

CITY OF YANKTON, SOUTH DAKOTA

ANNUAL FINANCIAL REPORT

Year Ended

December 31, 2022



CITY OF YANKTON, SOUTH DAKOTA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

PREPARED BY:
FINANCE DEPARTMENT

AL VIERECK
FINANCE OFFICER

Member of Government Finance Officers Association of the United States and Canada

CITY OF YANKTON
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022
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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

To the Honorable Mayor and
Members of the City Council
City of Yankton, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Yankton, South Dakota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Yankton Housing and Redevelopment Commission, the discretely presented component unit, as of and for the year ended June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Yankton Housing and Redevelopment Commission, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 19 to the financial statements, the City adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the City's total OPEB liability, related notes and ratios, schedule of proportionate share of the net pension liability (asset), and schedule of contributions to the South Dakota Retirement System on pages 4–12 and 55–63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements, budgetary compliance schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budgetary compliance schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants
Le Mars, Iowa
February 6, 2024

Management Discussion and Analysis December 31, 2022

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, 2022. 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, 2022 by \$164,630,486. Of this amount \$50,795,951 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$12,677,934 during the year. Of this amount the net position of our Governmental Activities increased \$5,111,864 and the net position of our Business-Type Activities increased by \$7,566,070. The governmental net position increased in large part due to increases in capital grants and program revenues, and the business-type net position increased in large part due to increases in charges for services.
- The City's Governmental Fund Balances decreased slightly by (\$111,096) in 2022. While revenue increased by \$1,870,673, the expenditures increased by \$2,822,170 mostly in capital expenses. Exhibit 4 details the decreases.
- The City's long-term debt decreased (\$6,218,700) in 2022 offset slightly by \$400,620 in Wastewater SRF borrowing. This decrease occurred from the normal annual debt service payments for outstanding loan obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as an agent for the benefit of those outside of the government. An additional part of the basic financial statements are the notes to the financial statements. This report also contains required supplementary information and 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		Business-Type		Total	
	Activities		Activities			
	2022	(not restated) 2021	2022	(not restated) 2021	2022	(not restated) 2021
Current and Other Assets	\$ 34,744,898	\$ 36,537,028	\$ 28,083,295	\$ 28,058,758	\$ 62,828,193	\$ 64,595,786
Capital Assets	<u>87,607,852</u>	<u>83,405,491</u>	<u>82,535,713</u>	<u>78,275,548</u>	<u>170,143,565</u>	<u>161,681,039</u>
Total Assets	<u>122,352,750</u>	<u>119,942,519</u>	<u>110,619,008</u>	<u>106,334,306</u>	<u>232,971,758</u>	<u>226,276,825</u>
Pension Related						
Deferred Outflows	<u>2,599,045</u>	<u>3,012,248</u>	<u>639,022</u>	<u>748,326</u>	<u>3,238,067</u>	<u>3,760,574</u>
Long-term Liabilities Outstanding	14,347,009	15,198,411	45,841,378	50,299,869	60,188,387	65,498,280
Other Liabilities	<u>3,018,259</u>	<u>2,404,684</u>	<u>6,300,582</u>	<u>4,513,775</u>	<u>9,318,841</u>	<u>6,918,459</u>
Total Liabilities	<u>17,365,268</u>	<u>17,603,095</u>	<u>52,141,960</u>	<u>54,813,644</u>	<u>69,507,228</u>	<u>72,416,739</u>
Pension Related						
Deferred Inflows	<u>1,663,187</u>	<u>4,540,196</u>	<u>408,924</u>	<u>1,127,912</u>	<u>748,326</u>	<u>5,668,108</u>
Net Position:						
Net Investment in						
Capital Assets	73,711,742	69,353,808	33,992,109	25,679,953	107,703,851	95,033,761
Restricted	2,330,890	2,228,990	3,799,794	3,943,653	6,130,684	6,172,643
Unrestricted	<u>29,880,708</u>	<u>29,228,678</u>	<u>20,915,243</u>	<u>21,517,470</u>	<u>50,795,951</u>	<u>50,746,148</u>
Ending Net Position	<u>\$ 105,923,340</u>	<u>\$ 100,811,476</u>	<u>\$ 58,707,146</u>	<u>\$ 51,141,076</u>	<u>\$ 164,630,486</u>	<u>\$ 151,952,552</u>

This summary reflects an increase in net position of 5.07% for the Governmental Activities and an increase of 14.79% in the Business-Type Activities. The increase in Business-Type Activities net position was largely an increase in Capital Assets and a decrease in Long-term Liabilities. The overall liabilities of the City of Yankton decreased by (\$2,909,511) or (4.02%), due mainly to annual long term debt service payments.

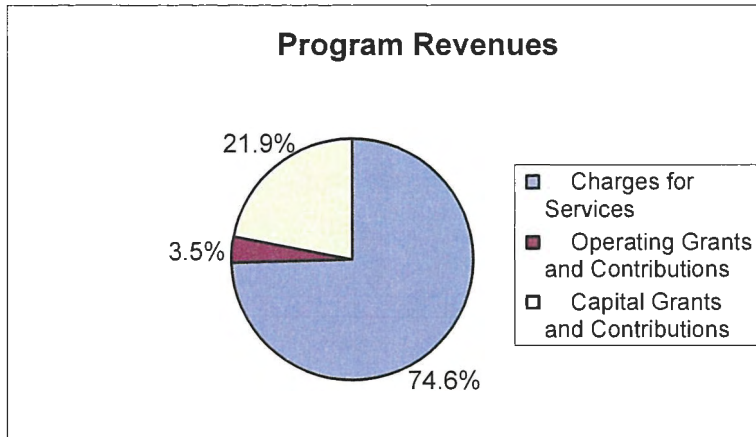
Total revenue reported in 2022 were \$47,330,435, an increase of \$7,737,604 or 19.54%. The largest increase in revenues was in Capital Grants and Contributions; an increase of \$4,119,735 or 231.13%, and Charges for Services increased \$1,147,785 or 6.07%. The Property Tax revenues increased \$187,725 or 4.14%, and Sales Tax revenues increased \$887,400 or 7.39%. 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,966,020	\$ 3,864,726	\$ 16,100,444	\$ 15,053,953	\$ 20,066,464	\$ 18,918,679
Operating Grants and Contributions	936,111	978,569	-	-	936,111	978,569
Capital Grants and Contributions	1,698,772	1,730,845	4,203,360	51,552	5,902,132	1,782,397
General Revenues:						
Property Taxes	4,725,596	4,537,871	-	-	4,725,596	4,537,871
Sales Taxes	12,899,000	12,011,600	-	-	12,899,000	12,011,600
Other Taxes	930,208	888,269	-	-	930,208	888,269
Other	1,270,058	325,910	600,866	149,536	1,870,924	475,446
Total Revenues	26,425,765	24,337,790	20,904,670	15,255,041	47,330,435	39,592,831
Expenses:						
General Government	2,401,286	2,191,998	-	-	2,401,286	2,191,998
Public Safety	4,672,820	4,213,075	-	-	4,672,820	4,213,075
Public Works	7,431,240	7,269,471	-	-	7,431,240	7,269,471
Culture & Recreation	4,937,454	4,331,842	-	-	4,937,454	4,331,842
Community & Economic Development	1,413,434	902,849	-	-	1,413,434	902,849
Interest on Long-term Debt	439,059	463,107	-	-	439,059	463,107
Water	-	-	6,657,493	6,541,272	6,657,493	6,541,272
Wastewater	-	-	3,378,428	3,243,931	3,378,428	3,243,931
Golf	-	-	159,394	139,212	159,394	139,212
Non-Major Enterprise Funds	-	-	3,161,893	2,941,181	3,161,893	2,941,181
Total Expenses	21,295,293	19,372,342	13,357,208	12,865,596	34,652,501	32,237,938
Increase (Decrease) in Net Position						
Before Transfers	5,130,472	4,965,448	7,547,462	2,389,445	12,677,934	7,354,893
Transfers	(18,608)	(169,581)	18,608	169,581	-	-
Special Item Change in SDPAA reserve	-	(161,907)	-	(268,463)	-	(430,370)
Increase in Net Position	5,111,864	4,633,960	7,566,070	2,290,563	12,677,934	6,924,523
Net Position January 1	100,811,476	96,177,516	51,141,076	48,850,513	151,952,552	145,028,029
Net Position December 31	\$105,923,340	\$100,811,476	\$ 58,707,146	\$ 51,141,076	\$164,630,486	\$151,952,552

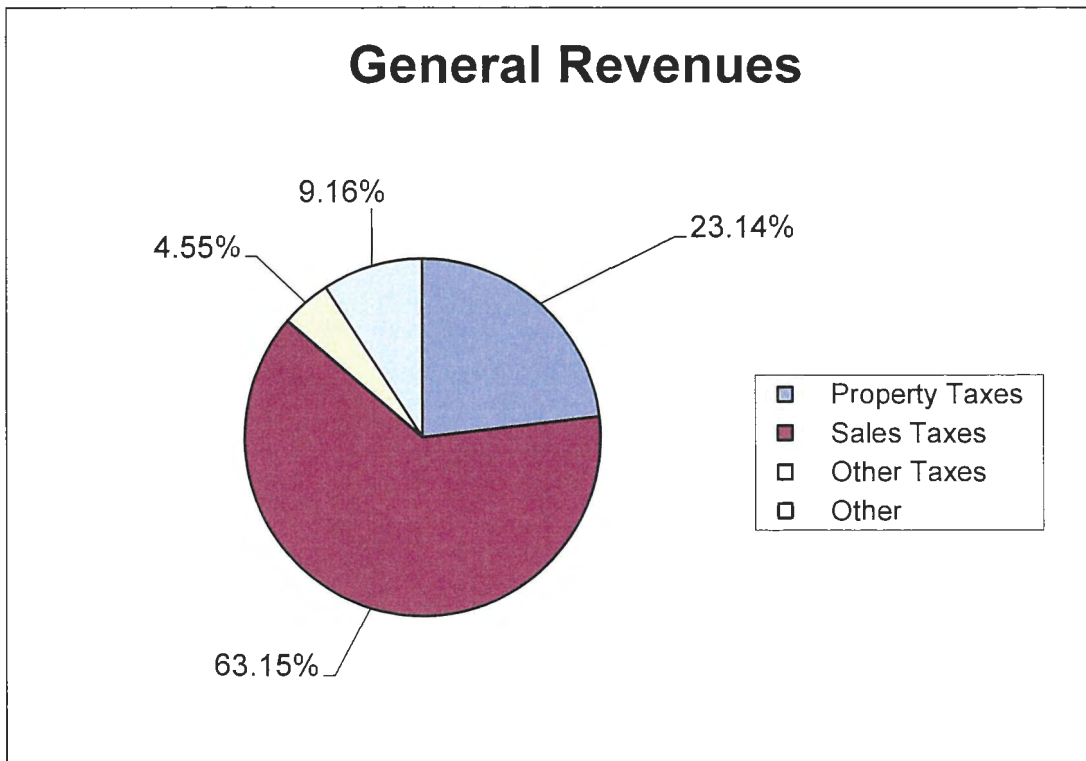
Charges for Services in the Business-Type Activities increased \$1,046,491 or 6.95% due in most part to increased consumption in Water and Wastewater. Business-Type Activities Total Expenses increased by \$491,612 or 3.82%. Governmental Activities Total Expenses increased \$1,922,951 or 9.93%.

Program Revenues total \$26,904,707 for 2022. Governmental Activities provided \$6,600,903 and Business-Type Activities provided \$20,303,804. Revenue collected for Charges for Services during 2022 was \$20,066,464 accounting for 74.58% of the total program revenues. Revenue collected for Capital Grants and Contributions accounts for 21.94% of the total program revenues. The following chart breaks down program revenues by sources:



General Revenues for 2022 totaled \$20,425,728. Governmental Activities provided \$19,824,862 and Business-Type Activities provided \$600,866. Sales Tax Revenues for 2022 totaled \$12,899,000 and Property Tax Revenue totaled \$4,725,596. The Sales Tax Revenues accounted for 63.15% and Property Tax Revenues were 23.14% of General Revenues. The following chart breaks down General Revenues by source:

GENERAL REVENUES



Expenses for 2021 totaled \$34,652,501, an increase of 7.49%. Expenses for Governmental Activities totaled \$21,295,293 accounting for 61.45% of the total expenses. Expenses for Business-Type Activities totaled \$13,357,208 accounting for 38.55% 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 2022, the City spent \$2,401,286 and received \$2,083,864 in charges for services, \$4,900 in capital grants and contributions, thus leaving a cost to the taxpayers of (\$312,522) 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 \$21,295,293. Of these costs, \$3,966,020 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 \$936,111, and costs paid by other governments and organizations that subsidized certain programs with capital grants and contributions were \$1,698,772, leaving a Net Expense of (\$14,694,390) 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 \$127,218,633, consisting of Net Position January 1, 2022 of \$100,811,476, General Revenues and transfers of \$19,806,254, and Program Revenues of \$6,600,903. Total Governmental Activities during the year expended \$21,295,293; thus, Net Position was increased by \$5,111,864 to \$105,923,340.

Business Type Activities

Business-Type Activities increased the City's net position by \$7,566,070.

The cost of all Business-Type Activities this year was \$13,357,208. As shown in the Statement of Activities, the amounts paid by users of the systems were \$16,100,444 and \$4,203,360 was funded from capital grants and contributions, and \$619,474 was funded by other revenues and transfers, resulting in a net gain for Business-Type Activities of \$7,566,070.

Total resources available during the year to finance Business-Type Activities were \$72,064,354 consisting of Net Position January 1, 2022 of \$51,141,076, Program Revenues of \$20,303,804, other General Revenues of \$600,866 and Transfers of \$18,608. Total Business-Type Activities during the year expended \$13,357,208; thus Net Position was increased by \$7,566,070 to \$58,707,146.

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 2022 of \$32,117,052 (11.77% non-spendable, 4.13% restricted, 52.72% committed, 8.41% assigned, and 22.97% unassigned). The combined Governmental Funds fund balance decreased (\$111,096) from the prior year. The fund balance amount consists of \$3,781,600 of non-spendable funds committed for 1) perpetual care for cemetery \$50,000, 2) \$42,208 of inventories, and 3) long term advances \$3,689,392; \$1,325,465 of restricted funds; \$16,932,211 of committed funds; \$2,701,573 of assigned funds, and \$7,376,203 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 \$16,276,048, an increase of \$1,201,509. 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 79.86% of total general fund expenditures, while total fund balance represents 103.62% of that same amount.

General fund revenues in 2022 increased \$517,333 or 3.20% due mostly to increases in sales tax revenues. Expenditures increased \$284,972 or 1.85%. The increase in expenditures included an increase of \$536,692 in current expenditures, an increase of 4.35%, a decrease of (\$252,780) in capital outlay, a decrease of (12.62%) from 2021's expenditures and a decrease of (\$1,060) in debt service, an decrease of (0.1)% from 2021.

The Special Capital Improvements Fund showed an increase in fund balance of \$2,211,882. This reflects an increase in revenues of \$593,596, and an increase in expenditures of \$2,124,349.

The TID #5 Fund balance remained a negative fund balance to end 2022 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 Other Governmental Funds ended 2022 with a decrease in combined balance of (\$3,524,487) to \$2,598,185.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the 2022 original (adopted) General Fund budget of \$24,138,481 to the final budget amount of \$25,208,240 shows a net increase of \$1,069,759. However, actual expenditures were \$9,500,905 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, 2022 was \$107,703,851 (net of accumulated depreciation and outstanding financings). This was an increase of \$12,670,090 or 13.33%. The comparative totals for capital assets for 2021 and 2022 are as follows:

CITY OF YANKTON CAPITAL ASSETS (net of depreciation/amortization)

	Governmental Activities		Business-Type Activities		Total	
	(not restated)		(not restated)		(not restated)	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,015,772	\$ 3,358,821	\$ 814,623	\$ 814,623	\$ 5,830,395	\$ 4,173,444
Construction in Progress	2,885,360	14,162,757	7,775,154	1,028,084	10,660,514	15,190,841
Buildings & Structures /						
Infrastructure	70,446,341	56,508,664	70,183,389	73,066,044	140,629,730	129,574,708
Land Improvements	-	-	2,106,414	2,109,521	2,106,414	2,109,521
Furniture and Equipment	9,175,818	9,375,249	1,656,133	1,257,276	10,831,951	10,632,525
Right of Use Leased Assets	<u>84,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,561</u>	<u>-</u>
Total	<u>\$87,607,852</u>	<u>\$83,405,491</u>	<u>\$82,535,713</u>	<u>\$78,275,548</u>	<u>\$170,143,565</u>	<u>\$161,681,039</u>

Land and Buildings & Structures / Improvements were the major increases in capital outlays for Governmental Activities. Construction in Progress was the major increase in capital outlays for 2022 for Business-Type Activities. See note 6 in the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

At 2022 year end the City had \$62,433,904 of debt outstanding, a decrease of (\$5,705,983) (total debt not offset by funds restricted to debt service).

Of the total debt, \$14,751,715 or 23.63% is to be paid from Governmental Activities including \$1,321,572 specifically from sales tax funds, \$82,846 of lease obligations and \$13,347,297 from property tax opt-out dollars; and \$47,682,189 or 76.37% in Business Type Activities including \$43,860,551 to be repaid from water user fees, \$570,375 to be paid from landfill revenues and \$3,251,263 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 \$58,518,891 with outstanding debt of \$18,490,508, leaving an unused balance of \$40,028,383 or 68.40% 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 \$43,860,551 of outstanding debt backed by surcharges with the legal debt capacity being \$117,037,782 leaving \$73,177,231 or 65.94% 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 2022 was \$37,503,852. It was a decrease of (\$7,276,094) or (16.25%) of the 2021 total of \$44,779,946. The average annual building permit value for the last ten years was \$32,991,545 and the 2022 total value was 113.68% of that average. There were forty-two new home-building permits issued during the year, a decrease of one from 2021. There were also 48 apartments in three new apartment complexes.

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.

Another indicator of economic activity is the taxable sales for Yankton that are reported by the South Dakota Department of Revenue. Our 2022 sales were up 8.42% over 2021's figures and totaled \$686,821,674, an increase of \$53,324,545.

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.

BASIC FINANCIAL STATEMENTS

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment
Assets				
Cash and Cash Equivalents	\$ 30,973,724	\$ 17,657,322	\$ 48,631,046	\$ 124,327
Receivables (Net where applicable, of allowance for uncollectibles):				
Taxes	38,300	-	38,300	-
Accounts	406,070	1,801,436	2,207,506	-
Special Assessments	32,024	-	32,024	-
Other Receivables	-	-	-	11,380
Internal Balances	(235,519)	235,519	-	-
Due from Other Governmental Agencies	2,216,125	3,905,870	6,121,995	-
Prepaid Expenses	169,207	84,214	253,421	1,683
Inventories	293,995	585,167	879,162	-
Property Held for Resale, at Cost	651,937	-	651,937	-
Restricted Assets:				
Cash and Cash Equivalents	170,439	3,806,736	3,977,175	15,762
Net Pension Asset	28,596	7,031	35,627	-
Land	5,015,772	814,623	5,830,395	-
Construction in Progress	2,885,360	7,775,154	10,660,514	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation/Amortization	79,706,720	73,945,936	153,652,656	765
Total Assets	<u>122,352,750</u>	<u>110,619,008</u>	<u>232,971,758</u>	<u>153,917</u>
Deferred Outflows of Resources				
Pension Related Deferred Outflows	2,599,045	639,022	3,238,067	-
Liabilities				
Accounts Payable	1,532,524	1,283,543	2,816,067	1,525
Accrued Expenses	16,875	-	16,875	-
Accrued Wages	362,855	91,825	454,680	4,048
Accrued Interest Payable	19,907	244,071	263,978	-
Unearned Revenue	-	2,662,414	2,662,414	-
Due to Other Governments	67	-	67	-
Customer Deposits	26,790	7,067	33,857	-
Noncurrent Liabilities:				
Due within one year:				
Accrued Compensated Absences	130,413	34,169	164,582	1,691
Revenue Bonds Payable	-	1,977,493	1,977,493	-
General Obligation Bonds Payable	175,261	-	175,261	-
Notes Payable	720,783	-	720,783	-
Lease Agreements	30,311	-	30,311	-
Other Postemployment Benefit Obligation	2,473	-	2,473	-
Due in more than one year:				
Accrued Compensated Absences	521,649	136,682	658,331	3,267
Revenue Bonds Payable	-	45,704,696	45,704,696	-
General Obligation Bonds Payable	1,146,311	-	1,146,311	-
Notes Payable	12,626,514	-	12,626,514	-
Lease Agreements	52,535	-	52,535	-
Total Liabilities	<u>17,365,268</u>	<u>52,141,960</u>	<u>69,507,228</u>	<u>10,531</u>
Deferred Inflows of Resources				
Pension Related Deferred Inflows	1,663,187	408,924	2,072,111	-
Total Deferred Inflows of Resources	<u>1,663,187</u>	<u>408,924</u>	<u>2,072,111</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	73,711,742	33,992,109	107,703,851	765
Restricted:				
SDRS Pension Purposes	964,454	237,129	1,201,583	-
Debt Service	188,597	3,562,665	3,751,262	-
Perpetual Care				
Nonexpendable	50,000	-	50,000	-
Expendable	111,045	-	111,045	-
Lodging Sales Tax	742,692	-	742,692	-
Other Purposes	274,102	-	274,102	15,762
Unrestricted	29,880,708	20,915,243	50,795,951	126,859
Total Net Position	<u>\$ 105,923,340</u>	<u>\$ 58,707,146</u>	<u>\$ 164,630,486</u>	<u>\$ 143,386</u>

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

Functions/Programs	Expenses	Program Revenues		Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,401,286	\$ 2,083,864	\$ -	\$ 4,900
Public Safety	4,672,820	5,049	69,045	-
Public Works	7,431,240	931,544	324,853	1,051,817
Culture and Recreation	4,937,454	945,563	542,213	480,521
Community Development	1,413,434	-	-	161,534
Debt Service	439,059	-	-	-
Total Governmental Activities	21,295,293	3,966,020	936,111	1,698,772
Business-Type Activities:				
Water	6,657,493	7,948,384	-	168,275
Wastewater	3,378,428	4,541,683	-	4,035,085
Solid Waste	1,311,021	1,322,336	-	-
Joint Powers / Transfer Station	1,850,872	2,288,041	-	-
Golf Course	159,394	-	-	-
Total Business-Type Activities	13,357,208	16,100,444	-	4,203,360
Total Primary Government	\$ 34,652,501	\$ 20,066,464	\$ 936,111	\$ 5,902,132
Component Unit:				
Housing & Redevelopment	\$ 655,843	\$ -	\$ 668,614	\$ -
General Revenues:				
Property Taxes				
Sales and Other Taxes				
Lodging Sales Tax				
Interest				
Reimbursements				
Miscellaneous				
Gain on Sale of Capital Assets				
Proceeds from Sale of Uncapitalized Assets				
Interfund Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

EXHIBIT 2

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Component Unit Housing & Redevelopment
\$ (312,522)	\$ -	\$ (312,522)	\$ -
(4,598,726)	-	(4,598,726)	-
(5,123,026)	-	(5,123,026)	-
(2,969,157)	-	(2,969,157)	-
(1,251,900)	-	(1,251,900)	-
(439,059)	-	(439,059)	-
(14,694,390)	-	(14,694,390)	-
-	1,459,166	1,459,166	-
-	5,198,340	5,198,340	-
-	11,315	11,315	-
-	437,169	437,169	-
-	(159,394)	(159,394)	-
-	6,946,596	6,946,596	-
\$ (14,694,390)	\$ 6,946,596	\$ (7,747,794)	\$ -
			12,771
4,725,596	-	4,725,596	-
12,899,000	-	12,899,000	-
930,208	-	930,208	-
634,887	439,789	1,074,676	-
116,606	-	116,606	-
523	97,027	97,550	18,580
132,659	64,050	196,709	-
385,383	-	385,383	-
(18,608)	18,608	-	-
19,806,254	619,474	20,425,728	18,580
5,111,864	7,566,070	12,677,934	31,351
100,811,476	51,141,076	151,952,552	112,035
\$ 105,923,340	\$ 58,707,146	\$ 164,630,486	\$ 143,386

CITY OF YANKTON, SOUTH DAKOTA
BALANCE SHEET
Governmental Funds
December 31, 2022

	General	Special Capital Improvements	TID #5 Menards	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 12,481,570	\$ 14,043,224	\$ -	\$ 4,370,222	\$ 30,895,016
Receivables (Net where applicable, of allowance for uncollectibles):					
Taxes	38,300	-	-	-	38,300
Accounts	53,130	3,100	-	349,840	406,070
Special Assessments	14,429	-	-	17,595	32,024
Due from Other Funds	6,455	1,764,713	-	-	1,771,168
Due from Other Governmental Agencies	1,326,331	514,358	-	366,051	2,206,740
Inventories	42,208	-	-	-	42,208
Advances to Other Funds	3,689,392	828,515	-	-	4,517,907
Property Held for Resale, at Cost	-	-	-	651,937	651,937
Restricted Assets:					
Cash and Cash Equivalents	17,192	-	-	153,247	170,439
Total Assets	<u>17,669,007</u>	<u>17,153,910</u>	<u>-</u>	<u>5,908,892</u>	<u>40,731,809</u>
Liabilities					
Accounts Payable	524,574	184,439	-	770,010	1,479,023
Accrued Expenses	16,875	-	-	-	16,875
Accrued Wages	323,149	-	-	34,467	357,616
Due to Other Governments	67	-	-	-	67
Due to Other Funds	349,732	-	-	1,650,500	2,000,232
Customer Deposits	26,790	-	-	-	26,790
Advances from Other Funds	-	-	3,689,392	828,515	4,517,907
Total Liabilities	<u>1,241,187</u>	<u>184,439</u>	<u>3,689,392</u>	<u>3,283,492</u>	<u>8,398,510</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	38,300	-	-	-	38,300
Unavailable Revenue - Special Assessments	14,429	-	-	16,337	30,766
Unavailable Revenue - Other Taxes	49,392	37,260	-	10,878	97,530
Unavailable Revenue - Other	49,651	-	-	-	49,651
Total Deferred Inflows of Resources	<u>151,772</u>	<u>37,260</u>	<u>-</u>	<u>27,215</u>	<u>216,247</u>
Fund Balances					
Non-Spendable:					
Perpetual Care	-	-	-	50,000	50,000
Inventories	42,208	-	-	-	42,208
Long Term Advances	3,689,392	-	-	-	3,689,392
Restricted:					
Debt Service	-	-	-	208,504	208,504
TID	-	-	-	3,054	3,054
Perpetual Care	-	-	-	111,045	111,045
Lodging Sales Tax	-	-	-	731,814	731,814
Library	-	-	-	30,373	30,373
Road and Bridge Funds	-	-	-	150,173	150,173
Historic Easement Trust	-	-	-	24,218	24,218
Dispatch	-	-	-	66,284	66,284
Committed:					
Special Capital Improvements (Sales Tax)	-	16,932,211	-	-	16,932,211
Assigned:					
Capital Projects	-	-	-	2,701,573	2,701,573
Unassigned	12,544,448	-	(3,689,392)	(1,478,853)	7,376,203
Total Fund Balances	<u>16,276,048</u>	<u>16,932,211</u>	<u>(3,689,392)</u>	<u>2,598,185</u>	<u>32,117,052</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 17,669,007</u>	<u>\$ 17,153,910</u>	<u>\$ -</u>	<u>\$ 5,908,892</u>	<u>\$ 40,731,809</u>

CITY OF YANKTON, SOUTH DAKOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 16)	\$ 32,117,052
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds:	87,436,199
Unavailable revenues that do not provide current financial resources for governmental activities:	216,247
Accrued expenses from the balance sheet that do not require current financial resources for governmental activities:	(19,907)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources:	167,099
Pension related deferred outflows of resources and deferred inflows of resources related to pensions and pension expens, are not due and payable in the current year and therefore are not reported in the governmental funds:	921,125
Long-term liabilities, including bonds payables, notes payable, lease agreements, and accrued compensated absences, are not due and payable in the current period and therefore are not reported in the funds	(15,394,226)
Other postemployment benefit liabilities are not due and payable in the current period and therefore are not reported in the funds:	(2,473)
The net pension liability (asset) does not provide resources in the current period and therefore is not reported in the funds	28,146
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.	454,078
Total Net Position - Governmental Activities (page 13)	<u>\$ 105,923,340</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended December 31, 2022

	General	Special Capital Improvements	TID #5 Menards	Other Governmental Funds	Total Governmental Funds
Revenue:					
Property Taxes	\$ 4,065,278	\$ -	\$ 175,515	\$ 482,457	\$ 4,723,250
Sales and Other Taxes	7,666,678	5,187,612	-	947,219	13,801,509
Special Assessments	-	-	-	34,006	34,006
Licenses and Permits	365,255	-	-	-	365,255
Intergovernmental	798,384	550,906	-	845,744	2,195,034
Charges for Services	3,360,005	-	-	24,576	3,384,581
Fines and Forfeits	4,520	-	-	-	4,520
Interest on Investments	226,184	314,645	-	93,413	634,242
Contributions	66,052	-	-	472,899	538,951
Miscellaneous	156,805	-	-	1,289	158,094
Total Revenue	16,709,161	6,053,163	175,515	2,901,603	25,839,442
Current Expenditures:					
General Government	2,402,178	-	-	-	2,402,178
Public Safety	3,482,697	-	-	748,064	4,230,761
Public Works	3,195,966	-	-	482,975	3,678,941
Culture and Recreation	3,776,067	-	-	103,254	3,879,321
Community Development	-	-	-	1,211,858	1,211,858
Capital Outlay:					
Public Works	627,871	3,621,935	-	876,566	5,126,372
Culture and Recreation	746,199	-	-	3,330,859	4,077,058
General Government	97,264	-	-	-	97,264
Public Safety	271,212	-	-	-	271,212
Community Development	-	-	-	195,816	195,816
Debt Service	1,107,881	-	-	207,904	1,315,785
Total Expenditures	15,707,335	3,621,935	-	7,157,296	26,486,566
Excess (Deficiency) of Revenues Over Expenditures	1,001,826	2,431,228	175,515	(4,255,693)	(647,124)
Other Financing Sources (Uses):					
Lease Agreements	20,403	-	-	-	20,403
Proceeds from Sale of Capitalized Assets	148,850	-	-	-	148,850
Proceeds from Sale of Uncapitalized Assets	-	-	-	385,383	385,383
Transfers In	2,193,600	-	-	2,455,071	4,648,671
Transfers Out	(2,163,170)	(219,346)	(175,515)	(2,109,248)	(4,667,279)
Total Other Financing Sources (Uses)	199,683	(219,346)	(175,515)	731,206	536,028
Net Changes in Fund Balances	1,201,509	2,211,882	-	(3,524,487)	(111,096)
Fund Balances (Deficits) - Beginning of Year	15,074,539	14,720,329	(3,689,392)	6,122,672	32,228,148
Fund Balances (Deficits) - End of Year	\$ 16,276,048	\$ 16,932,211	\$ (3,689,392)	\$ 2,598,185	\$ 32,117,052

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, 2022

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

Net change in fund balances - total governmental funds (page 18) \$ (111,096)

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current year:

Expenditures for capital assets	\$ 8,388,465	
Depreciation/amortization Expense	<u>(4,239,435)</u>	4,149,030

Revenues reported in the funds that are not available to provide current financial resources: 71,075

Accrued interest expense that does not require current financial resources: 1,303

Governmental funds report special assessments as revenue when it becomes available, but the statement of activities includes special assessments as revenue when levied: 9,128

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net position. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was: (20,403)

Pension expenses reported in the Statement of Activities do not require the use of current financial resources: (143,474)

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: 282,282

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the loss on the sale of capital assets. This is the effect on the change in net position on the statement of activities. (16,191)

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: (11,921)

Prepaid expenses are not reported in the governmental funds as they are not available to provide current financial resources: (8,018)

Other postemployment benefits that do not require current financial resources: 4,484

Compensated absences that do not require current financial resources: 991

The repayment of principal on 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: 904,674

Change in net position of governmental activities (page 15) \$ 5,111,864

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF NET POSITION
Proprietary Funds
December 31, 2022

	Business-Type			
	Water	Wastewater	Joint Powers / Transfer Station	Nonmajor Enterprise Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 13,041,815	\$ 3,188,745	\$ 146,495	\$ 1,280,267
Receivables (Net where applicable, of allowance for uncollectibles):				
Accounts	846,684	625,538	92,522	236,692
Due from Other Funds	235,519	-	-	-
Due from Other Governmental Agencies	7,153	3,898,717	-	-
Prepaid Expenses	27,903	29,712	7,273	19,326
Inventories	439,588	145,579	-	-
Total Current Assets	<u>14,598,662</u>	<u>7,888,291</u>	<u>246,290</u>	<u>1,536,285</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	3,571,545	108,843	72,976	53,372
Net Pension Asset	1,913	2,690	1,279	1,149
Land	128,117	66,666	11,414	608,426
Construction in Progress	391,587	7,383,567	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	60,022,983	9,669,396	1,400,825	2,852,732
Total Noncurrent Assets	<u>64,116,145</u>	<u>17,231,162</u>	<u>1,486,494</u>	<u>3,515,679</u>
Total Assets	<u>78,714,807</u>	<u>25,119,453</u>	<u>1,732,784</u>	<u>5,051,964</u>
Deferred Outflows of Resources				
Pension Related Deferred Outflows	<u>173,833</u>	<u>244,517</u>	<u>116,216</u>	<u>104,456</u>
Liabilities				
Current Liabilities:				
Accounts Payable	112,180	1,086,459	60,591	24,313
Accrued Wages	29,052	28,433	12,778	21,562
Accrued Interest Payable	221,663	21,362	545	501
Accrued Compensated Absences	10,946	9,550	6,683	6,990
Unearned Revenue	-	2,656,084	6,330	-
Due to Other Funds	-	-	-	-
Customer Deposits	7,067	-	-	-
Current Portion of Revenue Bonds Payable	1,284,260	578,777	66,853	47,603
Total Current Liabilities	<u>1,665,168</u>	<u>4,380,665</u>	<u>153,780</u>	<u>100,969</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	43,786	38,201	26,733	27,962
Revenue Bonds Payable	42,576,291	2,672,486	203,172	252,747
Total Noncurrent Liabilities	<u>42,620,077</u>	<u>2,710,687</u>	<u>229,905</u>	<u>280,709</u>
Total Liabilities	<u>44,285,245</u>	<u>7,091,352</u>	<u>383,685</u>	<u>381,678</u>
Deferred Inflows of Resources				
Pension Related Deferred Inflows	<u>111,240</u>	<u>156,472</u>	<u>74,369</u>	<u>66,843</u>
Net Position				
Net Investment in Capital Assets	16,682,136	13,006,951	1,142,214	3,160,808
Restricted for:				
SDRS Pension Purposes	64,506	90,735	43,126	38,762
Debt Service	3,349,882	87,481	72,431	52,871
Unrestricted	14,395,631	4,930,979	133,175	1,455,458
Total Net Position	<u>\$ 34,492,155</u>	<u>\$ 18,116,146</u>	<u>\$ 1,390,946</u>	<u>\$ 4,707,899</u>

EXHIBIT 5

Business-Type	Governmental Activities- Internal Service Fund
Totals	Fund
\$ 17,657,322	\$ 78,708
1,801,436	-
235,519	-
3,905,870	9,385
84,214	2,108
585,167	251,787
<u>24,269,528</u>	<u>341,988</u>
3,806,736	-
7,031	450
814,623	7,000
7,775,154	-
<u>73,945,936</u>	<u>164,653</u>
<u>86,349,480</u>	<u>172,103</u>
<u>110,619,008</u>	<u>514,091</u>
<u>639,022</u>	<u>40,916</u>
1,283,543	53,501
91,825	5,239
244,071	-
34,169	1,910
2,662,414	-
-	6,455
7,067	-
1,977,493	-
<u>6,300,582</u>	<u>67,105</u>
136,682	7,641
45,704,696	-
<u>45,841,378</u>	<u>7,641</u>
<u>52,141,960</u>	<u>74,746</u>
<u>408,924</u>	<u>26,183</u>
33,992,109	171,653
237,129	15,183
3,562,665	-
20,915,243	267,242
<u>\$ 58,707,146</u>	<u>\$ 454,078</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type			
	Water	Wastewater	Joint Powers / Transfer Station	Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services	\$ 7,948,384	\$ 4,541,683	\$ 2,288,041	\$ 1,322,336
Operating Expenses:				
Personal Services	705,959	719,560	373,357	509,106
Insurance	103,032	111,429	19,153	15,805
Professional Services	60,147	116,288	50,901	73,606
Tipping Fees	-	-	-	224,966
State Fees	5,062	723	-	-
Repairs and Maintenance	380,797	308,351	312,770	170,295
Cost of Sales and Service	-	-	835,312	44,686
Supplies and Materials	557,077	50,270	2,082	1,690
Travel and Conference	6,844	5,531	-	-
Utilities	509,538	232,792	33,728	984
Billing and Administration	688,700	658,092	-	267,653
Depreciation	2,485,225	1,069,227	215,942	154,994
Total Operating Expenses	5,502,381	3,272,263	1,843,245	1,463,785
Operating Income (Loss)	2,446,003	1,269,420	444,796	(141,449)
Nonoperating Income (Expense):				
Interest Income	336,920	74,928	-	27,941
Gain on Disposition of Assets	1,300	2,200	60,550	-
Miscellaneous, net	14,654	1,204	17,582	63,587
Interest Expense	(1,155,112)	(106,165)	(7,627)	(6,630)
Total Nonoperating Income (Expenses)	(802,238)	(27,833)	70,505	84,898
Income (Loss) Before Contributions and Transfers	1,643,765	1,241,587	515,301	(56,551)
Transfers In	-	-	-	150,000
Transfers Out	(71,346)	(60,046)	-	-
Capital Grants and Contributions	168,275	4,035,085	-	-
Net Changes in Net Position	1,740,694	5,216,626	515,301	93,449
Net Position - Beginning	32,751,461	12,899,520	875,645	4,614,450
Net Position - Ending	\$ 34,492,155	\$ 18,116,146	\$ 1,390,946	\$ 4,707,899

EXHIBIT 6

Business-Type	Governmental Activities- Internal Service
Totals	Fund
\$ 16,100,444	\$ 975,851
2,307,982	139,764
249,419	-
300,942	7,292
224,966	-
5,785	-
1,172,213	16,351
879,998	-
611,119	772,480
12,375	-
777,042	20,119
1,614,445	-
3,925,388	31,766
<u>12,081,674</u>	<u>987,772</u>
4,018,770	(11,921)
439,789	-
64,050	-
97,027	-
(1,275,534)	-
<u>(674,668)</u>	<u>-</u>
3,344,102	(11,921)
150,000	-
(131,392)	-
<u>4,203,360</u>	<u>-</u>
7,566,070	(11,921)
<u>51,141,076</u>	<u>465,999</u>
<u>\$ 58,707,146</u>	<u>\$ 454,078</u>

CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type				Totals	Governmental
	Water	Wastewater	Joint Powers / Transfer Station	Nonmajor Enterprise Funds		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	\$ 7,922,510	\$ 4,524,903	\$ 2,300,606	\$ 1,302,393	\$ 16,050,412	\$ 581,321
Cash Received from Interfund Services Provided	32,700	2,334	-	2,130	37,164	392,508
Cash Paid to Suppliers for Goods and Services	(2,333,522)	(526,809)	(1,032,640)	(673,305)	(4,566,276)	(823,341)
Cash Paid to Employees for Services	(702,070)	(727,966)	(376,671)	(497,006)	(2,303,713)	(142,467)
Cash Paid for Interfund Services	(35,741)	(29,861)	(229,038)	(132,557)	(427,197)	(2,476)
Other Nonoperating Revenues	14,654	1,204	17,582	63,585	97,025	-
Net Cash Provided by Operating Activities	<u>4,898,531</u>	<u>3,243,805</u>	<u>679,839</u>	<u>65,240</u>	<u>8,887,415</u>	<u>5,545</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING						
Acquisition and Construction of Capital Assets	(525,663)	(6,708,132)	(419,049)	(228,066)	(7,880,910)	(9,594)
Proceeds from Sale of Capital Assets	1,300	2,200	60,550	-	64,050	-
Principal Paid on Notes, Bonds and Leases	(4,653,141)	(148,388)	(65,213)	(46,664)	(4,913,406)	-
Proceeds from Grants	-	1,342,871	-	-	1,342,871	-
Interest Paid on Notes and Bonds	(1,184,083)	(108,098)	(7,763)	(6,708)	(1,306,652)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(6,361,587)</u>	<u>(5,619,547)</u>	<u>(431,475)</u>	<u>(281,438)</u>	<u>(12,694,047)</u>	<u>(9,594)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund Balances--Payments from Other Funds	-	-	-	-	-	6,455
Interfund Balances--Payments (to) Other Funds	(235,519)	-	(218,029)	-	(453,548)	-
Transfers In (Out)	(71,346)	(60,046)	-	150,000	18,608	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(306,865)</u>	<u>(60,046)</u>	<u>(218,029)</u>	<u>150,000</u>	<u>(434,940)</u>	<u>6,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and Dividends on Investments	336,920	74,928	-	27,941	439,789	-
Net Cash Provided from Investing Activities	<u>336,920</u>	<u>74,928</u>	<u>-</u>	<u>27,941</u>	<u>439,789</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,433,001)	(2,360,860)	30,335	(38,257)	(3,801,783)	2,406
Cash and Cash Equivalents at Beginning of Year	18,046,361	5,658,448	189,136	1,371,896	25,265,841	76,302
Cash and Cash Equivalents at End of Year	<u>\$ 16,613,360</u>	<u>\$ 3,297,588</u>	<u>\$ 219,471</u>	<u>\$ 1,333,639</u>	<u>\$ 21,464,058</u>	<u>\$ 78,708</u>

(continued)

**CITY OF YANKTON, SOUTH DAKOTA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended December 31, 2022**

	Business-Type				Totals	Governmental
	Water	Wastewater	Joint Powers / Transfer Station	Nonmajor Enterprise Funds		Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 2,446,003	\$ 1,269,420	\$ 444,796	\$ (141,449)	\$ 4,018,770	\$ (11,921)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	2,485,225	1,069,227	215,942	154,994	3,925,388	31,766
Other Nonoperating Income	14,654	1,204	17,582	63,587	97,027	-
(Increase) Decrease in Assets:						
Accounts Receivable	13,979	(14,446)	6,235	(17,815)	(12,047)	-
Due from Other Governmental Agencies	(7,153)	-	-	-	(7,153)	(2,022)
Prepaid Expenses	1,046	(17)	(409)	(3,250)	(2,630)	265
Inventories	(34,430)	5,409	-	-	(29,021)	(10,828)
Net Pension Asset	168,864	197,849	94,783	115,300	576,796	32,925
Pension Related Deferred Outflows	45,062	12,526	6,912	44,804	109,304	1,863
Increase (Decrease) in Liabilities:						
Accounts Payable	(26,046)	921,414	(7,323)	(2,927)	885,118	988
Accrued Wages	1,551	2,885	(166)	2,457	6,727	844
Accrued Compensated Absences	7,100	9,289	6,373	7,668	30,430	510
Unearned Revenue	-	-	6,330	-	6,330	-
Customer Deposits	1,364	-	-	-	1,364	-
Other Postemployment Benefit Obligation	-	-	-	-	-	(550)
Pension Related Deferred Inflows	(218,688)	(230,955)	(111,216)	(158,129)	(718,988)	(38,295)
Net Cash Provided by Operating Activities	<u>\$ 4,898,531</u>	<u>\$ 3,243,805</u>	<u>\$ 679,839</u>	<u>\$ 65,240</u>	<u>\$ 8,887,415</u>	<u>\$ 5,545</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:						
Developers and City Contribution of Capital Assets	\$ 168,275	\$ 136,368	\$ -	\$ -	\$ 304,643	\$ -
	<u>\$ 168,275</u>	<u>\$ 136,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,643</u>	<u>\$ -</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:						
Cash and Cash Equivalents	\$ 13,041,815	\$ 3,188,745	\$ 146,495	\$ 1,280,267	\$ 17,657,322	\$ 78,708
Restricted Cash and Cash Equivalents	3,571,545	108,843	72,976	53,372	3,806,736	-
	<u>\$ 16,613,360</u>	<u>\$ 3,297,588</u>	<u>\$ 219,471</u>	<u>\$ 1,333,639</u>	<u>\$ 21,464,058</u>	<u>\$ 78,708</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 are 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 and is required to be reported as a discretely presented component unit. 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 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 operates on a fiscal year, therefore financial statements presented herein are reported for the year ended June 30, 2022. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained by writing to the Commission at 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 in 1994. 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, fees establishment and collection 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 Yankton and Vermillion, and one citizen chosen by

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The 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.

The 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 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

CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 has 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.

Permanent Fund – 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.

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 nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating 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 – The central garage fund is used 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 – The copies and postage fund is used to record charges for copies and postage from all departments prior to allocating these charges to the each respective department.

The City reports the following major governmental funds:

General Fund – See 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.

Capital Projects 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.

The City reports the following major enterprise funds:

CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Joint Powers Landfill – On April 9, 1994 The City of Yankton, City of Vermillion, Clay County and Yankton County entered into a joint powers operation for landfill and recycling. The fund accounts for the activities of the landfill and recycling center located in Vermillion. The transfer station and recycling in Yankton are accounted for by the City of Yankton.

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.

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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 Net 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 Net 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.

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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and corresponding employee benefits are 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, 2022. 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 fund. 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/amortization (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 or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

O. Application of Net Position

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

P. Fund Equity

Governmental fund equity is classified as fund balance and may distinguish between “Nonspendable,” “Restricted,” “Committed,” “Assigned,” and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation
- Committed – includes fund balance amounts that 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 that do 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 that has not been classified within the aforementioned categories and negative fund balances in other governmental funds.

The City 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 City 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

R. Leases

City as Lessee: The City is the lessee for noncancellable leases of copier machines and a conference room. The City has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

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, 2022 were \$52,838,563. 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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022, consisted of the following:

<u>Fund</u>	<u>Utility Accounts Receivable</u>
Water	\$ 52,848
Wastewater	23,629
Solid Waste	22,311
	<u>\$ 98,788</u>

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at December 31, 2022 include the following:

<u>Description</u>	<u>General</u>	<u>Special Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water</u>	<u>Wastewater</u>	<u>Internal Service</u>	<u>Total</u>
County Remitted Taxes	\$ 23,116	\$ -	\$ 69,324	\$ -	\$ -	\$ -	\$ 92,440
County Garage Charges	-	-	-	-	-	9,385	9,385
County Share of Senior Center and Others	10,102	-	-	-	-	-	10,102
State Remitted Sales Tax	681,824	514,358	66,012	-	-	-	1,262,194
State Remitted Liquor and Other Taxes	27,318	-	-	-	-	-	27,318
State Road Aid	63,191	-	-	-	-	-	63,191
Grants	505,905	-	222,375	-	3,898,717	-	4,626,997
Other	14,875	-	8,340	7,153	-	-	30,368
	<u>\$ 1,326,331</u>	<u>\$ 514,358</u>	<u>\$ 366,051</u>	<u>\$ 7,153</u>	<u>\$ 3,898,717</u>	<u>\$ 9,385</u>	<u>\$ 6,121,995</u>

NOTE 6 – CAPITAL ASSETS

A summary of the changes in the capital assets for the year ended December 31, 2022 is as follows:

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	(as restated) Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 3,358,821	\$ 1,656,951	\$ -	\$ 5,015,772
Construction in progress	14,162,757	2,521,011	13,798,408	2,885,360
Total capital assets not being depreciated/amortized	<u>17,521,578</u>	<u>4,177,962</u>	<u>13,798,408</u>	<u>7,901,132</u>
Capital assets being depreciated/amortized:				
Buildings and structures	91,941,269	16,812,519	350,981	108,402,807
Furniture and equipment	21,292,498	1,185,583	405,067	22,073,014
Right-of-use leased equipment	91,694	20,403	-	112,097
Total capital assets being depreciated/amortized	<u>113,325,461</u>	<u>18,018,505</u>	<u>756,048</u>	<u>130,587,918</u>
Less: accumulated depreciation/amortization for:				
Buildings	35,432,605	2,874,842	350,981	37,956,466
Furniture and equipment	11,917,249	1,368,823	388,876	12,897,196
Right-of-use leased equipment	-	27,536	-	27,536
Total accumulated depreciation/amortization	<u>47,349,854</u>	<u>4,271,201</u>	<u>739,857</u>	<u>50,881,198</u>
Total capital assets being depreciated/amortized, net	<u>65,975,607</u>	<u>13,747,304</u>	<u>16,191</u>	<u>79,706,720</u>
Governmental activities capital assets, net	<u>\$ 83,497,185</u>	<u>\$ 17,925,266</u>	<u>\$ 13,814,599</u>	<u>\$ 87,607,852</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 814,623	\$ -	\$ -	\$ 814,623
Construction in progress	1,028,084	6,951,393	204,323	7,775,154
Total capital assets not being depreciated	<u>1,842,707</u>	<u>6,951,393</u>	<u>204,323</u>	<u>8,589,777</u>
Capital assets being depreciated:				
Buildings and structures	117,086,711	698,438	768	117,784,381
Land improvements	2,190,048	-	-	2,190,048
Furniture and equipment	5,969,318	740,045	196,795	6,512,568
Total capital assets being depreciated	<u>125,246,077</u>	<u>1,438,483</u>	<u>197,563</u>	<u>126,486,997</u>
Less: accumulated depreciation for:				
Buildings and structures	44,020,667	3,581,093	768	47,600,992
Land improvements	80,527	3,107	-	83,634
Furniture and equipment	4,712,042	341,188	196,795	4,856,435
Total accumulated depreciation	<u>48,813,236</u>	<u>3,925,388</u>	<u>197,563</u>	<u>52,541,061</u>
Total capital assets being depreciated, net	<u>76,432,841</u>	<u>(2,486,905)</u>	<u>-</u>	<u>73,945,936</u>
Business-type activities capital assets, net	<u>\$ 78,275,548</u>	<u>\$ 4,464,488</u>	<u>\$ 204,323</u>	<u>\$ 82,535,713</u>

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

Governmental Activities:	
General Government	\$ 110,667
Public Safety	535,568
Public Works	2,633,284
Culture and Recreation	986,488
Community Development	5,194
Total depreciation/amortization expense - governmental activities	<u>\$ 4,271,201</u>

Depreciation expense of \$31,766 was charged to the internal service fund and is included in the public works total displayed above.

Business-Type Activities:	
Water	\$ 2,485,225
Wastewater	1,069,227
Solid Waste	73,124
Golf Course	81,870
Joint Powers Landfill	215,942
Total depreciation expense - business-type activities	<u>\$ 3,925,388</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Component Unit:				
Capital assets being depreciated:				
Equipment and furniture	\$ 6,733	\$ -	\$ -	\$ 6,733
Total capital assets being depreciated	6,733	-	-	6,733
Less: accumulated depreciation for:				
Equipment and furniture	5,262	706	-	5,968
Total accumulated depreciation	5,262	706	-	5,968
Total capital assets being depreciated, net	1,471	(706)	-	765
Component unit capital assets, net	\$ 1,471	\$ (706)	\$ -	\$ 765

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 5,015,772	\$ 814,623
Construction in Progress	2,885,360	7,775,154
Capital Assets, net of accumulated depreciation/amortization	79,706,720	73,945,936
Less: Revenue Bonds	-	47,682,189
Notes Payable	13,347,297	-
Lease Agreements	82,846	-
Accounts Payable	388,454	262,337
Retainage Payable	77,513	599,078
Net Investment in Capital Assets	<u>\$ 73,711,742</u>	<u>\$ 33,992,109</u>

NOTE 7 – COMMITMENTS

During the year ended December 31, 2022, the City entered into several construction contracts totaling \$14,834,360. Of this amount, \$10,756,062 has been expended to date. The remaining balance will be paid as work progresses.

NOTE 8 – LONG-TERM LIABILITIES

Notes Payable – Direct Borrowing

The following is a summary of the notes payable activity for the year:

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance
Notes Payable - Direct Borrowing	\$ 14,051,683	\$ -	\$ 704,386	\$ 13,347,297

The City entered into an agreement with First Dakota National Bank in Sioux Falls (Lessor/Trustee) for financing to construct a new fire station. The declaration of trust agreement, purchase agreement, and ground lease agreement between the City and 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 financed 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 at a 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 on 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 payments over the term of the lease.

The City entered into an agreement with Branch Banking and Trust Company (Lessor/Trustee) for financing to construct a new aquatic center. The declaration of trust Agreement, 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. The certificates bear interest at 2.91% and mature in December 2039. These agreements are evidence of the Bank's ownership interest in the financed 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 payments under the notes payable as of December 31, 2022:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 720,783	\$ 383,341	\$ 1,104,124
2024	737,660	362,911	1,100,571
2025	765,032	341,770	1,106,802
2026	782,913	319,626	1,102,539
2027	806,318	296,803	1,103,121
2028 - 2032	3,657,113	1,143,545	4,800,658
2033 - 2037	4,075,246	595,410	4,670,656
2038 - 2039	1,802,232	66,030	1,868,262
Totals	\$ 13,347,297	\$ 3,509,436	\$ 16,856,733

Bonds Payable:

The following is a summary of debt transactions for the year:

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

	Governmental	Business-Type				Total
		Joint Powers				
		Landfill				
		Wastewater	Revenue Loans	Solid Waste		
		Water Revenue	(SRF) - Direct	(SWMP) (RLA)	REC Loan -	
	2019 Sales Tax	(SRF) - Direct	Direct	- Direct	Direct	
	Bond	Borrowing	Borrowing	Borrowing	Borrowing	
Beginning Bonds Payable	\$ 1,492,609	\$ 48,513,692	\$ 3,399,651	\$ 335,238	\$ 347,014	\$ 54,088,204
Add: Issuances	-	-	400,620	-	-	400,620
Less: Retirements	(171,037)	(4,653,141)	(549,008)	(65,213)	(46,664)	(5,485,063)
Ending Bonds Payable	<u>\$ 1,321,572</u>	<u>\$ 43,860,551</u>	<u>\$ 3,251,263</u>	<u>\$ 270,025</u>	<u>\$ 300,350</u>	<u>\$ 49,003,761</u>

Bonds outstanding on December 31, 2022 are comprised of the following individual issues:

	Due Within One Year	Due After One Year	Total
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.	\$ 175,261	\$ 1,146,311	\$ 1,321,572
Solid Waste Management Program (SWMP) and Regional Landfill Assistance (RLA) loans maturing June 1, 2012 – 2027 with an interest rate of 3% per annum, paid by the Joint Powers Landfill Fund.	66,853	203,172	270,025
Water Revenue Bonds (SRF) maturing October 1, 2023 – 2048 with interest rates of 3.5%, 3.25% and 3.0% per annum, paid by the Water Fund.	1,284,260	42,576,291	43,860,551
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.	578,777	2,672,486	3,251,263
Solid Waste REC Loan Maturing December 1, 2028 With an interest rate of 2.1% per Annum, paid by Solid Waste Fund.	47,603	252,747	300,350
Totals	<u>\$ 2,152,754</u>	<u>\$ 46,851,007</u>	<u>\$ 49,003,761</u>

The City issues general obligation bonds to provide funds for the construction of major capital projects or provide economic development assistance to local companies. The City has issued general obligations bonds for governmental activities.

On November 25, 2014, the City issued clean water state revolving fund loans not to exceed \$11,048,805 for sewer improvements. The bonds carry an interest rate of 3.0%. At December 31, 2022, \$10,313,545 had been drawn on the bonds.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

On November 17, 2014, the City issued \$12,850,000 of drinking water state revolving fund bonds to be used to finance waterworks improvements. The bonds have an interest rate of 3.0%. As of December 31, 2022, \$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, 2022, \$36,950,000 had been drawn on the loan.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

For direct borrowing purposes, each contract includes a provision that in an event of default, all or a portion of the outstanding balance may become immediately due for the water revenue bonds (SRF), wastewater revenue bonds (SRF), solid waste REC loan, and Solid Waste Management Program (SWMP) and Regional Landfill Assistance (RLA) loans.

A. Annual Debt Service Requirements

The annual requirements to amortize all debt outstanding as of December 31, 2022, including interest payments of \$15,656,713 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
2023	\$ 175,261	32,643	\$ 578,777	\$ 92,380	\$ 1,284,260	\$ 1,052,368
2024	179,590	28,314	166,870	78,309	1,315,676	1,020,953
2025	184,026	23,878	171,932	73,246	1,347,873	988,756
2026	188,571	19,333	177,149	68,030	1,380,872	955,757
2027	193,229	14,675	182,523	62,655	1,414,693	921,936
2028 - 2032	400,895	14,913	999,118	226,776	7,611,040	4,072,102
2033 - 2037	-	-	974,894	67,116	8,592,531	3,090,611
2038 - 2042	-	-	-	-	9,703,103	1,980,039
2043 - 2047	-	-	-	-	10,350,731	729,851
2048	-	-	-	-	859,772	7,261
Total	\$ 1,321,572	\$ 133,756	\$ 3,251,263	\$ 668,512	\$ 43,860,551	\$ 14,819,634

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Year Ending December 31,	Joint Power landfill (RLA) (SWMP) - Direct Borrowing		Solid Waste REC - Direct Borrowing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2023	\$ 66,853	\$ 6,122	\$ 47,603	\$ 5,770	\$ 2,152,754
2024	68,536	4,440	48,558	4,814	1,779,230	1,136,830
2025	60,555	2,714	49,534	3,837	1,813,920	1,092,431
2026	49,876	1,384	50,530	2,842	1,846,998	1,047,346
2027	24,205	272	51,545	1,826	1,866,195	1,001,364
2028 - 2032	-	-	52,580	790	9,063,633	4,314,581
2033 - 2037	-	-	-	-	9,567,425	3,157,727
2038 - 2042	-	-	-	-	9,703,103	1,980,039
2043 - 2047	-	-	-	-	10,350,731	729,851
2048	-	-	-	-	859,772	7,261
Total	\$ 270,025	\$ 14,932	\$ 300,350	\$ 19,879	\$ 49,003,761	\$ 15,656,713

B. Accrued Compensated Absences

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities: Compensated Absences	\$ 652,543	\$ 130,027	\$ 130,508	\$ 652,062	\$ 130,413
Business-Type Activities: Compensated Absences	140,421	58,515	28,085	170,851	34,169
Total Accrued Compensated Absences	\$ 792,964	\$ 188,542	\$ 158,593	\$ 822,913	\$ 164,582

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.

C. Lease Agreements

On March 14, 2016, the City signed a five-year lease as lessee for the use of a conference room with the option to renew for an additional five-year period. The agreement requires annual payments of \$17,600 at a rate of 1.86%. As of December 31, 2022, the City reported a lease liability of \$50,879. During the fiscal year, the City paid principal of \$16,967 and interest of \$633.

On May 9, 2020, the City signed a four-year lease as lessee for the use of Xerox copier machines. The agreement requires monthly payments of \$837 at a rate of 1.50%. As of December 31, 2022, the City reported a lease liability of \$14,067. During the fiscal year, the City paid principal of \$9,781 and interest of \$162.

On January 31, 2022, the City signed a 63 month lease as lessee for the use of a A&B Business copier machine. The agreement requires monthly payments of \$341 at a rate of 2.00%. As of December 31, 2022, the City reported a lease liability of \$17,900. During the fiscal year, the City paid principal of \$2,504 and interest of \$223.

The following is a summary of lease agreement transactions for the year:

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

	Governmental Activities			
	Conference	A&B Business		
	Room	Xerox Copiers	Copier	Total
Restated Beginning				
Lease Agreements	\$ 67,846	\$ 23,848	\$ -	\$ 91,694
Add: Issuances	-	-	20,403	20,403
Less: Retirements	(16,967)	(9,781)	(2,503)	(29,251)
Ending Lease Agreements	<u>\$ 50,879</u>	<u>\$ 14,067</u>	<u>\$ 17,900</u>	<u>\$ 82,846</u>
Due Within One Year	<u>\$ 16,646</u>	<u>\$ 9,898</u>	<u>\$ 3,767</u>	<u>\$ 30,311</u>

The remaining obligations associated with these leases are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 30,311	\$ 1,421	\$ 31,732
2024	24,969	905	25,874
2025	21,196	494	21,690
2026	3,999	91	4,090
2027	2,371	16	2,387
	<u>\$ 82,846</u>	<u>\$ 2,927</u>	<u>\$ 85,773</u>

NOTE 9 – INTERFUND ASSETS/LIABILITIES

The purpose of the City's interfund balances is to help finance the short-term cash flow shortages of various funds. Individual short-term interfund receivable and payable balances at December 31, 2022 were as follows:

	Interfund Receivables	Interfund Payables
Due From/To Other Funds:		
General Fund	\$ 6,455	\$ 349,732
Capital Projects – Special Capital Improvements	1,764,713	-
Capital Projects – Public Improvement	-	1,414,981
Special Revenue – East Yankton TID	-	13,000
Special Revenue – Mead Property Development	-	222,519
Enterprise – Water	235,519	-
Enterprise – Internal Service	-	6,455
	<u>\$ 2,006,687</u>	<u>\$ 2,006,687</u>

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 – INTERFUND ASSETS/LIABILITIES (CONTINUED)

As of December 31, 2022, long-term advances were as follows:

	Interfund Receivables	Interfund Payables
Advances From/To Other funds:		
General Fund	\$ 3,689,392	\$ -
Capital Projects – Special Capital Improvement	828,515	-
Special Revenue – TID #5	-	3,689,392
Special Revenue – TID #8 Westbrook Estates Phase II	-	828,515
	\$ 4,517,907	\$ 4,517,907

The long-term advances were used as internal financing for equipment purchases for the general fund and special capital improvement funds and interim borrowing to the TID #5 and TID #8 funds until property tax revenues are available for repayment. Currently, the equipment loan carries a repayment term of ten years and interest rates of 6.0% and the TID loan is variable.

NOTE 10 – DEFICIT FUND BALANCES/NET POSITIONS

As of December 31, 2022, the following funds had deficit fund balances:

Special Revenue:	
TID #5	\$ 3,689,392
TID #8 Westbrook Estates Phase II	828,828
East Yankton TID	13,000
Mead Property Development	74,839
Capital Projects:	
Public Improvement	414,183
Park Capital Projects	\$ 148,003

The special revenue deficits will be refunded through future tax collections whereas the capital project deficit will be refunded through internal transfers.

NOTE 11 – PENSION PLAN

Plan Information

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

Benefits Provided

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 – PENSION PLAN (CONTINUED)

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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 2022, 2021, and 2020 were \$558,725, \$529,729, and \$492,393, respectively, equal to the required contributions each year.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 – PENSION PLAN (CONTINUED)

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the Municipality as of this measurement period ending June 30, 2022 and reported by the Municipality as of December 31, 2022 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 53,217,537
Less: proportionate share net pension restricted for pension benefits	<u>53,253,164</u>
Proportionate share of net pension liability (asset)	<u>\$ (35,627)</u>

At December 31, 2022, the Municipality reported an asset of \$35,627 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Municipality's proportion was 0.376985%, which is a decrease of 0.006118% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Municipality recognized a reduction in pension expense of \$175,202. At December 31, 2022, the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$ 678,196	\$ 2,313
Changes in assumption	2,264,371	1,984,418
Net difference between projected and actual earnings on pension plan investments	-	85,380
Changes in proportion and difference between City contributions and proportionate share of contributions	13,218	-
City contributions subsequent to the measurement date	282,282	-
Total	\$ 3,238,067	\$ 2,072,111

\$282,282 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 – PENSION PLAN (CONTINUED)

<u>Year Ending December 31</u>		
2023	\$	240,218
2024		498,081
2025		(561,534)
2026		706,909
Total	\$	<u>883,674</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent	
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service	
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.	
Future COLAs	2.10%	

Mortality Rates

- All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020
- Active and Terminated Vested Members:
 - Teachers, Certified Regents, and Judicial: PubT-2010
 - Other Class A Members: PubG-2010
 - Public Safety Members: PubS-2010
- Retired Members:
 - Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
 - Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
 - Public Safety Retirees: PubS-2010, 102% of rates at all ages
- Beneficiaries: PubG-2010 contingent survivor mortality table
- Disabled Members:
 - Public Safety: PubS-2010 disabled member mortality table
 - Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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 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-

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 – PENSION PLAN (CONTINUED)

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, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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 Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	\$ 7,397,712	\$ (35,627)	\$ (6,110,630)

Pension Plan Fiduciary Net Position

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

NOTE 12 – TRANSFERS

The following is a summary of transfers between funds:

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 12 – TRANSFERS (CONTINUED)

	General	Nonmajor Governmental	Enterprise Nonmajor	Total Transfer Out
General	\$ -	\$ 2,013,170	\$ 150,000	\$ 2,163,170
Nonmajor Governmental	1,842,862	266,386	-	2,109,248
Special Capital Improvements	219,346	-	-	219,346
TID #5	-	175,515	-	175,515
Wastewater	60,046	-	-	60,046
Water	71,346	-	-	71,346
Transfer In	<u>\$ 2,193,600</u>	<u>\$ 2,455,071</u>	<u>\$ 150,000</u>	<u>\$ 4,798,671</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 13 – 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, 2022, 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 pays an annual premium to the pool to provide coverage for general liability, official's liability, auto liability, law enforcement liability, property, and boiler and machinery.

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

The City 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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 13 – RISK MANAGEMENT (CONTINUED)

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 14 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of Yankton's other postemployment benefit plan is a single-employer defined benefit healthcare plan administered by the Municipality. Under the plan an employee who has a minimum of 15 years' service and who has been insured through the City's group health insurance for a minimum of 5 years is eligible to continue with the City's health insurance plan until they reach the age of Medicare eligibility with the City paying 50% of the premium. The retiree's spouse may also continue on the City's plan with the City paying 50% of the premium if the spouse was added to the group prior to retirement. Authority for providing such benefits are found in South Dakota Codified Law 6-1-16 and 9-14-35. Benefit provisions were established and may be amended by the City Board of Commissioners. Premiums are based on the full active employee premium rate. The plan does not issue separately stated standalone financial statements. Following January 1, 2014, no new retirees shall be admitted into the program.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Board of Commissioners.

Annual OPEB Cost and Total OPEB Obligation

The City's annual other postemployment 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 one participant, 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1	
Active employees	-	-
Total	1	1

The City's total OPEB liability of \$2,473 was measured as of December 31, 2022, using the alternative measurement method.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	OPEB Liability
Total OPEB liability beginning of year	\$ 7,507
Changes for the year:	
Service cost	-
Interest	-
Differences between expected and actual experiences	-
Changes in assumptions	-
Benefit payments	(5,034)
Net changes	(5,034)
Total OPEB liability end of year	\$ 2,473

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.0%) or 1% higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (4.0%)	Healthcare Cost Trend Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	\$ 2,424	\$ 2,473	\$ 2,523

For the year ended December 31, 2022, the City did not recognize any OPEB expense.

NOTE 15 – 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, this first of which is that there is an operations and maintenance cost component where the County and City share the costs of facility operations and maintenance at a rate of 89.25% and 10.75%, respectively. These percentages are 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 a different cost allocation will be approved by both parties. The amount paid by the City to the County for 2022 for this component was \$42,717.

The second component is related to capital improvements. The City's payment for this component is 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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 15 – SAFETY CENTER AGREEMENT (CONTINUED)

Lastly, the City agreed to provide dispatch services for the County with the County paying the City an annually agreed upon amount associated with the costs of providing the service. For 2022, the parties agreed the County would pay \$132,568 per for dispatch services, which was appropriately paid.

NOTE 16 – RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2022 was as follows:

Major Purposes:		
Lodging Sales Tax – Enabling Legislation	\$ 742,692	
Debt Service – External Creditors	3,751,262	
SDRS Pension Purposes	1,201,583	
Total Major Purposes		\$ 5,695,537
Permanently Restricted Purposes:		
Cemetery Perpetual Care – Expendable	111,045	
Cemetery Perpetual Care – Nonexpendable	50,000	
Total Permanently Restricted Purposes		161,045
Other Purposes:		
Historic Easement Trust	24,218	
Library – Enabling Legislation	30,373	
TID	3,054	
Roads and Bridges – Enabling Legislation	150,173	
Dispatch	66,284	
Total Other Purposes		274,102
Total Restricted Net Position		<u>\$ 6,130,684</u>

NOTE 17 – 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, 2022, the City abated \$136,857 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.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 17 – TAX ABATEMENTS (CONTINUED)

For the year ended December 31, 2022, the City abated \$429,658 of municipal retail occupation sales and service tax under said agreements.

NOTE 18 – VIOLATIONS OF FINANCE-RELATED LEGAL REQUIREMENTS

The City is prohibited by statute from spending in excess of appropriated amounts at the department level in the general fund and at the fund level for the special revenue funds, capital projects funds, and permanent funds. The City did not spend in excess of appropriated amounts at the department level in the general fund. The following represents the overdrafts of the expenditures compared to appropriations at the fund level for the special revenue funds, capital projects funds, and permanent funds:

	Year End 12/31/22
Special Revenue Fund:	
East Yankton TID	
Community Development	\$ 13,000
 Capital Project Funds:	
Park Capital Projects	
Culture and Recreation	75,540
 Public Improvement	
Culture and Recreation	1,544,736
Community Development	\$ 195,816

NOTE 19 – ACCOUNTING CHANGE

The Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during fiscal year 2022. The new requirements required the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Capital Assets	Governmental Activities Long-Term Liabilities Lease Agreements Payable
Balances December 31, 2021, as previously reported	\$ 83,405,491	\$ -
Change to implement GASB No. 87	91,694	91,694
Balances January 1, 2022, as restated	\$ 83,497,185	\$ 91,694

Fiscal year 2021's financial statements reported capital leases of \$14,051,683. These were deemed finance purchase agreements and are reported as note payables on fiscal year 2022's financial statements.

NOTE 20 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending December 31, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 21 – SUBSEQUENT EVENTS

In July 2023, the City approved a \$1,066,775 Clean Water State Revolving Fund (SRF) loan draw for water infrastructure improvements. The City approved a subsequent draw in November 2023 for \$110,514. For both disbursements, the City drew on an existing loan that requires quarterly payments at a rate of 2.9902% until its maturity in 2046.

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 ACTUAL
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 2,999,551	\$ 2,999,551	\$ 4,065,278	\$ 1,065,727
Sales and Other Taxes	7,727,831	7,727,831	7,666,678	(61,153)
Licenses and Permits	333,507	333,507	365,255	31,748
Intergovernmental	5,331,228	5,331,228	798,384	(4,532,844)
Charges for Service	3,061,530	3,061,530	3,360,005	298,475
Fines and Forfeits	4,250	4,250	4,520	270
Interest	1,180	1,180	226,184	225,004
Contributions	61,000	61,000	66,052	5,052
Miscellaneous	87,720	87,720	156,805	69,085
Total Revenues	<u>19,607,797</u>	<u>19,607,797</u>	<u>16,709,161</u>	<u>(2,898,636)</u>
Expenditures:				
General Government:				
Board of City Commission	158,084	183,084	167,374	15,710
Office of City Manager	277,926	277,926	229,103	48,823
City Attorney	130,984	130,984	93,283	37,701
Department of Finance	744,747	826,747	685,163	141,584
Information Systems	506,789	699,587	449,717	249,870
Community Development	643,565	643,565	483,689	159,876
Human Resources	245,493	245,493	213,787	31,706
Contingency	300,000	300,000	-	300,000
Casualty Reserve Fund	5,000	5,000	3,000	2,000
Special Appropriations	138,206	183,206	174,326	8,880
Total General Government	<u>3,150,794</u>	<u>3,495,592</u>	<u>2,499,442</u>	<u>996,150</u>
Public Safety:				
Police Department	4,016,505	4,056,359	3,137,840	918,519
Fire Department	854,307	929,307	781,212	148,095
Civil Defense	4,960	8,960	8,607	353
Total Public Safety	<u>4,875,772</u>	<u>4,994,626</u>	<u>3,927,659</u>	<u>1,066,967</u>
Public Works:				
Engineering and Inspection	814,131	814,131	534,996	279,135
Streets and Highways	2,285,666	2,505,666	1,612,019	893,647
Snow and Ice Removal	234,353	234,353	-	234,353
City Hall	349,014	474,247	409,172	65,075
Traffic Control	554,494	554,494	515,869	38,625
Chan Gurney Airport	789,238	939,238	751,781	187,457
Total Public Works	<u>5,026,896</u>	<u>5,522,129</u>	<u>3,823,837</u>	<u>1,698,292</u>

(continued)

CITY OF YANKTON, SOUTH DAKOTA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Culture and Recreation:				
Marne Creek	5,636,509	5,636,509	528,654	5,107,855
Summit Activities Center	930,984	930,984	682,242	248,742
Memorial Park Pool	1,696,011	1,696,011	1,614,358	81,653
Parks and Recreation	1,896,393	1,972,267	1,759,193	213,074
Senior Citizens Center	63,723	98,723	86,171	12,552
Community Library	861,399	861,399	785,779	75,620
Total Culture and Recreation	<u>11,085,019</u>	<u>11,195,893</u>	<u>5,456,397</u>	<u>5,739,496</u>
Total Expenditures	<u>24,138,481</u>	<u>25,208,240</u>	<u>15,707,335</u>	<u>9,500,905</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,530,684)</u>	<u>(5,600,443)</u>	<u>1,001,826</u>	<u>6,602,269</u>
Other Financing Sources (Uses):				
Lease Agreements	-	-	20,403	20,403
Proceeds from Sale of Capitalized Assets	-	-	148,850	148,850
Transfers In	1,251,623	1,251,623	2,193,600	941,977
Transfers Out	(2,868,195)	(3,539,926)	(2,163,170)	1,376,756
Total Other Financing Sources (Uses)	<u>(1,616,572)</u>	<u>(2,288,303)</u>	<u>199,683</u>	<u>2,487,986</u>
Net Change in Fund Balance	<u>(6,147,256)</u>	<u>(7,888,746)</u>	<u>1,201,509</u>	<u>\$ 9,090,255</u>
Fund Balance - Beginning of Year	<u>15,074,539</u>	<u>15,074,539</u>	<u>15,074,539</u>	
Fund Balance - End of Year	<u>\$ 8,927,283</u>	<u>\$ 7,185,793</u>	<u>\$ 16,276,048</u>	

**CITY OF YANKTON, SOUTH DAKOTA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Major Special Revenue Fund - TID #5 Menards
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 143,675	\$ 143,675	\$ 175,515	\$ 31,840
Total Revenues	<u>143,675</u>	<u>143,675</u>	<u>175,515</u>	<u>31,840</u>
Other Financing Sources (Uses):				
Transfers In	70,000	70,000	-	(70,000)
Transfers Out	(194,610)	(194,610)	(175,515)	19,095
Total Other Financing Sources (Uses)	<u>(124,610)</u>	<u>(124,610)</u>	<u>(175,515)</u>	<u>(50,905)</u>
Net Change in Fund Balance	<u>19,065</u>	<u>19,065</u>	<u>-</u>	<u>\$ (19,065)</u>
Fund (Deficits) - Beginning of Year	<u>(3,689,392)</u>	<u>(3,689,392)</u>	<u>(3,689,392)</u>	
Fund (Deficits) - End of Year	<u>\$ (3,670,327)</u>	<u>\$ (3,670,327)</u>	<u>\$ (3,689,392)</u>	

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022 to the original appropriations by fund were as follows for the general fund:

	Original Appropriations	Total Revisions	Revised Appropriations
General Fund:			
General Government			
Board of City Commission	\$ 158,084	\$ 25,000	\$ 183,084
Department of Finance	744,747	82,000	826,747
Information Systems	506,789	192,798	699,587
Special Appropriations	138,206	45,000	183,206
Public Safety			
Police Department	4,016,505	39,854	4,056,359
Fire Department	854,307	75,000	929,307
Civil Defense	4,960	4,000	8,960
Public Works			
Streets and Highways	2,285,666	220,000	2,505,666
City Hall	349,014	125,233	474,247
Chan Gurney Airport	789,238	150,000	939,238
Culture and Recreation			
Senior Citizens Center	63,723	35,000	98,723
Transfers Out	2,868,195	671,731	3,539,926

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.
7. 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, 2022.

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

EXHIBIT 10

-
8. 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.
 9. Budgets for the general fund, special revenue funds, and capital projects funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).
 10. 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, 2022.
 11. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with U.S. generally accepted accounting principles present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances; however, in the budgetary RSI schedule, the purchase of a fire truck would be reported as an expenditure of the public safety/fire department function of government, along with all other current fire department 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, 2022
Required Supplementary Information

EXHIBIT 11

	2022	2021	2020	2019	2018
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Cost	-	-	-	-	-
Difference between expected and actual experiences	-	-	-	(5,240)	(2,468)
Changes in assumptions	-	-	-	-	-
Benefit payments	(5,034)	(11,100)	(15,699)	(18,458)	(24,513)
Net change in total OPEB liability	(5,034)	(11,100)	(15,699)	(23,698)	(26,981)
Total OPEB liability beginning of year	7,507	18,607	34,306	58,004	84,985
Total OPEB liability end of year	\$ 2,473	\$ 7,507	\$ 18,607	\$ 34,306	\$ 58,004
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	0.0%	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 9 Fiscal Years*
 (Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Municipality's proportion of the net pension liability (asset)	0.37698500%	0.38310300%	0.36648290%	0.36945880%	0.37324390%	0.38897970%	0.38265660%	0.38171770%	0.37916180%
Municipality's proportionate share of net pension liability (asset)	\$ (36)	\$ (2,934)	\$ (16)	\$ (39)	\$ (9)	\$ (35)	\$ 1,293	\$ (1,619)	\$ (2,732)
Municipality's covered payroll	\$ 8,319	\$ 7,908	\$ 7,465	\$ 7,319	\$ 7,229	\$ 7,360	\$ 6,764	\$ 6,487	\$ 6,257
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.43%	-37.10%	-0.21%	-0.53%	-0.12%	-0.48%	19.12%	-24.96%	-43.66%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.1%	105.5%	100.0%	100.1%	100.0%	100.1%	96.9%	104.1%	107.3%

*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
South Dakota Retirement System
 Last 10 Years
 (Dollar amounts in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 559	\$ 530	\$ 492	\$ 473	\$ 472	\$ 460	\$ 449	\$ 441	\$ 404	\$ 406
Contributions in relation to the contractually required contribution	<u>559</u>	<u>530</u>	<u>492</u>	<u>473</u>	<u>472</u>	<u>460</u>	<u>449</u>	<u>441</u>	<u>404</u>	<u>406</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Municipality's covered payroll	\$ 8,616	\$ 8,156	\$ 7,602	\$ 7,348	\$ 7,335	\$ 7,141	\$ 6,973	\$ 6,843	\$ 6,257	\$ 6,286
Contributions as a percentage of covered payroll	6.48%	6.49%	6.48%	6.44%	6.44%	6.45%	6.44%	6.45%	6.46%	6.46%

CITY OF YANKTON
Notes to Required Supplementary Information
for the Year Ended December 31, 2022
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

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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 Menards – 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.

Nonmajor Funds:

Dispatch Fund – This fund is mandated by the State of South Dakota as they receive state funds to run a dispatch operation.

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.

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

Tax Increment District #11 East Yankton – This fund is used to account for expenditures for improvements in the East Yankton TIF district and the corresponding TIF revenues.

Tax Increment District #12 Meade Property Development – This fund is used to account for expenditures for improvements in the Meade Property Development TIF district and the corresponding TIF revenues.

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.

**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:

Nonmajor 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 PROJECT 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).

Nonmajor Funds:

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

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

Park Capital Projects – This fund is used for capital improvements to the various parks throughout the City of Yankton that include formation and initial equipment, or the expansion of existing facilities.

Infrastructure Improvement Revolving – This fund helps finance special assessment construction projects that are paid for by the citizens who receive the direct benefits of these projects. Most repayments are in the form of a revolving loan established by the City of Yankton.

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

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

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.

Nonmajor Fund:

Cemetery Perpetual Care – This fund accounts for the operations and restricted funds of the cemetery.

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CITY OF YANKTON, SOUTH DAKOTA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 December 31, 2022

	Special Revenue								
	Debt Service	Dispatch	Business Improvement District	TID #8 Westbrook Estates Phase II	TID #6 Westbrook Estates	TID #7 West 10th Street	TID #9 Mall Improvements	TID #11 East Yankton	TID #12 Meade Property Development
Assets									
Cash and Cash Equivalents	\$ 208,504	\$ 31,227	\$ 230,015	\$ 34,561	\$ 160,774	\$ 19,479	\$ 517	\$ -	\$ 7,240
Receivables (Net where applicable, of allowance for uncollectibles):									
Accounts	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-
Due from Other Governmental Agencies	-	66,284	8,340	-	3,040	-	-	-	160,034
Property Held for Resale, at Cost	-	-	-	-	-	-	-	-	-
Restricted Assets:									
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-
Total Assets	208,504	97,511	238,355	34,561	163,814	19,479	517	-	167,274
Liabilities									
Accounts Payable	-	124	129,829	34,874	160,760	19,479	517	-	19,594
Accrued Wages	-	31,103	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	13,000	222,519
Advances from Other Funds	-	-	-	828,515	-	-	-	-	-
Total Liabilities	-	31,227	129,829	863,389	160,760	19,479	517	13,000	242,113
Deferred Inflows of Resources									
Unavailable Revenue - Special Assessments	-	-	-	-	-	-	-	-	-
Unavailable Revenue - Other Taxes	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-
Fund Balances (Deficits)									
Non-Spendable:									
Perpetual Care	-	-	-	-	-	-	-	-	-
Restricted:									
Debt Service	208,504	-	-	-	-	-	-	-	-
TID	-	-	-	-	3,054	-	-	-	-
Perpetual Care	-	-	-	-	-	-	-	-	-
Lodging Sales Tax	-	-	108,526	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Road and Bridge Funds	-	-	-	-	-	-	-	-	-
Historic Easement Trust	-	-	-	-	-	-	-	-	-
Dispatch	-	66,284	-	-	-	-	-	-	-
Assigned:									
Capital Projects	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(828,828)	-	-	-	(13,000)	(74,839)
Total Fund Balances (Deficits)	208,504	66,284	108,526	(828,828)	3,054	-	-	(13,000)	(74,839)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 208,504	\$ 97,511	\$ 238,355	\$ 34,561	\$ 163,814	\$ 19,479	\$ 517	\$ -	\$ 167,274

EXHIBIT A-1

	Capital Projects				Permanent		Total
Bridge & Street	Lodging Sales Tax	Library Trust	Historic Easement Trust	Nonmajor Capital Projects	Perpetual Care Cemetery	Governmental Nonmajor Funds	
\$ 150,173	\$ 569,370	\$ 30,847	\$ 24,218	\$ 2,891,967	\$ 11,330	\$ 4,370,222	
-	-	-	-	348,861	979	349,840	
-	-	-	-	17,595	-	17,595	
-	66,012	-	-	62,341	-	366,051	
-	-	-	-	651,937	-	651,937	
-	-	-	-	-	153,247	153,247	
<u>150,173</u>	<u>635,382</u>	<u>30,847</u>	<u>24,218</u>	<u>3,972,701</u>	<u>165,556</u>	<u>5,908,892</u>	
-	1,216	474	-	401,996	1,147	770,010	
-	-	-	-	-	3,364	34,467	
-	-	-	-	1,414,981	-	1,650,500	
-	-	-	-	-	-	828,515	
-	<u>1,216</u>	<u>474</u>	-	<u>1,816,977</u>	<u>4,511</u>	<u>3,283,492</u>	
-	-	-	-	16,337	-	16,337	
-	10,878	-	-	-	-	10,878	
-	<u>10,878</u>	-	-	<u>16,337</u>	-	<u>27,215</u>	
-	-	-	-	-	50,000	50,000	
-	-	-	-	-	-	208,504	
-	-	-	-	-	-	3,054	
-	-	-	-	-	111,045	111,045	
-	623,288	-	-	-	-	731,814	
-	-	30,373	-	-	-	30,373	
150,173	-	-	-	-	-	150,173	
-	-	-	24,218	-	-	24,218	
-	-	-	-	-	-	66,284	
-	-	-	-	2,701,573	-	2,701,573	
-	-	-	-	(562,186)	-	(1,478,853)	
<u>150,173</u>	<u>623,288</u>	<u>30,373</u>	<u>24,218</u>	<u>2,139,387</u>	<u>161,045</u>	<u>2,598,185</u>	
<u>\$ 150,173</u>	<u>\$ 635,382</u>	<u>\$ 30,847</u>	<u>\$ 24,218</u>	<u>\$ 3,972,701</u>	<u>\$ 165,556</u>	<u>\$ 5,908,892</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, 2022

Special Revenue

	Debt Service	Dispatch	Business Improvement District	TID #8 Westbrook Estates Phase II	TID #6 Westbrook Estates	TID #7 West 10th Street	TID #9 Mall Improvements	TID #11 East Yankton	TID #12 Meade Property Development
Revenue:									
Property Taxes	\$ -	\$ -	\$ -	\$ 77,990	\$ 351,777	\$ 51,655	\$ 1,035	\$ -	\$ -
Sales and Other Taxes	-	-	134,566	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	-	134,997	-	-	-	-	-	-	160,034
Charges for Services	-	-	-	-	-	-	-	-	-
Interest on Investments	-	2,899	4,133	-	13	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Miscellaneous	-	329	-	-	-	-	-	-	-
Total Revenue	-	138,225	138,699	77,990	351,790	51,655	1,035	-	160,034
Current Expenditures:									
Public Safety	-	748,064	-	-	-	-	-	-	-
Public Works	-	-	-	81,991	349,220	51,764	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	6,180	13,000	434,004
Capital Outlay:									
Public Works	-	-	212,029	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Debt Service	207,904	-	-	-	-	-	-	-	-
Total Expenditures	207,904	748,064	212,029	81,991	349,220	51,764	6,180	13,000	434,004
Excess (Deficiency) of Revenues Over (Under) Expenditures	(207,904)	(609,839)	(73,330)	(4,001)	2,570	(109)	(5,145)	(13,000)	(273,970)
Other Financing Sources (Uses):									
Proceeds from Sale of Uncapitalized Assets	-	-	-	-	-	-	-	-	-
Transfers In	207,304	644,584	-	-	-	-	-	-	199,131
Transfers Out	-	-	(2,774)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	207,304	644,584	(2,774)	-	-	-	-	-	199,131
Net Changes in Fund Balance	(600)	34,745	(76,104)	(4,001)	2,570	(109)	(5,145)	(13,000)	(74,839)
Fund Balances (Deficits) - Beginning of Year	209,104	31,539	184,630	(824,827)	484	109	5,145	-	-
Fund Balances (Deficits) - End of Year	\$ 208,504	\$ 66,284	\$ 108,526	\$ (828,828)	\$ 3,054	\$ -	\$ -	\$ (13,000)	\$ (74,839)

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 482,457
21,397	791,256	-	-	-	-	947,219
-	-	-	-	34,006	-	34,006
-	-	-	-	550,713	-	845,744
-	-	-	-	-	24,576	24,576
3,726	14,384	597	462	63,712	3,487	93,413
-	1,500	14,941	-	456,458	-	472,899
-	-	-	-	500	460	1,289
25,123	807,140	15,538	462	1,105,389	28,523	2,901,603
-	-	-	-	-	-	748,064
-	-	-	-	-	-	482,975
-	-	14,964	-	-	88,290	103,254
-	758,674	-	-	-	-	1,211,858
5,116	-	-	-	659,421	-	876,566
-	-	-	-	3,330,859	-	3,330,859
-	-	-	-	195,816	-	195,816
-	-	-	-	-	-	207,904
5,116	758,674	14,964	-	4,186,096	88,290	7,157,296
20,007	48,466	574	462	(3,080,707)	(59,767)	(4,255,693)
-	-	-	-	385,383	-	385,383
-	-	-	-	1,343,466	60,586	2,455,071
-	(71,789)	-	-	(2,034,685)	-	(2,109,248)
-	(71,789)	-	-	(305,836)	60,586	731,206
20,007	(23,323)	574	462	(3,386,543)	819	(3,524,487)
130,166	646,611	29,799	23,756	5,525,930	160,226	6,122,672
\$ 150,173	\$ 623,288	\$ 30,373	\$ 24,218	\$ 2,139,387	\$ 161,045	\$ 2,598,185

**CITY OF YANKTON, SOUTH DAKOTA
COMBINING BALANCE SHEET
Nonmajor Capital Projects Funds
December 31, 2022**

	Public Improvement	Infrastructure Improvement	Park Capital Projects	Infrastructure Improvement Revolving
Assets				
Cash and Cash Equivalents	\$ 1	\$ 320,933	\$ 247,816	\$ -
Receivables (Net where applicable, of allowance for uncollectibles):				
Accounts	348,861	-	-	-
Special Assessments	-	-	-	17,595
Due from Other Governmental Agencies	-	-	-	-
Property Held for Resale, at Cost	651,937	-	-	-
Total Assets	1,000,799	320,933	247,816	17,595
Liabilities				
Accounts Payable	1	-	395,819	-
Due to Other Funds	1,414,981	-	-	-
Total Liabilities	1,414,982	-	395,819	-
Deferred Inflows of Resources				
Unavailable Revenue - Special Assessments	-	-	-	16,337
Total Deferred Inflows of Resources	-	-	-	16,337
Fund Balances (Deficits)				
Assigned:				
Capital Projects	-	320,933	-	1,258
Unassigned	(414,183)	-	(148,003)	-
Total Fund Balances (Deficits)	(414,183)	320,933	(148,003)	1,258
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 1,000,799	\$ 320,933	\$ 247,816	\$ 17,595

EXHIBIT A-3

Airport Capital Improvement	Pool Capital Construction	Totals
\$ 70,022	\$ 2,253,195	\$ 2,891,967
-	-	348,861
-	-	17,595
62,341	-	62,341
-	-	651,937
<u>132,363</u>	<u>2,253,195</u>	<u>3,972,701</u>
6,176	-	401,996
-	-	1,414,981
<u>6,176</u>	<u>-</u>	<u>1,816,977</u>
-	-	16,337
-	-	16,337
126,187	2,253,195	2,701,573
-	-	(562,186)
<u>126,187</u>	<u>2,253,195</u>	<u>2,139,387</u>
<u>\$ 132,363</u>	<u>\$ 2,253,195</u>	<u>\$ 3,972,701</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, 2022**

	Public Improvement	Infrastructure Improvement	Park Capital Projects
Revenue:			
Special Assessments	\$ -	\$ -	\$ -
Intergovernmental	196,777	-	-
Interest on Investments	-	-	-
Contributions	237,243	-	8,600
Miscellaneous	500	-	-
Total Revenue	<u>434,520</u>	<u>-</u>	<u>8,600</u>
Current Expenditures:			
Capital Outlay:			
Public Works	306,217	92	-
Culture and Recreation	1,544,736	-	1,683,540
Community Development	195,816	-	-
Total Expenditures	<u>2,046,769</u>	<u>92</u>	<u>1,683,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,612,249)</u>	<u>(92)</u>	<u>(1,674,940)</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Uncapitalized Assets	385,383	-	-
Transfers In	-	35,466	1,308,000
Transfers Out	(199,131)	-	-
Total Other Financing Sources (Uses)	<u>186,252</u>	<u>35,466</u>	<u>1,308,000</u>
Net Changes in Fund Balances	(1,425,997)	35,374	(366,940)
Fund Balances - Beginning of Year	<u>1,011,814</u>	<u>285,559</u>	<u>218,937</u>
Fund Balances (Deficits) - End of Year	<u>\$ (414,183)</u>	<u>\$ 320,933</u>	<u>\$ (148,003)</u>

EXHIBIT A-4

Infrastructure Improvement Revolving	Airport Capital Improvement	Pool Capital Construction	Totals
\$ 34,006	\$ -	\$ -	\$ 34,006
-	353,936	-	550,713
-	-	63,712	63,712
-	-	210,615	456,458
-	-	-	500
<u>34,006</u>	<u>353,936</u>	<u>274,327</u>	<u>1,105,389</u>
-	353,112	-	659,421
-	-	102,583	3,330,859
-	-	-	195,816
<u>-</u>	<u>353,112</u>	<u>102,583</u>	<u>4,186,096</u>
34,006	824	171,744	(3,080,707)
-	-	-	385,383
-	-	-	1,343,466
(35,466)	-	(1,800,088)	(2,034,685)
<u>(35,466)</u>	<u>-</u>	<u>(1,800,088)</u>	<u>(305,836)</u>
(1,460)	824	(1,628,344)	(3,386,543)
<u>2,718</u>	<u>125,363</u>	<u>3,881,539</u>	<u>5,525,930</u>
<u>\$ 1,258</u>	<u>\$ 126,187</u>	<u>\$ 2,253,195</u>	<u>\$ 2,139,387</u>

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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.

Nonmajor Enterprise Funds:

Solid Waste – This fund accounts for the operations of a solid waste pickup (collection) for the residents of the City of Yankton.

Golf Course – This fund was established to account for the operations of an 18-hole municipal, public play golf course.

Internal Service Funds:

Copies and Postage – This fund has been established to record all charges for copies and postage by all departments prior to allocating these charges to the respective departments.

Central Garage Fund – To account for the cost of supplying the fuel, repairs and maintenance of equipment used by all City departments, and fuel for the Yankton County automotive equipment, all purchases are billed at cost plus nominal overhead to defray administrative, equipment and shop maintenance and depreciation costs.

CITY OF YANKTON, SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
Nonmajor Enterprise Funds
December 31, 2022

	Golf Course	Solid Waste	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 30,692	\$ 1,249,575	\$ 1,280,267
Receivables (Net where applicable, of allowance for uncollectibles):			
Accounts	13,032	223,660	236,692
Prepaid Expenses	1,302	18,024	19,326
Total Current Assets	<u>45,026</u>	<u>1,491,259</u>	<u>1,536,285</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	53,372	53,372
Net Pension Asset	-	1,149	1,149
Land	533,787	74,639	608,426
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>2,518,789</u>	<u>333,943</u>	<u>2,852,732</u>
Total Noncurrent Assets	<u>3,052,576</u>	<u>463,103</u>	<u>3,515,679</u>
Total Assets	<u>3,097,602</u>	<u>1,954,362</u>	<u>5,051,964</u>
Deferred Outflows of Resources			
Pension Related Deferred Outflows	-	104,456	104,456
Liabilities			
Current Liabilities:			
Accounts Payable	343	23,970	24,313
Accrued Wages	-	21,562	21,562
Accrued Interest Payable	-	501	501
Accrued Compensated Absences	-	6,990	6,990
Current Portion of Revenue Bonds Payable	-	47,603	47,603
Total Current Liabilities	<u>343</u>	<u>100,626</u>	<u>100,969</u>
Noncurrent Liabilities:			
Accrued Compensated Absences	-	27,962	27,962
Revenue Bonds Payable	-	252,747	252,747
Total Noncurrent Liabilities	<u>-</u>	<u>280,709</u>	<u>280,709</u>
Total Liabilities	<u>343</u>	<u>381,335</u>	<u>381,678</u>
Deferred Inflows of Resources			
Pension Related Deferred Inflows	-	66,843	66,843
Net Position			
Net investment in capital assets,	3,052,576	108,232	3,160,808
Restricted for:			
Debt Service	-	52,871	52,871
SDRS Pension Purposes	-	38,762	38,762
Unrestricted	44,683	1,410,775	1,455,458
Total Net Position	<u>\$ 3,097,259</u>	<u>\$ 1,610,640</u>	<u>\$ 4,707,899</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, 2022

	Golf Course	Solid Waste	Totals
Operating Revenues:			
Charges for Services	\$ -	\$ 1,322,336	\$ 1,322,336
Operating Expenses:			
Personal Services	-	509,106	509,106
Insurance	7,674	8,131	15,805
Professional Services	-	73,606	73,606
Tipping Fees	-	224,966	224,966
Repairs and Maintenance	25,035	145,260	170,295
Cost of Sales and Service	44,686	-	44,686
Supplies and Materials	-	1,690	1,690
Utilities	129	855	984
Billing and Administration	-	267,653	267,653
Depreciation	81,870	73,124	154,994
Total Operating Expenses	159,394	1,304,391	1,463,785
Operating Income (Loss)	(159,394)	17,945	(141,449)
Nonoperating Income (Expense):			
Interest Income	-	27,941	27,941
Miscellaneous, net	63,587	-	63,587
Interest Expense	-	(6,630)	(6,630)
Total Nonoperating Income (Expenses)	63,587	21,311	84,898
Income (Loss) Before Contributions and Transfers	(95,807)	39,256	(56,551)
Transfers In	150,000	-	150,000
Net Changes in Net Position	54,193	39,256	93,449
Net Position - Beginning	3,043,066	1,571,384	4,614,450
Net Position - Ending	\$ 3,097,259	\$ 1,610,640	\$ 4,707,899

CITY OF YANKTON, SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	Business-Type		
	Golf Course	Solid Waste	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ -	\$ 1,302,393	\$ 1,302,393
Cash Received from Interfund Services Provided	-	2,130	2,130
Cash Paid to Suppliers for Goods and Services	(77,339)	(595,966)	(673,305)
Cash Paid to Employees for Services	-	(497,006)	(497,006)
Cash Paid for Interfund Services	-	(132,557)	(132,557)
Other Nonoperating Revenues	63,585	-	63,585
Net Cash Provided (Used) by Operating Activities	(13,754)	78,994	65,240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(228,066)	-	(228,066)
Interest Paid on Bonds	-	(6,708)	(6,708)
Principal Paid on Notes, Bonds, and Leases	-	(46,664)	(46,664)
Net Cash (Used) by Capital and Related Financing Activities	(228,066)	(53,372)	(281,438)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	150,000	-	150,000
Net Cash Provided by Noncapital Financing Activities	150,000	-	150,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	-	27,941	27,941
Net Cash Provided from Investing Activities	-	27,941	27,941
Net Increase (Decrease) in Cash and Cash Equivalents	(91,820)	53,563	(38,257)
Cash and Cash Equivalents at Beginning of Year	122,512	1,249,384	1,371,896
Cash and Cash Equivalents at End of Year	\$ 30,692	\$ 1,302,947	\$ 1,333,639
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (159,394)	\$ 17,945	\$ (141,449)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	81,870	73,124	154,994
Other Nonoperating Income	63,587	-	63,587
(Increase) Decrease in Assets:			
Accounts Receivable	(2)	(17,813)	(17,815)
Prepaid Expenses	(137)	(3,113)	(3,250)
Net Pension Asset	-	115,300	115,300
Pension Related Deferred Outflows	-	44,804	44,804
Increase (Decrease) in Liabilities:			
Accounts Payable	322	(3,249)	(2,927)
Accrued Wages	-	2,457	2,457
Accrued Compensated Absences	-	7,668	7,668
Pension Related Deferred Inflows	-	(158,129)	(158,129)
Net Cash Provided by Operating Activities	\$ (13,754)	\$ 78,994	\$ 65,240
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Cash Equivalents	\$ 30,692	\$ 1,249,575	\$ 1,280,267
Restricted Cash and Cash Equivalents	-	53,372	53,372
	\$ 30,692	\$ 1,302,947	\$ 1,333,639

CITY OF YANKTON, SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
December 31, 2022

	Copier- Fax- Postage	Central Garage	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 78,708	\$ 78,708
Receivables (Net where applicable, of allowance for uncollectibles):			
Due from Other Governmental Agencies	-	9,385	9,385
Prepaid Expenses	-	2,108	2,108
Inventories	6,455	245,332	251,787
Total Current Assets	6,455	335,533	341,988
Noncurrent Assets:			
Net Pension Asset	-	450	450
Land	-	7,000	7,000
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	-	164,653	164,653
Total Noncurrent Assets	-	172,103	172,103
Total Assets	6,455	507,636	514,091
Deferred Outflows of Resources			
Pension Related Deferred Outflows	-	40,916	40,916
Liabilities			
Current Liabilities:			
Accounts Payable	-	53,501	53,501
Accrued Wages	-	5,239	5,239
Accrued Compensated Absences	-	1,910	1,910
Due to Other Funds	6,455	-	6,455
Total Current Liabilities	6,455	60,650	67,105
Noncurrent Liabilities:			
Accrued Compensated Absences	-	7,641	7,641
Total Noncurrent Liabilities	-	7,641	7,641
Total Liabilities	6,455	68,291	74,746
Deferred Inflows of Resources			
Pension Related Deferred Inflows	-	26,183	26,183
Net Position			
Net investment in capital assets,	-	171,653	171,653
Restricted for:			
SDRS Pension Purposes	-	15,183	15,183
Unrestricted	-	267,242	267,242
Total Net Position	\$ -	\$ 454,078	\$ 454,078

**CITY OF YANKTON, SOUTH DAKOTA
 COMBINING STATEMENT OF REVENUES
 EXPENSES, AND CHANGES IN NET POSITION
 Internal Service Funds
 For the Year Ended December 31, 2022**

	Copier- Fax- Postage	Central Garage	Totals
Operating Revenues:			
Charges for Services	\$ 1,213	\$ 974,638	\$ 975,851
Operating Expenses:			
Personal Services	-	139,764	139,764
Professional Services	-	7,292	7,292
Repairs and Maintenance	-	16,351	16,351
Supplies and Materials	1,213	771,267	772,480
Utilities	-	20,119	20,119
Depreciation	-	31,766	31,766
Total Operating Expenses	1,213	986,559	987,772
Net Changes in Net Position	-	(11,921)	(11,921)
Net Position - Beginning	-	465,999	465,999
Net Position - Ending	\$ -	\$ 454,078	\$ 454,078

CITY OF YANKTON, SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
For the Year Ended December 31, 2022

	Copier-Fax- Postage	Central Garage	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,213	\$ 580,108	\$ 581,321
Cash Received from Interfund Services Provided	-	392,508	392,508
Cash Paid to Suppliers for Goods and Services	(7,668)	(815,673)	(823,341)
Cash Paid to Employees for Services	-	(142,467)	(142,467)
Cash Paid for Interfund Services	-	(2,476)	(2,476)
Net Cash Provided (Used) by Operating Activities	(6,455)	12,000	5,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	-	(9,594)	(9,594)
Net Cash (Used) by Capital and Related Financing Activities	-	(9,594)	(9,594)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Balances--Payments from Other Funds	6,455	-	6,455
Net Cash Provided by Noncapital Financing Activities	6,455	-	6,455
Net Increase in Cash and Cash Equivalents	-	2,406	2,406
Cash and Cash Equivalents Beginning of Year	-	76,302	76,302
Cash and Cash Equivalents End of Year	\$ -	\$ 78,708	\$ 78,708
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating (Loss)	\$ -	\$ (11,921)	\$ (11,921)
Adjustments to Reconcile Net Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	31,766	31,766
(Increase) Decrease in Assets:			
Due from Other Governmental Agencies	-	(2,022)	(2,022)
Prepaid Expenses	-	265	265
Inventories	(6,455)	(4,373)	(10,828)
Net Pension Asset	-	32,925	32,925
Pension Related Deferred Outflows	-	1,863	1,863
Increase (Decrease) in Liabilities:			
Accounts Payable	-	988	988
Accrued Wages	-	844	844
Accrued Compensated Absences	-	510	510
Other Postemployment Benefit Obligation	-	(550)	(550)
Pension Related Deferred Inflows	-	(38,295)	(38,295)
Net Cash Provided (Used) by Operating Activities	\$ (6,455)	\$ 12,000	\$ 5,545

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, 2022

	Dispatch			Business Improvement District			TID #8 Westbrook Estates Phase II		
	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)
Revenue:									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 77,990	\$ (22,010)
Sales and Other Taxes	-	-	-	114,000	134,566	20,566	-	-	-
Intergovernmental	151,156	134,997	(16,159)	-	-	-	-	-	-
Charges for Services	1,500	-	(1,500)	-	-	-	-	-	-
Interest on Investments	120	2,899	2,779	2,000	4,133	2,133	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Miscellaneous	-	329	329	-	-	-	-	-	-
Total Revenue	152,776	138,225	(14,551)	116,000	138,699	22,699	100,000	77,990	(22,010)
Current Expenditures:									
Public Safety	1,573,466	748,064	825,402	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	100,000	81,991	18,009
Community Development	-	-	-	-	-	-	-	-	-
Capital Outlay:									
Public Works	-	-	-	218,680	212,029	6,651	-	-	-
Public Safety	4,000	-	4,000	-	-	-	-	-	-
Total Expenditures	1,577,466	748,064	829,402	218,680	212,029	6,651	100,000	81,991	18,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,424,690)	(609,839)	(843,953)	(102,680)	(73,330)	16,048	-	(4,001)	(40,019)
Other Financing Sources (Uses):									
Transfers In	1,424,690	644,584	(780,106)	-	-	-	-	-	-
Transfers Out	-	-	-	(1,520)	(2,774)	(1,254)	-	-	-
Total Other Financing Sources (Uses)	1,424,690	644,584	(780,106)	(1,520)	(2,774)	(1,254)	-	-	-
Net Changes in Fund Balances	\$ -	34,745	\$ (1,624,059)	\$ (104,200)	(76,104)	\$ 14,794	\$ -	(4,001)	\$ (40,019)
Fund Balances (Deficits) - Beginning of Year		31,539			184,630			(824,827)	
Fund Balances (Deficits) - End of Year		<u>\$ 66,284</u>			<u>\$ 108,526</u>			<u>(828,828)</u>	

TID #6 Westbrook Estates			TID #7 West 10th Street			TID #9 Mall Improvements			TID #11 East Yankton		
Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)
\$ 400,000	\$ 351,777	\$ (48,223)	\$ 70,000	\$ 51,655	\$ (18,345)	\$ 10,000	\$ 1,035	\$ (8,965)	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	13	13	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
400,000	351,790	(48,210)	70,000	51,655	(18,345)	10,000	1,035	(8,965)	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
400,000	349,220	50,780	70,000	51,764	18,236	10,000	6,180	3,820	-	13,000	(13,000)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
400,000	349,220	50,780	70,000	51,764	18,236	10,000	6,180	3,820	-	13,000	(13,000)
-	2,570	(98,990)	-	(109)	(36,581)	-	(5,145)	(12,785)	-	(13,000)	13,000
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
\$ -	2,570	\$ (98,990)	\$ -	(109)	\$ (36,581)	\$ -	(5,145)	\$ (12,785)	\$ -	(13,000)	\$ 13,000
	484			109			5,145			-	
	\$ 3,054			\$ -			\$ -			\$ (13,000)	

(continued)

TID #12 Meade Property Development			Bridge & Street			Lodging Sales Tax		
Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)	Final Budgeted	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	41,397	21,397	(20,000)	713,610	791,256	77,646
-	160,034	160,034	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	100	3,726	3,626	500	14,384	13,884
-	-	-	-	-	-	-	1,500	1,500
-	-	-	-	-	-	-	-	-
-	160,034	160,034	41,497	25,123	(16,374)	714,110	807,140	93,030
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
827,154	434,004	393,150	-	-	-	829,672	758,674	70,998
-	-	-	160,000	5,116	154,884	-	-	-
-	-	-	-	-	-	-	-	-
827,154	434,004	393,150	160,000	5,116	154,884	829,672	758,674	70,998
(827,154)	(273,970)	(233,116)	(118,503)	20,007	(171,258)	(115,562)	48,466	22,032
-	199,131	199,131	68,602	-	(68,602)	-	-	-
-	-	-	-	-	-	(110,000)	(71,789)	38,211
-	199,131	199,131	68,602	-	(68,602)	(110,000)	(71,789)	38,211
\$ (827,154)	(74,839)	\$ (33,985)	\$ (49,901)	20,007	\$ (239,860)	\$ (225,562)	(23,323)	\$ 60,243
-	-	-	-	130,166	-	-	646,611	-
\$ (74,839)	-	-	\$ 150,173	-	-	\$ 623,288	-	-

(Continued)

CITY OF YANKTON, SOUTH DAKOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
Capital Project Funds and Permanent Fund
For the Year Ended December 31, 2022

	Pool Capital Construction			Special Capital Improvements		
	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
Revenue:						
Sales and Other Taxes	\$ -	\$ -	\$ -	\$ 4,706,454	\$ 5,187,612	\$ 481,158
Special Assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	554,355	550,906	(3,449)
Charges for Services	-	-	-	-	-	-
Interest on Investments	-	63,712	63,712	10,000	314,645	304,645
Contributions	187,890	210,615	22,725	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenue	<u>187,890</u>	<u>274,327</u>	<u>86,437</u>	<u>5,270,809</u>	<u>6,053,163</u>	<u>782,354</u>
Current Expenditures:						
Culture and Recreation	-	-	-	-	-	-
Capital Outlay:						
Public Works	-	-	-	4,826,765	3,621,935	1,204,830
Culture and Recreation	2,850,771	102,583	2,748,188	-	-	-
Community Development	-	-	-	-	-	-
Total Expenditures	<u>2,850,771</u>	<u>102,583</u>	<u>2,748,188</u>	<u>4,826,765</u>	<u>3,621,935</u>	<u>1,204,830</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,662,881)</u>	<u>171,744</u>	<u>(2,661,751)</u>	<u>444,044</u>	<u>2,431,228</u>	<u>(422,476)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Uncapitalized Assets	-	-	-	-	-	-
Transfers In	55,000	-	(55,000)	-	-	-
Transfers Out	(50,088)	(1,800,088)	(1,750,000)	(992,948)	(219,346)	773,602
Total Other Financing Sources (Uses)	<u>4,912</u>	<u>(1,800,088)</u>	<u>(1,805,000)</u>	<u>(992,948)</u>	<u>(219,346)</u>	<u>773,602</u>
Net Changes in Fund Balances	<u>\$ (2,657,969)</u>	<u>(1,628,344)</u>	<u>\$ (4,466,751)</u>	<u>\$ (548,904)</u>	<u>2,211,882</u>	<u>\$ 351,126</u>
Fund Balances - Beginning of Year		<u>3,881,539</u>			<u>14,720,329</u>	
Fund Balances (Deficits) - End of Year		<u>\$ 2,253,195</u>			<u>\$ 16,932,211</u>	

Airport Capital Improvement			Public Improvement			Infrastructure Improvement		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,028,500	353,936	(674,564)	266,000	196,777	(69,223)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	237,243	237,243	-	-	-
-	-	-	-	500	500	-	-	-
<u>1,028,500</u>	<u>353,936</u>	<u>(674,564)</u>	<u>266,000</u>	<u>434,520</u>	<u>168,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
1,100,000	353,112	746,888	375,900	306,217	69,683	100,000	92	99,908
-	-	-	-	1,544,736	(1,544,736)	-	-	-
-	-	-	-	195,816	(195,816)	-	-	-
<u>1,100,000</u>	<u>353,112</u>	<u>746,888</u>	<u>375,900</u>	<u>2,046,769</u>	<u>(1,670,869)</u>	<u>100,000</u>	<u>92</u>	<u>99,908</u>
<u>(71,500)</u>	<u>824</u>	<u>(1,421,452)</u>	<u>(109,900)</u>	<u>(1,612,249)</u>	<u>1,839,389</u>	<u>(100,000)</u>	<u>(92)</u>	<u>(99,908)</u>
-	-	-	-	385,383	385,383	-	-	-
-	-	-	-	-	-	44,720	35,466	(9,254)
-	-	-	-	(199,131)	(199,131)	-	-	-
-	-	-	-	186,252	186,252	44,720	35,466	(9,254)
<u>\$ (71,500)</u>	<u>824</u>	<u>\$ (1,421,452)</u>	<u>\$ (109,900)</u>	<u>(1,425,997)</u>	<u>\$ 2,025,641</u>	<u>\$ (55,280)</u>	<u>35,374</u>	<u>\$ (109,162)</u>
	<u>125,363</u>			<u>1,011,814</u>			<u>285,559</u>	
	<u>\$ 126,187</u>			<u>\$ (414,183)</u>			<u>\$ 320,933</u>	

(continued)

Park Capital Projects			Infrastructure Improvement Revolving			Perpetual Care Cemetery		
Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)	Final Budgeted	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	44,600	34,006	(10,594)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	120	-	(120)	25,500	24,576	(924)
300,000	8,600	(291,400)	-	-	-	500	3,487	2,987
-	-	-	-	-	-	-	-	-
300,000	8,600	(291,400)	44,720	34,006	(10,714)	1,100	460	(640)
-	-	-	-	-	-	27,100	28,523	1,423
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	114,186	88,290	25,896
1,608,000	1,683,540	(75,540)	-	-	-	-	-	-
-	-	-	-	-	-	23,500	-	23,500
1,608,000	1,683,540	(75,540)	-	-	-	-	-	-
-	-	-	-	-	-	137,686	88,290	49,396
(1,308,000)	(1,674,940)	(215,860)	44,720	34,006	(10,714)	(110,586)	(59,767)	(47,973)
-	-	-	-	-	-	-	-	-
1,308,000	1,308,000	-	-	-	-	110,586	60,586	(50,000)
-	-	-	(44,720)	(35,466)	9,254	-	-	-
1,308,000	1,308,000	-	(44,720)	(35,466)	9,254	110,586	60,586	(50,000)
\$ -	(366,940)	\$ (215,860)	\$ -	(1,460)	\$ (1,460)	\$ -	819	\$ (97,973)
	218,937			2,718			160,226	
	<u>\$ (148,003)</u>			<u>\$ 1,258</u>			<u>\$ 161,045</u>	

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SINGLE AUDIT SECTION

CITY OF YANKTON, SOUTH DAKOTA
Schedule of Expenditures of Federal Awards (Cash Basis)
For The Year Ended December 31, 2022

	Assistance Listing Number	Agency or Pass-through Number	Amount	Expenditures to Subrecipients
United States Department of Commerce				
Direct Federal Funding:				
Economic Development Cluster:				
Economic Adjustment Assistance	11.307	05-79-05949	\$ 3,338,191	\$ -
United States Department of Housing and Urban Development				
Indirect Federal Funding:				
South Dakota Governor's Office of Economic Development				
Community Development Block Grants/State's Program	14.228	2021-101-CV-02	28,965	28,965
Community Development Block Grants/State's Program	14.228	2021-101-CV-03	70,835	70,835
Program Subtotal			<u>99,800</u>	
United States Department of Justice				
Direct Federal Funding:				
Bullet Proof Vest Partnership Program				
	16.607	N/A	2,104	-
Public Safety Partnership and Community Policing Grants	16.710	2020VMWX0502	51,315	-
United States Department of Transportation				
Direct Federal Funding:				
Airport Improvement Program				
	20.106	3-46-0062-33-2021	56,000	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-29-2019	2,983	-
COVID-19 Airport Improvement Program	20.106	3-46-0062-36-2022	259,778	-
Program Subtotal			<u>318,761</u>	
Indirect Federal Funding:				
South Dakota Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	2022-00-50	10,066	-
Institute of Museum and Library Services				
Indirect Federal Funding:				
South Dakota Department of Education Division of Library Services				
COVID-19 LSTA ARPA State Grants	45.310	LS-250237-OLS-21	3,662	-
United States Department of Agriculture				
Indirect Federal Funding:				
South Dakota Department of Agriculture and Natural Resources				
Capitalization Grants for Clean Water State Revolving Funds	66.458	C461038-04	400,620	-
United States Department of Homeland Security				
Indirect Federal Funding:				
South Dakota Department of Public Safety				
FEMA Public Assistance Grant	97.036	DR-4440-SD	186,097	-
Hazard Mitigation Grant	97.039	DR-4440-HMGP	6,668	-
Homeland Security Grant Program	97.067	2021-SS-00006-S01	5,560	-
Total Expenditures of Federal Awards			<u>\$ 4,422,844</u>	

**CITY OF YANKTON, SOUTH DAKOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 – FEDERAL LOAN PROGRAMS

The City of Yankton had the following loan balances outstanding from the South Dakota Clean Water State Revolving Fund, Assistance Listing #66.458 and the South Dakota Drinking Water State Revolving Fund, Assistance Listing #66.468 as of December 31, 2022:

	Total Amount Of Loan Outstanding	Federal Portion Of Loan Outstanding
Wastewater System #3, Series 2011 (83.33%)	\$ 416,821	\$ 347,337
Wastewater System #4, Series 2016 (14.13%)	2,834,442	400,620
Total Wastewater System	\$ 3,251,263	\$ 747,957
Water System, Services Series #5 (28.42%)	\$ 10,282,469	\$ 2,922,278
Water System, Services Series #6 (20.03%)	33,578,082	6,725,689
Total Water System	\$ 43,860,551	\$ 9,647,967

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.



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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 Council
City of Yankton, South Dakota

We have audited, in accordance with the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2024. Our report includes a reference to other auditors who audited the financial statements of Yankton Housing and Redevelopment Commission, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Yankton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Yankton's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Yankton, South Dakota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Yankton's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

This purpose of this is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
February 6, 2024



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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 Council
City of Yankton, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Yankton, South Dakota's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Yankton, South Dakota's major federal programs for the year ended December 31, 2022. The City of Yankton, South Dakota's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Yankton, South Dakota's basic financial statements include the operations of the Yankton Housing and Redevelopment Commission, which expended \$635,853 in federal awards which is not included in the City of Yankton, South Dakota's schedule of expenditures of federal awards during the year ended December 31, 2022. Our audit, described below, did not include the operations of the Yankton Housing and Redevelopment Commission because the Commission engaged other auditors to perform an audit in accordance with the Uniform Guidance.

In our opinion, the City of Yankton, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Yankton, South Dakota's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Williams & Company, P.C.
Certified Public Accountants
Le Mars, Iowa
February 6, 2024

CITY OF YANKTON, SOUTH DAKOTA
Schedule of Findings & Questioned Costs
For the Year Ended December 31, 2022

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 #11.307 – Economic Adjustment Assistance
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
- (i) The Auditee did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

2022-001 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.

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

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

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

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

Views of Response Officials – We will double check the financial statements in the future and all supporting schedules to verify that all adjustments are made properly and a review process to ensure statements are fairly presented. The City will attempt to implement these processes for the 2023 calendar year report.

**CITY OF YANKTON, SOUTH DAKOTA
Schedule of Findings & Questioned Costs
For the Year Ended December 31, 2022**

Part III: Findings and Questioned Costs Relating to Federal Awards

Instances of Non-Compliance:

No matters were noted.

Significant Deficiency:

No Matters were noted.

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CITY OF YANKTON, SOUTH DAKOTA
Schedule of Prior Year Findings
For the Year Ended December 31, 2022

**FINANCIAL STATEMENT AUDIT:
Material Weaknesses:**

2021-001 Financial Reporting

Condition – During the audit, we identified material adjustments required to be made to the City’s financial statements. Adjustments were made by the City to properly include these changes to the financial statements. A similar condition was noted in the prior audit.

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

Effect – Expenses, expenditures, and revenues may not be properly reported 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 2022-001. 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:**

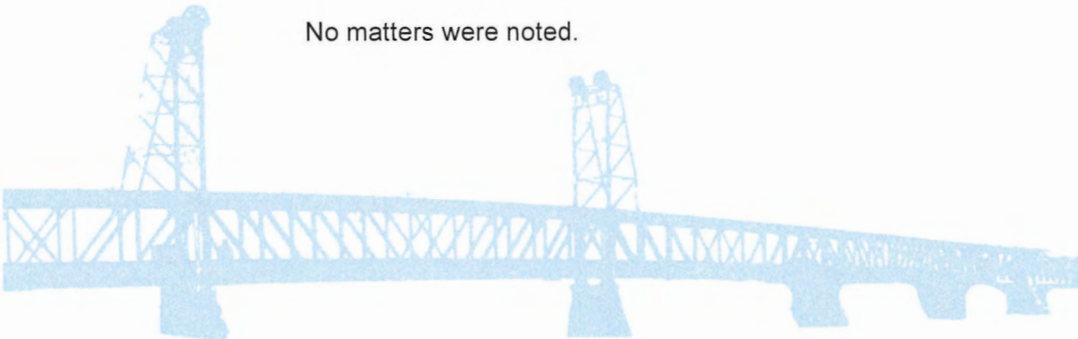
No matters were noted.

Significant Deficiency:

No matters were noted.

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Schedule of Findings and Questioned Costs
Corrective Action Plan
December 31, 2022

The City of Yankton, South Dakota, respectfully submits the following corrective action plan for the year ended December 31, 2022.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended December 31, 2022.

The findings from the December 31, 2022 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:

2022-001 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.

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

Effect – Expenses, expenditures, and revenues may not be properly reported 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 2023 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

416 Walnut St
PO Box 176

Yankton, SD 57078-0176

Phone (605) 668-5221

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EQUAL OPPORTUNITY EMPLOYER



the 1990s, the number of people in the world who are under 15 years of age is expected to increase from 1.1 billion to 1.5 billion.

As a result of the demographic changes, the world's population is expected to increase from 5.5 billion in 1990 to 7.5 billion in 2025.

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