

**CITY OF YANKTON,
SOUTH DAKOTA**

ANNUAL FINANCIAL REPORT

Year Ended

December 31, 2020



CITY OF YANKTON, SOUTH DAKOTA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

PREPARED BY:
FINANCE DEPARTMENT

AL VIERECK
FINANCE OFFICER

CITY OF YANKTON
 ANNUAL FINANCIAL REPORT
 YEAR ENDED DECEMBER 31, 2020
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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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF YANKTON, SOUTH DAKOTA, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Yankton Housing and Redevelopment Commission (a discretely presented component unit), which statements reflect total assets of \$149,406 and total revenues of \$552,019 as of and for the year ended June 30, 2020. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Yankton, South Dakota as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Changes in the City's Total OPEB Liability, schedules of net pension proportionate share and required contributions and budgetary comparison information found on pages 4-13 and 55-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and budgetary compliance schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, budgetary compliance schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 a report dated August 1, 2022, on our consideration of the City of Yankton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 of Yankton'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 of Yankton's internal control over financial reporting and compliance.

Williamson Company, P. C.
Certified Public Accountants

Le Mars, Iowa
August 1, 2022

Management Discussion and Analysis December 31, 2020

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, 2020. 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, 2020 by \$145,028,029. Of this amount \$44,974,818 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$13,486,753 during the year. Of this amount the net position of our Governmental Activities increased \$10,698,958 and the net position of our Business-Type Activities increased by \$2,787,795. The governmental net position increased in large part due to increases in tax revenues and decreases in expenses, and the business-type net position increased in large part due to increases in charges for services.
- The City's Governmental Fund Balances decreased (\$2,833,799) in 2020 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 (\$1,519,765) in 2020. This decrease occurred from the normal annual debt services 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	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 35,687,145	\$ 36,751,101	\$ 24,464,122	\$ 23,129,401	\$ 60,151,267	\$ 59,880,502
Capital Assets	<u>80,709,968</u>	<u>67,192,636</u>	<u>81,015,729</u>	<u>82,256,842</u>	<u>161,725,697</u>	<u>149,449,478</u>
Total Assets	<u>116,397,113</u>	<u>103,943,737</u>	<u>105,479,851</u>	<u>105,386,243</u>	<u>221,876,964</u>	<u>209,329,980</u>
Pension Related						
Deferred Outflows	<u>1,913,988</u>	<u>1,474,632</u>	<u>433,602</u>	<u>340,739</u>	<u>2,347,590</u>	<u>1,815,371</u>
Long-term Liabilities						
Outstanding	16,120,511	16,929,225	52,721,275	53,160,649	68,841,786	70,089,874
Other Liabilities	<u>4,315,252</u>	<u>2,356,342</u>	<u>3,957,035</u>	<u>6,352,441</u>	<u>8,272,287</u>	<u>8,708,783</u>
Total Liabilities	<u>20,435,763</u>	<u>19,285,567</u>	<u>56,678,310</u>	<u>59,513,090</u>	<u>77,114,073</u>	<u>78,798,657</u>
Pension Related						
Deferred Inflows	<u>1,697,822</u>	<u>654,244</u>	<u>384,630</u>	<u>151,174</u>	<u>2,082,452</u>	<u>805,418</u>
Net Position:						
Net Investment in						
Capital Assets	68,280,135	51,747,133	25,357,623	24,087,338	93,637,758	75,834,471
Restricted	2,599,277	2,212,625	3,816,176	4,061,213	6,415,453	6,273,838
Unrestricted	<u>25,298,104</u>	<u>31,518,800</u>	<u>19,676,714</u>	<u>17,914,167</u>	<u>44,974,818</u>	<u>49,432,967</u>
Ending Net Position	<u>\$ 96,177,516</u>	<u>\$ 85,478,558</u>	<u>\$ 48,850,513</u>	<u>\$ 46,062,718</u>	<u>\$ 145,028,029</u>	<u>\$ 131,541,276</u>

This summary reflects an increase in net position of 12.52% for the Governmental Activities and an increase of 6.05% 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 (\$1,684,584) or 2.14%, due mainly to annual long term debt service payments.

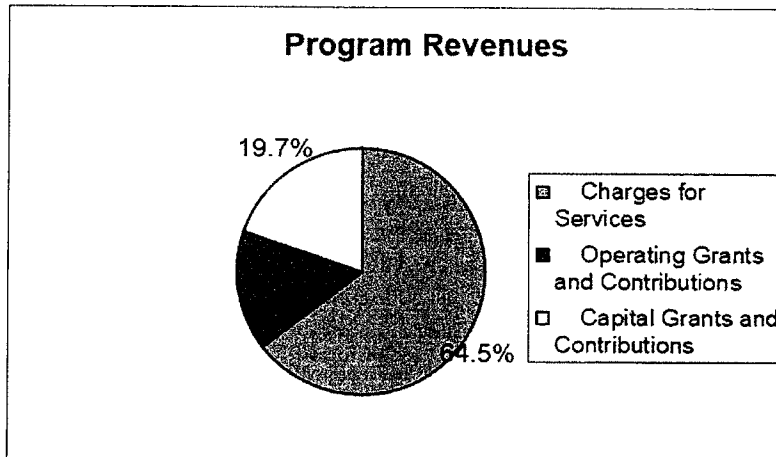
Total revenue reported in 2020 was \$43,819,250, an increase of \$9,017,673 or 25.91%. The largest increase in revenues was in Capital Grants and Contributions; an increase of \$3,916,006 or 290.01%. The Property Tax revenues increased \$1,108,000 or 33.86%, and Sales Tax revenues increased \$156,111 or 1.46%. 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,980,817	\$ 3,396,178	\$ 14,250,961	\$ 13,029,532	\$ 17,231,778	\$ 16,425,710
Operating Grants and Contributions	4,220,019	1,049,791	-	-	4,220,019	1,049,791
Capital Grants and Contributions	5,144,128	1,285,494	122,173	64,801	5,266,301	1,350,295
General Revenues:						
Property Taxes	4,380,374	3,272,374	-	-	4,380,374	3,272,374
Sales Taxes	10,852,692	10,696,581	-	-	10,852,692	10,696,581
Other Taxes	728,966	813,403	-	-	728,966	813,403
Other	849,154	671,411	289,966	522,012	1,139,120	1,193,423
Total Revenues	29,156,150	21,185,232	14,663,100	13,616,345	43,819,250	34,801,577
Expenses:						
General Government	2,472,334	2,253,768	-	-	2,472,334	2,253,768
Public Safety	4,471,084	4,070,615	-	-	4,471,084	4,070,615
Public Works	6,586,141	7,103,916	-	-	6,586,141	7,103,916
Culture & Recreation	3,959,208	4,944,769	-	-	3,959,208	4,944,769
Community & Economic Development	511,327	635,894	-	-	511,327	635,894
Interest on Long-term Debt	491,840	350,107	-	-	491,840	350,107
Water	-	-	5,578,488	4,538,675	5,578,488	4,538,675
Wastewater	-	-	3,284,929	3,207,287	3,284,929	3,207,287
Non-Major Enterprise Funds	-	-	2,977,146	3,255,889	2,977,146	3,255,889
Total Expenses	18,491,934	19,359,069	11,840,563	11,001,851	30,332,497	30,360,920
Increase (Decrease) in Net Position Before Transfers	10,664,216	1,826,163	2,822,537	2,614,494	13,486,753	4,440,657
Transfers	34,742	19,248	(34,742)	(19,248)	-	-
Increase in Net Position	10,698,958	1,845,411	2,787,795	2,595,246	13,486,753	4,440,657
Net Position January 1	85,478,558	83,633,147	46,062,718	43,467,472	131,541,276	127,087,390
Net Position December 31	\$ 96,177,516	\$ 85,478,558	\$ 48,850,513	\$ 46,062,718	\$ 145,028,029	\$ 131,541,276

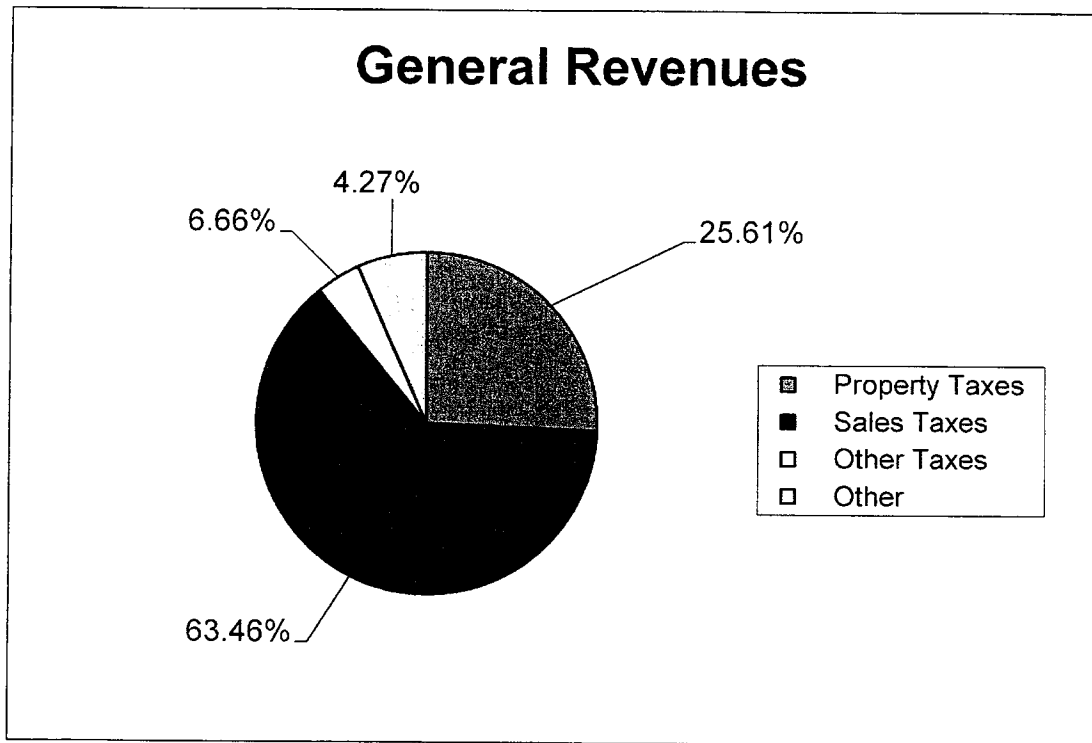
Charges for Services in the Business-Type Activities increased \$1,221,429 or 9.37% due in most part to a 5% rate increase in Water, Wastewater, and Solid Waste Collections. Business-Type Activities Total Expenses increased by \$838,712 or 7.62%. Governmental Activities Total Expenses decreased (\$867,135) or (4.48%).

Program Revenues total \$26,718,098 for 2020. Governmental Activities provided \$12,344,964 and Business-Type Activities provided \$14,373,134. Revenue collected for Charges for Services during 2020 was \$17,231,778 accounting for 64.49% of the total program revenues. Revenue collected for Capital Grants and Contributions accounts for 19.71% of the total program revenues. The following chart breaks down program revenues by sources:



General Revenues for 2020 totaled \$17,101,152. Governmental Activities provided \$16,811,186 and Business-Type Activities provided \$289,966. Sales Tax Revenues for 2020 totaled \$10,852,692 and Property Tax Revenue totaled \$4,380,374. The Sales Tax Revenues accounted for 63.46% and Property Tax Revenues were 25.61% of General Revenues. The following chart breaks down General Revenues by source:

GENERAL REVENUES



Expenses for 2020 totaled \$30,332,497, a decrease of (0.09%). Expenses for Governmental Activities totaled \$18,491,934 accounting for 60.96% of the total expenses. Expenses for Business-Type Activities totaled \$11,840,563 accounting for 39.04% of total expenses.

The following table shows the activities included within each program level:

Program Level	Activity
General Government	City Commission, City Manager, City Attorney, Finance Office, Information Systems, Contingency, Special Appropriations
Public Safety	Police Department, Custody of Prisoners, Animal Control, Fire Department, Civil Defense, Safety Center
Public Works	Engineering & Inspection, Streets & Highways, Snow & Ice Removal, City Hall, Traffic Control, Chan Gurney Airport
Culture & Recreation	Parks, Summit Activity Center, Marne Creek, Memorial Pool, Senior Citizens Center, Yankton Community Library
Community Development	Casualty Reserve, Tax Increment District
Capital Projects	Chan Gurney Airport Federal Capital Projects, Federal and State Pass Through Grants

Governmental Activities

To aid in the understanding of the Statement of Activities (Exhibit 2) some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for General Government in 2020, the City spent \$2,472,334 and received \$2,167,750 in charges for services, \$7,856 in capital grants and contributions, thus leaving a cost to the taxpayers of (\$296,728) 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 \$18,491,934. Of these costs, \$2,980,817 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 \$4,220,019, and costs paid by other governments and organizations that subsidized certain programs with capital grants and contributions were \$5,144,128, leaving a Net Expense of (\$6,146,970) 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 \$114,669,450, consisting of Net Position January 1, 2020 of \$85,478,558, General Revenues and transfers of \$16,845,928, and Program Revenues of \$12,344,964. Total Governmental Activities during the year expended \$18,491,934; thus, Net Position was increased by \$10,698,958 to \$96,177,516.

Business Type Activities

Business-Type Activities increased the City's net position by \$2,787,795.

The cost of all Business-Type Activities this year was \$11,840,563. As shown in the Statement of Activities, the amounts paid by users of the systems were \$14,250,961 and \$122,173 was funded from capital grants and contributions, \$255,224 was funded by general revenues and transfers, resulting in a net gain for Business-Type Activities of \$2,787,795.

Total resources available during the year to finance Business-Type Activities were \$60,691,076 consisting of Net Position January 1, 2020 of \$46,062,718, Program Revenues of \$14,373,134, General Revenues and Transfers of \$255,224. Total Business-Type Activities during the year expended \$11,840,563; thus Net Position was increased by \$2,787,795 to \$48,850,513.

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 2020 of \$31,761,649 (12.62% non-spendable, 19.61% restricted, 34.31% committed, 15.65% assigned, and 17.81% unassigned). The combined Governmental Funds fund balance decreased (\$2,833,799) from the prior year. The fund balance amount consists of \$4,009,292 of non-spendable funds committed for 1) perpetual care for cemetery \$50,000, 2) \$32,320 of inventories, 3) \$161,907 in vested reserves in our insurance carrier the South Dakota Public Assurance Association or SDPAA, 4) inventory of land for resale \$19,033 and 5) long term advances \$3,746,032; \$6,227,944 of restricted funds; \$10,897,861 of committed funds; \$4,969,451 of assigned funds, and \$5,657,101 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 \$14,797,492, an increase of \$3,228,114. 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 78.59% of total general fund expenditures, while total fund balance represents 107.23% of that same amount.

General fund revenues in 2020 increased \$3,715,732 or 27.41% due mostly to increases in property taxes, sales taxes, licenses and permits, and intergovernmental. Expenditures increased \$1,213,732 or 9.64%. The increase in expenditures included an increase of \$198,298 in current expenditures, an increase of 1.83%, an increase of \$81,306 in capital outlay, an increase of 5.10% from 2019's expenditures and an increase of \$933,768 in debt service, an increase of 544.10% from 2019.

The Special Capital Improvements Fund showed an increase in fund balance of \$1,951,061. This reflects a decrease in revenues of (\$105,479), offset by an increase in expenditures of \$205,266, and a decrease in transfers out of (\$1,949,280).

The TID #5 Fund balance remained a negative fund balance to end 2020 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 2020 year-end balance of \$7,054,139, a decrease of \$8,091,210, reflecting Capital construction expenses of \$8,410,168, offset by interest earned of \$109,939, and donations of \$348,572.

Financial Analysis of the City's Funds (Continued)

The Airport Capital Improvement fund, which is a new major fund for 2020, is funding the new improvements to the City's airport. The Airport Capital Improvement fund showed a 2020 year-end balance of \$127,450, a decrease of \$54,542, reflecting Capital construction expenditures of \$4,357,062, offset by intergovernmental revenue of \$4,290,157, and miscellaneous revenue of \$12,363.

The Other Governmental Funds ended 2020 with an increase in combined balance of \$132,778 to \$2,574,099.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the 2020 original (adopted) General Fund budget of \$24,512,884 to the final budget amount of \$27,172,106 shows a net increase of \$2,659,222. However, actual expenditures were \$10,712,556 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, 2020 was \$93,637,758 (net of accumulated depreciation and outstanding financings). This was an increase of \$17,803,287 or 23.48%. The comparative totals for capital assets for 2019 and 2020 are as follows:

CITY OF YANKTON CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Land	\$ 3,309,368	\$ 3,464,273	\$ 814,623	\$ 814,623	\$ 4,123,991
Construction in Progress	16,044,006	4,966,025	2,258,647	42,564,203	18,302,653	47,530,228
Buildings & Structures / Infrastructure	52,257,375	49,899,566	74,297,391	35,374,706	126,554,766	85,274,272
Land Improvements	-	-	2,112,628	2,115,735	2,112,628	2,115,735
Furniture and Equipment	9,099,219	8,862,772	1,532,440	1,387,575	10,631,659	10,250,347
Total	\$ 80,709,968	\$ 67,192,636	\$ 81,015,729	\$ 82,256,842	\$ 161,725,697	\$ 149,449,478

Buildings & Structures / Improvements and Construction in Progress were the major increases in capital outlays for Governmental Activities and Buildings & Structures / Improvements was the major increase in capital outlays for 2020 for Business-Type Activities. See note 6 in the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

At 2020 year end the City had \$71,324,693 of debt outstanding, a decrease of \$1,519,765 (total debt not offset by funds restricted to debt service).

Of the total debt, \$16,394,662 or 22.99% is to be paid from Governmental Activities including \$1,659,523 specifically from sales tax funds, and \$14,735,139 from property tax opt-out dollars; and \$54,930,031 or 77.01% in Business Type Activities including \$50,225,766 to be repaid from water user fees, \$791,610 to be paid from landfill revenues and \$3,912,655 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 \$53,476,187 with outstanding debt of \$24,986,837, leaving an unused balance of \$28,489,350 or 53.27% 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 \$46,337,856 of outstanding debt backed by surcharges with the legal debt capacity being \$106,952,373 leaving \$60,614,517 or 56.67% 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 2020 was \$32,405,693. It was a decrease of (\$16,137,078) or 33.24% of the 2019 total of \$48,542,771 (a city record). The average annual building permit value for the last ten years was \$30,692,339 and the 2020 total value was 105.58% of that average. New construction building permits included a new Northwestern Public Service Facility, a new Dairy Queen Restaurant, a new Edward D Jones office facility, a new Horizon Health Facility, a new addition to Cimpl's Packing Company, and a new dormitory facility for Mount Marty University. Remodels and additions included Yankton Medical Clinic, Walmart addition, and First Methodist Church remodel and addition. There were forty new home-building permits issued during the year, a decrease of four from 2019. There were also 10 new Housing units in town home situations and 32 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 2020 sales were up 0.74% over 2019's figures and totaled \$568,261,176 (a slight increase only but better than most South Dakota communities due to the impact of COVID).

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment
ASSETS				
Cash and Cash Equivalents	\$ 29,212,264	\$ 18,022,071	\$ 47,234,335	\$ 141,699
Receivables:				
Taxes	45,897	-	45,897	-
Accounts	4,603	1,790,611	1,795,214	-
Special Assessments	50,803	-	50,803	-
Other Receivables	-	-	-	5,814
Due from Other Governmental Agencies	3,022,688	54,672	3,077,360	-
Prepaid Expenses	187,685	89,641	277,326	1,893
Internal Balances	96,324	(96,324)	-	-
Property Held for Resale, At Cost	2,373,411	-	2,373,411	-
Inventories	284,068	574,334	858,402	-
Restricted Assets:				
Cash and Cash Equivalents	234,518	3,757,714	3,992,232	-
Deposits	161,907	268,463	430,370	-
Net Pension Asset	12,977	2,940	15,917	-
Land	3,309,368	814,623	4,123,991	-
Construction in Progress	16,044,006	2,258,647	18,302,653	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	61,356,594	77,942,459	139,299,053	-
Total Assets	<u>116,397,113</u>	<u>105,479,851</u>	<u>221,876,964</u>	<u>149,406</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	1,913,988	433,602	2,347,590	-
LIABILITIES				
Accounts Payable	2,969,380	1,228,245	4,197,625	367
Accrued Wages	319,688	71,153	390,841	4,265
Accrued Interest Payable	22,458	288,873	311,331	-
Accrued Expenses	13,619	-	13,619	-
Customer Deposits	1,040	5,107	6,147	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	-	2,334,436	2,334,436	-
General Obligation Bonds	166,914	-	166,914	-
Capital Lease	683,456	-	683,456	-
Compensated Absences	138,697	29,221	167,918	3,295
Due in more than one year:				
Revenue Bonds Payable	-	52,595,595	52,595,595	-
Capital Lease	14,051,683	-	14,051,683	-
General Obligation Bonds	1,492,609	-	1,492,609	-
Other Postemployment Benefit Obligation	18,607	-	18,607	-
Compensated Absences	557,612	125,680	683,292	2,296
Total Liabilities	<u>20,435,763</u>	<u>56,678,310</u>	<u>77,114,073</u>	<u>10,223</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Resources	1,697,822	384,630	2,082,452	-
Unavailable revenue- other	-	-	-	17,133
Total Deferred Inflows of Resources	<u>1,697,822</u>	<u>384,630</u>	<u>2,082,452</u>	<u>17,133</u>
NET POSITION				
Net Investment in Capital Assets	68,280,135	25,357,623	93,637,758	-
Restricted for:				
Pool Capital Construction	823,572	-	823,572	-
Debt Service	186,046	3,495,801	3,681,847	-
SDRS Pension Purposes	229,143	51,912	281,055	-
Lodging Sales Tax	794,503	-	794,503	-
Cumulative Reserve-SDPAA	161,907	268,463	430,370	-
Other Purposes	243,880	-	243,880	-
Perpetual Care				
Expendable	110,226	-	110,226	-
Nonexpendable	50,000	-	50,000	-
Unrestricted	25,298,104	19,676,714	44,974,818	122,050
Total Net Position	<u>\$ 96,177,516</u>	<u>\$ 48,850,513</u>	<u>\$ 145,028,029</u>	<u>\$ 122,050</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental Activities:			
General Government	\$ 2,472,334	\$ 2,167,750	\$ -
Public Safety	4,471,084	-	222,850
Public Works	6,586,141	560,687	3,481,712
Culture and Recreation	3,959,208	252,380	515,457
Community Development	511,327	-	-
Interest on Long-Term Debt	491,840	-	-
Total Governmental Activities	<u>18,491,934</u>	<u>2,980,817</u>	<u>4,220,019</u>
Business-Type Activities:			
Water	5,578,488	7,345,718	-
Wastewater	3,284,929	4,151,876	-
Solid Waste	1,210,833	1,273,713	-
Joint Powers- Landfill	1,619,052	1,479,654	-
Golf Course	147,261	-	-
Total Business-Type Activities	<u>11,840,563</u>	<u>14,250,961</u>	<u>-</u>
Component Units:			
Housing & Redevelopment	572,278	-	534,046
Total Component Unit	<u>\$ 572,278</u>	<u>\$ -</u>	<u>\$ 534,046</u>
General Revenues:			
Property taxes			
Sales and other Taxes			
Lodging Sales Tax			
Interest			
Reimbursements			
Miscellaneous			
Gain on Sale of Capital Assets			
Interfund Transfers			
Total General Revenues and Transfers			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			

EXHIBIT 2

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit Housing & Redevelopment
	Governmental Activities	Business-Type Activities	Total	
\$ 7,856	\$ (296,728)	\$ -	\$ (296,728)	\$ -
900	(4,247,334)		(4,247,334)	-
4,896,680	2,352,938		2,352,938	-
238,692	(2,952,679)		(2,952,679)	-
-	(511,327)		(511,327)	-
-	(491,840)		(491,840)	-
<u>5,144,128</u>	<u>(6,146,970)</u>		<u>(6,146,970)</u>	-
5,814		1,773,044	1,773,044	-
61,687		928,634	928,634	-
-		62,880	62,880	-
54,672		(84,726)	(84,726)	-
-		(147,261)	(147,261)	-
<u>122,173</u>		<u>2,532,571</u>	<u>2,532,571</u>	-
-	-	-	-	(38,232)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,232)</u>
	4,380,374	-	4,380,374	-
	10,852,692	-	10,852,692	-
	728,966	-	728,966	-
	270,656	179,423	450,079	294
	486,978	-	486,978	-
	-	59,080	59,080	17,679
	91,520	51,463	142,983	-
	34,742	(34,742)	-	-
	<u>16,845,928</u>	<u>255,224</u>	<u>17,101,152</u>	<u>17,973</u>
	10,698,958	2,787,795	13,486,753	(20,259)
	<u>85,478,558</u>	<u>46,062,718</u>	<u>131,541,276</u>	<u>142,309</u>
	<u>\$ 96,177,516</u>	<u>\$ 48,850,513</u>	<u>\$ 145,028,029</u>	<u>\$ 122,050</u>

CITY OF YANKTON, SOUTH DAKOTA
BALANCE SHEET
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Special Capital Improvements</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 9,805,861	\$ 8,625,910
Receivables (Net where applicable, of allowance for uncollectibles):		
Taxes	45,897	-
Accounts	3,176	-
Special Assessments	28,342	-
Due from Other Funds	-	2,032,153
Due from Other Governmental Agencies	1,739,914	633,181
Advances to Other Funds	3,746,032	-
Inventories	32,320	-
Property Held for Resale, At Cost	19,033	-
Restricted Assets:		
Cash and Cash Equivalents	81,271	-
Deposits	154,243	-
Total Assets	15,656,089	11,291,244
 <u>Liabilities</u>		
Accounts Payable	445,929	373,966
Accrued Wages	288,198	-
Unearned Revenue	13,619	-
Due to Other Funds	-	-
Customer Deposits	1,040	-
Advances from Other Funds	-	-
Total Liabilities	748,786	373,966
 <u>Deferred Inflows of Resources</u>		
Unavailable revenue- property taxes	45,897	-
Unavailable revenue- special assessments	28,342	-
Unavailable revenue- other taxes	26,457	19,417
Unavailable revenue- other	9,115	-
Total Deferred Inflows of Resources	109,811	19,417
 <u>Fund Balances</u>		
Non-Spendable:		
Perpetual Care	-	-
Inventories	32,320	-
Cumulative Reserve-SDPAA	154,243	-
Property Held for Resale	19,033	-
Long Term Advances	3,746,032	-
Restricted:		
Debt Service	-	-
Lodging Sales Tax	-	-
Capital Projects	-	-
Perpetual Care	-	-
Other Purposes	-	-
Committed:		
Special Capital Improvements (sales tax)	-	10,897,861
Assigned:		
Capital Projects	-	-
Unassigned	10,845,864	-
Total Fund Balances (Deficits)	14,797,492	10,897,861
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 15,656,089	\$ 11,291,244

EXHIBIT 3

TID #5	Pool Capital Construction	Airport Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 8,819,584	\$ -	\$ 1,866,474	\$ 29,117,829
-	-	-	-	45,897
-	447	-	980	4,603
-	-	-	22,461	50,803
-	-	-	-	2,032,153
-	-	575,416	69,592	3,018,103
-	-	-	-	3,746,032
-	-	-	-	32,320
-	-	-	2,354,378	2,373,411
-	-	-	153,247	234,518
-	-	-	7,664	161,907
-	8,820,031	575,416	4,474,796	40,817,576
-	1,765,892	10,858	302,251	2,898,896
-	-	-	29,371	317,569
-	-	-	-	13,619
-	-	437,108	1,498,721	1,935,829
-	-	-	-	1,040
3,689,392	-	-	56,640	3,746,032
3,689,392	1,765,892	447,966	1,886,983	8,912,985
-	-	-	-	45,897
-	-	-	11,408	39,750
-	-	-	2,306	48,180
-	-	-	-	9,115
-	-	-	13,714	142,942
-	-	-	50,000	50,000
-	-	-	-	32,320
-	-	-	7,664	161,907
-	-	-	-	19,033
-	-	-	-	3,746,032
-	-	-	208,504	208,504
-	-	-	794,503	794,503
-	4,870,831	-	-	4,870,831
-	-	-	110,226	110,226
-	-	-	243,880	243,880
-	-	-	-	10,897,861
-	2,183,308	127,450	2,658,693	4,969,451
(3,689,392)	-	-	(1,499,371)	5,657,101
(3,689,392)	7,054,139	127,450	2,574,099	31,761,649
-	\$ 8,820,031	\$ 575,416	\$ 4,474,796	\$ 40,817,576

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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, 2020

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 18)	\$ 31,761,649
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	80,537,419
Unavailable revenues that do not provide current financial resources for governmental activities	142,942
Accrued expenses from the balance sheet that do not require current financial resources for governmental activities	(22,458)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.	185,098
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.	212,718
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	(17,083,182)
Other Post Employment Benefit Liabilities are not due and payable in the current period and therefore are not reported in the funds	(14,424)
The Net Pension Asset does not provide resources in the current period and therefore is not reported in the funds	12,770
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.	444,984
	<hr/>
Total Net Position - Governmental Activities (page 14)	<u>\$ 96,177,516</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended December 31, 2020

	General	Special Capital Improvements
Revenue:		
Property Taxes	\$ 3,834,910	\$ -
Sales and Other Taxes	6,516,935	4,351,784
Special Assessments	-	-
Licenses and Permits	450,249	-
Intergovernmental	3,969,034	570,010
Charges for Services	2,284,558	-
Fines and Forfeits	6,294	-
Interest on Investments	57,321	91,349
Contributions	25,440	-
Miscellaneous	126,997	2,979
Total Revenue	17,271,738	5,016,122
Current Expenditures:		
General Government	2,326,237	-
Public Safety	3,172,945	-
Public Works	2,799,508	-
Culture and Recreation	2,721,820	-
Community Development	-	-
Capital Outlay:		
Public Works	404,117	2,884,995
Culture and Recreation	480,252	-
General Government	92,565	-
Public Safety	697,498	-
Debt Service	1,105,386	-
Total Expenditures	13,800,328	2,884,995
Excess (Deficiency) of Revenues Over Expenditures	3,471,410	2,131,127
Other Financing Sources (Uses):		
Proceeds From Sale of Capital Assets	108,475	-
Transfers In	453,685	-
Transfers Out	(805,456)	(180,066)
Total Other Financing Sources (Uses)	(243,296)	(180,066)
Net Change in Fund Balance	3,228,114	1,951,061
Fund Balances (Deficits)-Beginning of Year	11,569,378	8,946,800
Fund Balances (Deficits)- End of Year	\$ 14,797,492	\$ 10,897,861

EXHIBIT 4

TID #5	Pool Capital Construction	Airport Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 147,360	\$ -	\$ -	\$ 408,317	\$ 4,390,587
-	-	-	751,915	11,620,634
-	-	-	69,878	69,878
-	-	-	-	450,249
-	-	4,290,157	662,967	9,492,168
-	-	-	19,715	2,304,273
-	-	-	-	6,294
-	109,939	-	11,793	270,402
-	348,572	-	6,475	380,487
-	447	12,363	9,406	152,192
147,360	458,958	4,302,520	1,940,466	29,137,164
-	-	-	-	2,326,237
-	-	-	1,131,105	4,304,050
-	-	-	347,464	3,146,972
-	-	-	114,113	2,835,933
-	-	-	530,893	530,893
-	-	4,357,062	399,066	8,045,240
-	8,410,168	-	55,511	8,945,931
-	-	-	-	92,565
-	-	-	-	697,498
-	-	-	208,504	1,313,890
-	8,410,168	4,357,062	2,786,656	32,239,209
147,360	(7,951,210)	(54,542)	(846,190)	(3,102,045)
-	-	-	125,029	233,504
-	-	-	973,673	1,427,358
(147,360)	(140,000)	-	(119,734)	(1,392,616)
(147,360)	(140,000)	-	978,968	268,246
-	(8,091,210)	(54,542)	132,778	(2,833,799)
(3,689,392)	15,145,349	181,992	2,441,321	34,595,448
\$ (3,689,392)	\$ 7,054,139	\$ 127,450	\$ 2,574,099	\$ 31,761,649

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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, 2020

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

Net change in fund balances - total governmental funds (page 21)		\$ (2,833,799)
<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	\$ 17,105,512	
Depreciation Expense	<u>(3,357,590)</u>	13,747,922
Revenues reported in the funds that are not available to provide current financial resources:		(87,818)
Accrued interest expense that does not require current financial resources:		91,712
Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied.		(45,891)
Pension expenses reported in the Statement of Activities do not require the use of current financial resources.		(812,540)
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		197,421
Governmental funds report the proceeds from the sale of fixed assets as revenue, whereas the statement of activities reports the (Loss) on the sale of fixed assets. This is the effect on the change in net position on the statement of activities.		(267,712)
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.		61,175
Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources:		(23,267)
Other Post-Employment Benefits that do not require current financial resources.		9,239
Compensated absences that do not require current financial resources.		(67,822)
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>730,338</u>
Change in net position of governmental activities (page 16)		<u>\$ 10,698,958</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF NET POSITION
Proprietary Funds
December 31, 2020

	<u>Business-Type</u>	
	<u>Water</u>	<u>Wastewater</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 12,915,947	\$ 3,942,154
Receivables (Net where applicable, of allowance for uncollectibles):		
Accounts	852,926	610,418
Due from Other Governmental Agencies	-	-
Prepaid Insurance	30,556	28,678
Inventories	422,073	152,261
Total Current Assets	<u>14,221,502</u>	<u>4,733,511</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	3,631,366	-
Deposits	111,850	120,965
Net Pension Asset	760	1,191
Land	128,117	66,666
Construction in Progress	-	2,258,647
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	64,495,573	9,163,480
Total Noncurrent Assets	<u>68,367,666</u>	<u>11,610,949</u>
Total Assets	<u>82,589,168</u>	<u>16,344,460</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	<u>112,112</u>	<u>175,598</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	443,802	621,956
Accrued Wages	20,313	25,266
Accrued Interest Payable	260,445	26,960
Accrued Compensated Absences	6,906	12,347
Due to Other Funds	-	-
Customer Deposits	5,107	-
Revenue Bonds Payable- Current	1,712,073	513,005
Total Current Liabilities	<u>2,448,646</u>	<u>1,199,534</u>
Noncurrent Liabilities:		
Revenue Bonds Payable	48,513,693	3,399,650
Accrued Compensated Absences	27,625	49,386
Other Postemployment Benefit Obligation	-	-
Total Noncurrent Liabilities	<u>48,541,318</u>	<u>3,449,036</u>
Total Liabilities	<u>50,989,964</u>	<u>4,648,570</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	<u>99,450</u>	<u>155,766</u>
Total Deferred Inflows of Resources	<u>99,450</u>	<u>155,766</u>
NET POSITION		
Net investment in capital assets,	14,156,849	7,089,138
Restricted for:		
Debt Service	3,370,921	-
SDRS Pension Purposes	13,422	21,023
Cumulative Reserve-SDPAA	111,850	120,965
Unrestricted	13,958,824	4,484,596
Total Net Position	<u>\$ 31,611,866</u>	<u>\$ 11,715,722</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>
\$ 1,163,970	\$ 18,022,071	\$ 94,435
327,267	1,790,611	-
54,672	54,672	4,585
30,407	89,641	2,587
-	574,334	251,748
<u>1,576,316</u>	<u>20,531,329</u>	<u>353,355</u>
126,348	3,757,714	-
35,648	268,463	-
989	2,940	207
619,840	814,623	7,000
-	2,258,647	-
<u>4,283,406</u>	<u>77,942,459</u>	<u>165,549</u>
<u>5,066,231</u>	<u>85,044,846</u>	<u>172,756</u>
<u>6,642,547</u>	<u>105,576,175</u>	<u>526,111</u>
<u>145,892</u>	<u>433,602</u>	<u>30,529</u>
162,487	1,228,245	70,484
25,574	71,153	2,119
1,468	288,873	-
9,968	29,221	993
96,324	96,324	-
-	5,107	-
109,358	2,334,436	-
<u>405,179</u>	<u>4,053,359</u>	<u>73,596</u>
682,252	52,595,595	-
48,669	125,680	6,796
-	-	4,183
<u>730,921</u>	<u>52,721,275</u>	<u>10,979</u>
<u>1,136,100</u>	<u>56,774,634</u>	<u>84,575</u>
<u>129,414</u>	<u>384,630</u>	<u>27,081</u>
129,414	384,630	27,081
4,111,636	25,357,623	172,549
124,880	3,495,801	-
17,467	51,912	3,655
35,648	268,463	-
1,233,294	19,676,714	268,780
<u>\$ 5,522,925</u>	<u>\$ 48,850,513</u>	<u>\$ 444,984</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Business-Type</u>	
	<u>Water</u>	<u>Waste-water</u>
Operating Revenues:		
Charges for Services	\$ 7,345,718	\$ 4,151,876
Operating Expenses:		
Personal Services	636,210	729,833
Insurance	57,433	110,061
Professional Services	49,808	48,107
Tipping Fees	-	-
State Fees	5,030	29,620
Repairs and Maintenance	235,655	225,884
Cost of Sales and Service	-	-
Supplies and Materials	327,410	38,231
Travel and Conference	3,148	2,097
Utilities	516,944	166,030
Billing and Administration	688,700	658,092
Depreciation	1,796,354	1,141,574
Total Operating Expenses	4,316,692	3,149,529
Operating Income (Loss)	3,029,026	1,002,347
Non-Operating Income (Expense):		
Interest Income	137,702	30,618
Gain on Disposition of Assets	-	-
Miscellaneous, net	4,485	606
Interest Expense	(1,261,796)	(135,400)
Total Non-Operating Income (Expenses)	(1,119,609)	(104,176)
Income (Loss) Before Contributions and Transfers	1,909,417	898,171
Transfers In	-	-
Transfers (Out)	(71,346)	(60,046)
Capital Contributions	5,814	61,687
Change in Net Position	1,843,885	899,812
Net Position - Beginning	29,767,981	10,815,910
Net Position - Ending	\$ 31,611,866	\$ 11,715,722

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>
\$ 2,753,367	\$ 14,250,961	\$ 662,902
765,112	2,131,155	136,534
33,044	200,538	-
71,634	169,549	3,106
202,540	202,540	-
-	34,650	-
324,966	786,505	22,931
865,081	865,081	-
6,707	372,348	385,857
-	5,245	-
26,361	709,335	18,168
267,653	1,614,445	-
394,810	3,332,738	25,364
<u>2,957,908</u>	<u>10,424,129</u>	<u>601,727</u>
(204,541)	3,826,832	61,175
11,103	179,423	-
51,463	51,463	-
53,989	59,080	-
(19,238)	(1,416,434)	-
<u>97,317</u>	<u>(1,126,468)</u>	<u>-</u>
(107,224)	2,700,364	61,175
96,650	96,650	-
-	(131,392)	-
54,672	122,173	-
44,098	2,787,795	61,175
5,478,827	46,062,718	383,809
<u>\$ 5,522,925</u>	<u>\$ 48,850,513</u>	<u>\$ 444,984</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type	
	Water	Waste-Water
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 7,203,977	\$ 4,080,379
Cash Received from Interfund Services Provided	212,271	29,078
Cash Paid to Suppliers for Goods and Services	(4,223,828)	(1,193,483)
Cash Paid to Employees for Services	(601,081)	(663,293)
Cash Paid for Interfund Services	(12,639)	(21,689)
Other Nonoperating Revenues	4,486	606
Net Cash Provided from Operating Activities	<u>2,583,186</u>	<u>2,231,598</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,117,109)	(482,931)
Proceeds from Sale of Capital Assets	-	-
Proceeds from Bond Issuance	1,601,924	297,356
Principal Paid on Notes, Bonds and Leases	(1,601,520)	(980,290)
Interest Paid on Notes and Bonds	(1,281,131)	(145,736)
Net Cash (Used) by Capital and Related Financing Activities	<u>(2,397,836)</u>	<u>(1,311,601)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Due to Other Funds	-	-
Transfers (Out)	(71,346)	(60,046)
Receipts from Other Governments	5,814	61,687
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(65,532)</u>	<u>1,641</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	137,700	30,618
Net Cash Provided from Investing Activities	<u>137,700</u>	<u>30,618</u>
Net Increase (Decrease) in Cash and Cash Equivalents	257,518	952,256
Cash and Cash Equivalents at Beginning of Year	<u>16,289,795</u>	<u>2,989,898</u>
Cash and Cash Equivalents at End of Year	<u>16,547,313</u>	<u>3,942,154</u>

	Business-Type	
	Water	Waste-Water
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	3,029,026	1,002,347
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,796,354	1,141,574
Other Non-Operating Income	4,486	606
(Increase) Decrease in Assets:		
Accounts Receivable	(19,897)	(42,420)
Due From Other Governments	90,426	-
Prepaid Expenses	(2,194)	1,833
Net Pension Asset / Liability	1,444	1,349
Pension Related Deferred Outflows	(9,897)	(57,836)
Inventories	(205,030)	34,634
Deposits	(33,675)	5,760
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,110,731)	20,723
Customer Deposits	(708)	-
Accrued Wages	2,415	8,635
Accrued Compensated Absences	(12,934)	10,874
Other Postemployment Benefit Obligation	-	-
Pension Related Deferred Inflows	54,101	103,519
Total Adjustments	<u>(445,840)</u>	<u>1,229,251</u>
Net Cash Provided by Operating Activities	<u>2,583,186</u>	<u>2,231,598</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers and City Contribution of Capital Assets	5,814	61,687
	<u>\$ 5,814</u>	<u>\$ 61,687</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Cash Equivalents	12,915,947	3,942,154
Restricted Cash and Cash Equivalents	3,631,366	-
	<u>\$ 16,547,313</u>	<u>\$ 3,942,154</u>

EXHIBIT 7

<u>Business-Type</u>		<u>Governmental</u>
<u>Nonmajor</u>		<u>Activities-</u>
<u>Enterprise Funds</u>	<u>Totals</u>	<u>Internal</u>
		<u>Service Fund</u>
\$ 2,707,055	\$ 13,991,411	\$ 60,896
6,656	248,005	595,142
(1,463,386)	(6,880,897)	(433,911)
(706,230)	(1,970,604)	(133,304)
(269,579)	(303,907)	(2,048)
53,989	59,081	-
<u>328,505</u>	<u>5,143,289</u>	<u>86,775</u>
(508,528)	(2,108,568)	(62,486)
68,400	68,400	-
-	1,899,280	-
(106,897)	(2,688,707)	-
(19,449)	(1,446,316)	-
<u>(566,474)</u>	<u>(4,275,911)</u>	<u>(62,486)</u>
96,324	96,324	-
96,650	(34,742)	-
-	67,501	-
<u>192,974</u>	<u>129,083</u>	<u>-</u>
11,107	179,425	-
<u>11,107</u>	<u>179,425</u>	<u>-</u>
(33,888)	1,175,886	24,289
1,324,206	20,603,899	70,146
<u>1,290,318</u>	<u>21,779,785</u>	<u>94,435</u>
<u>Business-Type</u>		<u>Governmental</u>
<u>Nonmajor</u>		<u>Activities-</u>
<u>Enterprise Funds</u>	<u>Totals</u>	<u>Internal</u>
		<u>Service Fund</u>
(204,541)	3,826,832	61,175
394,810	3,332,738	25,364
53,989	59,081	-
(39,654)	(101,971)	-
-	90,426	2,980
3,590	3,229	409
1,615	4,408	225
(25,130)	(92,863)	(10,483)
-	(170,396)	(29,148)
1,736	(26,179)	-
59,694	(2,030,314)	22,843
-	(708)	-
9,131	20,181	(708)
527	(1,533)	(706)
(3,097)	(3,097)	(3,363)
75,835	233,455	18,187
<u>533,046</u>	<u>1,316,457</u>	<u>25,600</u>
<u>328,505</u>	<u>5,143,289</u>	<u>86,775</u>
54,672	122,173	-
<u>\$ 54,672</u>	<u>\$ 122,173</u>	<u>\$ -</u>
1,163,970	18,022,071	94,435
126,348	3,757,714	-
<u>\$ 1,290,318</u>	<u>\$ 21,779,785</u>	<u>\$ 94,435</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020. 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, 2020, 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, 2020**

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, 2020**

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
DECEMBER 31, 2020**

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, 2020**

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.

Airport Capital Improvement Fund – This fund is used to account for the revenue and expenditures of the airport improvement project for 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; of (b) repurchase agreements fully collateralized by securities described in (a) and meeting the requirements of SDCL 4-5-9, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the one hundred largest United States commercial banks, as measured by domestic deposits; or (c) in shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933 and whose only investments are in securities described in (a) and repurchase agreements described in (b). The component unit maintains their own cash.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on month-end deposit and investment balances.

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

The City 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, 2020**

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
DECEMBER 31, 2020

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, 2020. 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, 2020**

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, 2020**

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, 2020 were \$51,513,566. 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, 2020, consisted of the following:

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 - ESTIMATED UNCOLLECTIBLE RECEIVABLES (CONTINUED)

	<u>Utility Accounts Receivable</u>	<u>Special Assessment Receivable</u>
Fund:		
Infrastructure Improvement Revolving	\$ -	\$ 42,000
Water Fund	46,442	-
Wastewater Fund	21,023	-
Solid Waste Fund	19,941	-
	<u>\$ 87,406</u>	<u>\$ 42,000</u>

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at December 31, 2020, include the following:

	<u>General</u>	<u>Special Capital Improvement Fund</u>	<u>Airport Capital Improvement</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service</u>	<u>Joint Powers Landfill</u>	<u>Total</u>
County Remitted Taxes	\$ 19,460	\$ -	\$ -	\$ 836	\$ -	\$ -	\$ 20,296
County Garage Charges	-	-	-	-	4,585	-	4,585
County Share of Senior Center and Others	11,746	-	-	-	-	-	11,746
State Remitted Sales Tax	645,672	487,086	-	62,710	-	-	1,195,468
State Remitted Liquor and Other Taxes	29,727	-	-	-	-	-	29,727
State Road Aid	62,091	146,095	-	-	-	-	208,186
Grants	948,372	-	575,416	-	-	54,672	1,578,460
Other	22,846	-	-	6,046	-	-	28,892
	<u>\$ 1,739,914</u>	<u>\$ 633,181</u>	<u>\$ 575,416</u>	<u>\$ 69,592</u>	<u>\$ 4,585</u>	<u>\$ 54,672</u>	<u>\$ 3,077,360</u>

NOTE 6 - CAPITAL ASSETS

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

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2020</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,464,273	\$ 70,597	\$ 225,502	\$ 3,309,368
Construction in Progress	4,966,025	15,674,469	4,596,488	16,044,006
Total capital assets not being depreciated	<u>8,430,298</u>	<u>15,745,066</u>	<u>4,821,990</u>	<u>19,353,374</u>
Capital assets being depreciated:				
Buildings & Structures	80,876,342	4,596,488	220,401	85,252,429
Furniture & Equipment	19,311,135	1,422,932	642,246	20,091,821
Total Capital assets being depreciated	<u>100,187,477</u>	<u>6,019,420</u>	<u>862,647</u>	<u>105,344,250</u>
Less: Accumulated Depreciation for:				
Buildings	30,976,776	2,238,679	220,401	32,995,054
Furniture & Equipment	10,448,363	1,144,275	600,036	10,992,602
Total Accumulated Depreciation	<u>41,425,139</u>	<u>3,382,954</u>	<u>820,437</u>	<u>43,987,656</u>
Total capital assets being depreciated, net	<u>58,762,338</u>	<u>2,636,466</u>	<u>42,210</u>	<u>61,356,594</u>
Governmental activities capital assets, net	<u>\$ 67,192,636</u>	<u>\$ 18,381,532</u>	<u>\$ 4,864,200</u>	<u>\$ 80,709,968</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 - CAPITAL ASSETS – (CONTINUED)

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 814,623	\$ -	\$ -	\$ 814,623
Construction in Progress	42,564,203	1,610,504	41,916,060	2,258,647
Total capital assets not being depreciated	<u>43,378,826</u>	<u>1,610,504</u>	<u>41,916,060</u>	<u>3,073,270</u>
Capital assets being depreciated:				
Buildings & Structures	72,841,308	41,876,674	5,614	114,712,368
Land Improvements	2,190,048	-	-	2,190,048
Furniture & Equipment	5,826,780	537,449	319,445	6,044,784
Total Capital assets being depreciated	<u>80,858,136</u>	<u>42,414,123</u>	<u>325,059</u>	<u>122,947,200</u>
Less: Accumulated Depreciation for :				
Buildings & Structures	37,466,602	2,953,984	5,614	40,414,972
Land Improvements	74,313	3,107	-	77,420
Furniture & Equipment	4,439,205	375,647	302,503	4,512,349
Total Accumulated Depreciation	<u>41,980,120</u>	<u>3,332,738</u>	<u>308,117</u>	<u>45,004,741</u>
Total capital assets being depreciated, net	<u>38,878,016</u>	<u>39,081,385</u>	<u>16,942</u>	<u>77,942,459</u>
Business-type activities capital assets, net	<u>\$ 82,256,842</u>	<u>\$ 40,691,889</u>	<u>\$ 41,933,002</u>	<u>\$ 81,015,729</u>

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

Governmental Activities:	
General Government	\$ 41,557
Community Development	3,789
Public Safety	388,794
Public Works	2,331,490
Culture and Recreation	617,324
Total depreciation expense - governmental activities	<u>\$ 3,382,954</u>

Depreciation expense of \$25,364 was charged to the Internal Service Fund and is included in the Public Works total shown above.

Business-type activities:	
Water	\$ 1,796,354
Wastewater	1,141,574
Solid Waste	95,301
Golf Course	91,847
Joint Powers Landfill	207,662
Total depreciation expense - business-type activities	<u>\$ 3,332,738</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 - CAPITAL ASSETS – (CONTINUED)

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Component Unit:				
Capital Assets, being depreciated				
Furniture & Equipment	\$ 4,615	\$ -	\$ -	\$ 4,615
Total capital assets, being depreciated	<u>4,615</u>	<u>-</u>	<u>-</u>	<u>4,615</u>
Less: Accumulated Depreciation	<u>4,615</u>	<u>-</u>	<u>-</u>	<u>4,615</u>
Component unit capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-type Activities
Land	\$ 3,309,368	\$ 814,623
Construction in Progress	16,044,006	2,258,647
Capital Assets (net of accumulated depreciation)	61,356,594	77,942,459
Add: Unspent Bond Proceeds	4,047,259	-
Less: Revenue Bonds	-	54,930,031
Capital Leases	14,735,139	-
Retainage Payable	666,866	-
Accounts Payable	<u>1,075,087</u>	<u>728,075</u>
Net Investment in Capital Assets	<u>\$ 68,280,135</u>	<u>\$ 25,357,623</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 - COMMITMENTS

During the year ended December 31, 2020, the City had entered into several construction contracts totaling approximately \$56,057,689 of which approximately \$53,167,455 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	\$15,310,000	\$ -	\$(574,861)	\$14,735,139

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, 2020:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 683,456	\$ 421,870	\$ 1,105,326
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
2026-2030	3,774,090	1,363,964	5,138,054
2031-2035	3,846,449	824,207	4,670,656
2036-2040	3,503,283	233,242	3,736,525
Totals	\$ 14,735,139	\$ 4,334,305	\$ 19,069,444

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020 (in thousands of dollars):

	<u>Governmental</u>						
	2019 Sales Tax Bond	Water Revenue (SRF) - Direct Borrowing	Wastewater Revenue (SRF) - Direct Borrowing	2011 Wastewater Refunding Bonds	Joint Power Landfill Revenue Loans (SWMP) (RLA) – Direct Borrowing	Solid Waste REC Loan – Direct Borrowing	Total
Notes/Bonds Payable at January 1, 2020	\$ 1,815	\$ 50,226	\$ 4,096	\$ 500	\$ 461	\$ 438	\$ 57,536
Notes/Bonds Issued	-	1,602	297		-	-	1,899
Notes/Bonds Retired	(155)	(1,602)	(480)	(500)	(62)	(45)	(2,844)
Notes/Bonds Payable at December 31, 2020	<u>\$ 1,660</u>	<u>\$ 50,226</u>	<u>\$ 3,913</u>	<u>\$ -</u>	<u>\$ 399</u>	<u>\$ 393</u>	<u>\$ 56,591</u>

Debt outstanding at December 31, 2020, 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.	\$ 166,914	\$ 1,492,609	\$ 1,659,523
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.	63,614	335,238	398,852
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.	1,712,073	48,513,693	50,225,766
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.	513,005	3,399,650	3,912,655
Solid Waste REC Loan Maturing December 1, 2028 With an interest rate of 2.1% per Annum, paid by Solid Waste Fund.	45,744	347,014	392,758
Totals	<u>\$2,501,350</u>	<u>\$ 54,088,204</u>	<u>\$ 56,589,554</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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.

In April, 2011, the City issued \$4,325,000 of Wastewater Revenue Refunding Bonds, Series 2011B, which were used in addition to approximately \$285,000 of existing City funds to refund Clean Water State Revolving Loans #1 and #2. The 2011 bonds have an average interest rate of 2.63% and the bonds being refunded had an average interest rate of 4.68%. As a result of this refunding the City will reduce its debt service payments over the next ten years by \$635,867 and obtain an economic gain of \$839,610.

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, 2020, \$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, 2020, \$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, 2020, \$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 even 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, 2020, including interest payments of \$18,669,487 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
2021	\$ 166,914	\$ 40,990	\$ 513,005	\$ 112,561	\$ 1,712,073	\$ 1,228,292
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
2026-2030	782,695	48,921	811,739	245,596	8,809,640	4,588,681
2031-2035	-	-	942,578	114,757	8,412,684	3,501,584
2036-2040	-	-	258,489	5,845	9,242,324	2,440,818
2041-2045	-	-	-	-	10,438,526	1,244,616
2046-2050	-	-	-	-	4,795,445	142,286
Total	\$ 1,659,523	\$ 211,613	\$ 3,912,655	\$ 789,739	\$ 50,225,766	\$ 17,601,864

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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
2021	\$ 63,614	\$ 9,362	\$ 45,744	\$ 7,628	\$ 2,501,350	\$ 1,398,832
2022	65,213	7,763	46,663	6,708	2,579,099	1,332,962
2023	66,853	6,122	47,601	5,770	2,651,559	1,260,503
2024	68,536	4,440	48,558	4,813	2,045,887	1,194,796
2025	60,556	2,714	49,534	3,837	2,088,802	1,142,177
2026-2030	74,081	1,656	154,657	5,458	10,632,812	4,890,312
2031-2035	-	-	-	-	9,355,262	3,616,341
2036-2040	-	-	-	-	9,500,813	2,446,663
2041-2045	-	-	-	-	10,438,526	1,244,616
2046-2050	-	-	-	-	4,795,445	142,286
Total	\$ 398,852	\$ 32,057	\$ 392,758	\$ 34,215	\$ 56,589,554	\$ 18,669,487

C. Accrued Compensated Absences

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 629,193	\$ 192,955	\$ 125,839	\$ 696,309	\$ 138,697
Business-Type Activities:					
Compensated Absences	156,434	29,754	31,287	154,901	29,221
Total Accrued Compensated Absences	\$ 785,627	\$ 222,709	\$ 157,126	\$ 851,210	\$ 167,918

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, 2020 were as follows:

	Interfund Receivables	Interfund Payables
Due From/To Other Funds:		
Capital Projects – Special Capital Improvements	\$ 2,032,153	\$ -
Capital Projects – Public Improvement	-	1,498,721
Capital Projects – Airport Capital Improvement	-	437,108
Enterprise – Joint Powers Landfill	-	96,324
	\$ 2,032,153	\$ 2,032,153

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 - INTERFUND ASSETS/LIABILITIES – (CONTINUED)

As of December 31, 2020, long-term advances were as follows:

	Interfund Receivables	Interfund Payables
Advances From/To Other funds:		
General Fund	\$ 3,746,032	\$ -
TID #5	-	3,689,392
Bridge & Street	-	56,640
	\$ 3,746,032	\$ 3,746,032

The long-term advances were used as internal financing for equipment purchases for the general fund and interim borrowing to the TID #5 and Bridge & Street 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, 2020, the following fund had a deficit fund balance:

Special Revenue:	
TID #5	\$ 3,689,392

The TID #5 deficit 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 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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 - PENSION PLAN (CONTINUED)

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. 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 2020, 2019, and 2018 were \$492,393, \$473,194, and \$472,668, respectively, equal to the required contributions each year.

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

At June 30, 2020, SDRS is 100.04% funded and, accordingly, has 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, 2020 and reported by the City as of December 31, 2020 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 45,051,725
Less: proportionate share Net Pension restricted for pension benefits	45,067,642
Proportionate share of net pension liability (asset)	\$ (15,917)

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 12 - PENSION PLAN (CONTINUED)

At December 31, 2020, the City reported an (asset) of \$(15,917) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2020 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, 2020, the City's proportion was 0.3664829%, which is a decrease of .0029759% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$768,051. At December 31, 2020 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	\$ 60,888	\$ 12,468
Changes in assumption	512,676	2,067,650
Net Difference between projected and actual earnings on pension plan investments	1,479,341	-
Changes in Proportion and difference between City contributions and proportionate share of contributions	47,909	2,334
City contributions subsequent to the measurement date	246,776	-
TOTAL	\$ 2,347,590	\$ 2,082,452

\$246,776 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, 2021. 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:

<u>Year Ending December 31</u>	
2021	\$ (155,353)
2022	(128,208)
2023	25,661
2024	276,262
Total	\$ 18,362

Actuarial Assumptions:

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

Inflation	2.25 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	1.41%

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020 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, 2020 (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%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	<u>2.0%</u>	1.0%
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)	\$ 6,174,462	\$ (15,917)	\$(5,079,524)

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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:

	Total			
	General	Nonmajor Governmental	Enterprise Nonmajor	Total Transfer Out
General	\$ -	\$ 708,806	\$ 96,650	\$ 805,456
Nonmajor Governmental	2,227	117,507	-	119,734
Special Capital Improvements	180,066	-	-	180,066
Pool Capital Construction	140,000	-	-	140,000
TID #5	-	147,360	-	147,360
Wastewater	60,046	-	-	60,046
Water	71,346	-	-	71,346
Transfer In	<u>\$ 453,685</u>	<u>\$ 973,673</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, 2020, the City managed its risks as follows:

Employee Health Insurance: The City purchases health insurance for its employees from a commercial insurance carrier.

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

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 14 - RISK MANAGEMENT (CONTINUED)

City pays an annual premium to the pool to provide coverage for general liability, official's liability, auto liability, law enforcement liability, property, and boiler and machinery.

The agreement with the SDPAA provides that the above coverages will be provided to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$250,000 for property coverage and \$500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund.

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

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

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

All refunds shall be paid to the withdrawing Member over a five-year term.

The amount available for refund to the Municipality is considered a deposit for financial reporting purposes.

As of December 31, 2020, the City's balance available to be refunded per the SDPAA was \$430,370, which was an increase of \$18,201 from the previous year. The change in the amount available for refund was reported as a decrease in the insurance expenditure/expenses.

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

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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:

The Plan was closed and stopped admitting new members as of December 31, 2013. At December 31, 2020, 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 \$18,607 was measured as of December 31, 2020, using the alternative measurement method.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 34,306
Changes for the year:	
Service cost	-
Interest	-
Differences between expected and actual experiences	-
Changes in assumptions	-
Benefit payments	(15,699)
Net changes	(15,699)
Total OPEB liability end of year	\$ 18,607

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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

	1% Decrease (4.0%)	Healthcare Cost Trend Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	\$ 18,262	\$ 18,607	\$ 18,822

For the year ended December 31, 2020, 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 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 2020 for this component was \$37,118.

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, and 2020 it was agreed the County would pay \$60,000 per year for dispatch services, which was appropriately paid.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 17 – RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2020 was as follows:

Major Purposes:		
Lodging Sales Tax – Enabling Legislation	\$ 794,503	
Debt Service – External Creditors	3,681,847	
Cumulative Reserve – SDPAA	430,370	
Pool Capital Construction	823,572	
SDRS Pension Purposes	281,055	
Total Major Purposes		\$ 6,011,347
Permanently Restricted Purposes:		
Cemetery Perpetual Care – Expendable	110,226	
Cemetery Perpetual Care – Nonexpendable	50,000	
Total Permanently Restricted Purposes		160,226
Other Purposes:		
Historic Easement Trust	23,668	
Library – Enabling Legislation	31,367	
TID	60,835	
Roads and Bridges – Enabling Legislation	128,010	
Total Other Purposes		243,880
Total Restricted Net Position		\$ 6,415,453

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, 2020, the City abated \$97,332 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, 2020, the City abated \$375,658 of municipal retail occupation sales and service tax under said agreements.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 – ACCOUNTING CHANGE

Governmental Accounting Standard Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2020. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. In the prior fiscal year, the Employee Benefits and Sales Tax funds were classified as agency funds. Due to GASB No. 84, both of these funds do not qualify as fiduciary activities and were moved to the General Fund.

NOTE 20 – SUBSEQUENT EVENT

On August 16, 2021, the City received \$4,500,000 in clean water revenue bonds for the Wastewater Treatment Plant Improvement project

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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, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Revenues:				
Taxes - Current Property	\$ 2,778,871	\$ 2,778,871	\$ 3,834,910	\$ 1,056,039
Taxes - Sales and Other	6,086,398	6,086,398	6,516,935	430,537
Licenses and Permits	329,675	329,675	450,249	120,574
Intergovernmental	7,570,502	7,570,502	3,969,034	(3,601,468)
Charges for Service	2,748,330	2,748,330	2,284,558	(463,772)
Fines and Forfeits	4,250	4,250	6,294	2,044
Interest	-	-	57,321	57,321
Miscellaneous	75,370	75,370	152,437	77,067
Total Revenues	19,593,396	19,593,396	17,271,738	(2,321,658)
Expenditures:				
General Government:				
Board of City Commission	154,283	404,283	299,326	104,957
Office of City Manager	388,639	388,639	359,930	28,709
City Attorney	113,721	131,221	83,229	47,992
Department of Finance	683,044	683,044	592,607	90,437
Information Systems	466,561	644,705	470,279	174,426
Community Development	540,682	540,682	473,881	66,801
Contingency	300,000	300,000	-	300,000
Casualty Reserve Fund	5,000	5,000	1,993	3,007
Special Appropriations	132,187	140,187	137,557	2,630
Total General Government	2,784,117	3,237,761	2,418,802	818,959
Public Safety:				
Police Department	3,523,530	4,348,712	3,360,366	988,346
Fire Department	782,963	785,963	680,200	105,763
Civil Defense	4,960	4,960	1,132	3,828
Total Public Safety	4,311,453	5,139,635	4,041,698	1,097,937
Public Works:				
Engineering and Inspection	687,501	687,501	568,137	119,364
Streets and Highways	2,241,127	2,367,523	1,522,336	845,187
Snow and Ice Removal	266,777	326,777	150,128	176,649
City Hall	325,379	335,379	174,512	160,867
Traffic Control	650,209	650,209	501,529	148,680
Chan Gurney Airport	620,494	620,494	286,983	333,511
Total Public Works	4,791,487	4,987,883	3,203,625	1,784,258

(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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Culture and Recreation:				
Marne Creek	9,113,151	9,113,151	343,608	8,769,543
Summit Activities Center	857,311	884,311	623,398	260,913
Memorial Park Pool	27,233	1,067,233	936,859	130,374
Parks and Recreation	1,723,262	1,837,262	1,595,823	241,439
Senior Citizens Center	95,478	95,478	66,103	29,375
Yankton Community Library	809,392	809,392	570,412	238,980
Total Culture and Recreation	<u>12,625,827</u>	<u>13,806,827</u>	<u>4,136,203</u>	<u>9,670,624</u>
Total Expenditures	<u>24,512,884</u>	<u>27,172,106</u>	<u>13,800,328</u>	<u>13,371,778</u>
Excess of Revenues over Expenditures	<u>(4,919,488)</u>	<u>(7,578,710)</u>	<u>3,471,410</u>	<u>11,050,120</u>
Other Financing Sources (Uses):				
Operating Transfers In	2,493,324	2,633,324	453,685	(2,179,639)
Operating Transfers (Out)	(745,936)	(1,384,925)	(805,456)	579,469
Proceeds from Sale of Capital Assets	-	-	108,475	108,475
Total Other Financing Sources (Uses)	<u>1,747,388</u>	<u>1,248,399</u>	<u>(243,296)</u>	<u>(1,491,695)</u>
Excess (Deficiency) of Revenues over Expenditures and Other Uses	<u>(3,172,100)</u>	<u>(6,330,311)</u>	<u>3,228,114</u>	<u>\$ 9,558,425</u>
Fund Balances at Beginning of Year	<u>11,569,378</u>	<u>11,569,378</u>	<u>11,569,378</u>	
Fund Balances at End of Year	<u>\$ 8,397,278</u>	<u>\$ 5,239,067</u>	<u>\$ 14,797,492</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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues:				
Taxes - Current Property	\$ 143,675	\$ 143,675	\$ 147,360	\$ 3,685
Total Revenues	<u>143,675</u>	<u>143,675</u>	<u>147,360</u>	<u>3,685</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>147,360</u>	<u>3,685</u>
Other Financing Sources (Uses):				
Operating Transfers In	55,914	55,914	-	(55,914)
Operating Transfers (Out)	(194,610)	(194,610)	(147,360)	47,250
Total Other Financing Sources (Uses)	<u>(138,696)</u>	<u>(138,696)</u>	<u>(147,360)</u>	<u>(8,664)</u>
Excess (Deficiency) of Revenues over Expenditures and Other Uses	<u>4,979</u>	<u>4,979</u>	<u>-</u>	<u>\$ (4,979)</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>\$ (3,684,413)</u>	<u>\$ (3,684,413)</u>	<u>\$ (3,689,392)</u>	

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020 to the original appropriations by fund were as follows for the General Fund:

	Original Appropriations	Total Revisions	Revised Appropriations
General Fund:			
General Government			
Information Systems	\$ 466,561	\$ 178,144	\$ 644,705
Board of City Commission	154,283	250,000	404,283
City Attorney	113,721	17,500	131,221
Special Appropriations	132,187	8,000	140,187
Public Safety			
Police Department	3,523,530	825,182	4,348,712
Fire Department	782,963	3,000	785,963
Public Works			
Snow & Ice Removal	2,241,127	126,396	2,367,523
Streets and Highways	266,777	60,000	326,777
City Hall	325,379	10,000	335,379
Culture and Recreation			
Parks & Recreation	1,723,262	114,000	1,837,262
Summit Activities Center	857,311	27,000	884,311
Memorial Park Pool	27,233	1,040,000	1,067,233
Transfers Out	745,936	638,989	1,384,925

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, 2020**

Exhibit 10

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, 2020.

7. Formal budgetary integration is employed as a management control device during the year for the General Fund, capital projects funds, and all special revenue funds, with the exception of the Library Trust and Historic Easement Trust Funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions. The City Manager is authorized to transfer budgeted amounts between departments within any fund, except the General Fund. The component unit does not have a formal budget.
8. Budgets for the General Fund, special revenue funds, and capital projects funds are adopted on a basis consistent with U.S. generally accepted accounting principals (GAAP).
9. The City is prohibited by statute from spending in excess of appropriated amounts at the department level in the General Fund. Expenditures did not exceed appropriations within the General Fund for the year ended December 31, 2020.
10. GAAP/Budgetary Accounting Basis Differences

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

CITY OF YANKTON, SOUTH DAKOTA
Schedule of Changes in the City's
Total OPEB Liability, Related Ratios and Notes
For the Year Ended December 31, 2020
Required Supplementary Information

Exhibit 11

	2020	2019	2018
Service Cost	\$ -	\$ -	\$ -
Interest Cost	-	-	-
Difference between expected and actual experiences	-	(5,240)	(2,468)
Changes in assumptions	-	-	-
Benefit payments	(15,699)	(18,458)	(24,513)
Net change in total OPEB liability	(15,699)	(23,698)	(26,981)
Total OPEB liability beginning of year	34,306	58,004	84,985
Total OPEB liability end of year	\$ 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%

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
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
Municipality's proportion of the net pension liability (asset)	0.37916180%	0.38171770%	0.38265660%	0.38897970%	0.37324390%	0.36945880%	0.36648290%
Municipality's proportionate share of net pension liability (asset)	\$ (2,732)	\$ (1,619)	\$ 1,293	\$ (35)	\$ (9)	\$ (39)	\$ (16)
Municipality's covered payroll	\$ 6,257	\$ 6,487	\$ 6,764	\$ 7,360	\$ 7,229	\$ 7,319	\$ 7,465
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%
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%

* 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>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>	<u>2011</u>
Contractually required contribution	\$ 492	\$ 473	\$ 472	\$ 460	\$ 449	\$ 441	\$ 404	\$ 406	\$ 393	\$ 381
Contributions in relation to the contractually required contribution	<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>	<u>381</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	\$ 7,602	\$ 7,348	\$ 7,335	\$ 7,141	\$ 6,973	\$ 6,843	\$ 6,257	\$ 6,286	\$ 6,080	\$ 5,887
Contributions as a percentage of covered payroll	6.48%	6.44%	6.44%	6.45%	6.44%	6.45%	6.46%	6.46%	6.46%	6.47%

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

Changes of Prior Valuation:

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes

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

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

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

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

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

Actuarial Method Changes

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

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OTHER SUPPLEMENTARY INFORMATION

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

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 10th Street – This fund is used to account for expenditures for improvements in the West 10th 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

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

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.

**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, 2020

	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
Assets								
Cash and Cash Equivalents	\$ 208,504	\$ 27,602	\$ 267,863	\$ 36,385	\$ 38,173	\$ 145,993	\$ 11,702	\$ 3,614
Receivables (Net where applicable, of allowance for uncollectibles):								
Accounts	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	6,046	-	-	484	-	352
Property Held for Resale	-	-	-	-	-	-	-	-
Restricted Assets:								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Deposits	-	7,664	-	-	-	-	-	-
Total Assets	<u>208,504</u>	<u>35,266</u>	<u>273,909</u>	<u>36,385</u>	<u>38,173</u>	<u>146,477</u>	<u>11,702</u>	<u>3,966</u>
Liabilities								
Accounts Payable	-	2,288	89,095	-	18,173	145,993	11,702	-
Accrued Wages	-	25,964	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>28,252</u>	<u>89,095</u>	<u>-</u>	<u>18,173</u>	<u>145,993</u>	<u>11,702</u>	<u>-</u>
Deferred Inflows of Resources								
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>
Fund Balance								
Reserved for:								
Non-Spendable:								
Perpetual Care	-	-	-	-	-	-	-	-
Cumulative Reserve-SDPAA	-	7,664	-	-	-	-	-	-
Restricted:								
Debt Service	208,504	-	-	-	-	-	-	-
TID	-	-	-	36,385	20,000	484	-	3,966
Perpetual Care	-	-	-	-	-	-	-	-
Lodging Sales Tax	-	-	184,814	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Road and Bridge Funds	-	-	-	-	-	-	-	-
Historic Easement Trust	-	-	-	-	-	-	-	-
Assigned:								
Capital Projects	-	-	-	-	-	-	-	-
Unassigned	-	(650)	-	-	-	-	-	-
Total Fund Balances	<u>208,504</u>	<u>7,014</u>	<u>184,814</u>	<u>36,385</u>	<u>20,000</u>	<u>484</u>	<u>-</u>	<u>3,966</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 208,504</u>	<u>\$ 35,266</u>	<u>\$ 273,909</u>	<u>\$ 36,385</u>	<u>\$ 38,173</u>	<u>\$ 146,477</u>	<u>\$ 11,702</u>	<u>\$ 3,966</u>

EXHIBIT A-1

	Capital Projects				Permanent		Total Governmental Nonmajor Funds
	Bridge & Street	Lodging Sales Tax	Library Trust	Historic Easement Trust	Non-Major Capital Projects	Perpetual Care Cemetery	
\$	200,090	\$ 567,387	\$ 32,184	\$ 23,668	\$ 293,262	\$ 10,047	\$ 1,866,474
-	-	-	-	-	-	980	980
-	-	-	-	-	22,461	-	22,461
-	62,710	-	-	-	-	-	69,592
-	-	-	-	-	2,354,378	-	2,354,378
-	-	-	-	-	-	153,247	153,247
-	-	-	-	-	-	-	7,664
<u>200,090</u>	<u>630,097</u>	<u>32,184</u>	<u>23,668</u>	<u>2,670,101</u>	<u>164,274</u>		<u>4,474,796</u>
15,440	18,102	817	-	-	-	641	302,251
-	-	-	-	-	-	3,407	29,371
-	-	-	-	1,498,721	-	-	1,498,721
56,640	-	-	-	-	-	-	56,640
<u>72,080</u>	<u>18,102</u>	<u>817</u>	<u>-</u>	<u>1,498,721</u>	<u>4,048</u>		<u>1,886,983</u>
-	-	-	-	11,408	-	-	11,408
-	2,306	-	-	-	-	-	2,306
-	2,306	-	-	11,408	-	-	13,714
-	-	-	-	-	-	50,000	50,000
-	-	-	-	-	-	-	7,664
-	-	-	-	-	-	-	208,504
-	-	-	-	-	-	-	60,835
-	609,689	-	-	-	-	110,226	110,226
-	-	31,367	-	-	-	-	794,503
-	-	-	-	-	-	-	31,367
128,010	-	-	-	-	-	-	128,010
-	-	-	23,668	-	-	-	23,668
-	-	-	-	2,658,693	-	-	2,658,693
-	-	-	-	(1,498,721)	-	-	(1,499,371)
<u>128,010</u>	<u>609,689</u>	<u>31,367</u>	<u>23,668</u>	<u>1,159,972</u>	<u>160,226</u>		<u>2,574,099</u>
<u>\$ 200,090</u>	<u>\$ 630,097</u>	<u>\$ 32,184</u>	<u>\$ 23,668</u>	<u>\$ 2,670,101</u>	<u>\$ 164,274</u>		<u>\$ 4,474,796</u>

CITY OF YANKTON, SOUTH DAKOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended December 31, 2020

	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	
Revenue:								
Taxes	\$ -	\$ -	\$ -	\$ 41,369	\$ 38,191	\$ 301,067	\$ 23,724	\$ 3,966
Sales and Other Taxes	-	-	109,001	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Intergovernmental	-	554,044	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest on Investments	-	823	2,386	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Miscellaneous	-	7,143	-	-	-	-	-	-
Total Revenue	-	562,010	111,387	41,369	38,191	301,067	23,724	3,966
Expenditures:								
Current:								
Public Safety	-	1,131,105	-	-	-	-	-	-
Public Works	-	-	-	4,984	18,173	300,583	23,724	-
Culture and Recreation	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Capital Outlay:								
Public Works	-	-	105,007	-	-	-	-	-
Culture-Recreation	-	-	-	-	-	-	-	-
Debt Service	208,504	-	-	-	-	-	-	-
Total Expenditures	208,504	1,131,105	105,007	4,984	18,173	300,583	23,724	-
Excess (Deficiency) of Revenues over Expenditures	(208,504)	(569,095)	6,380	36,385	20,018	484	-	3,966
Other Financing Sources (Uses):								
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-	-	-
Transfers In	209,104	568,080	-	-	-	-	-	-
Transfers Out	-	-	(2,227)	-	-	-	-	-
Total Other Financing Sources (Uses)	209,104	568,080	(2,227)	-	-	-	-	-
Net Change in Fund Balance	600	(1,015)	4,153	36,385	20,018	484	-	3,966
Fund Balances - Beginning of Year	207,904	8,029	180,661	-	(18)	-	-	-
Fund Balances- End of Year	\$ 208,504	\$ 7,014	\$ 184,814	\$ 36,385	\$ 20,000	\$ 484	\$ -	\$ 3,966

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408,317
21,397	621,517	-	-	-	-	751,915
-	-	-	-	69,878	-	69,878
-	-	900	-	108,023	-	662,967
-	-	-	-	-	19,715	19,715
1,499	5,375	296	199	-	1,215	11,793
-	-	6,475	-	-	-	6,475
-	-	-	-	1,213	1,050	9,406
22,896	626,892	7,671	199	179,114	21,980	1,940,466
-	-	-	-	-	-	1,131,105
-	-	-	-	-	-	347,464
-	530,893	8,918	-	-	105,195	114,113
-	-	-	-	-	-	530,893
15,439	-	-	-	278,620	-	399,066
-	-	-	-	55,511	-	55,511
-	-	-	-	-	-	208,504
15,439	530,893	8,918	-	334,131	105,195	2,786,656
7,457	95,999	(1,247)	199	(155,017)	(83,215)	(846,190)
-	-	-	-	125,029	-	125,029
-	-	-	-	113,274	83,215	973,673
-	(61,744)	-	-	(55,763)	-	(119,734)
-	(61,744)	-	-	182,540	83,215	978,968
7,457	34,255	(1,247)	199	27,523	-	132,778
120,553	575,434	32,614	23,469	1,132,449	160,226	2,441,321
\$ 128,010	\$ 609,689	\$ 31,367	\$ 23,668	\$ 1,159,972	\$ 160,226	\$ 2,574,099

**CITY OF YANKTON, SOUTH DAKOTA
COMBINING BALANCE SHEET
Nonmajor Capital Projects Funds
December 31, 2020**

	<u>Public Improvement</u>	<u>Infrastructure Improvement</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ -	\$ 256,636
Property Held for Resale	2,354,378	-
Special Assessments	-	-
Total Assets	<u>2,354,378</u>	<u>256,636</u>
<u>Liabilities</u>		
Due to Other Funds	1,498,721	-
Total Liabilities	<u>1,498,721</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>		
Unavailable revenue- special assessments	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
<u>Fund Balances</u>		
Assigned:		
Capital Projects	2,354,378	256,636
Unassigned	(1,498,721)	-
Total Fund Balances	<u>855,657</u>	<u>256,636</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,354,378</u>	<u>\$ 256,636</u>

EXHIBIT A-3

Park Capital Projects	Infrastructure Improvement Revolving	Totals
\$ 12,000	\$ 24,626	\$ 293,262
-	-	2,354,378
-	22,461	22,461
<u>12,000</u>	<u>47,087</u>	<u>2,670,101</u>
-	-	1,498,721
-	-	<u>1,498,721</u>
-	11,408	11,408
-	<u>11,408</u>	<u>11,408</u>
12,000	35,679	2,658,693
-	-	(1,498,721)
<u>12,000</u>	<u>35,679</u>	<u>1,159,972</u>
<u>\$ 12,000</u>	<u>\$ 47,087</u>	<u>\$ 2,670,101</u>

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, 2020

	<u>Public</u> <u>Improvement</u>	<u>Infrastructure</u> <u>Improvement</u>
Revenues:		
Special Assessments	\$ -	\$ -
Intergovernmental	108,023	-
Miscellaneous	1,213	-
Total Revenues	<u>109,236</u>	<u>-</u>
Expenditures:		
Capital Outlay:		
Public Works	278,620	-
Culture-Recreation	-	-
Debt Service		
Total Expenditures	<u>278,620</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(169,384)</u>	<u>-</u>
Other Financing Sources (Uses):		
Proceeds From Sale of Capital Assets	125,029	-
Transfers In	-	55,763
Transfers (out)	-	-
Total Other Financing Sources (Uses)	<u>125,029</u>	<u>55,763</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(44,355)	55,763
Fund Balances at Beginning of Year	<u>900,012</u>	<u>200,873</u>
Fund Balances at End of Year	<u>\$ 855,657</u>	<u>\$ 256,636</u>

EXHIBIT A-4

	Park Capital Projects	Infrastructure Improvement Revolving	Totals
\$	-	\$ 69,878	\$ 69,878
	-	-	108,023
	-	-	1,213
	-	69,878	179,114
	-	-	278,620
	55,511	-	55,511
	55,511	-	334,131
	(55,511)	69,878	(155,017)
	-	-	125,029
	57,511	-	113,274
	-	(55,763)	(55,763)
	57,511	(55,763)	182,540
	2,000	14,115	27,523
	10,000	21,564	1,132,449
\$	12,000	\$ 35,679	\$ 1,159,972

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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, 2020

	Golf Course	Solid Waste	Joint Powers Landfill	Totals
ASSETS				
Cash and Cash Equivalents	\$ 40,543	\$ 1,122,927	\$ 500	\$ 1,163,970
Accounts Receivable (Net of allowance for uncollectibles)	27,340	205,667	94,260	327,267
Due from other governments	-	-	54,672	54,672
Prepaid Expenses	1,068	21,083	8,256	30,407
Total Current Assets	<u>68,951</u>	<u>1,349,677</u>	<u>157,688</u>	<u>1,576,316</u>
Restricted Assets : Cash and Cash Equivalents	-	53,372	72,976	126,348
Deposits	7,425	8,827	19,396	35,648
Net Pension Asset	-	473	516	989
Land	533,787	74,639	11,414	619,840
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>2,460,663</u>	<u>491,929</u>	<u>1,330,814</u>	<u>4,283,406</u>
Total Noncurrent Assets	<u>3,001,875</u>	<u>629,240</u>	<u>1,435,116</u>	<u>5,066,231</u>
Total Assets	<u>3,070,826</u>	<u>1,978,917</u>	<u>1,592,804</u>	<u>6,642,547</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	-	69,794	76,098	145,892
LIABILITIES				
Current Liabilities:				
Accounts Payable	17,774	35,548	109,165	162,487
Accrued Interest Payable	-	655	813	1,468
Accrued Wages Payable	-	15,184	10,390	25,574
Accrued Compensated Absences	-	3,841	6,127	9,968
Due to other Funds	-	-	96,324	96,324
Current portion of revenue bonds	-	45,744	63,614	109,358
Total current liabilities	<u>17,774</u>	<u>100,972</u>	<u>286,433</u>	<u>405,179</u>
Noncurrent liabilities:				
Accrued Compensated Absences	-	24,162	24,507	48,669
Revenue Bonds (net of current portion)	-	347,014	335,238	682,252
Total noncurrent liabilities	<u>-</u>	<u>371,176</u>	<u>359,745</u>	<u>730,921</u>
Total Liabilities	<u>17,774</u>	<u>472,148</u>	<u>646,178</u>	<u>1,136,100</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Inflows	-	61,911	67,503	129,414
NET POSITION				
Net Investment in Capital Assets	2,994,450	173,810	943,376	4,111,636
Restricted for:				
Debt Service	-	52,717	72,163	124,880
SDRS Pension Purposes	-	8,356	9,111	17,467
Cumulative Reserve-SDPAA	7,425	8,827	19,396	35,648
Unrestricted	51,177	1,270,942	(88,825)	1,233,294
Total Net Position	<u>\$ 3,053,052</u>	<u>\$ 1,514,652</u>	<u>\$ 955,221</u>	<u>\$ 5,522,925</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, 2020

	Golf Course	Solid Waste	Joint Powers Landfill	Totals
Operating Revenues - Charges for Service	\$ -	\$ 1,273,713	\$ 1,479,654	\$ 2,753,367
Operating Expenses:				
Personal Services	298	445,605	319,209	765,112
Insurance	6,799	8,031	18,214	33,044
Professional Services	-	50,045	21,589	71,634
Tipping Fees	-	202,540	-	202,540
Repairs and Maintenance	2,948	128,352	193,666	324,966
Cost of Sales and Service	44,936	-	820,145	865,081
Supplies and Materials	-	2,828	3,879	6,707
Utilities	433	2,024	23,904	26,361
Billing and Administration	-	267,653	-	267,653
Depreciation	91,847	95,301	207,662	394,810
Total Operating Expenses	147,261	1,202,379	1,608,268	2,957,908
Operating Income (Loss)	(147,261)	71,334	(128,614)	(204,541)
Nonoperating Revenues:				
Interest Income	1	10,397	705	11,103
Interest Expense	-	(8,454)	(10,784)	(19,238)
Miscellaneous, net	54,058	-	(69)	53,989
Gain on disposition of assets	-	27,000	24,463	51,463
Total Nonoperating Revenues	54,059	28,943	14,315	97,317
Income (Loss) before Contributions and Transfers	(93,202)	100,277	(114,299)	(107,224)
Transfers In	96,650	-	-	96,650
Capital Contributions	-	-	54,672	54,672
Change in Net Position	3,448	100,277	(59,627)	44,098
Total Net Position - Beginning	3,049,604	1,414,375	1,014,848	5,478,827
Total Net Position - Ending	\$ 3,053,052	\$ 1,514,652	\$ 955,221	\$ 5,522,925

CITY OF YANKTON, SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds
For the Year Ended December 31, 2020

	Business-Type			Totals
	Golf Course	Solid Waste	Joint Powers Landfill	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ (9,807)	\$ 1,252,188	\$ 1,464,674	\$ 2,707,055
Cash Received for Interfund Services	-	6,656	-	6,656
Cash Paid to Suppliers for Goods and Services	(40,323)	(530,060)	(893,003)	(1,463,386)
Cash Paid to Employees for Services	-	(417,695)	(288,535)	(706,230)
Cash Paid for Interfund Services	-	(117,362)	(152,217)	(269,579)
Other Nonoperating Revenues	54,058	-	(69)	53,989
Net Cash Provided from Operating Activities	<u>3,928</u>	<u>193,727</u>	<u>130,850</u>	<u>328,505</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(84,332)	(150,774)	(273,422)	(508,528)
Proceeds from Sale of Capital Assets	-	27,000	41,400	68,400
Interest Paid on Bonds	-	(8,528)	(10,921)	(19,449)
Principal Paid on Notes, Bonds and Leases	-	(44,843)	(62,054)	(106,897)
Net Cash (Used) by Capital and Related Financing Activities	<u>(84,332)</u>	<u>(177,145)</u>	<u>(304,997)</u>	<u>(566,474)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Change in Due to Other Funds	-	-	96,324	96,324
Transfers In	96,650	-	-	96,650
Net Cash Provided from Non-Capital Financing Activities	<u>96,650</u>	<u>-</u>	<u>96,324</u>	<u>192,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	-	10,401	706	11,107
Net Cash Provided from Investing Activities	<u>-</u>	<u>10,401</u>	<u>706</u>	<u>11,107</u>
Net increase (decrease) in Cash and Cash Equivalents	16,246	26,983	(77,117)	(33,888)
Cash and Cash Equivalents at Beginning of Year	24,297	1,149,316	150,593	1,324,206
Cash and Cash Equivalents at End of Year	<u>\$ 40,543</u>	<u>\$ 1,176,299</u>	<u>\$ 73,476</u>	<u>\$ 1,290,318</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ (147,261)	\$ 71,334	\$ (128,614)	\$ (204,541)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	91,847	95,301	207,662	394,810
Other Non-Operating Income	54,058	-	(69)	53,989
(Increase) Decrease in Assets:				
Accounts Receivable	(9,807)	(14,869)	(14,978)	(39,654)
Net Pension Asset / Liability	11	850	754	1,615
Pension Related Deferred Outflow	515	(8,437)	(17,208)	(25,130)
Prepaid Expenses	1	3,250	339	3,590
Deposits	392	420	924	1,736
Increase (Decrease) in Liabilities:				
Accounts Payable	14,400	10,380	34,914	59,694
Accrued Wages Payable	-	6,105	3,026	9,131
Other Postemployment Benefit Obligation	-	(3,097)	-	(3,097)
Pension Related Deferred Inflow	(228)	34,689	41,374	75,835
Accrued Compensated Absences	-	(2,199)	2,726	527
Total Adjustments	<u>151,189</u>	<u>122,393</u>	<u>259,464</u>	<u>533,046</u>
Net Cash Provided by Operating Activities	<u>\$ 3,928</u>	<u>\$ 193,727</u>	<u>\$ 130,850</u>	<u>\$ 328,505</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:				
Cash and Cash Equivalents	\$ 40,543	\$ 1,122,927	\$ 500	\$ 1,163,970
Restricted Cash and Cash Equivalents	-	53,372	72,976	126,348
	<u>\$ 40,543</u>	<u>\$ 1,176,299</u>	<u>\$ 73,476</u>	<u>\$ 1,290,318</u>

**CITY OF YANKTON, SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2020**

	Copier- Fax- Postage	Central Garage	Totals
ASSETS:			
Current Assets:			
Cash	\$ -	\$ 94,435	\$ 94,435
Inventory	-	251,748	251,748
Due from Other Governments	-	4,585	4,585
Prepaid Expenses	-	2,587	2,587
Total Current Assets	-	353,355	353,355
Noncurrent Assets:			
Net Pension Asset	-	207	207
Capital Assets:			
Land	-	7,000	7,000
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	-	165,549	165,549
Total Noncurrent Assets	-	172,756	172,756
Total Assets	-	526,111	526,111
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	-	30,529	30,529
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	70,484	70,484
Accrued Wages	-	2,119	2,119
Accrued Compensated Absences	-	993	993
Total Current Liabilities	-	73,596	73,596
Noncurrent Liabilities:			
Other Postemployment Benefit Obligation	-	4,183	4,183
Accrued Compensated Absences	-	6,796	6,796
Total Noncurrent Liabilities	-	10,979	10,979
Total Liabilities	-	84,575	84,575
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	-	27,081	27,081
Total Deferred Inflows of Resources	-	27,081	27,081
NET POSITION			
Net Investment in Capital Assets	-	172,549	172,549
Restricted for SDRS Pension Purposes	-	3,655	3,655
Unrestricted	-	268,780	268,780
Total Net Position	\$ -	\$ 444,984	\$ 444,984

CITY OF YANKTON, SOUTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES
EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	Copier- Fax- Postage	Central Garage	Totals
Operating Revenues:			
Charges for Goods and Services	\$ 9,767	\$ 653,135	\$ 662,902
Total Operating Revenue	<u>9,767</u>	<u>653,135</u>	<u>662,902</u>
Operating Expenses:			
Personnel Services	-	136,534	136,534
Professional Services	-	3,106	3,106
Repairs and Maintenance	-	22,931	22,931
Supplies and Materials	-	385,857	385,857
Utilities	-	18,168	18,168
Other Current Expenses	9,767	-	9,767
Depreciation	-	25,364	25,364
Total Operating Expenses	<u>9,767</u>	<u>591,960</u>	<u>601,727</u>
Operating Income	<u>-</u>	<u>61,175</u>	<u>61,175</u>
Change in Net Position	-	61,175	61,175
Total Net Position - Beginning	-	383,809	383,809
Total Net Position - Ending	<u>\$ -</u>	<u>\$ 444,984</u>	<u>\$ 444,984</u>

CITY OF YANKTON, SOUTH DAKOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

	Copier- Fax- Postage	Central Garage	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customer Services Provided	\$ -	\$ 60,896	\$ 60,896
Cash Received from Interfund Services Provided	-	595,142	595,142
Cash Paid to Employees for Services	-	(133,304)	(133,304)
Cash Received/ (Paid) from/to Suppliers	-	(433,911)	(433,911)
Cash Paid for Interfund Services	-	(2,048)	(2,048)
Net Cash Provided by Operating Activities	<u>-</u>	<u>86,775</u>	<u>86,775</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	-	(62,486)	(62,486)
Net Cash (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(62,486)</u>	<u>(62,486)</u>
Net Increase in Cash and Cash Equivalents	-	24,289	24,289
Cash and Cash Equivalents Beginning of Year	-	70,146	70,146
Cash and Cash Equivalents End of Year	<u>\$ -</u>	<u>\$ 94,435</u>	<u>\$ 94,435</u>
RENCONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ -	\$ 61,175	\$ 61,175
Adjustments to Renconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	-	25,364	25,364
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Due from other Governments	-	2,980	2,980
Prepaid Expenses	-	409	409
Inventory	-	(29,148)	(29,148)
Net Pension Asset / Liability	-	225	225
Pension Related Deferred Outflow	-	(10,483)	(10,483)
Accounts Payable	-	22,843	22,843
Accrued Wages Payable	-	(708)	(708)
Other Postemployment Benefit Obligation	-	(3,363)	(3,363)
Pension Related Deferred Inflows	-	18,187	18,187
Accrued Compensated Absences	-	(706)	(706)
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ 86,775</u>	<u>\$ 86,775</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, 2020

	Dispatch			Business Improvement District			TID #2 Morgan Square		
	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)
REVENUES									
Taxes:									
General Sales & Use	\$ -	\$ -	\$ -	\$ 140,000	\$ 109,001	\$ (30,999)	\$ -	\$ -	\$ -
Property Tax	-	-	-	-	-	-	57,071	41,369	(15,702)
Intergovernmental	143,893	554,044	410,151	-	-	-	-	-	-
Charges for goods & services	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Interest earned	120	823	703	2,500	2,386	(114)	-	-	-
Contributions & Donations from Private Sources	-	-	-	-	-	-	-	-	-
Miscellaneous	-	7,143	7,143	-	-	-	-	-	-
Total revenue	<u>144,013</u>	<u>562,010</u>	<u>417,997</u>	<u>142,500</u>	<u>111,387</u>	<u>(31,113)</u>	<u>57,071</u>	<u>41,369</u>	<u>(15,702)</u>
EXPENDITURES									
Current:									
Public works	-	-	-	-	-	-	55,423	4,984	50,439
Public Safety	1,512,185	1,131,105	381,080	-	-	-	-	-	-
Community Development	-	-	-	147,000	105,007	41,993	-	-	-
Total Expenditures	<u>1,512,185</u>	<u>1,131,105</u>	<u>381,080</u>	<u>147,000</u>	<u>105,007</u>	<u>41,993</u>	<u>55,423</u>	<u>4,984</u>	<u>50,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,368,172)</u>	<u>(569,095)</u>	<u>799,077</u>	<u>(4,500)</u>	<u>6,380</u>	<u>10,880</u>	<u>1,648</u>	<u>36,385</u>	<u>34,737</u>
OTHER FINANCING SOURCES(USES)									
Transfers in	743,731	568,080	(175,651)	-	-	-	-	-	-
Transfer (out)	-	-	-	(2,900)	(2,227)	673	-	-	-
Total other financing sources(uses)	<u>743,731</u>	<u>568,080</u>	<u>(175,651)</u>	<u>(2,900)</u>	<u>(2,227)</u>	<u>673</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (624,441)</u>	<u>(1,015)</u>	<u>\$ 623,426</u>	<u>\$ (7,400)</u>	<u>4,153</u>	<u>\$ 11,553</u>	<u>\$ 1,648</u>	<u>36,385</u>	<u>\$ 34,737</u>
Fund balances - Beginning		<u>8,029</u>			<u>180,661</u>				
Fund balances - Ending	\$	<u>7,014</u>		\$	<u>184,814</u>		\$	<u>36,385</u>	

EXHIBIT C-1

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,000	38,191	33,191	320,516	301,067	(19,449)	32,832	23,724	(9,108)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>5,000</u>	<u>38,191</u>	<u>33,191</u>	<u>320,516</u>	<u>301,067</u>	<u>(19,449)</u>	<u>32,832</u>	<u>23,724</u>	<u>(9,108)</u>
205,000	18,173	186,827	320,516	300,583	19,933	32,832	23,724	9,108
-	-	-	-	-	-	-	-	-
<u>205,000</u>	<u>18,173</u>	<u>186,827</u>	<u>320,516</u>	<u>300,583</u>	<u>19,933</u>	<u>32,832</u>	<u>23,724</u>	<u>9,108</u>
(200,000)	20,018	220,018	-	484	484	-	-	-
200,000	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>200,000</u>	-	<u>(200,000)</u>	-	-	-	-	-	-
<u>\$ -</u>	<u>20,018</u>	<u>\$ 20,018</u>	<u>\$ -</u>	<u>484</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	(18)			-			-	
<u>\$ 20,000</u>			<u>\$ 484</u>			<u>\$ -</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, 2020

	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	\$ -	\$ 632,842	\$ 621,517	\$ (11,325)
Property Tax	-	3,966	3,966	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for goods & services	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Interest earned	-	-	-	100	1,499	1,399	2,000	5,375	3,375
Contributions & Donations from Private Sources	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenue	-	3,966	3,966	21,497	22,896	1,399	634,842	626,892	(7,950)
EXPENDITURES									
Current:									
Public works	-	-	-	82,465	15,439	67,026	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	594,423	530,893	63,530
Total Expenditures	-	-	-	82,465	15,439	67,026	594,423	530,893	63,530
Excess (deficiency) of revenues over (under) expenditures	-	3,966	3,966	(60,968)	7,457	68,425	40,419	95,999	55,580
OTHER FINANCING SOURCES/(USES)									
Transfers in	-	-	-	48,602	-	(48,602)	-	-	-
Transfer (out)	-	-	-	-	-	-	(505,914)	(61,744)	444,170
Total other financing sources/(uses)	-	-	-	48,602	-	(48,602)	(505,914)	(61,744)	444,170
Net change in fund balances	\$ -	3,966	\$ 3,966	\$ (12,366)	7,457	\$ 19,823	\$ (465,495)	34,255	\$ 499,750
Fund balances - Beginning		-			120,553			575,434	
Fund balances - Ending		\$ 3,966		\$ 128,010			\$ 609,689		

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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, 2020

	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	\$ -	\$ -	\$ -	\$ 4,104,670	\$ 4,351,784	\$ 247,114	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	420,735	570,010	149,275	2,195,000	4,290,157	2,095,157
Charges for Services	-	-	-	-	-	-	-	-	-
Interest	-	109,939	109,939	185,000	91,349	(93,651)	-	-	-
Contributions	2,000,000	348,572	(1,651,428)	-	-	-	-	-	-
Miscellaneous	-	447	447	-	2,979	2,979	-	12,363	12,363
Total revenue	<u>2,000,000</u>	<u>458,958</u>	<u>(1,541,042)</u>	<u>4,710,405</u>	<u>5,016,122</u>	<u>305,717</u>	<u>2,195,000</u>	<u>4,302,520</u>	<u>2,107,520</u>
EXPENDITURES									
Current									
Culture and Recreation	14,860,000	8,410,168	6,449,832	-	-	-	-	-	-
Public Works	-	-	-	6,928,864	2,884,995	4,043,869	4,495,000	4,357,062	137,938
Total expenditures	<u>14,860,000</u>	<u>8,410,168</u>	<u>6,449,832</u>	<u>6,928,864</u>	<u>2,884,995</u>	<u>4,043,869</u>	<u>4,495,000</u>	<u>4,357,062</u>	<u>137,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,860,000)</u>	<u>(7,951,210)</u>	<u>4,908,790</u>	<u>(2,218,459)</u>	<u>2,131,127</u>	<u>4,349,586</u>	<u>(2,300,000)</u>	<u>(54,542)</u>	<u>2,245,458</u>
OTHER FINANCING SOURCES(USES)									
Bond Proceeds	12,550,000	-	(12,550,000)	-	-	-	-	-	-
Transfers (out)	(140,000)	(140,000)	-	(67,948)	(180,066)	(112,118)	-	-	-
Transfer in	450,000	-	(450,000)	-	-	-	-	-	-
Total other financing sources(uses)	<u>12,860,000</u>	<u>(140,000)</u>	<u>(13,000,000)</u>	<u>(67,948)</u>	<u>(180,066)</u>	<u>(112,118)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(8,091,210)</u>	<u>\$ (8,091,210)</u>	<u>\$ (2,286,407)</u>	<u>1,951,061</u>	<u>\$ 4,237,468</u>	<u>\$ (2,300,000)</u>	<u>(54,542)</u>	<u>\$ 2,245,458</u>
Fund balances - beginning		15,145,349			8,946,800			181,992	
Fund balances - ending		<u>\$ 7,054,139</u>			<u>\$ 10,897,861</u>			<u>\$ 127,450</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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
208,000	108,023	(99,977)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,213	1,213	-	-	-	-	-	-
<u>208,000</u>	<u>109,236</u>	<u>(98,764)</u>	-	-	-	-	-	-
-	-	-	-	-	-	202,548	55,511	147,037
379,000	278,620	100,380	100,000	-	100,000	-	-	-
<u>379,000</u>	<u>278,620</u>	<u>100,380</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>202,548</u>	<u>55,511</u>	<u>147,037</u>
(171,000)	(169,384)	1,616	(100,000)	-	100,000	(202,548)	(55,511)	147,037
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	44,720	55,763	11,043	202,548	57,511	(145,037)
-	125,029	125,029	44,720	55,763	11,043	202,548	57,511	(145,037)
<u>\$ (171,000)</u>	<u>(44,355)</u>	<u>\$ 126,645</u>	<u>\$ (55,280)</u>	<u>55,763</u>	<u>\$ 111,043</u>	<u>\$ -</u>	<u>2,000</u>	<u>\$ 2,000</u>
	900,012			200,873			10,000	
	<u>\$ 855,657</u>			<u>\$ 256,636</u>			<u>\$ 12,000</u>	

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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, 2020

	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	69,878	25,278	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	26,600	19,715	(6,885)
Interest	120	-	(120)	1,000	1,215	215
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	1,050	1,050
Total revenue	<u>44,720</u>	<u>69,878</u>	<u>25,158</u>	<u>27,600</u>	<u>21,980</u>	<u>(5,620)</u>
EXPENDITURES						
Current						
Culture and Recreation	-	-	-	118,522	105,195	13,327
Public Works	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,522</u>	<u>105,195</u>	<u>13,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>44,720</u>	<u>69,878</u>	<u>25,158</u>	<u>(90,922)</u>	<u>(83,215)</u>	<u>7,707</u>
OTHER FINANCING SOURCES(USES)						
Bond Proceeds	-	-	-	-	-	-
Transfers (out)	(64,720)	(55,763)	8,957	-	-	-
Transfer in	-	-	-	90,922	83,215	(7,707)
Total other financing sources(uses)	<u>(64,720)</u>	<u>(55,763)</u>	<u>8,957</u>	<u>90,922</u>	<u>83,215</u>	<u>(7,707)</u>
Net change in fund balances	<u>\$ (20,000)</u>	<u>14,115</u>	<u>\$ 34,115</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances - beginning		<u>21,564</u>			<u>160,226</u>	
Fund balances - ending		<u>\$ 35,679</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, 2020

	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	N/A	\$ 108,023	\$ 108,023
Community Development Block Grants/State's Program	14.228	CDBG 1818-113	<u>366,500</u>	-
Program Subtotal			474,523	
Department of Justice:				
Direct Federal Funding:				
Bullet Proof Vest Partnership Program	16.607	N/A	2,245	-
Indirect Federal Funding:				
SD Sheriff's Association, SD Police Chiefs Association, Public Safety Partnership and Community Policing Grants	16.710	N/A	16,996	-
Department of Transportation:				
Direct Federal Funding:				
Airport Improvement Program	20.106	3-46-0062-28-2018	961	-
Airport Improvement Program	20.106	3-46-0062-29-2019	1,266,905	-
Airport Improvement Program	20.106	3-46-0062-30-2020	266,918	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-31-2020	<u>2,725,851</u>	-
Program Subtotal			4,260,635	
Indirect Federal Funding:				
SD Department of Transportation Highway Safety Cluster: National Priority Safety Programs	20.616	2020-00-23	237	-
General Services Administration:				
Indirect Federal Funding:				
SD Federal Property Agency, Donation of Federal Surplus Personal Property	39.003	N/A	11	-
Environmental Protection Agency:				
Indirect Federal Funding:				
SD Department of Environment and Natural Resources Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds	66.468	462038-06	1,200,000	-
Department of Treasury:				
Indirect Federal Funding:				
SD Bureau of Finance and Management COVID-19 Coronavirus Relief Fund	21.019	N/A	3,115,057	-
Department of Homeland Security				
Indirect Federal Funding:				
SD Department of Public Safety				
FEMA Public Assistance Grant	97.036	DR-4440-SD	32,869	-
Hazard Mitigation Grant	97.039	DR-4440-HMGP	2,763	-
Homeland Security Grant Program	97.067	HLS-2019-00281	24,000	-
Homeland Security Grant Program	97.067	HLS-2020-00118	<u>25,328</u>	-
Program subtotal			49,328	
Total Expenditures of Federal Awards			<u>\$ 9,154,664</u>	

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020.

	<u>Total Amount Of Loan Outstanding</u>	<u>Federal Portion Of Loan Outstanding</u>
Wastewater System #3, Series 2011 (83.33%)	\$ 1,208,126	\$ 1,006,731
Total Wastewater System	<u>\$ 1,208,126</u>	<u>\$ 1,006,731</u>
Water System Services 2001 (76.97%)	\$ 695,982	\$ 535,697
Water System, Services Series #2 (50.06%)	464,500	232,529
Water System, Services Series #3 (62.25%)	1,542,166	959,998
Water System, Services Series #4 (56.05%)	1,185,262	664,339
Water System, Services Series #5 (28.42%)	10,851,278	3,083,933
Water System, Services Series #6 (20.03%)	35,486,578	7,107,962
Total Water System	<u>\$ 50,225,766</u>	<u>\$ 11,948,453</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.

NOTE 4 - Federal Surplus Property reported represents 23.3% of the original acquisition cost of the federal surplus property received by the City.

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, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 1, 2022. Our report includes a reference to other auditors who audited the financial statements of the Yankton Housing and Redevelopment Commission, as described in our report on the City of Yankton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting:

In planning and performing our audit of the financial statements, we considered the City of Yankton's internal control over financial reporting (internal control) 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 have not been identified. We did identify a deficiency in internal control described in the accompanying schedule of findings and questioned costs, as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters:

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

The City of Yankton's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Yankton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this 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.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
August 1, 2022



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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

We have audited the City of Yankton, South Dakota's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of the independent auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Yankton Housing and Redevelopment Commission, which expended \$489,376 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2020. 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 of compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
August 1, 2022

CITY OF YANKTON, SOUTH DAKOTA
Schedule of Findings & Questioned Costs
For the Year Ended December 31, 2020

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 #21.019- Coronavirus Relief Fund
- (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. There were no prior year audit findings.

Material Weakness:

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.

Conclusion – Response accepted.

**CITY OF YANKTON, SOUTH DAKOTA
Schedule of Findings & Questioned Costs
For the Year Ended December 31, 2020**

Part III: Findings and Questioned Costs Relating to Federal Awards

Instances of Non-Compliance:

No matters were noted.

Significant Deficiency:

No Matters were noted.



**CITY OF YANKTON, SOUTH DAKOTA
Schedule of Prior Year Findings
For the Year Ended December 31, 2020**

**FINANCIAL STATEMENT AUDIT:
Material Weaknesses:**

2019-001 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 2020-001 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, 2020

The City of Yankton, South Dakota, respectfully submits the following corrective action plan for the year ended December 31, 2020.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended December 31, 2020.

The findings from the December 31, 2020 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:

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 and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2021 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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