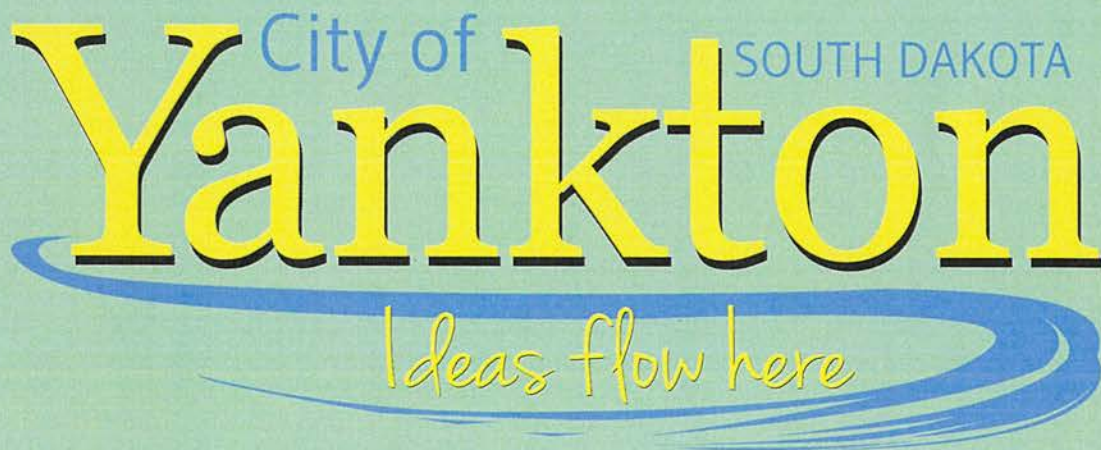


# CITY OF YANKTON, SOUTH DAKOTA

## ANNUAL FINANCIAL REPORT

Year Ended

December 31, 2021



# CITY OF YANKTON, SOUTH DAKOTA

## ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2021

PREPARED BY:  
FINANCE DEPARTMENT

AL VIERECK  
FINANCE OFFICER

CITY OF YANKTON  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2021  
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## FINANCIAL SECTION

This Section Contains the Following Subsections:

- AUDITORS' REPORT
- MANAGEMENT DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- NOTES TO THE FINANCIAL STATEMENTS



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## INDEPENDENT AUDITORS' REPORT

The Mayor and Members of the  
City Commission  
City of Yankton, South Dakota

### Report on the Audit of the Financial Statements

#### **Opinions**

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of December 31, 2021, 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.

We did not audit the financial statements of the Yankton Housing and Redevelopment Commission (the discretely presented component unit) whose statements reflect total assets of \$146,406 and total revenues of \$644,385 as of and for the year ended June 30, 2021. 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 Yankton Housing and Redevelopment Commission, is based solely on the report of the other auditors.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's



ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in City's total OPEB liability, related notes and ratios, schedule of proportionate share of the net pension liability (asset), and schedule of contributions to the South Dakota Retirement System on pages 4–13 and 55–63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 basic financial statements. The accompanying combining nonmajor fund financial statements, budgetary compliance schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 our report dated July 28, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Certified Public Accountants

Le Mars, Iowa  
July 28, 2023

## **Management Discussion and Analysis December 31, 2021**

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, 2021. 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 and deferred outflows of resources of the City of Yankton exceeded liabilities and deferred inflows of resources on December 31, 2021 by \$151,952,552. Of this amount \$50,746,148 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$6,924,523 during the year. Of this amount the net position of our Governmental Activities increased \$4,633,960 and the net position of our Business-Type Activities increased by \$2,290,563. The governmental net position increased in large part due to increases in tax revenues, and operating grants and program revenues, and the business-type net position increased in large part due to increases in charges for services.
- The City's Governmental Fund Balances increased \$466,499 in 2021 mostly due to capital expenditures for the new continuing construction of the Huether Family Aquatic Center (thus decreasing the fund balance significantly in the bond proceeds / capital construction account). Exhibit 4 details the decreases.
- The City's long-term debt decreased (\$3,184,806) in 2021. This decrease occurred from the normal annual debt service payments for outstanding loan obligations.

### **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 government-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 required supplementary information and 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, deferred outflows of resources, liabilities, and deferred

inflows of resources. 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 A WHOLE

As stated earlier, net position may serve over time as a useful indicator of a 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	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 36,537,028	\$ 35,687,145	\$ 28,058,758	\$ 24,464,122	\$ 64,595,786	\$ 60,151,267
Capital Assets	<u>83,405,491</u>	<u>80,709,968</u>	<u>78,275,548</u>	<u>81,015,729</u>	<u>161,681,039</u>	<u>161,725,697</u>
Total Assets	<u>119,942,519</u>	<u>116,397,113</u>	<u>106,334,306</u>	<u>105,479,851</u>	<u>226,276,825</u>	<u>221,876,964</u>
Pension Related						
Deferred Outflows	<u>3,012,248</u>	<u>1,913,988</u>	<u>748,326</u>	<u>433,602</u>	<u>3,760,574</u>	<u>2,347,590</u>
Long-term Liabilities						
Outstanding	15,198,411	16,120,511	50,299,869	52,721,275	65,498,280	68,841,786
Other Liabilities	<u>2,404,684</u>	<u>4,315,252</u>	<u>4,513,775</u>	<u>3,957,035</u>	<u>6,918,459</u>	<u>8,272,287</u>
Total Liabilities	<u>17,603,095</u>	<u>20,435,763</u>	<u>54,813,644</u>	<u>56,678,310</u>	<u>72,416,739</u>	<u>77,114,073</u>
Pension Related						
Deferred Inflows	<u>4,540,196</u>	<u>1,697,822</u>	<u>1,127,912</u>	<u>384,630</u>	<u>5,668,108</u>	<u>2,082,452</u>
Net Position:						
Net Investment in						
Capital Assets	69,353,808	68,280,135	25,679,953	25,357,623	95,033,761	93,637,758
Restricted	2,228,990	2,538,442	3,943,653	3,816,176	6,172,643	6,354,618
Unrestricted	<u>29,228,678</u>	<u>25,358,939</u>	<u>21,517,470</u>	<u>19,676,714</u>	<u>50,746,148</u>	<u>45,035,653</u>
Ending Net Position	<u>\$ 100,811,476</u>	<u>\$ 96,177,516</u>	<u>\$ 51,141,076</u>	<u>\$ 48,850,513</u>	<u>\$ 151,952,552</u>	<u>\$ 145,028,029</u>

This summary reflects an increase in net position of 4.82% for the Governmental Activities and an increase of 4.69% in the Business-Type Activities. The increase in Business-Type Activities net position was largely an increase in Current Assets and a decrease in Long-term Liabilities and Other Liabilities. The overall liabilities of the City of Yankton decreased by (\$4,697,334) or (-6.09%), due mainly to annual long term debt service payments.

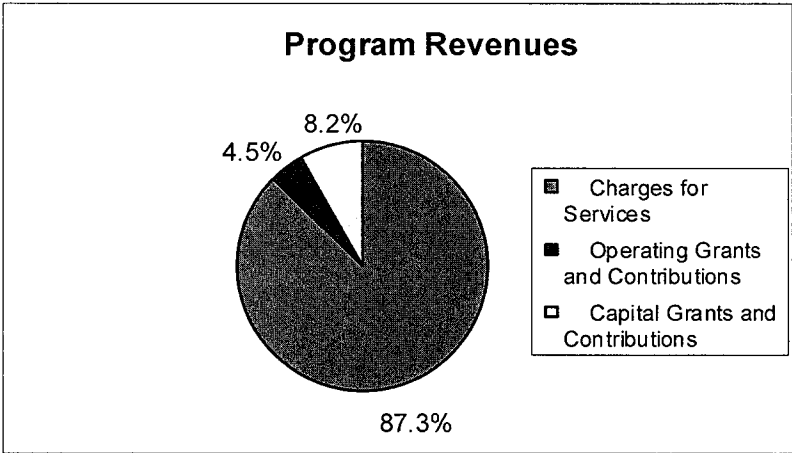
Total revenue reported in 2021 was \$39,162,461, a decrease of (\$4,656,789) or (10.63%). The largest decrease in revenues was in Capital Grants and Contributions; a decrease of (\$3,483,904) or (66.15%), and Operating Grants and Contributions decreased (\$3,241,450) or (76.81%). The Property Tax revenues increased \$157,497 or 3.60%, and Sales Tax revenues increased \$1,158,908 or 10.68%. 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	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,864,726	\$ 2,980,817	\$ 15,053,953	\$ 14,250,961	\$ 18,918,679	\$ 17,231,778
Operating Grants and Contributions	978,569	4,220,019	-	-	978,569	4,220,019
Capital Grants and Contributions	1,730,845	5,144,128	51,552	122,173	1,782,397	5,266,301
<b>General Revenues:</b>						
Property Taxes	4,537,871	4,380,374	-	-	4,537,871	4,380,374
Sales Taxes	12,011,600	10,852,692	-	-	12,011,600	10,852,692
Other Taxes	888,269	728,966	-	-	888,269	728,966
Other	325,910	849,154	149,536	289,966	475,446	1,139,120
<b>Total Revenues</b>	<b>24,337,790</b>	<b>29,156,150</b>	<b>15,255,041</b>	<b>14,663,100</b>	<b>39,592,831</b>	<b>43,819,250</b>
<b>Expenses:</b>						
General Government	2,191,998	2,472,334	-	-	2,191,998	2,472,334
Public Safety	4,213,075	4,471,084	-	-	4,213,075	4,471,084
Public Works	7,269,471	6,586,141	-	-	7,269,471	6,586,141
Culture & Recreation	4,331,842	3,959,208	-	-	4,331,842	3,959,208
Community & Economic						
Development	902,849	511,327	-	-	902,849	511,327
Capital Projects	-	-	-	-	-	-
Interest on Long-term Debt	463,107	491,840	-	-	463,107	491,840
Water	-	-	6,541,272	5,578,488	6,541,272	5,578,488
Wastewater	-	-	3,243,931	3,284,929	3,243,931	3,284,929
Golf	-	-	139,212	147,261	139,212	147,261
Non-Major Enterprise Funds	-	-	2,941,181	2,829,885	2,941,181	2,829,885
<b>Total Expenses</b>	<b>19,372,342</b>	<b>18,491,934</b>	<b>12,865,596</b>	<b>11,840,563</b>	<b>32,237,938</b>	<b>30,332,497</b>
<b>Increase (Decrease) in Net Position</b>						
Before Transfers	4,965,448	10,664,216	2,389,445	2,822,537	7,354,893	13,486,753
Transfers	(169,581)	34,742	169,581	(34,742)	-	-
Special Item change in SDPAA reserve	(161,907)	-	(268,463)	-	(430,370)	-
<b>Increase in Net Position</b>	<b>4,633,960</b>	<b>10,698,958</b>	<b>2,290,563</b>	<b>2,787,795</b>	<b>6,924,523</b>	<b>13,486,753</b>
Net Position January 1	96,177,516	85,478,558	48,850,513	46,062,718	145,028,029	131,541,276
<b>Net Position December 31</b>	<b>\$100,811,476</b>	<b>\$ 96,177,516</b>	<b>\$ 51,141,076</b>	<b>\$ 48,850,513</b>	<b>\$ 151,952,552</b>	<b>\$ 145,028,029</b>

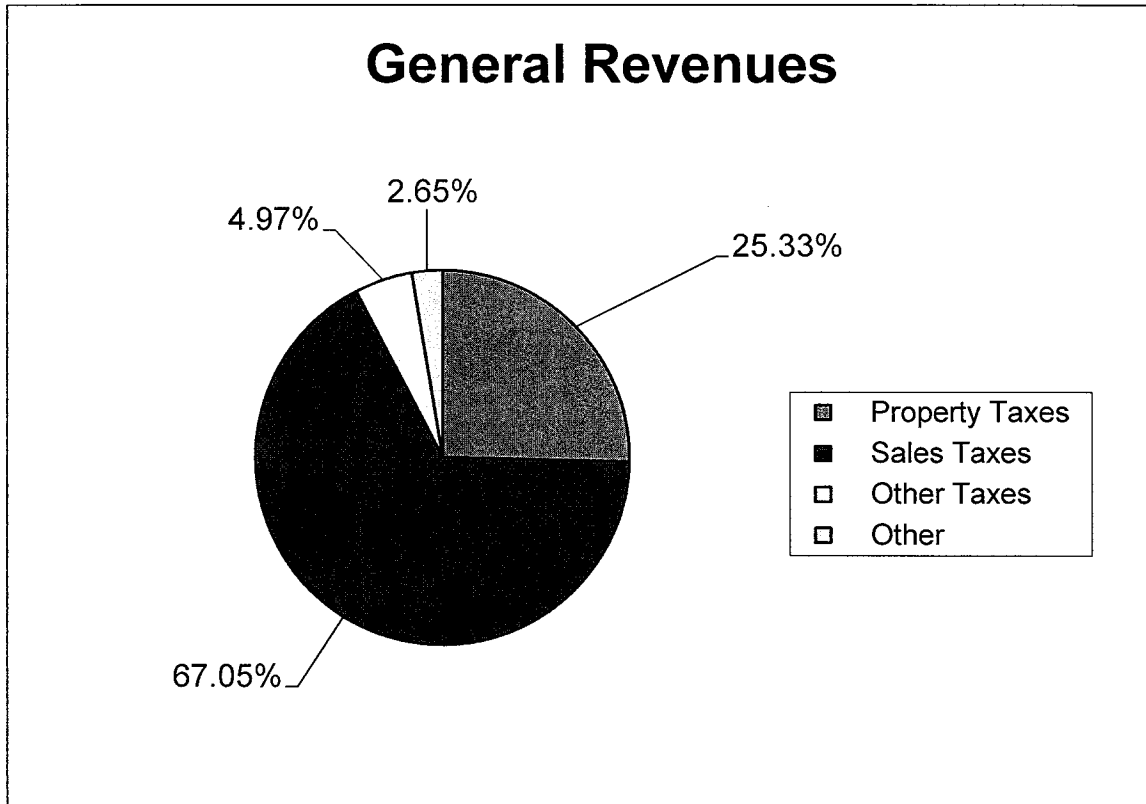
Charges for Services in the Business-Type Activities increased \$802,992 or 5.63% due in most part to a 3% rate increase in Water, and 5% increases in Wastewater and Solid Waste Collections. Business-Type Activities Total Expenses increased by \$1,025,033 or 8.66%. Governmental Activities Total Expenses increased \$880,408 or 4.76%.

Program Revenues total \$21,679,645 for 2021. Governmental Activities provided \$6,574,140 and Business-Type Activities provided \$15,105,505. Revenue collected for Charges for Services during 2021 was \$18,918,679 accounting for 87.26% of the total program revenues. Revenue collected for Capital Grants and Contributions accounts for 8.22% of the total program revenues. The following chart breaks down program revenues by sources:



General Revenues for 2021 totaled \$17,913,186. Governmental Activities provided \$17,763,650 and Business-Type Activities provided \$149,536. Sales Tax Revenues for 2021 totaled \$12,011,600 and Property Tax Revenue totaled \$4,537,871. The Sales Tax Revenues accounted for 67.05% and Property Tax Revenues were 25.33% of General Revenues. The following chart breaks down General Revenues by source:

### GENERAL REVENUES



Expenses for 2021 totaled \$32,237,938, an increase of 6.28%. Expenses for Governmental Activities totaled \$19,372,342 accounting for 60.09% of the total expenses. Expenses for Business-Type Activities totaled \$12,865,596 accounting for 39.91% 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, Mame 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 General Government in 2021, the City spent \$2,191,998 and received \$2,179,175 in charges for services, \$590 in capital grants and contributions, thus leaving a cost to the taxpayers of (\$12,233) to be funded by various other methods. The new 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 \$19,372,342. Of these costs, \$3,864,726 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 \$978,569, and costs paid by other governments and organizations that subsidized certain programs with capital grants and contributions were \$1,730,845, leaving a Net Expense of (\$12,798,202) 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 \$120,183,818, consisting of Net Position January 1, 2021 of \$96,177,516, General Revenues and transfers of \$17,432,162, and Program Revenues of \$6,574,140. Total Governmental Activities during the year expended \$19,372,342; thus, Net Position was increased by \$4,633,960 to \$100,811,476.

## **Business Type Activities**

Business-Type Activities increased the City's net position by \$2,290,563.

The cost of all Business-Type Activities this year was \$12,865,596. As shown in the Statement of Activities, the amounts paid by users of the systems were \$15,053,953 and \$51,552 was funded from capital grants and contributions, \$50,654 was funded by general revenues and transfers, resulting in a net gain for Business-Type Activities of \$2,290,563.

Total resources available during the year to finance Business-Type Activities were \$64,006,672 consisting of Net Position January 1, 2021 of \$48,850,513, Program Revenues of \$15,105,505, General Revenues and Transfers of \$50,654. Total Business-Type Activities during the year expended \$12,865,596; thus Net Position was increased by \$2,290,563 to \$51,141,076.

## **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 in 2021 of \$32,228,148 (11.98% non-spendable, 4.26% restricted, 45.68% committed, 17.15% assigned, and 20.93% unassigned). The combined Governmental Funds fund balance increased \$466,499 from the prior year. The fund balance amount consists of \$3,861,645 of non-spendable funds committed for 1) perpetual care for cemetery \$50,000, 2) \$46,580 of inventories, 3) inventory of land for resale \$19,033 and 4) long term advances \$3,746,032; \$1,371,569 of restricted funds; \$14,720,329 of committed funds; \$5,525,930 of assigned funds, and \$6,748,675 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 \$15,074,539, an increase of \$277,047. 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 73.03% of total general fund expenditures, while total fund balance represents 97.74% of that same amount.

General fund revenues in 2021 decreased (\$1,079,910) or (-6.25%) due mostly to decreases in intergovernmental revenues. Expenditures increased \$1,622,035 or 11.75%. The increase in expenditures included an increase of \$1,299,706 in current expenditures, an increase of 11.79%, an increase of \$320,894 in capital outlay, an increase of 19.16% from 2020's expenditures and an increase of \$1,435 in debt service, an increase of 0.13% from 2020.

The Special Capital Improvements Fund showed an increase in fund balance of \$3,822,468. This reflects an increase in revenues of \$443,445, and a decrease in expenditures of (\$1,387,409).

The TID #5 Fund balance remained a negative fund balance to end 2021 at (\$3,689,392) due to no expenditures being made for Capital Improvements or operating as well as no revenues received in excess of debt service. The negative fund balance should be reduced by future tax receipts.

The new Pool Capital Construction fund which is funding the new Huether Family Aquatics Center showed a 2021 year-end balance of \$3,881,539, a decrease of \$3,172,600, reflecting Capital construction expenses of \$3,362,639, offset by interest earned of \$22,019, and donations of \$219,791.

## Financial Analysis of the City's Funds (Continued)

The Other Governmental Funds ended 2021 with a decrease in combined balance of (\$460,416) to \$2,241,133.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the 2021 original (adopted) General Fund budget of \$26,057,196 to the final budget amount of \$27,059,902 shows a net increase of \$1,002,706. However, actual expenditures were \$10,634,833 less than the original adopted budget. Supplemental changes that would have resulted in actual expenditures higher than the original budget were offset by less expenditures than originally budgeted in various departments.

The City complied with statutory requirements for expenditures not exceeding the budget appropriation on all 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 investment in capital assets as of December 31, 2021 was \$95,033,761 (net of accumulated depreciation and outstanding financings). This was an increase of \$1,396,503 or 1.49%. The comparative totals for capital assets for 2020 and 2021 are as follows:

#### CITY OF YANKTON CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,358,821	\$ 3,309,368	\$ 814,623	\$ 814,623	\$ 4,173,444	\$ 4,123,991
Construction in Progress	14,162,757	16,044,006	1,028,084	2,258,647	15,190,841	18,302,653
Buildings & Structures / Infrastructure	56,508,664	52,257,375	73,066,044	74,297,391	129,574,708	126,554,766
Land Improvements	-	-	2,109,521	2,112,628	2,109,521	2,112,628
Furniture and Equipment	<u>9,375,249</u>	<u>9,099,219</u>	<u>1,257,276</u>	<u>1,532,440</u>	<u>10,632,525</u>	<u>10,631,659</u>
Total	<u>\$ 83,405,491</u>	<u>\$ 80,709,968</u>	<u>\$ 78,275,548</u>	<u>\$ 81,015,729</u>	<u>\$ 161,681,039</u>	<u>\$ 161,725,697</u>

Buildings & Structures / Improvements and Furniture and Equipment were the major increases in capital outlays for Governmental Activities. Construction in Progress was the major decrease in capital outlays for 2021 for Business-Type Activities. See note 6 in the financial statements for more information on the City's capital assets.

## **DEBT ADMINISTRATION**

At 2021 year end the City had \$68,139,887 of debt outstanding, a decrease of \$3,184,806 (total debt not offset by funds restricted to debt service).

Of the total debt, \$15,544,292 or 22.81% is to be paid from Governmental Activities including \$1,492,609 specifically from sales tax funds, and \$14,051,683 from property tax opt-out dollars; and \$52,595,595 or 77.19% in Business Type Activities including \$48,513,692 to be repaid from water user fees, \$682,252 to be paid from landfill revenues and \$3,399,651 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 \$55,173,951 with outstanding debt of \$23,035,729, leaving an unused balance of \$32,138,221 or 58.25% of the legal debt limit available. The State allows an additional 10% legal debt margin of the assessed value for Water and Wastewater debt that is secured and backed by surcharges. The City has \$45,114,158 of outstanding debt backed by surcharges with the legal debt capacity being \$110,347,901 leaving \$65,233,743 or 59.12% 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 2021 was \$44,779,946. It was an increase of \$12,374,253 or 38.19% of the 2020 total of \$32,405,693. The average annual building permit value for the last ten years was \$32,246,521 and the 2021 total value was 138.87% of that average. New construction building permits included two new townhouse additions on west 25<sup>th</sup> Street, Mona's LLC., Nelson Family Enterprises, and a new Fairfield Inn and Suites. Remodels and additions included Yankton Transit, United way and Volunteer Services, Cimpl's Inc., and First National Bank. There were forty-three new home-building permits issued during the year, an increase of three from 2020. There were also 72 apartments in a new apartment complex.

The City continues to reinvest in its infrastructure with street improvements, wastewater distribution improvements, and the water utility continues to replace water mains to improve the reliability of the water supply as well as finishing construction on water treatment facility, and continuing construction on the new Huether Family Aquatics Center.

Another indicator of economic activity is the taxable sales for Yankton that are reported by the South Dakota Department of Revenue. Our 2021 sales were up 11.14% over 2020's figures and totaled \$633,497,129, an increase of \$65,235,953.

## **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.

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BASIC FINANCIAL STATEMENTS

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 27,851,659	\$ 21,274,535	\$ 49,126,194	\$ 139,332
Receivables:				
Taxes	35,954	-	35,954	-
Accounts	339,672	1,789,389	2,129,061	-
Special Assessments	24,356	-	24,356	-
Other Receivables	-	-	-	3,710
Due from Other Governmental Agencies	2,644,313	-	2,644,313	-
Prepaid Expenses	177,490	81,584	259,074	1,893
Internal Balances	218,029	(218,029)	-	-
Property Held for Resale, At Cost	2,373,411	-	2,373,411	-
Inventories	287,539	556,146	843,685	-
Restricted Assets:				
Cash and Cash Equivalents	234,518	3,991,306	4,225,824	-
Net Pension Asset	2,350,087	583,827	2,933,914	-
Land	3,358,821	814,623	4,173,444	-
Construction in Progress	14,162,757	1,028,084	15,190,841	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	65,883,913	76,432,841	142,316,754	1,471
Total Assets	<u>119,942,519</u>	<u>106,334,306</u>	<u>226,276,825</u>	<u>146,406</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Deferred Outflows	<u>3,012,248</u>	<u>748,326</u>	<u>3,760,574</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts Payable	975,136	398,425	1,373,561	1,260
Accrued Wages	351,322	85,098	436,420	30,120
Accrued Interest Payable	21,210	275,189	296,399	-
Accrued Expenses	16,395	-	16,395	-
Unearned Revenue	-	1,313,213	1,313,213	-
Customer Deposits	34,690	5,703	40,393	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	-	2,408,062	2,408,062	-
General Obligation Bonds	171,037	-	171,037	-
Capital Lease	704,386	-	704,386	-
Compensated Absences	130,508	28,085	158,593	559
Due in more than one year:				
Revenue Bonds Payable	-	50,187,533	50,187,533	-
Capital Lease	13,347,297	-	13,347,297	-
General Obligation Bonds	1,321,572	-	1,321,572	-
Other Postemployment Benefit Obligation	7,507	-	7,507	-
Compensated Absences	522,035	112,336	634,371	2,431
Total Liabilities	<u>17,603,095</u>	<u>54,813,644</u>	<u>72,416,739</u>	<u>34,370</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related Deferred Inflows	<u>4,540,196</u>	<u>1,127,912</u>	<u>5,668,108</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>4,540,196</u>	<u>1,127,912</u>	<u>5,668,108</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	69,353,808	25,679,953	95,033,761	1,471
Restricted for:				
Debt Service	187,894	3,739,412	3,927,306	-
SDRS Pension Purposes	822,139	204,241	1,026,380	-
Lodging Sales Tax	837,733	-	837,733	-
Other Purposes	220,998	-	220,998	-
Perpetual Care				
Expendable	110,226	-	110,226	-
Nonexpendable	50,000	-	50,000	-
Unrestricted	29,228,678	21,517,470	50,746,148	110,565
Total Net Position	<u>\$ 100,811,476</u>	<u>\$ 51,141,076</u>	<u>\$ 151,952,552</u>	<u>\$ 112,036</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities:</b>			
General Government	\$ 2,191,998	\$ 2,179,175	\$ -
Public Safety	4,213,075	6,480	277,457
Public Works	7,269,471	800,863	413,047
Culture and Recreation	4,331,842	878,208	288,065
Community Development	902,849	-	-
Interest on Long-Term Debt	463,107	-	-
Total Governmental Activities	<u>19,372,342</u>	<u>3,864,726</u>	<u>978,569</u>
<b>Business-Type Activities:</b>			
Water	6,541,272	7,794,564	-
Wastewater	3,243,931	4,336,475	-
Solid Waste	1,252,724	1,313,332	-
Joint Powers- Landfill	1,688,457	1,609,582	-
Golf Course	139,212	-	-
Total Business-Type Activities	<u>12,865,596</u>	<u>15,053,953</u>	<u>-</u>
<b>Component Units:</b>			
Housing & Redevelopment	654,399	-	626,784
Total Component Unit	<u>\$ 654,399</u>	<u>\$ -</u>	<u>\$ 626,784</u>
<b>General Revenues:</b>			
Property taxes			
Sales and other Taxes			
Lodging Sales Tax			
Interest			
Reimbursements			
Miscellaneous			
Gain on Sale of Capital Assets			
Special Item change in SDPAA reserve			
Interfund Transfers			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			



Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit Housing & Redevelopment
	Governmental Activities	Business-Type Activities	Total	
\$ 590	\$ (12,233)	\$ -	\$ (12,233)	\$ -
-	(3,929,138)	-	(3,929,138)	-
1,005,816	(5,049,745)	-	(5,049,745)	-
722,939	(2,442,630)	-	(2,442,630)	-
1,500	(901,349)	-	(901,349)	-
-	(463,107)	-	(463,107)	-
<u>1,730,845</u>	<u>(12,798,202)</u>	-	<u>(12,798,202)</u>	-
-	-	1,253,292	1,253,292	-
46,224	-	1,138,768	1,138,768	-
-	-	60,608	60,608	-
5,328	-	(73,547)	(73,547)	-
-	-	(139,212)	(139,212)	-
<u>51,552</u>	-	<u>2,239,909</u>	<u>2,239,909</u>	-
-	-	-	-	(27,615)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,615)</u>
-	4,537,871	-	4,537,871	-
-	12,011,600	-	12,011,600	-
-	888,269	-	888,269	-
-	116,587	82,159	198,746	182
-	105,591	-	105,591	-
-	28	49,762	49,790	17,419
-	103,704	17,615	121,319	-
-	(161,907)	(268,463)	(430,370)	-
-	(169,581)	169,581	-	-
-	<u>17,432,162</u>	<u>50,654</u>	<u>17,482,816</u>	<u>17,601</u>
-	4,633,960	2,290,563	6,924,523	(10,014)
-	96,177,516	48,850,513	145,028,029	122,050
-	<u>\$ 100,811,476</u>	<u>\$ 51,141,076</u>	<u>\$ 151,952,552</u>	<u>\$ 112,036</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**BALANCE SHEET**  
**Governmental Funds**  
**December 31, 2021**

	<u>General</u>	<u>Special Capital Improvements</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 10,728,169	\$ 11,231,530
Receivables (Net where applicable, of allowance for uncollectibles):		
Taxes	35,954	-
Accounts	60,639	-
Special Assessments	13,327	-
Due from Other Funds	-	2,325,944
Due from Other Governmental Agencies	1,635,112	515,952
Advances to Other Funds	3,746,032	824,827
Inventories	46,580	-
Property Held for Resale, At Cost	19,033	-
Restricted Assets:		
Cash and Cash Equivalents	81,271	-
Total Assets	<u>16,366,117</u>	<u>14,898,253</u>
 <b><u>Liabilities</u></b>		
Accounts Payable	406,277	152,958
Accrued Wages	315,133	-
Unearned Revenue	16,395	-
Due to Other Funds	422,808	-
Customer Deposits	34,690	-
Advances from Other Funds	-	-
Total Liabilities	<u>1,195,303</u>	<u>152,958</u>
 <b><u>Deferred Inflows of Resources</u></b>		
Unavailable revenue- property taxes	35,954	-
Unavailable revenue- special assessments	13,327	-
Unavailable revenue- other taxes	38,373	24,966
Unavailable revenue- other	8,621	-
Total Deferred Inflows of Resources	<u>96,275</u>	<u>24,966</u>
 <b><u>Fund Balances</u></b>		
Non-Spendable:		
Perpetual Care	-	-
Inventories	46,580	-
Property Held for Resale	19,033	-
Long Term Advances	3,746,032	-
Restricted:		
Debt Service	-	-
Lodging Sales Tax	-	-
Perpetual Care	-	-
Other Purposes	-	-
Committed:		
Special Capital Improvements (sales tax)	-	14,720,329
Assigned:		
Capital Projects	-	-
Unassigned	11,262,894	-
Total Fund Balances (Deficits)	<u>15,074,539</u>	<u>14,720,329</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 16,366,117</u>	<u>\$ 14,898,253</u>

EXHIBIT 3

TID #5	Pool Capital Construction	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,635,025	\$ 2,180,633	\$ 27,775,357
-	-	-	35,954
-	246,514	32,519	339,672
-	-	11,029	24,356
-	-	-	2,325,944
-	-	485,886	2,636,950
-	-	-	4,570,859
-	-	-	46,580
-	-	2,354,378	2,373,411
-	-	153,247	234,518
-	3,881,539	5,217,692	40,363,601
-	-	363,388	922,623
-	-	31,794	346,927
-	-	-	16,395
-	-	1,685,107	2,107,915
-	-	-	34,690
3,689,392	-	881,467	4,570,859
3,689,392	-	2,961,756	7,999,409
-	-	-	35,954
-	-	8,311	21,638
-	-	6,492	69,831
-	-	-	8,621
-	-	14,803	136,044
-	-	50,000	50,000
-	-	-	46,580
-	-	-	19,033
-	-	-	3,746,032
-	-	209,104	209,104
-	-	831,241	831,241
-	-	110,226	110,226
-	-	220,998	220,998
-	-	-	14,720,329
-	3,881,539	1,644,391	5,525,930
(3,689,392)	-	(824,827)	6,748,675
(3,689,392)	3,881,539	2,241,133	32,228,148
-	\$ 3,881,539	\$ 5,217,692	\$ 40,363,601

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**CITY OF YANKTON, SOUTH DAKOTA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2021**

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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)	\$ 32,228,148
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	83,211,666
Unavailable revenues that do not provide current financial resources for governmental activities	136,044
Accrued expenses from the balance sheet that do not require current financial resources for governmental activities	(21,210)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.	175,117
Pension related deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, are not due and payable in the current year and, therefore are not reported in the governmental funds.	(1,506,249)
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	(16,187,794)
Other Post Employment Benefit Liabilities are not due and payable in the current period and therefore are not reported in the funds	(6,957)
The Net Pension Asset does not provide resources in the current period and therefore is not reported in the funds	2,316,712
Internal Service Funds are used by management to charge the costs of certain activities, such as the central garage to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund are included in governmental activities in the statement of net position.	465,999
Total Net Position - Governmental Activities (page 14)	<u>\$ 100,811,476</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended December 31, 2021**

	<u>General</u>	<u>Special Capital Improvements</u>
Revenue:		
Property Taxes	\$ 3,932,337	\$ -
Sales and Other Taxes	7,161,873	4,810,866
Special Assessments	-	-
Licenses and Permits	429,590	-
Intergovernmental	1,302,076	600,467
Charges for Services	3,162,749	-
Fines and Forfeits	4,334	-
Interest on Investments	39,465	48,234
Contributions	26,753	-
Miscellaneous	132,651	-
Total Revenue	<u>16,191,828</u>	<u>5,459,567</u>
Current Expenditures:		
General Government	2,248,528	-
Public Safety	3,323,807	-
Public Works	3,074,392	-
Culture and Recreation	3,673,489	-
Community Development	-	-
Capital Outlay:		
Public Works	751,814	1,497,586
Culture and Recreation	816,425	-
General Government	38,805	-
Public Safety	388,282	-
Debt Service	1,106,821	-
Total Expenditures	<u>15,422,363</u>	<u>1,497,586</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>769,465</u>	<u>3,961,981</u>
Other Financing Sources (Uses):		
Proceeds From Sale of Capital Assets	165,675	-
Transfers In	340,414	-
Transfers Out	(844,264)	(139,513)
Total Other Financing Sources (Uses)	<u>(338,175)</u>	<u>(139,513)</u>
Special Item:		
Decrease in SDPAA Vested Deposit	<u>(154,243)</u>	-
Net Change in Fund Balance	277,047	3,822,468
Fund Balances (Deficits)-Beginning of Year	<u>14,797,492</u>	<u>10,897,861</u>
Fund Balances (Deficits)- End of Year	<u>\$ 15,074,539</u>	<u>\$ 14,720,329</u>

EXHIBIT 4

TID #5	Pool Capital Construction	Other Governmental Funds	Total Governmental Funds
\$ 173,433	\$ -	\$ 442,043	\$ 4,547,813
-	-	905,480	12,878,219
-	-	(4,038)	(4,038)
-	-	-	429,590
-	-	310,446	2,212,989
-	-	25,350	3,188,099
-	-	-	4,334
-	22,019	6,639	116,357
-	219,791	213,518	460,062
-	-	2,693	135,344
<u>173,433</u>	<u>241,810</u>	<u>1,902,131</u>	<u>23,968,769</u>
-	-	-	2,248,528
-	-	650,008	3,973,815
-	-	1,265,582	4,339,974
-	-	126,671	3,800,160
-	-	664,835	664,835
-	-	341,745	2,591,145
-	3,362,639	125,063	4,304,127
-	-	-	38,805
-	-	-	388,282
-	-	207,904	1,314,725
-	<u>3,362,639</u>	<u>3,381,808</u>	<u>23,664,396</u>
<u>173,433</u>	<u>(3,120,829)</u>	<u>(1,479,677)</u>	<u>304,373</u>
-	-	123,616	289,291
-	-	1,041,426	1,381,840
<u>(173,433)</u>	<u>(51,771)</u>	<u>(138,117)</u>	<u>(1,347,098)</u>
<u>(173,433)</u>	<u>(51,771)</u>	<u>1,026,925</u>	<u>324,033</u>
-	-	(7,664)	(161,907)
-	(3,172,600)	(460,416)	466,499
<u>(3,689,392)</u>	<u>7,054,139</u>	<u>2,701,549</u>	<u>31,761,649</u>
<u>\$ (3,689,392)</u>	<u>\$ 3,881,539</u>	<u>\$ 2,241,133</u>	<u>\$ 32,228,148</u>

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**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, 2021**

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

Net change in fund balances - total governmental funds (page 21)		\$ 466,499
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year:</p>		
Expenditures for capital assets	\$ 6,558,687	
Depreciation Expense	<u>(3,713,768)</u>	2,844,919
Capital Contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.		251,200
Revenues reported in the funds that are not available to provide current financial resources:		11,214
Accrued interest expense that does not require current financial resources:		1,248
Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.		(18,112)
Pension expenses reported in the Statement of Activities do not require the use of current financial resources.		379,315
The current year City employer share of SDRS contributions are reported as expenditures in the governmental funds, but reported as a deferred outflow of resources in the Statement of Net Position		205,660
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 position on the statement of activities.		(421,872)
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.		21,015
Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources:		(9,981)
Other Post-Employment Benefits that do not require current financial resources.		7,467
Compensated absences that do not require current financial resources.		45,018
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. 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>850,370</u>
Change in net position of governmental activities (page 16)		<u><u>\$ 4,633,960</u></u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**December 31, 2021**

	<u>Business-Type</u>	
	<u>Water</u>	<u>Wastewater</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 14,181,403	\$ 5,658,448
Receivables (Net where applicable, of allowance for uncollectibles):		
Accounts	860,663	611,092
Due from Other Governmental Agencies	-	-
Prepaid Insurance	28,949	29,695
Inventories	405,158	150,988
Total Current Assets	<u>15,476,173</u>	<u>6,450,223</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	3,864,958	-
Net Pension Asset	170,777	200,539
Land	128,117	66,666
Construction in Progress	60,803	967,281
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>62,145,054</u>	<u>10,310,409</u>
Total Noncurrent Assets	<u>66,369,709</u>	<u>11,544,895</u>
Total Assets	<u>81,845,882</u>	<u>17,995,118</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Deferred Outflows	<u>218,895</u>	<u>257,043</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	138,226	165,045
Accrued Wages	27,501	25,548
Accrued Interest Payable	250,634	23,295
Accrued Compensated Absences	9,526	7,693
Unearned Revenue	-	1,313,213
Due to Other Funds	-	-
Customer Deposits	5,703	-
Revenue Bonds Payable- Current	<u>1,758,066</u>	<u>538,120</u>
Total Current Liabilities	<u>2,189,656</u>	<u>2,072,914</u>
Noncurrent Liabilities:		
Revenue Bonds Payable	46,755,626	2,861,531
Accrued Compensated Absences	38,106	30,769
Other Postemployment Benefit Obligation	-	-
Total Noncurrent Liabilities	<u>46,793,732</u>	<u>2,892,300</u>
Total Liabilities	<u>48,983,388</u>	<u>4,965,214</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related Deferred Inflows	<u>329,928</u>	<u>387,427</u>
Total Deferred Inflows of Resources	<u>329,928</u>	<u>387,427</u>
<b>NET POSITION</b>		
Net investment in capital assets,	13,820,282	7,944,705
Restricted for:		
Debt Service	3,614,324	-
SDRS Pension Purposes	59,744	70,155
Unrestricted	<u>15,257,111</u>	<u>4,884,660</u>
Total Net Position	<u>\$ 32,751,461</u>	<u>\$ 12,899,520</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>
\$ 1,434,684	\$ 21,274,535	\$ 76,302
317,634	1,789,389	-
-	-	7,363
22,940	81,584	2,373
-	556,146	240,959
<u>1,775,258</u>	<u>23,701,654</u>	<u>326,997</u>
126,348	3,991,306	-
212,511	583,827	33,375
619,840	814,623	7,000
-	1,028,084	-
<u>3,977,378</u>	<u>76,432,841</u>	<u>186,825</u>
<u>4,936,077</u>	<u>82,850,681</u>	<u>227,200</u>
<u>6,711,335</u>	<u>106,552,335</u>	<u>554,197</u>
<u>272,388</u>	<u>748,326</u>	<u>42,779</u>
95,154	398,425	52,513
32,049	85,098	4,395
1,260	275,189	-
10,866	28,085	1,808
-	1,313,213	-
218,029	218,029	-
-	5,703	-
<u>111,876</u>	<u>2,408,062</u>	<u>-</u>
<u>469,234</u>	<u>4,731,804</u>	<u>58,716</u>
570,376	50,187,533	-
43,461	112,336	7,233
-	-	550
<u>613,837</u>	<u>50,299,869</u>	<u>7,783</u>
<u>1,083,071</u>	<u>55,031,673</u>	<u>66,499</u>
<u>410,557</u>	<u>1,127,912</u>	<u>64,478</u>
<u>410,557</u>	<u>1,127,912</u>	<u>64,478</u>
3,914,966	25,679,953	193,825
125,088	3,739,412	-
74,342	204,241	11,676
<u>1,375,699</u>	<u>21,517,470</u>	<u>260,498</u>
<u>\$ 5,490,095</u>	<u>\$ 51,141,076</u>	<u>\$ 465,999</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended December 31, 2021**

	Business-Type	
	Water	Waste- water
Operating Revenues:		
Charges for Services	\$ 7,794,564	\$ 4,336,475
Operating Expenses:		
Personal Services	631,729	619,460
Insurance	103,794	112,252
Professional Services	45,650	105,255
Tipping Fees	-	-
State Fees	662	5,210
Repairs and Maintenance	359,055	241,464
Cost of Sales and Service	-	-
Supplies and Materials	416,330	35,848
Travel and Conference	1,990	1,525
Utilities	583,433	249,768
Billing and Administration	688,700	658,092
Other Current Expenses	-	-
Depreciation	2,491,448	1,102,196
Total Operating Expenses	5,322,791	3,131,070
Operating Income (Loss)	2,471,773	1,205,405
Non-Operating Income (Expense):		
Interest Income	60,858	16,346
Gain on Disposition of Assets	7,600	4,400
Miscellaneous, net	1,041	972
Interest Expense	(1,218,481)	(112,861)
Total Non-Operating Income (Expenses)	(1,148,982)	(91,143)
Income (Loss) Before Contributions and Transfers	1,322,791	1,114,262
Special Item - Increase in SDPAA Vested Deposit	(111,850)	(120,965)
Transfers In	-	-
Transfers (Out)	(71,346)	(60,046)
Capital Contributions	-	250,547
Change in Net Position	1,139,595	1,183,798
Net Position - Beginning	31,611,866	11,715,722
Net Position - Ending	\$ 32,751,461	\$ 12,899,520

EXHIBIT 6

<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>
\$ 2,922,914	\$ 15,053,953	\$ 878,664
762,164	2,013,353	116,868
32,463	248,509	-
93,729	244,634	3,109
221,696	221,696	-
-	5,872	-
372,915	973,434	8,070
886,890	886,890	-
6,879	459,057	678,615
-	3,515	-
29,057	862,258	17,524
267,653	1,614,445	-
-	-	1,781
390,165	3,983,809	31,682
<u>3,063,611</u>	<u>11,517,472</u>	<u>857,649</u>
(140,697)	3,536,481	21,015
4,955	82,159	-
5,615	17,615	-
47,749	49,762	-
(16,782)	(1,348,124)	-
<u>41,537</u>	<u>(1,198,588)</u>	<u>-</u>
(99,160)	2,337,893	21,015
(35,648)	(268,463)	-
96,650	96,650	-
-	(131,392)	-
5,328	255,875	-
(32,830)	2,290,563	21,015
<u>5,522,925</u>	<u>48,850,513</u>	<u>444,984</u>
<u>\$ 5,490,095</u>	<u>\$ 51,141,076</u>	<u>\$ 465,999</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended December 31, 2021**

	Business-Type	
	Water	Waste-Water
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 7,521,902	\$ 4,303,698
Cash Received from Interfund Services Provided	264,925	32,103
Cash Paid to Suppliers for Goods and Services	(2,463,003)	(1,846,687)
Cash Paid to Employees for Services	(657,762)	(691,581)
Cash Paid for Interfund Services	(23,069)	(19,382)
Other Nonoperating Revenues	1,041	972
Net Cash Provided from Operating Activities	<u>4,644,034</u>	<u>1,779,123</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(201,732)	(957,759)
Proceeds from Sale of Capital Assets	7,600	4,400
Proceeds from Grants	-	1,313,213
Principal Paid on Notes, Bonds and Leases	(1,712,074)	(513,004)
Interest Paid on Notes and Bonds	(1,228,292)	(116,526)
Net Cash (Used) by Capital and Related Financing Activities	<u>(3,134,498)</u>	<u>(269,676)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Due to Other Funds	-	-
Transfers (Out)	(71,346)	(60,046)
Receipts from Other Governments	-	250,547
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(71,346)</u>	<u>190,501</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	60,858	16,346
Net Cash Provided from Investing Activities	<u>60,858</u>	<u>16,346</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,499,048	1,716,294
Cash and Cash Equivalents at Beginning of Year	<u>16,547,313</u>	<u>3,942,154</u>
Cash and Cash Equivalents at End of Year	<u><u>18,046,361</u></u>	<u><u>5,658,448</u></u>

	Business-Type	
	Water	Waste-Water
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	2,471,773	1,205,405
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,491,448	1,102,196
Other Non-Operating Income	1,041	972
(Increase) Decrease in Assets and deferred outflows of resources:		
Accounts Receivable	(7,737)	(674)
Due From Other Governments	-	-
Prepaid Expenses	1,607	(1,017)
Net Pension Asset / Liability	(170,017)	(199,348)
Pension Related Deferred Outflows	(106,783)	(81,445)
Inventories	16,915	1,273
Increase (Decrease) in Liabilities and deferred inflows of resources:		
Accounts Payable	(305,576)	(456,911)
Customer Deposits	596	-
Accrued Wages	7,188	282
Accrued Compensated Absences	13,101	(23,271)
Other Postemployment Benefit Obligation	-	-
Pension Related Deferred Inflows	230,478	231,661
Total Adjustments	<u>2,172,261</u>	<u>573,718</u>
Net Cash Provided by Operating Activities	<u><u>4,644,034</u></u>	<u><u>1,779,123</u></u>

<b>Supplemental Schedule of Noncash Capital and Related Financing Activities:</b>		
Developers and City Contribution of Capital Assets	-	250,547
	<u>\$ -</u>	<u>\$ 250,547</u>

<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet:</b>		
Cash and Cash Equivalents	14,181,403	5,658,448
Restricted Cash and Cash Equivalents	3,864,958	-
	<u>\$ 18,046,361</u>	<u>\$ 5,658,448</u>

EXHIBIT 7

Business-Type		Governmental
Nonmajor		Activities-
Enterprise Funds	Totals	Internal
		Service Fund
\$ 2,923,547	\$ 14,749,147	\$ 91,457
8,999	306,027	782,648
(1,645,880)	(5,955,570)	(711,853)
(816,874)	(2,166,217)	(124,994)
(325,267)	(367,718)	(2,433)
47,749	49,762	-
<u>192,274</u>	<u>6,615,431</u>	<u>34,825</u>
(84,135)	(1,243,626)	(52,958)
5,615	17,615	-
60,000	1,373,213	-
(109,358)	(2,334,436)	-
(16,991)	(1,361,809)	-
<u>(144,869)</u>	<u>(3,549,043)</u>	<u>(52,958)</u>
121,705	121,705	-
96,650	(34,742)	-
-	250,547	-
<u>218,355</u>	<u>337,510</u>	<u>-</u>
4,954	82,158	-
<u>4,954</u>	<u>82,158</u>	<u>-</u>
270,714	3,486,056	(18,133)
<u>1,290,318</u>	<u>21,779,785</u>	<u>94,435</u>
<u>1,561,032</u>	<u>25,265,841</u>	<u>76,302</u>
Business-Type		Governmental
Nonmajor		Activities-
Enterprise Funds	Totals	Internal
		Service Fund
(140,697)	3,536,481	21,015
390,165	3,983,809	31,682
47,749	49,762	-
9,632	1,221	-
-	-	(2,778)
7,467	8,057	214
(211,522)	(580,887)	(33,168)
(126,496)	(314,724)	(12,250)
-	18,188	10,791
(67,332)	(829,819)	(17,973)
-	596	-
6,475	13,945	2,276
(4,310)	(14,480)	1,252
-	-	(3,633)
<u>281,143</u>	<u>743,282</u>	<u>37,397</u>
<u>332,971</u>	<u>3,078,950</u>	<u>13,810</u>
<u>192,274</u>	<u>6,615,431</u>	<u>34,825</u>
54,672	305,219	-
<u>\$ 54,672</u>	<u>\$ 305,219</u>	<u>\$ -</u>
1,434,684	21,274,535	76,302
126,348	3,991,306	-
<u>\$ 1,561,032</u>	<u>\$ 25,265,841</u>	<u>\$ 76,302</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

---

**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 Component Unit The Yankton Housing and Redevelopment Commission is a proprietary fund-type discretely presented component unit of the City of Yankton whose year end is June 30, 2021. 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 Commission had a June 30, 2021, Year End and 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 of the Cities of



**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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 position 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 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 the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 capital 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  
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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.

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.

Special Revenue Fund:

TID #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.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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.

Pool Capital Construction Fund – This fund is used to account for the construction and equipping of the new aquatics center of the City.

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 within eighteen months from the date of purchase or be redeemable at the option of the holder within eighteen months from the date of purchase; or (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 had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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/Property Held for Resale**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. In the government-wide financial statements, governmental fund 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 funds 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.

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 and salt inventory.

**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. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and pension contributions from the City after the measurement date but before the end of the City's reporting period.

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. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within thirty days after year end.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Deferred inflows of resources in the Statement of Net Position consist of the unrecognized items not yet charged to pension expense.

**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, 2021. 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 gross of the applicable premium or discount. For proprietary fund types, bond premiums and discounts, are deferred and amortized over 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”.

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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.

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. Capital 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 acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**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, 2021 were \$53,583,713. 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. Credit and concentration risk disclosures are not necessary in accordance with GASB 40. At year end the Housing Commission had no investments.

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, 2021, consisted of the following:



**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 - ESTIMATED UNCOLLECTIBLE RECEIVABLES (CONTINUED)**

	Utility Accounts Receivable
Fund:	
Water Fund	\$ 48,964
Wastewater Fund	22,249
Solid Waste Fund	20,835
	\$ 92,048

**NOTE 5 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments at December 31, 2021, include the following:

	General	Special Capital Improvement Fund	Non-Major Governmental Funds	Internal Service	Total
County Remitted Taxes	\$ 28,670	\$ -	\$ 940	\$ -	\$ 29,610
County Garage Charges	-	-	-	7,363	7,363
County Share of Senior Center and Others	10,177	-	-	-	10,177
State Remitted Sales Tax	683,937	515,952	65,349	-	1,265,238
State Remitted Liquor and Other Taxes	28,191	-	-	-	28,191
State Road Aid	63,614	-	-	-	63,614
Grants	805,166	-	411,523	-	1,216,689
Other	15,357	-	8,074	-	23,431
	\$ 1,635,112	\$ 515,952	\$ 485,886	\$ 7,363	\$ 2,644,313

**NOTE 6 - CAPITAL ASSETS**

A summary of the changes in the capital assets for the year ended December 31, 2021, is as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,309,368	\$ 381,484	\$ 332,031	\$ 3,358,821
Construction in Progress	16,044,006	4,417,702	6,298,951	14,162,757
Total capital assets not being depreciated	19,353,374	4,799,186	6,630,982	17,521,578
Capital assets being depreciated:				
Buildings & Structures	85,252,429	6,741,335	52,495	91,941,269
Furniture & Equipment	20,091,821	1,621,276	420,599	21,292,498
Total Capital assets being depreciated	105,344,250	8,362,611	473,094	113,233,767
Less: Accumulated Depreciation for:				
Buildings	32,995,054	2,490,046	52,495	35,432,605
Furniture & Equipment	10,992,602	1,255,405	330,758	11,917,249
Total Accumulated Depreciation	43,987,656	3,745,451	383,253	47,349,854
Total capital assets being depreciated, net	61,356,594	4,617,160	89,841	65,883,913
Governmental activities capital assets, net	\$ 80,709,968	\$ 9,416,346	\$ 6,720,823	\$ 83,405,491

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 - CAPITAL ASSETS – (CONTINUED)**

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 814,623	\$ -	\$ -	\$ 814,623
Construction in Progress	2,258,647	901,211	2,131,774	1,028,084
Total capital assets not being depreciated	<u>3,073,270</u>	<u>901,211</u>	<u>2,131,774</u>	<u>1,842,707</u>
Capital assets being depreciated:				
Buildings & Structures	114,712,368	2,378,608	4,265	117,086,711
Land Improvements	2,190,048	-	-	2,190,048
Furniture & Equipment	6,044,784	95,583	171,049	5,969,318
Total Capital assets being depreciated	<u>122,947,200</u>	<u>2,474,191</u>	<u>175,314</u>	<u>125,246,077</u>
Less: Accumulated Depreciation for :				
Buildings & Structures	40,414,972	3,609,960	4,265	44,020,667
Land Improvements	77,420	3,107	-	80,527
Furniture & Equipment	4,512,349	370,742	171,049	4,712,042
Total Accumulated Depreciation	<u>45,004,741</u>	<u>3,983,809</u>	<u>175,314</u>	<u>48,813,236</u>
Total capital assets being depreciated, net	<u>77,942,459</u>	<u>(1,509,618)</u>	<u>-</u>	<u>76,432,841</u>
Business-type activities capital assets, net	<u>\$ 81,015,729</u>	<u>\$ (608,407)</u>	<u>\$ 2,131,774</u>	<u>\$ 78,275,548</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 66,552
Community Development	5,238
Public Safety	469,573
Public Works	2,496,476
Culture and Recreation	707,612
Total depreciation expense - governmental activities	<u>\$ 3,745,451</u>

Depreciation expense of \$31,682 was charged to the Internal Service Fund and is included in the Public Works total shown above.

<b>Business-type activities:</b>	
Water	\$ 2,491,448
Wastewater	1,102,196
Solid Waste	84,864
Golf Course	88,071
Joint Powers Landfill	217,230
Total depreciation expense - business-type activities	<u>\$ 3,983,809</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6 - CAPITAL ASSETS – (CONTINUED)**

A summary of changes in capital assets for the discretely presented component unit is as follows:

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
Component Unit:				
Capital Assets, being depreciated				
Furniture & Equipment	\$ 4,615	\$ 2,118	\$ -	\$ 6,733
Total capital assets, being depreciated	<u>4,615</u>	<u>2,118</u>	<u>-</u>	<u>6,733</u>
Less: Accumulated Depreciation	<u>4,615</u>	<u>647</u>	<u>-</u>	<u>5,262</u>
Component unit capital assets, net	<u>\$ -</u>	<u>\$ 1,471</u>	<u>\$ -</u>	<u>\$ 1,471</u>

Reconciliation of Net Investment in Capital Assets:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Land	\$ 3,358,821	\$ 814,623
Construction in Progress	14,162,757	1,028,084
Capital Assets (net of accumulated depreciation)	65,883,913	76,432,841
Less: Revenue Bonds	-	52,595,595
Capital Leases	<u>14,051,683</u>	<u>-</u>
Net Investment in Capital Assets	<u>\$ 69,353,808</u>	<u>\$ 25,679,953</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 - COMMITMENTS**

During the year ended December 31, 2021, the City had entered into several construction contracts totaling approximately \$49,950,556 of which approximately \$49,939,688 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	\$14,735,139	\$ -	\$(683,456)	\$14,051,683

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 Certificates of Participation were refinanced in March of 2018 for the balance of \$1,590,000. The interest rate on the Certificates of Participation varies from 1.65% to 2.85% and the lease payment terms match the terms of the certificates with final payment December 1, 2028. The refinancing of the Certificates will save the city \$221,494 in interest over the remaining life of the agreement. Property tax funds have been pledged to make the lease payments over the term of the lease.

An agreement was entered with Branch Banking and Trust Company (Lessor/Trustee) for the financing to construct a new aquatic center. The Declaration of Trust Agreement, the Lease-Purchase Agreement and Ground Lease Agreement between the City and Branch Banking and Trust Company along with the issuance of \$14,000,000 of Certificates of Participation were completed in July 2019. 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 aquatic center. The bid was awarded, and construction began on the new aquatic center in 2019.

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, 2021:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 704,386	\$ 403,000	\$ 1,107,386
2023	720,783	383,341	1,104,124
2024	737,660	362,911	1,100,571
2025	765,032	341,770	1,106,802
2026	782,913	319,626	1,102,539
2027-2031	3,716,671	1,252,976	4,969,647
2032-2036	3,959,195	711,461	4,670,656
2037-2041	2,665,043	137,351	2,802,394
Totals	\$ 14,051,683	\$ 3,912,436	\$ 17,964,119

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 - LONG-TERM DEBT**

A. Bonds Payable/Notes Payable – Direct Borrowing:

The following is a summary of debt transactions of the City for the year ended December 31, 2021 (in thousands of dollars):

	<u>Governmental</u>					<u>Total</u>
	<u>2019 Sales Tax Bond</u>	<u>Water Revenue (SRF) - Direct Borrowing</u>	<u>Wastewater Revenue (SRF) - Direct Borrowing</u>	<u>Joint Power Landfill Revenue Loans (SWMP) (RLA) – Direct Borrowing</u>	<u>Solid Waste REC Loan – Direct Borrowing</u>	
Notes/Bonds Payable at January 1, 2021	\$ 1,660	\$ 50,226	\$ 3,913	\$ 399	\$ 393	\$ 56,591
Notes/Bonds Issued	-	-	-	-	-	-
Notes/Bonds Retired	(167)	(1,712)	(513)	(64)	(46)	(2,502)
Notes/Bonds Payable at December 31, 2021	<u>\$ 1,493</u>	<u>\$ 48,514</u>	<u>\$ 3,400</u>	<u>\$ 335</u>	<u>\$ 347</u>	<u>\$ 54,089</u>

Debt outstanding at December 31, 2021, is comprised of the following individual issues:

	<u>Due Within One Year</u>	<u>Due After One Year</u>	<u>Total</u>
2019 Sales Tax Revenue Bonds – Dated June 1, 2019, maturing December 1, 2019-2029, with an average interest rate of 2.47%. Funds were used to provide economic development incentives and are to be paid by the Debt Service Fund, using TID generated taxes.	\$ 171,037	\$ 1,321,572	\$ 1,492,609
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.	65,213	270,025	335,238
Water Revenue Bonds (SRF) maturing October 1, 2023, through 2048 with interest rates of 3.5%, 3.25% and 3.0% per annum, paid by the Water Fund.	1,758,066	46,755,626	48,513,692
Wastewater Revenue Bonds (SRF) maturing October 1, 2023 and January 15, 2037, with an interest rate of 3.5% and 3.0% per annum, paid by the Wastewater Fund.	538,120	2,861,531	3,399,651
Solid Waste REC Loan Maturing December 1, 2028 With an interest rate of 2.1% per Annum, paid by Solid Waste Fund.	46,663	300,351	347,014
<b>Totals</b>	<u>\$2,579,099</u>	<u>\$ 51,509,105</u>	<u>\$ 54,088,204</u>

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 - LONG-TERM DEBT – (CONTINUED)**

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.

On November 25, 2014, the City issued not to exceed \$11,048,805 of Clean Water State Revolving Fund loans for sewer improvements. The bonds carry an interest rate of 3.0%. At December 31, 2021, \$9,912,925 had been drawn on the bonds.

On November 17, 2014, the City issued \$12,850,000 of Drinking Water State Revolving Fund Bonds, to be used to finance improvements to its system of waterworks. The bonds have an interest rate of 3%. As of December 31, 2021, \$11,642,796 had been drawn on the loan.

On April 24, 2017, the City issued \$37,000,000 of Drinking Water State Revolving Fund Bonds, to be used to finance improvements to its system of waterworks. The bonds have an interest rate of 2.25%. As of December 31, 2021, \$36,950,000 had been drawn on the loan.

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.

For Direct Borrowing purposes, each contract includes a provision that in an event of default, all or a portion of the outstanding balance may become immediately due for the Water Revenue Bonds (SRF), Wastewater Revenue Bonds (SRF), Solid Waste REC Loan, and Solid Waste Management Program (SWMP) and Regional Landfill Assistance (RLA) loans.

**B. Annual Debt Service Requirements**

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments of \$17,270,656 are as follows:

Year Ending December 31,	2019 Sales Tax Bonds		Wastewater Revenue - Direct Borrowing		Water Revenue - Direct Borrowing	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 171,037	\$ 36,867	\$ 538,120	\$ 99,326	\$ 1,758,066	\$ 1,182,298
2023	175,261	32,643	556,508	80,937	1,805,336	1,135,030
2024	179,590	28,314	143,925	67,542	1,605,278	1,089,688
2025	184,026	23,878	148,292	63,175	1,646,394	1,048,573
2026	188,571	19,333	152,791	58,676	1,688,585	1,006,380
2027-2031	594,124	29,588	836,366	220,969	8,907,018	4,364,092
2032-2036	-	-	971,175	86,160	8,386,423	3,296,719
2037-2041	-	-	52,474	394	9,469,862	2,213,280
2042-2046	-	-	-	-	10,696,079	987,063
2047-2051	-	-	-	-	2,550,651	50,450
Total	\$ 1,492,609	\$ 170,623	\$ 3,399,651	\$ 677,179	\$ 48,513,692	\$ 16,373,573

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM DEBT – (CONTINUED)**

Year Ending December 31,	Joint Power landfill (RLA) (SWMP) - Direct Borrowing		Solid Waste REC - Direct Borrowing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 65,213	\$ 7,763	\$ 46,663	\$ 6,708	\$ 2,579,099	\$ 1,332,962
2023	66,853	6,122	47,602	5,770	2,651,559	1,260,503
2024	68,536	4,440	48,558	4,814	2,045,887	1,194,796
2025	60,555	2,714	49,534	3,837	2,088,802	1,142,177
2026	49,876	1,384	50,530	2,842	2,130,353	1,088,615
2027-2031	24,205	272	104,127	2,616	10,465,840	4,617,537
2032-2036	-	-	-	-	9,357,598	3,382,878
2037-2041	-	-	-	-	9,522,335	2,213,675
2042-2046	-	-	-	-	10,696,080	987,063
2047-2051	-	-	-	-	2,550,651	50,450
Total	\$ 335,238	\$ 22,695	\$ 347,014	\$ 26,587	\$ 54,088,204	\$ 17,270,656

C. Accrued Compensated Absences

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities: Compensated Absences	\$ 696,309	\$ 94,931	\$ 138,697	\$ 652,543	\$ 130,508
Business-Type Activities: Compensated Absences	154,901	14,741	29,221	140,421	28,085
Total Accrued Compensated Absences	\$ 851,210	\$ 109,672	\$ 167,918	\$ 792,964	\$ 158,593

For the governmental activities, compensated absences 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, 2021 were as follows:

	Interfund Receivables	Interfund Payables
Due From/To Other Funds:		
Capital Projects – Special Capital Improvements	\$ 2,325,944	\$ -
Capital Projects – Public Improvement	-	1,398,948
Capital Projects – Airport Capital Improvement	-	286,159
General Fund	-	422,808
Enterprise – Joint Powers Landfill	-	218,029
	\$ 2,325,944	\$ 2,325,944

**CITY OF YANKTON, SOUTH DAKOTA  
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**NOTE 10 - INTERFUND ASSETS/LIABILITIES – (CONTINUED)**

As of December 31, 2021, long-term advances were as follows:

	Interfund Receivables	Interfund Payables
Advances From/To Other funds:		
General Fund	\$ 3,746,032	\$ -
Capital Projects – Special Capital Improvement	824,827	-
TID #8 – Westbrook Estates Phase II	-	824,827
TID #5	-	3,689,392
Bridge & Street	-	56,640
	\$ 4,570,859	\$ 4,570,859

The long-term advances were used as internal financing for equipment purchases for the general fund and special capital improvement funds and interim borrowing to the TID #5, Bridge & Street, and TID #8 funds 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, 2021, the following funds had deficit fund balances:

Special Revenue:	
TID #5	\$ 3,689,392
TID #8 – Westbrook Estates Phase II	\$ 824,827

The TID #5 and TID #8 deficits will be refunded through future TID property tax collections.

**NOTE 12 - PENSION PLAN**

Plan Information

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

Benefits Provided

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for class B Foundation public safety



**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 - PENSION PLAN (CONTINUED)**

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution.

The City's share of contributions to the SDRS for the years ended 2021, 2020, and 2019 were \$529,729, \$492,393, and \$473,194, respectively, equal to the required contributions each year.

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

At June 30, 2021, SDRS is 105.53% funded and, accordingly, has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of the measurement period ending June 30, 2021 and reported by the City as of December 31, 2021 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 53,122,480
Less: proportionate share Net Pension restricted for pension benefits	<u>56,056,394</u>
Proportionate share of net pension liability (asset)	<u>\$ (2,933,914)</u>

**CITY OF YANKTON, SOUTH DAKOTA  
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**NOTE 12 - PENSION PLAN (CONTINUED)**

At December 31, 2021, the City reported an (asset) of \$(2,933,914) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2021 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the City's proportion was 0.38310300%, which is an increase of .0166201% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$(745,328). At December 31, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 105,335	\$ 7,692
Changes in assumption	3,373,970	1,469,261
Net Difference between projected and actual earnings on pension plan investments	-	4,191,155
Changes in Proportion and difference between City contributions and proportionate share of contributions	17,602	-
City contributions subsequent to the measurement date	263,667	-
<b>TOTAL</b>	<b>\$ 3,760,574</b>	<b>\$ 5,668,108</b>

\$263,667 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<b>Year Ending December 31</b>	
2022	\$ (525,627)
2023	(364,319)
2024	(102,227)
2025	(1,179,028)
<b>Total</b>	<b>\$(2,171,201)</b>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	6.5% at entry to 3.00% after 25 years of service
Discount Rate	6.5% net of plan investment expense
Future COLAs	2.25%

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

**CITY OF YANKTON, SOUTH DAKOTA  
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**NOTE 12 - PENSION PLAN (CONTINUED)**

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.5 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset)	\$ 4,750,736	\$ (2,933,914)	\$(9,172,059)

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 - PENSION PLAN (CONTINUED)**

Pension Plan Fiduciary Net Position:

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

**NOTE 13 - TRANSFERS**

The following is a summary of transfers between funds:

				<b>Total</b>
	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Enterprise Nonmajor</b>	<b>Total Transfer Out</b>
<b>General</b>	\$ -	\$ 747,614	\$ 96,650	\$ 844,264
<b>Nonmajor Governmental</b>	17,738	120,379	-	138,117
<b>Special Capital Improvements</b>	139,513	-	-	139,513
<b>Pool Capital Construction</b>	51,771	-	-	51,771
<b>TID #5</b>	-	173,433	-	173,433
<b>Wastewater</b>	60,046	-	-	60,046
<b>Water</b>	71,346	-	-	71,346
<b>Transfer In</b>	<u>\$ 340,414</u>	<u>\$ 1,041,426</u>	<u>\$ 96,650</u>	<u>\$ -</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.

**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, 2021, 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

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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.

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing Members will no longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing Member with such a partial refund because the departing Member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing Member pursuant to the revised IGC.

The City reflected the effects of the new SDPAA policy in the financial statements as a Special Item in the Statement of Activities and the Fund Operating Statements and also eliminated the reporting of the Deposit on the Statement of Net Position and Fund Balance Sheet.

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 - OTHER POST EMPLOYMENT BENEFITS**

*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 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 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 TOTAL OPEB Obligation.* The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution. Because the Plan was terminated as of December 31, 2013, allowing no new participants, the liability was calculated using the alternative measurement method based upon premium costs for the 3 participants, adjusted per the trend rates described below, through 2023 when the final participant will reach Medicare age and the liability retired. The following table shows the components of the City's annual OPEB for the year, the amount contributed to the plan, and changes in the City's total OPEB obligation to the plan:

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**NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

The Plan was closed and stopped admitting new members as of December 31, 2013. At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	-
	-
Total	3

Total OPEB Liability – The City’s total OPEB liability of \$7,507 was measured as of December 31, 2021, using the alternative measurement method.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 18,607
Changes for the year:	
Service cost	-
Interest	-
Differences between expected and actual experiences	-
Changes in assumptions	-
Benefit payments	(11,100)
Net changes	(11,100)
Total OPEB liability end of year	\$ 7,507

Sensitivity of the City’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (4.0%)	Healthcare Cost Trend Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	\$ 7,452	\$ 7,507	\$ 7,649

For the year ended December 31, 2021, the City did not recognize any OPEB expense.

**NOTE 16 – 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

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**NOTE 16 – SAFETY CENTER AGREEMENT (CONTINUED)**

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 2021 for this component was \$38,373.

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, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 it was agreed the County would pay \$60,000 per year for dispatch services, which was appropriately paid.

**NOTE 17 – RESTRICTED NET POSITION**

Restricted Net Position for the year ended December 31, 2021 was as follows:

Major Purposes:		
Lodging Sales Tax – Enabling Legislation	\$ 837,733	
Debt Service – External Creditors	3,927,306	
SDRS Pension Purposes	<u>1,026,380</u>	
Total Major Purposes		\$ 5,791,419
Permanently Restricted Purposes:		
Cemetery Perpetual Care – Expendable	110,226	
Cemetery Perpetual Care – Nonexpendable	<u>50,000</u>	
Total Permanently Restricted Purposes		160,226
Other Purposes:		
Historic Easement Trust	23,756	
Library – Enabling Legislation	29,799	
TID	5,629	
Roads and Bridges – Enabling Legislation	130,275	
Dispatch	<u>31,539</u>	
Total Other Purposes		<u>220,998</u>
Total Restricted Net Position		<u><u>\$ 6,172,643</u></u>

**CITY OF YANKTON, SOUTH DAKOTA  
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**NOTE 18 – TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in South Dakota Codified Law chapter 11-9. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers as an economic development grant. No other commitments were made by the City as part of these agreements.

For the year ended December 31, 2021, the City abated \$113,681 of property tax under the urban renewal and economic development projects.

The City also entered into agreements with two developers pursuant to the provisions of the South Dakota Codified Law chapter 9-54 and 9-12-11, where after the developer meets the terms of the agreement, the City will rebate a portion of the municipal retail occupation sales and service tax received by the City from said location.

For the year ended December 31, 2021, the City abated \$400,461 of municipal retail occupation sales and service tax under said agreements.

**NOTE 19 – Violations of Finance-Related Legal Requirements**

The City is prohibited by statute from spending in excess of appropriated amounts at the department level in the General Fund and at the fund level for the Special Revenue funds, Capital Projects funds, and Permanent funds. The City did not spend in excess of appropriated amounts at the department level in the General Fund. The following represents the over drafts of the expenditures compared to appropriations at the fund level for the Special Revenue funds, Capital Projects funds, and Permanent funds:

	Year End 12/31/2021
<b>Special Revenue Fund:</b>	
Business Improvement District	\$12,474
TID #2 Morgan Square	36,385
TID #7 West 10 <sup>th</sup> Street	2,631
<b>Capital Project Fund:</b>	
Public Improvement Capital Project	100,523
<b>Total</b>	<b><u>\$152,013</u></b>



**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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**NOTE 20 – PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standard Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending December 31, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

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REQUIRED SUPPLEMENTARY INFORMATION  
(unaudited)

In accordance with the Governmental Accounting Standards Statements No. 25, No. 27, No. 34, No. 75, No. 68 and No. 77, the following information is a required part of the financial statements.

**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, 2021**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes - Current Property	\$ 2,878,910	\$ 2,878,910	\$ 3,932,337	\$ 1,053,427
Taxes - Sales and Other	7,148,790	7,148,790	7,161,873	13,083
Licenses and Permits	329,675	329,675	429,590	99,915
Intergovernmental	8,490,458	8,490,458	1,302,076	(7,188,382)
Charges for Service	2,921,230	2,921,230	3,162,749	241,519
Fines and Forfeits	7,250	7,250	4,334	(2,916)
Interest	-	-	39,465	39,465
Miscellaneous	140,070	140,070	159,404	19,334
<b>Total Revenues</b>	<b>21,916,383</b>	<b>21,916,383</b>	<b>16,191,828</b>	<b>(5,724,555)</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
Board of City Commission	139,573	174,573	168,292	6,281
Office of City Manager	269,863	269,863	236,478	33,385
City Attorney	120,256	120,256	93,994	26,262
Department of Finance	714,922	714,922	579,906	135,016
Information Systems	484,405	677,008	397,220	279,788
Community Development	534,566	534,566	485,261	49,305
Human Resources	135,987	195,307	190,706	4,601
Contingency	300,000	300,000	-	300,000
Casualty Reserve Fund	5,000	5,000	-	5,000
Special Appropriations	140,485	140,485	135,476	5,009
<b>Total General Government</b>	<b>2,845,057</b>	<b>3,131,980</b>	<b>2,287,333</b>	<b>844,647</b>
<b>Public Safety:</b>				
Police Department	3,638,592	3,809,175	3,328,062	481,113
Fire Department	765,155	785,155	554,408	230,747
Civil Defense	4,960	4,960	2,309	2,651
<b>Total Public Safety</b>	<b>4,408,707</b>	<b>4,599,290</b>	<b>3,884,779</b>	<b>714,511</b>
<b>Public Works:</b>				
Engineering and Inspection	722,920	722,920	585,095	137,825
Streets and Highways	2,222,492	2,487,492	1,834,449	653,043
Snow and Ice Removal	206,898	206,898	131,704	75,194
City Hall	272,703	287,703	234,568	53,135
Traffic Control	504,238	504,238	502,015	2,223
Chan Gurney Airport	693,143	698,143	538,375	159,768
<b>Total Public Works</b>	<b>4,622,394</b>	<b>4,907,394</b>	<b>3,826,206</b>	<b>1,081,188</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, 2021**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Culture and Recreation:				
Marne Creek	9,140,385	9,140,385	720,245	8,420,140
Summit Activities Center	913,683	913,683	668,265	245,418
Memorial Park Pool	1,410,750	1,645,950	1,605,434	40,516
Parks and Recreation	1,785,881	1,785,881	1,635,694	150,187
Senior Citizens Center	94,390	99,390	50,063	49,327
Yankton Community Library	835,949	835,949	744,344	91,605
Total Culture and Recreation	<u>14,181,038</u>	<u>14,421,238</u>	<u>5,424,045</u>	<u>8,997,193</u>
Total Expenditures	<u>26,057,196</u>	<u>27,059,902</u>	<u>15,422,363</u>	<u>11,637,539</u>
Excess of Revenues over Expenditures	<u>(4,140,813)</u>	<u>(5,143,519)</u>	<u>769,465</u>	<u>5,912,984</u>
Other Financing Sources (Uses):				
Operating Transfers In	1,658,746	1,658,746	340,414	(1,318,332)
Operating Transfers (Out)	(2,176,432)	(2,856,164)	(844,264)	2,011,900
Proceeds from Sale of Capital Assets	-	-	165,675	165,675
Total Other Financing Sources (Uses)	<u>(517,686)</u>	<u>(1,197,418)</u>	<u>(338,175)</u>	<u>859,243</u>
Special Item:				
Decrease in SDPAA Vested Deposit	-	-	(154,243)	(154,243)
Excess (Deficiency) of Revenues over Expenditures and Other Uses	<u>(4,658,499)</u>	<u>(6,340,937)</u>	<u>277,047</u>	<u>\$ 6,617,984</u>
Fund Balances at Beginning of Year	<u>14,797,492</u>	<u>14,797,492</u>	<u>14,797,492</u>	
Fund Balances at End of Year	<u>\$10,138,993</u>	<u>\$ 8,456,555</u>	<u>\$ 15,074,539</u>	

**CITY OF YANKTON, SOUTH DAKOTA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACUTAL**  
**Major Special Revenue Fund- TID #5**  
**For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes - Current Property	\$ 143,675	\$ 143,675	\$ 173,433	\$ 29,758
Total Revenues	<u>143,675</u>	<u>143,675</u>	<u>173,433</u>	<u>29,758</u>
Expenditures:				
Community Development	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>143,675</u>	<u>143,675</u>	<u>173,433</u>	<u>29,758</u>
Other Financing Sources (Uses):				
Operating Transfers In	70,000	70,000	-	(70,000)
Operating Transfers (Out)	(194,610)	(194,610)	(173,433)	21,177
Total Other Financing Sources (Uses)	<u>(124,610)</u>	<u>(124,610)</u>	<u>(173,433)</u>	<u>(48,823)</u>
Excess (Deficiency) of Revenues over Expenditures and Other Uses	<u>19,065</u>	<u>19,065</u>	<u>-</u>	<u>\$ (19,065)</u>
Fund Balances at Beginning of Year	<u>(3,689,392)</u>	<u>(3,689,392)</u>	<u>(3,689,392)</u>	
Fund Balances at End of Year	<u>\$ (3,670,327)</u>	<u>\$ (3,670,327)</u>	<u>\$ (3,689,392)</u>	

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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, 2021 to the original appropriations by fund were as follows for the General Fund:

	<b>Original Appropriations</b>	<b>Total Revisions</b>	<b>Revised Appropriations</b>
General Fund:			
General Government			
Information Systems	\$ 484,405	\$ 192,603	\$ 677,008
Board of City Commission	139,573	35,000	174,573
Human Resources	135,987	59,320	195,307
Public Safety			
Police Department	3,638,592	170,583	3,809,175
Fire Department	765,155	20,000	785,155
Public Works			
City Hall	272,703	15,000	287,703
Streets and Highways	2,222,492	265,000	2,487,492
Chan Gurney Airport	693,143	5,000	698,143
Culture and Recreation			
Senior Citizens Center	94,390	5,000	99,390
Huether Family Aquatics Center	1,410,750	235,200	1,645,950
Transfers Out	2,176,432	679,732	2,856,164

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.

**CITY OF YANKTON, SOUTH DAKOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Exhibit 10**

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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, 2021.

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 principles (GAAP).
9. The City is prohibited by statute from spending in excess of appropriated amounts at the department level in the General Fund. Expenditures did not exceed appropriations within the General Fund for the year ended December 31, 2021.
10. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with U.S. generally accepted accounting principles 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**  
**Schedule of Changes in the City's**  
**Total OPEB Liability, Related Ratios and Notes**  
**For the Year Ended December 31, 2021**  
**Required Supplementary Information**

**Exhibit 11**

	2021	2020	2019	2018
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest Cost		-	-	-
Difference between expected and actual experiences		-	(5,240)	(2,468)
Changes in assumptions		-	-	-
Benefit payments	(11,100)	(15,699)	(18,458)	(24,513)
Net change in total OPEB liability	(11,100)	(15,699)	(23,698)	(26,981)
Total OPEB liability beginning of year	18,607	34,306	58,004	84,985
Total OPEB liability end of year	\$ 7,507	\$ 18,607	\$ 34,306	\$ 58,004
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	0.0%

**Note:** GASB No.75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the city will present information for those years for which information is available.

**Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

There were no significant changes in benefit assumptions.

The plan was closed and stopped admitting new members as of December 31, 2013.

CITY OF YANKTON, SOUTH DAKOTA

EXHIBIT 12

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last 10 Fiscal Years \*  
(Dollar amounts in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021
Municipality's proportion of the net pension liability (asset)	0.37916180%	0.38171770%	0.38265660%	0.38897970%	0.37324390%	0.36945880%	0.36648290%	0.38310300%
Municipality's proportionate share of net pension liability (asset)	\$ (2,732)	\$ (1,619)	\$ 1,293	\$ (35)	\$ (9)	\$ (39)	\$ (16)	\$ (2,934)
Municipality's covered payroll	\$ 6,257	\$ 6,487	\$ 6,764	\$ 7,360	\$ 7,229	\$ 7,319	\$ 7,465	\$ 7,908
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-43.66%	-24.96%	19.12%	-0.48%	-0.12%	-0.53%	-0.21%	-37.10%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.3%	104.1%	96.9%	100.1%	100.0%	100.1%	100.0%	105.5%

\* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CITY OF YANKTON, SOUTH DAKOTA  
SCHEDULE OF THE CITY CONTRIBUTIONS**

**Exhibit 13**

**South Dakota Retirement System**

Last 10 Years  
(Dollar amounts in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 530	\$ 492	\$ 473	\$ 472	\$ 460	\$ 449	\$ 441	\$ 404	\$ 406	\$ 393
Contributions in relation to the contractually required contribution	<u>530</u>	<u>492</u>	<u>473</u>	<u>472</u>	<u>460</u>	<u>449</u>	<u>441</u>	<u>404</u>	<u>406</u>	<u>393</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's covered payroll	\$ 8,156	\$ 7,602	\$ 7,348	\$ 7,335	\$ 7,141	\$ 6,973	\$ 6,843	\$ 6,257	\$ 6,286	\$ 6,080
Contributions as a percentage of covered payroll	6.49%	6.48%	6.44%	6.44%	6.45%	6.44%	6.45%	6.46%	6.46%	6.46%

**CITY OF YANKTON**  
**Notes to Required Supplementary Information**  
**for the Year Ended December 31, 2021**  
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and  
Schedule of Pension Contributions.

**Changes of Prior Valuation:**

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

**Benefit Provision Changes**

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

**Actuarial Assumption Changes**

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

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

**Actuarial Method Changes**

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

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OTHER SUPPLEMENTARY INFORMATION

**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:

**Major Funds:**

**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.

**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 #6 Westbrook Estates** – This fund is used to account for expenditures for improvements in the Westbrook Estates TIF District and the corresponding TIF revenues.

**Tax Increment District #7 West 10<sup>th</sup> Street** – This fund is used to account for expenditures for improvements in the West 10<sup>th</sup> Street TIF District and the corresponding TIF revenues.

**Tax Increment District #8 Westbrook Estates Phase II** – This fund is used to account for expenditures for improvements in the Westbrook Estates TIF District and the corresponding TIF revenues.

**Tax Increment District #9 Mall Improvements** – This fund is used to account for expenditures for improvements in the Mall Improvements TIF District and the corresponding TIF revenues.

**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.

**CITY OF YANKTON, SOUTH DAKOTA  
COMBINING AND INDIVIDUAL FUND STATEMENTS  
GOVERNMENTAL FUNDS**

---

**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:

**Non-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 Fund:**

**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)

**Pool Capital Construction Fund** – This fund is used to account for the construction and equipping of the new aquatics center of the City

**Non-Major Funds:**

**Public Improvement** – This fund is used for present and future public improvements that are grant related or pass-through grants.

**Infrastructure Improvement** - This fund was created to help fund special assessment construction projects in the City of Yankton that improve the City's infrastructure.

**Park Capital Projects** – 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 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.

**Airport Capital Improvement** – This fund is used for present and future public improvements that are grant related or pass-through grants.



**CITY OF YANKTON, SOUTH DAKOTA  
COMBINING AND INDIVIDUAL FUND STATEMENTS  
GOVERNMENTAL FUNDS**

---

**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, 2021

	Special Revenue							
	Debt Service	Dispatch	Business Improvement District	TID #2 Morgan Square	TID #8 Westbrook Estates Phase II	TID #6 Westbrook Estates	TID #7 West 10th Street	TID #9 Mall Improvements
<b>Assets</b>								
Cash and Cash Equivalents	\$ 209,104	\$ 30,866	\$ 299,774	\$ -	\$ 24,510	\$ 159,441	\$ 16,524	\$ 4,897
Receivables (Net where applicable, of allowance for uncollectibles):								
Accounts	-	31,539	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	8,074	-	-	692	-	248
Property Held for Resale	-	-	-	-	-	-	-	-
Restricted Assets:								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Total Assets	<u>209,104</u>	<u>62,405</u>	<u>307,848</u>	<u>-</u>	<u>24,510</u>	<u>160,133</u>	<u>16,524</u>	<u>5,145</u>
<b>Liabilities</b>								
Accounts Payable	-	2,734	123,218	-	24,510	159,649	16,415	-
Accrued Wages	-	28,132	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	824,827	-	-	-
Total Liabilities	<u>-</u>	<u>30,866</u>	<u>123,218</u>	<u>-</u>	<u>849,337</u>	<u>159,649</u>	<u>16,415</u>	<u>-</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>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>								
Reserved for:								
Non-Spendable:								
Perpetual Care	-	-	-	-	-	-	-	-
Restricted:								
Debt Service	209,104	-	-	-	-	-	-	-
TID	-	-	-	-	-	484	-	5,145
Perpetual Care	-	-	-	-	-	-	-	-
Lodging Sales Tax	-	-	184,630	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Road and Bridge Funds	-	-	-	-	-	-	109	-
Historic Easement Trust	-	-	-	-	-	-	-	-
Dispatch	-	31,539	-	-	-	-	-	-
Assigned:								
Capital Projects	-	-	-	-	-	-	-	-
Unassigned								
Total Fund Balances	<u>209,104</u>	<u>31,539</u>	<u>184,630</u>	<u>-</u>	<u>(824,827)</u>	<u>484</u>	<u>109</u>	<u>5,145</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 209,104</u>	<u>\$ 62,405</u>	<u>\$ 307,848</u>	<u>\$ -</u>	<u>\$ 24,510</u>	<u>\$ 160,133</u>	<u>\$ 16,524</u>	<u>\$ 5,145</u>

EXHIBIT A-1

	Capital Projects					Permanent	Total
	Bridge & Street	Lodging Sales Tax	Library Trust	Historic Easement Trust	Non-Major Capital Projects	Perpetual Care Cemetery	Governmental Nonmajor Funds
\$	190,520	\$ 596,070	\$ 35,131	\$ 23,756	\$ 579,880	\$ 10,160	\$ 2,180,633
	-	-	-	-	-	980	32,519
	-	-	-	-	11,029	-	11,029
	-	65,349	-	-	411,523	-	485,886
	-	-	-	-	2,354,378	-	2,354,378
	-	-	-	-	-	153,247	153,247
	190,520	661,419	35,131	23,756	3,356,810	164,387	5,217,692
	3,714	8,316	5,332	-	19,001	499	363,388
	-	-	-	-	-	3,662	31,794
	-	-	-	-	1,685,107	-	1,685,107
	56,640	-	-	-	-	-	881,467
	60,354	8,316	5,332	-	1,704,108	4,161	2,961,756
	-	-	-	-	8,311	-	8,311
	-	6,492	-	-	-	-	6,492
	-	6,492	-	-	8,311	-	14,803
	-	-	-	-	-	50,000	50,000
	-	-	-	-	-	-	209,104
	-	-	-	-	-	-	5,629
	-	-	-	-	-	110,226	110,226
	-	646,611	-	-	-	-	831,241
	-	-	29,799	-	-	-	29,799
	130,166	-	-	-	-	-	130,275
	-	-	-	23,756	-	-	23,756
	-	-	-	-	-	-	31,539
	-	-	-	-	1,644,391	-	1,644,391
	-	-	-	-	-	-	(824,827)
	130,166	646,611	29,799	23,756	1,644,391	160,226	2,241,133
\$	190,520	\$ 661,419	\$ 35,131	\$ 23,756	\$ 3,356,810	\$ 164,387	\$ 5,217,692

CITY OF YANKTON, SOUTH DAKOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 Governmental Nonmajor Funds  
 For the Year Ended December 31, 2021

Special Revenue								
	Debt Service	Dispatch	Business Improvement District	TID #2 Morgan Square	TID #8 Westbrook Estates Phase II	TID #6 Westbrook Estates	TID #7 West 10th Street	TID #9 Mall Improvements
Revenue:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 57,111	\$ 341,013	\$ 42,740	\$ 1,179
Sales and Other Taxes	-	-	135,988	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	148,932	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest on Investments	-	1,985	922	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenue	-	150,917	136,910	-	57,111	341,013	42,740	1,179
Expenditures:								
Current:								
Public Safety	-	650,008	-	-	-	-	-	-
Public Works	-	-	-	-	881,938	341,013	42,631	-
Culture and Recreation	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Capital Outlay:								
Public Works	-	-	134,356	-	-	-	-	-
Culture-Recreation	-	-	-	-	-	-	-	-
Debt Service	207,904	-	-	-	-	-	-	-
Total Expenditures	207,904	650,008	134,356	-	881,938	341,013	42,631	-
Excess (Deficiency) of Revenues over Expenditures	(207,904)	(499,091)	2,554	-	(824,827)	-	109	1,179
Other Financing Sources (Uses):								
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-	-	-
Transfers In	208,504	531,280	-	-	-	-	-	-
Transfers Out	-	-	(2,738)	(36,385)	(20,000)	-	-	-
Total Other Financing Sources (Uses)	208,504	531,280	(2,738)	(36,385)	(20,000)	-	-	-
Special Item:								
Decrease in SDPAA Vested Deposit	-	(7,664)	-	-	-	-	-	-
Net Change in Fund Balance	600	24,525	(184)	(36,385)	(844,827)	-	109	1,179
Fund Balances - Beginning of Year	208,504	7,014	184,814	36,385	20,000	484	-	3,966
Fund Balances- End of Year	\$ 209,104	\$ 31,539	\$ 184,630	\$ -	\$ (824,827)	\$ 484	\$ 109	\$ 5,145

EXHIBIT A-2

	Capital Projects					Permanent	Total
	Bridge & Street	Lodging Sales Tax	Library Trust	Historic Easement Trust	Non-Major Capital Projects	Perpetual Care Cemetery	Governmental Nonmajor Funds
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,043
	21,387	748,095	-	-	-	-	905,480
	-	-	-	-	(4,038)	-	(4,038)
	-	-	-	-	161,514	-	310,446
	-	-	-	-	-	25,350	25,350
	703	2,233	125	88	-	583	6,639
	-	-	13,518	-	200,000	-	213,518
	-	1,500	-	-	-	1,193	2,693
	<u>22,100</u>	<u>751,828</u>	<u>13,643</u>	<u>88</u>	<u>357,476</u>	<u>27,126</u>	<u>1,902,131</u>
	-	-	-	-	-	-	650,008
	-	-	-	-	-	-	1,265,582
	-	-	15,211	-	-	111,460	126,671
	-	664,835	-	-	-	-	664,835
	19,944	-	-	-	187,445	-	341,745
	-	-	-	-	125,063	-	125,063
	-	-	-	-	-	-	207,904
	<u>19,944</u>	<u>664,835</u>	<u>15,211</u>	<u>-</u>	<u>312,508</u>	<u>111,460</u>	<u>3,381,808</u>
	<u>2,156</u>	<u>86,993</u>	<u>(1,568)</u>	<u>88</u>	<u>44,968</u>	<u>(84,334)</u>	<u>(1,479,677)</u>
	-	-	-	-	123,616	-	123,616
	-	-	-	-	217,308	84,334	1,041,426
	-	(50,071)	-	-	(28,923)	-	(138,117)
	-	(50,071)	-	-	312,001	84,334	1,026,925
	-	-	-	-	-	-	(7,664)
	2,156	36,922	(1,568)	88	356,969	-	(460,416)
	<u>128,010</u>	<u>609,689</u>	<u>31,367</u>	<u>23,668</u>	<u>1,287,422</u>	<u>160,226</u>	<u>2,701,549</u>
\$	<u>130,166</u>	<u>\$ 646,611</u>	<u>\$ 29,799</u>	<u>\$ 23,756</u>	<u>\$ 1,644,391</u>	<u>\$ 160,226</u>	<u>\$ 2,241,133</u>

**CITY OF YANKTON, SOUTH DAKOTA**  
**COMBINING BALANCE SHEET**  
**Nonmajor Capital Projects Funds**  
**December 31, 2021**

	<b>Public Improvement</b>	<b>Infrastructure Improvement</b>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 56,384	\$ 285,559
Due from Other Governments	-	-
Property Held for Resale	2,354,378	-
Special Assessments	-	-
Total Assets	2,410,762	285,559
 <b><u>Liabilities</u></b>		
Accounts Payable	-	-
Due to Other Funds	1,398,948	-
Total Liabilities	1,398,948	-
 <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	1,011,814	285,559
Total Fund Balances	1,011,814	285,559
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,410,762	\$ 285,559

EXHIBIT A-3

Park Capital Projects	Infrastructure Improvement Revolving	Airport Capital Improvement	Totals
\$ 218,937	\$ -	\$ 19,000	\$ 579,880
-	-	411,523	411,523
-	-	-	2,354,378
-	11,029	-	11,029
218,937	11,029	430,523	3,356,810
-	-	19,001	19,001
-	-	286,159	1,685,107
-	-	305,160	1,704,108
-	8,311	-	8,311
-	8,311	-	8,311
218,937	2,718	125,363	1,644,391
218,937	2,718	125,363	1,644,391
\$ 218,937	\$ 11,029	\$ 430,523	\$ 3,356,810

**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, 2021**

	<u>Public Improvement</u>	<u>Infrastructure Improvement</u>
Revenues:		
Special Assessments	\$ -	\$ -
Intergovernmental	100,523	-
Contributions	-	-
Total Revenues	<u>100,523</u>	<u>-</u>
Expenditures:		
Capital Outlay:		
Public Works	124,367	
Culture-Recreation	-	-
Total Expenditures	<u>124,367</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(23,844)</u>	<u>-</u>
Other Financing Sources (Uses):		
Proceeds From Sale of Capital Assets	123,616	-
Transfers In	56,385	28,923
Transfers (out)	-	-
Total Other Financing Sources (Uses)	<u>180,001</u>	<u>28,923</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	156,157	28,923
Fund Balances at Beginning of Year	<u>855,657</u>	<u>256,636</u>
Fund Balances at End of Year	<u>\$ 1,011,814</u>	<u>\$ 285,559</u>



EXHIBIT A-4

<b>Park Capital Projects</b>	<b>Infrastructure Improvement Revolving</b>	<b>Airport Capital Improvement</b>	<b>Totals</b>
\$ -	\$ (4,038)	\$ -	\$ (4,038)
-	-	60,991	161,514
200,000	-	-	200,000
200,000	(4,038)	60,991	357,476
-	-	63,078	187,445
125,063	-	-	125,063
125,063	-	63,078	312,508
74,937	(4,038)	(2,087)	44,968
-	-	-	123,616
132,000	-	-	217,308
-	(28,923)	-	(28,923)
132,000	(28,923)	-	312,001
206,937	(32,961)	(2,087)	356,969
12,000	35,679	127,450	1,287,422
\$ 218,937	\$ 2,718	\$ 125,363	\$ 1,644,391

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**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 Fund:**

**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, 2021**

	Golf Course	Solid Waste	Joint Powers Landfill	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 122,512	\$ 1,196,012	\$ 116,160	\$ 1,434,684
Accounts Receivable (Net of allowance for uncollectibles)	13,030	205,847	98,757	317,634
Prepaid Expenses	1,165	14,911	6,864	22,940
Total Current Assets	<u>136,707</u>	<u>1,416,770</u>	<u>221,781</u>	<u>1,775,258</u>
Restricted Assets : Cash and Cash Equivalents	-	53,372	72,976	126,348
Net Pension Asset	-	116,449	96,062	212,511
Land	533,787	74,639	11,414	619,840
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>2,372,593</u>	<u>407,067</u>	<u>1,197,718</u>	<u>3,977,378</u>
Total Noncurrent Assets	<u>2,906,380</u>	<u>651,527</u>	<u>1,378,170</u>	<u>4,936,077</u>
Total Assets	<u>3,043,087</u>	<u>2,068,297</u>	<u>1,599,951</u>	<u>6,711,335</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Deferred Outflows	-	149,260	123,128	272,388
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	21	27,219	67,914	95,154
Accrued Interest Payable	-	579	681	1,260
Accrued Wages Payable	-	19,105	12,944	32,049
Accrued Compensated Absences	-	5,457	5,409	10,866
Due to other Funds	-	-	218,029	218,029
Current portion of revenue bonds	-	46,663	65,213	111,876
Total Current Liabilities	<u>21</u>	<u>99,023</u>	<u>370,190</u>	<u>469,234</u>
Noncurrent liabilities:				
Accrued Compensated Absences	-	21,827	21,634	43,461
Revenue Bonds (net of current portion)	-	300,351	270,025	570,376
Total Noncurrent Liabilities	<u>-</u>	<u>322,178</u>	<u>291,659</u>	<u>613,837</u>
Total Liabilities	<u>21</u>	<u>421,201</u>	<u>661,849</u>	<u>1,083,071</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related Deferred Inflows	-	224,972	185,585	410,557
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,906,380	134,692	873,894	3,914,966
Restricted for:				
Debt Service	-	52,793	72,295	125,088
SDRS Pension Purposes	-	40,737	33,605	74,342
Unrestricted	136,686	1,343,162	(104,149)	1,375,699
Total Net Position	<u>\$ 3,043,066</u>	<u>\$ 1,571,384</u>	<u>\$ 875,645</u>	<u>\$ 5,490,095</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, 2021**

	Golf Course	Solid Waste	Joint Powers Landfill	Totals
Operating Revenues - Charges for Service	\$ -	\$ 1,313,332	\$ 1,609,582	\$ 2,922,914
Operating Expenses:				
Personal Services	-	449,136	313,028	762,164
Insurance	6,273	8,191	17,999	32,463
Professional Services	53	65,709	27,967	93,729
Tipping Fees	-	221,696	-	221,696
Repairs and Maintenance	-	144,810	228,105	372,915
Cost of Sales and Service	44,686	-	842,204	886,890
Supplies and Materials	-	2,049	4,830	6,879
Utilities	129	1,064	27,864	29,057
Billing and Administration	-	267,653	-	267,653
Depreciation	88,071	84,864	217,230	390,165
Total Operating Expenses	139,212	1,245,172	1,679,227	3,063,611
Operating Income (Loss)	(139,212)	68,160	(69,645)	(140,697)
Nonoperating Revenues:				
Interest Income	1	4,951	3	4,955
Interest Expense	-	(7,552)	(9,230)	(16,782)
Miscellaneous, net	40,000	-	7,749	47,749
Gain on disposition of assets	-	-	5,615	5,615
Total Nonoperating Revenues	40,001	(2,601)	4,137	41,537
Income (Loss) before Contributions and Transfers	(99,211)	65,559	(65,508)	(99,160)
Other Financing Sources (Uses):				
Special Item - Increase in SDPAA Vested Deposit	(7,425)	(8,827)	(19,396)	(35,648)
Transfers In	96,650	-	-	96,650
Capital Contributions	-	-	5,328	5,328
Total Other Financing Sources (Uses):	89,225	(8,827)	(14,068)	66,330
Change in Net Position	(9,986)	56,732	(79,576)	(32,830)
Total Net Position - Beginning	3,053,052	1,514,652	955,221	5,522,925
Total Net Position - Ending	\$ 3,043,066	\$ 1,571,384	\$ 875,645	\$ 5,490,095

**CITY OF YANKTON, SOUTH DAKOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2021**

	<u>Business-Type</u>			<u>Totals</u>
	<u>Golf Course</u>	<u>Solid Waste</u>	<u>Joint Powers Landfill</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 14,310	\$ 1,304,152	\$ 1,605,085	\$ 2,923,547
Cash Received for Interfund Services	-	8,999	-	8,999
Cash Paid to Suppliers for Goods and Services	(68,991)	(567,964)	(1,008,925)	(1,645,880)
Cash Paid to Employees for Services	-	(478,315)	(338,559)	(816,874)
Cash Paid for Interfund Services	-	(145,365)	(179,902)	(325,267)
Other Nonoperating Revenues	40,000	-	7,749	47,749
Net Cash Provided (Used) from Operating Activities	<u>(14,681)</u>	<u>121,507</u>	<u>85,448</u>	<u>192,274</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	-	-	(84,135)	(84,135)
Proceeds from Sale of Capital Assets	-	-	5,615	5,615
Proceeds from Grants	-	-	60,000	60,000
Interest Paid on Bonds	-	(7,629)	(9,362)	(16,991)
Principal Paid on Notes, Bonds and Leases	-	(45,744)	(63,614)	(109,358)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(53,373)</u>	<u>(91,496)</u>	<u>(144,869)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Change in Due to Other Funds	-	-	121,705	121,705
Transfers In	96,650	-	-	96,650
Net Cash Provided from Non-Capital Financing Activities	<u>96,650</u>	<u>-</u>	<u>121,705</u>	<u>218,355</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends on Investments	-	4,951	3	4,954
Net Cash Provided from Investing Activities	<u>-</u>	<u>4,951</u>	<u>3</u>	<u>4,954</u>
Net increase in Cash and Cash Equivalents	81,969	73,085	115,660	270,714
Cash and Cash Equivalents at Beginning of Year	40,543	1,176,299	73,476	1,290,318
Cash and Cash Equivalents at End of Year	<u>\$ 122,512</u>	<u>\$ 1,249,384</u>	<u>\$ 189,136</u>	<u>\$ 1,561,032</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ (139,212)	\$ 68,160	\$ (69,645)	\$ (140,697)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	88,071	84,864	217,230	390,165
Other Non-Operating Income	40,000	-	7,749	47,749
(Increase) Decrease in Assets and deferred outflows of resources:				
Accounts Receivable	14,310	(181)	(4,497)	9,632
Net Pension Asset / Liability	-	(115,976)	(95,546)	(211,522)
Pension Related Deferred Outflow	-	(79,466)	(47,030)	(126,496)
Prepaid Expenses	(97)	6,172	1,392	7,467
Increase (Decrease) in Liabilities and deferred inflows of resources:				
Accounts Payable	(17,753)	(8,329)	(41,250)	(67,332)
Accrued Wages Payable	-	3,921	2,554	6,475
Pension Related Deferred Inflow	-	163,061	118,082	281,143
Accrued Compensated Absences	-	(719)	(3,591)	(4,310)
Total Adjustments	<u>124,531</u>	<u>53,347</u>	<u>155,093</u>	<u>332,971</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (14,681)</u>	<u>\$ 121,507</u>	<u>\$ 85,448</u>	<u>\$ 192,274</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>				
Cash and Cash Equivalents	\$ 122,512	\$ 1,196,012	\$ 116,160	\$ 1,434,684
Restricted Cash and Cash Equivalents	-	53,372	72,976	126,348
	<u>\$ 122,512</u>	<u>\$ 1,249,384</u>	<u>\$ 189,136</u>	<u>\$ 1,561,032</u>

**CITY OF YANKTON, SOUTH DAKOTA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2021**

	Copier- Fax- Postage	Central Garage	Totals
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash	\$ -	\$ 76,302	\$ 76,302
Inventory	-	240,959	240,959
Due from Other Governments	-	7,363	7,363
Prepaid Expenses	-	2,373	2,373
<b>Total Current Assets</b>	<b>-</b>	<b>326,997</b>	<b>326,997</b>
<b>Noncurrent Assets:</b>			
Net Pension Asset	-	33,375	33,375
<b>Capital Assets:</b>			
Land	-	7,000	7,000
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	-	186,825	186,825
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>227,200</b>	<b>227,200</b>
<b>Total Assets</b>	<b>-</b>	<b>554,197</b>	<b>554,197</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Deferred Outflows	-	42,779	42,779
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	-	52,513	52,513
Accrued Wages	-	4,395	4,395
Accrued Compensated Absences	-	1,808	1,808
<b>Total Current Liabilities</b>	<b>-</b>	<b>58,716</b>	<b>58,716</b>
<b>Noncurrent Liabilities:</b>			
Other Postemployment Benefit Obligation	-	550	550
Accrued Compensated Absences	-	7,233	7,233
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>7,783</b>	<b>7,783</b>
<b>Total Liabilities</b>	<b>-</b>	<b>66,499</b>	<b>66,499</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Deferred Inflows	-	64,478	64,478
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>64,478</b>	<b>64,478</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	193,825	193,825
Restricted for SDRS Pension Purposes	-	11,676	11,676
Unrestricted	-	260,498	260,498
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 465,999</b>	<b>\$ 465,999</b>

CITY OF YANKTON, SOUTH DAKOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Copier- Fax- Postage	Central Garage	Totals
Operating Revenues:			
Charges for Goods and Services	\$ 1,781	\$ 876,883	\$ 878,664
Total Operating Revenue	<u>1,781</u>	<u>876,883</u>	<u>878,664</u>
Operating Expenses:			
Personnel Services	-	116,868	116,868
Professional Services	-	3,109	3,109
Repairs and Maintenance	-	8,070	8,070
Supplies and Materials	-	678,615	678,615
Utilities	-	17,524	17,524
Other Current Expenses	1,781	-	1,781
Depreciation	-	31,682	31,682
Total Operating Expenses	<u>1,781</u>	<u>855,868</u>	<u>857,649</u>
Operating Income	<u>-</u>	<u>21,015</u>	<u>21,015</u>
Change in Net Position	-	21,015	21,015
Total Net Position - Beginning	-	444,984	444,984
Total Net Position - Ending	<u>\$ -</u>	<u>\$ 465,999</u>	<u>\$ 465,999</u>



**CITY OF YANKTON, SOUTH DAKOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

	<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	\$ -	\$ 91,457	\$ 91,457
Cash Received from Interfund Services Provided	-	782,648	782,648
Cash Paid to Employees for Services	-	(124,994)	(124,994)
Cash Received/ (Paid) from/to Suppliers	-	(711,853)	(711,853)
Cash Paid for Interfund Services	-	(2,433)	(2,433)
Net Cash Provided by Operating Activities	<u>-</u>	<u>34,825</u>	<u>34,825</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	-	(52,958)	(52,958)
Net Cash (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(52,958)</u>	<u>(52,958)</u>
Net Decrease in Cash and Cash Equivalents	-	(18,133)	(18,133)
Cash and Cash Equivalents Beginning of Year	<u>-</u>	<u>94,435</u>	<u>94,435</u>
Cash and Cash Equivalents End of Year	<u>\$ -</u>	<u>\$ 76,302</u>	<u>\$ 76,302</u>
<b>RENCONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ -	\$ 21,015	\$ 21,015
Adjustments to Renconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	31,682	31,682
(Increase) Decrease in Assets and deferred outflows of resources and Increase (Decrease) in Liabilities and deferred inflows of resources:			
Due from other Governments	-	(2,778)	(2,778)
Prepaid Expenses	-	214	214
Inventory	-	10,791	10,791
Net Pension Asset / Liability	-	(33,168)	(33,168)
Pension Related Deferred Outflow	-	(12,250)	(12,250)
Accounts Payable	-	(17,973)	(17,973)
Accrued Wages Payable	-	2,276	2,276
Other Postemployment Benefit Obligation	-	(3,633)	(3,633)
Pension Related Deferred Inflows	-	37,397	37,397
Accrued Compensated Absences	-	1,252	1,252
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ 34,825</u>	<u>\$ 34,825</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, 2021

	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)
<b>REVENUES</b>									
Taxes:									
General Sales & Use	\$ -	\$ -	\$ -	\$ 114,000	\$ 135,988	\$ 21,988	\$ -	\$ -	\$ -
Property Tax	-	-	-	-	-	-	-	-	-
Intergovernmental	152,656	148,932	(3,724)	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Interest earned	120	1,985	1,865	2,000	922	(1,078)	-	-	-
Total revenue	<u>152,776</u>	<u>150,917</u>	<u>(1,859)</u>	<u>116,000</u>	<u>136,910</u>	<u>20,910</u>	<u>-</u>	<u>(1,859)</u>	<u>-</u>
<b>EXPENDITURES</b>									
Current:									
Public works	-	-	-	-	-	-	-	-	-
Public Safety	1,547,776	650,008	897,768	-	-	-	-	-	-
Community Development	-	-	-	121,600	134,356	(12,756)	-	-	-
Total Expenditures	<u>1,547,776</u>	<u>650,008</u>	<u>897,768</u>	<u>121,600</u>	<u>134,356</u>	<u>(12,756)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,395,000)</u>	<u>(499,091)</u>	<u>895,909</u>	<u>(5,600)</u>	<u>2,554</u>	<u>8,154</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES(USES)</b>									
Transfers in	1,395,000	531,280	(863,720)	-	-	-	-	-	-
Transfer (out)	-	-	-	(3,020)	(2,738)	282	-	(36,385)	(36,385)
Total other financing sources(uses)	<u>1,395,000</u>	<u>531,280</u>	<u>(863,720)</u>	<u>(3,020)</u>	<u>(2,738)</u>	<u>282</u>	<u>-</u>	<u>(36,385)</u>	<u>(36,385)</u>
Net change in fund balances	<u>\$ -</u>	<u>24,525</u>	<u>\$ 24,525</u>	<u>\$ (8,620)</u>	<u>(184)</u>	<u>\$ 8,436</u>	<u>\$ -</u>	<u>(36,385)</u>	<u>\$ (36,385)</u>
Fund balances - Beginning		<u>7,014</u>			<u>184,814</u>			<u>36,385</u>	
Fund balances - Ending		<u>\$ 31,539</u>		<u>\$ 184,630</u>			<u>\$ -</u>		

TID #8 Westbrook Estates Phase II			TID #6 Westbrook Estates			TID #7 West 10th Street		
Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,365	57,111	35,746	450,000	341,013	(108,987)	40,000	42,740	2,740
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>21,365</u>	<u>57,111</u>	<u>35,746</u>	<u>450,000</u>	<u>341,013</u>	<u>(108,987)</u>	<u>40,000</u>	<u>42,740</u>	<u>2,740</u>
1,480,000	881,938	598,062	450,000	341,013	108,987	40,000	42,631	(2,631)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,480,000</u>	<u>881,938</u>	<u>598,062</u>	<u>450,000</u>	<u>341,013</u>	<u>108,987</u>	<u>40,000</u>	<u>42,631</u>	<u>(2,631)</u>
(1,458,635)	(824,827)	633,808	-	-	-	-	109	109
-	-	-	-	-	-	-	-	-
-	(20,000)	(20,000)	-	-	-	-	-	-
-	(20,000)	(20,000)	-	-	-	-	-	-
<u>\$ (1,458,635)</u>	<u>(844,827)</u>	<u>\$ 613,808</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>109</u>	<u>\$ 109</u>
	20,000			484			-	
\$	<u>(824,827)</u>		\$	<u>484</u>		\$	<u>109</u>	

(Continued)

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, 2021

	TID #9 Mall Improvements			Bridge & Street			Lodging Sales Tax		
	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)
REVENUES									
Taxes:									
General Sales & Use	\$ -	\$ -	\$ -	\$ 21,397	\$ 21,397	\$ -	\$ 466,848	\$ 748,095	\$ 281,247
Property Tax	-	1,179	1,179	-	-	-	-	-	-
Intergovernmental	-	-	-	20,000	-	(20,000)	-	-	-
Miscellaneous	-	-	-	-	-	-	-	1,500	1,500
Interest earned	-	-	-	100	703	603	500	2,233	1,733
Total revenue	-	1,179	1,179	41,497	22,100	(19,397)	467,348	751,828	284,480
EXPENDITURES									
Current:									
Public works	-	-	-	110,000	19,944	90,056	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	729,423	664,835	64,588
Total Expenditures	-	-	-	110,000	19,944	90,056	729,423	664,835	64,588
Excess (deficiency) of revenues over (under) expenditures	-	1,179	1,179	(68,503)	2,156	70,659	(262,075)	86,993	349,068
OTHER FINANCING SOURCES(USES)									
Transfers in	-	-	-	68,602	-	(68,602)	-	-	-
Transfer (out)	-	-	-	-	-	-	(85,000)	(50,071)	34,929
Total other financing sources(uses)	-	-	-	68,602	-	(68,602)	(85,000)	(50,071)	34,929
Net change in fund balances	\$ -	1,179	\$ 1,179	\$ 99	2,156	\$ 2,057	\$ (347,075)	36,922	\$ 383,997
Fund balances - Beginning		3,966			128,010			609,689	
Fund balances - Ending	\$	5,145		\$	130,166		\$	646,611	

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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, 2021

	Pool Capital Construction			Special Capital Improvement Fund			Airport Capital Improvement		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 4,326,455	\$ 4,810,866	\$ 484,411	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	554,355	600,467	46,112	128,250	60,991	(67,259)
Charges for Services	-	-	-	-	-	-	-	-	-
Interest	-	22,019	22,019	10,000	48,234	38,234	-	-	-
Contributions	187,890	219,791	31,901	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenue	<u>187,890</u>	<u>241,810</u>	<u>53,920</u>	<u>4,890,810</u>	<u>5,459,567</u>	<u>568,757</u>	<u>128,250</u>	<u>60,991</u>	<u>(67,259)</u>
EXPENDITURES									
Current									
Culture and Recreation	7,266,752	3,362,639	3,904,113	-	-	-	-	-	-
Public Works	-	-	-	5,655,034	1,497,586	4,157,448	135,000	63,078	71,922
Total expenditures	<u>7,266,752</u>	<u>3,362,639</u>	<u>3,904,113</u>	<u>5,655,034</u>	<u>1,497,586</u>	<u>4,157,448</u>	<u>135,000</u>	<u>63,078</u>	<u>71,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,078,862)</u>	<u>(3,120,829)</u>	<u>3,958,033</u>	<u>(764,224)</u>	<u>3,961,981</u>	<u>4,726,205</u>	<u>(6,750)</u>	<u>(2,087)</u>	<u>4,663</u>
OTHER FINANCING SOURCES(USES)									
Proceeds From Sale of Assets	-	-	-	-	-	-	-	-	-
Transfers (out)	(50,088)	(51,771)	(1,683)	(87,948)	(139,513)	(51,565)	-	-	-
Transfer in	55,000	-	(55,000)	-	-	-	-	-	-
Total other financing sources(uses)	<u>4,912</u>	<u>(51,771)</u>	<u>(56,863)</u>	<u>(87,948)</u>	<u>(139,513)</u>	<u>(51,565)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (7,073,950)</u>	<u>(3,172,600)</u>	<u>\$ 3,901,350</u>	<u>\$ (852,172)</u>	<u>3,822,468</u>	<u>\$ 4,674,640</u>	<u>\$ (6,750)</u>	<u>(2,087)</u>	<u>\$ 4,663</u>
Fund balances - beginning		<u>7,054,139</u>			<u>10,897,861</u>			<u>127,450</u>	
Fund balances - ending		<u>\$ 3,881,539</u>			<u>\$ 14,720,329</u>			<u>\$ 125,363</u>	

EXHIBIT C-2

Public Improvement Cap. Project			Infrastructure Improvement			Park Capital		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	100,523	100,523	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	200,000	200,000
-	-	-	-	-	-	-	-	-
-	100,523	100,523	-	-	-	-	200,000	200,000
-	-	-	-	-	-	132,000	125,063	6,937
23,844	124,367	(100,523)	100,000	-	100,000	-	-	-
23,844	124,367	(100,523)	100,000	-	100,000	132,000	125,063	6,937
(23,844)	(23,844)	-	(100,000)	-	100,000	(132,000)	74,937	206,937
-	123,616	123,616	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	56,385	56,385	44,720	28,923	(15,797)	122,000	132,000	10,000
-	180,001	180,001	44,720	28,923	(15,797)	122,000	132,000	10,000
\$ (23,844)	156,157	\$ 180,001	\$ (55,280)	28,923	\$ 84,203	\$ (10,000)	206,937	\$ 216,937
	855,657			256,636			12,000	
	\$ 1,011,814			\$ 285,559			\$ 218,937	

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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, 2021

	Infrastructure Improvement Revolving			Permanent Fund Perpetual Care Cemetery		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	44,600	(4,038)	(48,638)	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	26,600	25,350	(1,250)
Interest	120	-	(120)	1,000	583	(417)
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,193	1,193
Total revenue	<u>44,720</u>	<u>(4,038)</u>	<u>(48,758)</u>	<u>27,600</u>	<u>27,126</u>	<u>(474)</u>
EXPENDITURES						
Current						
Culture and Recreation	-	-	-	122,952	111,460	11,492
Public Works	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,952</u>	<u>111,460</u>	<u>11,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,720</u>	<u>(4,038)</u>	<u>(48,758)</u>	<u>(95,352)</u>	<u>(84,334)</u>	<u>11,018</u>
OTHER FINANCING SOURCES(USES)						
Proceeds From Sale of Assets	-	-	-	-	-	-
Transfers (out)	(44,720)	(28,923)	15,797	-	-	-
Transfer in	-	-	-	95,352	84,334	(11,018)
Total other financing sources(uses)	<u>(44,720)</u>	<u>(28,923)</u>	<u>15,797</u>	<u>95,352</u>	<u>84,334</u>	<u>(11,018)</u>
Net change in fund balances	<u>\$ -</u>	<u>(32,961)</u>	<u>\$ (32,961)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning		<u>35,679</u>			<u>160,226</u>	
Fund balances - ending		<u>\$ 2,718</u>			<u>\$ 160,226</u>	



SINGLE AUDIT SECTION

CITY OF YANKTON, SOUTH DAKOTA  
Schedule of Expenditures of Federal Awards (Cash Basis)  
For The Year Ended December 31, 2021

	Assistance Listing Number	Agency or Pass-through Number	Amount	Expenditures to Subrecipients
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	2021-101-CV-01	\$ 100,523	\$ 100,523
Department of Justice:				
Direct Federal Funding:				
Bullet Proof Vest Partnership Program	16.607	N/A	4,488	-
Public Safety Partnership and Community Policing Grants	16.710	2020VMWX0502	41,687	-
Department of Transportation:				
Direct Federal Funding:				
Airport Improvement Program	20.106	3-46-0062-30-2020	11,522	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-30-2020	1,280	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-31-2020	663	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-32-2021	30,000	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-33-2020	40,100	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-34-2021	13,000	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-35-2022	32,000	-
Program Subtotal			<u>128,565</u>	
Indirect Federal Funding:				
SD Department of Public Safety Highway Safety Cluster: State and Community Highway Safety	20.600	2021-00-52	8,137	-
Institute of Museum and Library Services:				
Indirect Federal Funding:				
SD Department of Education COVID-19 LSTA ARPA State Grants	45.310	LS-250237-OLS-21	96,338	-
COVID-19 LSTA ARPA State Grants	45.310	LS-246559-OLS-20	2,000	-
			<u>98,338</u>	
Department of Homeland Security				
Indirect Federal Funding:				
SD Department of Public Safety FEMA Public Assistance Grant	97.036	DR-4440-SD	193,698	-
Hazard Mitigation Grant	97.039	DR-4440-HMGP	270,013	-
Homeland Security Grant Program	97.067	HLS-2020-00330	13,355	-
Homeland Security Grant Program	97.067	HLS-2020-00118	1,050	-
Program subtotal			<u>14,405</u>	
Total Expenditures of Federal Awards			<u>\$ 859,854</u>	

**CITY OF YANKTON, SOUTH DAKOTA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). 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, Assistance Listing #66.458 and the SD Drinking Water State Revolving Fund, Assistance Listing #66.468 at December 31, 2021.

	<b>Total Amount Of Loan Outstanding</b>	<b>Federal Portion Of Loan Outstanding</b>
Wastewater System #3, Series 2011 (83.33%)	\$ 819,366	\$ 682,778
Total Wastewater System	<u>\$ 819,366</u>	<u>\$ 682,778</u>
Water System Services 2001 (76.97%)	\$ 472,024	\$ 363,317
Water System, Services Series #2 (50.06%)	417,826	209,164
Water System, Services Series #3 (62.25%)	1,421,967	885,174
Water System, Services Series #4 (56.05%)	1,087,717	609,665
Water System, Services Series #5 (28.42%)	10,571,124	3,004,313
Water System, Services Series #6 (20.03%)	34,543,034	6,918,970
Total Water System	<u>\$ 48,513,692</u>	<u>\$ 11,990,603</u>

**NOTE 3 -** Expenditures reported in the Schedule are cash basis. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditors' report.



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**Independent Auditors' 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 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, 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, 2021 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 28, 2023. 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.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Yankton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Yankton'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

**Report on 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 financial statements. 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**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Yankton's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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 the response.

**Purpose of this Report**

This 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 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.

  
Certified Public Accountants

Le Mars, Iowa  
July 28, 2023



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**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control  
Over Compliance Required by The Uniform Guidance**

Honorable Members of the City Commission  
City of Yankton, South Dakota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Yankton, South Dakota's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Yankton, South Dakota's major federal programs for the year ended December 31, 2021. The City of Yankton, South Dakota's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Yankton, South Dakota's basic financial statements include the operations of the Yankton Housing and Redevelopment Commission, which expended \$606,799 in federal awards which is not included in the City of Yankton, South Dakota's schedule of expenditures of federal awards during the year ended December 31, 2021. 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 the Uniform Guidance.

In our opinion, the City of Yankton, 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, 2021.

***Basis for Opinion of Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Manage for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report on compliance for each major federal program are matters of public record and their distribution is not limited.

  
Certified Public Accountants

Le Mars, Iowa  
July 28, 2023



**CITY OF YANKTON, SOUTH DAKOTA**  
**Schedule of Findings & Questioned Costs**  
**For the Year Ended December 31, 2021**

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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 disclosed in the audit of the financial statements.
- (e) The auditors' report on compliance for the major federal award programs expresses a unmodified opinion.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) The major programs were as follows:
  - Assistance Listing #20.106 – Airport Improvement Program
  - Assistance Listing #97.039 – Hazard Mitigation Grant Program
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- (i) The Auditee did not qualify as a low-risk auditee.

**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:**

**2021-001 Financial Reporting**

Condition - During the audit, we identified material adjustments required to be made to 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.

Criteria – The City is responsible for the accuracy of the financial statements.

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – Due to the limited number of employees, the City does not have sufficient controls in place to ensure that all entries are properly recorded and that all other applicable adjustments are made.

Recommendation – The City should implement procedures to ensure all entries are identified and included in the City's financial statements and that any required adjustments are made.

Views of Response Officials – We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2022 calendar year report.

**CITY OF YANKTON, SOUTH DAKOTA  
Schedule of Findings & Questioned Costs  
For the Year Ended December 31, 2021**

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**Part III: Findings and Questioned Costs Relating to Federal Awards**

**Instances of Non-Compliance:**

No matters were noted.

**Significant Deficiency:**

No Matters were noted.

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**CITY OF YANKTON, SOUTH DAKOTA  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2021**

**FINANCIAL STATEMENT AUDIT:  
Material Weaknesses:**

**2020-001 Financial Reporting**

Condition - During the audit, we identified material adjustments required to be made to 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.

Criteria - The City is responsible for the accuracy of the financial statements.

Effect - Expenses/Expenditures/Revenues may not be properly reported and/or balance sheet amounts may be misstated.

Cause - Due to the limited number of employees, the City does not have sufficient controls in place to ensure that all entries are properly recorded and that all other applicable adjustments are made.

Recommendation – The City should implement procedures to ensure all entries 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.

Status – Not corrected, see finding 2021-001 The City has taken steps to implement procedures to ensure financial statements are fairly presented, however due to limited staff and resources, a system which eliminates all journal entries has not yet been achieved. This finding was first reported in fiscal year 2007.

**FEDERAL AWARD PROGRAMS AUDIT:  
Instances of Non-Compliance:**

No matters were noted.

**Significant Deficiency:**

No matters were noted.

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**Schedule of Findings and Questioned Costs  
Corrective Action Plan  
December 31, 2021**

The City of Yankton, South Dakota, respectfully submits the following corrective action plan for the year ended December 31, 2021.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended December 31, 2021.

The findings from the December 31, 2021 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESS:**

**2021-001 Financial Reporting**

Condition – During the audit, we identified material adjustments required to be made to 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

Criteria – The City is responsible for the accuracy of the financial statements.

Effect – Expenses/Expenditures/Revenues may not be properly reported and/or balance sheet amounts may be misstated.

Cause – Due to the limited number of employees, the City does not have sufficient controls in place to ensure that all entries are properly recorded and that all other applicable adjustments are made.

Recommendation – The City should implement procedures to ensure all entries 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 and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2022 calendar year report.

If involved agencies have any questions regarding this plan, please call Al Viereck at 605-668-5241.

Sincerely yours,

CITY OF YANKTON, SOUTH DAKOTA



Al Viereck, Finance Officer

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