Service	276,490	-	2,570,960
Unrestricted	3,303,635	5,989,174	(3,106,312)
Total net position	<u>\$ 57,709,697</u>	<u>\$ 23,467,606</u>	<u>\$ 13,514,578</u>

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

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Statement of Net Position - Proprietary Funds (continued)

Gas Fund		Airport Fund		Other Proprietary Funds		Total Proprietary Funds	
\$	1,813,978	\$	-	\$	2,706,751	\$	12,434,565
	1,452,361		4,620		222,103		4,568,258
	578,163		-		-		1,431,901
	4,231		-		2,932		16,517
	-		590,819		-		590,819
	3,300,000		-		67		3,300,067
	-		662,708		114,725		778,574
	-		-		-		928,215
	226,477		26,689		55,200		1,249,267
	1,006		-		-		38,065
	-		-		-		11,877
	-		-		431,024		5,825,348
	<u>7,376,216</u>		<u>1,284,836</u>		<u>3,532,802</u>		<u>31,173,473</u>
	43,861		268,561		38,174		2,975,839
	1,020,717		1,720,395		993,472		66,644,477
	619,799		2,136,887		4,618,827		10,508,825
	15,211,429		22,476,418		3,244,641		152,046,508
	470,654		-		-		470,654
	-		822,408		-		1,421,215
	(9,288,819)		(7,192,388)		(3,121,008)		(81,312,177)
	(203,594)		-		-		(225,703)
	<u>7,874,047</u>		<u>20,232,281</u>		<u>5,774,106</u>		<u>152,529,638</u>
	<u>15,250,263</u>		<u>21,517,117</u>		<u>9,306,908</u>		<u>183,703,111</u>
	1,096,494		242,495		312,943		4,087,628
	23,583		-		-		89,106
	-		66,087		-		74,987
	-		498,765		-		3,798,832
	-		-		-		1,656,683
	-		-		-		281,208
	73,652		5,484		30,315		346,862
	-		-		-		474,250
	<u>1,193,729</u>		<u>812,831</u>		<u>343,258</u>		<u>10,809,556</u>
	220,956		16,450		90,945		1,040,583
	16,739		3,717		20,443		109,080
	-		-		431,024		431,024
	-		-		-		33,407,211
	<u>237,695</u>		<u>20,167</u>		<u>542,412</u>		<u>34,987,898</u>
	<u>1,431,424</u>		<u>832,998</u>		<u>885,670</u>		<u>45,797,454</u>
	-		590,819		-		590,819
	438,931		-		-		728,511
	<u>438,931</u>		<u>590,819</u>		<u>-</u>		<u>1,319,330</u>
	7,874,047		20,232,281		5,774,106		117,465,744
	-		-		-		186,058
	-		-		-		1,886,566
	-		-		-		2,847,450
	5,505,861		(138,981)		2,647,132		14,200,509
\$	<u>13,379,908</u>	\$	<u>20,093,300</u>	\$	<u>8,421,238</u>	\$	<u>136,586,327</u>

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

City of Watertown  
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 Year Ended December 31, 2012

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Water Fund</u>
<b>OPERATING REVENUES</b>			
Charges for Goods and Services	\$ 1,964,831	\$ 24,675,402	\$ 2,980,990
Miscellaneous	11,312	191,584	161,479
Rentals	-	74,708	190,815
Revenue Dedicated to Servicing Debt	1,393,095	-	2,181,530
Total operating revenues	<u>3,369,238</u>	<u>24,941,694</u>	<u>5,514,814</u>
<b>OPERATING EXPENSES</b>			
Personal Services	928,579	-	-
Supplies	117,000	-	-
Utilities	237,388	-	-
Other Charges	331,562	-	-
Production	-	18,577,542	1,394,956
Distribution	-	1,939,970	805,891
Transmission	-	3,000	-
Accounts and Commercial	-	613,406	255,013
Administrative and General	-	369,839	240,682
Other Miscellaneous Expense	-	24,873	28,947
Depreciation	1,463,219	1,526,564	1,674,871
Amortization	-	9,758	4,639
Total operating expenses	<u>3,077,748</u>	<u>23,064,952</u>	<u>4,404,999</u>
Operating Income (Loss)	<u>291,490</u>	<u>1,876,742</u>	<u>1,109,815</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Tax Revenue	-	-	-
Intergovernmental	167,485	-	-
Interest Revenue	78,378	18,542	-
Interest Expense	(415,969)	-	(734,343)
Contributions	(60,000)	-	-
Gain(Loss) on Disposition of Capital Assets	5,465	(10,716)	(460,356)
Total nonoperating revenues (expenses)	<u>(224,641)</u>	<u>7,826</u>	<u>(1,194,699)</u>
Income (loss) before contributions and transfers	66,849	1,884,568	(84,884)
Transfers In	-	-	-
Transfers Out	(260,700)	(731,042)	(90,000)
Capital Contributions	782,182	54,294	-
Change in net position	<u>588,331</u>	<u>1,207,820</u>	<u>(174,884)</u>
Total net position -- beginning	<u>57,121,366</u>	<u>22,259,786</u>	<u>13,689,462</u>
Total net position -- ending	<u>\$ 57,709,697</u>	<u>\$ 23,467,606</u>	<u>\$ 13,514,578</u>

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

City of Watertown  
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Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds(continued)

Gas Fund	Airport Fund	Other Proprietary Funds	Total Proprietary Funds
\$ 10,137,952	\$ 14,585	\$ 2,261,478	\$ 42,035,238
38,150	-	60,620	463,145
6,210	105,396	-	377,129
-	-	-	3,574,625
<u>10,182,312</u>	<u>119,981</u>	<u>2,322,098</u>	<u>46,450,137</u>
-	212,042	973,532	2,114,153
-	39,427	289,003	445,430
-	36,853	20,703	294,944
-	200,060	463,342	994,964
5,923,192	-	-	25,895,690
928,248	-	-	3,674,109
-	-	-	3,000
362,042	-	-	1,230,461
178,198	-	-	788,719
19,760	-	-	73,580
582,664	347,023	461,241	6,055,582
18,082	-	-	32,479
<u>8,012,186</u>	<u>835,405</u>	<u>2,207,821</u>	<u>41,603,111</u>
<u>2,170,126</u>	<u>(715,424)</u>	<u>114,277</u>	<u>4,847,026</u>
-	4,865	-	4,865
-	-	12,399	179,884
16,362	-	11,005	124,287
-	-	-	(1,150,312)
-	-	(40,000)	(100,000)
(1,455)	-	-	(467,062)
<u>14,907</u>	<u>4,865</u>	<u>(16,596)</u>	<u>(1,408,338)</u>
2,185,033	(710,559)	97,681	3,438,688
-	365,000	-	365,000
(487,358)	-	(174,100)	(1,743,200)
-	8,220,484	217,549	9,274,509
<u>1,697,675</u>	<u>7,874,925</u>	<u>141,130</u>	<u>11,334,997</u>
<u>11,682,233</u>	<u>12,218,375</u>	<u>8,280,108</u>	<u>125,251,330</u>
<u>\$ 13,379,908</u>	<u>\$ 20,093,300</u>	<u>\$ 8,421,238</u>	<u>\$ 136,586,327</u>

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

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Statement of Cash Flows - Proprietary Funds

	<u>Sewer Fund</u>	<u>Electric Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Receipts from Customer Including Deposits	\$ 3,370,183	\$ 24,959,673
Cash Receipts for Interfund Services Provided	19,591	1,261,848
Payments to Suppliers	(870,186)	(18,945,372)
Payments to Employees	(915,929)	(2,436,133)
Payments for Interfund Services Used	(233,470)	(33,409)
Other Operating Cash Receipts	11,312	-
Other Payments	-	(1,308,128)
Net cash provided (used) by operating activities	<u>1,381,501</u>	<u>3,498,479</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Interfund Loans	-	-
Repayments of Interfund Loans	-	-
Tax Revenue	-	-
Intergovernmental Revenue	99,845	-
Contribution	(60,000)	-
Transfers Out	(260,700)	(731,042)
Transfers In	-	-
Net cash provided (used) by noncapital financing activities	<u>(220,855)</u>	<u>(731,042)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(723,176)	(2,030,196)
Interest payments on SRF Loan	(410,583)	-
Proceeds from SRF Loan	507,140	-
Principal payments on SRF Loan	(660,509)	-
Capital Grant	-	54,294
Retirement Work in Progress	-	(370)
Proceeds from sales of capital assets	5,465	-
Net cash provided (used) by capital and related financing activities	<u>(1,281,663)</u>	<u>(1,976,272)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	22,045	22,278
Net cash provided by investing activities	<u>22,045</u>	<u>22,278</u>
Net increase (decrease) in cash and cash equivalents	(98,972)	813,443
Pooled Cash and Investments - beginning of year	4,679,639	5,287,626
Pooled Cash and Investments - end of year	4,580,667	6,101,069
Less Restricted Pooled Cash and Investments	(2,349,114)	(474,250)
Pooled Cash and Investments Per Balance Sheet	<u>\$ 2,231,553</u>	<u>\$ 5,626,819</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 291,490	\$ 1,876,742
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,463,219	1,536,322
Changes in assets and Liabilities:		
Accounts Payable - Other	(403,904)	94,622
Accounts Payable	-	33,696
Customer Receivables	31,848	37,018
Inventory	(13,802)	(43,064)
Other Operating Receivables	-	(26,009)
Other Post Employment Benefits	4,257	5,001
Closure/Post closure costs	-	-
Salaries & Benefits Payable	8,393	(15,849)
Net Cash provided (used) by operating activities	<u>\$ 1,381,501</u>	<u>\$ 3,498,479</u>
Noncash Investing, Capital, and Financing Activities:		
Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ -	\$ (10,716)
Contributions of Capital Assets	\$ 782,182	\$ 54,294

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

City of Watertown  
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 Year Ended December 31, 2012

Statement of Cash Flows - Proprietary Funds (continued)

Water Fund		Gas Fund		Airport Fund		Other Proprietary Funds		Total Proprietary Funds	
\$	5,359,256	\$	10,180,996	\$	117,698	\$	2,168,608	\$	46,156,414
	519,169		285,294		-		-		2,085,902
	(1,351,562)		(5,927,152)		(58,731)		(575,522)		(27,728,525)
	(1,382,741)		(1,351,143)		(211,592)		(954,772)		(7,252,310)
	(522,344)		(12,362)		-		-		(801,585)
	-		-		-		60,620		71,932
	(2,566)		(524,280)		-		-		(1,834,974)
	<u>2,619,212</u>		<u>2,651,353</u>		<u>(152,625)</u>		<u>698,934</u>		<u>10,696,854</u>
	3,300,000		(3,300,000)		479,435		-		479,435
	(3,960,000)		3,960,000		-		-		-
	-		-		4,865		-		4,865
	-		-		-		-		99,845
	-		-		-		(40,000)		(100,000)
	(90,000)		(487,358)		-		(174,100)		(1,743,200)
	-		-		365,000		-		365,000
	<u>(750,000)</u>		<u>172,642</u>		<u>849,300</u>		<u>(214,100)</u>		<u>(894,055)</u>
	(595,847)		(1,386,321)		(8,272,220)		(522,302)		(13,530,062)
	(741,760)		-		7,575,545		-		6,423,202
	-		-		-		-		507,140
	(912,881)		-		-		-		(1,573,390)
	-		-		-		229,948		284,242
	(1,643)		(10,063)		-		-		(12,076)
	-		-		-		-		5,465
	<u>(2,252,131)</u>		<u>(1,396,384)</u>		<u>(696,675)</u>		<u>(292,354)</u>		<u>(7,895,479)</u>
	-		19,251		-		14,089		77,663
	-		19,251		-		14,089		77,663
	(382,919)		1,446,862		-		206,569		1,984,983
	3,009,343		367,116		-		2,931,207		16,274,931
	2,626,424		1,813,978		-		3,137,776		18,259,914
	<u>(2,570,960)</u>		<u>-</u>		<u>-</u>		<u>(431,025)</u>		<u>(5,825,349)</u>
\$	<u>55,464</u>	\$	<u>1,813,978</u>	\$	<u>-</u>	\$	<u>2,706,751</u>	\$	<u>12,434,565</u>
\$	1,109,815	\$	2,170,126	\$	(715,424)	\$	114,277	\$	4,847,026
	1,679,510		600,746		347,023		461,241		6,088,061
	-		-		21		(197)		(309,458)
	30,840		(201,567)		226,395		98,615		187,979
	(136,161)		84,626		(2,283)		21,923		36,971
	(40,605)		22,541		(8,807)		222		(83,515)
	(17,670)		(41,777)		-		(114,792)		(200,248)
	2,501		2,501		881		4,845		19,986
	-		-		-		98,885		98,885
	(9,018)		14,157		(431)		13,915		11,167
\$	<u>2,619,212</u>	\$	<u>2,651,353</u>	\$	<u>(152,625)</u>	\$	<u>698,934</u>	\$	<u>10,696,854</u>
\$	(30,581)	\$	(1,455)	\$	-	\$	-	\$	(42,752)
\$	-	\$	-	\$	8,220,484	\$	217,549	\$	9,274,509

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

City of Watertown  
Comprehensive Annual Financial Report  
Year Ended December 31, 2012

Statement of Fiduciary Net Position - Fiduciary Funds

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	<b>Agency Funds</b>
	<hr/>
<b>ASSETS</b>	
Pooled Cash and Investments	\$ 94,903
Interest Receivable	30
Total Assets	<hr/> 94,933 <hr/>
<b>LIABILITIES</b>	
Due to Others	94,903
Total Liabilities	<hr/> 94,903 <hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Revenue	30
Total Deferred Inflows of Resources	<hr/> \$ 30 <hr/>

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

Notes to the Financial Statements

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**NOTE 1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City of Watertown is a municipal corporation governed by an elected ten member City Council. An elected mayor presides at the Council meetings and votes only in the case of a tie. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable or for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is separate from the City.

**Discretely Presented Component Unit:** The Housing and Redevelopment Commission of the City of Watertown, South Dakota, is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the Mayor, with the approval of the City Council, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other employees. The City Council, though, retains the statutory authority to approve, deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the City Council the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from the entity's administrative office at 24 W. Kemp Ave, Watertown, South Dakota 57201.

**B. Basis of Presentation**

The basic financial statements are prepared in conformity with GASB Statement No. 34 and presented on both the government-wide and fund financial level. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

With the implementation of Government Account Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions the City has changed accounting policies. This important new standard has left the total amount reported as fund balance unchanged, but has altered the categories and terminology.

For the year ended December 31, 2012, the City implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, Elements of Financial Statements.

For the year ended December 31, 2012, the City implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement provides guidance for proper classification of previous assets and liabilities in accordance with Concepts Statement No. 4, Elements of Financial Statements.

*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 and discretely presented component units. 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. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.A., above, and may be classified as either governmental or business-type activities.

## Notes to the Financial Statements

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The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City'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 for 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 City 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 City (General Fund) or it meets the following criteria:

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

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

### **Governmental Funds:**

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

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

*Debt Service Funds* – debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

### **Proprietary Funds:**

*Enterprise Funds* – enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

### **Fiduciary Funds:**

*Agency Funds* – agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds maintained by the City include the Security Deposit Fund, Redemption Fund, and Section 125 Escrow Fund.

Notes to the Financial Statements

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*Security Deposit Fund* is used to account for the collection and return or forfeiture of surety coverage receipts required by the City for items such as contract performance.

*Redemption Fund* is used to account for collection of and remittance to contractors holding special assessment certificates for various improvements.

*Section 125 Escrow Fund* is used to account for the employee's contributions and disbursement of Section 125 Flexible Spending Accounts.

The City reports the following major governmental funds:

The *General Fund* is the government's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue sources include taxes, licenses and permits, intergovernmental revenue, charges for goods and services, fines and forfeits, and miscellaneous revenue. In addition to general government, primary expenditures include public safety, public works, health and welfare, culture and recreation and conservation and development.

The *Capital Improvement Fund* accounts for the capital improvement projects and debt service funded by the second penny City sales tax.

*Other Governmental Funds* is a summarization of all of the non-major governmental funds. These include additional special revenue and debt service funds.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the government's sanitary sewer collection and treatment operations and storm water management system.

The *Electric Fund* accounts for the activities of the government's electric distribution operations.

The *Water Fund* accounts for the activities of the government's water distribution operations.

The *Gas Fund* accounts for the activities of the government's natural gas distribution operations.

The *Airport Fund* accounts for the activities of the government's airport operations.

*Other Proprietary Funds* is a summarization of all of the non-major proprietary funds. This includes the Solid Waste 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 transactions are recorded, regardless of the measurement focus.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues and expenditures are recorded when they occur regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency funds have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues

## Notes to the Financial Statements

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are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes that have become due and payable, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating expenses of the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then, unrestricted resources as they are needed. Resources restricted to a greater degree are utilized before resources having lesser restrictions.

### **D. Interfund Eliminations and Reclassifications:**

*Government-wide Financial Statements:* In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which, if any, are presented as Internal Balances.

*Fund Financial Statements:* Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a nonspendable fund balance account which indicates that they do not constitute "available spendable resources" since they are not a component of net current position. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

### **E. Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e. roads, alleys, sewer lines and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost ranging from \$5,000 to \$50,000, depending on the type of asset and an estimated useful life of one year or longer. All land and land rights are considered

Notes to the Financial Statements

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capital assets regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with accounting principles generally accepted in the United States. For capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with accounting principles generally accepted in the United States. There was no interest capitalized in the proprietary funds for 2012.

Depreciation of all exhaustible capital assets is charged as an allocated expense against operations in the government-wide financial statements and in the proprietary fund financial statements. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Structures	25-50
Furniture and Equipment	10
Machinery and Automotive	5-10
Other Capital Assets	20-50

Governmental activities capital assets and related depreciation expenses are only reported in the Governmental Activities columns on the government-wide financial statements. Because their measurement focus is on "current financial resources," capital assets and related depreciation expenses are not recorded in the governmental fund financial statements. In the governmental fund financial statements, capital asset acquisitions are reported as expenditures in the appropriate function.

**F. Program Revenues:**

Program revenues derive directly from the program itself or from parties other than the City'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.

**G. Proprietary Funds Revenue and Expense Classifications:**

In the proprietary funds Statement of Revenues, Expenses, and Changes in 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 or expenses.

Notes to the Financial Statements

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**H. Assets, Liabilities, and Net Position or Equity**

*Cash and Cash Equivalents:* Cash and cash equivalents include currency on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are included as part of the Pooled Cash and Investments.

The City pools its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. Also, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows. A pooled cash & investments account is maintained for all City funds. Interest earnings are allocated to those funds that have an average positive balance in their cash account pursuant to the City's formal investment policy.

*Receivables and Payables:* Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. current interfund loans) or "advances to/from other funds" (i.e. non-current interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by the nonspendable fund balance account in the applicable governmental funds to indicate they are not available for appropriation and are not available spendable financial resources.

*Restricted Assets and Restricted Net Position:* Assets and net position whose use is restricted for construction, debt service, or the payment of specific claims and benefits have been classified as restricted assets and restricted net position as their use is limited by bond covenant or other externally imposed requirements.

*Inventories and Prepaid Items:* Inventories of supplies for all funds, except the Electric, Water, and Gas, are recorded at cost using the first-in, first-out (FIFO) method. Inventories of supplies for the Electric, Water, and Gas are recorded at cost using the average cost method. The cost of inventory is recognized as an expense in the governmental fund financial statements as well as in the business-type fund and government-wide financial statements when used (consumption method). The inventories reported in the governmental fund financial statements are off-set by a nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Compensated Absences:* It is the City's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits. The accumulation of unused vacation and comp time is limited based upon employee classification. Upon separation, the City will reimburse the employee for accumulated vacation time not to exceed established maximums and comp time pursuant to federal regulations. The amount of unused sick leave accumulation is not limited and a portion is recognized as a long-term liability. Upon retirement, the City reimburses eligible employees a portion of the unused sick leave. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

*Deferred Revenue:* As sources of revenue become measurable, even though not currently available, they are generally recorded as receivable and deferred revenue in governmental funds. When the sources of revenue become available for use, they are recognized as revenue.

*Long-Term Obligations:* In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Notes to the Financial Statements

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*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 positions 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 positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements: Fund balance is displayed in five components based on the spending constraints placed on them. The following classifications describe the spending constraints:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form (such as inventory) or (b) legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts restricted that are either (a) externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed Fund Balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinance) of the entity’s governing board.
4. Assigned Fund Balance – amounts that are constrained by the government’s “intent” to be used for specific purposes, but are neither restricted nor committed. The constraint may be enacted by a body or official to which the governing board has delegated the authority to assign amounts to be used for specific purposes (resolutions and motions). The “Assigned for Other Purposes” is the fund balance that is available for appropriation in the Capital Improvement Fund and Other Special Revenue Funds.
5. Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts reported only in the General Fund.

Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds do not have fund equity.

*Net Position/Fund Balances:* It is the City’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The City will first use restricted fund balance, committed fund balance will be considered next and assigned fund balance third when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used like assigned or unassigned.

*Accounting Estimates:* The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Notes to the Financial Statements

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**NOTE 2. Stewardship, Compliance, and Accountability**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The City incurred no material violations of finance related legal contractual provisions.

**B. Net Position/Fund Balance Deficits**

As of December 31, 2012, the following funds have deficit fund balances in the amount shown:

Tax Increment Financing 1 Fund	\$ (2,097,888)
Tax Increment Financing 2 Fund	\$ (1,151,182)
Tax Increment Financing 3 Fund	\$ (272,267)
Tax Increment Financing 5 Fund	\$ (2,075,636)
Tax Increment Financing 6 Fund	\$ (825,057)

**NOTE 3. Detailed Notes on All Funds**

**A. Deposits and Investments**

The City maintains a pooled cash portfolio that is used by all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle fund monies while ensuring that the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved. This pool is governed by an investment policy established by the City Council. Management of the City's investment pool is the responsibility of the City Finance Officer. The pool consists of checking accounts, savings accounts and certificates of deposit with original maturities of up to 24 months all of which are stated at fair value. Fund equity in the pool is shown as Pooled Cash and Investments in all financial statements. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

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

Investments – In general, SDCL 4-5-6 permits Municipality funds to be invested 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.

The City has an adopted investment policy, conforming to all applicable laws of the State of South Dakota, which serves as the guide to the deposit and investment of operating funds which are managed within the City's pooled cash portfolio. This policy sets forth the City's investment objectives as well as authorized and suitable deposits and investments, maturity constraints, internal controls, and performance measures. The foremost objective of the City's investment program as set forth by the investment policy is safety of principal. Investment decisions are made under the assumption that, except under limited circumstances, all investments within the pooled cash portfolio will be held to maturity.

Notes to the Financial Statements

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*Credit Risk:* State law limits eligible investments for the City as discussed above. The City's investment policy follows State Law and does not further limit investment choices. As of December 31, 2012, the City did not have any investments.

*Custodial Credit Risk:* The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

*Concentration of credit risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. Currently, there are no investments that are subject to this risk.

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy has been to establish a maturity schedule that has investments maturing in a "laddered" fashion with only a small amount of the total portfolio being reinvested each month. This technique reduces the risk that all or most of the investments will mature and be reinvested at a time of relatively low interest rates.

**Component Unit**

The Housing and Redevelopment Commission falls under the same requirements of South Dakota Statutes as the City's governmental and business-type funds in regards to permitted deposits and investments. The Commission has no further investment policy as to interest, credit, or concentration risk. As of December, 31, 2012, the deposits of the Authority were fully insured or collateralized as required by SDCL 4-6A, and the non-pooled cash and investments consist of checking, savings and certificates of deposits.

**B. Property Tax**

Real property tax levies are established on or before October 1 of each year. Taxes are recorded as receivable, levied, and attached as an enforceable lien on property as of January 1 of each year. Taxes are payable in two installments on or before April 30 and October 31 of that year. The County bills and collects the City taxes and remits collections to the City. No accrual for the property tax levy becoming due in January of 2013 is included in the accompanying financial statements, since such taxes become due and payable on January 1, 2013, and are levied to finance expenditures budgeted for the subsequent period.

The City is permitted by State Statute to levy an increase of no more than the lesser of three percent or the index factor, as defined in the statutes, over the amount of revenue receivable from real property taxes in the preceding year, excluding the amount levied pursuant to an affirmative two-thirds vote of the governing body. After applying the index factor, the City may increase the revenue from real property taxes above the limitations by the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of property separately classified and subject to statutory adjustments and reductions, only if assessed the same as property of equal value. Property tax revenue may also be increased for the scheduled payment increases on bonded indebtedness incurred prior to December 31, 1995, and for a levy directed by the order of a court for the purpose of paying a judgment against the City.

The combined tax rate to finance municipal services including principal and interest on long-term debt for the year ended December 31, 2012 was \$2.74 per \$1,000 of taxable valuation.

Notes to the Financial Statements

**C. Receivables**

Receivables for the City's individual major funds, aggregate nonmajor funds, and fiduciary funds including the applicable allowances for uncollectible accounts are as follows at December 31, 2012:

	<b>Interest</b>	<b>Taxes</b>	<b>Accounts</b>	<b>Special Assessments</b>	<b>Loans</b>	<b>Deferred</b>	<b>Unbilled Accounts</b>	<b>Total</b>
<b>General Fund</b>	\$ 5,020	\$ 1,297,090	\$ 319,804	\$ 357,489	\$ 4,995	\$ -	\$ -	\$ 1,984,398
<b>Capital Improvement</b>	15,306	1,244,718	-	244,463	841,177	9,600	-	2,355,264
<b>Sewer</b>	4,387	-	319,405	-	-	-	-	323,792
<b>Electric</b>	4,967	-	2,139,914	-	-	-	726,771	2,871,652
<b>Water</b>	-	-	429,855	-	-	-	126,967	556,822
<b>Gas</b>	4,231	-	1,452,361	-	-	-	578,163	2,034,755
<b>Airport</b>	-	-	4,620	-	-	590,819	-	595,439
<b>Nonmajor and Other</b>	5,055	120,654	302,358	1,622	105,199	84,000	-	618,888
	<u>\$ 38,966</u>	<u>\$ 2,662,462</u>	<u>\$4,968,317</u>	<u>\$ 603,574</u>	<u>\$ 951,371</u>	<u>\$ 684,419</u>	<u>\$1,431,901</u>	<u>\$11,341,010</u>

Electric, Water, and Gas are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to electric sales	\$ 17,660
Uncollectibles related to water sales	4,159
Uncollectibles related to gas sales	<u>9,669</u>
<b>Total uncollectibles of the current fiscal year</b>	<b>\$ 31,488</b>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Interest receivable (general fund)	\$ 5,020
Interest receivable (special revenue funds)	17,082
Interest receivable (debt service fund)	347
Sales tax receivable (general fund)	632,000
Sales tax receivable (special revenue funds)	689,060
Special assessments not yet due (general fund)	357,489
Special assessments not yet due (special revenue funds)	244,463
Accounts receivable - Franchise Fees (general fund)	31,429
Accounts receivable - E-911 surcharges (special revenue funds)	44,292
Due from other governments (general fund)	10,789
Deferred Receivables - leases (special revenue funds)	<u>93,600</u>
<b>Total</b>	<b>\$ 2,125,571</b>

Notes to the Financial Statements

**D. Due From Other Governments**

Amounts due from other governments include the following at December 31, 2012:

	Due from Federal	Due from State	Total
<b>Primary Government:</b>			
<b>Governmental Activities</b>			
General Fund	\$ 40,278	\$ 108,362	\$ 148,640
Capital Improvement Fund	10,866	21,031	31,897
E-911 Fund	-	13,158	13,158
Sioux River Watershed Fund	60,440	-	60,440
Total Governmental Activities	111,584	142,551	254,135
<b>Business-Type Activities</b>			
<b>Enterprise Funds</b>			
Sewer	-	1,141	1,141
Solid Waste	-	114,725	114,725
Airport	462,346	200,362	662,708
Total Business-Type Activities	462,346	316,228	778,574
<b>Total</b>	<b>\$ 573,930</b>	<b>\$ 458,779</b>	<b>\$ 1,032,709</b>

**E. Interfund Receivables and Payables**

Interfund receivables and payables result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Interfund receivables and payables do not include advances which are discussed below. The composition of interfund balances as of December 31, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 498,765
Gas Fund	Water Fund	3,300,000
Solid Waste Fund	Electric Fund	67

**F. Interfund Transfers**

Transfers are budgeted to subsidize the operations of the fund receiving the transfer. Interfund transfers for the year ended December 31, 2012 were as follows:

	General Fund	Nonmajor Governmental Funds	Airport Fund	Total
<b>Transfers Out</b>				
General Fund	\$ -	\$ 1,471,000	\$ 205,000	\$ 1,676,000
Capital Improvement Fund	-	160,000	160,000	320,000
Sewer Fund	260,700	-	-	260,700
Electric Fund	731,042	-	-	731,042
Gas Fund	487,358	-	-	487,358
Water Fund	-	90,000	-	90,000
Nonmajor Governmental Funds	-	58,000	-	58,000
Nonmajor Business-Type Funds	174,100	-	-	174,100
	<b>\$ 1,653,200</b>	<b>\$ 1,779,000</b>	<b>\$ 365,000</b>	<b>\$ 3,797,200</b>

\*The transfer out balance in the Water Fund and the transfer in balance of the General Fund do not include \$429,775; this is the amount of a capital asset transfer from the Water Fund to the General Fund.

Notes to the Financial Statements

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**G. Advances**

The City made an inter-fund loan in 2004 from the Capital Improvement Fund to the TIF 1 Fund in the amount of \$2,400,000. As authorized in Resolution No. 04-56, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 1 district. The loan terms state the loan will be paid back as property taxes are collected by the TIF 1 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

The City made another inter-fund loan in 2004 from the Capital Improvement Fund to the TIF 2 Fund in the amount of \$1,020,000. As authorized in Resolution No. 04-71, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 2 district. The loan terms state that the loan will be paid back as property taxes are collected by the TIF 2 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

The City made another inter-fund loan in 2005 from the Capital Improvement Fund to the TIF 3 Fund in the amount of \$450,000. As authorized in Resolution No. 05-65, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 3 district. The loan terms state that the loan will be paid back as property taxes are collected by the TIF 3 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

The City made another inter-fund loan in 2010 from the Capital Improvement Fund and the Sewer Fund to the TIF 5 Fund in the amount of \$1,825,000. As authorized in Resolution 10-40, the City used available funds from the Capital Improvement and Sewer Funds to finance the project costs for the public improvements made in the TIF 5 district. The loan terms state the loan will be paid back to the Capital Improvement Fund first as property taxes are collected by the TIF 5 Fund over a period not to exceed twenty years at an interest rate of 7.00%. If the Capital Improvement Fund loan is repaid within the twenty years, the Sewer Fund will be repaid back at an interest rate of 7.00%.

The City made another inter-fund loan in 2010 from the Capital Improvement Fund to the TIF 6 Fund in the amount of \$800,000. As authorized in Resolution 09-34, the City used available funds from the Capital Improvement Fund to finance the project costs for the public improvements made in the TIF 6 district. The loan terms state that the loan will be paid back as property taxes are collected by the TIF 6 Fund over a period not to exceed twenty years at an interest rate of 7.00%.

**H. Leases**

The City leases City-owned buildings, office facilities and other land/property under operating leases to various organizations and private citizens.

*Special Revenue Fund – Park and Recreation:* Lease of land with original cost of leased portion: \$2,698; Carrying amount: \$2,698; Depreciation on asset to date: land/ non-depreciable. The lease, which expires in 2027, calls for annual lease payments of the greater of the minimum rent payment or % of gross receipts as follows:

Operating Season	GREATER OF	
	% of Gross Receipts	Minimum Rent
1 <sup>st</sup> – 5 <sup>th</sup>	5%	\$ 5,000
6 <sup>th</sup> - 10 <sup>th</sup>	6%	\$ 5,000
11 <sup>th</sup> - 30 <sup>th</sup>	7%	\$ 6,000
Upon Renewal:		
31 <sup>st</sup> - 34 <sup>th</sup>	7%	\$ 7,000

Notes to the Financial Statements

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The rental payments, based on the minimum rent, that are payable for the term of the lease have been accrued as a deferred receivable in the Park & Recreation Fund. The following is a schedule, by year, of the future rentals on the lease of the land as of December 31, 2012:

2013	\$	6,000
2014		6,000
2015		6,000
2016		6,000
2017		6,000
2018-22		30,000
2023-26		24,000
Total	\$	84,000

*Special Revenue Fund – Capital Improvement:* Lease of farmland with original cost of: \$144,365; Carrying amount \$144,365; Depreciation on asset to date: land/non-depreciable. The lease expires December 31, 2014. The rental payments payable for the term of the lease have been accrued as a deferred receivable in the Capital Improvement Fund. The following is a schedule, by year, of the future rentals on the lease of farmland as of December 31, 2012:

2013	\$	4,800
2014		4,800
Total	\$	9,600

*Business-Type Fund – Airport:* Lease of building space with original cost of leased asset: Building \$57,239; Carrying amount: \$37,773; Depreciation on asset to date: \$19,466. Lease expires in 2020. The rental payments that are payable for the terms of the leases have been accrued as deferred receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2012:

2013	\$	3,404
2014		3,404
2015		3,404
2016		3,404
2017		3,404
2018-20		9,361
Total	\$	26,381

Lease of building space with original cost of leased asset: Building \$403,167; Carrying amount: \$265,877; Depreciation on asset to date: \$137,290. Lease expires in 2014. The rental payments that are payable for the terms of the leases have been accrued as deferred receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2012:

2013	\$	22,123
2014		7,374
Total	\$	29,497

Notes to the Financial Statements

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Lease of building space with original cost of leased asset: Building \$64,265; Carrying amount: \$42,410; Depreciation on asset to date: \$21,855. Lease expires in 2020. The rental payments that are payable for the terms of the leases have been accrued as deferred receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2012:

2013	\$	17,000
2014		17,000
2015		17,000
2016		17,000
2017		17,000
2018-20		45,333
Total	\$	130,333

Lease of various parcels of land with original cost of leased assets: Land \$13,165; Carrying amount: \$13,165; Depreciation on assets to date: land/non-depreciable. Rental payments payable for the terms of the leases ranging from 2013 to 2034 have been accrued as deferred receivables in the Airport Fund. The following is a schedule, by year, of the future rentals on the lease of the building spaces as of December 31, 2012:

2013	\$	12,424
2014		12,168
2015		16,905
2016		17,193
2017		21,929
2018-22		99,090
2023-27		97,430
2028-32		97,430
2033-35		30,039
Total	\$	404,608

Notes to the Financial Statements

**I. Capital Assets**

Capital asset activity for the Primary Government for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Non-Depreciable Assets				
Land	\$ 13,203,046	\$ 420,508	\$ (321,342)	\$ 13,302,212
Construction in Progress	539,558	1,711,033	(485,034)	1,765,557
Depreciable Assets:				
Buildings & Structures	31,550,312	559,723	-	32,110,035
Improvements other than Buildings	53,527,340	16,183,734	(432,221)	69,278,853
Equipment & Automotive	9,970,543	472,615	(258,752)	10,184,406
Totals	108,790,799	19,347,613	(1,497,349)	126,641,063
Less Accumulated Depreciation:				
Buildings & Structures	(5,725,237)	(682,399)	-	(6,407,636)
Improvements other than Buildings	(12,382,123)	(878,914)	432,221	(12,828,816)
Equipment & Automotive	(5,377,281)	(935,487)	216,806	(6,095,962)
Total Accumulated Depreciation	(23,484,641)	(2,496,800)	649,027	(25,332,414)
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 85,306,158</b>	<b>\$ 16,850,813</b>	<b>\$ (848,322)</b>	<b>\$ 101,308,649</b>

\*Accumulated Depreciation additions amount of \$2,496,800 includes \$2,489,206 of depreciation expense and \$7,594 of accumulated depreciation on assets transferred in from other funds.

**Business-Type Activities**

Non-Depreciable Assets				
Land	\$ 2,963,989	\$ 11,850	\$ -	\$ 2,975,839
Construction in Progress	841,275	1,417,365	(837,425)	1,421,215
Depreciable Assets:				
Intangible Property	470,654	-	-	470,654
Buildings & Structures	66,693,491	127,690	(176,704)	66,644,477
Improvements Other than Buildings	140,580,163	12,585,227	(1,118,882)	152,046,508
Equipment & Automotive	9,815,034	1,043,372	(349,581)	10,508,825
Totals at Historical Cost	221,364,606	15,185,504	(2,482,592)	234,067,518
Less Accumulated Depreciation:				
Amortization of Intangible Property	(193,186)	(32,517)	-	(225,703)
Buildings & Structures	(17,180,470)	(1,777,185)	141,758	(18,815,897)
Improvements Other than Buildings	(53,276,680)	(3,514,176)	653,376	(56,137,480)
Equipment & Automotive	(5,944,198)	(764,183)	349,581	(6,358,800)
Total Accumulated Depreciation	(76,594,534)	(6,088,061)	1,144,715	(81,537,880)
<b>Business-Type Activities Capital Assets, net</b>	<b>\$ 144,770,072</b>	<b>\$ 9,097,443</b>	<b>\$ (1,337,877)</b>	<b>\$ 152,529,638</b>

\*The decrease in accumulated depreciation for any given class of assets may exceed the decrease reported in those assets due to asset transfers from the business-type funds to the governmental funds.

Notes to the Financial Statements

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Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	<b>Depreciation Expense</b>
General Government	\$ 56,506
Public Safety	682,969
Public Works	793,435
Culture & Recreation	749,580
Conservation & Development	206,716
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 2,489,206</b>
<b>Business-Type Activities:</b>	
Sewer	\$ 1,463,219
Solid Waste	461,241
Airport	347,023
Electric	1,536,322
Water	1,679,510
Gas	600,746
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 6,088,061</b>

Projects included in construction in progress for the primary government are as follows:

Project	Contracted Amount	Expended to 12/31/12	Committed
<b>Governmental Funds:</b>			
4 <sup>th</sup> Ave S to 10 Ave N Bike Trail	\$ -	\$ 7,960	\$ -
Phosphorus Plant Remodel	237,719	40,829	196,890
Children's Zoo/Otter Exhibit	1,769,400	152,643	1,616,757
Main Fire Station Remodel	2,452,300	1,564,125	888,175
	<u>4,459,419</u>	<u>1,765,557</u>	<u>2,701,822</u>
<b>Enterprise Funds:</b>			
Airport FBP Ramp Reconstruction	876,642	822,408	54,234
Water Tower Reconstruction Project	2,191,020	45,176	2,145,844
Electric System Force Account Projects	-	527,290	-
Water System Force Account Projects	-	26,341	-
	<u>3,067,662</u>	<u>1,421,215</u>	<u>2,200,078</u>
Total Primary Government	<u>\$ 7,527,081</u>	<u>\$ 3,186,772</u>	<u>\$ 4,901,900</u>

Notes to the Financial Statements

**J. Long-Term Debt**

Long-term debt consists of bonded indebtedness, installment purchase contracts, capital leases, compensated absences, and other post employment benefits. A summary of long-term debt issued and retired during 2012 and outstanding balances as of December 31, 2012 follows:

	Balance Outstanding 12/31/2011	Additions During 2012	Deletions During 2012	Balance Outstanding 12/31/2012	Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<b>Loans Payable</b>					
State Revolving Fund-Loan #3; Original Issue \$2,583,734; 5.25% Interest, Due in 2016	\$ 919,879	\$ -	\$ 165,301	\$ 754,578	\$ 174,152
State Revolving Fund-Loan #5: Original Issue \$2,055,000; 3.5% Interest, Due in 2025	1,600,233	-	96,703	1,503,530	100,133
State Revolving Fund-Loan #7 CW; Original Issue \$847,170; 2.25% interest; Due in 2029	718,399	-	34,491	683,908	35,274
State Revolving Fund-Loan #7 NPS; Original Issue \$81,205; 2.25% interest; Due in 2029	72,079	-	3,460	68,619	3,539
State Revolving Fund-Loan #9 CW; Original Issue \$16,446,000; 3.0% interest; due in 2031	10,211,663	117,270	526,190	9,802,743	400,672
State Revolving Fund-Loan Drinking Water; Original Issue \$23,760,000; 3.25% interest; Due in 2030	23,163,397	-	912,881	22,250,516	942,913
<b>Total Loans Payable</b>				<u>35,063,894</u>	<u>1,656,683</u>
<b>Compensated Absences Payable</b>	1,368,935	605,518	587,008	1,387,445	346,862
<b>Other Post Employment Benefits (OPEB)</b>	89,094	62,411	42,425	109,080	-
<b>Closure/Post Closure Costs</b>	332,139	98,885	-	431,024	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>				<u>36,991,443</u>	<u>2,003,545</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>Bonds Issued</b>					
2010 GO Refunding Bond – Event Center; General Obligation Bonds; Original Issue \$4,415,000; 1-3.35% interest; due in 2023	4,415,000	-	300,000	4,115,000	315,000
<b>Total GO Bonds</b>				<u>4,115,000</u>	<u>315,000</u>
2003 Sales Tax Revenue Bond – CIP Sewer Proj; Original Issue \$1,905,000 2.5-4.05% interest; Due in 2013	435,000	-	435,000	-	-
2004 Sales Tax Revenue Bond – Family Aquatic Center; Original Issue \$5,000,000; 2.25-4.6% interest; Due in 2024	3,670,000	-	3,670,000	-	-
2006 Sales Tax Revenue Bond – Library Expansion Project; Original Issue \$4,985,000; 3.35-4.55% interest; due in 2026	3,985,000	-	200,000	3,785,000	205,000
2012 Sales Tax Revenue - Refunding Bond – CIP Sewer Project & Family Aquatic Center \$4,165,000; 0.4-2.7% interest; due in 2024	-	4,165,000	525,000	3,640,000	315,000
<b>Total Sales Tax Revenue Bonds</b>				<u>7,425,000</u>	<u>520,000</u>
<b>Loans Payable</b>					
State Revolving Fund Loan #6-CW; Original Issue \$1,189,145; 2.25% interest; due in 2029	1,044,257	-	49,272	994,985	50,390
State Revolving Fund Loan #6-NPS; Original Issue \$113,985; 2.25% interest; due in 2028	98,760	-	4,912	93,848	5,024
State Revolving Fund-Loan #8-CW; Original Issue \$612,877; 2.25% interest; due in 2029	466,037	-	22,375	443,662	22,883
State Revolving Fund-Loan #8-NPS; Original Issue \$58,747; 2.25% interest; due in 2029	52,145	-	2,504	49,641	2,560
State Revolving Fund-Loan #10-CW; Original Issue \$3,330,000; 3.0% interest; due in 2031	2,636,608	-	101,330	2,535,278	104,177
State Revolving Fund-Loan #11-CW; Original Issue \$815,000; 3.0% interest; due in 2032	192,293	-	3,539	188,754	7,239
<b>Total Loans Payable</b>				<u>4,306,168</u>	<u>192,273</u>

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Notes to the Financial Statements

<b>LONG-TERM DEBT (continued)</b>	Balance Outstanding 12/31/2011	Additions During 2012	Deletions During 2012	Balance Outstanding 12/31/2012	Due Within One Year
<b>Long-Term Capital Leases</b>					
Fire Truck Lease – Leasing 2 Inc. Original Issue \$645,458; 4.46% interest	420,445	-	62,660	357,785	65,454
Golf Cart Lease – DeLage Landen Public Finance LLC; 4.45% interest; Original Issue \$160,448	123,059	-	18,416	104,643	19,262
<b>Total Long-Term Capital Leases</b>				<u>462,428</u>	<u>84,716</u>
<b>Compensated Absences Payable</b>					
General Fund	1,119,273	570,354	525,666	1,163,961	290,990
Special Revenue Funds	346,604	165,194	168,152	343,646	85,912
<b>Other Post Employment Benefits (OPEB)</b>					
General Fund	122,858	82,100	44,519	160,439	-
Special Revenue Funds	38,797	28,222	15,303	51,716	-
				<u>1,719,762</u>	<u>376,902</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>				<u>18,028,358</u>	<u>1,488,891</u>
<b>TOTAL OF BONDS, INSTALLMENT CONTRACTS &amp; CAPITAL LEASES</b>				<u>\$ 55,019,801</u>	<u>\$ 3,492,436</u>

\*Compensated absences in the Governmental Funds have typically been liquidated from the General, Park, Recreation & Forestry, Recreation Center, Upper Big Sioux Watershed Project and E-911 Funds.

*General Obligation Bonds Payable*

The City issues general obligation bonds (GO bonds) to provide funds for the acquisition and construction of major capital facilities. GO bonds have been issued for governmental activities specifically for construction of the Event Center. GO bonds are direct obligations and pledge the full faith and credit of the City.

Annual debt service requirements to maturity for GO bonds are as follows:

Year	<b>GO Refunding Bonds</b>		
	Principal	Interest	Total
2013	\$ 315,000	\$ 110,390	\$ 425,390
2014	330,000	106,452	436,452
2015	350,000	101,008	451,008
2016	375,000	93,657	468,657
2017	395,000	84,845	479,845
2018-22	2,350,000	238,185	2,588,185
Totals	<u>\$ 4,115,000</u>	<u>\$ 734,537</u>	<u>\$ 4,849,537</u>

*Revenue Bonds Payable*

The City also issues bonds where the City pledges specific revenue streams or income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for both governmental and business-type activities.

In 2012, the City issued \$4,165,000 in Sales Tax Revenue Refunding Bonds, Series 2012 with an interest rate ranging from 0.4-2.7%, to pay off 2003 and 2004 Sales Tax Revenue Bonds of which \$4,105,000 will be paid with refunding bond proceeds.

Notes to the Financial Statements

The proceeds of the refunding issue in the amount of \$4,258,943 was deposited in an irrevocable trust with an escrow agent to provide for all future debt service requirements on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements of the City.

The City refunded the debt to reduce its total debt service payments over the next 13 years by \$446,104 and to obtain an economic gain of \$389,158.

Annual debt service requirements to maturity for revenue bonds are as follows:

<b>2006 Sales Tax Revenue Bonds (Library)</b>				<b>2012 Sales Tax Revenue Bonds - Refunding</b>			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2013	\$ 205,000	\$ 161,135	\$ 366,135	2013	\$ 315,000	\$ 64,610	\$ 379,610
2014	215,000	153,242	368,242	2014	280,000	62,248	342,248
2015	220,000	144,858	364,858	2015	280,000	59,727	339,727
2016	230,000	136,058	366,058	2016	280,000	56,648	336,648
2017	240,000	126,743	366,743	2017	285,000	53,147	338,147
2018-22	1,360,000	476,100	1,836,100	2018-22	1,500,000	191,900	1,691,900
2023-27	1,315,000	152,187	1,467,187	2023-27	700,000	28,700	728,700
Totals	<u>\$3,785,000</u>	<u>\$1,350,323</u>	<u>\$ 5,135,323</u>	Totals	<u>\$3,640,000</u>	<u>\$ 516,980</u>	<u>\$ 4,156,980</u>

*Loans – Business-Type Activities*

The City has several State Revolving Fund (SRF) loans outstanding for various sewer and water projects. These loans will be repaid with pledged sewer user fees from the Sewer Enterprise Fund and pledged water user fees from the Water Fund. SRF Loan No. 9 was approved for \$16,446,000 to complete five sewer projects with 10% principal forgiveness. The drawdown amount on this loan was \$11,405,785 and had not been completed before December 31, 2012.

Annual debt service requirements to maturity for SRF loans are as follows:

<b>SRF Loan #3</b>				<b>SRF Loan #5</b>			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2013	\$ 174,152	\$ 36,224	\$ 210,376	2013	\$ 100,133	\$ 51,319	\$ 151,452
2014	183,476	26,899	210,375	2014	103,684	47,768	151,452
2015	193,300	17,076	210,376	2015	107,360	44,091	151,451
2016	203,650	6,726	210,376	2016	111,168	40,284	151,452
Totals	<u>\$ 754,578</u>	<u>\$ 86,925</u>	<u>\$ 841,503</u>	2017	115,110	36,342	151,452
				2018-22	639,752	117,504	757,256
				2023-27	326,323	14,442	340,765
				Totals	<u>\$1,503,530</u>	<u>\$ 351,750</u>	<u>\$1,855,280</u>

Notes to the Financial Statements

SRF Loan #7				SRF Loan #7-NPS			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2013	\$ 35,274	\$ 15,091	\$ 50,365	2013	\$ 3,539	\$ 1,514	\$ 5,053
2014	36,074	14,291	50,365	2014	3,619	1,434	5,053
2015	36,893	13,473	50,366	2015	3,701	1,352	5,053
2016	37,730	12,636	50,366	2016	3,786	1,268	5,054
2017	38,586	11,780	50,366	2017	3,871	1,182	5,053
2018-22	206,466	45,360	251,826	2018-22	20,716	4,551	25,267
2023-27	230,977	20,849	251,826	2023-27	23,175	2,092	25,267
2028-32	61,908	1,049	62,957	2028-32	6,212	105	6,317
Totals	\$ 683,908	\$ 134,529	\$ 818,437	Totals	\$ 68,619	\$ 13,498	\$ 82,117

SRF Loan #9				Water System Revenue Bonds Series 2008			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2013	\$ 400,672	\$ 288,044	\$ 688,716	2013	\$ 942,913	\$ 711,727	\$ 1,654,640
2014	412,828	275,888	688,716	2014	973,934	680,707	1,654,641
2015	425,353	263,363	688,716	2015	1,005,974	648,667	1,654,641
2016	438,257	250,458	688,715	2016	1,039,069	615,572	1,654,641
2017	451,554	237,162	688,716	2017	1,073,253	581,388	1,654,641
2018-22	2,471,771	971,808	3,443,579	2018-22	5,919,697	2,353,507	8,273,204
2023-27	2,870,180	573,398	3,443,578	2023-27	6,959,646	1,313,558	8,273,204
2028-32	2,280,169	130,336	2,410,505	2028-32	4,336,030	214,232	4,550,262
Totals	\$9,750,784	\$2,990,457	\$12,741,241	Totals	\$22,250,516	\$ 7,119,358	\$29,369,874

The amortization schedule principal amount of \$9,750,784 on SRF Loan #9 does not include the 2012 drawdown requests of \$51,959 for expenses incurred before December 31, 2012.

**State Revolving Fund (SRF) Loan Covenants**

SRF Loan documents require that various "funds" and sub-accounts be used within the Sewer Fund for the purpose of application and proper allocation of revenue of the sewer and to secure the payment of principal and interest on the SRF Loans. In the past, sewer rates were increased in anticipation of the debt service payments on the SRF Loans No. 3, 5, 7, 7 NPS and 9 and other costs related to the sewer system improvements. Under the SRF loan documents, the additional revenues resulting from these rate increases are identified as special charges or surcharges and are used within the Sewer Fund to finance costs in the following priority:

1. Operation and Maintenance of Improvements
2. Replacement and Depreciation of Improvements
3. Debt Service Payments on the SRF Loan
4. Unrestricted Surplus Fund

SRF Loan documents require that various "funds" and sub-accounts be used within the Water Fund for the purpose of application and proper allocation of revenue of the water system and to secure the payment of principal and interest on the SRF Loan. The water system users were charged a surcharge rate to cover the debt service payments on the Drinking Water

Notes to the Financial Statements

SRF Loan. The surcharge rate collected within the Water Fund to finance debt service payments may not be used for any other purpose other than debt reduction of the Drinking Water SRF Loan.

The various revenue bond documents authorized the City to proceed with various wastewater and water system improvement projects and permitted the City to borrow money through the SRF program to finance these various improvements. The City has complied with all requirements of the various revenue bond resolutions and with all applicable requirements of the SRF Loan agreements entered into pursuant to these resolutions.

*Loans – Governmental Activities*

SRF Loans No. 6 and 8 consist of two portions: Clean Water (CW) and Non Point Source (NPS). The CW portions of the loans were used for storm sewer improvement projects. The NPS portions of the loans were used for watershed improvements. The draw downs for the CW and NPS portion of both loans are complete and annual debt service requirements to maturity for these projects have been established. SRF Loan No. 10 was used for two storm sewer improvement projects. SRF Loan No. 11 was used to complete the Watertown Police Departments “Green” Parking Lot. Payments are made from the Capital Improvement Sales Tax Fund with annual debt service requirements to maturity for the SRF loans as follows:

<b>SRF Loan #6 CW</b>			
Year	Principal	Interest	Total
2013	\$ 50,390	\$ 21,964	\$ 72,354
2014	51,534	20,820	72,354
2015	52,703	19,651	72,354
2016	53,899	18,455	72,354
2017	55,122	17,232	72,354
2018-22	294,947	66,824	361,771
2023-27	329,964	31,808	361,772
2028-32	106,426	2,105	108,531
<b>Totals</b>	<b>\$ 994,985</b>	<b>\$ 198,859</b>	<b>\$ 1,193,844</b>

<b>SRF Loan #6 NPS</b>			
Year	Principal	Interest	Total
2013	\$ 5,024	\$ 2,069	\$ 7,093
2014	5,138	1,955	7,093
2015	5,255	1,839	7,094
2016	5,373	1,720	7,093
2017	5,495	1,598	7,093
2018-22	29,406	6,060	35,466
2023-27	32,897	2,569	35,466
2028-32	5,260	60	5,320
<b>Totals</b>	<b>\$ 93,848</b>	<b>\$ 17,870</b>	<b>\$ 117,718</b>

<b>SRF Loan #8 CW</b>			
Year	Principal	Interest	Total
2013	\$ 22,883	\$ 9,790	\$ 32,673
2014	23,402	9,271	32,673
2015	23,933	8,740	32,673
2016	24,476	8,197	32,673
2017	25,031	7,642	32,673
2018-22	133,938	29,426	163,364
2023-27	149,838	13,525	163,363
2028-32	40,161	680	40,841
<b>Total</b>	<b>\$ 443,662</b>	<b>\$ 87,271</b>	<b>\$ 530,933</b>

<b>SRF Loan #8 NPS</b>			
Year	Principal	Interest	Total
2013	\$ 2,560	\$ 1,096	\$ 3,656
2014	2,618	1,037	3,655
2015	2,678	978	3,656
2016	2,739	917	3,656
2017	2,801	855	3,656
2018-22	14,986	3,293	18,279
2023-27	16,765	1,513	18,278
2028-32	4,494	76	4,570
<b>Total</b>	<b>\$ 49,641</b>	<b>\$ 9,765</b>	<b>\$ 59,406</b>

Notes to the Financial Statements

SRF Loan #10				SRF Loan #11			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2013	\$ 104,177	\$ 74,894	\$ 179,071	2013	\$ 7,239	\$ 5,582	\$ 12,821
2014	107,338	71,733	179,071	2014	7,459	5,362	12,821
2015	110,595	68,476	179,071	2015	7,685	5,136	12,821
2016	113,950	65,121	179,071	2016	7,918	4,903	12,821
2017	117,407	61,664	179,071	2017	8,158	4,662	12,820
2018-22	642,679	252,678	895,357	2018-22	44,659	19,446	64,105
2023-27	746,269	149,088	895,357	2023-27	51,856	12,248	64,104
2028-32	592,863	33,888	626,751	2028-32	53,780	3,913	57,693
Totals	\$ 2,535,278	\$ 777,542	\$ 3,312,820	Totals	\$ 188,754	\$ 61,252	\$ 250,006

*Long-Term Capital Lease*

The City entered into a contract with Leasing 2, Inc. in 2007 for the purpose of acquiring a ladder fire truck. The asset acquired through the capital lease is valued at \$731,875 and the principal balance remaining on this capital lease as of December 31, 2012, is \$357,785. The asset is included in the capital asset account, equipment and automotive, and is being depreciated. The fire truck was financed under an annual appropriation equipment lease agreement between the City and Sun Trust Equipment Finance & Leasing Corporation who has a security interest in the fire truck. Lease payments are made from the Capital Improvement Fund with annual debt service requirements to maturity for the capital lease is as follows:

Capital Lease – Fire Truck			
Year	Principal	Interest	Total
2013	\$ 65,454	\$ 15,953	\$ 81,407
2014	68,372	13,034	81,406
2015	71,421	9,985	81,406
2016	74,606	6,801	81,407
2017	77,932	3,475	81,407
Totals	\$ 357,785	\$ 49,248	\$ 407,033

The City entered into a contract with NB Golf, LLC in 2010 for the purpose of acquiring 45 golf carts. The asset acquired through the capital lease is valued at \$160,448 and the principal balance remaining on this capital lease as of December 31, 2012, is \$104,643. The asset is included in the capital asset account, equipment and automotive, and is being depreciated. The golf carts were financed under an equipment lease agreement between the City and De Lage Landen Public Finance, LLC who has a security interest in the golf carts. Lease payments are made from the Parks, Recreation and Forestry Fund with annual debt service requirements to maturity for the capital lease as follows:

Capital Lease – Golf Carts			
Year	Principal	Interest	Total
2013	\$ 19,262	\$ 4,498	\$ 23,760
2014	85,381	3,629	89,010
Totals	\$ 104,643	\$ 8,127	\$ 112,770

Notes to the Financial Statements

*Legal Debt Limit*

The City is subject to Article XIII, Section 4, of the South Dakota Constitution which limits the amount of bonded debt to a percent of the assessed valuation of the taxable property therein for the year preceding that in which said indebtedness is incurred.

	"No-Limit" Debt	Debt Capacity at 5% (Unrestricted)	Additional 10% Debt Capacity (Water/Sewer)
2012 Assessed Value	<u>\$ 1,334,980,885</u>		
Maximum Debt Capacity:		\$66,749,044	\$133,498,089
Existing Bonds:			
GO Refinancing Bonds (Event Center; 1-3.35% interest)	-	4,115,000	-
SRF Loan No. 3 (Wastewater Revenue Surcharge)	754,578	-	-
SRF Loan No. 5 (Wastewater Revenue Surcharge)	1,503,530	-	-
SRF Loan No. 7-CW (Wastewater Revenue Surcharge)	683,908	-	-
SRF Loan No. 7-NPS (Wastewater Revenue Surcharge)	68,618	-	-
SRF Loan No. 9-CW (Wastewater Revenue Surcharge)	9,802,743	-	-
SRF Loan Drinking Water (Water Revenue Surcharge)	22,250,516	-	-
SRF Loan No. 6-CW (Sales Tax)	-	994,985	-
SRF Loan No. 6-NPS (Sales Tax)	-	93,848	-
SRF Loan No. 8-CW (Sales Tax)	-	443,662	-
SRF Loan No. 8-NPS (Sales Tax)	-	49,641	-
SRF Loan No. 10-CW (Sales Tax)	-	2,535,278	-
SRF Loan No. 11-CW (Sales Tax)	-	188,754	-
2006 Sales Tax Revenue Bonds (3.35-4.55%)	-	3,785,000	-
2012 Sales Tax Revenue Bonds (0.4%-2.7%)	-	3,640,000	-
Total Bonded Debt	35,063,893	15,846,168	-
Other Debt:			
Capital Lease – Fire Truck	357,785	-	-
Capital Lease – Golf Carts	104,643	-	-
Total Other Debt	462,428	-	-
Total Debt	35,526,321	15,846,168	-
Available Debt Capacity	N/A	<u>\$50,902,876</u>	<u>\$133,498,089</u>

The State Constitution sets two legal debt limits on municipalities. The City has an unrestricted (i.e. for any legally authorized purpose) legal debt limit equal to 5% of the total assessed value of taxable property. In addition, the Constitution permits the City to issue debt for water or sewer improvements in an amount up to 10% of the total assessed value of taxable property. Water or sewer debt that applies against the 10% limit does not apply against the 5% limit. However, certain requirements, including a public vote, must be met in order for water or sewer debt to apply against the 10% limit. Also, revenue bonded indebtedness that is secured by a surcharge on utility charges as well as annual appropriation leases have been determined not to be debt in determining municipal debt capacity and is referred to above as "no-limit" debt. The table above summarizes the legal debt limit and available debt capacity for the City as of December 31, 2012.

Notes to the Financial Statements

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*Compensated Absences*

Annual leave is earned by all full-time employees and appointed officers. Upon termination, officers and employees are entitled to receive compensation for their eligible unused accrued annual leave. Governmental funds that are used to liquidate the liability for compensated absences are as follows: General Fund, Special Revenue Funds (Park & Recreation, Recreation Center, E-911 Emergency, and Big Sioux River Watershed Project). Enterprise funds that are used to liquidate the liability are the Sewer, Solid Waste, Airport, Electric, Water, and Gas funds. The amount reported for the current portion is an estimate based on past historical use.

*Conduit Debt*

In the past, the City has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the City, State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as a liability in the accompanying financial statements. As of December 31, 2012, there were three series of conduit bonds outstanding, with an aggregate unpaid principal amount of \$4,567,005.

**K. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require the City to place a final cover on the landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. In 2009 a new survey of the landfill was done and changes in estimates were made. The information presented in the financial statements use these new estimates. The \$431,024 reported as a liability for landfill closure and postclosure care costs at December 31, 2012, represents the cumulative amount reported to date based on the use of 22% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,459,776 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. The City expects to close the landfill in the year 2078. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City is required by state and federal laws and regulations to set aside funds to finance closure and postclosure care. The City is in compliance with these requirements, and at December 31, 2012, investments of \$431,024 are held for these purposes. These are reported as restricted assets on the balance sheet. However, if these funds are inadequate or additional care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Closure/Postclosure Liability	\$431,024	\$332,139	\$283,172

**L. Retirement Plan**

All full-time employees participate in the South Dakota Retirement System (SDRS), a Cost-Sharing Multiple Employer Public Employee Retirement System established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivors benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Notes to the Financial Statements

General employees are required by state statute to contribute six percent of their salary to the plan, while public safety employees contribute at eight percent. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City of Watertown's share of contributions to the SDRS for the years ended December 31, 2012, 2011 and 2010 were \$854,038, \$844,614, and \$822,958 respectively, equal to the required contributions each year.

**M. Other Postemployment Benefits**

During fiscal 2008, the City adopted the provisions of GASB 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions". The major change under GASB 45 is to attribute the cost of post-employment benefits to the time during which the employee is working for the employer. Accordingly, a prospective liability is recorded on December 31, 2012 for a Post-Employment Benefit Obligation as determined by an actuarial calculation.

*Plan Description.* The City of Watertown operates a single-employer retiree benefit plan that offers medical insurance benefits to eligible employees and their spouses. The authority for providing other post-employment benefits is found in South Dakota Codified Law 6-1-16 and 9-14-35. Benefits and eligibility for non-exempt employees are established and amended through collective bargaining with the recognized bargaining agent for each group. Benefits and eligibility for exempt and certain non-exempt employees are established and amended by the governing body. There are 261 active and 17 retired members in the plan.

*Funding Policy.* The City is currently funding the plan on a pay-as-you-go basis.

*Annual OPEB Cost and NET OPEB Obligation.* The City's annual post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	\$ 177,204
Interest on net OPEB obligation	10,030
Adjustment to annual required contribution	<u>(14,501)</u>
Annual OPEB cost (expense)	172,733
Contributions made	<u>(102,247)</u>
Increase in net OPEB obligation	70,486
Net OPEB obligation – beginning of year	<u>250,749</u>
Net OPEB obligation – end of year	<u><u>\$ 321,235</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for years ending December 31, 2012, 2011 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$172,733	59.1%	\$321,235
2011	\$199,031	76.4%	\$250,749
2010	\$187,735	68.6%	\$203,751

Notes to the Financial Statements

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*Funded Status and Funding Progress.* The funded status of the plan as of December 31, 2012 was as follows:

Actuarial accrued liability (AAL)	\$ 1,471,636
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,471,636
Funded ratio (actuarial value of plan assets/ AAL)	0%
Covered payroll (active plan members)	\$ 12,752,071
UAAL as a percentage of covered payroll	11.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point and do not explicitly reflect the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% interest discount rate and an annual medical healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% in 9 years. Both rates include a 3.0% inflation assumption. The unfunded actuarial accrued liability (UAAL) is amortized as a level dollar amount over 30 years. Differences between the expected and actual UAAL in future years will be amortized over 30 years using an open amortization period.

**N. Segment Information for Enterprise Funds**

For the Sewer and Water Funds, this requirement is effectively met by the statements in this report because the funds are reported as major business-type funds; therefore the required segment information has already been disclosed in the fund financial statements.

**NOTE 5. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2012, the City managed its risks as follows:

**A. Unemployment**

The City has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The City has no equity set aside in the General Fund for the payment of future unemployment benefits. Unemployment benefits are appropriated on an annual basis.

Notes to the Financial Statements

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During the year ended December 31, 2012, 3 claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$2,725. At December 31, 2012, the estimated accrued liability was not a material amount. The City does not anticipate any changes in employment practices or elimination of any positions currently held. The history of unemployment payments indicates that most benefits were paid on temporary personnel.

**B. Employee Health Insurance**

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

**C. Liability Insurance**

The City purchases liability insurance for some risks related to torts and theft or damage to property from commercial insurance carriers. In addition, the City has obtained coverage for liability through the South Dakota Public Assurance Alliance, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The premiums and deductibles are as follows:

Coverage	Limit	Deductible	Premium
<b>South Dakota Public Assurance Alliance</b>			
General Liability	\$ 5,000,000	None	\$ 161,077
Automobile Coverage	\$ 2,000,000	None	\$ 101,151
Public Officials Liability	\$ 2,000,000	\$ 2,500	\$ 16,204
Law Enforcement Liability	\$ 2,000,000	\$ 3,000	\$ 20,965
<b>Commercial Insurance Carriers</b>			
Buildings, Contents, Boiler & Machinery	Replacement Cost	\$ 10,000	\$ 76,595
Airport Liability	\$ 10,000,000	None	\$ 7,870
Official & Employee Bond	\$ 250,000	\$ 1,000	\$ 1,922

A portion of the member premiums are also allocated to a cumulative reserve fund. The City would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of City's First Full Year	(2007)	50%
End of City's Second Full Year	(2008)	60%
End of City's Third Full Year	(2009)	70%
End of City's Fourth Full Year	(2010)	80%
End of City's Fifth Full Year	(2011)	90%
End of City's Sixth Full Year	(2012)	100%

As of December 31, 2012, the City of Watertown has a vested balance in the cumulative reserve fund of \$330,054. The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Notes to the Financial Statements

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**D. Workmen's Compensation**

The City is a member of South Dakota Municipal League Worker's Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer on behalf of the member organizations a program of worker's compensation coverage to obtain lower costs for coverage and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium to provide coverage for its employees under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the fund members. Coverage limits are set by state statute.

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

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City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Required Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - General Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue				
Property	\$ 2,814,442	\$ 2,814,442	\$ 2,806,910	\$ (7,532)
Sales	6,048,000	6,048,000	6,802,708	754,708
Other Taxes	350,000	350,000	384,221	34,221
Licenses & Permits	196,650	196,650	270,639	73,989
Intergovernmental	990,600	990,600	1,166,891	176,291
Charges for Goods and Services	956,510	956,510	1,165,082	208,572
Fines and Forfeits	58,740	58,740	43,911	(14,829)
Interest Revenue	60,000	60,000	23,293	(36,707)
Special Assessments	31,000	31,000	169,101	138,101
Donations	2,500	2,500	6,770	4,270
Miscellaneous	178,300	178,300	195,558	17,258
Total Revenues	<u>11,686,742</u>	<u>11,686,742</u>	<u>13,035,084</u>	<u>1,348,342</u>
<b>EXPENDITURES</b>				
General Government				
Legislative	576,075	561,075	252,483	308,592
Financial Administration	706,290	706,290	668,441	37,849
Other	843,270	893,720	837,712	56,008
Public Safety				
Police	3,203,560	3,270,345	3,140,394	129,951
Fire Fighting & Prevention	878,930	952,330	874,777	77,553
Ambulance Service	2,190,050	2,199,850	1,971,257	228,593
Public Works				
Highways, Streets and Roadways	1,644,350	1,900,200	1,803,091	97,109
Snow Removal	411,710	411,710	185,173	226,537
Street Lighting	474,900	474,900	477,635	(2,735)
Storm Sewer/Flood/Control	59,350	59,350	36,974	22,376
Cemetery	167,630	167,630	164,021	3,609
Health and Welfare				
Mosquito Control	89,600	89,600	51,181	38,419
Animal Control	77,250	77,250	-	77,250
Culture and Recreation				
Forestry	181,560	181,560	173,668	7,892
Library	792,265	794,515	768,592	25,923
Conservation and Development				
Building Services	274,650	274,650	262,441	12,209
Total Expenditures	<u>12,571,440</u>	<u>13,014,975</u>	<u>11,667,840</u>	<u>1,347,135</u>
Excess (deficiency) of revenues over expenditures	<u>(884,698)</u>	<u>(1,328,233)</u>	<u>1,367,244</u>	<u>2,695,477</u>

City of Watertown  
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 Year Ended December 31, 2012

Required Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - General Fund (continued)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	-	-	103,793	103,793
Transfers In	1,653,200	1,653,200	1,653,200	-
Transfers (Out)	(1,676,000)	(1,676,000)	(1,676,000)	-
Total other financing sources (uses)	(22,800)	(22,800)	80,993	103,793
Net Change in fund balances	(907,498)	(1,351,033)	1,448,237	2,799,270
Fund Balances - beginning	5,790,703	5,790,703	5,790,703	-
Fund Balances - ending	\$ 4,883,205	\$ 4,439,670	\$ 7,238,940	\$ 2,799,270

City of Watertown  
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Required Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Capital Improvement Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 6,048,000	\$ 6,048,000	\$ 6,800,967	\$ 752,967
Intergovernmental	25,000	25,000	752,412	727,412
Interest Revenue	200,000	200,000	513,752	313,752
Special Assessments	-	-	53,794	53,794
Donations/Contributions	325,000	325,000	19,833	(305,167)
Miscellaneous	-	-	19,563	19,563
<b>Total Revenues</b>	<b>6,598,000</b>	<b>6,598,000</b>	<b>8,160,321</b>	<b>1,562,321</b>
<b>EXPENDITURES</b>				
Public Safety				
Public Safety Improvements	2,500,000	3,195,475	1,802,543	1,392,932
Public Works				
Street System Improvements	1,245,000	1,994,790	2,284,504	(289,714)
Storm Sewer/Flood Projects	400,000	1,700,000	424,015	1,275,985
Culture and Recreation				
Recreational Facility Improvements	2,051,220	2,567,800	568,255	1,999,545
Conservation and Development				
Industrial Park & Other Infrastructure	45,000	515,100	142,438	372,662
Debt Service	1,335,500	1,506,700	1,387,483	119,217
<b>Total Expenditures</b>	<b>7,576,720</b>	<b>11,479,865</b>	<b>6,609,238</b>	<b>4,870,627</b>
Excess (deficiency) of revenues over expenditures	(978,720)	(4,881,865)	1,551,083	6,432,948
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	-	-	48,500	48,500
Refunding Bond Issuance	-	-	4,165,000	4,165,000
Payment to Refunded Bond Escrow Agent	-	-	(4,258,943)	(4,258,943)
Transfers Out	(320,000)	(320,000)	(320,000)	-
Total other financing sources (uses)	(320,000)	(320,000)	(365,443)	(45,443)
Net Change in fund balances	(1,298,720)	(5,201,865)	1,185,640	6,387,505
Fund Balances - beginning	20,535,436	20,535,436	20,535,436	-
<b>Fund Balances - ending</b>	<b>\$ 19,236,716</b>	<b>\$ 15,333,571</b>	<b>\$ 21,721,076</b>	<b>\$ 6,387,505</b>

Required Supplementary Information  
Notes to Required Supplementary Information – Budgetary Reporting

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### The Schedule

The Budgetary Comparison Schedules provide comparisons of the original and legally amended budget with actual amounts on a sub-function level for the General Fund and Capital Improvement Fund. In addition to the required general fund presentation, the special revenue fund presented has a legally adopted annual budget and is reported as a major fund in the financial statements.

The City follows legally prescribed procedures in establishing the budgetary data reflected in the financial statements as follows:

1. Prior to August 15, the Finance Officer submits to the City Council a proposed operating budget for the General, Special Revenue, Debt Service, and Capital Project Funds based on budget requests submitted and presented by the various department heads of the City for the fiscal year commencing the following January. The operating budget includes proposed expenditures and the means of financing them. The budget is introduced by the City Council as a formal ordinance by the first meeting in September or within ten days thereafter.
2. Public hearings are conducted to obtain taxpayers comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance, and the ordinance is certified to the county auditor for tax levy purposes.
4. After adoption by the governing body, the expenditures incorporated in the budget for the General, Special Revenue, Debt Service, and Capital Project Funds become legally binding and the actual expenditures must be held to budgeted amounts at the department level (i.e., Finance, Police, Fire, Street, etc.) unless amended as permitted by state law or home rule charter. (See item No. 7 below).
5. The governing board may include in the General Fund an operating budget line item for contingencies pursuant to South Dakota Codified Law that cannot exceed five percent of the total operating budget. The governing board may transfer, by resolution, such amounts appropriated for contingencies to any other appropriation category in which insufficient amounts were provided or for items for which no appropriation was originally provided.
6. Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until expended, revised or repealed; the purpose of any such appropriation shall be deemed abandoned if three years pass without any disbursement from, or encumbrance of, the appropriation.
7. If it is determined during the year that sufficient amounts have not been budgeted for a particular department within the General, Special Revenue, Debt Service, and Capital Project Funds, South Dakota Codified Law allows the passage of a supplemental budget appropriation ordinance by the governing board to increase legal spending authority. Any such supplements must be adopted in accordance with the same laws governing the adoption of the annual appropriations ordinance. The budget may also be amended to appropriate state or federal grant funds that were not anticipated within the original budget. Such grant funds may be appropriated by approval of a motion to do so by a simple majority of the City Council. Bond proceeds are deemed to be formally appropriated upon bond issuance and require no further formal action by the City Council. Home Rule Charter allows the City Council to transfer unencumbered appropriation balance from one department to the appropriation of another department. Home Rule Charter also allows the finance officer to transfer part or all of any unencumbered appropriation balance among programs within a department upon approval by the council.
8. The South Dakota Codified Laws do not allow city financial officers or other appointed officers to amend the budget. The legal spending authority can be amended only by the steps described in item No. 5 and No. 7 above.

Required Supplementary Information  
Notes to Required Supplementary Information – Budgetary Reporting

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9. Budgets are prepared for the City's funds on the same basis and using the same accounting practices, generally accepted accounting principles (GAAP), as are used to prepare financial statements of the funds.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2012.

GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with United States GAAP 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 of which they relate.

City of Watertown  
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Required Supplementary Information - Schedule of Funding Progress

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
1/1/2012	-	1,471,636	1,471,636	0.0%	12,752,071	11.5%
1/1/2010	-	1,862,964	1,862,964	0.0%	11,629,201	16.0%
1/1/2008	-	1,616,278	1,616,278	0.0%	10,636,883	15.2%

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Combining Balance Sheet - Nonmajor Governmental Funds

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Pooled Cash and Investments	\$ 1,596,627	\$ 246,970	\$ 1,843,597
Property Taxes Receivable	-	8,413	8,413
Sales Tax Receivable	112,241	-	112,241
Accounts Receivable	80,255	-	80,255
Special Assessments Receivable	1,622	-	1,622
Interest Receivable	1,776	347	2,123
Loans Receivable	105,199	-	105,199
Deferred Receivable	84,000	-	84,000
Due From Other Governments	73,598	-	73,598
Inventory	23,045	-	23,045
Prepaid Items	666	-	666
Restricted Assets:			
Pooled Cash and Investments	20,421	-	20,421
Total assets	<u>2,099,450</u>	<u>255,730</u>	<u>2,355,180</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	202,144	-	202,144
Advance From Other Fund	6,450,996	-	6,450,996
Total liabilities	<u>6,653,140</u>	<u>-</u>	<u>6,653,140</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue	103,132	347	103,479
Unearned Revenue	84,000	-	84,000
Total Deferred Inflows of Resources	<u>187,132</u>	<u>347</u>	<u>187,479</u>
<b>FUND BALANCES</b>			
Nonspendable for:			
Inventory	23,045	-	23,045
Restricted for:			
Debt Service	-	255,383	255,383
BBB Sales Tax	150,438	-	150,438
Event Center Theater	4,569	-	4,569
E-911 Services	181,465	-	181,465
Library	457,102	-	457,102
Urban Renewal Loans	15,852	-	15,852
Casualty Reserve	65,919	-	65,919
Assigned for:			
Park Development	68,656	-	68,656
Golf Course	46,939	-	46,939
Zoo Improvements	12,114	-	12,114
Other Purposes	588,675	-	588,675
Unassigned:	(6,355,596)	-	(6,355,596)
Total fund balances	<u>(4,740,822)</u>	<u>255,383</u>	<u>(4,485,439)</u>
Total liabilities and fund balances	<u>\$ 2,099,450</u>	<u>\$ 255,730</u>	<u>\$ 2,355,180</u>

City of Watertown  
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 Year Ended December 31, 2012

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Nonmajor Governmental Funds

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Tax Revenue			
Property	\$ 421,495	\$ 434,380	\$ 855,875
Sales	698,051	-	698,051
Other Taxes	180,583	-	180,583
Intergovernmental	160,222	-	160,222
Charges for Goods and Services	2,196,372	-	2,196,372
Fines and Forfeits	18,558	-	18,558
Interest Revenue	9,037	1,648	10,685
Rentals	129,369	-	129,369
Special Assessments	50,387	-	50,387
Donations/Contributions	349,491	-	349,491
Miscellaneous	91,415	-	91,415
Total revenues	<u>4,304,980</u>	<u>436,028</u>	<u>4,741,008</u>
<b>EXPENDITURES</b>			
Current:			
General Government	406,651	-	406,651
Public Safety	727,857	-	727,857
Culture and Recreation	3,981,451	-	3,981,451
Conservation and Development	362,263	-	362,263
Debt Service	474,345	413,890	888,235
Total expenditures	<u>5,952,567</u>	<u>413,890</u>	<u>6,366,457</u>
Excess (deficiency) of revenues over expenditures	<u>(1,647,587)</u>	<u>22,138</u>	<u>(1,625,449)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Municipal Property	6,821	-	6,821
Transfers In	1,779,000	-	1,779,000
Transfers Out	(58,000)	-	(58,000)
Total other financing sources (uses)	<u>1,727,821</u>	<u>-</u>	<u>1,727,821</u>
Net Change in Fund Balances	80,234	22,138	102,372
Fund balances -- beginning	(4,821,056)	233,245	(4,587,811)
Fund balances -- ending	<u>\$ (4,740,822)</u>	<u>\$ 255,383</u>	<u>\$ (4,485,439)</u>

Combining Statements

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**Nonmajor Special Revenue Funds**

**Park & Recreation Fund** – to account for the operations and maintenance of the City owned park and recreation facilities and activities except for the Community Recreation Center.

**BBB Sales Tax Fund** – to account for the revenues and expenditures of the special one percent (1%) city gross receipts tax on lodging, alcoholic beverages, prepared food and admissions. Revenues are restricted by State Law for the purpose of land acquisition, architectural fees, construction costs, payment for civic center, auditorium, or athletic facility buildings (including the maintenance, staffing and operation of such facilities) and the promotion and advertising of the City.

**Recreation Center Fund** – to account for the operations and maintenance of the Community Recreation Center facilities and activities. Financing is provided by revenues from memberships, program fees and inter-fund transfers.

**Casualty Reserve Fund** – to account for the revenues and expenditures to replace and repair property of the City which was damaged or lost as a result of a casualty loss that was not covered by insurance.

**E-911 Emergency Fund** – to account for the \$1.25 per phone line surcharge assessed to customers of private phone companies operating within Codrington County. These funds are used to defray the costs incurred by the City in providing emergency dispatch services.

**Library Fines Fund** – to account for the revenue derived from library fines and other allowed charges. Expenditures are authorized by the Library Board.

**Urban Renewal Fund** – to account for the revenues and expenditures authorized by the Urban Renewal Board for the uptown projects and to account for loans made by the Board to businesses within the uptown district and the repayments on these loans. Funding for the original loans was received as part of a Community Development Block Grant (CDBG) in the 1980's.

**Big Sioux River Project Fund** - to account for the revenues and expenditures of the watershed improvement project. The project will reduce siltation entering the Big Sioux River and Lake Kampeska. The project is funded by a Section 319 EPA federal grant and various other state, local, and private sources.

**Tax Increment Financing 1 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #1. This TID was created to capture the incremental tax revenue generated by development of the Hanten Industrial Park and to pay for infrastructure improvements in the park.

**Tax Increment Financing 2 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #2. This TID was created to capture the incremental tax revenue generated by development of the Mallard Point Business Park and to pay for infrastructure improvements in the park.

**Tax Increment Financing 3 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #3. This TID was created to capture the incremental tax revenue generated by development of the Pheasant Ridge Business Park and to pay for infrastructure improvements in the park.

**Tax Increment Financing 5 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #5. This TID was created to capture the incremental tax revenue generated by development of the 1<sup>st</sup> Avenue North Extension area and to pay for road construction costs.

**Tax Increment Financing 6 Fund** – to account for the revenues and expenditures of the Tax Increment District (TID) #6. This TID was created to capture the incremental tax revenue generated by development of the Pheasant Ridge Industrial Park and to pay for site improvements, land costs and road improvements in the park.

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City of Watertown  
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 Year Ended December 31, 2012

Combining Balance Sheet - Nonmajor Special Revenue Funds

	Park & Recreation Fund	BBB Sales Tax Fund	Recreation Center Fund	Casualty Reserve Fund	E-911 Emergency Fund	Library Fines Fund
<b>ASSETS</b>						
Current assets:						
Pooled Cash and Investments	\$ 461,975	\$ 140,358	\$ 120,638	\$ 66,464	\$ 135,531	\$ 462,751
Sales Tax Receivable	-	112,241	-	-	-	-
Accounts Receivable	-	-	-	-	80,255	-
Special Assessments Receivable	-	-	-	-	-	-
Interest Receivable	561	157	104	40	178	459
Loans Receivable	-	-	-	-	-	-
Deferred Receivable	84,000	-	-	-	-	-
Due From Other Governments	-	-	-	-	13,158	-
Inventory	23,045	-	-	-	-	-
Prepaid Items	-	-	666	-	-	-
Restricted Cash	-	4,569	-	-	-	-
<b>Total assets</b>	<b>569,581</b>	<b>257,325</b>	<b>121,408</b>	<b>66,504</b>	<b>229,122</b>	<b>463,210</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	76,094	45,097	33,672	545	3,187	5,649
Advance From Other Fund	-	-	-	-	-	-
<b>Total liabilities</b>	<b>76,094</b>	<b>45,097</b>	<b>33,672</b>	<b>545</b>	<b>3,187</b>	<b>5,649</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Revenue	561	57,221	104	40	44,470	459
Unearned Revenue	84,000	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>84,561</b>	<b>57,221</b>	<b>104</b>	<b>40</b>	<b>44,470</b>	<b>459</b>
<b>FUND BALANCES</b>						
Nonspendable for:						
Inventory	23,045	-	-	-	-	-
Restricted for:						
BBB Sales Tax	-	150,438	-	-	-	-
Event Center Theater	-	4,569	-	-	-	-
E-911 Services	-	-	-	-	181,465	-
Library	-	-	-	-	-	457,102
Urban Renewal Loans	-	-	-	-	-	-
Casualty Reserve	-	-	-	65,919	-	-
Assigned for:						
Park Development	68,656	-	-	-	-	-
Golf Course	46,939	-	-	-	-	-
Zoo Improvements	12,114	-	-	-	-	-
Other Purposes	258,172	-	87,632	-	-	-
Unassigned:						
	-	-	-	-	-	-
<b>Total fund balances</b>	<b>408,926</b>	<b>155,007</b>	<b>87,632</b>	<b>65,919</b>	<b>181,465</b>	<b>457,102</b>
<b>Total liabilities and fund balances</b>	<b>\$ 569,581</b>	<b>\$ 257,325</b>	<b>\$ 121,408</b>	<b>\$ 66,504</b>	<b>\$ 229,122</b>	<b>\$ 463,210</b>

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Combining Balance Sheet - Nonmajor Special Revenue Funds (continued)

Urban Renewal Fund	Big Sioux River Project Fund	Tax Increment Financing 1 Fund	Tax Increment Financing 2 Fund	Tax Increment Financing 3 Fund	Tax Increment Financing 5 Fund	Tax Increment Financing 6 Fund	Total
\$ 139,336	\$ 40,608	\$ 5,412	\$ 4,982	\$ 4,822	\$ 4,528	\$ 9,222	\$ 1,596,627
-	-	-	-	-	-	-	112,241
-	-	-	-	-	-	-	80,255
1,622	-	-	-	-	-	-	1,622
152	-	57	13	28	4	23	1,776
105,199	-	-	-	-	-	-	105,199
-	-	-	-	-	-	-	84,000
-	60,440	-	-	-	-	-	73,598
-	-	-	-	-	-	-	23,045
-	-	-	-	-	-	-	666
15,852	-	-	-	-	-	-	20,421
<u>262,161</u>	<u>101,048</u>	<u>5,469</u>	<u>4,995</u>	<u>4,850</u>	<u>4,532</u>	<u>9,245</u>	<u>2,099,450</u>
3,286	34,614	-	-	-	-	-	202,144
-	-	2,103,300	1,156,164	277,089	2,080,164	834,279	6,450,996
<u>3,286</u>	<u>34,614</u>	<u>2,103,300</u>	<u>1,156,164</u>	<u>277,089</u>	<u>2,080,164</u>	<u>834,279</u>	<u>6,653,140</u>
152	-	57	13	28	4	23	103,132
-	-	-	-	-	-	-	84,000
<u>152</u>	<u>-</u>	<u>57</u>	<u>13</u>	<u>28</u>	<u>4</u>	<u>23</u>	<u>187,132</u>
-	-	-	-	-	-	-	23,045
-	-	-	-	-	-	-	150,438
-	-	-	-	-	-	-	4,569
-	-	-	-	-	-	-	181,465
-	-	-	-	-	-	-	457,102
15,852	-	-	-	-	-	-	15,852
-	-	-	-	-	-	-	65,919
-	-	-	-	-	-	-	68,656
-	-	-	-	-	-	-	46,939
-	-	-	-	-	-	-	12,114
242,871	-	-	-	-	-	-	588,675
-	66,434	(2,097,888)	(1,151,182)	(272,267)	(2,075,636)	(825,057)	(6,355,596)
<u>258,723</u>	<u>66,434</u>	<u>(2,097,888)</u>	<u>(1,151,182)</u>	<u>(272,267)</u>	<u>(2,075,636)</u>	<u>(825,057)</u>	<u>(4,740,822)</u>
\$ 262,161	\$ 101,048	\$ 5,469	\$ 4,995	\$ 4,850	\$ 4,532	\$ 9,245	\$ 2,099,450

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Nonmajor Special Revenue Funds

	Park & Recreation Fund	BBB Sales Tax Fund	Recreation Center Fund	Casualty Reserve Fund	E-911 Emergency Fund	Library Fines Fund
<b>REVENUES</b>						
Tax Revenue						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	698,051	-	-	-	-
Other Taxes	-	-	-	-	180,583	-
Intergovernmental	12,750	-	-	-	-	750
Charges for Goods and Services	1,149,672	-	806,788	-	239,912	-
Fines and Forfeits	-	-	-	-	-	18,558
Interest Revenue	2,861	660	531	215	1,118	2,286
Rentals	119,880	-	6,789	-	-	-
Special Assessments	-	-	-	-	-	-
Donations/ Contributions	130,333	-	16,133	-	85,960	14,037
Miscellaneous	12,451	1,785	19,348	32,747	5,773	16,331
Total revenues	1,427,947	700,496	849,589	32,962	513,346	51,962
<b>EXPENDITURES</b>						
Current:						
General Government	-	406,106	-	545	-	-
Public Safety	-	-	-	-	727,857	-
Culture and Recreation	2,866,024	188,885	870,193	-	-	56,349
Conservation and Development	-	-	-	-	-	-
Debt Service	23,760	-	-	-	-	-
Total expenditures	2,889,784	594,991	870,193	545	727,857	56,349
Excess (deficiency) of revenues over expenditures	(1,461,837)	105,505	(20,604)	32,417	(214,511)	(4,387)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Municipal Property	6,800	-	21	-	-	-
Transfers In	1,458,000	-	21,000	-	160,000	-
Transfers Out	-	(58,000)	-	-	-	-
Total other financing sources (uses)	1,464,800	(58,000)	21,021	-	160,000	-
Net change in fund balances	2,963	47,505	417	32,417	(54,511)	(4,387)
Fund balances -- beginning	405,963	107,502	87,215	33,502	235,976	461,489
Fund balances -- ending	\$ 408,926	\$ 155,007	\$ 87,632	\$ 65,919	\$ 181,465	\$ 457,102

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-  
 Nonmajor Special Revenue Funds(continued)

Urban Renewal Fund	Big Sioux River Project Fund	Tax Increment Financing 1 Fund	Tax Increment Financing 2 Fund	Tax Increment Financing 3 Fund	Tax Increment Financing 5 Fund	Tax Increment Financing 6 Fund	Total
\$ -	\$ -	\$ 244,477	\$ 43,986	\$ 69,011	\$ 6,075	\$ 57,946	\$ 421,495
-	-	-	-	-	-	-	698,051
-	-	-	-	-	-	-	180,583
-	146,722	-	-	-	-	-	160,222
-	-	-	-	-	-	-	2,196,372
-	-	-	-	-	-	-	18,558
813	-	249	56	145	27	76	9,037
2,700	-	-	-	-	-	-	129,369
50,387	-	-	-	-	-	-	50,387
-	103,028	-	-	-	-	-	349,491
2,980	-	-	-	-	-	-	91,415
56,880	249,750	244,726	44,042	69,156	6,102	58,022	4,304,980
-	-	-	-	-	-	-	406,651
-	-	-	-	-	-	-	727,857
-	-	-	-	-	-	-	3,981,451
39,953	322,310	-	-	-	-	-	362,263
-	-	152,590	79,214	21,170	138,820	58,791	474,345
39,953	322,310	152,590	79,214	21,170	138,820	58,791	5,952,567
16,927	(72,560)	92,136	(35,172)	47,986	(132,718)	(769)	(1,647,587)
-	-	-	-	-	-	-	6,821
-	140,000	-	-	-	-	-	1,779,000
-	-	-	-	-	-	-	(58,000)
-	140,000	-	-	-	-	-	1,727,821
16,927	67,440	92,136	(35,172)	47,986	(132,718)	(769)	80,234
241,796	(1,006)	(2,190,024)	(1,116,010)	(320,253)	(1,942,918)	(824,288)	(4,821,056)
\$ 258,723	\$ 66,434	\$ (2,097,888)	\$ (1,151,182)	\$ (272,267)	\$ (2,075,636)	\$ (825,057)	\$ (4,740,822)

City of Watertown  
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Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Park Recreation Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Goods and Services	\$ 1,143,100	\$ 1,143,100	\$ 1,149,672	\$ 6,572
Intergovernmental	-	-	12,750	12,750
Interest Revenue	7,500	7,500	2,861	(4,639)
Rentals	119,225	119,225	119,880	655
Donations	108,000	108,000	130,333	22,333
Miscellaneous	8,450	8,450	12,451	4,001
Total revenues	<u>1,386,275</u>	<u>1,386,275</u>	<u>1,427,947</u>	<u>41,672</u>
<b>EXPENDITURES</b>				
Culture and Recreation	3,002,157	3,041,307	2,866,024	175,283
Debt Service	23,760	23,760	23,760	-
Total expenditures	<u>3,025,917</u>	<u>3,065,067</u>	<u>2,889,784</u>	<u>175,283</u>
Excess (deficiency) of revenues over expenditures	<u>(1,639,642)</u>	<u>(1,678,792)</u>	<u>(1,461,837)</u>	<u>216,955</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	3,000	3,000	6,800	3,800
Transfers In	1,458,000	1,458,000	1,458,000	-
Total other financing sources (uses)	<u>1,461,000</u>	<u>1,461,000</u>	<u>1,464,800</u>	<u>3,800</u>
Net change in fund balances	(178,642)	(217,792)	2,963	220,755
Fund balances -- beginning	405,963	405,963	405,963	-
Fund balances -- ending	<u>\$ 227,321</u>	<u>\$ 188,171</u>	<u>\$ 408,926</u>	<u>\$ 220,755</u>

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - BBB Sales Tax Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue				
Sales	\$ 650,000	\$ 650,000	\$ 698,051	\$ 48,051
Interest Revenue	750	750	660	(90)
Miscellaneous	-	-	1,785	1,785
Total revenues	<u>650,750</u>	<u>650,750</u>	<u>700,496</u>	<u>49,746</u>
<b>EXPENDITURES</b>				
General Government	418,250	419,870	406,106	13,764
Culture and Recreation	188,885	188,885	188,885	-
Total expenditures	<u>607,135</u>	<u>608,755</u>	<u>594,991</u>	<u>13,764</u>
Excess (deficiency) of revenues over expenditures	<u>43,615</u>	<u>41,995</u>	<u>105,505</u>	<u>63,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(58,000)	(58,000)	(58,000)	-
Total other financing sources (uses)	<u>(58,000)</u>	<u>(58,000)</u>	<u>(58,000)</u>	<u>-</u>
Net change in fund balances	(14,385)	(16,005)	47,505	63,510
Fund balances -- beginning	107,502	107,502	107,502	-
Fund balances -- ending	<u>\$ 93,117</u>	<u>\$ 91,497</u>	<u>\$ 155,007</u>	<u>\$ 63,510</u>

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Recreation Center Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Goods and Services	\$ 801,000	\$ 801,000	\$ 806,788	\$ 5,788
Interest Revenue	3,000	3,000	531	(2,469)
Rentals	9,000	9,000	6,789	(2,211)
Donations	6,000	6,000	16,133	10,133
Miscellaneous	21,000	21,000	19,348	(1,652)
Total revenues	840,000	840,000	849,589	9,589
<b>EXPENDITURES</b>				
Culture and Recreation	865,210	885,060	870,193	14,867
Total expenditures	865,210	885,060	870,193	14,867
Excess (deficiency) of revenues over expenditures	(25,210)	(45,060)	(20,604)	24,456
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Municipal Property	-	-	21	21
Transfers In	21,000	21,000	21,000	-
Total other financing sources (uses)	21,000	21,000	21,021	21
Net change in fund balances	(4,210)	(24,060)	417	24,477
Fund balances -- beginning	87,215	87,215	87,215	-
Fund balances -- ending	\$ 83,005	\$ 63,155	\$ 87,632	\$ 24,477

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Casualty Reserve Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest Revenue	\$ 500	\$ 500	\$ 215	\$ (285)
Other Miscellaneous	1,500	1,500	32,747	31,247
Total revenues	2,000	2,000	32,962	30,962
<b>EXPENDITURES</b>				
General Government	34,500	34,500	545	33,955
Total expenditures	34,500	34,500	545	33,955
Excess (deficiency) of revenues over expenditures	(32,500)	(32,500)	32,417	64,917
Net change in fund balances	(32,500)	(32,500)	32,417	64,917
Fund balances -- beginning	33,502	33,502	33,502	-
Fund balances -- ending	\$ 1,002	\$ 1,002	\$ 65,919	\$ 64,917

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - E-911 Emergency Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue				
Other Taxes	\$ 250,000	\$ 250,000	\$ 180,583	\$ (69,417)
Charges for Goods and Services	-	-	239,912	239,912
Interest Revenue	2,000	2,000	1,118	(882)
Contributions	171,920	171,920	85,960	(85,960)
Miscellaneous	6,000	6,000	5,773	(227)
Total revenues	<u>429,920</u>	<u>429,920</u>	<u>513,346</u>	<u>83,426</u>
<b>EXPENDITURES</b>				
Public Safety	<u>759,600</u>	<u>759,600</u>	<u>727,857</u>	<u>31,743</u>
Total expenditures	<u>759,600</u>	<u>759,600</u>	<u>727,857</u>	<u>31,743</u>
Excess (deficiency) of revenues over expenditures	<u>(329,680)</u>	<u>(329,680)</u>	<u>(214,511)</u>	<u>115,169</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total other financing sources (uses)	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Net change in fund balances	<u>(169,680)</u>	<u>(169,680)</u>	<u>(54,511)</u>	<u>115,169</u>
Fund balances -- beginning	<u>235,976</u>	<u>235,976</u>	<u>235,976</u>	<u>-</u>
Fund balances -- ending	<u>\$ 66,296</u>	<u>\$ 66,296</u>	<u>\$ 181,465</u>	<u>\$ 115,169</u>

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual -Library Fines Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 750	\$ 750
Fines and Forfeits	21,500	21,500	18,558	(2,942)
Interest Revenue	5,000	5,000	2,286	(2,714)
Donations/Contributions	-	-	14,037	14,037
Miscellaneous	15,000	15,000	16,331	1,331
Total revenues	<u>41,500</u>	<u>41,500</u>	<u>51,962</u>	<u>10,462</u>
<b>EXPENDITURES</b>				
Culture and Recreation	45,170	73,970	56,349	17,621
Total expenditures	<u>45,170</u>	<u>73,970</u>	<u>56,349</u>	<u>17,621</u>
Excess (deficiency) of revenues over expenditures	<u>(3,670)</u>	<u>(32,470)</u>	<u>(4,387)</u>	<u>28,083</u>
Net change in fund balances	(3,670)	(32,470)	(4,387)	28,083
Fund balances -- beginning	461,489	461,489	461,489	-
Fund balances -- ending	<u>\$ 457,819</u>	<u>\$ 429,019</u>	<u>\$ 457,102</u>	<u>\$ 28,083</u>

City of Watertown  
 Comprehensive Annual Financial Report  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Urban Renewal Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest Revenue	\$ 2,200	\$ 2,200	\$ 813	\$ (1,387)
Rentals	2,400	2,400	2,700	300
Special Assessments	48,000	48,000	50,387	2,387
Miscellaneous	1,600	1,600	2,980	1,380
Total revenues	<u>54,200</u>	<u>54,200</u>	<u>56,880</u>	<u>2,680</u>
<b>EXPENDITURES</b>				
Conservation and Development	46,260	46,260	39,953	6,307
Total expenditures	<u>46,260</u>	<u>46,260</u>	<u>39,953</u>	<u>6,307</u>
Excess (deficiency) of revenues over expenditures	<u>7,940</u>	<u>7,940</u>	<u>16,927</u>	<u>8,987</u>
Net change in fund balances	7,940	7,940	16,927	8,987
Fund balances -- beginning	241,796	241,796	241,796	-
Fund balances -- ending	<u>\$ 249,736</u>	<u>\$ 249,736</u>	<u>\$ 258,723</u>	<u>\$ 8,987</u>

City of Watertown  
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 Year Ended December 31, 2012

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Big Sioux River Project Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 325,000	\$ 325,000	\$ 146,722	\$ (178,278)
Donations/Contributions	34,000	34,000	103,028	69,028
Total revenues	<u>359,000</u>	<u>359,000</u>	<u>249,750</u>	<u>(109,250)</u>
<b>EXPENDITURES</b>				
Conservation and Development	521,890	521,890	322,310	199,580
Total expenditures	<u>521,890</u>	<u>521,890</u>	<u>322,310</u>	<u>199,580</u>
Excess (deficiency) of revenues over expenditures	<u>(162,890)</u>	<u>(162,890)</u>	<u>(72,560)</u>	<u>90,330</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	140,000	140,000	140,000	-
Total other financing sources (uses)	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Net change in fund balances	(22,890)	(22,890)	67,440	90,330
Fund balances -- beginning	(1,006)	(1,006)	(1,006)	-
Fund balances -- ending	<u>\$ (23,896)</u>	<u>\$ (23,896)</u>	<u>\$ 66,434</u>	<u>\$ 90,330</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Tax Increment Financing 1 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 245,000	\$ 245,000	\$ 244,477	\$ (523)
Interest Revenue	200	200	249	49
Total Revenues	<u>245,200</u>	<u>245,200</u>	<u>244,726</u>	<u>(474)</u>
<b>EXPENDITURES</b>				
Debt Service	<u>154,300</u>	<u>154,300</u>	<u>152,590</u>	<u>1,710</u>
Total Expenditures	<u>154,300</u>	<u>154,300</u>	<u>152,590</u>	<u>1,710</u>
Excess (deficiency) of revenues over expenditures	<u>90,900</u>	<u>90,900</u>	<u>92,136</u>	<u>1,236</u>
Net Change in fund balances	90,900	90,900	92,136	1,236
Fund Balances -- beginning	(2,190,024)	(2,190,024)	(2,190,024)	-
Fund Balances -- ending	<u>\$ (2,099,124)</u>	<u>\$ (2,099,124)</u>	<u>\$ (2,097,888)</u>	<u>\$ 1,236</u>

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual -Tax Increment Financing 2 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 45,130	\$ 45,130	\$ 43,986	\$ (1,144)
Interest Revenue	65	65	56	(9)
Total Revenues	45,195	45,195	44,042	(1,153)
<b>EXPENDITURES</b>				
Debt Service	79,400	79,400	79,214	186
Total Expenditures	79,400	79,400	79,214	186
Excess (deficiency) of revenues over expenditures	(34,205)	(34,205)	(35,172)	(967)
Net Change in fund balances	(34,205)	(34,205)	(35,172)	(967)
Fund Balances -- beginning	(1,116,010)	(1,116,010)	(1,116,010)	-
Fund Balances -- ending	\$ (1,150,215)	\$ (1,150,215)	\$ (1,151,182)	\$ (967)

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Tax Increment Financing 3 Fund

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Tax Revenue	\$ 70,860	\$ 70,860	\$ 69,011	\$ (1,849)
Interest Revenue	70	70	145	75
Total revenues	<u>70,930</u>	<u>70,930</u>	<u>69,156</u>	<u>(1,774)</u>
<b>EXPENDITURES</b>				
Debt Service	22,100	22,100	21,170	930
Total expenditures	<u>22,100</u>	<u>22,100</u>	<u>21,170</u>	<u>930</u>
Excess (deficiency) of revenues over expenditures	<u>48,830</u>	<u>48,830</u>	<u>47,986</u>	<u>(844)</u>
Net change in fund balances	48,830	48,830	47,986	(844)
Fund balances -- beginning	(320,253)	(320,253)	(320,253)	-
Fund balances -- ending	<u>\$ (271,423)</u>	<u>\$ (271,423)</u>	<u>\$ (272,267)</u>	<u>\$ (844)</u>

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual -Tax Increment Financing 5 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 5,250	\$ 5,250	\$ 6,075	\$ 825
Interest Revenue	-	-	27	27
Total revenues	5,250	5,250	6,102	852
<b>EXPENDITURES</b>				
Debt Service	61,425	129,325	138,820	(9,495)
Total expenditures	61,425	129,325	138,820	(9,495)
Excess (deficiency) of revenues over expenditures	(56,175)	(124,075)	(132,718)	(8,643)
Net change in fund balances	(56,175)	(124,075)	(132,718)	(8,643)
Fund balances -- beginning	(1,942,918)	(1,942,918)	(1,942,918)	-
Fund balances -- ending	\$ (1,999,093)	\$ (2,066,993)	\$ (2,075,636)	\$ (8,643)

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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual -Tax Increment Financing 6 Fund

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax Revenue	\$ 42,950	\$ 42,950	\$ 57,946	\$ 14,996
Interest Revenue	30	30	76	46
Total revenues	42,980	42,980	58,022	15,042
<b>EXPENDITURES</b>				
Debt Service	60,750	60,750	58,791	1,959
Total expenditures	60,750	60,750	58,791	1,959
Excess (deficiency) of revenues over expenditures	(17,770)	(17,770)	(769)	17,001
Net change in fund balances	(17,770)	(17,770)	(769)	17,001
Fund balances -- beginning	(824,288)	(824,288)	(824,288)	-
Fund balances -- ending	\$ (842,058)	\$ (842,058)	\$ (825,057)	\$ 17,001

Combining Statements

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**Nonmajor Debt Service Funds**

**GO Bond** – to account for the general obligation bonds issued in 2002 for the construction of the Watertown Event Center and the refinancing bonds issued in 2010.

City of Watertown  
 Comprehensive Annual Financial Report  
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Combining Balance Sheet - Nonmajor Debt Service Fund

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	<u>GO Bonds</u>
<b>ASSETS</b>	
Current assets:	
Pooled Cash and Investments	\$ 246,970
Property Taxes Receivable	8,413
Interest Receivable	347
Total assets	<u>255,730</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Revenue	347
Total Deferred Inflows of Resources	<u>347</u>
<b>FUND BALANCES</b>	
Restricted for:	
Debt Service	255,383
Total fund balances	<u>255,383</u>
Total liabilities and fund balances	<u>\$ 255,730</u>

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances-  
 Nonmajor Debt Service Fund

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	<u>GO Bonds</u>
<b>REVENUES</b>	
Tax Revenue	
Property	\$ 434,380
Interest Revenue	1,648
Total revenues	<u>436,028</u>
<b>EXPENDITURES</b>	
Debt Service	<u>413,890</u>
Total expenditures	<u>413,890</u>
Excess (deficiency) of revenues over expenditures	22,138
Fund balances -- beginning	<u>233,245</u>
Fund balances -- ending	<u>\$ 255,383</u>

City of Watertown  
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Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - GO Bond Fund

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Tax Revenue				
Property	\$ 434,250	\$ 434,250	\$ 434,380	\$ 130
Interest Revenue	3,000	3,000	1,648	(1,352)
Total revenues	<u>437,250</u>	<u>437,250</u>	<u>436,028</u>	<u>(1,222)</u>
<b>EXPENDITURES</b>				
Debt Service	414,390	414,390	413,890	500
Total expenditures	<u>414,390</u>	<u>414,390</u>	<u>413,890</u>	<u>500</u>
Excess (deficiency) of revenues over expenditures	<u>22,860</u>	<u>22,860</u>	<u>22,138</u>	<u>(722)</u>
Net change in fund balances	22,860	22,860	22,138	(722)
Fund balances -- beginning	233,245	233,245	233,245	-
Fund balances -- ending	<u>\$ 256,105</u>	<u>\$ 256,105</u>	<u>\$ 255,383</u>	<u>\$ (722)</u>

Combining Statements

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**Nonmajor Enterprise Funds**

**Solid Waste Fund** – to account for solid waste services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, billing and collection.

City of Watertown  
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Combining Statement of Net Position - Nonmajor Business-Type Funds

	<u>Enterprise Funds</u>	
	<u>Solid Waste Fund</u>	<u>Total</u>
<b>ASSETS</b>		
Current assets:		
Pooled Cash and Investments	\$ 2,706,751	\$ 2,706,751
Accounts Receivable	222,103	222,103
Interest Receivable	2,932	2,932
Due from Other Funds	67	67
Due From Other Governments	114,725	114,725
Inventory	55,200	55,200
Restricted Cash	431,024	431,024
Total Current assets:	<u>3,532,802</u>	<u>3,532,802</u>
Noncurrent assets:		
Land	38,174	38,174
Buildings and Structures	993,472	993,472
Furniture Equipment Machinery	4,618,827	4,618,827
Improvements Other Than Buildings	3,244,641	3,244,641
Accumulated Depreciation	(3,121,008)	(3,121,008)
Total Noncurrent assets:	<u>5,774,106</u>	<u>5,774,106</u>
Total assets	<u>9,306,908</u>	<u>9,306,908</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Current liabilities:		
Accounts Payable	312,943	312,943
Accrued Vacation and Sick Leave	30,315	30,315
Total Current liabilities:	<u>343,258</u>	<u>343,258</u>
Noncurrent liabilities:		
Accrued Vacation and Sick Leave	90,945	90,945
Other Post Employment Benefits	20,443	20,443
Closure/Post Closure Liability	431,024	431,024
Total Noncurrent liabilities:	<u>542,412</u>	<u>542,412</u>
Total liabilities	<u>885,670</u>	<u>885,670</u>
Net Investment in Capital Assets	5,774,106	5,774,106
Unrestricted	2,647,132	2,647,132
Total net position	<u>\$ 8,421,238</u>	<u>\$ 8,421,238</u>

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Combining Statement of Revenues, Expenses, and Changes in Net Position-  
 Nonmajor Business-Type Funds

	<u>Enterprise Funds</u>	
	<u>Solid Waste Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>		
Charges for Goods and Services	\$ 2,261,478	\$ 2,261,478
Miscellaneous	60,620	60,620
Total Operating revenues	<u>2,322,098</u>	<u>2,322,098</u>
<b>OPERATING EXPENSES</b>		
Personal Services	973,532	973,532
Supplies	289,003	289,003
Utilities	20,703	20,703
Other Charges	463,342	463,342
Depreciation	461,241	461,241
Total operating expenses	<u>2,207,821</u>	<u>2,207,821</u>
Operating Income (Loss)	<u>114,277</u>	<u>114,277</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental Revenue	12,399	12,399
Interest Revenue	11,005	11,005
Contributions	(40,000)	(40,000)
Total nonoperating revenues (expenses)	<u>(16,596)</u>	<u>(16,596)</u>
Income (loss) before contributions and transfers	97,681	97,681
Transfers Out	(174,100)	(174,100)
Capital Contributions	217,549	217,549
Change in net position	<u>141,130</u>	<u>141,130</u>
Total net position -- beginning	<u>8,280,108</u>	<u>8,280,108</u>
Total net position -- ending	<u>\$ 8,421,238</u>	<u>\$ 8,421,238</u>

City of Watertown  
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Combining Statement of Cash Flows - Nonmajor Business-Type Funds

	<b>Enterprise Funds</b>	
	<b>Solid Waste Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer including deposits	\$ 2,168,608	\$ 2,168,608
Payments to suppliers	(575,522)	(575,522)
Payments to employees	(954,772)	(954,772)
Other Operating Cash Receipts	60,620	60,620
Net cash provided (used) by operating activities	<u>698,934</u>	<u>698,934</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Contribution	(40,000)	(40,000)
Transfers Out	(174,100)	(174,100)
Net cash provided (used) by noncapital financing activities	<u>(214,100)</u>	<u>(214,100)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(522,302)	(522,302)
Capital Grant	229,948	229,948
Net cash provided (used) by capital and related financing activities	<u>(292,354)</u>	<u>(292,354)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	14,089	14,089
Net cash provided by investing activities	<u>14,089</u>	<u>14,089</u>
Net increase (decrease) in cash and cash equivalents	206,569	206,569
Pooled Cash and Investments - beginning of year	2,931,207	2,931,207
Pooled Cash and Investments - end of year	3,137,776	3,137,776
Less Restricted Pooled Cash and Investments	(431,025)	(431,025)
Pooled Cash and Investment Per Balance Sheet	<u>\$ 2,706,751</u>	<u>\$ 2,706,751</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 114,277	\$ 114,277
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	461,241	461,241
Changes in assets and Liabilities:		
Accounts Payable - Other	(197)	(197)
Accounts Payable - Supplier	98,615	98,615
Customer Receivables	21,923	21,923
Inventory	222	222
Other operating receivables	(114,792)	(114,792)
Closure/Post closure costs	98,885	98,885
Other Post Employment Benefits	4,845	4,845
Salaries & Benefits Payable	13,915	13,915
Net Cash provided (used) by operating activities	<u>\$ 698,934</u>	<u>\$ 698,934</u>

Combining Statements

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**Fiduciary Funds**

**125 Escrow Agency Fund** – to account for the employee’s withholdings and disbursement for Section 125 Flexible Spending Accounts.

**Redemption Agency Fund** – to account for collection of and remittance to contractors holding special assessment certificates for various improvements.

**Security Deposit Agency Fund** – to account for the collection and return or forfeiture of all surety coverage receipts required by the City for items such as contract performance.

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Combining Statement of Fiduciary Net Position - Fiduciary Funds

	<b>Agency Funds</b>			<b>Total</b>
	<b>125 Escrow Agency Fund</b>	<b>Redemption Agency Fund</b>	<b>Security Deposit Agency Fund</b>	
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 30,547	\$ 500	\$ 63,856	\$ 94,903
Interest Receivable	-	-	30	30
Total Assets	<u>30,547</u>	<u>500</u>	<u>63,886</u>	<u>94,933</u>
<b>LIABILITIES</b>				
Due to Others	30,547	500	63,856	94,903
Total Liabilities	<u>\$ 30,547</u>	<u>\$ 500</u>	<u>\$ 63,856</u>	<u>\$ 94,903</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue	-	-	30	30
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 30</u>

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Combining Statement of Changes in Assets and Liabilities  
 All Agency Funds

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2012</u>
<b>125 Escrow Fund</b>				
Assets:				
Pooled Cash and Investments	\$ 16,074	\$ 276,483	\$ 262,010	\$ 30,547
Liabilities:				
Due to Flex Claims	\$ 16,074	\$ 276,483	\$ 262,010	\$ 30,547
<b>Redemption Fund</b>				
Assets:				
Pooled Cash and Investments	\$ -	\$ 11,535	\$ 11,035	\$ 500
Liabilities:				
Due to Certificate Holders	\$ -	\$ 11,535	\$ 11,035	\$ 500
<b>Security Deposit Fund</b>				
Assets:				
Pooled Cash and Investments	\$ 64,208	\$ 148	\$ 500	\$ 63,856
Interest Receivable	68	-	38	30
Total Assets	<u>\$ 64,276</u>	<u>\$ 148</u>	<u>\$ 538</u>	<u>\$ 63,886</u>
Liabilities:				
Accounts Payable	\$ 500	\$ -	\$ 500	\$ -
Bidder's Deposits	63,708	148	-	63,856
Total Liabilities	<u>\$ 64,208</u>	<u>\$ 148</u>	<u>\$ 500</u>	<u>\$ 63,856</u>
Deferred Inflows of Resources:				
Deferred Revenue	\$ 68	\$ -	\$ 38	\$ 30
Total Deferred Inflows of Resources	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 30</u>
<b>Total All Agency Funds</b>				
Assets:				
Pooled Cash and Investments	\$ 80,282	\$ 288,166	\$ 273,545	\$ 94,903
Interest Receivable	68	-	38	30
Total Assets	<u>\$ 80,350</u>	<u>\$ 288,166</u>	<u>\$ 273,583</u>	<u>\$ 94,933</u>
Liabilities:				
Due to Flex Claims	\$ 16,074	\$ 276,483	\$ 262,010	\$ 30,547
Due to Certificate Holders	-	11,535	11,035	500
Accounts Payable	500	-	500	-
Due to Bidders	63,708	148	-	63,856
Total Liabilities	<u>\$ 80,282</u>	<u>\$ 288,166</u>	<u>\$ 273,545</u>	<u>\$ 94,903</u>
Deferred Inflows of Resources:				
Deferred Revenue	\$ 68	\$ -	\$ 38	\$ 30
Total Deferred Inflows of Resources	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 30</u>

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## Statistical Section

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This part of the City of Watertown's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

Contents	Page
Financial Trends	108
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	118
<i>These schedules contain information to help the reader assess two of the government's significant local revenue sources, property and sales tax.</i>	
Debt Capacity	120
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt, and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	126
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	128
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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Statistics (Unaudited)

**Table 1**  
**Net Position by Component (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 29,803,761	\$ 33,131,711	\$ 38,778,621	\$ 42,910,080
Restricted	2,741,327	334,529	(252,416)	5,384,568
Unrestricted	17,582,839	19,583,536	20,184,885	18,515,631
<b>Total Governmental Activities Net Position</b>	<b>50,127,927</b>	<b>53,049,776</b>	<b>58,711,090</b>	<b>66,810,279</b>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	74,331,082	76,631,882	78,257,049	80,830,075
Restricted	995,286	1,125,182	1,627,448	2,332,710
Unrestricted	5,730,930	8,268,507	8,311,211	7,970,219
<b>Total Business-Type Activities Net Position</b>	<b>81,057,298</b>	<b>86,025,571</b>	<b>88,195,708</b>	<b>91,133,004</b>
<b>Primary Government</b>				
Net Investment in Capital Assets	104,134,843	109,763,593	117,035,670	123,740,155
Restricted	3,736,613	1,459,711	1,375,032	7,717,278
Unrestricted	23,313,769	27,852,043	28,496,096	26,485,850
<b>Total Primary Government Net Position</b>	<b>\$ 131,185,225</b>	<b>\$ 139,075,347</b>	<b>\$ 146,906,798</b>	<b>\$ 157,943,283</b>

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Statistics (Unaudited)

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	2007	2008	2009	2010	2011	2012
\$	47,791,276	\$ 51,029,214	\$ 55,524,697	\$ 60,575,273	\$ 67,767,554	\$ 85,000,053
	4,744,766	4,688,698	4,248,755	4,270,785	4,056,531	3,739,347
	20,525,046	23,032,412	20,768,250	17,365,658	17,916,695	20,507,155
	73,061,088	78,750,324	80,541,702	82,211,716	89,740,780	109,246,555
	93,713,787	97,151,295	101,568,572	104,804,892	108,084,421	117,465,744
	2,250,823	2,321,033	4,144,904	4,968,431	4,971,973	4,920,074
	5,883,775	6,105,604	7,861,507	10,473,916	12,194,936	14,200,509
	101,848,385	105,577,932	113,574,983	120,247,239	125,251,330	136,586,327
	141,505,063	148,180,509	157,093,269	165,380,165	175,851,975	202,465,797
	6,995,589	7,009,731	8,393,659	9,239,216	9,028,504	8,659,421
	26,408,821	29,138,016	28,629,757	27,839,574	30,111,631	34,707,664
\$	174,909,473	\$ 184,328,256	\$ 194,116,685	\$ 202,458,955	\$ 214,992,110	\$ 245,832,882

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**Table 2**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006
<b>Expenses</b>				
<b>Governmental Activities</b>				
General Government	\$ 2,257,020	\$ 2,661,507	\$ 2,526,647	\$ 2,263,546
Public Safety	4,291,815	4,539,227	4,577,510	5,162,524
Public Works	4,159,945	2,203,276	2,907,346	2,923,705
Health and Welfare	49,664	55,762	131,608	128,194
Culture and Recreation	3,224,296	3,655,310	4,324,997	4,663,705
Conservation and Development	533,290	4,333,120	2,002,869	1,351,546
Interest on Long-Term Debt	452,080	437,605	775,177	943,562
<b>Total Governmental Activities</b>	<b>14,968,110</b>	<b>17,885,807</b>	<b>17,246,154</b>	<b>17,436,782</b>
<b>Business-Type Activities</b>				
Sewer	3,184,029	2,391,907	2,580,467	2,462,574
Solid Waste	1,461,076	1,336,739	1,521,945	1,635,773
Airport	482,980	388,741	452,915	427,644
Electric	12,599,077	13,183,290	14,287,836	14,854,667
Water	2,200,679	2,257,159	2,389,920	2,648,436
Gas	17,235,194	17,235,497	20,550,668	22,540,265
Water Bond	396,457	378,313	364,944	361,564
<b>Total Business-Type Activities Expenses</b>	<b>37,559,492</b>	<b>37,171,646</b>	<b>42,148,695</b>	<b>44,930,923</b>
<b>Total Primary Government Expenses</b>	<b>52,527,602</b>	<b>55,057,453</b>	<b>59,394,849</b>	<b>62,367,705</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General Government	1,123	328	88,003	88,937
Public Safety	626,352	582,815	759,822	810,005
Public Works	106,451	126,272	179,367	193,486
Health and Welfare	2,790	1,280	2,200	2,950
Culture and Recreation	1,215,368	1,250,135	1,359,572	1,633,329
Conservation and Development	22,835	29,095	102,418	194,497
Operating Grants and Contributions	903,245	893,600	802,673	696,445
Capital Grants and Contributions	2,990,696	4,874,487	2,414,636	1,752,712
<b>Total Governmental Activities Program Revenues</b>	<b>5,868,860</b>	<b>7,758,012</b>	<b>5,708,691</b>	<b>5,372,361</b>
<b>Business-Type Activities</b>				
<b>Charges for Services</b>				
Sewer	2,541,841	2,540,141	2,653,177	2,718,978
Solid Waste	1,882,158	1,951,976	1,958,100	2,023,769
Airport	121,496	133,426	104,681	112,719
Electric	14,203,032	14,681,182	15,767,071	16,112,853
Water	1,995,796	2,138,580	2,050,867	2,138,417
Gas	17,973,900	18,373,187	20,930,499	23,669,760
Water Bond	618,767	626,469	640,387	633,029
Operating Grants and Contributions	390,300	-	3,072	-
Capital Grants and Contributions	2,431,122	649,932	804,509	845,719
<b>Total Business-Type Activities Program Revenues</b>	<b>42,158,412</b>	<b>41,094,893</b>	<b>44,912,363</b>	<b>48,255,244</b>
<b>Total Primary Government Program Revenues</b>	<b>48,027,272</b>	<b>48,852,905</b>	<b>50,621,054</b>	<b>53,627,605</b>
<b>Net (Expenses) Revenues</b>				
Governmental Activities	(9,099,250)	(10,127,795)	(11,537,463)	(12,064,421)
Business-Type Activities	4,598,920	3,923,247	2,763,668	3,324,321
<b>Total Primary Government Net Expense</b>	<b>\$ (4,500,330)</b>	<b>\$ (6,204,548)</b>	<b>\$ (8,773,795)</b>	<b>\$ (8,740,100)</b>

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	2007	2008	2009	2010	2011	2012
\$	2,081,938	\$ 2,013,451	\$ 2,239,381	\$ 2,310,431	\$ 2,121,098	\$ 2,179,248
	6,027,544	6,027,524	6,995,236	6,690,164	7,792,889	7,607,436
	5,210,444	3,924,863	5,567,390	6,572,449	3,872,691	3,045,042
	152,548	112,178	143,252	155,521	106,977	51,181
	5,398,262	4,663,565	4,447,026	5,082,426	5,571,198	5,717,719
	1,127,959	2,367,988	2,185,846	4,077,887	824,564	937,887
	969,371	980,531	989,693	1,000,750	1,193,734	1,264,972
	20,968,066	20,090,100	22,567,824	25,889,628	21,483,151	20,803,485
	2,614,782	2,654,696	2,795,065	2,827,414	3,685,485	3,553,717
	1,801,588	1,912,915	1,883,078	2,231,953	2,225,436	2,247,821
	517,809	652,775	684,003	731,815	766,861	835,405
	16,732,001	19,057,099	21,067,051	22,278,923	23,085,560	23,075,668
	2,836,951	3,189,027	3,018,896	3,328,414	3,642,761	5,169,923
	22,960,556	36,286,483	22,675,100	18,590,439	10,182,905	8,013,641
	415,885	-	-	-	-	-
	47,879,572	63,752,995	52,123,193	49,988,958	43,589,008	42,896,175
	68,847,638	83,843,095	74,691,017	75,878,586	65,072,159	63,699,660
	110,331	94,191	95,725	102,738	109,666	110,237
	761,711	883,982	848,182	804,582	847,295	1,267,262
	120,870	233,702	136,082	209,369	177,996	347,757
	1,795	2,805	2,120	2,460	1,440	-
	1,712,916	1,791,085	1,844,853	1,946,663	1,998,369	2,155,501
	210,867	190,285	149,469	182,063	172,426	223,529
	461,103	592,547	1,500,508	1,187,355	747,499	659,139
	3,333,292	2,204,146	1,039,834	3,501,985	4,490,263	13,877,663
	6,712,885	5,992,743	5,616,773	7,937,215	8,544,954	18,641,088
	2,740,310	2,723,042	2,662,905	2,749,380	3,268,702	3,369,238
	2,073,322	2,126,587	2,158,445	2,143,671	2,228,029	2,322,098
	181,990	135,333	122,541	115,443	114,843	119,981
	18,213,206	20,873,566	22,586,756	23,392,522	25,063,172	24,941,694
	2,467,522	3,232,484	4,154,367	4,145,187	4,288,038	5,514,814
	23,258,513	36,333,029	25,617,261	20,139,602	12,290,057	10,182,312
	472,666	-	-	-	-	-
	-	-	137,144	61,087	1,067,742	179,884
	9,481,462	2,960,700	3,181,150	4,856,309	1,280,359	9,274,509
	58,888,991	68,384,741	60,620,569	57,603,201	49,600,942	55,904,530
	65,601,876	74,377,484	66,237,342	65,540,416	58,145,896	74,545,618
	(14,255,181)	(14,097,357)	(16,951,051)	(17,952,413)	(12,938,197)	(2,162,397)
	11,009,419	4,631,746	8,497,376	7,614,243	6,011,934	13,008,355
\$	(3,245,762)	(9,465,611)	(8,453,675)	(10,338,170)	(6,926,263)	10,845,958

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**Table 2 (continued)**  
**Changes in Net Position (accrual basis of accounting)**  
**Last Ten Fiscal Years**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Governmental Activities				
Taxes				
Property Taxes	\$ 2,234,664	\$ 2,272,325	\$ 2,428,888	\$ 2,714,384
Sales and Use Taxes	9,814,202	9,664,195	10,836,904	11,121,297
Other Taxes	453,568	489,661	503,469	569,358
Licenses & Permits	157,394	156,836	-	-
State Shared Revenues	561,422	518,725	532,410	553,627
Investment Earnings	413,605	445,590	968,867	1,548,508
Rentals	81,421	72,633	-	-
Miscellaneous	184,220	186,143	423,882	275,762
Sales of Capital Assets	10,231	219,050	44,642	19,084
Premiums from Bonds	-	-	-	12,466
Transfers	1,070,000	(849,943)	980,500	1,041,020
Total Governmental Activities	<u>14,980,727</u>	<u>13,175,215</u>	<u>16,719,562</u>	<u>17,855,506</u>
Business-Type Activities				
Taxes				
Other Taxes	10,662	10,731	11,747	10,190
Investment Earnings	162,552	159,971	291,193	493,476
Sales of Capital Assets	-	-	-	16
Miscellaneous	-	-	-	-
Transfers	(1,070,000)	849,943	(980,500)	(1,041,020)
Total Business-Type Activities	<u>(896,786)</u>	<u>1,020,645</u>	<u>(677,560)</u>	<u>(537,338)</u>
Total Primary Government General Revenues	<u>14,083,941</u>	<u>14,195,860</u>	<u>16,042,002</u>	<u>17,318,168</u>
Change in Net Position				
Governmental Activities	5,881,477	3,047,420	5,182,099	5,791,085
Business-Type Activities	3,702,134	4,943,892	2,086,108	2,786,983
Total Primary Government	<u>\$ 9,583,611</u>	<u>\$ 7,991,312</u>	<u>\$ 7,268,207</u>	<u>\$ 8,578,068</u>

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	2007	2008	2009	2010	2011	2012
\$	2,860,183	\$ 3,077,979	\$ 3,217,832	\$ 3,409,712	\$ 3,527,126	\$ 3,662,785
	12,188,673	12,391,871	12,078,171	12,722,695	13,417,259	14,201,502
	535,745	575,150	580,539	604,185	644,792	558,608
	-	-	-	-	-	-
	779,009	824,082	677,265	737,314	780,300	844,462
	1,586,553	1,255,522	931,412	657,381	566,533	522,308
	-	-	-	-	-	-
	323,635	297,984	519,310	223,836	290,407	103,667
	-	-	-	-	-	19,295
	-	-	-	-	-	-
	766,300	1,364,005	737,900	1,267,304	1,240,844	1,807,975
	19,040,098	19,786,593	18,742,429	19,622,427	20,467,261	21,720,602
	10,346	9,794	7,764	9,398	8,261	4,865
	461,917	342,516	205,653	158,880	-	124,287
	-	-	-	-	80,110	5,465
	-	109,496	24,158	157,039	144,630	-
	(766,300)	(1,364,005)	(737,900)	(1,267,304)	(1,240,844)	(1,807,975)
	(294,037)	(902,199)	(500,325)	(941,987)	(1,007,843)	(1,673,358)
	18,746,061	18,884,394	18,242,104	18,680,440	19,459,418	20,047,244
	4,784,917	5,689,236	1,791,378	1,670,014	7,529,064	19,558,205
	10,715,382	3,729,547	7,997,051	6,672,256	5,004,091	11,334,997
\$	15,500,299	\$ 9,418,783	\$ 9,788,429	\$ 8,342,270	\$ 12,533,155	\$ 30,893,202

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**Table 3**  
**Fund Balances of Governmental Funds (modified accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006
General Fund				
Reserved	\$ 218,863	\$ 205,811	\$ 96,593	\$ 111,140
Unreserved	5,516,181	5,315,644	5,687,386	5,668,844
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>5,735,044</u>	<u>5,521,455</u>	<u>5,783,979</u>	<u>5,779,984</u>
All Other Governmental Funds				
Reserved	5,372,849	9,709,398	1,402,621	2,004,425
Unreserved, Reported in				
Special Revenue Funds	6,884,621	1,248,689	11,042,195	15,798,469
Debt Service Funds	27,885	48,326	70,475	95,835
Capital Projects Funds	3,667,467	4,911,083	2,394,660	805,250
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 15,952,822</u>	<u>\$ 15,917,496</u>	<u>\$ 14,909,951</u>	<u>\$ 18,703,979</u>

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	2007	2008	2009	2010	2011	2012
\$	464,377	\$ 460,519	\$ 485,273	\$ 471,288	\$ -	\$ -
	5,673,028	6,086,492	5,123,231	5,179,949	-	-
	-	-	-	-	191,384	149,495
	-	-	-	-	20,307	20,371
	-	-	-	-	1,834,287	330,054
	-	-	-	-	3,744,725	6,739,020
	6,137,405	6,547,011	5,608,504	5,651,237	5,790,703	7,238,940
	5,817,730	6,046,771	5,676,516	7,430,002	-	-
	11,778,008	14,581,378	13,004,547	7,973,744	-	-
	124,812	153,462	181,979	208,507	-	-
	788,989	-	-	-	-	-
	-	-	-	-	5,590,064	5,545,826
	-	-	-	-	2,932,836	2,768,332
	-	-	-	-	13,819,224	15,277,075
	-	-	-	-	(6,394,499)	(6,355,596)
\$	18,509,539	\$ 20,781,611	\$ 18,863,042	\$ 15,612,253	\$ 15,947,625	\$ 17,235,637

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Statistics (Unaudited)

**Table 4**  
**Changes in Fund Balances of Governmental Funds (modified accrual basis of accounting)**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$ 12,438,926	\$ 12,426,181	\$ 13,769,261	\$ 14,319,732	\$ 15,485,565
Licenses and Permits	157,394	156,397	161,952	230,185	299,872
Intergovernmental	1,522,039	2,282,204	1,395,457	1,145,538	2,302,724
Charges for Goods and Services	1,837,039	1,834,901	2,073,901	2,403,288	2,415,740
Fines and Forfeitures	79,962	65,783	69,087	79,904	90,756
Interest	467,245	442,510	881,016	1,330,062	1,562,728
Miscellaneous Revenue	1,317,295	1,994,612	2,136,374	1,258,173	1,250,948
<b>Total Revenues</b>	<b>17,819,900</b>	<b>19,202,588</b>	<b>20,487,048</b>	<b>20,766,882</b>	<b>23,408,333</b>
<b>Expenditures</b>					
General Government	2,219,020	2,421,133	2,411,779	1,953,217	1,824,808
Public Safety	4,003,820	4,271,301	4,489,573	4,978,559	6,857,734
Public Work	1,658,289	1,571,473	2,079,050	2,094,081	7,039,201
Health and Welfare	49,545	54,463	131,059	127,180	151,971
Culture and Recreation	3,289,021	3,411,169	3,461,596	4,348,380	6,863,660
Conservation and Development	502,000	966,920	714,668	725,469	1,161,056
Contributions to Other Gov't	-	-	-	355,000	282,500
Capital Outlay	8,409,546	12,163,445	7,618,326	6,764,013	62,109
<b>Debt Service</b>					
Principal	208,735	366,177	534,133	705,616	797,537
Interest	343,489	374,996	814,716	925,437	970,676
Administrative Charges	800	1,500	2,300	2,300	2,000
Bond Issuance Costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>20,684,265</b>	<b>25,602,577</b>	<b>22,257,200</b>	<b>22,979,252</b>	<b>26,013,252</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(2,864,365)</b>	<b>(6,399,989)</b>	<b>(1,770,152)</b>	<b>(2,212,370)</b>	<b>(2,604,919)</b>
<b>Other Financing Sources (Uses)</b>					
Sales of Municipal Property	10,231	191,550	44,641	13,836	29,759
Long-Term Debt Issuance	1,909,768	4,989,014	-	4,997,466	1,641,787
Premium on Bonds Issued	-	-	-	-	-
Pmt To Refunded Bond Escrow Agent	-	-	-	-	-
Transfer In	2,852,000	3,371,226	3,188,646	3,620,740	2,646,300
Transfer Out	(1,782,000)	(2,400,726)	(2,208,146)	(2,629,639)	(1,880,000)
<b>Total Other Financing Sources (Uses)</b>	<b>2,989,999</b>	<b>6,151,064</b>	<b>1,025,141</b>	<b>6,002,403</b>	<b>2,437,846</b>
<b>Net Change in Fund Balances</b>	<b>\$ 125,634</b>	<b>\$ (248,925)</b>	<b>\$ (745,011)</b>	<b>\$ 3,790,033</b>	<b>\$ (167,073)</b>
Debt service as a % of noncapital expenditures	1.3%	4.7%	5.8%	10.2%	11.5%

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	2008	2009	2010	2011	2012
\$	16,035,282	\$ 15,897,362	\$ 16,655,844	\$ 17,400,555	\$ 18,529,315
	228,960	191,135	227,893	217,234	270,639
	2,067,182	2,199,694	2,588,137	4,090,514	2,079,525
	2,598,905	2,640,488	2,742,393	2,788,625	3,361,454
	87,082	85,449	81,556	71,284	62,469
	1,375,784	1,033,825	742,083	617,191	547,730
	862,324	1,081,741	3,038,795	1,110,025	1,085,281
	23,255,519	23,129,694	26,076,701	26,295,428	25,936,413
	2,003,829	2,466,700	2,252,324	2,214,463	2,165,287
	5,925,253	7,642,490	11,570,206	12,263,026	8,516,828
	5,589,803	6,697,461	7,448,552	4,422,104	5,375,413
	112,208	142,427	155,327	123,925	51,181
	5,352,446	6,188,672	6,357,466	5,653,602	5,491,966
	1,731,205	1,999,344	3,876,901	596,354	767,142
	-	-	-	-	-
	4,753	-	-	-	-
	846,333	904,123	1,005,962	1,102,395	1,289,742
	979,795	989,794	1,001,326	1,188,733	927,973
	2,000	2,000	2,000	2,750	3,550
	-	-	58,785	-	54,453
	22,547,625	27,033,011	33,728,849	27,567,352	24,643,535
	707,894	(3,903,317)	(7,652,148)	(1,271,924)	1,292,878
	20,521	44,461	6,305	1,815	159,114
	589,258	263,880	7,526,374	530,997	4,165,000
	-	-	3,022	-	-
	-	-	(4,358,913)	-	(4,258,943)
	4,193,233	3,160,400	3,148,666	2,996,750	3,432,200
	(2,829,228)	(2,422,500)	(1,881,362)	(1,782,800)	(2,054,000)
	1,973,784	1,046,241	4,444,092	1,746,762	1,443,371
\$	2,681,678	\$ (2,857,076)	\$ (3,208,056)	\$ 474,838	\$ 2,736,249
	7.4%	8.8%	8.3%	11.3%	12.1%

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**Table 5**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Residential Property	Commercial Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a % of Actual Value
2003	\$ 593,301,053	\$ 262,560,784	\$ 855,861,837	2.82	\$ 1,006,896,279	85%
2004	631,449,813	272,109,739	903,559,552	2.80	1,063,011,238	85%
2005	685,167,843	303,272,316	988,440,159	2.73	1,162,870,478	85%
2006	707,991,200	313,375,833	1,021,367,033	2.67	1,201,608,274	85%
2007	862,037,766	320,139,830	1,182,177,596	2.50	1,383,147,787	85%
2008	863,073,456	340,213,014	1,203,286,470	2.58	1,415,631,141	85%
2009	921,168,488	366,738,271	1,287,906,759	2.65	1,515,184,422	85%
2010	927,815,856	381,159,855	1,308,975,711	2.59	1,539,971,425	85%
2011	932,257,198	381,637,650	1,313,894,848	2.68	1,545,758,645	85%
2012	944,992,929	389,987,956	1,334,980,885	2.74	1,570,565,747	85%

Source: Codington County Board of Equalization.

**Table 6**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	City of Watertown			Overlapping Rates							
	Operating Millage	Debt Service Millage	Total City Millage	County			Watertown School District			Special Districts	Total Direct & Overlapping Rates
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2003	2.33	0.49	2.82	4.16	0.00	4.16	16.92	0.28	17.19	0.90	25.06
2004	2.32	0.48	2.80	3.93	0.00	3.93	16.08	0.00	16.08	0.79	23.60
2005	2.28	0.45	2.73	3.89	0.00	3.89	15.73	0.00	15.73	0.79	23.14
2006	2.25	0.42	2.67	3.88	0.00	3.88	14.92	0.00	14.92	0.72	22.19
2007	2.11	0.39	2.50	3.67	0.00	3.67	13.84	0.00	13.84	1.24	21.25
2008	2.19	0.39	2.58	3.73	0.00	3.73	13.51	0.00	13.51	1.15	20.97
2009	2.26	0.39	2.65	3.73	0.00	3.73	13.40	0.00	13.40	1.14	20.92
2010	2.20	0.39	2.59	3.66	0.00	3.66	13.22	0.00	13.22	1.05	20.52
2011	2.32	0.36	2.68	3.71	0.00	3.71	13.22	0.00	13.22	1.02	20.63
2012	2.38	0.36	2.74	3.63	0.00	3.63	13.39	0.00	13.39	0.97	20.73

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**Table 7**  
**Principal Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	2012			2003		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Wal-Mart Real Estate	\$ 10,167,803	1	0.76%	\$ -	-	-
Glacial Lakes Energy	9,544,417	2	0.71%	-	-	-
Watertown Development Co.	8,941,214	3	0.67%	3,210,685	7	0.38%
Menards	7,716,758	4	0.58%	3,924,962	4	0.46%
Watertown Co-op Elevator	7,202,692	5	0.54%	-	-	-
Watertown Plaza LLC	5,908,331	5	0.44%	-	-	-
Les McElhany & David McElhany	4,352,058	7	0.33%	-	-	-
Stone Oil Company	4,287,391	8	0.32%	-	-	-
Robert Endres	3,990,468	9	0.30%	-	-	-
Michael B. Lantsberger	3,918,137	10	0.29%	-	-	-
Western Minnesota Municipal Power	-	-	-	4,819,508	3	0.56%
Premier Bankcard	-	-	-	3,198,493	8	0.37%
US West Communications	-	-	-	7,615,711	2	0.89%
Univest Covington (Runnings)	-	-	-	3,256,470	6	0.38%
Mary Goepfert	-	-	-	3,080,397	9	0.36%
Smith Equipment Mfg.	-	-	-	2,990,732	10	0.35%
Developers Diversified	-	-	-	10,358,161	1	1.21%
Dayton Hudson Corp.	-	-	-	3,641,286	5	0.43%
Totals	\$ 66,029,269		4.95%	\$ 46,096,405		5.39%

Entire City Assessed Valuation for 2012: \$ 1,334,980,885

DATA SOURCE: Office of the Director of Equalization

NOTE: The Codington County Director of Equalization(DOE) is the tax assessor for the property within the City of Watertown.

**Table 8**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended Dec. 31,	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection to Date	
	for the Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2003	2,264,712	2,229,407	98.44	35,305	2,264,712	100.00
2004	2,423,462	2,393,487	98.76	29,975	2,423,462	100.00
2005	2,709,691	2,677,281	98.80	32,410	2,709,691	100.00
2006	2,853,893	2,832,111	99.24	21,737	2,853,848	100.00
2007	3,086,308	3,051,987	98.89	33,151	3,085,138	99.96
2008	2,917,856	2,861,444	98.07	47,865	2,909,309	99.71
2009	3,058,313	3,005,960	98.29	41,976	3,047,936	99.66
2010	3,122,913	3,070,025	98.31	38,705	3,108,730	99.55
2011	3,236,316	3,190,847	98.60	-	3,190,847	98.60
2012	3,383,139 (see note below)					

NOTE: (1) The year shown on this table indicates the year of the levy for collection in the next year, the 2012 tax levy will be collected in the year 2013, so such information is not available at the time of preparing this table.

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**Table 9**  
**Historical Sales and Use Tax Receipts**  
**Last Ten Fiscal Years**

Year	General Sales Tax	Capital Improvement Sales Tax	Pledged Revenues (1)
2003	\$ 4,910,352	\$ 4,423,589	\$ 2,211,778
2004	4,805,879	4,334,930	2,408,294
2005	5,403,276	4,880,858	2,701,638
2006	5,551,722	4,997,364	2,776,313
2007	5,748,587	5,691,884	2,845,942
2008	5,875,447	5,865,987	5,865,987
2009	5,750,139	5,748,865	5,748,865
2010	6,012,216	6,006,708	6,006,708
2011	6,291,800	6,289,668	6,289,668
2012	6,802,708	6,800,967	6,800,967

(1) Pledged revenues for 2003, 2004 and 2006 Sales Tax Bonds are that portion of the proceeds of the Sales Tax in excess of the proceeds produced by the first one percent (1%) of the Sales Tax, but not exceeding the proceeds produced by a rate of one-half of one percent (1/2 of 1%). All of the Capital Improvement Sales Tax revenues are pledged for the repayment of SRF Loans No. 6 and 8

**Table 10**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business Type Activities			Total Primary Government	Percentage of Personal Income	Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Sales Tax Revenue Bonds	SRF Loans #6, #8, #10, & #11	Installment Contracts	Water Bonds	Loan Payables				
2003	5,530,000	260,625	1,905,000	-	397,375	1,685,000	4,824,981	14,602,981	3.69%	396,179,749	722
2004	5,420,000	204,573	6,745,000	-	356,636	1,435,000	4,810,065	18,971,274	4.79%	396,179,749	937
2005	5,295,000	145,409	6,435,000	-	316,667	1,175,000	4,261,290	17,628,366	4.45%	396,179,749	871
2006	5,160,000	82,960	10,955,000	-	273,500	900,000	3,636,238	21,007,698	5.30%	396,179,749	1,038
2007	5,010,000	662,501	10,420,000	-	226,880	-	3,960,755	20,280,136	5.12%	396,179,749	1,002
2008	4,840,000	592,830	9,865,000	1,584,455	176,530	-	6,170,351	23,229,166	5.86%	396,179,749	1,148
2009	4,655,000	537,856	9,295,000	1,808,563	122,152	-	6,588,809	23,007,380	5.81%	396,179,749	1,137
2010	4,640,000	621,126	8,700,000	4,689,433	63,424	-	25,977,890	44,691,873	8.62%	518,446,588	2,080
2011	4,415,000	543,504	8,090,000	4,490,100	-	-	36,685,650	54,224,254	10.46%	518,446,588	2,524
2012	4,115,000	462,428	7,425,000	4,306,168	-	-	35,063,893	51,372,489	9.91%	518,446,588	2,391

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

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**Table 11**  
**Ratio of Net General Obligation Bonded Debt**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Value of Property	Percentage of Personal Income	Per Capita
2003	5,530,000	27,885	5,502,115	0.72%	1.39%	272
2004	5,420,000	48,326	5,371,674	0.63%	1.36%	265
2005	5,295,000	70,475	5,224,525	0.58%	1.32%	258
2006	5,160,000	95,835	5,064,165	0.51%	1.28%	250
2007	5,010,000	124,812	4,885,188	0.48%	1.23%	241
2008	4,840,000	153,462	4,686,538	0.40%	1.18%	232
2009	4,655,000	181,979	4,473,021	0.37%	1.13%	221
2010	4,640,000	208,507	4,431,493	0.34%	1.12%	206
2011	4,415,000	233,245	4,181,755	0.32%	0.81%	195
2012	4,115,000	255,383	3,859,617	0.29%	0.74%	180

**Table 12**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2012**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School District	\$ 3,270,000	78%	\$ 2,537,520
Subtotal, overlapping debt			2,537,520
City of Watertown direct debt			16,308,596
Total direct and overlapping debt			<u>\$ 18,846,116</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Auditors Office. Debt outstanding data provided by the Watertown School District.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Watertown. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Watertown. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying debt, of each overlapping government.

Note: The percentage of overlapping debt applicable is estimated by using taxable assessed property values. Applicable percentages were estimated by determining the portion of the schools taxable assessed value that is within the City's boundaries and dividing it by the School's total taxable assessed value.

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Statistics (Unaudited)

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**Table 13**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008
Debt Limit (5% limit)	42,793,092	45,177,978	49,422,008	51,068,352	59,108,880	60,164,324
Total net debt applicable to limit	8,561,916	13,100,156	12,468,034	16,646,334	16,740,869	17,965,985
Legal debt margin	34,231,176	32,077,822	36,953,974	34,422,018	42,368,011	42,198,339
Total net debt applicable to the limit as a percentage of debt limit	20.01%	29.00%	25.23%	32.60%	28.32%	29.86%

Note: The State of South Dakota Constitution sets two legal debt limits on municipalities. The City has an unrestricted (i.e. for any legally authorized purpose) legal debt limit equal to 5% of the total assessed value of taxable property. In addition the Constitution permits the City to issue debt for water or sewer improvements in an amount equal to 10% of the total value of taxable property. Water or sewer debt that applies against the 10% limit does not apply against the 5% limit.

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	2009	2010	2011	2012
Debt Limit (5% limit)	64,385,338	65,448,786	65,694,742	66,749,044
Total net debt applicable to limit	15,880,715	18,092,857	16,995,100	15,846,168
Legal debt margin	48,504,623	47,355,929	48,699,642	50,902,876
Total net debt applicable to the limit as a percentage of debt limit	24.67%	27.64%	25.87%	23.74%

**Legal Debt Margin Calculation for Fiscal Year 2012**

	"No-Limit" Debt	Debt Capacity at 5% (Unrestricted)	Additional 10% Debt Capacity (Water/Sewer)
2012 Assessed Value			
		<u>\$1,334,980,885</u>	
Maximum Debt Capacity:	\$ -	\$66,749,044	\$133,498,089
Existing Bonds:			
GO Refinancing Bonds (Event Center; 1.0-3.35% interest)	-	4,115,000	-
SRF Loan No. 3 (Wastewater Revenue Surcharge)	754,578	-	-
SRF Loan No. 5 (Wastewater Revenue Surcharge)	1,503,530	-	-
SRF Loan No. 6-CW (Sales Tax)	-	994,985	-
SRF Loan No. 6-NPS (Sales Tax)	-	93,848	-
SRF Loan No. 7-CW (Wastewater Revenue Surcharge)	683,908	-	-
SRF Loan No. 7-NPS (Wastewater Revenue Surcharge)	68,618	-	-
SRF Loan No. 8-CW (Sales Tax)	-	443,662	-
SRF Loan No. 8-NPS (Sales Tax)	-	49,641	-
SRF Loan No. 9-CW (Wastewater Revenue Surcharge)	9,802,743	-	-
SRF Loan No. 10-CW (Sales Tax)	-	2,535,278	-
SRF Loan No. 11-CW (Sales Tax)	-	188,754	-
SRF Loan Drinking Water (Water Revenue Surcharge)	22,250,516	-	-
2006 Sales Tax Revenue Bonds (3.35-4.55%)	-	3,785,000	-
2012 Sales Tax Revenue Bonds (0.4-2.7%)	-	3,640,000	-
Total Bonded Debt	35,063,893	15,846,168	-
Other Debt:			
Capital Lease - Fire Truck	357,785	-	-
Capital Lease - Golf Carts	104,643	-	-
Total Other Debt	462,428	-	-
Total Debt	35,526,321	15,846,168	-
Available Debt Capacity	N/A	\$50,902,876	\$133,498,089

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**Table 14**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Year**

Fiscal Year	1993 Water Revenue Bonds						State Revolving Fund Loans		
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			Utility Service Charges	Less: Operating Expenses	Net Available Revenue
				Principal	Interest	Coverage			
2003	622,974	125,079	497,895	240,000	90,743	1.51	2,516,687	1,269,017	1,247,670
2004	636,579	125,203	511,376	250,000	80,423	1.55	2,525,042	1,261,487	1,263,555
2005	657,829	123,212	534,617	260,000	69,173	1.62	2,642,218	1,387,179	1,255,039
2006	633,028	124,002	509,026	275,000	57,212	1.53	2,711,597	1,299,419	1,412,178
2007	472,666	115,578	357,088	900,000	90,537	0.36	2,574,196	1,469,253	1,104,943
2008	-	-	-	-	-	-	2,689,856	1,469,475	1,220,381
2009	-	-	-	-	-	-	2,650,728	1,531,910	1,118,818
2010	-	-	-	-	-	-	2,738,892	1,502,013	1,236,879
2011	-	-	-	-	-	-	3,253,856	1,669,074	1,584,782
2012	-	-	-	-	-	-	3,357,926	1,614,529	1,743,397

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating Expenses do not include interest, depreciation, amortization, and other post employment benefit expenses.

The Sales Tax Revenue Bonds are backed by 50% of the sales tax collected in the Capital Improvement Fund.  
 The SRF Loans are backed by 100% of all sales tax collected in the Capital Improvement Fund.

All of the outstanding Water Revenue Bonds were called and paid off in 2008.

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State Revolving Fund Loans (cont)			Sales Tax Revenue Bonds			
Debt Service			Net	Debt Service		
Principal	Interest	Coverage	Available	Principal	Interest	Coverage
			Revenue			
533,954	215,005	1.67	-	-	-	-
556,972	191,988	1.69	2,384,212	160,000	73,115	-
580,996	167,964	1.68	2,684,472	310,000	296,176	4.43
643,235	177,985	1.72	2,776,313	465,000	377,296	3.30
671,977	142,117	1.36	2,845,942	535,000	433,257	2.94
633,505	157,523	1.54	5,865,987	555,000	417,415	6.03
343,481	148,618	2.27	5,748,865	570,000	399,890	5.93
342,063	285,891	1.97	6,006,708	595,000	381,230	6.15
287,401	129,845	3.80	6,289,668	610,000	360,545	6.48
183,666	121,241	5.72	6,800,967	725,000	218,668	7.21

Statistics (Unaudited)

**Table 15**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Per Capita Income (1)	Median Age (1)	Education in Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
2003	20,237	19,577	35.3	12.9	3,839	4.2%
2004	20,237	19,577	35.3	12.9	3,777	4.1%
2005	20,237	19,577	35.3	12.9	3,831	3.7%
2006	20,237	19,577	35.3	12.9	3,816	3.3%
2007	20,237	19,577	35.3	12.9	3,734	3.0%
2008	20,237	19,577	35.3	12.9	3,777	4.1%
2009	20,237	19,577	35.3	12.9	3,708	5.5%
2010	21,482	24,134	36.6	13.0	3,687	4.7%
2011	21,482	24,134	36.6	13.0	3,743	4.4%
2012	21,482	24,134	36.6	13.0	3,876	4.0%

DATA SOURCE:

- (1) U.S. Dept of Commerce, Bureau of Census  
 Education: U.S. Department of Commerce, Bureau of Census  
 (Update every 10 years)

2000 Census detail data presented as follows:

25 years and over-years of school completed:

- Elementary through 8th grade - 1,246
- 9th through 12th grade, no diploma - 1,156
- High school graduate - 6,242
- Some college, no degree - 3,404
- Associates Degree - 1,248
- Bachelor's Degree - 2,286
- Graduate or professional degree - 796

2010 Census detail data presented as follows:

25 years and over-years of school completed:

- Elementary through 8th grade - 763
- 9th through 12th grade, no diploma - 500
- High school graduate - 4,801
- Some college, no degree - 2,970
- Associates Degree - 1,374
- Bachelor's Degree - 2,748
- Graduate or professional degree - 722

Median level shown is an estimate based on a weighted average of the 2000 and 2010 Census figures

- (2) Annual School Census by the Board of Education. (Kindergarten through Grade 12-Public Schools only- does not include Private or Vocational School)
- (3) South Dakota Labor Bulletin.

Statistics (Unaudited)

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**Table 16**  
**Principal Employers**  
**Current Year and Ten Years Ago**

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employed	Employees	Rank	Percentage of Total City Employed
Watertown School District	835	1	3.89%	835	1	4.13%
Angus Palm	578	2	2.69%	342	6	1.69%
Terex Utilities	520	3	2.42%	363	5	1.79%
Prairie Lakes Healthcare System	483	4	2.25%	560	3	2.77%
Premier Bankcard	350	5	1.63%	610	2	3.01%
City of Watertown	343	6	1.60%	330	7	1.63%
HyVee	310	7	1.44%	-	-	-
Walmart Supercenter	310	8	1.44%	425	4	2.10%
OEM Worldwide	300	9	1.40%	-	-	-
Jenkins Living Center	248	10	1.15%	205	9	1.01%
Dakota Sioux Casino	-	-	-	200	10	0.99%
Oak Valley Farms	-	-	-	256	8	1.27%
<b>Total</b>	<b>4,277</b>		<b>19.91%</b>	<b>4,126</b>		<b>20.39%</b>

Source: Focus Watertown

Statistics (Unaudited)

**Table 17**  
**Full-Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Full-Time Equivalent Employees as of December 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
Mayor/City Council	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Attorney	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Finance	6.50	7.74	7.50	7.50	7.50	7.58	7.69	7.53	7.58	7.00
Information Technology	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering	4.73	4.58	4.58	4.60	5.60	5.60	5.34	5.63	7.36	7.41
<b>Public Safety</b>										
Police	34.06	34.06	34.06	35.06	40.06	40.06	41.06	41.25	41.56	42.01
E-911	8.00	8.50	8.50	8.50	9.00	9.40	10.00	9.80	12.80	12.80
Fire/Ambulance	29.00	29.00	29.00	29.00	32.00	32.00	34.00	37.00	34.00	37.00
<b>Public Works</b>										
Public Works Director	3.20	1.70	2.02	2.06	2.06	2.06	2.06	2.06	-	-
Streets	13.87	12.44	13.87	14.03	14.08	14.12	13.96	13.92	14.26	12.77
Cemetery	3.20	2.98	2.96	2.90	2.92	3.11	3.13	3.08	3.08	3.13
Building Services	-	-	-	-	-	-	-	5.48	4.48	4.47
<b>Health and Welfare</b>										
Animal Control	1.00	1.23	1.23	1.23	1.30	1.22	1.40	1.40	1.40	-
<b>Culture and Recreation</b>										
Park and Recreation	48.56	48.32	46.51	47.06	55.52	53.77	55.50	54.64	54.09	50.97
Community Recreation Center	13.13	13.87	14.72	14.72	14.37	13.48	14.98	14.59	14.63	14.38
Forestry	3.07	3.07	3.08	3.08	3.08	2.93	2.93	2.93	2.93	2.84
Library	13.84	13.84	13.94	12.94	12.94	12.94	12.94	12.94	12.94	11.49
<b>Conservation &amp; Development</b>										
Sioux River Watershed Project	2.75	2.75	2.75	2.75	2.75	3.75	2.70	2.72	2.65	1.62
Terry Redlin Freshwater Institute	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Planning and Zoning	-	3.00	4.24	4.86	5.65	5.62	5.52	-	-	-
Urban Renewal	0.68	0.68	0.68	0.68	0.75	0.48	0.37	0.40	0.40	0.20
<b>Wastewater</b>										
Wastewater	14.62	14.62	14.62	14.62	14.50	14.50	14.50	14.50	14.50	14.50
<b>Refuse Collection</b>										
Refuse Collection	16.25	16.25	16.50	16.50	16.50	16.50	16.69	16.69	16.64	16.62
<b>Airport</b>										
Airport	2.67	3.67	2.67	2.67	2.34	3.06	3.00	3.75	4.08	4.04
<b>Electric</b>										
Electric	31.00	31.00	31.00	31.00	31.00	33.00	33.00	32.00	30.00	31.00
<b>Gas</b>										
Gas	14.00	15.00	15.00	15.00	15.00	14.00	14.00	14.00	14.00	15.00
<b>Water</b>										
Water	13.00	13.00	13.00	13.00	14.00	17.00	16.00	17.00	18.00	16.00

Source: City Departments

City of Watertown  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2012

Statistics (Unaudited)

**Table 18**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Police</b>										
Physical Arrests	569	1,046	1,367	2,108	2,189	2,049	1,864	1,913	2,205	2,148
Accidents	1,059	1,084	1,063	904	939	775	855	875	860	793
Traffic Violations	826	1,202	1,470	2,260	2,783	2,052	1,925	1,435	1,305	1,411
<b>Fire</b>										
Emergency Responses	1,571	1,588	1,696	1,725	1,626	1,706	1,804	1,839	1,857	2,185
Fire Calls	278	484	426	387	483	691	597	392	385	485
Inspections	230	469	185	286	174	297	607	617	285	342
<b>Solid Waste</b>										
Refuse Deposited (tons per day)	94	102	99	102	104	106	111	121	123	137
Recyclables collected (tons per day)	4	5	2	2	2	2	2	2	2	2
<b>Other Public Works</b>										
Crack Sealed Streets (blocks)	120	110	168	123	40	38	0	0	0	0
Seal Coat Streets (blocks)	160	80	186	165	138	154	148	130	128	145
Street Resurfacing (blocks)	62	38	55	50	51	54	36	51	58	44
<b>Parks and Recreation</b>										
Community Center Memberships	4,335	4,257	4,304	4,274	4,337	4,485	4,597	4,573	4,614	4,971
Participants in Youth Programs	5,640	7,281	4,920	5,922	4,961	5,568	4,477	4,547	4,740	5,305
<b>Library</b>										
Items in Collection	85,325	85,693	86,391	87,582	89,578	98,154	100,012	101,430	110,209	110,923
Total Items Loaned	213,579	207,321	192,115	195,524	196,798	234,366	271,589	261,058	263,643	228,680
<b>Wastewater</b>										
Avg sewage treatment (mill gal per day)	2.52	2.77	2.73	2.36	3.17	3.00	3.27	3.60	3.99	2.42
<b>Airport</b>										
Boardings per year	7,888	8,735	8,975	5,920	5,131	4,804	4,609	7,576	8,924	5,679

Source: City Departments

Statistics (Unaudited)

**Table 19**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	11	12	12	13	14	14	14	15	14
Fire Stations	1	1	1	1	1	1	1	1	2	2
Refuse collection										
* Collection Trucks		8	9	9	9	9	9	9	8	7
Other public works										
*** Streets (miles)			148	151	154	157	157	158	158	163
Streetlights	2144	2209	2316	2420	2546	2616	2684	2691	2676	2688
* Traffic signals		26	26	26	26	26	37	39	39	39
Parks and Recreation										
* Acreage		486	486	486	486	486	486	486	631	631
** Derby Downs clubhouse & arena (acres)			80	80	80	80	80	80	80	80
* Playgrounds		19	19	19	19	19	21	21	21	21
* Baseball/softball fields		25	25	25	25	25	25	25	18	18
* Soccer/football fields		12	12	12	12	12	12	12	16	16
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Airport										
Runways	2	2	2	2	2	2	2	2	2	2

Source: City Departments

Notes:

- \* Statistical data not available prior to 2004
- \*\* Derby Downs was transferred into the Parks and Recreation in 2005
- \*\*\* Corrected number based on Department of Transportation miles used in Geographic Information System



**WILLIAM NEALE & CO., P.C.**

Certified Public Accountants

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

To the City Council  
City of Watertown, 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 City of Watertown, South Dakota (City) as of December 31, 2012 and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 17, 2013. Our report includes a reference to other auditors who audited the financial statements of The Housing and Redevelopment Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

## 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 City'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.

*William Neale & Co., P.C.*

Watertown, South Dakota  
June 17, 2013



# **WILLIAM NEALE & CO., P.C.**

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the City Council  
City of Watertown, South Dakota

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Watertown, South Dakota (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

The City's basic financial statements include the operations of The Housing and Redevelopment Commission, which received \$613,724 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2012. Our audit, described above, did not include the operations of The Housing and Redevelopment Commission because The Housing and Redevelopment Commission engaged other auditors to perform an audit in accordance with OMB Circular A-133.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

## Opinion on Each Major Federal Program

In our opinion, the City of Watertown, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

## Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

*William Neale & Co., P.C.*

Watertown, South Dakota  
June 17, 2013

**CITY OF WATERTOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2012**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures Amount 2012</u>
Department of Housing & Urban Development:			
Direct Federal Funding:			
Economic Development Initiative -- Special Project, Neighborhood Initiative & Miscellaneous Grants	14.251	B-08-SP-SD-0570	\$ <u>34,835</u>
Department of Justice:			
Indirect Federal Funding:			
SD Office of Attorney General, Recovery Act -- Internet Crimes Against Children Task Force Program (ICAC)	16.800	--	<u>1,107</u>
Direct Federal Funding:			
Bureau of Justice Assistance, Bulletproof Vest Partnership Program	16.607	--	1,980
Office of Community Oriented Policing Services: Public Safety Partnership & Community Policing Grants	16.710	2011UMWX0169	<u>51,702</u>
			<u>53,682</u>
Total Department of Justice			<u>54,789</u>
Department of Transportation:			
Indirect Federal Funding:			
SD Department of Transportation, Highway Planning & Construction	20.205	EM 8015(36) PCN 010D	13,186
SD Department of Public Safety, Office of Highway Safety, State & Community Highway Safety	20.600	NHTSA 2012-47-46	12,217
	20.600	NHTSA 2013-27-64	3,085
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	NHTSA 2013-27-64	<u>9,304</u>
			<u>37,792</u>
Direct Federal Funding:			
Airport Improvement Program -- Major Program	20.106	3-46-0058-23-10	20,202
	20.106	3-46-0058-24-10	6,314
	20.106	3-46-0058-25-11	7,158,569
	20.106	3-46-0058-26-12	<u>682,517</u>
			<u>7,867,602</u>
Total Department of Transportation			<u>7,905,394</u>

**CITY OF WATERTOWN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2012**  
**(Continued)**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures Amount 2012</u>
General Services Administration:			
Indirect Federal Funding:			
SD Federal Property Agency, Donation of Federal Surplus Personal Property - Note 2	39.003	--	<u>778</u>
National Endowment for the Humanities:			
Direct Federal Funding:			
Promotion of the Humanities – Public Programs	45.164	--	<u>750</u>
Environmental Protection Agency:			
Indirect Federal Funding:			
SD Department of Environment and Natural Resources, Nonpoint Source Implementation Grant	66.460	C9-99818508-0	45,203
	66.460	C9-99818512-0	<u>101,519</u>
Total Environmental Protection Agency			<u>146,722</u>
Department of Health & Human Services:			
Indirect Federal Funding:			
SD Department of Health, Community Transformation Grants	93.531	12CTG07	<u>12,750</u>
Homeland Security:			
Indirect Federal Funding:			
SD Department of Public Safety, Office of Emergency Management, Emergency Management Performance Grants	97.042	--	436
SD Department of Public Safety, Office of Homeland Security, Homeland Security Grant Program	97.067	--	70,012
SD Department of Public Safety, Office of Homeland Security, Pass Through Codington County, Homeland Security Grant Program	97.067	--	<u>51,754</u>
			<u>122,202</u>

**CITY OF WATERTOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2012  
(Continued)**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures Amount 2012</u>
Direct Federal Funding:			
Assistance to Firefighters Grant	97.044	EMW-2007-FF-00453	12,665
Transportation Security Administration, Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0208HSLR017	<u>22,851</u>
			<u>35,516</u>
Total Homeland Security			<u>157,718</u>
GRAND TOTAL - Note 3			<u>\$ 8,313,736</u>

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the municipality and is presented on the modified accrual/full accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the municipality.

Note 3: The amount only includes the federal expenditures of the City of Watertown, the primary government, and does not include the federal expenditures of the Watertown Housing and Redevelopment Commission, a component unit of the City of Watertown.

**CITY OF WATERTOWN**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2012**

**PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS**

The prior audit report disclosed no written audit findings.

**PRIOR OTHER AUDIT FINDINGS**

The prior audit report disclosed no written audit findings.

**CITY OF WATERTOWN**  
**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2012**

**A. SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

1. An unqualified opinion was issued on the financial statements of each opinion unit.
2. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.
3. Our audit did not disclose any noncompliance which was material to the financial statements.

**Federal Awards**

4. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
5. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
6. The federal awards tested as a major program was Airport Improvement Program (20.106).
7. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
8. The City of Watertown did qualify as a low-risk entity.

**B. CURRENT FEDERAL COMPLIANCE AUDIT FINDINGS**

There are no written current federal compliance audit findings to report.

**C. CURRENT OTHER AUDIT FINDINGS**

There are no written current other audit findings to report.



JUL 06 2015

Division of Financial  
& Technical Assistance

# Solid Waste Management Program Application

Applicant

Proposed Funding Package

City of Yankton

SWMP Funds: \$750,000

Address

Local Cash: \_\_\_\_\_

PO Box 176

Other: \_\_\_\_\_

Yankton, South Dakota 57078

Other: \_\_\_\_\_

Phone Number (605) 665-5221

Other: \_\_\_\_\_

Total Project Cost: \$750,000

Project Title: Transfer Station Entrance Reconfiguration and Scale Replacement

Description:

The City of Yankton in operates a multi faceted solid waste and recycling facility. Current operations include a Solid Waste Transfer Station, Recycling Center, and Type IIA Restricted Use Site as permitted by the South Dakota Department of Environment and Natural Resources. Activity at the facility has greatly exceeded original estimates resulting in numerous improvements to include expansion of the principal structure for recycling efforts and development of a yard waste composting program. Unfortunately, one critical improvement remains and it is the project before you. Access to the facility was not configured to effectively handle current traffic volumes. A bottleneck occurs at the scale, a scale which has exceeded its service life and is in need of replacement. While replacement of the weigh scale is a critical element within the proposed project, a reconfiguring of the facility's public access routes is as important.

The City of Yankton respectfully request grant and loan funds to assist in replacing a weigh scale in conjunction with implementing a new public ingress and egress routes. Preliminary local discussions and funding estimates have determined a 50/50 grant to loan ratio would be a favorable funding package thereby enabling the City to improve it transfer station operations while retaining a competitive pricing structure.

The Applicant certifies that:

I declare and affirm under the penalties of perjury that this application has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.

Dave Carda, Mayor

Name and Title of Authorized Signatory (Typed)

*Dave Carda for Dave Carda*  
Signature Date

## Professional Contacts:

**Application Prepared By:** Planning and Development District III

Contact Person: Brian McGinnis  
Mailing Address: PO Box 687  
City, State, and Zip: Yankton, South Dakota 57078  
Telephone Number: (605) 665-4408 Fax: (605) 665-0303  
Email address: brian.mcginis@districtiii.org

**Consulting Engineering Firm:** Banner Associates, Inc

Contact Person: Rich Uckert, PE  
Mailing Address: 14 West Main #A  
City, State, and Zip: Vermillion, South Dakota 57069  
Telephone Number: (855) 323-6342 Fax: (605) 692-5714  
Email address: richu@bannerassociates.com

**Legal Counsel's Firm:** DenHerder and Hosmer Law Office

Legal Counsel: Ross DenHerder  
Mailing Address: 329 Broadway  
City, State, and Zip: Yankton, South Dakota 57078  
Telephone Number: (605) 665-0494 Fax: (605) 260-2222  
Email address: rossdenherder@dhlaw.com

**Finance Office:** City Manger  
Contact Person: Amy Nelson  
Mailing Address: PO Box 176  
City, State, and Zip: Yankton, South Dakota 57078  
Telephone Number: (605) 668-5221 Fax: (605) 668-5265  
Email address: anelson@cityofyankton.org

## BUDGET SHEET

Cost Classification	A	B	C	D	E	Total Funds
	SWMP Funds					
1. Administrative Expenses						
A. Personal Services						
B. Travel						
C. Legal						
D. Other						
2. Land, Structure, Right of Way						
3. Engineering						
A. Planning & Design Fees	\$42,000					\$42,000
B. Project Inspection Fees	\$21,000					\$21,000
C. Other	\$2,000					\$2,000
4. Construction & Project Improvements	\$685,000					\$685,000
5. Equipment						
6. Contractual Services						
7. Other						
8. Other						
9. Subtotal (Lines 1- 8)	\$750,000					\$750,000
10. Contingencies						
11. Total (Lines 9 - 10)	\$750,000					\$750,000
12. Total Percentage	100.00%	0.00%	0.00%	0.00%	0.00%	

Columns A - E: Identify each funding source and enter the amounts budgeted by cost category.

## Proposed Method of Financing

	Secured Funds	Unsecured Funds	Date
SWMP Funds		\$750,000.00	9/2015
Local Cash			
Other:			
Other:			
Other:			
<b>Total</b>		\$750,000.00	

Interest rate and term you are applying for: 2.25 %, 10 years.

What security is being pledged toward the repayment of this loan?

***(Political Subdivisions Only)***

- 1. General Obligation bond (requires bond election)
- 2. Revenue Obligation bond
- 3. Sales Tax Revenue bond

### Other Funds to be Borrowed

	Amount	Rate	Term	Annual Debt Service	Security Pledged for Repayment	**Collateral Position
*Other:		0%				
*Other:		0%				
*Other:		0%				

**\*Please attach copies of commitment letters that contain specific terms and conditions for each source of financing.**

**\*\*Please attach collateral information such as cost, book, and market values.**

Applicant Type Municipality

Fiscal Year Ends December 31st

Population Served

Current: 14,591      2010: 14,466      2000: 13,504

Estimated date construction or acquisition will commence: October 1, 2015

Estimated completion or acquisition and installation date: September 30, 2016

\*\*Estimated Useful Life of Project: 40 years

**\*\*The term of the loan cannot exceed the useful life of project**

**Demographic Area**

Identify and briefly describe the current area that is served and identify any new areas to be served as a result of this project.

The Yankton Transfer Station and Recycling Center primarily serves the residents of the City and Yankton County. Since the facility is open to the public, customers from the surrounding area to include eastern Bon Homme, southern Hutchinson, and western Clay County have utilized the disposal and recycling options.

**Services Provided**

Describe the current services provided and identify any additional service as a result of this project.

Current operations include a Solid Waste Transfer Station, Recycling Center, and Type IIA Restricted Use Site. In addition to accepting household waste for transfer to the Vermilion Subtitle D Disposal Facility, drop off recycling options are offered to the public. Recycling operations include standard recyclables such as cardboard, newsprint, plastics; Although, as of May 2015 glass containers have been accepted for recycling.

Yard waste is also collected and composted for use by the City and general public. Tree branches and scrap lumber to include pallets are also collected then chipped for use as landscaping mulch. Wood waste not acceptable for chipping is burned as needed. Infrastructure is also in place to accomodate waste oil and scrap metal recycling.

Describe how the services or products provided with this project will assist in promoting the goals of the Solid Waste Management Hierarchy, which are identified on page 4 of the instructions.

The proposed project directly promotes three of the four items within the Solid Waste Management Hierarchy. Reconfiguring the public access in conjunction with relocation and replacement of the weigh scale will promote increased recycling efforts by streamlining access to the facility. Increased participation in drop off recycling activities promotes recycling and reuse. While disposal in landfills is the least favorable of the priorities it remains the most economical and effective method of waste disposal in the region.

Improvements as proposed to the Yankton Transfer Station will most certainly assist the State in promoting the top two criteria in the Solid Waste Hierarchy. Replacement of the scale coupled with a reconfigured access will most certainly streamline the operation thereby facilitating greater usage resulting in an increase in recycling efforts.

**Status report for all existing Solid Waste Management Program grants or loans**

Grant/Loan #	Status
2005L-RLA-106	In repayment at \$9,705.57 semi-annually with 06/01/2025 pay off
2005L-RLA-106-2	In repayment at \$2,304.82 semi-annually with 06/01/2026 pay off

**If applicable, list the top three products that comprise the applicant's sales.**

Name	City, State, & Phone	Products	% of Sales
Janssen's Garbage Service	4309 East Hwy. 50 Yankton, SD 57078 (605) 665-9771	Business/Household Waste	29.0%
Art's Garbage Service	311 West 12th Street, Yankton SD 57078 (605) 665-8990	Business/Household Waste	26.6%
City of Yankton	PO Box 176, Yankton, SD 57078 (605) 668-5212	Household/Municipal Waste	14.2%

**If applicable, list the top three principal competitors and their current market share within the industry.**

Name	City, State, & Phone	Products	% of Market Share
Sioux Falls Landfill	Sioux Falls, SD (605) 367-8162	Solid Waste	25%
SMRWMD Landfill	Lake Andes, SD (605) 487-9542	Solid Waste	10%
LP Gill Landfill	Jackson, NE (402) 632-4461	Solid Waste	25%

**List all current debt pledged to the same proposed security for repayment of loan.**

Purpose of Debt	Transfer Station Building and Recycling Center Expansion	Transfer Station			
Year Debt acquired	2005	2005			
Security Pledged	Revenues	Revenues			
Amount Borrowed	\$285,000.00	\$67,680.00			
Maturity Date (mmm/yyyy)	06/2025	06/2026			
Debt Holder	First National Bank/ SDDENR	First National Bank/ SDDENR			
Debt Coverage Requirement	100%	100%			
Annual Required Payment	\$19,411.14	\$4,609.64			
Outstanding Balance	\$166,631.41	\$36,122.31			
Term	20	20			
Rate	3.00%	3.00%			

**Please use additional sheets if necessary.**

**Property Tax Information:**

**(Complete this section only if General Obligation Bond is pledged to repay your loan)**

Three year valuation trend:

Year	_____	_____	_____
Assessed Valuation	_____	_____	_____
Full & True Valuation	_____	_____	_____

Three year levies and collection trend:

Year	_____	_____	_____
Amount Levied	_____	_____	_____
Collected	_____	_____	_____
Penalties/Interest	_____	_____	_____
Late Payments	_____	_____	_____

Five Largest Taxpayers

Description

Assessed Valuation

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Additional Comments:





**Joint Powers Solid Waste Advisory Board**  
**Bob Iverson, Solid Waste Director**  
**25 Center Street • Vermillion, SD 57069**  
**Ph: (605) 677-7076**

**RECEIVED**

**JUN 26 2015**

Dept. of Environment and  
Natural Resources  
Waste Management

June 23, 2015

SD DENR  
Joe Foss Building  
523 E. Capitol  
Pierre, SD 57501

To whom it may concern:

On behalf of the Joint Powers Board formed by the Cities of Vermillion and Yankton and the counties of Clay and Yankton, it is my pleasure to write a letter of support for the scale and site improvements at the City of Yankton's Solid Waste Facility Transfer Station. As the City of Vermillion and the City of Yankton work cooperatively to become part of a greater, more sustainable community, projects like this take on increased importance.

The City of Yankton's existing scale is beyond its useful life. The Transfer Station needs to be upgraded to create an easier transaction for the public. It will be easier and safer to utilize the Yankton Solid Waste Transfer facility with the upgrade.

The Joint Powers Board reviewed the project and grant proposal at their June 18, 2015 meeting. The Board unanimously voted to support the project. The Joint Power Board supports the efforts to seek external funding for scale site improvements at the City of Yankton's Solid Waste Facility. We eagerly anticipate the completion of this project.

Sincerely,

Phyllis Packard  
Joint Powers Board Chair

**City of Yankton**  
**Transfer Station and Recycling Center Improvements**  
**Solid Waste Management Program**  
**Attachments**

- 1. Application Checklist**
- 2. Executive Summary**
- 3. Financial Documents**

- a) 2015 Solid Waste Budget
- b) 2011-2012 Audit and 2013 Audit Pages
- c) Amortization Schedules

- 4. Planning and Legal Documents**

- a) Authorizing Resolution
- b) Solid Waste Rate Resolution
- c) Joint Powers Agreement
- d) Letters of Support

# Application Checklist

## Items that are part of the application

YES   N/A

Application signed by authorized signatory - page 1	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Professional contacts completed - page 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Budget sheet completed - page 3	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Proposed method of financing completed - page 4	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Applicant information completed - pages 5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Status of existing SWMP grants or loans completed - page 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Debt pledge by proposed security completed - page 7	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Property tax information completed - page 8	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sales tax information completed - page 9	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Items that must be attached to the application

\*\*All applications must include items in bold

**Note: Proprietary Fund information for government entities is sufficient.**

<b>**Project narrative that includes all applicable information such as detailed scope of the project, engineering reports, or cost estimates.</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>**Current year budget with most recent revenue, expenditures reports and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>**Previous two years of unaudited or audited financial statements and corresponding fee structure</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Amortization Schedules for all debt pledged to proposed security	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Local government resolution approving signatory of application, agreements, pay requests, and other required documents as needed for funding	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Local government resolution approving current fee structure for Solid Waste Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cooperative agreement with local government unit	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Letters of financial commitment or support from other federal, state, or local agencies or private resources (letters must contain the specific terms or conditions)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### Private for-profit entities only

Business Plan	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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## **Yankton Transfer Station and Recycling Center Executive Summary**

Yankton's Transfer Station and Recycling Center serves Yankton County to include rural areas and the communities of Gayville, Lesterville, Mission Hill, Utica, and Yankton. In addition, the facility accepts waste generated at the nearby State and Federal Recreation Areas. These areas host over one million visitors annually, thereby, contributing a significant volume of waste and recyclables. Solid waste from the aforementioned region is unloaded then prepared for transport and disposal at the Vermillion Landfill, a Joint Power's asset. Recycling operations remain in house with processing and marketing completed on site.

Yankton's facility lies in the center of four other regional landfills; Southern Missouri (60 miles west), Mitchell (90 miles northwest), Sioux Falls (90 miles northeast) and Jackson, Nebraska (62 miles due Southeast). These landfills are best described as competitive with tipping fees averaging \$8.50 less than the Joint Power's fees which currently range from \$45 to \$54 per ton. The proximity of these operations coupled with their competitive pricing forces Yankton to operate with greater efficiency thus striving to provide its customers a quick turnaround and reduced operating costs. Absent mandated flow control, waste haulers are able to select their preferred disposal facility. At this time, Yankton is the preferred option when calculating tipping fees, transportation costs, and time. Of course, as with any market, shifts of a single variable may modify the hauling and disposal market. For this reason, the City of Yankton must keep operating costs low, efficiencies high, and tipping fees competitive.

The City of Yankton respectfully requests Solid Waste Management Program grant and loan funds to accomplish two separate yet complimentary actions. Due to current waste and recycling volumes, a reconfiguration of the facility's ingress and egress must be completed to ease access to the facility. The timing to move forward with a new site layout is prompted by a critical need, replacement of the existing weigh scale. The current scale has exceeded its service life and is no longer able to be serviced. The City recognizes such equipment constitutes operation and maintenance expenses therefore replacement was budgeted. Unfortunately, due to other unforeseen expenses, money set aside for scale replacement comprises the Joint Powers reserve funds. Accessing these funds at this time would jeopardize the entire solid waste and recycling operation; a risk which is deemed too great.

Scale replacement was scheduled for 2015-2016; although, upon receipt of inspection reports from the manufacturer the timetable was accelerated to "as soon as practicable". Prior to moving forward with a scale replacement, City staff with assistance from Banner Engineering determined that relocation of the scale and reconfiguration of access routes would best be accomplished concurrently. Placing the scale further from the main entrance allows for a greater stacking distances on site and out of the public right-of-way thereby greatly increasing safety. Currently all traffic must cross the scale resulting in delays and frustration. As proposed, the new layout will facilitate better traffic flow by allowing those accessing composting and recycling areas to bypass the scale thus reducing wait times and increasing efficiencies.

The proposed project facilitates increased recycling operations while streamlining solid waste disposal processes. A positive funding package will enable the disposal rates to remain competitive and ensure a long life for the facility

*Handwritten notes:*  
 1-2-15 2015  
 2-7-15

	ADOPTED BUDGET	YTD THRU MAY31 REVISED BUDGET	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
637 JOINT POWER						
3340 STATE GRANT	0.00	0.00	0.00	0.00	0.00	0
3341 STATE GRANT/RECYCLING ADDITN	0.00	0.00	0.00	0.00	0.00	0
3610 INTEREST	1,000.00	416.60	144.62	432.88	16.28-	103
3612 SALE OF FIXED ASSETS	0.00	0.00	0.00	0.00	0.00	0
3614 STATE LOAN/RECYCLING ADDITN	0.00	0.00	0.00	0.00	0.00	0
3615 MISC REIMBURSMENTS	0.00	0.00	109.98	109.98	109.98-	9999
3640 COMPENSATION LOSS & DAMAGE	0.00	0.00	0.00	0.00	0.00	0
3815 MISC REIMBURSMENTS	0.00	0.00	0.00	0.00	0.00	0
3822 CASH LONG	0.00	0.00	0.00	0.00	0.00	0
3830 YARD WASTE	0.00	0.00	0.00	0.00	0.00	0
3840 MISCELLANEOUS - NON TAXABLE	100.00	41.66	0.00	1,882.03	1,840.37-	4517
3850 RUBBLE	50,000.00	20,830.00	4,226.50	17,445.50	3,384.50	83
3860 LANDFILL TRANSFER FEES	850,000.00	354,110.00	83,519.48	374,091.38	19,981.38-	105
3870 SCRAP METALS	5,000.00	2,083.00	383.30	1,438.52	644.48	69
3871 PLASTIC	0.00	0.00	0.00	0.00	0.00	0
3872 ALUMINUM	7,000.00	2,916.20	494.52	2,208.80	707.40	75
3873 NEWSPAPER	8,000.00	3,332.80	1,297.83	3,249.67	83.13	97
3874 CARDBOARD	21,000.00	8,748.60	1,445.82	7,148.63	1,599.97	81
3878 COUNTY CONTRIBUTION-RECYCLE	0.00	0.00	0.00	0.00	0.00	0
3879 RECYCLING TIPPING FEE	65,000.00	27,079.00	5,435.73	25,243.44	1,835.56	93
3894 OTHER OPERATIONL-SOLID WASTE	0.00	0.00	0.00	0.00	0.00	0
3895 OTHER NON-OPERATIONAL - S.W.	0.00	0.00	0.00	0.00	0.00	0
<b>TOTAL: JOINT POWER</b>	<b>1,007,100.00</b>	<b>419,557.86</b>	<b>97,057.78</b>	<b>433,250.83</b>	<b>13,692.97-</b>	<b>103</b>

	YTD THRU MAY31 REVISED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT	
637	JOINT POWER						
637	JOINT LANDFILL						
	PERSONAL EXPENSES						
101	WAGES	70,246.70	0.00	11,824.06	57,346.76	12,899.94	81
102	TEMPORARY WAGES	1,874.70	0.00	0.00	0.00	1,874.70	0
103	OVERTIME	7,498.80	0.00	1,476.24	5,167.79	2,331.01	68
111	FICA	6,091.11	0.00	975.81	4,615.73	1,475.38	75
121	RETIREMENT	4,664.67	0.00	798.01	3,750.88	913.79	80
131	WORKERS COMPENSATION	1,516.01	0.00	0.00	3,078.00	1,561.99	203
132	INSURANCE	17,859.23	0.00	2,473.43	12,265.43	5,593.80	68
133	UNEMPLOYMENT INSURANCE	185.80	0.00	17.29	228.84	43.04	123
135	OPEB EXPENSE	0.00	0.00	0.00	0.00	0.00	0
TOTAL:	PERSONAL EXPENSES	109,937.02	0.00	17,564.84	86,453.43	23,483.59	78
	OPERATING EXPENSES						
201	INSURANCE POLICIES	7,103.86	0.00	0.00	15,638.01	8,534.15	220
202	PROFESSIONAL SERVICES & FEES	7,082.20	0.00	63.83	2,165.86	4,916.34	30
203	AUDIT	0.00	0.00	0.00	0.00	0.00	0
204	PROFESSIONAL-LEGAL	0.00	0.00	0.00	0.00	0.00	0
206	COST OF SERVICE PROVIDED	116,648.00	0.00	26,760.45	82,730.21	33,917.79	70
211	PUBLISHING & ADVERTISING	124.98	0.00	0.00	0.00	124.98	0
212	RENTAL	208.30	0.00	0.00	0.00	208.30	0
219	LANDFILL HAULING FEE	0.00	0.00	0.00	0.00	0.00	0
220	LABOR, EQUIP & MAT'L CHARGES	4,999.20	0.00	2,097.19	11,996.58	6,997.38	239
221	EQUIPMENT REPAIR & MAINT.	2,499.60	0.00	0.00	1,923.69	575.91	76
222	MOTOR VEHICLE REPAIR & MAINT	8,332.00	0.00	80.29	94.29	8,237.71	1
223	BUILDING REPAIR & MAINT.	5,832.40	0.00	6,074.00	8,859.87	1,027.47	151
224	MOTOR VEHICLE FUEL & SUPPLY	80,820.40	0.00	6,053.79	40,267.18	40,553.22	49
231	POSTAGE	208.30	0.00	58.61	166.28	42.02	79
232	OFFICE SUPPLIES	833.20	0.00	118.67	778.99	54.21	93
234	COPY SUPPLIES	20.81	0.00	8.10	42.66	21.85	204
240	OPERATING SUPPLIES & MAT.	1,041.50	0.00	0.00	502.78	538.72	48
241	AGRICULTURAL SUPPLIES	41.66	0.00	0.00	0.00	41.66	0
244	UNIFORMS	145.79	0.00	0.00	0.00	145.79	0
247	SMALL TOOLS & HARDWARE	104.13	0.00	0.00	16.99	87.14	16
265	TRAVEL & TRAINING	208.30	0.00	0.00	0.00	208.30	0
271	TELEPHONE	454.07	0.00	61.83	233.25	220.82	51
272	ELECTRICITY	3,332.80	0.00	547.23	2,311.79	1,021.01	69
273	HEATING FUEL - GAS	6,249.00	0.00	617.49	7,868.68	1,619.68	125
274	WATER	593.65	0.00	163.80	634.88	41.23	106
275	WW SERVICE	249.96	0.00	102.76	390.80	140.84	156
276	LANDFILL	83.32	0.00	16.63	66.52	16.80	79
291	DEPRECIATION	42,339.06	0.00	9,212.55	46,062.75	3,723.69	108
TOTAL:	OPERATING EXPENSES	289,556.49	0.00	52,037.22	222,752.06	66,804.43	76
320	CAPITAL OUTLAY						
	BUILDING & STRUCTURES	0.00	0.00	0.00	0.00	0.00	0

	YTD THRU MAY31 REVISED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
637	JOINT POWER					
637	JOINT LANDFILL CAPITAL OUTLAY					
350	EQUIPMENT	29,162.00	0.00	24,500.00	88,386.33	59,224.33- 303
390	LANDFILL DEVELOPMENT	10,415.00	0.00	0.00	0.00	10,415.00 0
399	OTHER UNDESIGNATED	0.00	0.00	0.00	0.00	0.00 0
TOTAL:	CAPITAL OUTLAY	39,577.00	0.00	24,500.00	88,386.33	48,809.33- 223
	DEBT SERVICE					
411	INTEREST EXPENSE	0.00	0.00	0.00	0.00	0.00 0
441	BUILDING ADDITION PRINCIPAL	0.00	0.00	0.00	0.00	0.00 0
TOTAL:	DEBT SERVICE	0.00	0.00	0.00	0.00	0.00 0
	OTHER EXPENDITURES					
580	LOSS ON DISP OF ASSET	0.00	0.00	0.00	0.00	0.00 0
586	EQUITY TRANSFR TO VERMILLION	0.00	0.00	0.00	0.00	0.00 0
TOTAL:	OTHER EXPENDITURES	0.00	0.00	0.00	0.00	0.00 0
TOTAL:	JOINT LANDFILL	439,070.51	0.00	94,102.06	397,591.82	41,478.69 90
638	JOINT RECYCLING PERSONAL EXPENSES					
101	WAGES	9,397.66	0.00	1,187.92	5,761.40	3,636.26 61
102	TEMPORARY WAGES	833.20	0.00	0.00	0.00	833.20 0
103	OVERTIME	124.98	0.00	22.27	228.29	103.31- 182
111	OASI	792.35	0.00	92.45	457.74	334.61 57
121	RETIREMENT	571.18	0.00	72.61	359.38	211.80 62
131	WORKERS COMPENSATION	0.00	0.00	0.00	0.00	0.00 0
132	INSURANCE	1,771.38	0.00	297.32	1,486.65	284.73 83
133	UNEMPLOYMENT INSURANCE	33.35	0.00	5.45	26.97	6.38 80
TOTAL:	PERSONAL EXPENSES	13,524.10	0.00	1,678.02	8,320.43	5,203.67 61
	OPERATING EXPENSES					
201	INSURANCE POLICIES	109.98	0.00	0.00	248.64	138.66- 226
202	PROFESSIONAL SERVICES & FEES	6,249.00	0.00	0.00	0.00	6,249.00 0
204	PROFESSIONAL-LEGAL	0.00	0.00	0.00	0.00	0.00 0
206	COST OF SERVICE PROVIDED	18,747.00	0.00	3,238.17	12,607.10	6,139.90 67
211	PUBLISHING & ADVERTISING	416.60	0.00	0.00	0.00	416.60 0
212	RENTAL	0.00	0.00	0.00	0.00	0.00 0
214	TRANSPORTATION TO VERMILLION	1,874.70	0.00	2,290.67-	1,800.00	74.70 96
215	PROCESSING RECYCLABLE	6,249.00	0.00	5,609.69	15,481.36	9,232.36- 247
221	EQUIPMENT REPAIR & MAINT.	520.73	0.00	0.00	0.00	520.73 0
222	MOTOR VEHICLE REPAIR & MAINT	0.00	0.00	0.00	0.00	0.00 0
223	BUILDING REPAIR & MAINT.	208.30	0.00	0.00	0.00	208.30 0
224	MOTOR VEHICLE FUEL & SUPPLY	2,582.92	0.00	144.04	286.12	2,296.80 11
231	POSTAGE	208.30	0.00	0.00	0.00	208.30 0
232	OFFICE SUPPLIES	208.30	0.00	0.00	74.61	133.69 35
234	COPY SUPPLIES	83.32	0.00	0.00	0.00	83.32 0

Expenditure Guideline  
 FOR THE PERIOD(S) JAN 01, 2015 THROUGH MAY 31, 2015

	YTD THRU MAY31 REVISED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
637	JOINT POWER					
638	JOINT RECYCLING					
240	OPERATING EXPENSES					
244	OPERATING SUPPLIES & MAT.	0.00	0.00	0.00	0.00	0
244	UNIFORMS	0.00	0.00	0.00	0.00	0
265	TRAVEL & TRAINING	0.00	0.00	0.00	0.00	0
271	TELEPHONE	0.00	0.00	0.00	0.00	0
272	ELECTRICITY	0.00	0.00	0.00	0.00	0
273	HEATING FUEL-GAS	0.00	0.00	0.00	0.00	0
274	WATER	0.00	0.00	0.00	0.00	0
291	DEPRECIATION	16,809.79	0.00	0.00	0.00	0
TOTAL:	OPERATING EXPENSES	54,267.94	0.00	3,349.77 10,051.00	16,748.85 47,246.68	60.94 87
	CAPITAL OUTLAY					
320	BUILDING & STRUCTURES	85,403.00	0.00	0.00	0.00	0
350	EQUIPMENT	0.00	0.00	0.00	0.00	0
TOTAL:	CAPITAL OUTLAY	85,403.00	0.00	0.00	0.00	0
	DEBT SERVICE					
411	BUILDING ADDITION INTEREST	2,673.74	0.00	3,274.28	3,274.28	600.54- 122
441	BUILDING ADDITION PRINCIPAL	7,333.41	0.00	8,736.11	8,736.11	1,402.70- 119
TOTAL:	DEBT SERVICE	10,007.15	0.00	12,010.39	12,010.39	2,003.24- 120
TOTAL:	JOINT RECYCLING	163,202.19	0.00	23,739.41	67,577.50	95,624.69 41
TOTAL:	JOINT POWER	602,272.70	0.00	117,841.47	465,169.32	137,103.38 77

-----FUND----- 637 JOINT POWER

ACCOUNT	BEGINNING BALANCE	ACTUAL-THIS MONTH	ACTUAL-THIS YEAR	ENDING BALANCE
ASSETS				
-----				
CURRENT ASSETS:				
637.1011	CASH - CHANGE FUND	400.00	0 00	400 00
637.1012	NOW ACCOUNT - 1ST DAKOTA	393,446.93	13,678.31	414,467.50
637.1022	CD'S - 1ST DAKOTA	0.00	0.00	0 00
637.1023	CD'S - HOME FEDERAL	0.00	0.00	0 00
637.1024	CD'S - CORTRUST	0.00	0.00	0 00
637.1025	CD'S - WELLS FARGO BANK	0.00	0.00	0 00
637.1026	CD'S FIRST NATIONAL BANK SD	0.00	0.00	0 00
637.1027	CD'S - NORWEST	0.00	0.00	0 00
637.1030	CASH - RESTRICTED	24,020.78	0.00	24,020.78
637.1031	INVESTMENTS - TREASURY BONDS	0.00	0.00	0 00
637.1311	ACCOUNTS RECEIVABLE	103,873.06	21,911.76CR	63,208.20
637.1312	ASSESSMENT ROLL A/R	0.00	0.00	0 00
637.1313	UNBILLED ACCOUNTS RECEIVABLE	0.00	0.00	0 00
637.1314	ACCOUNTS RECEIVABLE-LANDFILL	0.00	0.00	0 00
637.1321	INTEREST RECEIVABLE	0.00	0.00	0 00
637.1511	ESTIMATED UNCOLL RECEIVABLES	0.00	0.00	0 00
637.1611	DUE FROM OTHER FUNDS	0.00	0.00	0 00
637.1621	DUE FROM OTHER GOVERNMENTS	0.00	0.00	0 00
637.1641	INVENTORY OF SUPPLIES	0.00	0.00	0 00
637.1645	PREPAID INSURANCE	5,451.22	0.00	5,451.22CR
	TOTAL CURRENT ASSETS:	527,191.99	8,233.45CR	5,095.41CR
FIXED ASSETS:				
637.1711	LAND	11,413.63	0.00	11,413.63
637.1721	BUILDINGS AND STRUCTURES	1,352,987.63	0.00	1,352,987.63
637.1731	EQUIPMENT	1,255,724.86	0.00	1,255,724.86
637.1761	CONSTRUCTION WORK IN PROGRES	0.00	0.00	0 00
637.1821	ALLOW FOR DEPR-BLDG & STRUCT	756,152.67CR	4,551.80CR	778,911.67CR
637.1831	ALLOW FOR DEPR - EQUIPMENT	785,807.27CR	8,010.52CR	825,899.87CR
	TOTAL FIXED ASSETS:	1,078,166.18	12,562.32CR	62,811.60CR
	TOTAL ASSETS:	1,605,358.17	20,795.77CR	67,907.01CR
LIABILITIES AND FUND BALANCE				
-----				
CURRENT LIABILITIES:				
637.2011	ACCOUNTS PAYABLE	25,541.81CR	0 00	25,541.81
637.2041	DUE TO OTHER FUNDS	0.00	0.00	0 00
637.2061	ACCRUED INTEREST PAYABLE	545.71CR	0.00	545.71CR
637.2071	ACCRUED WAGES PAYABLE	11,410.46CR	0.00	11,410.46
637.2072	ACCRUED VACATION PAYABLE	18,206.44CR	0.00	18,206.44CR

----FUND---- 637 JOINT POWER

ACCOUNT	BEGINNING BALANCE	ACTUAL-THIS MONTH	ACTUAL THIS YEAR	ENDING BALANCE
637.2073 SALES TAX PAYABLE	0.00	12.08	963.75CR	963.75CR
637.2084 DEFERRED INTEREST RECEIVABLE	0.00	0.00	0.00	0.00
637.2091 BONDS PAYABLE - CURRENT	17,603.27CR	0.00	0.00	17,603.27CR
TOTAL CURRENT LIABILITIES:	73,307.69CR	12.08	35,988.52	37,319.7CR
LONG TERM LIABILITIES:				
637.2111 BONDS PAYABLE - LONG TERM	200,681.78CR	0.00	0.00	200,681.78CR
637.2115 OPEB BEN PAYABLE LONG TERM	17,769.14CR	0.00	0.00	17,769.14CR
TOTAL LONG TERM LIABILITIES:	218,450.92CR	0.00	0.00	218,450.92CR
TOTAL LIABILITIES:	291,758.61CR	12.08	35,988.52	285,770.09CR
FUND BALANCE:				
637.2211 CONT. CAPITAL-OTHER GOVERNMENT	0.00	0.00	0.00	0.00
637.2231 CONTRIB. CAPITAL-OTHER FUNDS	891,974.33CR	0.00	0.00	891,974.33CR
637.2311 RESERVE FOR ENCUMBRANCE	0.00	0.00	0.00	0.00
637.2511 RETAINED EARNINGS-UNRESERVED	445,724.40CR	0.00	0.00	445,724.40CR
637.2611 RET EARN- RENEWAL & REPLACE	11,616.00CR	0.00	0.00	11,616.00CR
637.2900 REVENUE CONTROL	958,191.96CR	93,819.61CR	430,012.66CR	1,398,204.62CR
637.2910 EXPENDITURE CONTROL	993,907.13	114,603.30	461,931.15	1,455,838.28
637.2920 ESTIMATED REVENUE	0.00	0.00	0.00	0.00
637.2930 APPROPRIATIONS	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE:	1,313,599.56CR	20,783.69	31,918.49	1,281,681.07CR
TOTAL LIABILITIES AND FUND BALANCE:	1,605,358.17CR	20,795.77	67,907.01	1,537,451.16CR
TOTAL FUND:	0.00	0.00	0.00	0.00

# Opinion of Probable Project Cost

# BANNER

Engineering | Architecture | Surveying

Banner Associates, Inc. | 14 West Main, Ste. A

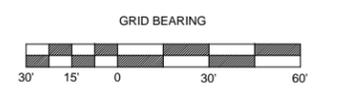
Vermillion, South Dakota 57069

Toll Free | 1.855.323.6342

www.bannerassociates.com

**Location:** Yankton, SD  
**Date:** 6/3/2015  
**Project:** Yankton Solid Waste Facility Transfer Station  
 Scale Site Improvements

ITEM NO.	DESCRIPTION OF WORK AND MATERIALS	QUANTITY	UNIT	UNIT PRICE	TOTAL
1	Mobilization	1	Lump Sum	\$69,152	\$69,152
2	Remove Existing Bituminous Surfacing	500	SY	\$5	\$2,500
3	Remove Existing Concrete Surfacing	1,700	SY	\$8	\$13,600
4	Remove Existing Scale	1	Lump Sum	\$5,000	\$5,000
5	Compaction-Moisture/Density Tests	15	Each	\$150	\$2,250
6	Granular Embedment	100	Ton	\$15	\$1,500
7	Unclassified Excavation	1,000	CY	\$8	\$8,000
8	8" Scarify and Recompact	670	CY	\$3	\$2,010
9	Place Topsoil	125	CY	\$6	\$750
10	Select Engineered Fill	400	Ton	\$16	\$6,400
11	Imported Embankment Material	1,300	CY	\$10	\$13,000
12	Base Course	1,025	Ton	\$19	\$18,963
13	Geotextile Fabric	3,000	SY	\$3	\$9,000
14	8" Portland Cement Concrete Pavement	3,000	SY	\$50	\$150,000
15	Concrete Sampling and Testing	5	Each	\$200	\$1,000
16	4" Concrete Sidewalk	375	SF	\$9	\$3,375
17	Seeding	1	Lump Sum	\$5,000	\$5,000
18	Salvage and Relocate Fire Hydrant	1	Each	\$3,500	\$3,500
19	Storm Sewer Manhole	1	Each	\$3,000	\$3,000
20	4" Dia. Perforated PVC Underdrain Pipe	500	LF	\$15	\$7,500
21	Temporary Scale	1	Lump Sum	\$90,000	\$90,000
22	Heavy Duty Truck Scale w/ Approach Pads	1	Lump Sum	\$175,000	\$175,000
23	Electrical Service/Conduit/Signal System	1	Lump Sum	\$7,500	\$7,500
24	Scale Software/Hardware/Communications	1	Lump Sum	\$30,000	\$30,000
25	Bollards	20	Each	\$500	\$10,000
26	Miscellaneous Site Signage	1	Lump Sum	\$2,000	\$2,000
27	Scale Office Addition	1	Lump Sum	\$45,000	\$45,000
<b>Opinion of Probable Construction Costs =</b>					<b>\$685,000</b>
Design and Bid Phase Services (A/E) =					\$42,000
Resident Engineering and Surveying =					\$21,000
Construction Plans of Record =					\$2,000
Total Engineering =					\$65,000
<b>Opinion of Probable Project Cost (June 2015) =</b>					<b>\$750,000</b>



GRID BEARING

HORIZONTAL DATUM:  
 - NAD 83  
 - PROJECTION: SOUTH DAKOTA STATE PLANE  
 COORDINATES SOUTH ZONE (4002)

VERTICAL DATUM:  
 - NAVD 88  
 - GEOID 09

BASIS OF BEARING: GEODETIC NORTH

ALL DIMENSIONS SHOWN ARE IN  
 TERMS OF U.S. SURVEY FEET

**LEGEND:**

- PROPOSED PORTLAND CEMENT CONCRETE PAVEMENT
- PROPOSED CONCRETE APPROACH PAVEMENT
- REMOVE BIT. SURFACING / NEW GRASS SEEDING AREA
- SCALE OFFICE ADDITION
- BOLLARDS
- INSTRUCTIONAL SIGNAGE
- PROPOSED TREE

**BANNER**  
 CONSULTANTS

14 W. Main St. Suite A  
 Vermillion, South Dakota 57069  
 1-855-323-6342  
 www.bannerassociates.com

CONSULTANTS:

PROJECT TITLE:

**YANKTON  
 PROPOSED  
 SCALE  
 IMPROVEMENTS  
 2015**

PROJECT LOCATION:  
 YANKTON,  
 SOUTH DAKOTA

REV.	DATE	DESCRIPTION

DRAWN BY: NGE  
 DESIGNED BY: RSU  
 CHECKED BY: RSU  
 JOB NO.: 22149.00.00  
 DATE: JUNE, 2015

SCALE REDUCTION BAR

SHEET TITLE:

**PROPOSED  
 SITE  
 LAYOUT**

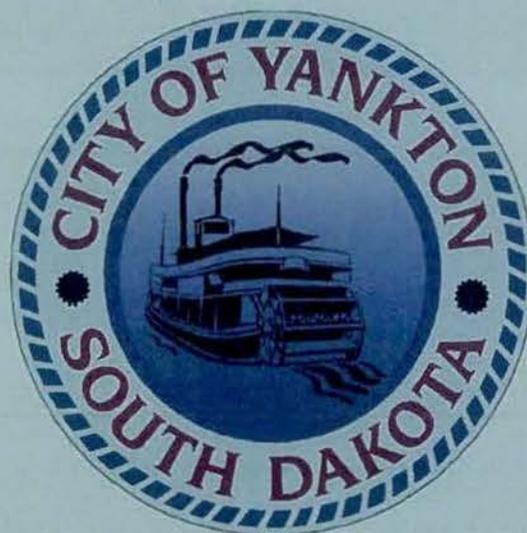
SHEET NO.:  
**1**

# **CITY OF YANKTON**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended**

**December 31, 2013**



# CITY OF YANKTON, SOUTH DAKOTA

## ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2013

PREPARED BY:  
FINANCE DEPARTMENT

AL VIERECK  
FINANCE OFFICER



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614 Broadway  
P.O. Box 36  
Yankton, SD 57078-0036  
Phone (605) 665-9401  
Fax (605) 665-9418

## INDEPENDENT AUDITORS' REPORT

The Mayor and Members of the  
City Commission  
City of Yankton, South Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF YANKTON, SOUTH DAKOTA, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Yankton Housing and Redevelopment Commission (a discretely presented component unit), which statements reflect total assets of \$280,726 and total revenues of \$470,668 as of and for the year ended June 30, 2013. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Yankton Housing and Redevelopment Commission, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 includes 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 entity'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

entity'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.

## **Opinions**

In our opinion, based on our audit, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Yankton, South Dakota as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, OPEB schedule of funding progress and budgetary comparison information 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and budgetary compliance schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, budgetary compliance schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining nonmajor fund financial statements, budgetary compliance schedules and the schedule of expenditures of federal awards are 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 a report dated July 14, 2014, on our consideration of the City of Yankton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Yankton's internal control over financial reporting and compliance.

Yankton, South Dakota  
July 14, 2014

*Williams & Company, P.C.*  
Certified Public Accountants

## **Management Discussion and Analysis December 31, 2013**

This discussion and analysis of the City of Yankton's financial performance provides an overview of the City's financial activities for the year ending December 31, 2013. We encourage the readers to consider the information presented here in conjunction with the City's financial statements, which follow this report, as well as the separately issued financial statements of the Yankton Housing and Redevelopment Commission, a discretely presented component unit of the City.

### **Financial Highlights**

- The assets of the City of Yankton exceeded liabilities at December 31, 2013 by \$88,615,875. Of this amount \$17,355,404 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$4,682,870 during the year. Of this amount the net position of our Governmental Activities increased \$4,198,385 and the net position of our Business-Type Activities increased by \$484,485. The governmental net position and the business type net position increased in large part due to increases in cash and cash equivalents, and construction in progress at years end.
- The City's Governmental Fund Balances increased \$2,144,826 in 2013. Exhibit 4 details the increases.
- The City's long-term debt decreased \$752,510 in 2013. This decrease occurred from the retirement of the USDA Rural Development Notes, and decreases in long term debt from annual debt service payments in the Solid Waste Loans, the Wastewater Revenue Bonds, and the Certificates of Participation for construction of the North Fire Station offset by an increase in Water Revenue Bonds.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the governmental-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as an agent for the benefit of those outside of the government. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **REPORTING THE CITY AS A WHOLE**

The Statement of Net Position and the Statement of Activities

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.

One of the most important questions asked about the City's finances is, "Is the City of Yankton in a better financial position at the end of this fiscal year, compared to last year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net position, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure are also important in making this determination.

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

- **Governmental Activities** -- This category includes most of the City's basic services, such as police, fire, public works, parks department, cemetery 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, Wastewater, Solid Waste Collection, Transfer Station, and Golf Course are included here.
- **Component Units** -- The City includes one other entity in its report -- the Housing and Redevelopment Commission. Although legally separate, this "component unit" is important because the City is financially accountable for them.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds -- not the City as a whole. Some funds are required to be established by State law or by bond resolution. The City Commission also established funds to control and manage money for particular purposes (such as construction projects) and show that it is properly using certain revenues. The City has the following types of funds:

- **Governmental Funds** -- Most of the City's basic services are included in the governmental funds, which focus on how money moves into and out of funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** -- When the City charges customers for the service it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major differences between the proprietary funds report and the business type activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary funds report.

## THE CITY AS TRUSTEE

The City has two agency funds: the Employee Benefits Fund to account for the deductions and disbursements of employee benefits; and the Sales Tax Fund, to account for sales tax charged on services for the State of South Dakota. Monthly payments are made to insurance companies for employee benefits, and to the state of South Dakota for sales taxes.

## THE CITY AS A WHOLE

As stated earlier, net position may serve over time as a useful indicator of government's financial position. The largest part of the City's net position reflects its investment in capital assets (land, buildings and improvements and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### CITY OF YANKTON'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 14,075,401	\$ 11,654,611	\$ 10,172,825	\$ 9,706,465	\$ 24,248,226	\$ 21,361,076
Capital Assets	<u>55,824,856</u>	<u>53,948,656</u>	<u>29,934,318</u>	<u>30,225,068</u>	<u>85,759,174</u>	<u>84,173,724</u>
Total Assets	<u>69,900,257</u>	<u>65,603,267</u>	<u>40,107,143</u>	<u>39,931,533</u>	<u>110,007,400</u>	<u>105,534,800</u>
Long-term Liabilities Outstanding	5,049,509	5,296,802	13,067,935	13,659,911	18,117,444	18,956,713
Other Liabilities	<u>1,207,577</u>	<u>861,679</u>	<u>2,066,504</u>	<u>1,783,403</u>	<u>3,274,081</u>	<u>2,645,082</u>
Total Liabilities	<u>6,257,086</u>	<u>6,158,481</u>	<u>15,134,439</u>	<u>15,443,314</u>	<u>21,391,525</u>	<u>21,601,795</u>
Net Position:						
Net Investment in Capital Assets	53,879,856	51,873,002	15,981,597	15,753,839	69,861,453	67,626,841
Restricted	1,375,585	1,229,735	23,433	23,391	1,399,018	1,253,126
Unrestricted	<u>8,387,730</u>	<u>6,342,049</u>	<u>8,967,674</u>	<u>8,710,989</u>	<u>17,355,404</u>	<u>15,053,038</u>
Ending Net Position	<u>\$ 63,643,171</u>	<u>\$ 59,444,786</u>	<u>\$ 24,972,704</u>	<u>\$ 24,488,219</u>	<u>\$ 88,615,875</u>	<u>\$ 83,933,005</u>

This summary reflects an increase in net position of 7.06% for the Governmental Activities and an increase of 1.98% in the Business-Type Activities. The increase in Governmental Activities Capital Assets was largely Cash and Cash Equivalents and Capital Assets. The overall liabilities of the City of Yankton decreased by (\$210,270) or 0.97%, due mainly to a decrease in Revenue Bonds Payable.

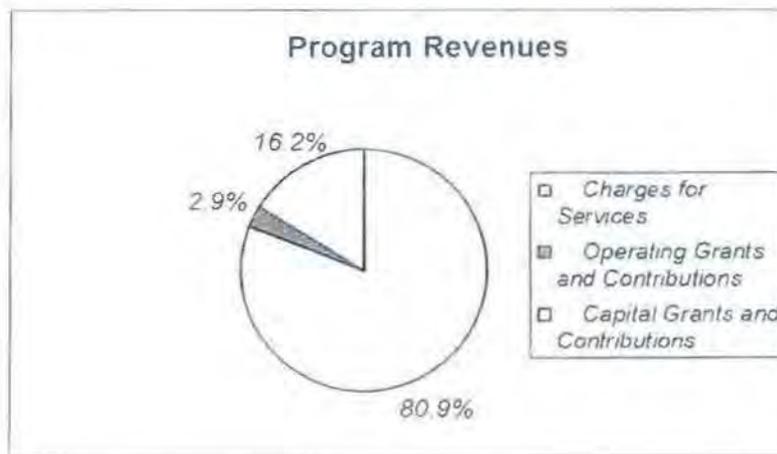
Total revenue reported in 2013 was \$27,761,695, an increase of \$2,083,659 or 8.11%. The largest increase in revenues was in Capital Grants and Contributions; an increase of \$2,089,258 or 435.1%. The Property Tax revenues increased \$177,570 or 7.33%, Sales Tax revenues decreased (\$104,387) or 1.2%. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

**CITY OF YANKTON  
CHANGES IN NET POSITION**

Revenue Sources	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,611,976	\$ 3,484,430	\$ 9,258,080	\$ 9,476,159	\$12,870,056	\$12,960,589
Operating Grand and Contributions	466,569	462,791	-	-	466,569	462,791
Capital Grants and Contributions	2,517,165	428,290	52,229	51,846	2,569,394	480,136
<b>General Revenues:</b>						
Property Taxes	2,600,003	2,422,433	-	-	2,600,003	2,422,433
Sales Taxes	8,466,651	8,571,038	-	-	8,466,651	8,571,038
Other Taxes	631,782	524,697	-	-	631,782	524,697
Other	89,769	182,723	67,471	73,629	157,240	256,352
<b>Total Revenues</b>	<b>18,383,915</b>	<b>16,076,402</b>	<b>9,377,780</b>	<b>9,601,634</b>	<b>27,761,695</b>	<b>25,678,036</b>
<b>Expenses</b>						
General Government	1,770,039	1,707,736	-	-	1,770,039	1,707,736
Public Safety	3,335,826	3,301,201	-	-	3,335,826	3,301,201
Public Works	5,315,038	5,554,518	-	-	5,315,038	5,554,518
Culture & Recreation	3,058,774	3,078,638	-	-	3,058,774	3,078,638
Community & Economic Development	627,779	572,187	-	-	627,779	572,187
Interest on Long-term Debt	186,696	241,399	-	-	186,696	241,399
Water	-	-	2,985,267	3,115,680	2,985,267	3,115,680
Wastewater	-	-	3,150,079	3,124,819	3,150,079	3,124,819
Golf	-	-	863,922	888,063	863,922	888,063
Non-Major Enterprise Funds	-	-	1,785,405	1,758,928	1,785,405	1,758,928
<b>Total Expenses</b>	<b>14,294,152</b>	<b>14,455,679</b>	<b>8,784,673</b>	<b>8,887,490</b>	<b>23,078,825</b>	<b>23,343,169</b>
<b>Increase (Decrease) in Net Position</b>						
Before Transfers	4,089,763	1,620,723	593,107	714,144	4,682,870	2,334,867
Transfers	108,622	75,164	(108,622)	(75,164)	-	-
<b>Increase in Net Position</b>	<b>4,198,385</b>	<b>1,695,887</b>	<b>484,485</b>	<b>638,980</b>	<b>4,682,870</b>	<b>2,334,867</b>
Net Position January 1	59,444,786	57,903,771	24,488,219	23,929,633	83,933,005	81,833,404
Prior Period Adjustment	-	(154,872)	-	(80,394)	-	(235,266)
<b>Net Position December 31</b>	<b>\$63,643,171</b>	<b>\$59,444,786</b>	<b>\$24,972,704</b>	<b>\$24,488,219</b>	<b>\$88,615,875</b>	<b>\$83,933,005</b>

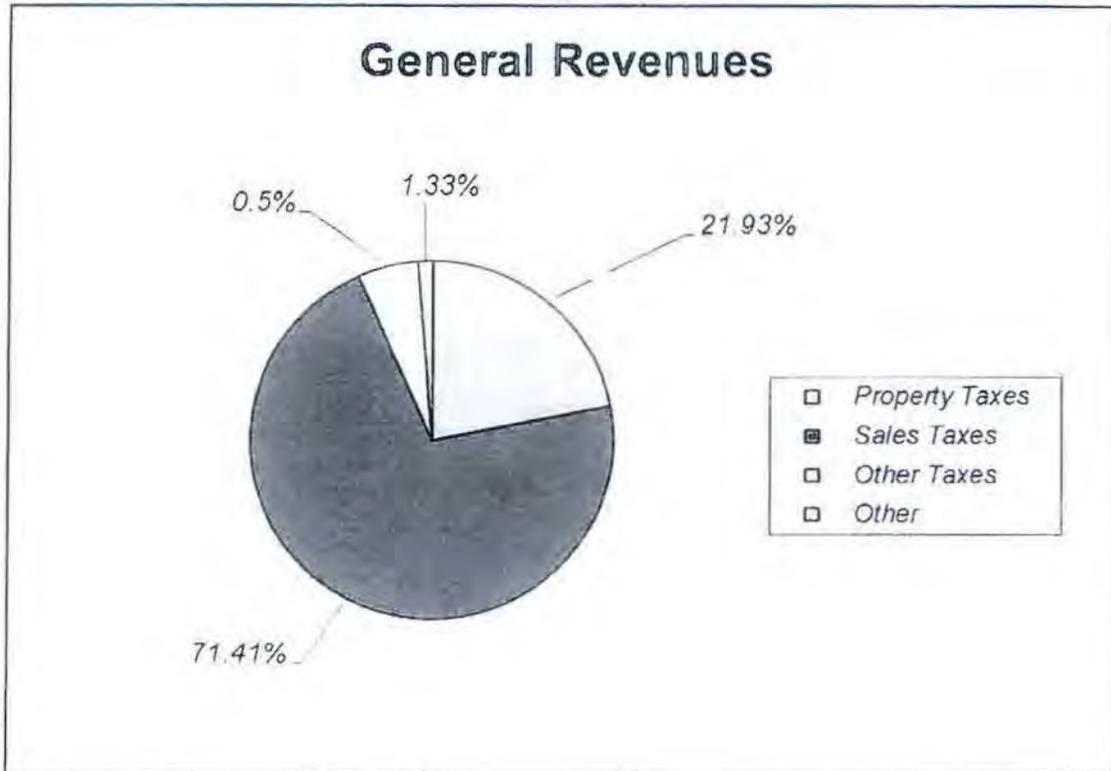
Charges for Services in the Business-Type Activities decreased (\$218,555) or 2.3% due in most part to decreased consumption in water due to an increase in rainfall. Business-Type Activities Total Expenses decreased by (\$102,817) or 1.2%.

Program Revenues total \$15,906,019 for 2013. Governmental Activities provided \$6,595,710 and Business-Type Activities provided \$9,310,309. Revenue collected for Charges for Services during 2013 was \$12,870,056 accounting for 80.9% of the total program revenues. Revenue collected for Capital Grants and Contributions accounts for 16.2% of the total program revenues. The following chart breaks down program revenues by sources:



General Revenues for 2013 totaled \$11,855,676. Governmental Activities provided \$11,788,205 and Business-Type Activities provided \$67,471. Sales Tax Revenues for 2013 totaled \$8,466,651 and Property Tax Revenue totaled \$2,600,003. The Sales Tax Revenues accounted for 71.41% and Property Tax Revenues were 21.93% of General Revenues. The following chart breaks down General Revenues by source:

### GENERAL REVENUES



Expenses for 2013 totaled \$23,078,825, a decrease of 1.13%. Expenses for Governmental Activities totaled \$14,294,152 accounting for 61.9% of the total expenses. Expenses for Business-Type Activities totaled \$8,784,673 accounting for 38.1% of total expenses.

The following table shows the activities included within each program level:

Program Level	Activity
General Government	City Commission, City Manager, City Attorney, Finance Office, Information Systems, Contingency, Special Appropriations
Public Safety	Police Department, Custody of Prisoners, Animal Control, Fire Department, Civil Defense, Safety Center
Public Works	Engineering & Inspection, Streets & Highways, Snow & Ice Removal, City Hall, Traffic Control, Chan Gurney Airport
Culture & Recreation	Parks, Summit Activity Center, Marne Creek, Memorial Pool, Senior Citizens Center, Yankton Community Library
Community Development	Casualty Reserve, Tax Increment District
Capital Projects	Chan Gurney Airport Federal Capital Projects, Federal and State Pass Through Grants

### Governmental Activities

To aid in the understanding of the Statement of Activities (Exhibit 2) some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$3,335,826 and received \$54,763 in charges for services, \$153,754 in operating grants and contributions, thus leaving a cost to the taxpayers of (\$3,127,309) to be funded by various other methods. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

General Government	Liquor licenses, cable television franchise, tower lease
Public Safety	Parking fines, prisoner reimbursement (work release)
Public Works	Street repairs, building permit fees,
Culture & Recreation	Recreation program fees, swimming pool fees

The total cost of governmental activities this year was \$14,294,152. Of these costs, \$3,611,976 was paid by those who directly benefited from the programs (Charges for Services). Costs paid by other governments and organizations that subsidized certain programs with operating grants and contributions were \$466,569, and costs paid by other governments and organizations that subsidized certain programs with capital grants and contributions were \$2,517,165, leaving a Net Expense of (\$7,698,442) for governmental activities. The Statement of Activities (Exhibit 2) in the financial statements provides further detail.

Total resources available during the year to finance governmental operations were \$77,937,323, consisting of Net Position January 1, 2013 of \$59,444,786, General Revenues and transfers of \$11,896,827, and Program Revenues of \$6,595,710. Total Governmental Activities during the year expended \$14,294,152; thus, Net Position was increased by \$4,198,385 to \$63,643,171.

## **Business Type Activities**

Business-Type Activities increased the City's net position by \$484,485.

The cost of all Business-Type Activities this year was \$8,784,673. As shown in the Statement of Activities, the amounts paid by users of the systems were \$9,258,080 and \$52,229 was funded from capital grants and contributions, resulting in a net gain for Business-Type Activities of \$525,636.

Total resources available during the year to finance Business-Type Activities were \$33,757,377 consisting of Net Position January 1, 2013 of \$24,488,219, Program Revenues of \$9,310,309 and General Revenues and transfers of (\$41,151). Total Business-Type Activities during the year expended \$8,784,673; thus Net Position was increased by \$484,485 to \$24,972,704.

## **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending as the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$12,415,826 (26.8% non-spendable, 10.5% restricted, 53.8% committed, 1.4% assigned, and 7.5% unassigned). The combined Governmental Funds fund balance increased \$2,144,826 from the prior year. The fund balance amount consists of \$3,322,629 of non-spendable funds committed for 1) perpetual care for cemetery \$50,000, 2) \$95,000 for prepaid expenses, 3) \$920,734 for long term advances, 4) \$270,270 in vested reserve in our insurance carrier the South Dakota Public Assurance Association or SDPAA, and 5) inventory of land for resale \$1,986,625, \$1,307,828 of restricted funds, \$6,680,035 of committed funds, \$194,379 of assigned funds, and \$910,955 of unassigned funds.

The general fund is the chief operating fund of the City of Yankton. At the end of the current fiscal year total general fund balance was \$5,473,662, an increase of \$1,255,703. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37.7 percent of total general fund expenditures, while total fund balance represents 52.7 percent of that same amount.

General fund revenues in 2013 increased \$382,729 or 3.4% due mostly to an increase in licenses and permits. Expenditures decreased (\$551,900) or 5.0%. The decrease in expenditures included a decrease of (\$279,386) in current expenditures or a decrease of 3.0%, and a decrease of (\$272,514) in capital outlay or a decrease of 18.6% less than 2012's expenditures.

The Special Capital Improvements Fund showed an increase in fund balance of \$1,115,726. This reflects an increase in revenues of \$940,454 and an increase in expenditures of \$260,752.

The Debt Service Fund balance increased \$1,975 to end 2013 at \$197,518.

The Other Governmental Funds end of year balance decreased (\$211,245) to \$101,258.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the 2013 original (adopted) General Fund budget of \$12,884,885 to the final budget amount of \$13,411,005 shows a net increase of \$526,120. However, actual expenditures were \$2,489,913 less than the original adopted budget. Supplemental changes that would have resulted in actual expenditures higher than the original budget were offset by less expenditure than originally budgeted in various departments.

The City complied with statutory requirements for expenditures not exceeding the budget appropriation in all general fund programs.

## CAPITAL ASSETS

The City's investment in capital assets, including land, construction in progress, building and structures, equipment, streets, water system, wastewater system, transfer station and recycling facilities, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The net investment in capital assets as of December 31, 2013 was \$69,861,453 (net of accumulated depreciation and outstanding financings). This was an increase of \$2,234,612 or 3.3%. The comparative totals for capital assets for 2012 and 2013 are as follows:

### CITY OF YANKTON CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,497,853	\$ 3,356,881	\$ 815,123	\$ 815,123	\$ 4,312,976	\$ 4,172,004
Construction in Progress	5,945,025	4,029,405	1,019,538	113,799	6,964,563	4,143,204
Buildings & Structures / Infrastructure	40,506,206	40,597,185	24,458,787	25,465,377	64,964,993	66,062,562
Land Improvements	-	-	2,134,370	2,137,477	2,134,370	2,137,477
Furniture and Equipment	5,875,772	5,965,185	1,506,500	1,682,672	7,382,272	7,647,857
Total	<u>\$ 55,824,856</u>	<u>\$ 53,948,656</u>	<u>\$ 29,934,318</u>	<u>\$ 30,214,448</u>	<u>\$ 85,759,174</u>	<u>\$ 84,163,104</u>

Construction in Progress was the major increase in capital outlays for 2013 for both Governmental Activities and Business-Type Activities. See notes 6 and 7 in the financial statements for more information on the City's capital assets.

## **DEBT ADMINISTRATION**

At year end the City had \$18,391,140 of debt outstanding, a net decrease of (\$752,510). This decrease in debt was accomplished through normal debt service payments offset by an increase of \$218,906 in Water Revenue Bonds.

Of the total debt, \$4,450,000 or 24.2% is to be paid from governmental activities including \$2,505,000 specifically from sales tax funds, and \$1,945,000 from property tax opt-out dollars; and \$13,941,140 or 75.8% in business type activities including \$6,874,651 to be repaid from water user fees, \$235,371 to be paid from landfill revenues and \$6,831,118 to be repaid from wastewater user fees.

The City continues to operate well under the State legal debt margins. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of taxable property in the city. Thus the debt capacity is \$38,533,287 with outstanding debt (less debt service reserves) of \$16,225,191, leaving an unused balance of \$22,308,096 or 57.9% of the legal debt limit available. More detailed information on debt administration is provided in Notes 8 and 9 of the financial statements.

## **ECONOMIC FACTORS**

The total building permit value for 2013 was \$12,842,385. It was a decrease of \$17,211,232 or 57.3% of the 2012 total of \$30,053,617. The average annual building permit value for the last ten years was \$26,436,438 and the 2013 total value was 51.4% less than that average. New construction building permits included AutoZone, East Eight Motel, Yogurt City, and the Yankton Area Progressive Growth Spec Building. Commercial additions and remodels included the Mount Marty Cafeteria Remodel and Science Complex Renovation, HyVee Customer Service Remodel, Yankton County EMT Storage, Shur-Co Office Renovation, and Avera Sacred Heart Dental Office Renovation. There were twenty new home-building permits issued during the year, an increase of eight from 2012.

The City continues to reinvest in its infrastructure with street improvements, and the water utility continues to replace water mains to improve the reliability of the water supply.

Another indicator of economic activity is the taxable sales for Yankton that are reported by the South Dakota Department of Revenue. Our 2013 sales were down 0.73% over 2012's figures and totaled \$452,697,697.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

The 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 financial information contact the City Finance Office at 605-668-5241.

CITY OF YANKTON, SOUTH DAKOTA  
STATEMENT OF NET POSITION  
December 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,392,667	\$ 8,800,243	\$ 18,192,910	\$ 273,706
Receivables:				
Taxes	32,649	-	32,649	-
Accounts	124,990	1,039,476	1,164,466	3,708
Special Assessments	157,125	-	157,125	-
Other Receivables	-	-	-	1,467
Due from Other Governmental Agencies	1,402,483	-	1,402,483	-
Prepaid Expenses	201,338	61,694	263,032	1,845
Internal Balances	176,501	(176,501)	-	-
Property Held for Resale, At Cost	1,986,625	-	1,986,625	-
Inventories	177,506	423,892	601,398	-
Restricted Assets:				
Cash and Cash Equivalents	153,247	24,021	177,268	-
Deposits	270,270	-	270,270	-
Land	3,497,853	615,123	4,312,976	-
Construction in Progress	5,945,025	1,019,538	6,964,563	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	46,381,978	28,099,657	74,481,635	-
Total Assets	<u>69,900,257</u>	<u>40,107,143</u>	<u>110,007,400</u>	<u>280,726</u>
<b>LIABILITIES</b>				
Accounts Payable	600,388	724,711	1,325,099	284
Due to Other Governments	8,575	-	8,575	-
Accrued Wages	298,348	91,738	390,086	-
Accrued Interest Payable	14,370	86,882	101,252	-
Revenue Collected in Advance	7,800	968	8,768	1,366
Payables from Restricted Assets:				
Customer Deposits	740	-	740	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	-	1,141,779	1,141,779	-
General Obligation Bonds	110,000	-	110,000	-
Capital Lease	100,000	-	100,000	-
Compensated Absences	67,356	20,426	87,782	1,463
Due in more than one year:				
Revenue Bonds Payable	-	12,810,942	12,810,942	-
Capital Lease	1,845,000	-	1,845,000	-
General Obligation Bonds	2,404,856	-	2,404,856	-
Estimated Postemployment Benefit Obligation	417,968	141,243	559,211	-
Compensated Absences	381,685	119,750	497,435	488
Total Liabilities	<u>6,257,086</u>	<u>15,134,439</u>	<u>21,391,525</u>	<u>3,601</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets:	53,875,856	15,981,597	69,857,453	-
Restricted for:				
Housing Vouchers	-	-	-	56,625
Debt Service	183,148	23,433	206,581	-
Lodging Sales Tax	584,541	-	584,541	-
Cumulative Reserve-SDPAA	270,270	-	270,270	-
Other Purposes	183,175	-	183,175	-
Perpetual Care				
Expendable	104,451	-	104,451	-
Nonexpendable	50,000	-	50,000	-
Unrestricted	8,387,730	8,967,674	17,355,404	220,500
Total Net Position	<u>\$ 63,643,171</u>	<u>\$ 24,972,704</u>	<u>\$ 88,615,875</u>	<u>\$ 277,125</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Governmental Activities:</b>			
General Government	\$ 1,770,039	\$ 2,010,796	\$ -
Public Safety	3,335,826	54,763	153,754
Public Works	5,315,038	973,310	270,455
Culture and Recreation	3,058,774	573,107	41,860
Community Development	627,779	-	500
Interest on Long-Term Debt	186,696	-	-
Total Governmental Activities	14,294,152	3,611,976	466,569
<b>Business-Type Activities:</b>			
Water	2,985,267	3,784,524	-
Wastewater	3,150,079	2,935,518	-
Solid Waste	832,941	870,077	-
Joint Powers- Landfill	952,464	940,452	-
Golf Course	863,922	727,509	-
Total Business-Type Activities	8,784,673	9,258,080	-
<b>Component Units:</b>			
Housing & Redevelopment	548,925	-	470,129
Total Component Unit	\$ 548,925	\$ -	\$ 470,129
<b>General Revenues:</b>			
Property taxes			
Sales and other Taxes			
Lodging Sales Tax			
Interest			
Reimbursements			
Miscellaneous			
Gain on Disposition of Assets			
Interfund Transfers			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - Beginning			
Prior Period Adjustment			
Net Position - beginning, as restated			
Net Position - Ending			

## EXHIBIT 2

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit Housing & Redevelopment
	Governmental Activities	Business-Type Activities	Total	
\$ 25	\$ 240,782		\$ 240,782	-
-	(3,127,309)		(3,127,309)	-
2,508,540	(1,562,733)		(1,562,733)	-
8,600	(2,435,207)		(2,435,207)	-
-	(627,279)		(627,279)	-
-	(186,696)		(186,696)	-
<u>2,517,165</u>	<u>(7,698,442)</u>		<u>(7,698,442)</u>	-
33,485		\$ 832,742	832,742	-
18,744		(195,817)	(195,817)	-
-		37,136	37,136	-
-		(12,012)	(12,012)	-
-		(136,413)	(136,413)	-
<u>52,229</u>		<u>525,636</u>	<u>525,636</u>	-
-	-	-	-	\$ (78,796)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,796)</u>
	2,600,003	-	2,600,003	-
	8,466,651	-	8,466,651	-
	631,782	-	631,782	-
	34,989	23,276	58,265	434
	50,655	-	50,655	-
	75	41,020	41,095	105
	4,050	3,175	7,225	-
	108,622	(108,622)	-	-
	<u>11,896,827</u>	<u>(41,151)</u>	<u>11,855,676</u>	<u>539</u>
	4,198,385	484,485	4,682,870	(78,257)
	59,444,786	24,488,219	83,933,005	355,449
	-	-	-	(67)
	<u>59,444,786</u>	<u>24,488,219</u>	<u>83,933,005</u>	<u>355,382</u>
	<u>\$ 63,643,171</u>	<u>\$ 24,972,704</u>	<u>\$ 88,615,875</u>	<u>\$ 277,125</u>

CITY OF YANKTON, SOUTH DAKOTA  
BALANCE SHEET  
Governmental Funds  
December 31, 2013

	General	Special Capital Improvements
<b>Assets</b>		
Cash and Cash Equivalents	\$ 4,056,800	\$ 4,202,696
Receivables (Net where applicable, of allowance for uncollectibles):		
Taxes	32,649	-
Accounts	108,205	-
Special Assessments	17,528	-
Due from Other Funds	285,266	2,021,540
Due from Other Governmental Agencies	584,827	559,576
Advances to Other Funds	920,734	86,104
Prepaid Expenses	95,000	-
Property Held for Resale, At Cost	27,247	-
Restricted Assets:		
Cash and Cash Equivalents	-	-
Deposits	270,270	-
Total Assets	6,398,526	6,869,916
 <b>Liabilities</b>		
Accounts Payable	288,701	105,085
Accrued Wages	268,116	-
Due To Other Governments	-	-
Unearned Revenue	7,800	-
Due to Other Funds	25,515	-
Customer Deposits	740	-
Advances from Other Funds	86,104	-
Total Liabilities	676,976	105,085
 <b>Deferred Inflows of Resources</b>		
Unavailable revenue- property taxes	32,649	-
Unavailable revenue- special assessments	17,528	-
Unavailable revenue- other taxes	191,802	84,796
Unavailable revenue- other	5,909	-
Total Deferred Inflows of Resources	247,888	84,796
 <b>Fund Balances</b>		
Non-Spendable:		
Perpetual Care	-	-
Prepaid Expenses	95,000	-
Cumulative Reserve-SDPAA	270,270	-
Property Held for Resale	27,247	-
Long Term Advances	920,734	-
Restricted:		
Debt Service	-	-
Lodging Sales Tax	-	-
Capital Projects	245,505	-
Perpetual Care	-	-
Other Purposes	-	-
Committed:		
Special Capital Improvements (sales tax)	-	6,680,035
Assigned:		
Capital Projects	-	-
Unassigned	3,914,906	-
Total Fund Balances (Deficits)	5,473,662	6,680,035
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 6,398,526	\$ 6,869,916

EXHIBIT 3

Public Improvement	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,467	\$ 197,518	\$ 841,221	\$ 9,299,702
-	-	-	32,649
-	-	16,785	124,990
-	-	139,597	157,125
-	-	-	2,306,806
8,575	-	240,133	1,393,111
-	-	-	1,006,838
-	-	-	95,000
1,959,378	-	-	1,986,625
-	-	153,247	153,247
-	-	-	270,270
<u>1,969,420</u>	<u>197,518</u>	<u>1,390,983</u>	<u>16,826,363</u>
1,467	-	124,946	520,199
-	-	24,878	292,994
8,575	-	-	8,575
-	-	-	7,800
1,996,025	-	108,765	2,130,305
-	-	-	740
-	-	920,734	1,006,838
<u>2,006,067</u>	<u>-</u>	<u>1,179,323</u>	<u>3,967,451</u>
-	-	-	32,649
-	-	103,040	120,568
-	-	7,362	283,960
-	-	-	5,909
-	-	110,402	443,086
-	-	50,000	50,000
-	-	-	95,000
-	-	-	270,270
1,959,378	-	-	1,986,625
-	-	-	920,734
-	197,518	-	197,518
-	-	577,179	577,179
-	-	-	245,505
-	-	104,451	104,451
-	-	183,175	183,175
-	-	-	6,680,035
-	-	194,379	194,379
(1,996,025)	-	(1,007,926)	910,955
(36,647)	197,518	101,258	12,415,826
<u>\$ 1,969,420</u>	<u>\$ 197,518</u>	<u>\$ 1,390,983</u>	<u>\$ 16,826,363</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2013**

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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 18)	\$ 12,415,826
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	55,707,041
Deferred revenues that do not provide current financial resources for governmental activities	443,086
Accrued expenses from the balance sheet that do not require current financial resources for governmental activities	(14,370)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	104,702
Long-term liabilities, such as Bonds and Notes Payable as well as Capital Leases and Accrued Compensated Absences are not due and payable in the current period and therefore are not reported in the funds	(4,905,395)
Other Post Employment Benefit Liabilities are not due and payable in the current period and therefore are not reported in the funds	(409,695)
Internal Service Funds are used by management to charge the costs of certain activities, such as the central garage to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	301,976
Total Net Position - Governmental Activities (page 14)	<u>\$ 63,643,171</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended December 31, 2013**

	<u>General</u>	<u>Special Capital Improvements</u>	<u>Public Improvement</u>
<b>Revenue:</b>			
Property Taxes	\$ 2,485,598	\$ -	\$ -
Sales and Other Taxes	5,056,962	3,399,569	-
Special Assessments	-	-	-
Licenses and Permits	410,930	-	-
Intergovernmental	551,225	-	42,061
Charges for Services	3,031,474	-	-
Fines and Forfeits	14,442	-	-
Interest on Investments	8,074	23,520	-
Contributions	1,475	2,436	-
Miscellaneous	54,620	212,604	-
Total Revenue	<u>11,614,800</u>	<u>3,638,129</u>	<u>42,061</u>
<b>Current Expenditures:</b>			
General Government	1,709,965	-	17,600
Public Safety	2,564,411	-	-
Public Works	2,527,289	-	-
Culture and Recreation	2,403,709	-	-
Community Development	-	-	41,794
<b>Capital Outlay:</b>			
Public Works	544,624	2,261,012	-
Culture and Recreation	178,895	-	-
General Government	27,736	-	-
Public Safety	207,451	-	-
Debt Service	230,892	-	-
Total Expenditures	<u>10,394,972</u>	<u>2,261,012</u>	<u>59,394</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,219,828</u>	<u>1,377,117</u>	<u>(17,333)</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds From Sale of Fixed Assets	9,406	-	-
Transfers In	538,420	-	-
Transfers Out	(511,951)	(261,391)	-
Total Other Financing Sources (Uses)	<u>35,875</u>	<u>(261,391)</u>	<u>-</u>
Net Change in Fund Balance	1,255,703	1,115,726	(17,333)
Fund Balances -Beginning of Year	<u>4,217,959</u>	<u>5,564,309</u>	<u>(19,314)</u>
Fund Balances- End of Year	<u>\$ 5,473,662</u>	<u>\$ 6,680,035</u>	<u>\$ (36,647)</u>

EXHIBIT 4

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 123,606	\$ 2,609,204
-	645,816	9,102,347
-	40,598	40,598
-	-	410,930
-	174,208	767,494
-	23,985	3,055,459
-	-	14,442
-	3,393	34,987
-	16,277	20,188
-	1,250	268,474
<u>-</u>	<u>1,029,133</u>	<u>16,324,123</u>
-	-	1,727,565
-	506,813	3,071,224
-	55,068	2,582,357
-	100,460	2,504,169
425	604,864	647,083
-	98,106	2,903,742
-	31,724	210,619
-	-	27,736
-	-	207,451
192,565	-	423,457
<u>192,990</u>	<u>1,397,035</u>	<u>14,305,403</u>
<u>(192,990)</u>	<u>(367,902)</u>	<u>2,018,720</u>
-	-	9,406
194,965	547,298	1,280,683
-	(390,641)	(1,163,983)
<u>194,965</u>	<u>156,657</u>	<u>126,106</u>
1,975	(211,245)	2,144,826
<u>195,543</u>	<u>312,503</u>	<u>10,271,000</u>
<u>\$ 197,518</u>	<u>\$ 101,258</u>	<u>\$ 12,415,826</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2013**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 21)	\$ 2,144,826
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year:</p>	
Expenditures for capital assets	\$ 2,150,157
Depreciation Expense	<u>(2,415,879)</u> (265,722)
Transfer of Governmental Capital Assets to the City's Proprietary Funds (remaining book value).	(8,078)
Capital Contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds	2,166,190
Revenues reported in the funds that are not available to provide current financial resources:	(68,981)
Accrued interest expense that does not require current financial resources:	527
Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied	(41,239)
Governmental funds report the proceeds from the sale of fixed assets as revenue, whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities.	(5,356)
Internal service funds are used by management to charge the costs of certain activities, such as the central garage to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(228)
Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources:	1,151
The effect of bond issuance premiums are shown in the governmental funds when new debt is issued, whereas, these amounts are deferred and accreted in the Statement of Activities	580
Other Post-Employment Benefits that do not require current financial resources	25,302
Compensated absences that do not require current financial resources.	13,760
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>235,653</u>
Change in net position of governmental activities (page 16)	<u>\$ 4,198,385</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**December 31, 2013**

	<u>Business-Type</u>	
	<u>Water</u>	<u>Wastewater</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 5,681,376	\$ 2,025,490
Receivables (Net where applicable, of allowance for uncollectibles):		
Accounts	497,192	365,457
Due from Other Governmental Agencies	-	-
Prepaid Insurance	17,862	21,062
Inventories	207,771	166,659
Total Current Assets	<u>6,404,201</u>	<u>2,578,668</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	-	-
Land	128,117	66,666
Construction in Progress	748,180	271,358
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	14,358,725	9,682,189
Total Noncurrent Assets	<u>15,235,022</u>	<u>10,020,213</u>
Total Assets	<u>21,639,223</u>	<u>12,598,881</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	543,038	115,379
Accrued Wages	30,770	20,062
Accrued Interest Payable	48,035	38,259
Accrued Compensated Absences	7,160	4,412
Revenues Collected in Advance	-	-
Due to Other Funds	-	-
Revenue Bonds Payable- Current	385,084	739,608
Total Current Liabilities	<u>1,014,087</u>	<u>917,720</u>
Noncurrent Liabilities:		
Revenue Bonds Payable	6,489,568	6,103,089
Accrued Compensated Absences	40,573	25,005
Estimated Postemployment Benefit Obligation	39,675	36,290
Total Noncurrent Liabilities	<u>6,569,816</u>	<u>6,164,384</u>
Total Liabilities	<u>7,583,903</u>	<u>7,082,104</u>
<b>NET POSITION</b>		
Net investment in capital assets,	8,360,370	3,177,516
Restricted for:		
Debt Service	-	-
Unrestricted	5,694,950	2,339,261
Total Net Position	<u>\$ 14,055,320</u>	<u>\$ 5,516,777</u>

EXHIBIT 5

<u>Business-Type</u>		<u>Governmental</u>
<u>Non-Major</u>		<u>Activities-</u>
<u>Enterprise Funds</u>	<u>Totals</u>	<u>Internal</u>
		<u>Service Fund</u>
\$ 1,093,377	\$ 8,800,243	\$ 92,965
176,827	1,039,476	-
-	-	9,372
22,770	61,694	1,636
49,462	423,892	177,506
<u>1,342,436</u>	<u>10,325,305</u>	<u>281,479</u>
24,021	24,021	-
620,340	815,123	7,000
-	1,019,538	-
<u>4,058,743</u>	<u>28,099,657</u>	<u>110,815</u>
<u>4,703,104</u>	<u>29,958,339</u>	<u>117,815</u>
<u>6,045,540</u>	<u>40,283,644</u>	<u>399,294</u>
66,294	724,711	80,189
40,906	91,738	5,354
588	86,882	-
8,854	20,426	526
968	968	-
176,501	176,501	-
17,087	1,141,779	-
<u>311,198</u>	<u>2,243,005</u>	<u>86,069</u>
218,285	12,810,942	-
50,172	115,750	2,976
65,278	141,243	8,273
<u>333,735</u>	<u>13,067,935</u>	<u>11,249</u>
<u>644,933</u>	<u>15,310,940</u>	<u>97,318</u>
4,443,711	15,981,597	117,815
23,433	23,433	-
933,463	8,967,674	184,161
<u>\$ 5,400,607</u>	<u>\$ 24,972,704</u>	<u>\$ 301,976</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended December 31, 2013**

	<u>Business-Type</u>	
	<u>Water</u>	<u>Waste- water</u>
Operating Revenues:		
Charges for Services	\$ 3,784,524	\$ 2,935,518
Operating Expenses:		
Personal Services	591,559	542,305
Insurance	49,441	80,146
Professional Services	34,272	162,135
Tipping Fees	-	-
State Fees	5,545	12,500
Repairs and Maintenance	325,048	237,282
Cost of Sales and Service	-	-
Supplies and Materials	255,326	44,661
Travel and Conference	4,446	2,494
Utilities	254,716	175,992
Billing and Administration	625,004	601,392
Other Current Expenses	-	-
Depreciation	647,959	1,072,719
Total Operating Expenses	2,793,316	2,931,626
Operating Income (Loss)	991,208	3,892
Non-Operating Income (Expense):		
Interest Income	14,335	5,994
Gain on Disposition of Assets	-	-
Miscellaneous, net	6,784	5,435
Interest Expense	(191,951)	(218,453)
Total Non-Operating Income (Expenses)	(170,832)	(207,024)
Income (Loss) Before Contributions and Transfers	820,376	(203,132)
Transfers (Out)	(52,000)	(40,700)
Capital Contributions	33,485	18,744
Change in Net Position	801,861	(225,088)
Net Position - Beginning	13,253,459	5,741,865
Net Position - Ending	<u>\$ 14,055,320</u>	<u>\$ 5,516,777</u>

CITY OF YANKTON, SOUTH DAKOTA  
STATEMENT OF CASH FLOWS  
Proprietary Funds  
For the Year Ended December 31, 2013

	Business-Type	
	Water	Waste- Water
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 3,491,819	\$ 2,899,533
Cash Received from Interfund Services Provided	113,609	27,302
Cash Paid to Suppliers for Goods and Services	(1,133,566)	(1,361,308)
Cash Paid to Employees for Services	(603,593)	(552,679)
Cash Paid for Interfund Services	(16,390)	(34,454)
Other Nonoperating Revenues	6,784	5,435
Net Cash Provided from Operating Activities	<u>1,858,663</u>	<u>983,829</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(1,282,915)	(236,595)
Proceeds from Sale of Fixed Assets	-	-
Proceeds from Bond Issuance	573,145	-
Principal Paid on Notes, Bonds and Leases	(354,238)	(719,176)
Interest Paid on Notes and Bonds	(191,799)	(223,389)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,255,807)</u>	<u>(1,179,160)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Due to Other Funds	-	20,407
Transfers (Out)	(52,000)	(40,700)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(52,000)</u>	<u>(20,293)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	14,335	5,994
Net Cash Provided from Investing Activities	<u>14,335</u>	<u>5,994</u>
Net Increase (Decrease) in Cash and Cash Equivalents	565,191	(209,630)
Cash and Cash Equivalents at Beginning of Year	<u>5,116,185</u>	<u>2,235,120</u>
Cash and Cash Equivalents at End of Year	<u>5,681,376</u>	<u>2,025,490</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	<u>991,208</u>	<u>3,892</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	647,959	1,072,719
Other Non-Operating Income (Expense)	6,784	5,435
(Increase) Decrease in Assets:		
Accounts Receivable	(179,096)	(8,683)
Prepaid Expenses	53	157
Inventories	(27,922)	(36,209)
Increase (Decrease) in Liabilities:		
Accounts Payable	431,711	(43,108)
Accrued Wages	1,096	(2,389)
Accrued Compensated Absences	(10,876)	(6,232)
Estimated Postemployment Benefit Obligation	(2,254)	(1,753)
Unearned Revenue	-	-
Total Adjustments	<u>867,455</u>	<u>979,937</u>
Net Cash Provided by Operating Activities	<u>1,858,663</u>	<u>983,829</u>
<b>Supplemental Schedule of Noncash Capital and Related Financing Activities:</b>		
Developers and City Contribution of Capital Assets	<u>33,485</u>	<u>18,744</u>
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet:</b>		
Cash and Cash Equivalents	5,681,376	2,025,490
Restricted Cash and Cash Equivalents	-	-
	<u>\$ 5,681,376</u>	<u>\$ 2,025,490</u>

EXHIBIT 7

Business-Type		Governmental
Nonmajor	Totals	Activities-
Enterprise Funds		Internal
		Service Fund
\$ 2,500,548	\$ 8,891,900	\$ 119,425
6,361	147,272	634,546
(1,264,602)	(3,759,476)	(578,036)
(877,329)	(2,033,601)	(106,678)
(209,517)	(260,361)	(1,366)
28,801	41,020	-
<u>184,262</u>	<u>3,026,754</u>	<u>67,891</u>
(111,107)	(1,630,617)	(3,768)
3,175	3,175	-
-	573,145	-
(16,586)	(1,090,000)	-
(7,436)	(422,624)	-
<u>(131,954)</u>	<u>(2,566,921)</u>	<u>(3,768)</u>
57,747	78,154	-
(24,000)	(116,700)	-
<u>33,747</u>	<u>(38,546)</u>	<u>-</u>
2,947	23,276	-
<u>2,947</u>	<u>23,276</u>	<u>-</u>
89,002	444,563	64,123
<u>1,028,396</u>	<u>8,379,701</u>	<u>28,842</u>
<u>1,117,398</u>	<u>8,824,264</u>	<u>92,965</u>
(103,895)	891,205	(228)
260,996	1,981,674	14,602
28,801	41,020	-
27,221	(160,558)	156
(97)	113	(14)
5,872	(58,259)	(10,411)
17,291	405,894	62,868
9,452	8,159	419
728	(16,380)	1,042
(3,757)	(7,764)	(502)
<u>(58,350)</u>	<u>(58,350)</u>	<u>-</u>
<u>268,157</u>	<u>2,135,549</u>	<u>68,119</u>
<u>184,262</u>	<u>3,026,754</u>	<u>67,891</u>
8,078	60,307	-
1,093,377	8,800,243	92,965
24,021	24,021	-
<u>\$ 1,117,398</u>	<u>\$ 8,824,264</u>	<u>\$ 92,965</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Yankton was incorporated June 8, 1869, under the provisions of South Dakota Codified Law, as amended. The City operates under a Commission-Manager form of government.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) that apply to governmental units. All funds created under the authority of the South Dakota Codified Law, the operations of which are under the control of the City's governing body, and by financial reporting standards for governmental units are included herewith. The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

The reporting entity of the City of Yankton consists of the primary government (which includes all of the funds, organizations, institutions, agencies, department 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 City is financially accountable if its Governing Board/City Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

Proprietary Fund-type Discretely Presented The Yankton Housing and Redevelopment Commission is a proprietary fund-type discretely presented component unit of the City of Yankton. In October of 1994, the City of Yankton adopted a resolution to establish the Yankton Housing and Redevelopment Commission to administer the United States Department of Housing and Urban Development, Section 8 Existing Certificate, Voucher, and Moderate Rehabilitation Program. The program became operational in November 1994. The governing board of the commission is made up of five residents of the City of Yankton who have been appointed by the Mayor of the City of Yankton and with the approval of the City Commission. The City of Yankton retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to enter into any housing development involving the use of eminent domain, which gives the City the ability to impose its will on the Commission. The report may be obtained by writing to the Yankton Housing and Redevelopment Commission, PO Box 176, Yankton, South Dakota 57078.

Joint Ventures A joint powers agreement between the City of Yankton, City of Vermillion, Yankton County and Clay County was adopted. The purpose of this agreement is to provide for the joint ownership, administration and operation of a solid waste disposal and recycling system including; a solid waste transfer station or stations, the transportation of solid waste, a sanitary landfill licensed by the State of South Dakota, a recycling program and facilities, establishing and collecting such fees as are necessary to support the joint operation and such other operations and facilities as are necessary to exercise the primary responsibilities established under the joint powers agreement. It is not the purpose of the agreement to create a separate entity. The membership of the Advisory Board consists of: one member of the governing body of each participating government, the city managers

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

of the Cities of Yankton and Vermillion, and one citizen chosen by each participating governing body. The undivided interest in the joint agreement is reported as Joint Power Landfill as an enterprise fund. A separately issued financial statement for the joint venture is not issued.

**B. Basic Financial Statements – Government-Wide Statement**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, and capital project funds are classified as governmental activities. The City's internal service fund is classified as a governmental-type activity.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net positions are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first uses restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (general government, public works, public safety, health & welfare, culture & recreation, community development) and business-type activities. The functions are supported by general government revenues and related program revenues, operating grants and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through an internal service fund on a cost-reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

**C. Basis of Accounting**

Basis of accounting refers to the point when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 30 days after year-end. A 30-day availability period is also used for revenue recognition for all other governmental fund revenues. The exception to this would be for receivables derived from reimbursement grant arrangements where the revenue would be recognized in the same period as the expenditure.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

**D. Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City can electively add a fund, as a major fund, which have a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

Governmental Fund Types – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund types of the City:

General Fund – The General fund is the general operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Debt Service Fund - The Debt Service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs not being financed by proprietary or nonexpendable trust funds.

Capital Project Funds - The Capital Project funds account for the acquisition of fixed assets or construction of major capital projects not being financed by Proprietary Funds or Fiduciary Funds.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Permanent Fund – Account for resources that are legally restricted to allow the earnings (and not principal) to be used to support the government's programs.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets.

Enterprise Funds - Enterprise funds are used to account for those operations (a) that are financed and operated in a manner similar to private business or enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - Internal Service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The City's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the governmental-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

A description of the City's internal service funds are as follows:

Central Garage Fund – To account for the cost of supplying the fuel, repairs and maintenance of equipment used by all City departments, and fuel for the Yankton County automotive equipment. All purchases are billed at cost plus nominal overhead to defray administrative, equipment and shop maintenance and depreciation costs.

Copies and Postage – This fund has been established to record all charges for copies and postage by all departments prior to allocating these charges to the respective departments.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The City has the following agency funds:

Employee Benefits – This fund has been established as a clearing account used to account for withholding of taxes, insurance, flex plan and retirement from the employees' payroll, and the corresponding City match.

Sales Tax – This fund has been established to record taxes collected for remittance to the State of South Dakota on taxable operations of the City.

The City reports the following major governmental funds:

General Fund – See the description above. The General Fund is always considered to be a major fund.

Debt Service Fund:

2011 Sales Tax Bonds – Used to account for the collection of funds and repayment of the 2011 bonds. The City intends to fund these payments through the collection of TID Funds.

Capital Projects Funds:

Special Capital Improvement Fund – This Fund is used to account for the revenues and expenditures of the additional one percent (1%) sales and use tax. All revenues received from the collection of the tax are used only for the purpose of capital improvements, land acquisition, debt retirement for a joint building project with the city school district including parking, street improvements, and utility improvements attendant thereto, and for street construction and storm sewer improvements.

Public Improvement – This fund is used for present and future public improvements that are grant related or pass-through grants.

The City reports the following major enterprise funds:

Water Fund – This fund is used to account for water service to the residents of the City.

Wastewater Fund – This fund is used to account for wastewater collection service for residents.

**E. Cash and Investments**

The City combines all cash to participate in an entity-wide cash and investment pool except for specific bond indenture investments required to be separately invested. In general, SDCL 4-5-6 permits municipal funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly, including, without limitations, United States treasury bills, notes, bonds, and other obligations issued or directly or indirectly guaranteed by the United States government, or otherwise directly or indirectly backed by the full faith and credit of the United States government; provided that, for other than permanent, trust, retirement, building, and depreciation reserve funds, such securities shall either mature within eighteen months from the date of purchase or be

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

redeemable at the option of the holder within eighteen months from the date of purchase; of (b) repurchase agreements fully collateralized by securities described in (a) and meeting the requirements of SDCL 4-5-9, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the one hundred largest United States commercial banks, as measured by domestic deposits; or (c) in shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933 and whose only investments are in securities described in (a) and repurchase agreements described in (b). The component unit maintains their own cash.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on month-end deposit and investment balances.

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

The City uses the following methods of determining the reported amounts.

<u>Type</u>	<u>Method</u>
Non-negotiable Certificates of Deposit	Cost
U.S. Treasury Notes, State and Local Government Series	Fair Value Determined based on Quoted Market Price

**F. Cash Flows**

The City pools its cash resources for depositing and investing purposes. The proprietary funds essentially have access to their cash resources on demand. The component unit maintains their own cash and is not part of the City's pool.

**G. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**H. Advance to Other Funds**

Noncurrent portions of long-term interfund loans are reported as advances and are offset equally by a non-spendable fund balance, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

**I. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. In the government-wide financial statements and proprietary fund statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed. In the governmental fund financial statements, purchases of inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a "non-spendable" fund balance classification, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The only governmental fund inventory recorded is that of the General Fund and Public Improvement Fund, which consists of commercial, residential, and industrial land held for resale.

**J. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, other taxes and other income. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**K. Restricted Assets**

Certain proceeds of bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Part of the proceeds from cemetery lot sales are permanently set aside in the perpetual care account as required by state statutes, and only income from the restricted investments are used for care and maintenance of the cemetery.

**L. Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensation time hours for subsequent use or for payment upon termination, death or retirement. This liability as well as the corresponding employee benefits, is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for the portion which is expected to be liquidated with expendable available financial resources. This amount normally consists of payments to employees who had resigned or retired at year end, but had not yet been compensated for the accrued absences. The compensated absences liability has been computed based on rates of pay in effect at December 31, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund, with small portions being paid by the Central Garage. All accrued sick leave time accumulated is forfeited upon separation from service. Such amounts therefore do not constitute a liability. Sick leave earned over maximum accumulation is paid for, on the basis of one hour pay for each two hours earned, with the first pay day in the next January. These amounts have been accrued at year end.

**M. Amortization of Bond Discounts and Premiums**

For governmental fund types, bond premiums and discounts, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. For proprietary fund types, bond premiums and discounts, are deferred and amortized over

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

the life of the bonds based on interest expense which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**N. Equity Classifications**

Government-wide Financial 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 places on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments: of (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"

**O. Application of Net Position**

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

**P. Fund Equity**

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.

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 can only be used 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 Balances may be assigned by action of the City Commission.
- 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.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The Municipality uses restricted / committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**Q. Fixed Assets**

Assets with an initial individual cost of \$500 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been retroactively capitalized using historical or estimated historical cost as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Land Improvements	30 Years
Buildings and Structures	10 – 50 Years
Machinery and Equipment	5 – 25 Years
Infrastructure	15 – 75 Years

Interest costs for capital-asset construction within enterprise funds are capitalized. Interest costs incurred during 2013 were \$623,852 of which \$20,279 has been capitalized.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

The City maintains a cash and investment pool that is available for use by all funds. Earnings from the pooled investments are allocated monthly to each participating fund based on the month-end cash balances. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The municipal deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish revocable 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 better or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

At year-end, the City's deposits in banks were covered by federal depository insurance, and the accounts which exceeded FDIC coverage were properly collateralized per state statutes. The City's bank deposits, per banks, at December 31, 2013 were \$18,439,006. At year-end, the Yankton Housing and Redevelopment Commission's deposits were fully insured or collateralized.

Investments – The City's only investment during the year consisted of U.S. Treasury notes which were not held at year end. Per the above, credit and concentration risk disclosures are not necessary per GASB 40. At year end the Housing Commission had no investments.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 - CASH AND CASH EQUIVALENTS - (CONTINUED)**

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City had no exposure to interest rate risk at year end.

**NOTE 3 - PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the city taxes and remits them to the City. City property tax revenues are recognized to the extent that they are used to finance each year's appropriations.

The City is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the City:

General Fund	\$27
Bond Redemption Funds	As Required by Bond Agreement
Judgment Fund (Upon Judgment Being Made)	\$10

State statute allows the tax rates to be raised by special election of the voters.

**NOTE 4 - ESTIMATED UNCOLLECTIBLE RECEIVABLES**

An allowance for uncollectible taxes, utility accounts receivable and special assessments is provided based upon analysis of historical trends. The allowance for uncollectible receivables at December 31, 2013, consisted of the following:

	Utility Accounts Receivable	Special Assessment Receivable
Fund:		
Infrastructure Improvement Revolving	\$ -	\$ 42,000
Water Fund	8,764	-
Wastewater Fund	8,588	-
Solid Waste Fund	8,810	-
	\$ 26,162	\$ 42,000

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 5 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at December 31, 2013, include the following:

	General	Public Improvement Fund	Special Capital Improvement Fund	Non-Major Governmental Funds
County Remitted Taxes	\$ 12,973	\$ -	\$ -	\$ -
County share of Senior Center and Others	10,969	-	212,604	15,000
County and Other Garage Charges	-	-	-	-
State Remitted Sales Tax	459,938	-	346,972	45,306
State Remitted Liquor and Other Taxes	27,908	-	-	-
State Road Aid	59,007	-	-	-
Federal Grants	1,076	8,575	-	178,261
Other	12,956	-	-	1,566
	<u>\$ 584,827</u>	<u>\$ 8,575</u>	<u>\$ 559,576</u>	<u>\$ 240,133</u>

	Internal Service	Total
County Remitted Taxes	\$ -	\$ 12,973
County share of Senior Center and Others	-	238,573
County and Other Garage Charges	9,372	9,372
State Remitted Sales Tax	-	852,216
State Remitted Liquor and Other Taxes	-	27,908
State Road Aid	-	59,007
Federal Grants	-	187,912
Other	-	14,522
	<u>\$ 9,372</u>	<u>\$ 1,402,483</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 - CAPITAL ASSETS**

A summary of the changes in the capital assets for the year ended December 31, 2013, is as follows:

	Balance January 1, 2013	Additions	Deletions	Reclassification	Balance December 31, 2013
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,356,881	\$ 140,972	\$ -	\$ -	\$ 3,497,853
Construction in Progress	4,029,405	2,155,791	240,171	-	5,945,025
Total capital assets not being depreciated	7,386,286	2,296,763	240,171	-	9,442,878
Capital assets being depreciated:					
Buildings & Structures/Infrastructure	60,324,687	1,562,308	171,500	-	61,715,495
Furniture & Equipment	13,183,387	701,215	188,242	(41,889)	13,654,471
Total capital assets being depreciated:	73,508,074	2,263,523	359,742	(41,889)	75,369,966
Less: Accumulated Depreciation for:					
Buildings & Structures/Infrastructure	19,727,502	1,651,986	170,199	-	21,209,289
Furniture & Equipment	7,218,202	778,495	184,187	(33,811)	7,778,699
Total Accumulated Depreciation	26,945,704	2,430,481	354,386	(33,811)	28,987,988
Total Capital Assets being depreciated, net	46,562,370	(166,958)	5,356	(8,078)	46,381,978
Governmental activities capital assets, net	\$ 53,948,656	\$ 2,129,805	\$ 245,527	\$ (8,078)	\$ 55,824,856

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 - CAPITAL ASSETS – (CONTINUED)**

	Balance January 1, 2013	Additions	Deletions	Reclassification	Balance December 31, 2013
Business-Type Activities:					
Capital Assets not being depreciated:					
Land	\$ 815,123	\$ -	\$ -	\$ -	\$ 815,123
Construction in Progress	124,419	895,119	-	-	1,019,538
Total capital assets not being depreciated	939,542	895,119	-	-	1,834,661
Capital Assets being depreciated:					
Buildings and Structures	50,435,058	702,508	13,566	-	51,124,000
Land Improvements	2,190,047	-	-	-	2,190,047
Furniture & Equipment	5,115,394	85,219	88,128	41,889	5,154,374
Total capital assets, being depreciated	57,740,499	787,727	101,694	41,889	58,468,421
Less: Accumulated Depreciation for:					
Buildings and Structures	24,969,681	1,709,098	13,566	-	26,665,213
Land Improvements	52,570	3,107	-	-	55,677
Furniture & Equipment	3,432,722	269,469	88,128	33,811	3,647,874
Total Accumulated Depreciation	28,454,973	1,981,674	101,694	33,811	30,368,764
Total Capital Assets, being depreciated, net	29,285,526	(1,193,947)	-	8,078	28,099,657
Business-type activities capital assets, net	\$ 30,225,068	\$ (298,828)	\$ -	\$ 8,078	\$ 29,934,318

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 32,709
Community Development	1,199
Public Safety	234,744
Public Works	1,690,225
Culture & Recreation	471,604
Total depreciation expense - governmental activities	\$ <u>2,430,481</u>

Depreciation expense of \$14,602 was charged to the Internal Service Fund and is included in the Public Works total shown above.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 - CAPITAL ASSETS -- (CONTINUED)**

Business-Type Activities:	
Water	\$ 647,959
Wastewater	1,072,719
Solid Waste	60,472
Golf Course	58,544
Joint Powers Landfill	141,980
Total depreciation expense - business-type activities	<u>\$ 1,981,674</u>

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Component Unit:				
Capital Assets, being depreciated				
Furniture & Equipment	\$ 4,633	\$ -	\$ -	\$ 4,633
Total capital assets, being depreciated	<u>4,633</u>	<u>-</u>	<u>-</u>	<u>4,633</u>
Less: Accumulated Depreciation	<u>4,633</u>	<u>-</u>	<u>-</u>	<u>4,633</u>
Component unit capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 3,497,853	\$ 815,123
Construction in Progress	5,945,025	1,019,538
Capital Assets (Net of Accumulated Depreciation)	46,381,978	28,099,657
Less: Revenue Bonds	-	13,952,721
Capital Leases	1,945,000	-
Net Investment in Capital Assets	<u>\$ 53,879,856</u>	<u>\$ 15,981,597</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 7 - COMMITMENTS**

During the year ended December 31, 2013, the City had entered into several construction contracts totaling approximately \$756,437 of which approximately \$363,368 had been expended to date. The remaining balance will be paid as work progresses.

**NOTE 8 - CAPITAL LEASE**

The following is a summary of the Capital Lease Activity for the year:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Leases Payable	\$2,040,000	\$ -	\$ (95,000)	\$1,945,000

An agreement was entered with The First Dakota National Bank in Sioux Falls (Lessor/Trustee) for the financing to construct a new city fire station. The Declaration of Trust Agreement, the Lease-Purchase Agreement and Ground Lease Agreement between the City and The First Dakota National Bank along with the issuance of \$2,420,000 of Certificates of Participation were completed in February 2009. These agreements are evidence of the Bank's ownership interest in the lease-purchase assets with the City of Yankton. The City is the agent for the Bank for the construction of the fire station building. The bid was awarded and construction began on the fire station building in January 2009 and was completed in 2010. The interest rate on the Certificates of Participation varies from 2.10% to 5.00% and the lease payment terms match the terms of the certificates with final payment December 1, 2028. Property tax funds have been pledged to make the lease payments over the term of the lease.

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of December 31, 2013.

Year Ending December 31,	Principal	Interest	Total
2014	\$ 100,000	\$ 87,480	\$ 187,480
2015	100,000	84,080	184,080
2016	105,000	80,280	185,280
2017	110,000	76,290	186,290
2018	115,000	71,780	186,780
2019 – 2023	645,000	280,195	925,195
2024 – 2028	770,000	114,203	884,203
Totals	\$1,945,000	\$ 794,308	\$ 2,739,308

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 9 - LONG-TERM DEBT**

A. Bonds Payable/Notes Payable:

The following is a summary of debt transactions of the City for the year ended December 31, 2013 (in thousands of dollars):

	Governmental		Enterprise				Total
	2011 Sales Tax Bond	Rural Development Notes Payable	Water Revenue (SRF)	Wastewater Revenue (SRF)	2011 Wastewater Refunding Bonds	Joint Power Landfill Revenue Loans (SWMP) (RLA)	
Notes/Bonds Payable at January 1, 2013	\$ 2,610	\$ 36	\$ 6,656	\$ 3,875	\$ 3,675	\$ 252	\$ 17,104
Notes/Bonds Issued	-	-	573	-	-	-	573
Notes/Bonds Retired	(105)	(36)	(354)	(294)	(425)	(17)	(1,231)
Notes/Bonds Payable at December 31, 2013	\$ 2,505	\$ -	\$ 6,875	\$ 3,581	\$ 3,250	\$ 235	\$ 16,446

Debt outstanding at December 31, 2013, is comprised of the following individual issues:

	Due Within One Year	Due After One Year	Total
2011 Sales Tax Revenue Bonds – Dated June 1, 2011, maturing December 1, 2012-2031, with an average interest rate of 3.71%. Funds were used to provide economic development incentives and are to be paid by the Debt Service Fund, using TID generated taxes.	\$ 110,000	\$ 2,395,000	\$ 2,505,000
2011 Wastewater Revenue Refunding Bonds – Dated April 1, 2011, maturing December 1, 2011-2020, with an average interest rate of 2.63%, paid by the Wastewater Fund.	435,000	2,815,000	3,250,000
Solid Waste Management Program (SWMP) and Regional Landfill Assistance (RLA) loans maturing June 1, 2012, June 1, 2025, and June 1, 2026 with an interest rate of 3% per annum, paid by the Joint Powers Landfill Fund.	17,087	218,284	235,371
Water Revenue Bonds (SRF) maturing October 1, 2023, July 15, 2029, April 15, 2031 and October 15, 2031 with interest rates of 3.5%, 3.25%, 3.0% and 3.0% per annum, paid by the Water Fund.	385,084	6,489,567	6,874,651
Wastewater Revenue Bonds (SRF) maturing October 1, 2023, with an interest rate of 3.5% per annum, paid by the Wastewater Fund.	304,608	3,276,510	3,581,118
<b>Totals</b>	<b>\$1,251,779</b>	<b>\$ 15,194,361</b>	<b>\$ 16,446,140</b>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 9 - LONG-TERM DEBT – (CONTINUED)**

The above governmental bonds are shown net of \$9,857 of unaccreted bond premiums and the business-type activity revenue bonds net of \$11,579 of unaccreted bond premiums on the Statement of Net Assets.

On May 11, 2009 the Board of Commissioners approved the issuance of, not to exceed \$3,000,000 of drinking water state revolving fund loans for various water improvements. At December 31, 2013, there had been \$2,542,146 drawn on this loan, with the remaining to be drawn as work progresses.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for the governmental-type activities and the business-type activities.

In April, 2011, the City issued \$4,325,000 of Wastewater Revenue Refunding Bonds, Series 2011B, which were used in addition to approximately \$285,000 of existing City funds to refund Clean Water State Revolving Loans #1 and #2. The 2011 bonds have an average interest rate of 2.63% and the bonds being refunded had an average interest rate of 4.68%. As a result of this refunding the City will reduce its debt service payments over the next ten years by \$635,867 and obtain an economic gain of \$839,610.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

**B. Annual Debt Service Requirements**

The annual requirements to amortize all debt outstanding as of December 31, 2013, including interest payments of \$3,881,482 are as follows:

Year Ending December 31	2011 Sales Tax Bonds		Wastewater Revenue		Water Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 110,000	\$ 84,965	\$ 739,608	\$ 204,458	\$ 385,084	\$ 211,464
2015	110,000	82,765	760,410	184,956	402,135	201,602
2016	115,000	80,565	776,595	164,871	415,365	188,373
2017	115,000	78,265	798,177	143,164	429,032	174,704
2018	120,000	75,850	825,170	119,671	443,151	160,585
2019-2023	640,000	328,195	2,931,158	230,784	2,444,455	574,228
2024-2028	760,000	210,160	-	-	1,539,985	251,703
2029-2031	535,000	47,400	-	-	815,443	37,277
	<u>\$2,505,000</u>	<u>\$ 988,165</u>	<u>\$6,831,118</u>	<u>\$1,047,904</u>	<u>\$6,874,650</u>	<u>\$1,799,936</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

Year Ending December 31	Joint Power Landfill (RLA) (SWMP)		Total	
	Principal	Interest	Principal	Interest
2014	\$ 17,087	\$ 6,934	\$ 1,251,779	\$ 507,821
2015	17,603	6,418	1,290,148	475,741
2016	18,135	5,885	1,325,095	439,694
2017	18,683	5,337	1,360,892	401,470
2018	19,248	4,773	1,407,569	360,879
2019-2023	105,327	14,777	6,120,940	1,147,984
2024-2028	39,288	1,353	2,339,273	463,216
2029-2031	-	-	1,350,443	84,677
	<u>\$ 235,371</u>	<u>\$ 45,477</u>	<u>\$16,446,139</u>	<u>\$ 3,881,482</u>

C. Accrued Compensated Absences and OPEB Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 461,758	\$ 366,728	\$ 379,445	\$ 449,041	\$ 67,356
Other Post Employment Benefit Obligation	443,772	26,899	52,703	417,968	-
Business-Type Activities:					
Compensated Absences	152,556	121,160	137,540	136,176	20,426
Other Post Employment Benefit Obligation	149,007	8,096	15,860	141,243	-
Total Accrued Compensated Absences and OPEB Liabilities	<u>\$ 1,207,093</u>	<u>\$ 522,883</u>	<u>\$ 585,548</u>	<u>\$1,144,428</u>	<u>\$ 87,782</u>

For the governmental activities, compensated absences and OPEB liabilities are primarily liquidated by the general fund, however, a small portion is also liquidated by the Central garage and dispatch funds.

**NOTE 10 - INTERFUND ASSETS/LIABILITIES**

The purpose of the City's interfund balances is to help finance short-term cash flow shortages of various funds. Individual short-term interfund receivable and payable balances at December 31, 2013 were as follows:

	Interfund Receivables	Interfund Payables
Due From/To Other Funds:		
General Fund	\$ 285,266	\$ 25,515
Capital Projects – Special Capital Improvements	2,021,540	-
Capital Projects – Public Improvement	-	1,996,025
Non-major Governmental Funds	-	108,765
Non-major Enterprise Fund	-	176,501
	<u>\$ 2,306,806</u>	<u>\$ 2,306,806</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 10 - INTERFUND ASSETS/LIABILITIES - (CONTINUED)**

As of December 31, 2013, long-term advances were as follows:

	Interfund Receivables	Interfund Payables
Advances From/To Other funds:		
General Fund	\$ 920,734	\$ 86,104
Special Capital Improvements	86,104	-
Non-major Governmental Funds	-	920,734
	\$ 1,006,938	\$ 1,006,938

The long-term advances were used as internal financing for equipment purchases for the general fund and interim borrowing to the TID #5 fund until property tax revenues are available for repayment. Currently, the equipment loan carries a repayment term of ten years and interest rates of 6 percent and the TID loan is variable.

**NOTE 11 - DEFICIT FUND BALANCES/RETAINED EARNINGS**

As of December 31, 2013, the following funds had deficit fund balances in the amounts shown:

Capital Projects:	
Public Improvement Capital Project	\$ 36,647
Park Capital Projects	23,765
Special Revenue:	
TID #5	984,161

The Public Improvement Capital Project Fund balance deficit will be funded through revenues obtained from future property transactions. The Park Capital deficit will be funded through General Fund appropriations. TID #5 deficit will be refunded through future TID property tax collections.

**NOTE 12 - RETIREMENT PLAN**

All employees, except for part-time employees with less than twenty hours per week and temporary employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary for a Class A member and 8 percent for Class B public safety members to the plan. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2013, 2012, and 2011 were \$406,399, \$392,805 and \$380,628 respectively, equal to the required contributions each year.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 13 - TRANSFERS**

The following is a summary of transfers between funds:

	General	Debt Service Fund	Nonmajor Governmental	Total Transfer Out
General	\$ -	\$ -	\$ 511,951	\$ 511,951
Nonmajor Governmental	160,329	194,965	35,347	390,641
Special Cap. Improvements	261,391	-	-	261,391
Solid Waste Fund	24,000	-	-	24,000
Wastewater	40,700	-	-	40,700
Water	52,000	-	-	52,000
Transfer In	<u>\$ 538,420</u>	<u>\$ 194,965</u>	<u>\$ 547,298</u>	<u>\$ 1,280,683</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended December 31, 2013, the City made the following one-time transfers:

Transfer from the Special Capital Improvement Fund to the General Fund of \$261,391 to pay the rebate to Menard's for half of sales tax payment.

Transfer to the Debt Service Fund from the TID #5 Fund of \$194,965 to fund the annual debt service on the 2011 sales tax bonds.

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2013, the City managed its risks as follows:

Employee Health Insurance: The City purchases health insurance for its employees from a commercial insurance carrier.

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

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 14 - RISK MANAGEMENT (CONTINUED)**

City pays an annual premium to the pool to provide coverage for general liability, official's liability, auto liability, law enforcement liability, property, and boiler and machinery.

The agreement with the SDPAA provides that the above coverages will be provided to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The City would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of City's First Full Year	50%
End of City's Second Full Year	60%
End of City's Third Full Year	70%
End of City's Fourth Full Year	80%
End of City's Fifth Full Year	90%
End of City's Sixth Full Year and Thereafter	100%

As of December 31, 2013, the City has vested balance in the cumulative reserve fund of \$270,270.

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

Worker's Compensation: The City purchases liability insurance for worker's compensation from a commercial carrier.

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

There was no significant reduction in insurance coverage from the prior year. There were also no settlements, which exceeded insurance coverage in the past three years.

**NOTE 15 - VIOLATIONS OF FINANCE-RELATED LEGAL REQUIREMENTS**

The City is prohibited by statute from spending in excess of appropriated amounts at the department level. In 2013 the City did not appropriately budget for the newly created Business Improvement District Fund.

**NOTE 16 - OTHER POST EMPLOYMENT BENEFITS**

During fiscal 2008, the City adopted the provisions of GASB 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions". The major change under GASB 45 is to attribute the cost of post-employment benefits to the time during which the employee is working for the employer. Accordingly, a prospective liability is recorded at December 31, 2013 for a Post-Employment Benefit Obligation as determined by an actuarial calculation.

*Plan Description.* The City of Yankton's Other Post-Employment Benefit Plan is a single-employer defined benefit healthcare plan administered by the Municipality. Under the plan an employee who has a minimum of 15 years' service and who has been insured through the City's group health insurance for a minimum of 5 years is eligible to continue with the City's health insurance plan until they reach the age of Medicare eligibility with the City paying 50% of the premium. The retiree's spouse may also continue on the City's plan with the City paying 50% of the premium. The retiree's spouse may also continue on the City's plan with the City paying 50% if the spouse was added to the group prior to retirement. Authority for providing such benefits are found in South Dakota Codified Law 6-1-16 and 9-14-35. Benefit provisions were established and may be amended by the City Board of Commissioners. Premiums are

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

based on the full active employee premium rate. The plan does not issue separately stated standalone financial statements. Following January 1, 2014, no new retirees shall be admitted into the program.

*Funding Policy.* The contribution requirements of plan members and the City are established and may be amended by the City Board of Commissioners.

*Annual OPEB Cost and NET OPEB Obligation.* The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

<i>Annual required contribution</i>	\$ 44,933
<i>Interest on net OPEB obligation</i>	32,992
<i>Adjustment to annual required contribution</i>	<u>(42,930)</u>
<i>Annual OPEB cost (Expense)</i>	34,995
<i>Contributions made</i>	<u>(68,563)</u>
<i>Decrease in net OPEB obligation</i>	(33,568)
<i>Net OPEB obligation – beginning of year</i>	<u>592,779</u>
<i>Net OPEB obligation – end of year</i>	<u>\$ 559,211</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 - 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 289,513	24.02%	\$ 219,973
2009	289,511	24.02%	439,944
2010	289,511	24.02%	659,915
2011	(34,999)	195.91%	626,349
2012	(34,995)	195.93%	592,779
2013	(34,995)	195.92%	559,211

*Funded Status and Funding Progress.* The funded status of the plan as of December 31, 2013 as follows:

Actuarial accrued liability (AAL)	\$ 670,952
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 670,952</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 6,285,630
UAAL as a percentage of covered payroll	10.67%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point and do not explicitly reflect the potential effect of legal or contractual funding limitation. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% interest discount rate and an annual medical healthcare cost trend rate of 7% initially, reduced by decrements to an ultimate rate of 5% after 2 years. Assumptions include a 3.0% growth in payroll per annum. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years from establishment. Differences between the expected and actual UAAL in future years will be amortized over 30 years.

**NOTE 17 – SAFETY CENTER AGREEMENT**

The City of Yankton has entered into a lease agreement with Yankton County for space occupied in the County's Public Safety Center. The lease is an annual lease, set to renew January 1 of each year automatically unless notice is given by either party prior to June 1. The lease may be amended or canceled by either party acting in formal session.

There are two components to the lease. The first being an operations and maintenance cost component in which the County and City will share the costs of operations and maintenance of the facility at a rate of 89.25% and 10.75% respectively. This percentage is based upon the actual square footage used by the City as well as one half of various mutually agreed upon shared areas. Changes to the space allocation will be reviewed each April, and any changes resulting in cost changes will be approved by both parties. The amount paid by the City to the County for 2013 for this component was \$33,438.

The second component is the capital improvement component. The City's payment for this component will be equal to the pro rata share of the debt service of the County's GO Bonds issued to finance the Safety Center Addition as determined by the space occupied by the City Police Department, one-half of the dispatch area, and one-half of any other mutually agreed upon areas. This percentage will be determined by using actual construction costs of the specified areas. At such time the County's debt is retired, the City will have no future obligation for this component of the lease. Beginning in 2011, the annual cost was \$62,963 for this component and will remain at that amount until the bonds are paid.

Lastly, the City agreed to continue to provide dispatch services for the County, with the County agreeing to pay the City an annually agreed upon amount, associated with the costs of providing the service. For 2009, 2010, 2011, 2012, and 2013, it was agreed the County would pay \$60,000 per year for dispatch services, which was appropriately paid.

**CITY OF YANKTON, SOUTH DAKOTA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACUTAL**  
**General Fund**  
**For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes - Current Property	\$ 2,371,023	\$ 2,371,023	\$ 2,485,598	\$ 114,575
Taxes - Sales and Other	5,211,421	5,211,421	5,056,962	(154,459)
Licenses and Permits	342,900	342,900	410,930	68,030
Intergovernmental	776,703	776,703	551,225	(225,478)
Charges for Service	2,838,686	2,981,279	3,031,474	50,195
Fines and Forfeits	13,500	13,500	14,442	942
Interest	200	200	8,074	7,874
Miscellaneous	28,500	28,500	56,095	27,595
<b>Total Revenues</b>	<b>11,582,933</b>	<b>11,725,526</b>	<b>11,614,800</b>	<b>(110,726)</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
Board of City Commission	146,864	146,864	123,199	23,665
Office of City Manager	311,062	311,062	257,717	53,345
City Attorney	48,974	51,174	41,579	9,595
Department of Finance	586,474	586,474	514,648	71,826
Information Systems	242,387	299,387	194,699	104,688
Community Development	400,295	400,295	331,356	68,939
Contingency	200,000	200,000	-	200,000
Casulty Reserve Fund	5,000	5,000	-	5,000
Special Appropriations	286,537	286,537	274,503	12,034
<b>Total General Government</b>	<b>2,227,593</b>	<b>2,286,793</b>	<b>1,737,701</b>	<b>549,092</b>
<b>Public Safety:</b>				
Police Department	2,646,217	2,646,217	2,387,608	258,609
Animal Control	59,479	59,479	51,527	7,952
Fire Department	1,326,723	1,326,723	518,262	808,461
Civil Defense	2,240	2,240	1,175	1,065
<b>Total Public Safety</b>	<b>4,034,659</b>	<b>4,034,659</b>	<b>2,958,572</b>	<b>1,076,087</b>
<b>Public Works:</b>				
Engineering and Inspection	587,159	597,159	513,135	84,024
Streets and Highways	1,705,563	1,705,563	1,315,702	389,861
Snow and Ice Removal	168,363	193,083	116,213	76,870
City Hall	273,198	273,198	161,229	111,969
Traffic Control	340,342	340,342	292,976	47,366
Chan Gurney Airport	719,506	869,506	680,800	188,706
<b>Total Public Works</b>	<b>3,794,131</b>	<b>3,978,851</b>	<b>3,080,055</b>	<b>898,796</b>

(continued)

**CITY OF YANKTON, SOUTH DAKOTA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACUTAL**  
**General Fund**  
**For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Positive (Negative)
	Original	Final		
Culture and Recreation:				
Marne Creek	168,355	342,355	88,193	254,162
Summit Activities Center	728,485	753,485	662,637	90,848
Memorial Park Pool	203,998	203,998	164,928	39,070
Parks and Recreation	985,961	1,055,661	997,765	57,896
Senior Citizens Center	91,314	94,814	82,444	12,370
Yankton Community Library	650,389	660,389	622,677	37,712
Total Culture and Recreation	<u>2,828,502</u>	<u>3,110,702</u>	<u>2,618,644</u>	<u>492,058</u>
Total Expenditures	<u>12,884,885</u>	<u>13,411,005</u>	<u>10,394,972</u>	<u>3,016,033</u>
Excess of Revenues over Expenditures	<u>(1,301,952)</u>	<u>(1,685,479)</u>	<u>1,219,828</u>	<u>2,905,307</u>
Other Financing Sources (Uses):				
Operating Transfers In	528,472	528,472	538,420	9,948
Operating Transfers (Out)	(932,896)	(1,058,403)	(511,951)	546,452
Proceeds from Sale of Fixed Assets	-	-	9,406	9,406
Total Other Financing Sources (Uses)	<u>(404,424)</u>	<u>(529,931)</u>	<u>35,875</u>	<u>565,806</u>
Excess (Deficiency) of Revenues over Expenditures and Other Uses	<u>(1,706,376)</u>	<u>(2,215,410)</u>	<u>1,255,703</u>	<u>3,471,113</u>
Fund Balances at Beginning of Year	<u>4,217,959</u>	<u>4,217,959</u>	<u>4,217,959</u>	<u>-</u>
Fund Balances at End of Year	<u>\$2,511,583</u>	<u>\$ 2,002,549</u>	<u>\$ 5,473,662</u>	<u>\$ 3,471,113</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Exhibit 10**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before August 1, the City Manager submits to the Board of City Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Commission Chambers to obtain taxpayer comments.
3. By the first September meeting of the City Commission, or within ten days thereafter, the annual appropriation ordinance is introduced, with final action to be taken at the second and final reading of the ordinance.
4. The level of control (the level on which expenditures may not legally exceed appropriations) is by fund, except by department within the General Fund. Any revision that alters the total expenditures of any fund or any department within the General Fund must be approved by the Board of City Commissioners with a supplemental appropriation ordinance.

Revisions made during the fiscal year ending December 31, 2013 to the original appropriations by fund were as follows for the General Fund:

	<u>Original Appropriations</u>	<u>Total Revisions</u>	<u>Revised Appropriations</u>
General Fund:			
General Government:			
Information Systems	\$ 242,387	\$ 57,000	\$ 299,387
City Attorney	48,974	2,200	51,174
Public Works:			
Snow & Ice Removal	168,363	24,720	193,083
Engineering & Inspection	587,159	10,000	597,159
Chan Gurney Airport	719,506	150,000	869,506
Culture and Recreation:			
Senior Citizens Center	91,314	3,500	94,814
Community Library	650,389	10,000	660,389
Parks and Recreation	985,691	69,700	1,055,661
Summit Activities Center	728,485	25,000	753,485
Marne Creek	168,355	174,000	342,355
Transfers Out	932,896	125,507	1,058,403

5. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total municipal budget and may be transferred, by resolution of the governing board, to any other appropriation amount that is deemed insufficient during the year.
6. Unexpended appropriations lapse at year-end. A supplemental appropriation ordinance was approved in the subsequent year by the Commission to provide additional funds for certain purchase orders outstanding at year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, capital projects funds, and all special revenue funds, with the exception of the Library Trust and Historic Easement Trust Funds. The municipality did not encumber any amounts at December 31, 2013.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Exhibit 10

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7. Formal budgetary integration is employed as a management control device during the year for the General Fund, capital projects funds, and all special revenue funds, with the exception of the Library Trust and Historic Easement Trust Funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions. The City Manager is authorized to transfer budgeted amounts between departments within any fund, except the General Fund. The component unit does not have a formal budget.
  8. Budgets for the General Fund, special revenue funds, and capital projects funds are adopted on a basis consistent with U.S. generally accepted accounting principals (GAAP).
  9. The City is prohibited by statute from spending in excess of appropriated amounts at the department level. No overspending was noted for the budget year ended December 31, 2013.
  10. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with U.S. generally accepted accounting principals 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 Revenues, 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.

CITY OF YANKTON, SOUTH DAKOTA  
 POST EMPLOYMENT HEALTHCARE BENEFITS  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

EXHIBIT 11

Audit Period	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2008	1/1/2008 *	\$ -	\$ 2,605,358	\$ 2,605,358	0.00%	\$ 5,036,433	51.7%
12/31/2009	1/1/2008	-	2,605,358	2,605,358	0.00%	5,583,033	46.6%
12/31/2010	1/1/2008	-	2,605,358	2,605,358	0.00%	5,912,008	44.1%
12/31/2011	1/1/2011	-	670,952	670,952	0.00%	5,887,184	11.3%
12/31/2012	1/1/2011	-	670,952	670,952	0.00%	6,079,945	11.0%
12/31/2013	1/1/2011	-	670,952	670,952	0.00%	6,285,630	10.7%

\* Fiscal 2008 was the first year for calculating the Post Employment Benefit Obligation so information from previous years in not available.

**CITY OF YANKTON, SOUTH DAKOTA  
COMBINING AND INDIVIDUAL FUND STATEMENTS  
GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUNDS** – Special Revenue funds are used to account for revenues derived from special tax levies and other earmarked revenue sources. These funds are utilized to finance allowable functions, which may be for either capital outlays or current expenditures or both.

The following funds included in this fund type and their purposes are as follows:

**Non-Major Funds:**

**Bridge and Street** – This fund finances expenditures on bridge and street projects approved and shared by the South Dakota Department of Transportation.

**Lodging Sales Tax** – The purpose of this appropriation is to account for the revenues received from the City's 1% municipal sales tax on lodging as is passed on to the Convention Visitor Bureau to promote the City's facilities and attractions.

**Library Trust** – This fund is administered by the Yankton Public Library Advisory Board and is used solely to fund various "special" library projects.

**Historic Easement Trust** – This fund is a reserve fund held for the purpose of paying inspection costs and fees related to a historic facade preservation easement.

**Dispatch Fund** – This fund is mandated by the State of South Dakota as they receive state funds to run a dispatch operation.

**Tax Increment District #2 Morgan Square** – This fund is used to account for expenditures for improvements in the Morgan Square TIF District and the corresponding TIF revenues.

**Tax Increment District #5** – This fund accounts for collection of property taxes and expenditures related to tax rebates and the servicing of debt related to economic development projects within the District.

**Business Improvement District** – This fund is used to collect lodging occupancy tax and the corresponding eligible expenses for the promotion and marketing of facilities, events, attractions and activities located in the District.

**DEBT SERVICE FUND** – Debt Service Funds account for the accumulation of resources and payment of general long-term obligation bond principal and interest from governmental resources. The City only has one debt service fund as follows:

**CITY OF YANKTON, SOUTH DAKOTA  
COMBINING AND INDIVIDUAL FUND STATEMENTS  
GOVERNMENTAL FUNDS**

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**Major Fund:**

**Debt Service Fund-** This fund accounts for the accumulation of funds and is expended for the annual debt service of the City's outstanding general obligation bonds.

**CAPITAL PROJECTS FUNDS** – Capital Projects Funds are established to account for financial resources and expenditures for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The following funds included in this fund type and their purposes are as follows:

**Major Funds:**

**Special Capital Improvement Fund** – This fund is used to account for the revenues and expenditures of the additional one percent (1%) sales and use tax. All revenues received from the collection of the tax are used only for the purpose of capital improvements, land acquisition, debt retirement for a joint building project with the city school district including parking, street improvements, and utility improvements attendant thereto, and for street construction and storm sewer improvements. (Reported in Exhibits 3 and 4)

**Public Improvement** – This fund is used for present and future public improvements that are grant related or pass-through grants.

**Non-Major Funds:**

**Airport Capital Improvement** – This fund is used for present and future public improvements that are grant related or pass-through grants.

**Park** – This fund is used for capital improvements to the various parks throughout the City of Yankton that include formation and initial equipment, or the expansion of existing facilities.

**Infrastructure Improvement** - This fund was created to help fund special assessment construction projects in the City of Yankton that improve the City's infrastructure.

**Infrastructure Improvement Revolving** – This fund helps finance special assessment construction projects that are paid for by the citizens who receive the direct benefits of these projects. Most repayments are in the form of a revolving loan established by the City of Yankton.

**PERMANENT FUNDS** – Account for resources that are legally restricted to allow the earnings (and not principal) to be used to support the government's programs.

**Non Major Fund:**

**Cemetery Perpetual Care** – This fund accounts for the operations and restricted funds of the cemetery.

CITY OF YANKTON, SOUTH DAKOTA  
 COMBINING BALANCE SHEET  
 Governmental Nonmajor Funds  
 December 31, 2013

	Special Revenue				
	Dispatch	Business Improvement District	TID #5	TID #2 Morgan Square	Bridge & Street
<b>Assets</b>					
Cash and Cash Equivalents	\$ 13,563	\$ 79,741	\$ 422	\$ -	\$ 125,517
Receivables (Net where applicable, of allowance for uncollectibles):					
Accounts	-	4,882	-	-	10,699
Special Assessments	-	-	-	-	-
Due from Other Governmental Agencies	15,000	1,566	-	-	-
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	-	-
Total Assets	<u>28,563</u>	<u>86,189</u>	<u>422</u>	<u>-</u>	<u>136,216</u>
<b>Liabilities</b>					
Accounts Payable	1,645	-	53,849	-	4,040
Accrued Wages	22,013	-	-	-	-
Due to Other Funds	-	-	-	-	-
Advances from Other Funds	-	-	920,734	-	-
Total Liabilities	<u>23,658</u>	<u>-</u>	<u>984,583</u>	<u>-</u>	<u>4,040</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue- special assessments	-	-	-	-	-
Unavailable revenue- other taxes	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Non-Spendable:					
Perpetual Care	-	-	-	-	-
Restricted:					
Dispatch	4,905	-	-	-	-
Perpetual Care	-	-	-	-	-
Lodging Sales Tax	-	86,189	-	-	-
Library	-	-	-	-	-
Road and Bridge Funds	-	-	-	-	132,176
Historic Easement Trust	-	-	-	-	-
Assigned:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	(984,161)	-	-
Total Fund Balances (Deficits)	<u>4,905</u>	<u>86,189</u>	<u>(984,161)</u>	<u>-</u>	<u>132,176</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 28,563</u>	<u>\$ 86,189</u>	<u>\$ 422</u>	<u>\$ -</u>	<u>\$ 136,216</u>

EXHIBIT A-1

Special Revenue			Capital Projects	Permanent	Total Governmental Nonmajor Funds
Lodging Sales Tax	Library Trust	Historic Easement Trust	Non-Major Capital Projects	Perpetual Care Cemetery	
\$ 484,746	\$ 24,702	\$ 21,822	\$ 74,977	\$ 15,731	\$ 841,221
-	-	-	-	1,204	16,785
-	-	-	139,597	-	139,597
45,306	-	-	178,261	-	240,133
-	-	-	-	153,247	153,247
<u>530,052</u>	<u>24,702</u>	<u>21,822</u>	<u>392,835</u>	<u>170,182</u>	<u>1,390,983</u>
31,700	430	-	10,416	12,866	124,946
-	-	-	-	2,865	24,878
-	-	-	108,765	-	108,765
-	-	-	-	-	920,734
<u>31,700</u>	<u>430</u>	<u>-</u>	<u>119,181</u>	<u>15,731</u>	<u>1,179,323</u>
-	-	-	103,040	-	103,040
7,362	-	-	-	-	7,362
<u>7,362</u>	<u>-</u>	<u>-</u>	<u>103,040</u>	<u>-</u>	<u>110,402</u>
-	-	-	-	50,000	50,000
-	-	-	-	-	4,905
-	-	-	-	104,451	104,451
490,990	-	-	-	-	577,179
-	24,272	-	-	-	24,272
-	-	-	-	-	132,176
-	-	21,822	-	-	21,822
-	-	-	170,614	-	170,614
<u>490,990</u>	<u>24,272</u>	<u>21,822</u>	<u>170,614</u>	<u>154,451</u>	<u>(984,161)</u>
<u>\$ 530,052</u>	<u>\$ 24,702</u>	<u>\$ 21,822</u>	<u>\$ 392,835</u>	<u>\$ 170,182</u>	<u>\$ 1,390,983</u>

CITY OF YANKTON, SOUTH DAKOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 Governmental Nonmajor Funds  
 For the Year Ended December 31, 2013

	Special Revenue				
	Dispatch	Business Improvement District	TID #5	TID #2 Morgan Square	Bridge & Street
Revenue					
Taxes	\$ -	\$ -	\$ 68,538	\$ 55,068	\$ -
Sales and Other Taxes	-	87,448	-	-	21,397
Special Assessments	-	-	-	-	-
Intergovernmental	86,458	-	-	-	-
Charges for Services	-	-	-	-	-
Interest on Investments	517	-	-	-	352
Contributions	-	500	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenue	<u>86,975</u>	<u>87,948</u>	<u>68,538</u>	<u>55,068</u>	<u>21,749</u>
Expenditures:					
Current:					
Public Safety	506,813	-	-	-	-
Public Works	-	-	-	55,068	-
Culture and Recreation	-	-	-	-	-
Community Development	-	-	261,391	-	-
Capital Outlay:					
Public Works	-	-	-	-	5,230
Culture-Recreation	-	-	-	-	-
Total Expenditures	<u>506,813</u>	<u>-</u>	<u>261,391</u>	<u>55,068</u>	<u>5,230</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(419,838)</u>	<u>87,948</u>	<u>(192,853)</u>	<u>-</u>	<u>16,519</u>
Other Financing Sources (Uses):					
Transfers In	419,743	-	-	-	-
Transfers Out	-	(1,759)	(194,965)	-	-
Total Other Financing Sources (Uses)	<u>419,743</u>	<u>(1,759)</u>	<u>(194,965)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(95)	86,189	(387,818)	-	16,519
Fund Balances (Deficits) - Beginning of Year	5,000	-	(596,343)	-	115,657
Fund Balances (Deficits) - End of Year	<u>\$ 4,905</u>	<u>\$ 86,189</u>	<u>\$ (984,161)</u>	<u>\$ -</u>	<u>\$ 132,176</u>

EXHIBIT A-2

Lodging Sales Tax	Special Revenue		Capital Projects	Permanent	Total Governmental Nonmajor Funds
	Library Trust	Historic Easement Trust	Non-Major Capital Projects	Perpetual Care Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,606
536,971	-	-	-	-	645,816
-	-	-	40,598	-	40,598
-	-	-	87,750	-	174,208
-	-	-	-	23,985	23,985
1,751	69	63	88	553	3,393
-	10,777	-	5,000	-	16,277
-	-	-	-	1,250	1,250
<u>536,722</u>	<u>10,846</u>	<u>63</u>	<u>133,436</u>	<u>25,788</u>	<u>1,029,133</u>
-	-	-	-	-	506,813
-	9,437	-	-	91,023	55,068
343,473	-	-	-	-	100,460
-	-	-	92,876	-	604,864
-	-	-	31,724	-	98,106
<u>343,473</u>	<u>9,437</u>	<u>-</u>	<u>124,600</u>	<u>91,023</u>	<u>31,724</u>
<u>195,249</u>	<u>1,409</u>	<u>63</u>	<u>8,836</u>	<u>(65,235)</u>	<u>1,397,035</u>
-	-	-	67,096	60,459	98,106
(158,572)	-	-	(35,345)	-	547,298
<u>(158,572)</u>	<u>-</u>	<u>-</u>	<u>31,751</u>	<u>60,459</u>	<u>(390,641)</u>
36,677	1,409	63	40,587	(4,776)	156,657
454,313	22,863	21,759	130,027	159,227	(211,245)
<u>\$ 490,990</u>	<u>\$ 24,272</u>	<u>\$ 21,822</u>	<u>\$ 170,614</u>	<u>\$ 154,451</u>	<u>\$ 312,503</u>
					<u>\$ 101,258</u>

CITY OF YANKTON, SOUTH DAKOTA  
 COMBINING BALANCE SHEET  
 Nonmajor Capital Projects Funds  
 December 31, 2013

	Infrastructure Improvement	Park Capital Projects
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 66,783	\$ -
Due from Other Governments		
Special Assessments		
Total Assets	66,783	-
 <b><u>Liabilities</u></b>		
Accounts Payable		
Due to Other Funds		23,765
Total Liabilities	-	23,765
 <b><u>Deferred Inflows of Resources</u></b>		
Unavailable revenue- special assessments		
Total Deferred Inflows of Resources	-	-
 <b><u>Fund Balances</u></b>		
Assigned:		
Capital Projects	66,783	
Unassigned		(23,765)
Total Fund Balances	66,783	(23,765)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 66,783	\$ -

**CITY OF YANKTON, SOUTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2013**

	<u>Infrastructure Improvement</u>	<u>Park Capital Projects</u>
Revenues:		
Special Assessments	\$ -	\$ -
Intergovernmental		
Interest		
Contributions		5,000
Total Revenues	<u>-</u>	<u>5,000</u>
Expenditures:		
Capital Outlay:		
Public Works		
Culture-Recreation		31,724
Total Expenditures	<u>-</u>	<u>31,724</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(26,724)</u>
Other Financing Sources (Uses):		
Transfers In	35,346	
Transfers (out)		
Total Other Financing Sources (Uses)	<u>35,346</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	35,346	(26,724)
Fund Balances (Deficits) at Beginning of Year	<u>31,437</u>	<u>2,959</u>
Fund Balances at End of Year	<u>\$ 66,783</u>	<u>\$ (23,765)</u>

CITY OF YANKTON, SOUTH DAKOTA  
COMBINING AND INDIVIDUAL FUND STATEMENTS  
PROPRIETARY FUNDS

**PROPRIETARY FUNDS** – The proprietary funds are established to account for the financing of self-supporting activities of governmental units which render services on a user charge basis to the general public or to other departments of the government.

**Non-Major Enterprise Funds:**

**Solid Waste** – This fund accounts for the operations of a solid waste pickup (collection) for the residents of the City of Yankton.

**Joint Powers Landfill** – On April 9, 1994 the City of Vermillion, City of Yankton, Clay County and Yankton County entered into a joint powers operation for landfill and recycling. The operating activities of the landfill and recycling center located in Vermillion are accounted for by the City of Vermillion while the transfer station and recycling in Yankton are accounted for by the City of Yankton in this fund.

**Golf Course** – This fund was established to account for the operations of an 18-hole municipal, public play golf course.

**Internal Service Funds:**

**Copies and Postage** – This fund has been established to record all charges for copies and postage by all departments prior to allocating these charges to the respective departments.

**Central Garage Fund** – To account for the cost of supplying the fuel, repairs and maintenance of equipment used by all City departments, and fuel for the Yankton County automotive equipment, all purchases are billed at cost plus nominal overhead to defray administrative, equipment and shop maintenance and depreciation costs.

**CITY OF YANKTON, SOUTH DAKOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**Nonmajor Enterprise Funds**  
**December 31, 2013**

	<u>Golf Course</u>	<u>Solid Waste</u>	<u>Joint Powers Landfill</u>	<u>Totals</u>
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 57,741	\$ 594,550	\$ 441,086	\$ 1,093,377
Accounts Receivable (Net of allowance for uncollectibles)	532	126,509	49,786	176,827
Prepaid Expenses	3,431	14,193	5,146	22,770
Inventory	49,462	-	-	49,462
Total Current Assets	<u>111,166</u>	<u>735,252</u>	<u>496,018</u>	<u>1,342,436</u>
Noncurrent Assets:				
Restricted Assets - Cash and Cash Equivalents	-	-	24,021	24,021
Property, Plant and Equipment:				
Land	533,787	75,139	11,414	620,340
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	2,512,315	405,420	1,141,008	4,058,743
Total Noncurrent Assets	<u>3,046,102</u>	<u>480,559</u>	<u>1,176,443</u>	<u>4,703,104</u>
Total Assets	<u>3,157,268</u>	<u>1,215,811</u>	<u>1,672,461</u>	<u>6,045,540</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	11,995	16,050	38,249	66,294
Accrued Interest Payable	-	-	588	588
Accrued Wages Payable	22,090	8,504	10,312	40,906
Accrued Compensated Absences	3,328	2,586	2,940	8,854
Revenue Bonds Payable	-	-	17,087	17,087
Due to other Funds	176,501	-	-	176,501
Revenues Collected in Advance	968	-	-	968
Total current liabilities	<u>214,882</u>	<u>27,140</u>	<u>69,176</u>	<u>311,198</u>
Noncurrent liabilities:				
Accrued Compensated Absences	18,854	14,655	16,663	50,172
Estimated Postemployment Benefit Obligation	16,547	29,709	19,022	65,278
Revenue Bonds (net of current portion)	-	-	218,285	218,285
Total noncurrent liabilities	<u>35,401</u>	<u>44,364</u>	<u>253,970</u>	<u>333,735</u>
Total Liabilities	<u>250,283</u>	<u>71,504</u>	<u>323,146</u>	<u>644,933</u>
<b>Net Position</b>				
Net Investment in Capital Assets	3,046,102	480,559	917,050	4,443,711
Restricted for Debt Service	-	-	23,433	23,433
Unreserved	(139,117)	663,748	408,832	933,463
Total Net Position	<u>\$2,906,985</u>	<u>\$1,144,307</u>	<u>\$ 1,349,315</u>	<u>\$ 5,400,607</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2013**

	<u>Golf Course</u>	<u>Solid Waste</u>	<u>Joint Powers Landfill</u>	<u>Totals</u>
Operating Revenues - Charges for Service	\$ 727,509	\$ 870,077	\$ 940,452	\$2,538,038
Operating Expenses:				
Personal Services	330,891	305,575	247,286	883,752
Insurance	4,944	5,848	13,663	24,455
Professional Services	30,105	19,044	24,963	74,112
Tipping Fees	-	131,051	4,320	135,371
Repairs and Maintenance	54,540	61,083	175,951	291,574
Cost of Sales and Service	231,388	-	308,112	539,500
Supplies and Materials	53,853	5,620	6,459	65,932
Travel and conference	2,781	-	-	2,781
Utilities	29,536	418	22,336	52,290
Billing and Administration	67,340	243,830	-	311,170
Depreciation	58,544	60,472	141,980	260,996
Total Operating Expenses	<u>863,922</u>	<u>832,941</u>	<u>945,070</u>	<u>2,641,933</u>
Operating Income (Loss)	<u>(136,413)</u>	<u>37,136</u>	<u>(4,618)</u>	<u>(103,895)</u>
Nonoperating Revenues:				
Interest Income	112	1,567	1,268	2,947
Interest Expense	-	-	(7,394)	(7,394)
Miscellaneous, net	1,317	-	27,484	28,801
Gain (loss) on disposition of assets	-	-	3,175	3,175
Total Nonoperating Revenues	<u>1,429</u>	<u>1,567</u>	<u>24,533</u>	<u>27,529</u>
Other Financing Sources (Uses):				
Transfers Out	-	(24,000)	-	(24,000)
Contributed Capital Revenue	-	8,078	-	8,078
Total Other Financing Sources (Uses)	<u>-</u>	<u>(15,922)</u>	<u>-</u>	<u>(15,922)</u>
Change in Net Position	(134,984)	22,781	19,915	(92,288)
Total Net Position - Beginning	<u>3,041,969</u>	<u>1,121,526</u>	<u>1,329,400</u>	<u>5,492,895</u>
Total Net Position - Ending	<u>\$2,906,985</u>	<u>\$1,144,307</u>	<u>\$1,349,315</u>	<u>\$5,400,607</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2013**

	Business-Type			Totals
	Golf Course	Solid Waste	Joint Powers Landfill	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 683,419	\$ 858,398	\$ 958,731	\$ 2,500,548
Cash Received for Interfund Services	-	6,361	-	6,361
Cash Paid to Suppliers for Goods and Services	(445,163)	(403,421)	(416,018)	(1,264,602)
Cash Paid to Employees for Services	(318,858)	(311,748)	(246,723)	(877,329)
Cash Paid for Interfund Services	(25,826)	(60,972)	(122,719)	(209,517)
Other Nonoperating Revenues	1,317	-	27,484	28,801
Net Cash Provided (Used) from Operating Activities	<u>(105,111)</u>	<u>88,618</u>	<u>200,755</u>	<u>184,262</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	-	-	(111,107)	(111,107)
Proceeds from Sale of Fixed Assets	-	-	3,175	3,175
Interest Paid on Bonds	-	-	(7,436)	(7,436)
Principal Paid on Notes, Bonds and Leases	-	-	(16,586)	(16,586)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(131,954)</u>	<u>(131,954)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Change in Due to Other Funds	57,747	-	-	57,747
Transfers Out	-	(24,000)	-	(24,000)
Net Cash Provided (Used) from Non-Capital Financing Activities	<u>57,747</u>	<u>(24,000)</u>	<u>-</u>	<u>33,747</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends on Investments	112	1,567	1,268	2,947
Net Cash Provided from Investing Activities	<u>112</u>	<u>1,567</u>	<u>1,268</u>	<u>2,947</u>
Net Increase (decrease) in Cash and Cash Equivalents	(47,252)	66,185	70,069	89,002
Cash and Cash Equivalents at Beginning of Year	104,993	528,365	395,038	1,028,396
Cash and Cash Equivalents at End of Year	<u>\$ 57,741</u>	<u>\$ 594,550</u>	<u>\$ 465,107</u>	<u>\$ 1,117,398</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ (136,413)	\$ 37,136	\$ (4,618)	\$ (103,895)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	58,544	60,472	141,980	260,996
Other Non-Operating Income	1,317	-	27,484	28,801
(Increase) Decrease in Assets:				
Accounts Receivable	14,260	(5,318)	18,279	27,221
Inventory	5,872	-	-	5,872
Prepaid Expenses	(9)	(101)	13	(97)
Increase (Decrease) in Liabilities:				
Accounts Payable	(2,365)	2,602	17,054	17,291
Unearned Revenue	(58,350)	-	-	(58,350)
Accrued Wages Payable	11,655	(2,495)	292	9,452
Estimated Postemployment Benefit Obligation	(1,002)	(1,503)	(1,252)	(3,757)
Accrued Compensated Absences	1,380	(2,175)	1,523	728
Total Adjustments	<u>31,302</u>	<u>51,482</u>	<u>205,373</u>	<u>288,157</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (105,111)</u>	<u>\$ 88,618</u>	<u>\$ 200,755</u>	<u>\$ 184,262</u>
Developers and City Contribution of Capital Assets	<u>\$ -</u>	<u>\$ 8,078</u>	<u>\$ -</u>	<u>\$ 8,078</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:</b>				
Cash and Cash Equivalents	\$ 57,741	\$ 594,550	\$ 441,086	\$ 1,093,377
Restricted Cash and Cash Equivalents	-	-	24,021	24,021
	<u>\$ 57,741</u>	<u>\$ 594,550</u>	<u>\$ 465,107</u>	<u>\$ 1,117,398</u>

CITY OF YANKTON, SOUTH DAKOTA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 DECEMBER 31, 2013

	Copier- Fax- Postage	Central Garage	Totals
ASSETS:			
Current Assets:			
Cash	\$ 1,277	\$ 91,688	\$ 92,965
Inventory	-	177,506	177,506
Due from Other Governments	-	9,372	9,372
Prepaid Expenses	-	1,636	1,636
Total Current Assets	1,277	280,202	281,479
Noncurrent Assets:			
Capital Assets:			
Land	-	7,000	7,000
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	-	110,815	110,815
Total Capital Assets	-	117,815	117,815
Total Assets	1,277	398,017	399,294
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,277	78,912	80,189
Accrued Wages	-	5,354	5,354
Accrued Compensated Absences	-	526	526
Total Current Liabilities	1,277	84,792	86,069
Noncurrent Liabilities:			
Estimated Postemployment Benefit Obligation	-	8,273	8,273
Accrued Compensated Absences	-	2,976	2,976
Total Noncurrent Liabilities	-	11,249	11,249
Total Liabilities	1,277	96,041	97,318
NET POSITION			
Net Investment in Capital Assets	-	117,815	117,815
Unreserved	-	184,161	184,161
Total Net Position	\$ -	\$ 301,976	\$ 301,976

CITY OF YANKTON, SOUTH DAKOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

	<u>Copier- Fax- Postage</u>	<u>Central Garage</u>	<u>Totals</u>
Operating Revenues:			
Charges for Goods and Services	\$ 18,696	\$ 735,160	\$ 753,856
Total Operating Revenue	<u>18,696</u>	<u>735,160</u>	<u>753,856</u>
Operating Expenses:			
Personnel Services	-	107,637	107,637
Professional Services	-	1,778	1,778
Repairs and Maintenance	-	6,091	6,091
Supplies and Materials	-	587,905	587,905
Utilities	-	17,375	17,375
Other Current Expenses	18,696	-	18,696
Depreciation	-	14,602	14,602
Total Operating Expenses	<u>18,696</u>	<u>735,388</u>	<u>754,084</u>
Operating Income	<u>-</u>	<u>(228)</u>	<u>(228)</u>
Change in Net Position	-	(228)	(228)
Total Net Position - Beginning	-	302,204	302,204
Total Net Position - Ending	<u>\$ -</u>	<u>\$ 301,976</u>	<u>\$ 301,976</u>

CITY OF YANKTON, SOUTH DAKOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

	<u>Copier- Fax- Postage</u>	<u>Central Garage</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customer Services Provided	\$ -	\$ 119,425	\$ 119,425
Cash Received from Interfund Services Provided	18,696	615,850	634,546
Cash Paid for Personal Services	-	(106,678)	(106,678)
Cash Paid to Suppliers	(18,625)	(559,411)	(578,036)
Cash Paid for Interfund Services	-	(1,366)	(1,366)
Net Cash Provided by Operating Activities	<u>71</u>	<u>67,820</u>	<u>67,891</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	-	(3,768)	(3,768)
Net Cash (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(3,768)</u>	<u>(3,768)</u>
Net Increase in Cash and Cash Equivalents	71	64,052	64,123
Cash and Cash Equivalents Beginning of Year	<u>1,206</u>	<u>27,636</u>	<u>28,842</u>
Cash and Cash Equivalents End of Year	<u>\$ 1,277</u>	<u>\$ 91,688</u>	<u>\$ 92,965</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ -	\$ (228)	\$ (228)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	-	14,602	14,602
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	-	156	156
Unearned Revenue	-	(41)	(41)
Prepaid Expenses	-	(14)	(14)
Inventory	-	(10,411)	(10,411)
Accounts Payable	71	62,797	62,868
Accrued Wages Payable	-	419	419
Estimated Postemployment Benefit Obligation	-	(502)	(502)
Accrued Compensated Absences	-	1,042	1,042
Net Cash Provided by Operating Activities	<u>\$ 71</u>	<u>\$ 67,820</u>	<u>\$ 67,891</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**Agency Funds**  
**For the Year Ended December 31, 2013**

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
<b><u>Employee Benefits</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,599	\$ 3,900,963	\$ 3,896,990	\$ 16,572
Prepaid Expenses	31	518	31	518
Total Assets	<u>12,630</u>	<u>3,901,481</u>	<u>3,897,021</u>	<u>17,090</u>
<b>LIABILITIES</b>				
Accrued Taxes Payable	-	1,715,087	1,715,087	-
Accrued Fringe Benefit Payable	12,630	2,189,895	2,185,435	17,090
Total Liabilities	<u>12,630</u>	<u>3,904,982</u>	<u>3,900,522</u>	<u>17,090</u>
 <b><u>Sales Tax</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	434	2,206	2,239	401
<b>LIABILITIES</b>				
Accounts Payable	434	401	434	401
Due to State Government	-	2,206	2,206	-
Total Liabilities	<u>434</u>	<u>2,607</u>	<u>2,640</u>	<u>401</u>
 <b><u>Totals - All Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	13,033	3,903,169	3,899,229	16,973
Prepaid Expenses	31	518	31	518
Total Assets	<u>13,064</u>	<u>3,903,687</u>	<u>3,899,260</u>	<u>17,491</u>
<b>LIABILITIES</b>				
Accounts Payable	434	401	434	401
Accrued Taxes Payable	-	1,715,087	1,715,087	-
Accrued Fringe Benefit Payable	12,630	2,189,895	2,185,435	17,090
Due to State Government	-	2,206	2,206	-
Total Liabilities	<u>\$ 13,064</u>	<u>\$ 3,907,589</u>	<u>\$ 3,903,162</u>	<u>\$ 17,491</u>

CITY OF YANKTON, SOUTH DAKOTA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Dispatch			Business Improvement District			TID #2 Morgan Square		
	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)
REVENUES									
Taxes									
General Sales & Use	\$ -	\$ -	\$ -	\$ -	\$ 87,448	\$ 87,448	\$ -	\$ -	\$ -
Property Tax							56,000	55,068	(932)
Intergovernmental	60,000	86,458	26,458	-	-	-	-	-	-
Interest earned	120	518	398	-	-	-	-	-	-
Contributions & Donations									
from Private Sources					500	500			
Total revenue	<u>80,120</u>	<u>96,978</u>	<u>26,858</u>	<u>-</u>	<u>87,948</u>	<u>87,948</u>	<u>56,000</u>	<u>55,068</u>	<u>(932)</u>
EXPENDITURES									
Current									
Public works							56,000	55,068	932
Public Safety	604,364	584,042	20,322	-	-	-	-	-	-
Community Development									
Total Expenditures	<u>604,364</u>	<u>584,042</u>	<u>20,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,000</u>	<u>55,068</u>	<u>932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(544,244)</u>	<u>(497,066)</u>	<u>47,178</u>	<u>-</u>	<u>87,948</u>	<u>87,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES(USES)									
Proceeds from Sale of Fixed Assets									
Transfers in	544,364	496,971	(47,393)	-	-	-	-	-	-
Transfer (out)					(1,750)				
Total other financing sources(uses)	<u>544,364</u>	<u>496,971</u>	<u>(47,393)</u>	<u>-</u>	<u>(1,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>120</u>	<u>(95)</u>	<u>(215)</u>	<u>-</u>	<u>86,198</u>	<u>87,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning		5,000							
Fund balances - ending	\$	<u>4,905</u>		\$	<u>86,198</u>		\$	<u>-</u>	

(Continued)

CITY OF YANKTON, SOUTH DAKOTA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS AND PERMANENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Capital Improvement Fund			Airport Capital Improvement		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ 3,208,104	\$ 3,399,569	\$ 191,465	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-
Intergovernmental	4,525,600	-	(4,525,600)	621,288	87,750	(533,538)
Charges for Services	-	-	-	-	-	-
Interest	12,000	23,520	11,520	-	-	-
Contributions	-	2,436	2,436	-	-	-
Miscellaneous	-	212,604	212,604	-	-	-
Total revenue	<u>7,745,704</u>	<u>3,638,129</u>	<u>(4,107,575)</u>	<u>621,288</u>	<u>87,750</u>	<u>(533,538)</u>
EXPENDITURES						
Current						
Culture and Recreation	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Public Works	9,523,882	2,261,012	7,262,870	655,345	92,876	562,469
Total expenditures	<u>9,523,882</u>	<u>2,261,012</u>	<u>7,262,870</u>	<u>655,345</u>	<u>92,876</u>	<u>562,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,778,178)</u>	<u>1,377,117</u>	<u>3,155,295</u>	<u>(34,057)</u>	<u>(5,126)</u>	<u>28,931</u>
OTHER FINANCING SOURCES(USES)						
Transfers (out)	(619,602)	(261,391)	358,211	-	-	-
Transfer in	-	-	-	34,057	31,750	(2,307)
Total other financing sources(uses)	<u>(619,602)</u>	<u>(261,391)</u>	<u>358,211</u>	<u>34,057</u>	<u>31,750</u>	<u>(2,307)</u>
Net change in fund balances	<u>(2,397,780)</u>	<u>1,115,726</u>	<u>3,513,506</u>	<u>26,824</u>	<u>26,624</u>	<u>26,624</u>
Fund balances - beginning		5,564,309			64,415	
Fund balances - ending		<u>\$ 6,680,035</u>		<u>\$ 91,039</u>		

CITY OF YANKTON, SOUTH DAKOTA  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 CAPITAL PROJECT FUNDS AND PERMANENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Infrastructure Improvement Revolving			Permanent Fund Perpetual Care Cemetery		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	64,600	40,598	(24,002)	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	31,600	23,985	(7,615)
Interest	120	88	(32)	500	553	53
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,250	-
Total revenue	<u>64,720</u>	<u>40,686</u>	<u>(24,034)</u>	<u>32,100</u>	<u>25,788</u>	<u>(6,312)</u>
<b>EXPENDITURES</b>						
Current	-	-	-	-	-	-
Culture and Recreation	-	-	-	113,039	91,023	22,016
Economic Development	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,039</u>	<u>91,023</u>	<u>22,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,720</u>	<u>40,686</u>	<u>(24,034)</u>	<u>(80,939)</u>	<u>(65,235)</u>	<u>15,704</u>
<b>OTHER FINANCING SOURCES(USES)</b>						
Transfers (out)	(70,000)	(35,345)	34,655	-	-	-
Transfer in	-	-	-	73,084	60,459	(12,625)
Total other financing sources(uses)	<u>(70,000)</u>	<u>(35,345)</u>	<u>34,655</u>	<u>73,084</u>	<u>60,459</u>	<u>(12,625)</u>
Net change in fund balances	<u>(5,280)</u>	<u>5,341</u>	<u>10,621</u>	<u>(7,855)</u>	<u>(4,776)</u>	<u>3,079</u>
Fund balances - beginning	-	31,216	-	-	159,227	-
Fund balances - ending	-	<u>\$ 36,557</u>	-	-	<u>\$ 154,451</u>	-

CITY OF YANKTON, SOUTH DAKOTA  
 Schedule of Expenditures of Federal Awards (Cash Basis)  
 For The Year Ended December 31, 2013

	Federal CFDA Number	Amount
Department of Housing and Urban Development:		
Indirect Federal Funding:		
SD Governor's Office of Economic Development, Community Development Block Grants/ State's Program	14.228	\$ 18,100
Department of Justice:		
Indirect Federal Funding:		
SD Department of Corrections, Title V Delinquency Prevention Program	16.548	25,196
Department of Transportation:		
Direct Federal Funding:		
Airport Improvement Program	20.106	81,378
Indirect Federal Funding:		
SD Department of Transportation State and Community Highway Safety	20.600	16,282
SD Department of Transportation, Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	15,162
Environmental Protection Agency:		
Indirect Federal Funding:		
SD Department of Environment and Natural Resources, Capitalization Grants for Drinking Water State Revolving Funds	66.468	492,538
Department of Homeland Security		
Indirect Federal Funding:		
SD Department of Public Safety Homeland Security Grant Program	97.067	24,310
Yankton County Homeland Security Grant Program	97.067	20,731
Total Expenditures of Federal Awards		\$ 693,697

**CITY OF YANKTON, SOUTH DAKOTA  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 1 -** Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Yankton and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2 -** The City of Yankton had the following loan balances outstanding from the SD Clean Water State Revolving Fund, CFDA #66.458 and the SD Drinking Water State Revolving Fund, CFDA #66.468 at December 31, 2013.

	<b>Total Amount Of Loan Outstanding</b>	<b>Federal Portion Of Loan Outstanding</b>
Wastewater System #3, Series 2011 (83.33%)	\$ 3,581,118	\$ 2,984,146
Total Wastewater System	<u>\$ 3,581,118</u>	<u>\$ 2,984,146</u>
Water System Services 2001 (76.97%)	\$ 2,063,026	\$ 1,587,911
Water System, Services Series #2 (50.06%)	752,141	376,522
Water System, Services Series #3 (62.25%)	2,267,265	1,411,372
Water System, Services Series #4 (56.05%)	1,792,219	1,004,539
Total Water System	<u>\$ 6,874,651</u>	<u>\$ 4,380,344</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**Schedule of Findings & Questioned Costs**  
**For the Year Ended December 31, 2013**

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**Part I: Summary of the Independent Auditors' Results**

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were reported in the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with OMB Circular A-133 section .510(a).
- (g) Major program: Capitalization Grants for Drinking Water State Revolving Funds CFDA #66.468
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (i) The Auditee did not qualify as a low-risk auditee under Section .530 of OMB Circular A-133.

**Part II: Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards**

**Instances of Non-Compliance:**

No matters were noted.

**Material Weakness:**

**II-A-13 Financial Reporting**

Observation - During the audit, we identified material amounts of payables not recorded properly in the City's financial statements. Adjustments were made by the City to properly include these changes to the financial statements. A similar condition was noted in the prior audit.

Cause – Due to the limited number of employees, the City does not have sufficient controls in place to ensure that all payables were properly recorded and that all other applicable adjustments are made.

Possible Effect – Expenses/Expenditures may not be reported in the appropriate fiscal period and/or balance sheet amounts maybe misstated.

Recommendation – The City should implement procedures to ensure all payables are identified and included in the City's financial statements and that any required adjustments are made.

Response – We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly.

**Part III: Findings and Questioned Costs Relating to Federal Awards**

**Instances of Non-Compliance:**

No Matters were noted.



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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**

Honorable Members of the City Commission  
City of Yankton, South Dakota

We have audited, in accordance with U.S. generally accepted auditing standards 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF YANKTON, SOUTH DAKOTA as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 14, 2014. Our report includes a reference to other auditors who audited the financial statements of the Yankton Housing and Redevelopment Commission, as described in our report on the City of Yankton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting:**

In planning and performing our audit of the financial statements, we considered the City of Yankton'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 City of Yankton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Yankton's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. As described in the accompanying schedule of findings and questioned costs we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

**Compliance and Other Matters:**

As part of obtaining reasonable assurance about whether the City of Yankton'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*.

**City of Yankton's Response to Findings**

The City of Yankton's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Yankton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

This purpose of this 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 City'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 City'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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Yankton, South Dakota  
July 14, 2014



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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control  
Over Compliance Required by OMB Circular A-133**

Honorable Members of the City Commission  
City of Yankton, South Dakota

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Yankton, South Dakota (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Yankton Housing and Redevelopment Commission, which received \$440,930 in federal awards which is not included in the schedule during the year ended December 31, 2013. Our audit, described below, did not include the operations of the Yankton Housing and Redevelopment Commission because the Commission engaged other auditors to perform an audit in accordance with OMB Circular A-133.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### Opinion on Each Major Federal Program

In our opinion, the City complied, in a material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Williams & Company, P.C.  
Certified Public Accountants

Yankton, South Dakota  
July 14, 2014

UNAPPORTED  
 204 0.025

Revenue Guideline  
 FOR THE PERIOD(S) JAN-01, 2014 THROUGH DEC 31, 2014

	ADOPTED BUDGET	YTD THRU DEC31 REVISED BUDGET	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
637	JOINT POWER					
3340	STATE GRANT	0.00	0.00	0.00	0.00	0
3341	STATE GRANT/RECYCLING ADDITN	0.00	0.00	0.00	0.00	0
3610	INTEREST	1,000.00	1,000.00	184.25	1,249.24	124
3612	SALE OF FIXED ASSETS	0.00	0.00	0.00	0.00	0
3614	STATE LOAN/RECYCLING ADDITN	0.00	0.00	0.00	0.00	0
3615	MISC REIMBURSEMENTS	0.00	0.00	260.75	370.41	9999
3640	COMPENSATION LOSS & DAMAGE	0.00	0.00	0.00	0.00	0
3815	MISC REIMBURSEMENTS	0.00	0.00	0.00	0.00	0
3822	CASH LONG	0.00	0.00	0.00	21.24	9999
3830	YARD WASTE	0.00	0.00	34.76	168.58	9999
3840	MISCELLANEOUS - NON TAXABLE	100.00	100.00	0.07	4,956.28	4956
3850	RUBBLE	50,000.00	50,000.00	10,960.21	53,985.11	107
3860	LANDFILL TRANSFER FEES	907,500.00	907,500.00	68,447.70	800,577.15	88
3870	SCRAP METALS	3,500.00	3,500.00	55.00	3,853.40	110
3871	PLASTIC	0.00	0.00	0.00	0.00	0
3872	ALUMINUM	5,000.00	5,000.00	1,050.06	7,440.52	148
3873	NEWSPAPER	12,000.00	12,000.00	126.50	8,078.52	67
3874	CARDBOARD	25,000.00	25,000.00	1,409.04	16,491.88	65
3878	COUNTY CONTRIBUTION-RECYCLE	0.00	0.00	0.00	0.00	0
3879	RECYCLING TIPPING FEE	69,000.00	69,000.00	4,704.45	60,999.63	88
3894	OTHER OPERATIONL-SOLID WASTE	0.00	0.00	0.00	0.00	0
3895	OTHER NON-OPERATIONAL - S.W.	0.00	0.00	0.00	0.00	0
TOTAL:	JOINT POWER	1,073,100.00	1,073,100.00	87,232.79	958,191.96	89

	YTD THRU DEC31 REVISED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
637	JOINT POWER					
637	JOINT LANDFILL					
	PERSONAL EXPENSES					
101	WAGES	192,636.00	0.00	18,928.31	144,331.89	48,304.11 74
102	TEMPORARY WAGES	4,500.00	0.00	0.00	4,569.75	69.75- 101
103	OVERTIME	6,500.00	0.00	1,275.08	14,107.87	7,607.87- 217
111	FICA	15,578.00	0.00	1,463.88	11,978.92	3,599.08 76
121	RETIREMENT	11,948.00	0.00	1,212.27	9,506.46	2,441.54 79
131	WORKERS COMPENSATION	3,446.00	0.00	3,239.00	2,850.00	596.00 82
132	INSURANCE	42,869.00	0.00	2,450.30	27,931.25	14,937.75 65
133	UNEMPLOYMENT INSURANCE	867.00	0.00	41.86	324.67	542.33 37
135	OPEB EXPENSE	0.00	0.00	1,252.57	1,252.57	1,252.57 9999
TOTAL:	PERSONAL EXPENSES	278,344.00	0.00	20,880.13	214,348.24	63,995.76 77
	OPERATING EXPENSES					
201	INSURANCE POLICIES	17,052.00	0.00	2,078.90	13,383.34	3,668.66 78
202	PROFESSIONAL SERVICES & FEES	17,000.00	0.00	796.46	12,202.07	4,797.93 71
203	AUDIT	0.00	0.00	0.00	1,203.44	1,203.44- 9999
204	PROFESSIONAL-LEGAL	0.00	0.00	0.00	0.00	0.00 0
206	COST OF SERVICE PROVIDED	310,000.00	0.00	38,386.78	254,775.12	55,224.88 82
211	PUBLISHING & ADVERTISING	300.00	0.00	101.23	1,153.83	853.83- 384
212	RENTAL	500.00	0.00	0.00	0.00	500.00 0
219	LANDFILL HAULING FEE	0.00	0.00	0.00	0.00	0.00 0
220	LABOR, EQUIP & MAT'L CHARGES	12,000.00	0.00	2,678.31	44,679.42	32,679.42- 372
221	EQUIPMENT REPAIR & MAINT.	6,000.00	0.00	16.99	4,219.77	1,780.23 70
222	MOTOR VEHICLE REPAIR & MAINT	20,000.00	0.00	14.00	11,361.76	8,638.24 56
223	BUILDING REPAIR & MAINT.	14,000.00	0.00	2,072.11	5,303.23	8,696.77 37
224	MOTOR VEHICLE FUEL & SUPPLY	194,000.00	0.00	24,205.94	139,958.09	54,041.91 72
231	POSTAGE	500.00	0.00	81.29	551.66	51.66- 110
232	OFFICE SUPPLIES	2,000.00	0.00	859.25	1,546.72	453.28 77
234	COPY SUPPLIES	50.00	0.00	58.71	170.54	120.54- 341
240	OPERATING SUPPLIES & MAT.	2,500.00	0.00	53.18	2,083.00	417.00 83
241	AGRICULTURAL SUPPLIES	100.00	0.00	0.00	49.93	50.07 49
244	UNIFORMS	350.00	0.00	107.92	372.74	22.74- 106
247	SMALL TOOLS & HARDWARE	100.00	0.00	101.93	201.89	101.89- 201
265	TRAVEL & TRAINING	500.00	0.00	0.00	0.00	500.00 0
271	TELEPHONE	1,090.00	0.00	117.02	679.24	410.76 62
272	ELECTRICITY	8,000.00	0.00	1,137.94	6,717.29	1,282.71 83
273	HEATING FUEL - GAS	15,000.00	0.00	2,093.61	16,255.33	1,255.33- 108
274	WATER	1,425.00	0.00	251.40	1,446.90	21.90- 101
275	WW SERVICE	600.00	0.00	129.62	722.82	122.82- 120
276	LANDFILL	200.00	0.00	33.26	194.76	5.24 97
291	DEPRECIATION	87,465.00	0.00	16,686.56	109,104.26	21,639.26- 124
TOTAL:	OPERATING EXPENSES	710,732.00	0.00	87,904.61	628,337.15	82,394.85 88
320	CAPITAL OUTLAY					
	BUILDING & STRUCTURES	0.00	0.00	0.00	0.00	0.00 0

Expenditure Guideline  
 FOR THE PERIOD(S) JAN 01, 2014 THROUGH DEC 31, 2014

	YTD THRU DEC31 REVISED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT	
637	JOINT POWER						
637	JOINT LANDFILL CAPITAL OUTLAY						
350	70,000.00	0.00	65,287.00-	0.00	70,000.00	0	
390	25,000.00	0.00	0.00	0.00	25,000.00	0	
399	0.00	0.00	0.00	0.00	0.00	0	
TOTAL:	95,000.00	0.00	65,287.00-	0.00	95,000.00	0	
	DEBT SERVICE						
411	0.00	0.00	0.00	0.00	0.00	0	
441	0.00	0.00	0.00	0.00	0.00	0	
TOTAL:	0.00	0.00	0.00	0.00	0.00	0	
	OTHER EXPENDITURES						
580	0.00	0.00	10,463.40	10,463.40	10,463.40-	9999	-----1111
586	0.00	0.00	0.00	0.00	0.00	0	
TOTAL:	0.00	0.00	10,463.40	10,463.40	10,463.40-	9999	-----1111
TOTAL:	1,084,076.00	0.00	53,961.14	853,148.79	230,927.21	78	-----1111
638	JOINT RECYCLING PERSONAL EXPENSES						
101	22,405.00	0.00	1,879.27	10,468.31	11,936.69	46	-----
102	2,000.00	0.00	0.00	0.00	2,000.00	0	
103	300.00	0.00	10.68	106.50	193.50	35	-----
111	1,890.00	0.00	144.32	807.88	1,082.12	42	-----
121	1,362.00	0.00	113.40	634.51	727.49	46	-----
131	0.00	0.00	0.00	0.00	0.00	0	
132	4,252.00	0.00	297.31	2,470.91	1,781.09	58	-----
133	80.00	0.00	3.33	46.32	33.68	57	-----
TOTAL:	32,289.00	0.00	2,448.31	14,534.43	17,754.57	45	-----
	OPERATING EXPENSES						
201	264.00	0.00	34.62-	207.08	56.92	78	-----
202	15,000.00	0.00	0.00	12,754.23	2,245.77	85	-----
204	0.00	0.00	0.00	0.00	0.00	0	
206	50,000.00	0.00	2,585.60	32,010.92	17,989.08	64	-----
211	1,000.00	0.00	0.00	148.00	852.00	14	-----
212	0.00	0.00	0.00	0.00	0.00	0	
214	4,500.00	0.00	360.00	3,960.00	540.00	88	-----
215	15,000.00	0.00	3,595.42	27,111.59	12,111.59-	180	-----1111
221	1,250.00	0.00	0.00	14.97	1,235.03	1	-----
222	0.00	0.00	0.00	0.00	0.00	0	
223	500.00	0.00	0.00	0.00	500.00	0	
224	6,200.00	0.00	0.00	2,511.00	3,689.00	40	-----
231	500.00	0.00	0.00	0.00	500.00	0	
232	500.00	0.00	237.99	264.85	235.15	52	-----
234	200.00	0.00	0.00	0.00	200.00	0	

Expenditure Guideline  
 FOR THE PERIOD(S) JAN 01, 2014 THROUGH DEC 31, 2014

	YTD THRU DEC31 REVISED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
637	JOINT POWER					
638	JOINT RECYCLING					
	OPERATING EXPENSES					
240	OPERATING SUPPLIES & MAT.	0.00	0.00	0.00	0.00	0
244	UNIFORMS	0.00	0.00	0.00	0.00	0
265	TRAVEL & TRAINING	0.00	0.00	0.00	0.00	0
271	TELEPHONE	0.00	0.00	0.00	0.00	0
272	ELECTRICITY	0.00	0.00	0.00	0.00	0
273	HEATING FUEL-GAS	0.00	0.00	0.00	0.00	0
274	WATER	0.00	0.00	0.00	0.00	0
291	DEPRECIATION	40,350.00	0.00	3,349.80	40,350.02	0.02
TOTAL:	OPERATING EXPENSES	135,264.00	0.00	10,094.19	119,332.66	88
	CAPITAL OUTLAY					
320	BUILDING & STRUCTURES	67,000.00	0.00	0.00	67,000.00	0
350	EQUIPMENT	0.00	0.00	0.00	0.00	0
TOTAL:	CAPITAL OUTLAY	67,000.00	0.00	0.00	67,000.00	0
	DEBT SERVICE					
411	BUILDING ADDITION INTEREST	6,934.00	0.00	42.72-	6,891.25	99
441	BUILDING ADDITION PRINCIPAL	17,087.00	0.00	17,096.81-	0.00	0
TOTAL:	DEBT SERVICE	24,021.00	0.00	17,129.53-	6,891.25	28
TOTAL:	JOINT RECYCLING	258,574.00	0.00	4,587.03-	140,758.34	54
TOTAL:	JOINT POWER	1,342,650.00	0.00	49,374.11	993,907.13	74

---FUND--- 637 JOINT POWER

ACCOUNT	BEGINNING BALANCE	ACTUAL-THIS MONTH	ACTUAL-THIS YEAR	ENDING BALANCE
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
637.1011	CASH - CHANGE FUND	400.00	0.00	400.00
637.1012	NOW ACCOUNT - 1ST DAKOTA	440,686.14	68,574.47CR	393,446.93
637.1022	CD'S - 1ST DAKOTA	0.00	0.00	0.00
637.1023	CD'S - HOME FEDERAL	0.00	0.00	0.00
637.1024	CD'S - CORTRUST	0.00	0.00	0.00
637.1025	CD'S - WELLS FARGO BANK	0.00	0.00	0.00
637.1026	CD'S FIRST NATIONAL BANK SD	0.00	0.00	0.00
637.1027	CD'S - NORWEST	0.00	0.00	0.00
637.1030	CASH - RESTRICTED	24,020.78	0.00	24,020.78
637.1031	INVESTMENTS - TREASURY BONDS	0.00	0.00	0.00
637.1311	ACCOUNTS RECEIVABLE	49,785.92	62,456.67	103,873.06
637.1312	ASSESSMENT ROLL A/R	0.00	0.00	0.00
637.1313	UNBILLED ACCOUNTS RECEIVABLE	0.00	0.00	0.00
637.1314	ACCOUNTS RECEIVABLE-LANDFILL	0.00	0.00	0.00
637.1321	INTEREST RECEIVABLE	0.00	0.00	0.00
637.1511	ESTIMATED UNCOLL RECEIVABLES	0.00	0.00	0.00
637.1611	DUE FROM OTHER FUNDS	0.00	0.00	0.00
637.1621	DUE FROM OTHER GOVERNMENTS	0.00	0.00	0.00
637.1641	INVENTORY OF SUPPLIES	0.00	0.00	0.00
637.1645	PREPAID INSURANCE	5,145.78	5,451.22	5,451.22
	<b>TOTAL CURRENT ASSETS:</b>	<b>520,038.62</b>	<b>666.58CR</b>	<b>527,191.99</b>
<b>FIXED ASSETS:</b>				
637.1711	LAND	11,413.63	0.00	11,413.63
637.1721	BUILDINGS AND STRUCTURES	1,352,987.63	0.00	1,352,987.63
637.1731	EQUIPMENT	1,216,502.07	39,222.79	1,255,724.86
637.1761	CONSTRUCTION WORK IN PROGRES	0.00	0.00	0.00
637.1821	ALLOW FOR DEPR-BLDG & STRUCT	701,446.73CR	4,871.44CR	756,152.67CR
637.1831	ALLOW FOR DEPR - EQUIPMENT	727,034.53CR	20,810.68	785,807.27CR
	<b>TOTAL FIXED ASSETS:</b>	<b>1,152,422.07</b>	<b>55,162.03</b>	<b>1,078,166.18</b>
	<b>TOTAL ASSETS:</b>	<b>1,672,460.69</b>	<b>54,495.45</b>	<b>1,605,358.17</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>CURRENT LIABILITIES:</b>				
637.2011	ACCOUNTS PAYABLE	38,248.59CR	25,541.81CR	25,541.81CR
637.2041	DUE TO OTHER FUNDS	0.00	0.00	0.00
637.2061	ACCRUED INTEREST PAYABLE	588.43CR	42.72	545.71CR
637.2071	ACCRUED WAGES PAYABLE	10,312.26CR	11,410.46CR	11,410.46CR
637.2072	ACCRUED VACATION PAYABLE	19,603.11CR	1,396.67	18,206.44CR

----FUND---- 637 JOINT POWER

ACCOUNT	BEGINNING BALANCE	ACTUAL-THIS MONTH	ACTUAL-THIS YEAR	ENDING BALANCE
637.2073 SALES TAX PAYABLE	0.00	536.73	0.00	0.00
637.2084 DEFERRED INTEREST RECEIVABLE	0.00	0.00	0.00	0.00
637.2091 BONDS PAYABLE - CURRENT	17,086.81CR	516.46CR	516.46CR	17,603.27CR
TOTAL CURRENT LIABILITIES:	85,839.20CR	35,492.61CR	12,531.51	73,307.69CR
LONG TERM LIABILITIES:				
637.2111 BONDS PAYABLE - LONG TERM	218,285.05CR	17,603.27	17,603.27	200,681.78CR
637.2115 OPEB BEN PAYABLE LONG TERM	19,021.71CR	1,252.57	1,252.57	17,769.14CR
TOTAL LONG TERM LIABILITIES:	237,306.76CR	18,855.84	18,855.84	218,450.92CR
TOTAL LIABILITIES:	323,145.96CR	16,636.77CR	31,387.35	291,758.61CR
FUND BALANCE:				
637.2211 CONT. CAPITAL-OTHER GOVERNMENT	0.00	0.00	0.00	0.00
637.2231 CONTRIB. CAPITAL-OTHER FUNDS	891,974.33CR	0.00	0.00	891,974.33CR
637.2311 RESERVE FOR ENCUMBRANCE	0.00	0.00	0.00	0.00
637.2511 RETAINED EARNINGS-UNRESERVED	445,724.40CR	0.00	0.00	445,724.40CR
637.2611 RET EARN- RENEWAL & REPLACE	11,616.00CR	0.00	0.00	11,616.00CR
637.2900 REVENUE CONTROL	0.00	87,232.79CR	958,191.96CR	958,191.96CR
637.2910 EXPENDITURE CONTROL	0.00	49,374.11	993,907.13	993,907.13
637.2920 ESTIMATED REVENUE	0.00	0.00	0.00	0.00
637.2930 APPROPRIATIONS	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE:	1,349,314.73CR	37,858.68CR	35,715.17	1,311,599.56CR
TOTAL LIABILITIES AND FUND BALANCE:	1,672,460.69CR	54,495.45CR	67,102.52	1,605,358.17CR
TOTAL FUND:	0.00	0.00	0.00	0.00

**LOAN AMORTIZATION SCHEDULE**  
**YANKTON TRANSFER & RECYCLING STATION (REC)**  
**DENR ID: 2005L-RLA-106**

# ①

Loan Amortized at 3% for 20 years

Draw Date	Amount	Accrued Interest
23-Sep-05	\$227,146.56	\$1,287.16
7-Nov-05	\$57,853.44	\$110.89
<b>TOTAL</b>	<b>\$285,000.00</b>	<b>\$1,398.05</b>

Date	Payment Number	Payment Amount	Principal	Interest	Principal Balance
Opening Balance					\$285,000.00
12/1/2005	1	\$1,398.05	\$0.00	\$1,398.05	\$285,000.00
6/1/2006	2	\$9,705.57	\$5,430.57	\$4,275.00	\$279,569.43
12/1/2006	3	\$9,705.57	\$5,512.03	\$4,193.54	\$274,057.40
6/1/2007	4	\$9,705.57	\$5,594.71	\$4,110.86	\$268,462.69
12/1/2007	5	\$9,705.57	\$5,678.63	\$4,026.94	\$262,784.06
6/1/2008	6	\$9,705.57	\$5,763.81	\$3,941.76	\$257,020.25
12/1/2008	7	\$9,705.57	\$5,850.27	\$3,855.30	\$251,169.98
6/1/2009	8	\$9,705.57	\$5,938.02	\$3,767.55	\$245,231.96
12/1/2009	9	\$9,705.57	\$6,027.09	\$3,678.48	\$239,204.87
6/1/2010	10	\$9,705.57	\$6,117.50	\$3,588.07	\$233,087.37
12/1/2010	11	\$9,705.57	\$6,209.26	\$3,496.31	\$226,878.11
6/1/2011	12	\$9,705.57	\$6,302.40	\$3,403.17	\$220,575.71
12/1/2011	13	\$9,705.57	\$6,396.93	\$3,308.64	\$214,178.78
6/1/2012	14	\$9,705.57	\$6,492.89	\$3,212.68	\$207,685.89
12/1/2012	15	\$9,705.57	\$6,590.28	\$3,115.29	\$201,095.61
6/1/2013	16	\$9,705.57	\$6,689.14	\$3,016.43	\$194,406.47
12/1/2013	17	\$9,705.57	\$6,789.47	\$2,916.10	\$187,617.00
6/1/2014	18	\$9,705.57	\$6,891.31	\$2,814.26	\$180,725.69
12/1/2014	19	\$9,705.57	\$6,994.68	\$2,710.89	\$173,731.01
6/1/2015	20	\$9,705.57	\$7,099.60	\$2,605.97	\$166,631.41

Date	Payment Number	Payment Amount	Principal	Interest	Principal Balance
12/1/2015	21	\$9,705.57	\$7,206.10	\$2,499.47	\$159,425.31
6/1/2016	22	\$9,705.57	\$7,314.19	\$2,391.38	\$152,111.12
12/1/2016	23	\$9,705.57	\$7,423.90	\$2,281.67	\$144,687.22
6/1/2017	24	\$9,705.57	\$7,535.26	\$2,170.31	\$137,151.96
12/1/2017	25	\$9,705.57	\$7,648.29	\$2,057.28	\$129,503.67
6/1/2018	26	\$9,705.57	\$7,763.01	\$1,942.56	\$121,740.66
12/1/2018	27	\$9,705.57	\$7,879.46	\$1,826.11	\$113,861.20
6/1/2019	28	\$9,705.57	\$7,997.65	\$1,707.92	\$105,863.55
12/1/2019	29	\$9,705.57	\$8,117.62	\$1,587.95	\$97,745.93
6/1/2020	30	\$9,705.57	\$8,239.38	\$1,466.19	\$89,506.55
12/1/2020	31	\$9,705.57	\$8,362.97	\$1,342.60	\$81,143.58
6/1/2021	32	\$9,705.57	\$8,488.42	\$1,217.15	\$72,655.16
12/1/2021	33	\$9,705.57	\$8,615.74	\$1,089.83	\$64,039.42
6/1/2022	34	\$9,705.57	\$8,744.98	\$960.59	\$55,294.44
12/1/2022	35	\$9,705.57	\$8,876.15	\$829.42	\$46,418.29
6/1/2023	36	\$9,705.57	\$9,009.30	\$696.27	\$37,408.99
12/1/2023	37	\$9,705.57	\$9,144.44	\$561.13	\$28,264.55
6/1/2024	38	\$9,705.57	\$9,281.60	\$423.97	\$18,982.95
12/1/2024	39	\$9,705.57	\$9,420.83	\$284.74	\$9,562.12
6/1/2025	40	\$9,705.55	\$9,562.12	\$143.43	\$0.00
<b>GRAND TOTAL</b>		<b>\$378,517.21</b>	<b>\$285,000.00</b>	<b>\$93,517.21</b>	<b>\$0.00</b>

**LOAN AMORTIZATION SCHEDULE**  
**YANKTON TRANSFER & RECYCLING STATION**  
**DENR ID: 2005L-RLA-106-2**

Loan Amortized at 3% for 20 years

Draw Date	Amount	Cumulative Draw	Accrued Interest
07-Nov-05	\$49,545.58	\$49,545.58	\$66.06
23-Nov-05	\$18,134.42	\$67,680.00	\$2,098.08
<b>TOTAL</b>	<b>\$67,680.00</b>		<b>\$2,164.14</b> Due 12/1/06

Date	Payment Number	Payment Amount	Principal	Interest	Principal Balance
Opening Balance					\$67,680.00
12/01/2006	1	\$2,164.14	\$0.00	\$2,164.14	\$67,680.00
06/01/2007	2	\$2,304.82	\$1,289.62	\$1,015.20	\$66,390.38
12/01/2007	3	\$2,304.82	\$1,308.96	\$995.86	\$65,081.42
06/01/2008	4	\$2,304.82	\$1,328.60	\$976.22	\$63,752.82
12/01/2008	5	\$2,304.82	\$1,348.53	\$956.29	\$62,404.29
06/01/2009	6	\$2,304.82	\$1,368.76	\$936.06	\$61,035.53
12/01/2009	7	\$2,304.82	\$1,389.29	\$915.53	\$59,646.24
06/01/2010	8	\$2,304.82	\$1,410.13	\$894.69	\$58,236.11
12/01/2010	9	\$2,304.82	\$1,431.28	\$873.54	\$56,804.83
06/01/2011	10	\$2,304.82	\$1,452.75	\$852.07	\$55,352.08
12/01/2011	11	\$2,304.82	\$1,474.54	\$830.28	\$53,877.54
06/01/2012	12	\$2,304.82	\$1,496.66	\$808.16	\$52,380.88
12/01/2012	13	\$2,304.82	\$1,519.11	\$785.71	\$50,861.77
06/01/2013	14	\$2,304.82	\$1,541.89	\$762.93	\$49,319.88
12/01/2013	15	\$2,304.82	\$1,565.02	\$739.80	\$47,754.86
06/01/2014	16	\$2,304.82	\$1,588.50	\$716.32	\$46,166.36
12/01/2014	17	\$2,304.82	\$1,612.32	\$692.50	\$44,554.04
06/01/2015	18	\$2,304.82	\$1,636.51	\$668.31	\$42,917.53
12/01/2015	19	\$2,304.82	\$1,661.06	\$643.76	\$41,256.47
06/01/2016	20	\$2,304.82	\$1,685.97	\$618.85	\$39,570.50
12/01/2016	21	\$2,304.82	\$1,711.26	\$593.56	\$37,859.24
06/01/2017	22	\$2,304.82	\$1,736.93	\$567.89	\$36,122.31

Date	Payment Number	Payment Amount	Principal	Interest	Principal Balance
12/01/2017	23	\$2,304.82	\$1,762.99	\$541.83	\$34,359.32
06/01/2018	24	\$2,304.82	\$1,789.43	\$515.39	\$32,569.89
12/01/2018	25	\$2,304.82	\$1,816.27	\$488.55	\$30,753.62
06/01/2019	26	\$2,304.82	\$1,843.52	\$461.30	\$28,910.10
12/01/2019	27	\$2,304.82	\$1,871.17	\$433.65	\$27,038.93
06/01/2020	28	\$2,304.82	\$1,899.24	\$405.58	\$25,139.69
12/01/2020	29	\$2,304.82	\$1,927.72	\$377.10	\$23,211.97
06/01/2021	30	\$2,304.82	\$1,956.64	\$348.18	\$21,255.33
12/01/2021	31	\$2,304.82	\$1,985.99	\$318.83	\$19,269.34
06/01/2022	32	\$2,304.82	\$2,015.78	\$289.04	\$17,253.56
12/01/2022	33	\$2,304.82	\$2,046.02	\$258.80	\$15,207.54
06/01/2023	34	\$2,304.82	\$2,076.71	\$228.11	\$13,130.83
12/01/2023	35	\$2,304.82	\$2,107.86	\$196.96	\$11,022.97
06/01/2024	36	\$2,304.82	\$2,139.48	\$165.34	\$8,883.49
12/01/2024	37	\$2,304.82	\$2,171.57	\$133.25	\$6,711.92
06/01/2025	38	\$2,304.82	\$2,204.14	\$100.68	\$4,507.78
12/01/2025	39	\$2,304.82	\$2,237.20	\$67.62	\$2,270.58
06/01/2026	40	\$2,304.64	\$2,270.58	\$34.06	\$0.00
<b>GRAND TOTAL</b>		<b>\$92,051.94</b>	<b>\$67,680.00</b>	<b>\$24,371.94</b>	<b>\$0.00</b>

## RESOLUTION #15-20

### *AUTHORIZING SUBMISSION OF AN APPLICATION FOR SOLID WASTE MANAGEMENT PROGRAM GRANT FUNDS*

**WHEREAS**, The *City of Yankton* has identified an need to replace its scale at the Yankton Solid Waste Transfer Station and Recycling Center; and

**WHEREAS**, The *City of Yankton* proposes to apply to the Department of Environment and Natural Resources (DENR) for Solid Waste Management Program (SWMP) funding to assist in the costs associated with improving its operational capabilities and increase efficiencies; and

**WHEREAS**, The *City of Yankton* is eligible for Solid Waste Management Program funding assistance for the proposed project; and

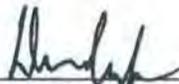
**WHEREAS**, with the submission of the SWMP application the *City of Yankton* assures and certifies that all DENR and SWMP requirements will be fulfilled; and

**THEREFORE, BE IT RESOLVED**, that the *City of Yankton* duly authorizes the submission of the SWMP application requesting financial assistance in support of the City's current solid waste and recycling operations.

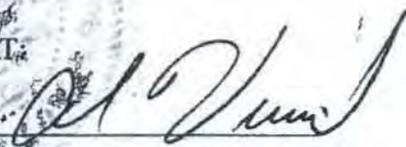
**THEREFORE, BE IT RESOLVED**, that *Dave Carda, Mayor* be authorized to execute the SWMP application for the *City of Yankton*.

Dated this 22 day of June, 2015

Adopted: JUNE 22, 2015

  
\_\_\_\_\_  
Dave Carda  
Mayor

ATTEST:

  
\_\_\_\_\_  
Al Vierock  
Finance Officer

## RESOLUTION #14-42

**WHEREAS**, at the September 18, 2014, Joint Powers Advisory Board meeting in Yankton, the board voted to recommend that each city increase the tipping fees at each municipality's respective facility; and

**WHEREAS**, it has been 3 years (October, 2011) since an increase in tipping fees was last enacted and with the construction and increased debt service, the cost to operate per ton has exceeded the revenue per ton currently charged; and

**WHEREAS**, the Joint Powers member cities desire to provide solid waste services on a self-sustaining user fee basis;

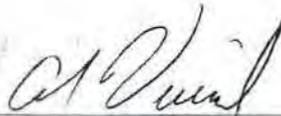
**NOW, THEREFORE, BE IT RESOLVED** by the City Commission of Yankton, South Dakota, that the following Joint Powers Landfill and Recycling tipping rates are hereby adopted, effective for December 1, 2014

	Proposed	Current	Minimum
	<u>Per ton</u>		
1. Garbage for Licensed Haulers	\$45.00	<del>\$40.00</del>	\$12.00
2. Garbage for Un-Licensed Haulers	\$50.00	<del>\$43.00</del>	\$12.00
3. Garbage / Out of County / Licensed	\$54.00	<del>\$47.00</del>	\$12.00
4. Garbage / Construction Debris	\$52.00	<del>\$45.00</del>	\$12.00

The City of Yankton reserves the right to impose additional fees on loads or items deemed to be not in keeping with the above rates. This fee will be set in accordance with the final recycling cost, transportation costs and operations cost affected.

Adopted: October 13, 2014

ATTEST:



Al Viereck  
Finance Officer



David Carda  
Mayor

## REVISED JOINT POWERS AGREEMENT

THIS REVISED JOINT POWERS AGREEMENT, dated as of November 14, 2012 (the "Revised Agreement"), between THE CITY OF VERMILLION, a municipal corporation of the State of South Dakota, THE CITY OF YANKTON, South Dakota, municipal corporation of the State of South Dakota, YANKTON COUNTY South Dakota, a political subdivision of the State of South Dakota, and CLAY COUNTY, South Dakota, a political subdivision of the State of South Dakota (hereinafter referred to as the "Owners"),

### WITNESSETH:

Whereas, the Owners have entered into a Joint Powers Agreement, dated APRIL 1994 (the "Original Agreement"; the Original Agreement, dated September 1, 1995 as amended and supplemented by the First Amendment dated September 1, 1995 and as amended and supplemented by the Second Amendment, dated October 15, 1998, and amended and supplemented by the Third Amendment, dated September 27, 2001, and amended and supplemented by the Fourth Amendment, dated February 27, 2007 and as amended by this Revised Agreement, dated November 14, 2012, which incorporates all required language and articles of the previous four Amendments and mutually agreed language changes and shall be referred to hereinafter as the "Revised Agreement") for the purpose of providing for the joint ownership, administration and operation of an integrated solid waste management system (the "System"); and

WHEREAS, in order to finance certain improvements to the System, the City of Vermillion has borrowed from the South Dakota State Revolving Fund (the "SRF Loan") . and the City of Vermillion and the City of Yankton have borrowed from the South Dakota Water and Environment Fund (referred to hereinafter as the "WEF Loan"), by entering into Revenue Obligation Loan Agreements with, and issuing Revenue Bonds to, the South Dakota Conservancy District, and the Owners have agreed, pursuant to the Amended Agreement, to pay to the Issuer amounts equal to their respective shares of the debt service on the SRF Loan and WEF Loan; and

WHEREAS, the South Dakota Conservancy District required, as a condition to making the SRF Loan and WEF Loan, that the Owners make certain changes to the Original Agreement; and

WHEREAS, the Owners have found that the financing provided through the SRF Loan, WEF Loan, and RLAF are advantageous, and in order to secure that financing have agreed to amend certain provisions of the Original Agreement, as further set forth in this Revised Agreement; and

WHEREAS, the Owners have identified areas of the agreement that required updating and wish to make certain changes and additions to the Original Agreement;

**NOW, THEREFORE, THIS REVISED AGREEMENT WITNESSETH:**

## **Joint Powers Agreement**

**City of Yankton, City of Vermillion**

**Yankton County, Clay County**

### **Joint Operation of an Integrated Solid Waste System**

This Revised Agreement is made in accordance with the powers granted in §1-24-1 Co §1-24-10 SDCL between the City of Yankton, a municipal corporation, the City of Vermillion, a municipal corporation, Yankton County, a political subdivision and Clay County, a political subdivision.

**I. Powers to be Jointly Exercised:** The parties to this Revised Agreement each have the power to operate solid waste disposal and recycling systems. The purpose of this Revised Agreement is to provide for the joint ownership, administration and operation of an integrated solid waste management system, to include but not limited to: a solid waste transfer station or stations; a transportation system and the transport of solid waste and recycling; a restricted use landfill and a sanitary landfill, both to be licensed by the State of South Dakota; a recycling program and facilities and the processing, storage and sale of materials for recycling, the purchase of necessary equipment for integrated solid waste management; the employment of staff necessary to perform the above mentioned functions and such other purposes as may be necessary to perform the basic functions; the establishment and collection of such fees as are necessary to support the joint operation and such other operations and facilities as are necessary to exercise the primary responsibilities established under the Revised Agreement. The powers granted under this Revised Agreement do not include any joint powers for the residential

collection of solid waste and recyclable materials, except where and as designated by mutual agreement. The powers established under this Revised Agreement shall be construed broadly.

**2. Purposes of the Agreement:** The purposes of this Revised Agreement are the acquisition of property, construction and operation of an integrated solid waste management system.

It is the intention of the parties hereto to update their respective solid waste management plans so as to be uniform and consistent with each other in their goals and objectives and consistent with the comprehensive state plan described in SDCL 34A-6-1.5.

**3. Separate Entity Not Created:** It is not the purpose of this Revised Agreement to create a separate entity. It is the intent of this Revised Agreement to allow the parties to jointly exercise the powers listed in this Revised Agreement to the greatest extent legally possible.

**4. Advisory Board:** There is hereby established an advisory board which shall be known as the Joint Solid Waste System Advisory Board, hereinafter called the "Board". The membership of the Board shall be as follows: one member of the governing body of each participating government selected by the governing body at the time of reorganization of the governing body, the city managers of the Cities of Yankton and Vermillion, and one citizen chosen by each participating governing body for a three year term. It is the intent of this Revised Agreement to have one citizen appointed by each governing body for a total of four citizen members of the Board. The Board shall organize annually by the selection of a Chair and Vice Chair.

Ex-officiate non-voting Board members included the City of Vermillion Solid Waste Director who shall serve as organizational officer to the Board and the Finance Officers of the Cities of Vermillion and Yankton who shall serve as the secretary-financial advisors of the Board.

**5. Powers and Responsibilities of the Board:** The Board shall be responsible for general program oversight; adoption, subject to approval by the appropriate governing bodies, of the budget and rates for the disposal and recycling activities provided under this Revised Agreement, recommendation of policies for the operation of the integrated solid waste management system functions established under this Revised Agreement, and advising the governing bodies of the participating entities on the operation of the integrated solid waste management system that is established by this Revised Agreement. The Board shall: develop and recommend long and short range plans for the operations; recommend policies and fees and

review to recommendation all charges for service provided through this Agreement, subject to approval by the member governing bodies, which act as operations management; hear and make recommendation on any disputes regarding the services provided, the costs of the services, or any other matters related to the joint powers established in this Revised Agreement. The Board shall not exercise any authority related to personnel employed in the joint operation.

The Advisory Board shall review periodically the solid waste regulatory needs and requirements of the service area, both urban and rural, and shall formulate appropriate advisement to the governing parties to assure full compliance with all applicable Federal and State statues, rules and regulations and permit conditions controlling or regulating integrated solid waste management and to include vehicles carrying wastes to Joint facilities in-so-far-as the same have a bearing on soil pollution, water pollution, and air pollution.

The Board shall formulate and recommend to each of the parties, a public education and information program and the parties shall cooperate in the implementation of any such program.

**6. Executive Authority:** The city managers of the Cities of Yankton and Vermillion shall jointly be the executive officers of the operations established under this Revised Agreement. Each city manager shall supervise any employees employed in operations established by this Revised Agreement who are employed by the City of which he or she is city manager. These powers may be delegated to a subordinate. The city managers shall jointly prepare the annual budget for the joint solid waste disposal and recycling program and submit such budget to the Board for review, adoption, and recommendation to each of the governing bodies.

The City Managers of the City of Vermillion and the City of Yankton shall formulate and propose to the parties for their adoption, and the parties shall adopt, a capital improvements plan for the implementation and operation of the solid waste and recycling operation.

The appropriate members of the staffs of both City of Yankton and City of Vermillion shall participate in the planning and designing of any facility or facility improvements, which are or may become necessary as a part of the solid waste system contemplated by this Revised Agreement.

**7. Ownership of Property:** The Cities of Vermillion and Yankton shall share resources and funding for the solid waste management while exercising local control of ownership of capital

expenditures, operational expenditures and employees engaged in integrated solid waste management activities. The Counties of Clay and Yankton shall hold title in equal share to the permitted Vermillion Landfill property. The operation shall be considered a joint operation even though each operation will retain individual entity identity for the purposes of licensing, permitting requirements, and legal notice. Any such action of licensing, permitting requirements, legal notice shall be reviewed and recommended by the Board and receive approval by the operating entity's governing body of the City of Yankton or City of Vermillion, unless other required by state statute. Any such action pertaining to legal liability shall be reviewed and recommended by the Board and receive approval of all the Owners party to this Revised Agreement.

**8 Financial Management:** Operational budget shall be contained in the budget of responsible operating entity. The City of Yankton shall maintain budget for operations in Yankton and Yankton County, and the City of Vermillion shall maintain the budget for operations in Vermillion and Clay County. All expenditures and revenues associated with the joint operation shall be maintained in a separate fund from all other expenditures of the City. The joint operation shall be considered an enterprise for accounting purposes and shall be self-supporting. All moneys contained in the fund belonging to the joint operation shall remain in that fund and shall not be transferred to any other fund of the city without the approval of the governing bodies of all entities that are parties to this Revised Agreement. All expenditures from the joint operations fund shall be approved by the governing body, which is responsible for the budget that contains the joint operation. There shall be established a renewal and replacement fund which shall contain all depreciation funds and any return on assets that are generated by the joint operation. The depreciation shall be based on general accepted accounting principals and shall be an expense item in the budget of the joint operation. The rates for the disposal of solid waste and the handling of recyclable materials shall be sufficient to defray all of the costs of the joint operation including, but not limited to, operational expenses, depreciation, post closure expenses, financial assurance, ground water monitoring and corrective action, State and Federal fees, and such other expenses as may be appropriate.

The fees shall be established upon the recommendation of the board with the approval of all of the governing bodies of the cities of Yankton and Vermillion. This action on the recommendation shall take place within thirty days of the recommendation of the Board. Notwithstanding any other provisions of this Revised Agreement, the rates, charges and fees established under this paragraph shall always be made sufficient to pay the costs of operation

and maintenance of the system and to meet the rate covenant set forth in the Revenue obligation Loan Agreement with the South Dakota Conservancy District, so long as the SRF Loan and WEF Loan or RLA Loan are in effect and unpaid.

**Section 1 Transfer of funds:** The transfer of funds shall be based on a set fee per ton to the landfill and a sharing of profits as agreed by the entities party to this agreement. The transfer of funds shall be established from Yankton to Vermillion for the following needs: landfill capital and operating expenses; State one-dollar per ton fee; and recycling sorting; capital and operating expenses. The transfer of funds shall be based upon the quantity of tons transferred each month and a set dollar amount set by the operating entities and reviewed no less than annually and as needed.

The transfer of funds shall be established between the operating entities that are parties to this Revised Agreement for the purpose of special programs and capital expenses as agreed by and between the entities that are parties to this Revised Agreement.

**Section 2 Transfer of Funds Policy**

A Transfer of Funds Policy shall be adopted by the operating parties to this agreement and reviewed annually and as needed.

**9 Insurance:** The operating parties to this Revised Agreement will purchase and carry liability insurance with policy limits as recommended by the operating entities governing body. The premiums shall be paid out of the operating entities' joint fund.

**10 Licensing approval:** Any Type A or B landfill licenses that are required to perform the tasks assigned to the joint operation shall be held in the name of the operating entity and must have signed recommendation of the Board and approval of each of the entities that are parties to this Revised Agreement. Any other Landfill License that are required to perform the tasks assigned to the joint operation shall be held in the name of the operating entity and must have signed recommendation of the Board and approval by the governing bodies of the two operating entities, City of Yankton and the City of Vermillion.

**11 Access to Facilities:** A political subdivision or municipal corporation which is not a party to this Revised Agreement may have access to the landfill or transfer facilities if said political subdivision or municipal corporation is provided proof by contract hauler as having entered into a written agreement with all the parties hereto for that purpose and that agreement is current. Under emergency short term situations and special situations or materials such as

petroleum contaminated soils (PCS), the City Managers with advisement from the Solid waste Director may allow materials without aforementioned written agreement to be processed or disposed at the appropriate facility.

**12. Distribution of Assets upon Dissolution:** Any assets remaining upon the dissolution of the joint operation shall be distributed to each of the participating entities based upon the proportion of assets put into the joint operation at its creation by each entity.

**13. Duration:** This Revised Agreement shall be in effect for thirty-five years from the date of execution of this Revised Agreement with an option to renew the Revised Agreement for another period not to exceed thirty-five years by agreement of all of the parties. This Revised Agreement may be dissolved at any time by agreement of the governing bodies of three of the four of the parties to this Revised Agreement; provided that this Revised Agreement shall not be dissolved, nor shall any party withdraw there from, until the 2012 SRF Loan, 2007 SRF Loan 2007 WEF Loan and 2007 RLAF Loan, have been paid in full and any other previous loans have met obligations.

**14. Amendments:** This Revised Agreement may be amended, modified, or altered only by agreement of three of the four parties to this Revised Agreement. It is recognized and anticipated that amendments may be necessary from time to time due to unforeseen or unanticipated circumstances and it shall be considered to be appropriate for suggestions or recommendations for amendments to originate with the Advisory Board or with staff. So Long as the SRF Loan and WEF Loan and RLAF Loan are in effect and unpaid, no amendment shall be made to Sections 8, 13, 14 hereof, without the written consent of the South Dakota Conservancy District.

**Sub-section a.** This Revised Agreement and all its provisions which incorporate all previous amendment language and corrections to the Original Agreement remain in full force and effect, and from and after the date hereof and shall be construed as "the Revised Agreement" instrument.

**Sub-section b.** If any provision of this document shall be held or deemed to be or shall, in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any

other case or circumstance or rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Revised Agreement contained shall not affect the remaining portions of this Revised Agreement or part thereof.

**Sub-section c.** This Revised Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**15 Compliance with Federal and State Regulation:** The Joint Operation shall comply with all applicable Federal and State statutes and rules and regulations relating to the operation of transfer stations, sanitary landfills and recycling facilities. Each of the four participating entities shall be equally responsible for the cost of the defense of any proceeding or action against the parties or any one or more of them, and the costs of such defense shall be paid out of the account or accounts of the joint operation; provided that if the account is insufficient to pay the costs, each party will pay and contribute into the account a sum of money which is in direct proportion to the quantity of solid wastes then previously contributed by that party into the landfill. All parties will exercise a high degree of care in avoiding the introduction of any prohibited materials among those delivered to the landfill for disposal purposes or any other purpose; and each respective party shall be responsible in perpetuity and liable to pay all damages and clean-up costs for any pollution or other deleterious effects caused by any prohibited material which can be proved with reasonable certainty to have been contributed or introduced into the landfill site by that party or from one or more of its residents or business establishments. In the event the prohibited material cannot be proved with reasonable certainty to have originated within the boundaries of one or more of the parties hereto or with a contributing entity with whom the City of Vermillion, with the consent of the other parties hereto, shall have contracted to accept and receive solid waste materials for disposal, then all contributing parties, whether they be signatories hereto or signatories to a solid waste agreement with the City of Vermillion, will share the liability for any clean-up costs or damages arising out of the operation of the landfill in direct proportion to the total quantities which each contributor has contributed to the site or individual cell thereof in which the prohibited material is found to be located.

The Advisory Board shall select and recommend to the respective political bodies legal counsel to represent the parties in any legal action where the potential liability is or may be joint and several. The respective governing bodies shall make the decision as to the hiring of joint legal counsel at such time as the need arises.

It is understood and agreed that the City of Vermillion, with the consent of the other parties to the joint powers agreement, has entered a separate agreement with each of the following municipalities or counties, viz:

City of Alcester, South Dakota;  
City of Elk Point, South Dakota;  
City of Centerville, South Dakota; and  
Union County, South Dakota

for receiving and disposing of their solid wastes at the Vermillion Landfill site and that the following condition and provision is included in each such contract:

All contributing parties will exercise a high degree of care in avoiding the introduction of any prohibited materials among those delivered to the landfill for disposal purposes. Each respective party shall be responsible in perpetuity and liable to pay all damages and clean-up costs for any pollution or other deleterious effects caused by the presence of any prohibited material which can be proved with reasonable certainty to have been contributed or introduced into the landfill site by that party or from one or more of its residents or business establishments; and in the event the source of the prohibited material cannot be proved with reasonable certainty to have originated with one or more of the several entities who contribute solid wastes for disposal at the site then all contributing parties will share the liability for any clean-up costs or damages arising out of the operation of the landfill in direct proportion to the total amounts of solid wastes which each has contributed to the site. The customer understands that the City of Vermillion operates its landfill and recycling center under this Revised Agreement with the City of Yankton, County of Yankton, and County of Clay and acknowledges receipt of a copy of the Revised Agreement as supplemented and amended and agrees to be bound by the terms and conditions thereof insofar as they pertain to those entities having entered into a contract with the City of Vermillion for waste disposal.

It is understood and agreed that the City of Vermillion and respectively the City of Yankton, will obtain the consent of all other parties to this Revised Agreement, prior to entering further

separate agreement(s) with any municipalities, counties, or waste hauling companies desiring to use the Landfill or Transfer Station for solid waste disposal purposes.

Dated this 15<sup>th</sup> day of January, 2013.

CITY OF Vermillion, SD  
A Municipal Corporation

By: John E. Powell 1-7-2013  
Mayor

Attest: Michael A. Caldwell  
Finance Officer

CITY OF Yankton, SD  
A Municipal Corporation

By: Nancy W. Wrench 1-14-2013  
Mayor

Attest: Al Vind  
Finance Officer

Yankton County, SD  
A Political Subdivision

By: Bruce Gunn 1-4-2013  
Chair

Attest: David Jones  
Auditor

County of Clay, SD

A Political Subdivision

By: Leo Powell 1-15-13  
Chair

Attest: Kathryn Heles Deputy  
Auditor





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**Bob Iverson, Solid Waste Director**  
**25 Center Street • Vermillion, SD 57069**  
**Ph: (605) 677-7076**

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June 23, 2015

SD DENR  
Joe Foss Building  
523 E. Capitol  
Pierre, SD 57501

To whom it may concern:

On behalf of the Joint Powers Board formed by the Cities of Vermillion and Yankton and the counties of Clay and Yankton, it is my pleasure to write a letter of support for the scale and site improvements at the City of Yankton's Solid Waste Facility Transfer Station. As the City of Vermillion and the City of Yankton work cooperatively to become part of a greater, more sustainable community, projects like this take on increased importance.

The City of Yankton's existing scale is beyond its useful life. The Transfer Station needs to be upgraded to create an easier transaction for the public. It will be easier and safer to utilize the Yankton Solid Waste Transfer facility with the upgrade.

The Joint Powers Board reviewed the project and grant proposal at their June 18, 2015 meeting. The Board unanimously voted to support the project. The Joint Power Board supports the efforts to seek external funding for scale site improvements at the City of Yankton's Solid Waste Facility. We eagerly anticipate the completion of this project.

Sincerely,

Phyllis Packard  
Joint Powers Board Chair

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