





Comprehensive Annual Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2019

Prepared by:
The Finance Department
Shawn Pritchett, Director of Finance

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Letter of Transmittal



City of Sioux Falls
SOUTH DAKOTA

P.O. Box 7402, Sioux Falls, SD 57117-7402

March 23, 2020

**The Honorable Mayor Paul TenHaken
Members of the City Council
Citizens of the City of Sioux Falls, South Dakota**

I am pleased to submit to you the Comprehensive Annual Financial Report of the City of Sioux Falls, South Dakota, (the "City") for the fiscal year ended December 31, 2019.

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

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

The City's financial statements have been audited by Eide Bailly, LLP, a firm of certified public accountants authorized to conduct the City's audit by the state of South Dakota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sioux Falls for the fiscal year ended December 31, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Sioux Falls' financial statements for the fiscal year ended December 31, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is

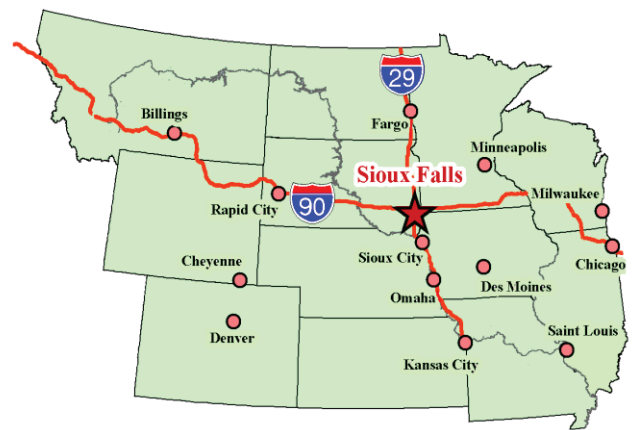
presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Sioux Falls was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. The Single Audit reports begin on page 143.

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

Profile of the City of Sioux Falls

Located on the banks of the Big Sioux River in southeastern South Dakota, Sioux Falls is the largest city in the four northern states of Wyoming, Montana, North Dakota, and South Dakota, with 190,750 residents. Sioux Falls is a crossroads city, lying strategically at the junction of Interstate 90, connecting Boston to Seattle, and Interstate 29, joining Winnipeg and Kansas City. It sits on the border of the states of South Dakota, Minnesota, and Iowa, serving as a primary market area for over 750,000 consumers.



Sioux Falls has ranked in the top 5 each of the last 17 years on the Forbes' list of Best Small Places for Business and Careers. In 12 of those years, including this past year, Sioux Falls ranked number one.

It's easy to see why. Sioux Falls is home to two top ranked hospital systems, Sanford Health and Avera Health. Both have major research programs in a variety of areas that have expanded rapidly over the past several years. In 2019, Avera Health opened a new specialty hospital, addiction care center, and human performance center resulting in an investment of over \$97 million in the community. Sanford

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Health also recently announced plans for a new orthopedic hospital and two clinics which will result in a \$210 million investment in Sioux Falls over the next three years. Local technical colleges and universities, including the University of South Dakota Sanford School of Medicine and the South Dakota State University College of Pharmacy, provide a direct pipeline of professional talent to support this medical and bio-medical growth.

Energy research and development is carried out at the corporate headquarters of POET, the largest ethanol producer in the world. Combined with the well-established financial services, advanced manufacturing, and, of course, agricultural industries, these and other research and information technology industries are finding Sioux Falls the right place to call home.

The City also made the commitment to becoming a leader in 5G networks, becoming one of only 22 communities across the United States to begin implementing this network. This network will continue to help both the economy and quality of life of citizens of the City, advancing the capacity for technological innovation for businesses large and small in the community. These factors help explain why SmartAsset.com named Sioux Falls the best city in the country for young professionals for the third consecutive year.

Better yet, Sioux Falls is much more than a great place to do business. Sioux Falls was recently rated seventh in the top 100 best places to live by livability.com for cities with populations between 20,000 and 1,000,000 citing that “the cities on this year’s list represent the best of the best when it comes to affordability and opportunity. These places are not just fantastic places to live in terms of their amenities, education health care and infrastructure, they are places where young people can build amazing careers and communities.” The continued commitment to quality of life is evidenced by the City’s \$10 million proposed investment to develop Phase III of the downtown river greenway. This investment will be completed in conjunction with a \$185 million private investment into an adjacent mixed use development that will include another hotel, convention center, office space, and multi-family residential.

Sioux Falls was listed as the fifteenth happiest city in the nation according to WalletHub in 2019 based on 31 metrics. SmartAsset.com named Sioux Falls one of the top 10 best cities for living the American Dream. A relatively low cost of living, access to great healthcare, high quality educational options, a variety of cultural and recreational amenities, low crime rates, and desirable four-season climate are just some of the factors that make Sioux Falls such a great place to live. In 2019, the installation and opening of the Arc of Dreams over the Big Sioux River has immediately become a trademark piece for Sioux Falls symbolizing the community’s capacity to “dream big” and adding to the vibrant arts and culture community downtown.

Sioux Falls is host to a variety of top-level touring concerts, family shows, and sporting activities at the Denny Sanford PREMIER Center, while the Washington Pavilion of Arts and Sciences features a state-of-the-art performance hall

featuring a first class Broadway performance series and a constantly updated Science Discovery Center.

The Washington Pavilion, which celebrated its 20th year of operation in 2019, along with the smaller historic Orpheum Theater, anchor a vibrant and expanding arts and entertainment district in downtown Sioux Falls. The City continued to invest in arts and culture by leveraging a significant private donation to restore the historic State Theatre in downtown Sioux Falls, which will reopen in 2020.

In the summer of 2019, a new Levitt Pavilion was opened in downtown’s Falls Park and hosted 50 free outdoor concerts each year. As one of just eight permanent Levitt Pavilion’s across the country, this venue will continue to be a great asset to the community for years to come. In 2019, The Sioux Falls SculptureWalk also celebrated its 16th year, which annually features over 50 sculptures placed throughout downtown. These amenities enhance free public access to arts and culture in the community, in addition to serving as an economic development tool attracting people from throughout the region.

Sioux Falls is home to more than 80 parks, along with numerous gyms, community centers, swimming centers, golf courses, and one of the best bike trail systems for a community of our size in the nation. The City hosts a three-sheet indoor ice center providing access for hockey, figure skating, curling, and recreational skating, as well as an indoor tennis center. The City also recently constructed the Midco Aquatics Center, which combines indoor multi-purpose and warm water pools that accommodate recreation. With its 50 meter Olympic size pool, the Midco Aquatic Center has become host to many local, regional, and national competitions including NCAA Division I and II swimming and diving competitions.

WalletHub ranked Sioux Falls the eleventh best-run city in the nation based on 37 different metrics. This financial report supports why Sioux Falls has become nationally recognized in this area. The City has a long-standing history of wisely investing in the future, providing great value for each taxpayer dollar, and being fiscally responsible. Transparent, accurate, and timely financial information is a cornerstone to a well-run city. In 2019, the City of Sioux Falls was recognized by Merritt Research Services as one of the three best large cities in the nation for timely completion of its 2018 audit report, completing the annual audit in half the time of an average municipality nationwide. As Merritt Research notes, “Slower audit turnaround times increase the likelihood that analysts will miss signals that may adversely affect municipal bond pricing and catch investors or other stakeholders off guard.”

In 1995, the City became a home-rule municipality chartered under the constitution of the state of South Dakota, organized and existing under the constitution and general laws of the state. Eight part-time City Council members and a full-time Mayor govern the City, each serving four-year terms. The Mayor and three City Council members are elected at large and five City Council members are elected from districts.

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The City provides a wide range of municipal services including police and fire protection, infrastructure development and maintenance of highways, bridges, and streets, public utilities (e.g., water, sewer, limited electricity, regional landfill), public parking, public transportation, economic development, health services, culture and recreation activities, inspections, planning and zoning enforcement, and general administrative services.

The City has established the Housing and Redevelopment Commission and Metro Communications Agency as legally separate authorities which are reported separately within the City's financial statements. Additional information on these component units can be found in Note 1 on page 45.

The City uses a multiyear general operating forecasting model as a foundation to plan and implement City initiatives. This model includes evaluating the operating impacts and staffing of future capital projects based on a five-year capital plan. The model identifies projected resources that will be available to implement both current and future initiatives. The annual budget serves to allocate the resources available to provide current services. This same forecasting approach is used for enterprise, special revenue, and internal service funds.

The City applies budgetary controls to ensure compliance with legal provisions under South Dakota Codified Laws, the City Charter, and with the annual appropriation ordinance and budgetary guidelines adopted by the City Council. Approved expenditures for the ensuing fiscal year for the General Fund, the special revenue funds, debt service funds, permanent funds, and capital project funds are included in the annual appropriation ordinance, establishing the legal level of control.

Factors Affecting Economic Condition

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

Local Economy in General

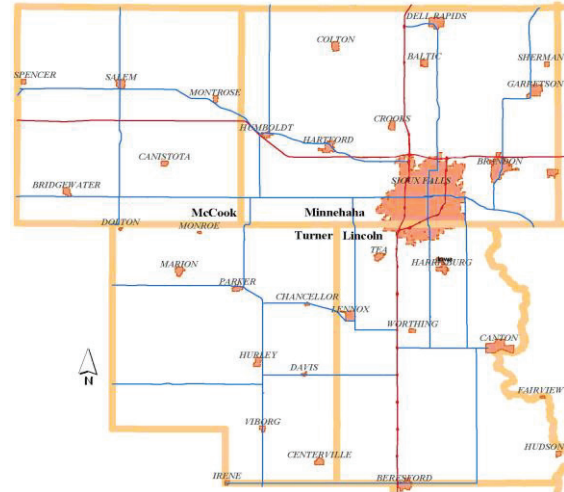
The City experienced strengthening economic growth in 2019 due in large part to a dynamic retail and business environment, and continued growth within the healthcare industry. Strong Midwestern values and fiscal discipline allow the City to prosper, evidenced by a growing population, a low unemployment rate, growing annual pay, strong construction activity, and increased consumer spending.

The #11 WalletHub ranking for best run cities highlighted the City's local economy, ranking it fourth in addition to strong rankings in financial stability and safety. The following rankings highlight the City being poised for continued growth:

- @WSJ named Sioux Falls as fifth for the hottest job market in 2020 for cities with populations under one million.

- Zip Recruiter ranked Sioux Falls as the 3rd hottest job market.
- Policom.com ranked Sioux Falls #9 in economic strength out of 384 MSA's.

The Sioux Falls Metropolitan Statistical Area (MSA) includes Minnehaha, Lincoln, McCook, and Turner counties. The City itself is located within two counties, Minnehaha and Lincoln, and crosses the boundaries of seven separate school districts.



Population

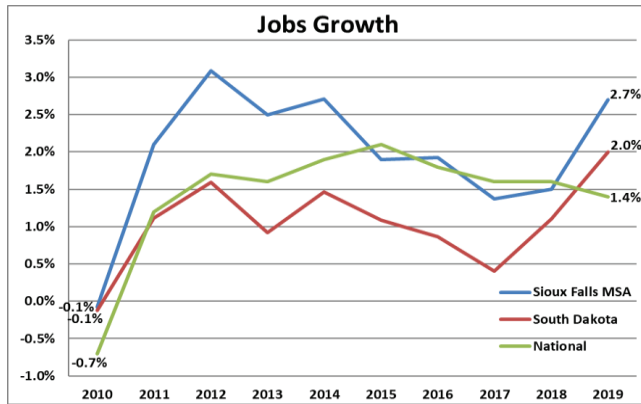
The City's population increased by 1.9 percent in 2019 as the estimated population grew from 187,200 in 2018 to 190,750 in 2019. With a 2019 statewide population of 884,659, the City accounts for 21.6 percent of the state's population. The population of the Sioux Falls MSA is 272,500.

City projections indicate continuing population growth through 2040. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

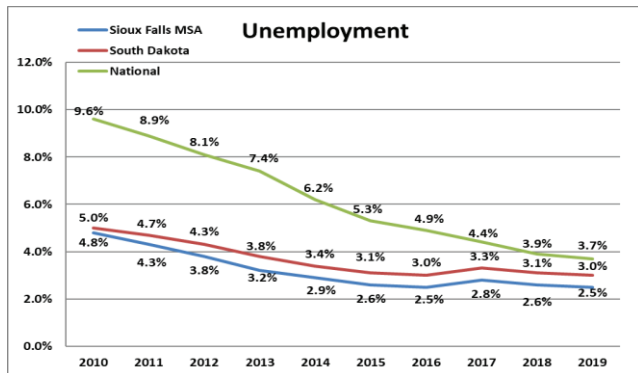
Employment

In 2019, the number of jobs in the Sioux Falls MSA increased by 4,200 as measured by the annual average of nonfarm wage and salaried workers statistics. The Sioux Falls MSA saw an increase of 700 jobs in professional and business services. Other industries experiencing significant job growth included construction, adding 700 jobs, and education and health services, adding 1,800 jobs. The following chart shows the strength of both the Sioux Falls MSA and state of South Dakota local and regional economies when compared on a national basis.

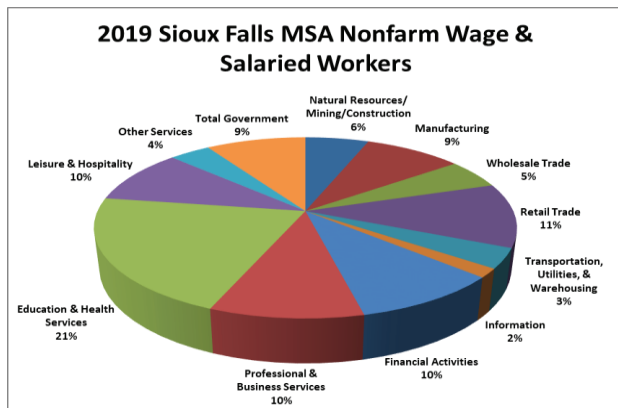
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The resident labor force of the Sioux Falls MSA increased by 5,364 or 3.5 percent from 152,130 in 2018 to 157,494 in 2019. The Sioux Falls MSA annual average unemployment rate decreased slightly from 2.6 percent in 2018 to 2.5 percent in 2019. The City and state unemployment rates compare very favorably to the national unemployment rate as shown below.



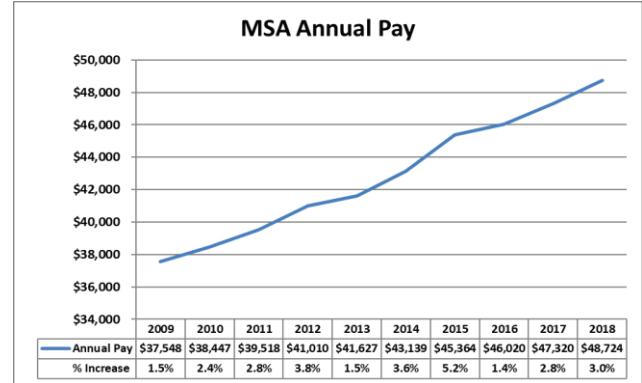
Aiding the strong employment market is the diversity of the Sioux Falls job market as indicated on the following chart.



Wages and Income

As shown in the following chart, annual pay of workers covered by unemployment insurance in the MSA increased to \$48,724 in 2018, the most recent year available. From

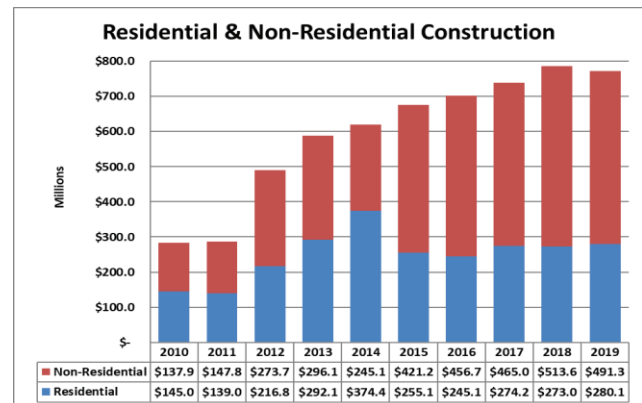
2009 to 2018, pay rose by 29.8 percent or by an average annual growth rate of 2.6 percent. Over the past ten years, the MSA annual pay grew at a rate in excess of the national average.



Construction Activity

During 2019, the City approved 315 subdivision plats totaling 1,329 lots and 1,635 acres. Sixty-four percent of the City's total construction value was related to nonresidential development. The largest single project permitted in Sioux Falls during the past year was Jefferson High School, which had a construction value of \$68.4 million. The Ben Reifel Middle School project came in second at \$27.9 million, with the new First Premier Bank headquarters project coming in third at \$23.5 million. The fourth and fifth largest projects were the City of Sioux Falls Water Reclamation Main Pump Station Replacement at \$22.3 million and the Encompass Health Rehabilitation Hospital at \$15.5 million.

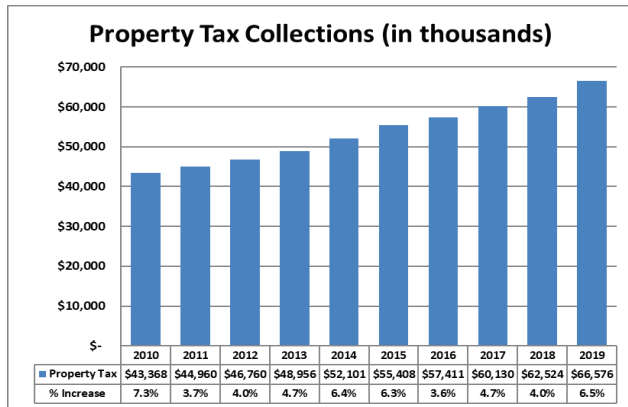
In 2019, the City recorded the second highest building permit valuations in City history. Construction value, measured by permits issued, equaled \$771.4 million in 2019, which is the fourth straight year of construction values exceeding \$700 million. The following chart shows total construction permit values for the last ten years for both residential and nonresidential projects.



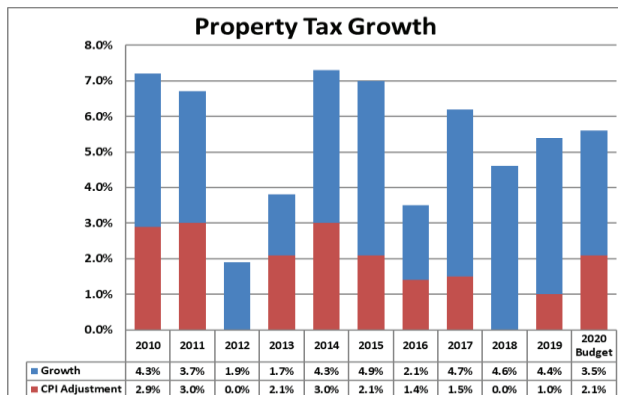
The City grew in area, adding 0.87 square miles within its borders to equal 79.81 square miles. The City has added 18 new and annexed centerline miles of roads, 15 miles of storm sewer, 10 miles of sanitary sewer, and 14 miles of water mains to its infrastructure (excluding construction-in-

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progress). Infrastructure and capital contributions added \$115.1 million to the City's capital assets in 2019.



The rise in previous year's construction activity has resulted in increasing property tax collections for the City, as shown in the graphs above and below. This growth in property tax revenues is integral to addressing increased needs for City services to support continued economic expansion.

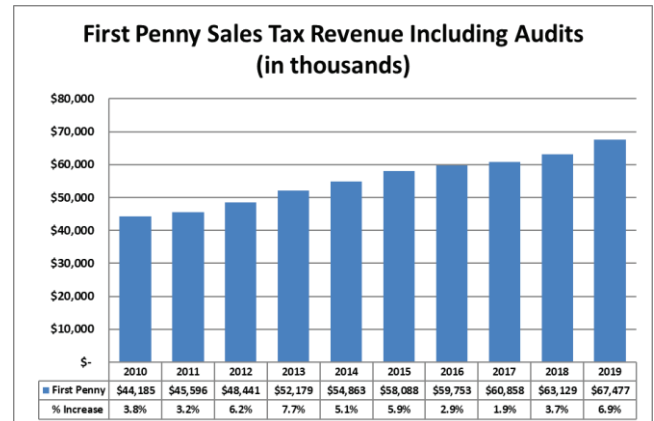


Gross and Taxable Sales

Gross sales were \$17 billion in 2019, up by 0.85 percent over the prior year. Taxable sales were \$6.8 billion in 2019, an increase of 6.7 percent. These sales figures for Sioux Falls comprised 22.1 percent of gross sales and 29.1 percent of taxable sales statewide.

The increase in taxable sales translated into the City realizing an increase in net sales and use tax revenue of 6.9 percent. Revenue growth from sales tax over the last ten years has ranged from a high of 7.7 percent in 2013 to a low of 1.9 percent in 2017.

The following chart shows the growth in sales tax on a dollar basis, indicating a steady upward trend in actual tax dollars collected since 2010.



The City constantly monitors sales tax growth rates in order to recognize changing economic conditions. The City ended 2019 with 6.9% annual growth including audits.

In addition to reviewing long-term annual trends, the City utilizes a cumulative 12-month rolling sales and use tax growth without audits as a sound and reliable method of measuring growth.

This rolling rate, excluding audits steadily increased throughout the year from just under 5 percent to end at 6.6 percent.

A more current look at economic conditions is reviewed in the Management Discussion and Analysis on page 24.

Major Initiatives

The City has embarked on several capital and operational initiatives including:

- Improving public safety by hiring additional police officers and focusing efforts on specific areas of concern;
- Focusing on improving customer service, quality results, productivity and efficiency;
- Investing in, recognizing, and developing the City's internal workforce;
- Focusing on sustainable and quality growth.

The major capital projects completed in 2019 were:

- Construction of the Levitt Pavilion at Falls Park;
- Reconstruction of the bike trail from Fawick Park to Cherry Rock Park;
- Reconstruction of Arrowhead Parkway from Sycamore Avenue to Highline Avenue;
- Terry Avenue & 43rd Street drainage improvements Rehabilitation;
- Reconstruction of Ellis Road from 12th Street to 41st Street;
- Overlay of 223 blocks, 9 blocks of concrete rehab, 33 blocks of core neighborhood reconstruction, and 452 blocks of slurry seal in various locations;
- Construction of the downtown parking ramp; and
- Water Reclamation Digester Mixing System Improvements and Equalization Basin Expansion.

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Major projects in progress in 2019 include:

- Construction of Veterans’ Parkway from Rice Street to Interstate 90;
- 26th Street & Southeastern Avenue Expansion;
- Reconstruction of 69th Street from Louise Avenue to Tallgrass Avenue; and
- Replacement of the Water Reclamation Main Pump Station.

Major projects in design in 2019 include:

- Replacement of the Great Bear Chairlift;
- 8th Street Bridge Rehabilitation;
- Expansion of the Downtown River Greenway;
- Reconstruction of 41st Street and Western Avenue interchange;
- Construction of Veterans’ Parkway from 6th Street to Madison Street;
- Water Reclamation Facility Expansion;
- Construction of 85th Street from Tallgrass Avenue to Hughes Avenue;
- Construction of Marion Road from Maple Street to Madison Street;
- Construction of Fire Station #12; and
- Construction of the Public Safety Training Facility.

The City invested \$253.9 million (\$268.3 million with equipment) in capital improvement projects in 2019, continuing to focus on rebuilding, repairing, and replacing the City’s core infrastructure. Accounting for year-end construction-in-progress, the City reported additional capital assets of \$182.7 million, ending the year with net capital assets of \$1.8 billion (see the capital note beginning on page 55 for more details on the City’s capital assets).

Relevant Financial Policies

City Charter

The City Charter includes the following financial provisions:

1. No personal or corporate income tax will be levied, nor additional debt incurred, except to the extent authorized by state law for SDCL Title 9 cities. (§1.04)
2. The City Council shall provide for an independent annual audit of all City accounts. (§2.10)
3. For any fund, the total of proposed expenditures shall not exceed the total of estimated income plus the fund balance carried forward, exclusive of reserves (a balanced budget). (§5.04)
4. If the Mayor certifies there are available for appropriation revenues in excess of those estimated in the budget, the Council may make supplemental appropriations up to the amount of such excess. (§5.07)
5. To meet a public emergency, the Council or Mayor may make emergency appropriations. The Council may issue emergency notes if there are no available

unappropriated revenues or a sufficient fund balance to meet such appropriations. (§5.07)

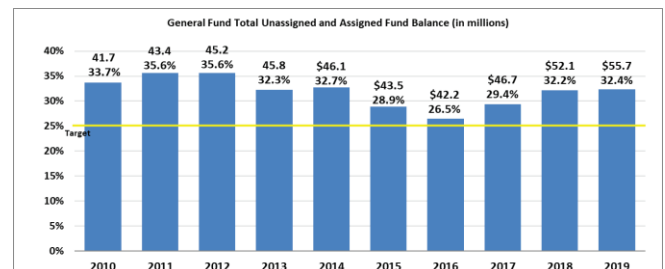
6. No payment may be made or obligation incurred unless there is a sufficient unencumbered balance in such allotment or appropriation and sufficient funds are or will be available to cover the claim or meet the obligation when it becomes due and payable. (§5.10)

General Fund (Primary Operating Account)

The City Council has established the following financial and budgetary policies regarding the City’s primary operating account, the General Fund:

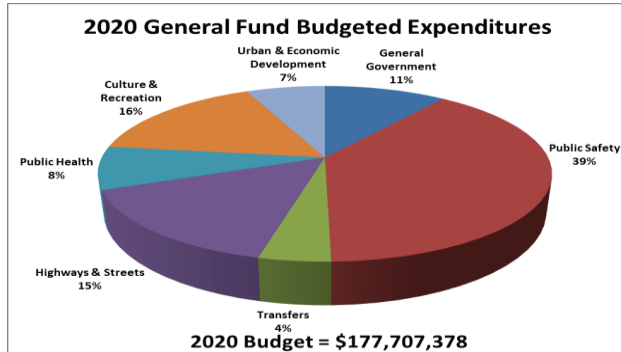
- A goal that the City maintain a General Fund unassigned fund balance as of December 31 of each fiscal year equal to 25 percent of the General Fund expenditure budget for that year and a minimum unrestricted cash balance at the end of each calendar month equal to 11 percent of the General Fund budget for that year. If the General Fund unassigned fund balance as of December 31 or the unrestricted cash reserves at any month-end fall below these thresholds, the Mayor shall present the Council with an explanation and plan for replenishing the unrestricted cash balance or General Fund unassigned fund balance to the targeted level.
- A goal that the Mayor’s proposed General Fund budget for each fiscal year provide for balance between projected revenues and expected expenditures without the use of the General Fund unassigned fund balance, and that the elected and appointed officials of the City use their best efforts and mutual cooperation to accomplish that goal. If the Mayor believes that the financial condition or needs of the City require the use of funds from the General Fund unassigned fund balance in the proposed budget, such budget proposal shall include a statement of the reasons which the Mayor believes justify the use of the General Fund unassigned funds.
- A policy that if the Mayor’s proposed General Fund budget includes projected revenues from increases in fees, charges, taxes, or other similar sources that require Council approval, the ordinance or ordinance amendment authorizing such increase should be presented to and approved by the Council prior to the submission of the proposed budget.

The General Fund total unassigned and assigned fund balance ended 2019 at \$55.7M or 32.4 percent of budgeted expenditures – above the 25 percent policy target. The following chart shows the history of the General Fund total unassigned and assigned fund balance.



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The following chart shows the general operating priorities of the City, excluding public utilities, for the 2020 General Fund budget.



Sales and Use Tax Fund (2nd Penny)

The Sales and Use Tax Fund is funded by the second penny sales and use tax and is the City’s primary capital account excluding public utilities. The City Council has adopted a formal policy for the second penny sales and use tax, the primary source for capital funding and the pledged source of bond financing. The policy goal is to maintain a fiscally disciplined approach to debt management and protect the City’s credit quality by strategically approaching the issuance of new debt by balancing the need to consume current resources with the need for future flexibility; and by striving to maintain a debt ratio of 2.00 times coverage on the annual debt service on issues secured by the second penny sales tax. As indicated in Table XV on page 133, the second penny sales tax currently has revenues of 3.24 times the pledged debt service of the second penny and 4.21 times debt service for those issues being repaid by the second penny. The only issues remaining with a pledge of the second penny sales tax that are not being repaid by the tax are the bonds issued for the Lewis & Clark Regional Water System and the bonds issued for a new public parking ramp.

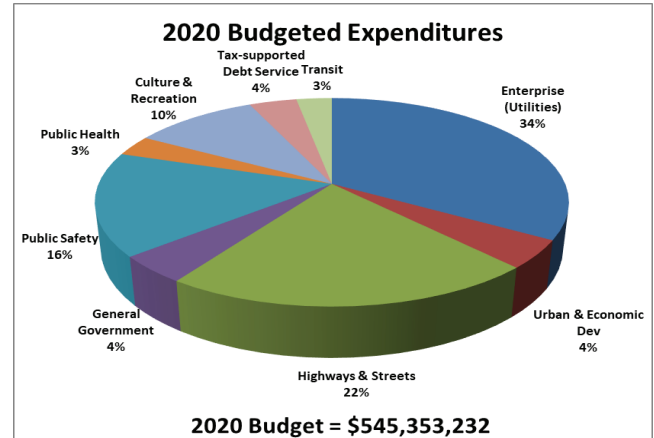
Future projections continue to show that the City will maintain coverage well in excess of the policy target, which self-imposed coverage is greater than the coverage requirements established within the bond indenture.

Enterprise Funds

The City Council’s adopted policy is that enterprise funds of the City relating to water, water reclamation, sanitary landfill, public parking, and the City electric utility should cover the true cost for that enterprise, including operations, maintenance, periodic capital replacement, new capital acquisitions and improvements, debt service requirements, and other costs deemed necessary.

All Funds – Citywide Investment in Services

The following graph reflects the investment of City resources into essential services for the citizens and visitors to Sioux Falls. Expenditures include operating, capital, and debt service. Excluded are transfers, internal service, and trust funds that are not direct allocations of current revenues.



Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sioux Falls for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was the 39th consecutive year that the City of Sioux Falls has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

Acknowledgments

The preparation of audited statements in a timely manner after year-end was accomplished by the dedicated services of the entire staff of the Finance department. The timely completion of this report ensures that decision-makers have access to audited year-end information prior to entering the formal budget cycle, making the report much more valuable. The Finance staff, along with the help of each department, has put forth extraordinary effort to produce the report within the time frame established. I would like to express my sincere appreciation to all members of the Finance team and others throughout the City who assisted and contributed to its timely preparation.

Respectfully submitted,

Shawn Pritchett
Director of Finance

Certificate of Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Sioux Falls
South Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

City Elected Officials and City Appointive Officers

City Elected Officials

Mayor Paul TenHaken	2018-2022
Council Members:	
Rick Kiley—Southeast District	2018-2022
Christine Erickson—At Large	2018-2022
Janet Brekke—At Large	2018-2022
Curt Soehl—Central District	2018-2022
Theresa Stehly—At Large	2016-2020
Marshall Selberg—Southwest District	2016-2020
Pat Starr—Northeast District	2016-2020
Greg Neitzert—Northwest District	2016-2020

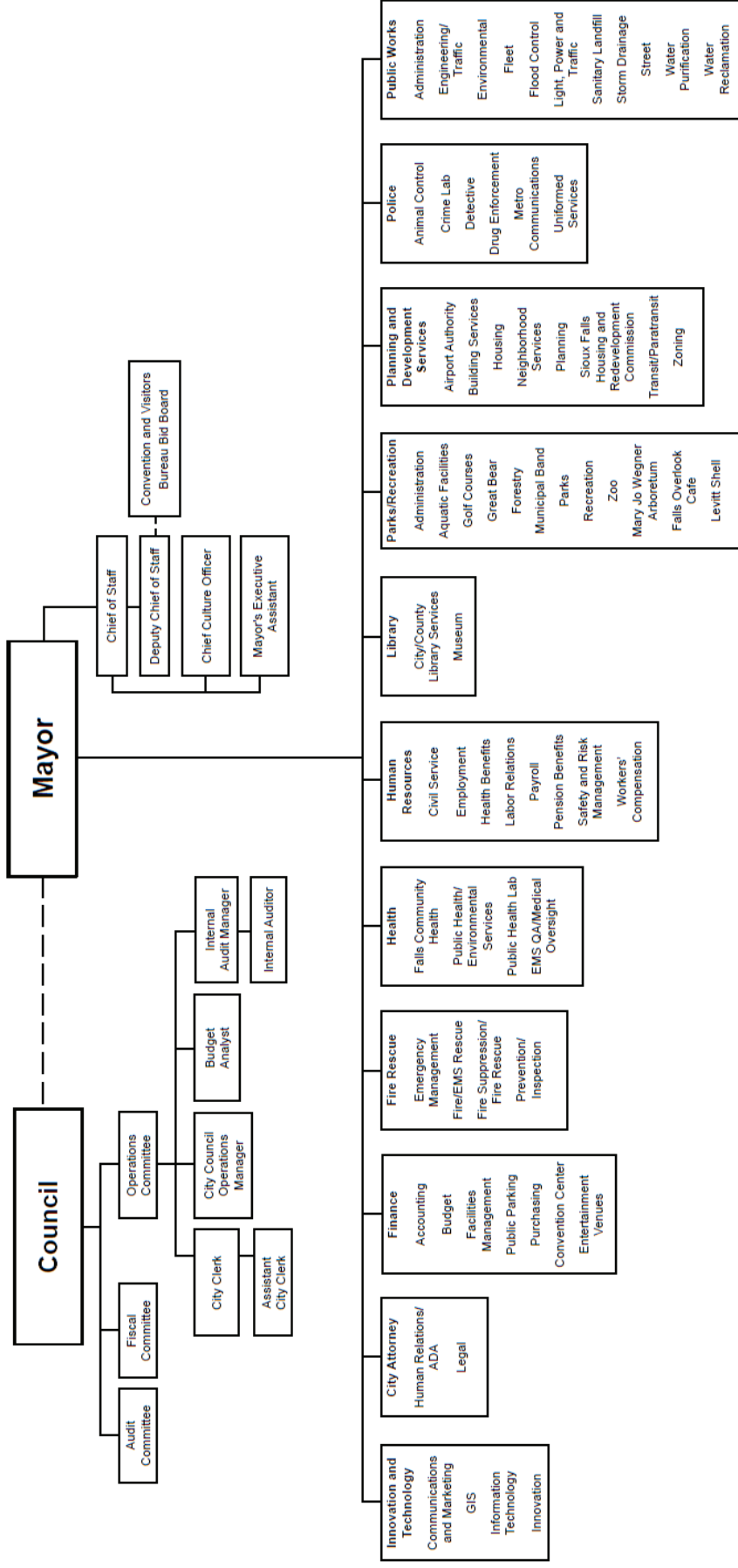
City Appointive Officials

As of December 31, 2019

Deputy Chief of Staff	TJ Nelson
Chief of Staff	Erica Beck
City Attorney	Stacy Kooistra
City Clerk	Tom Greco
City Council Budget Analyst	David Bixler
Director of Finance	Shawn Pritchett
Director of Human Resources	Bill O'Toole
Director of Innovation and Technology	Jason Reisdorfer
Director of Parks and Recreation	Don Kearney
Director of Planning and Development Services	Jeff Eckhoff
Director of Public Works	Mark Cotter
Director of Siouxland Libraries	Jodi Fick
Mayor's Executive Assistant	Julie Wilson
Fire Chief	Brad Goodroad
Legislative/Operations Manager	Jim David
Internal Audit Manager	Shana Nelson
Internal Auditor	Abby Vandelanotte
Police Chief	Matthew Burns
Public Health Director	Jill Franken

Departmental Organization Chart

City of Sioux Falls Organization Chart





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Commission, which represent 83 percent, 58 percent, and 91 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing and Redevelopment Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison schedule for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 12 to the financial statements, the City has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the fiduciary fund net position as of January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, budget comparison schedules, schedules of changes in the net pension liability and related ratios, schedules of employer's net pension liability, schedule of employer contributions, schedule of city's proportionate share of the net pension liability (asset), schedule of city contributions, schedule of changes in the employer's net OPEB liabilities (assets), and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, budget comparison schedule for the General Government Construction Fund, combining nonmajor financial statements, budget comparison schedules for nonmajor funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The budget comparison schedule for the General Government Construction Fund, combining nonmajor financial statements, and budget comparison schedules for nonmajor funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 by us and other auditors. In our opinion the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020, 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.

A handwritten signature in cursive script that reads "Eide Sallie LLP".

Sioux Falls, South Dakota
March 20, 2020

Management's Discussion and Analysis

This discussion and analysis presents an overview of the financial activities and financial position for the City of Sioux Falls (the "City") for the year ended December 31, 2019. Please read and consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 3 of this report.

Financial Highlights

Government-wide Statements

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows at the close of the 2019 fiscal year by \$1.8 billion (net position). Of this amount, \$193.1 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Fund Financial Statements

- As of the close of the 2019 fiscal year, the City's governmental funds reported combined ending fund balances of \$169.0 million, an increase of \$10.7 million in comparison with the prior year balance. Of this balance, \$52.4 million constitutes unassigned fund balance, \$8.1 million assigned, \$47.8 million committed, \$52.3 million restricted, and \$8.4 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$561.9 million, an increase of \$32.8 million. Net cash flows from operations were \$51.0 million while net cash used by capital and financing activities was \$59.9 million.
- At the end of the 2019 fiscal year, the General Fund assigned and unassigned fund balance was \$55.7 million, an increase of \$3.6 million. This balance represents 32.4 percent of the final 2019 General Fund expenditure budget of \$171.7 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them being reported as net position. Over time, increases or decreases in net position may serve

as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, public health, culture and recreation, and urban and economic development. The business-type activities of the City include the enterprise activities of the electric light, public parking, sanitary landfill, water, and water reclamation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Housing and Redevelopment Authority and Metro Communications Agency for which the City is considered to be financially accountable or for which the nature and significance of their relationship with the City is such that the exclusion would cause the City's financial statements to be misleading or incomplete. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26-28 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental

Management's Discussion and Analysis

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, Storm Drainage Fund, and General Construction Fund, all of which are considered to be major funds. Data from the other four governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements following the notes to the financial statements.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided as required supplementary information for the major governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found beginning on page 29 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric light, public parking, sanitary landfill, water, and water reclamation operations.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employee group health, workers' compensation, property/liability insurance, vehicle fleet, and technology. All of these services predominantly benefit governmental rather than business-type functions; therefore, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 111-116 of this report.

The basic proprietary fund financial statements can be found beginning on page 37 of this report.

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

The City's fiduciary funds consist of the City's two pension and one other post-employment trust funds, the Employee's Retirement System, the Firefighters' Pension Fund and the retiree health OPEB (Other Post-Employment Benefits) Trust as well as the Police Custodial Trust for funds held by the Police Department on behalf of others. The basic fiduciary fund financial statements for these funds can be found on pages 43 and 44 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the general fund and each major special revenue, as well as information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 81-93 of this report.

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

Management's Discussion and Analysis

Government-wide Financial Analysis

Net position. As presented in the following table, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.8 billion at the close of the fiscal year ending December 31, 2019.

Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current and Other Assets	\$ 207,839,154	\$ 251,171,709	\$ 111,796,079	\$ 109,550,906	\$ 319,635,233	\$ 360,722,615
Capital Assets	1,200,572,460	1,221,326,552	584,196,189	611,100,842	1,784,768,649	1,832,427,394
Total Assets	1,408,411,614	1,472,498,261	695,992,268	720,651,748	2,104,403,882	2,193,150,009
Deferred Outflows of Resources	72,901,720	10,299,899	8,775,327	1,375,873	81,677,047	11,675,772
Long-term Liabilities	246,470,586	185,769,240	160,006,686	142,169,251	406,477,272	327,938,491
Other Liabilities	16,413,092	22,355,701	6,891,617	8,623,657	23,304,709	30,979,358
Total Liabilities	262,883,678	208,124,941	166,898,303	150,792,908	429,781,981	358,917,849
Deferred Inflows of Resources	48,841,402	50,091,978	5,836,579	5,913,268	54,677,981	56,005,246
Net Position:						
Net Investment in Capital Assets	1,021,045,334	1,049,886,149	460,700,572	483,654,265	1,481,745,906	1,533,540,414
Restricted	59,535,309	57,891,297	5,201,229	5,420,269	64,736,538	63,311,566
Unrestricted	89,007,611	116,803,795	66,130,912	76,246,911	155,138,523	193,050,706
Total Net Position	\$ 1,169,588,254	\$ 1,224,581,241	\$ 532,032,713	\$ 565,321,445	\$ 1,701,620,967	\$ 1,789,902,686

By far the largest portion of the City's net position, 85.7 percent, is investments in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position, which comprises 3.5 percent of total net position, decreased from \$64.7 million in 2018 to \$63.3 million in 2019. This decrease is primarily due to the

decrease in governmental debt which decreased debt reserve requirements.

The remaining balance of \$193.1 million, 10.8 percent, in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within unrestricted net position have internally imposed designations or limitations which may further limit the purpose for which such net position may be used. For example, a portion of the unrestricted net position within the City's Sales and Use Tax Fund has been set aside to provide for capital projects that are carried forward from the previous year's capital program but do not have outstanding contracts or encumbrances as outlined on page 57.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$88.3 million as revenues exceeded expenses during the current fiscal year for both governmental and enterprise funds. Much of this is committed to current and future capital infrastructure.

More details that account for the change in net position are provided in the following analysis of the governmental and business-type activities.

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,034,348	\$ 14,599,890	\$ 89,467,866	\$ 90,565,165	\$ 104,502,214	\$ 105,165,055
Operating Grants and Contributions	14,222,835	13,353,539	75,559	145,976	14,298,394	13,499,515
Capital Grants and Contributions	21,112,481	14,584,653	11,766,244	10,300,249	32,878,725	24,884,902
General Revenues:						
Property Taxes	62,653,215	66,606,043	-	-	62,653,215	66,606,043
Sales Taxes	137,004,842	150,230,509	-	-	137,004,842	150,230,509
Other Taxes	13,917,255	14,748,456	-	-	13,917,255	14,748,456
Other	6,701,833	7,473,175	4,347,046	5,074,309	11,048,879	12,547,484
Grants and Contributions not Restricted to Specific Programs	6,070,876	6,657,602	-	-	6,070,876	6,657,602
Total Revenues	276,717,685	288,253,867	105,656,715	106,085,699	382,374,400	394,339,566
Expenses:						
General Government	17,310,632	15,753,554	-	-	17,310,632	15,753,554
Public Safety	64,569,696	62,309,137	-	-	64,569,696	62,309,137
Highways & Streets	68,023,930	64,083,924	-	-	68,023,930	64,083,924
Public Health	12,032,129	12,727,539	-	-	12,032,129	12,727,539
Culture & Recreation	43,717,358	47,892,252	-	-	43,717,358	47,892,252
Urban & Economic Development	23,118,511	24,839,891	-	-	23,118,511	24,839,891
Interest on Long-term Debt	6,343,156	5,911,897	-	-	6,343,156	5,911,897
Electric Light	-	-	9,562,823	9,273,379	9,562,823	9,273,379
Public Parking	-	-	2,741,375	2,601,031	2,741,375	2,601,031
Sanitary Landfill	-	-	10,216,724	9,690,174	10,216,724	9,690,174
Water	-	-	27,002,192	25,573,099	27,002,192	25,573,099
Water Reclamation	-	-	25,132,533	25,401,970	25,132,533	25,401,970
Total Expenses	235,115,412	233,518,194	74,655,647	72,539,653	309,771,059	306,057,847
Excess before Transfers	41,602,273	54,735,673	31,001,068	33,546,046	72,603,341	88,281,719
Transfers	193,923	257,314	(193,923)	(257,314)	-	-
Change in Net Position	41,796,196	54,992,987	30,807,145	33,288,732	72,603,341	88,281,719
Net Position - Beginning	1,127,792,058	1,169,588,254	501,225,568	532,032,713	1,629,017,626	1,701,620,967
Net Position - Ending	\$ 1,169,588,254	\$ 1,224,581,241	\$ 532,032,713	\$ 565,321,445	\$ 1,701,620,967	\$ 1,789,902,686

Governmental activities. Governmental activities increased the City's net position by \$55.0 million, thereby accounting for 62.3 percent of the total growth in the net position of the City.

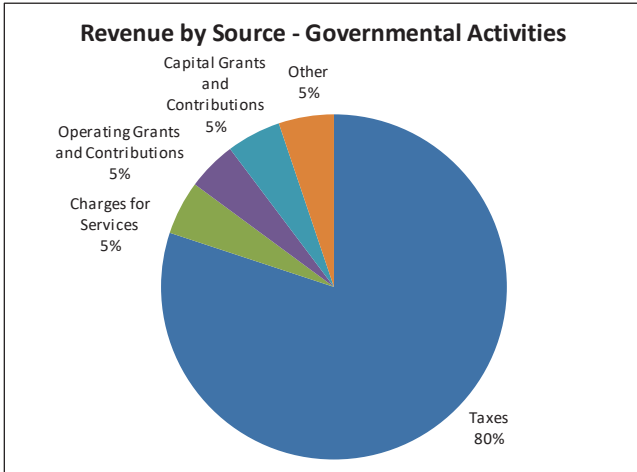
Revenues increased \$11.5 million or 4.2 percent. This increase was primarily the result of an increase in sales tax revenue and property tax revenue of \$13.2 million and \$4.0 million respectively, as well as an increase in investment income. Expenses decreased \$1.6 million or 0.7 percent in comparison to the previous year.

Business-type activities. Business-type activities increased the City's net position by \$33.3 million, accounting for 37.7 percent of the total growth in the government's net position. This growth is due to increased revenue over expenses as the City continues to plan for both current and future infrastructure investment.

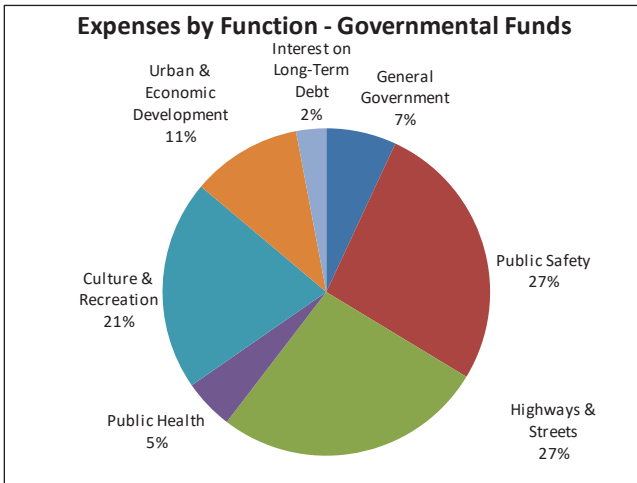
Management’s Discussion and Analysis

A breakdown of governmental and business-type revenues and expenses are shown on the following four charts:

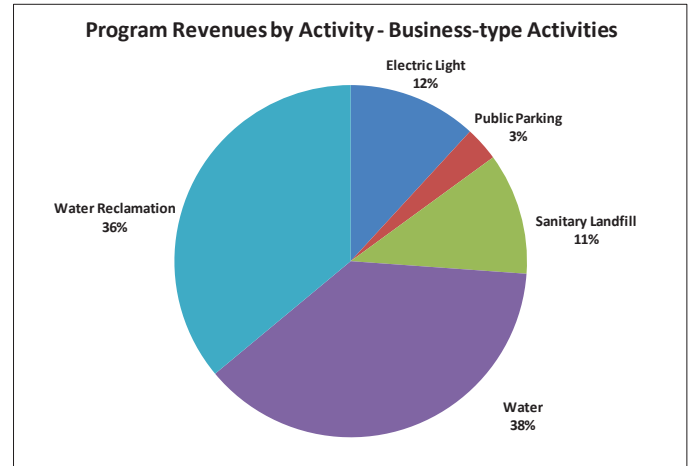
Taxes account for 80 percent of total governmental revenues. Of this, sales tax comprises 65 percent of total taxes collected, followed by property taxes at 29 percent, and the remainder is frontage and other taxes.



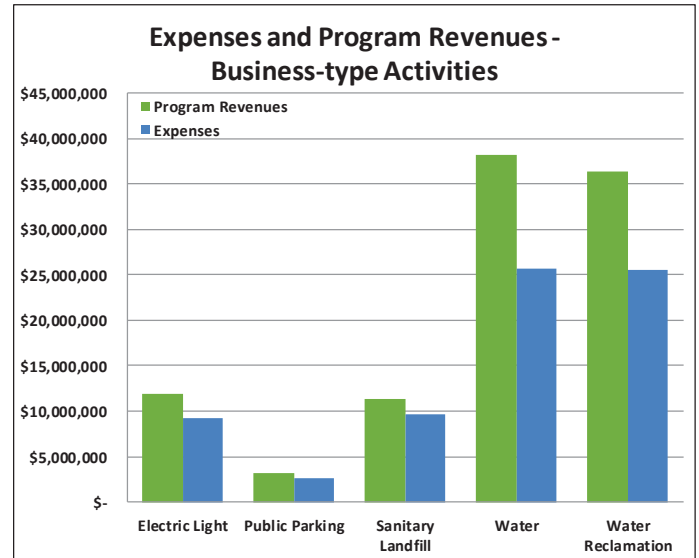
Public Safety and Highways and Streets comprise over half of the total governmental expenses.



As water and water reclamation utilities provide service to all citizens of Sioux Falls, these utilities account for the largest portion of business-type revenues.



All business-type activities provided program revenues in excess of expenses.



Management’s Discussion and Analysis

Financial Analysis of the City’s Funds

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

Governmental Funds

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 the City’s financial needs and ability to meet those needs with current revenue streams.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$169.0 million.

Approximately 31.0 percent, or \$52.4 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$8.1 million, 4.8 percent), committed (\$47.8 million, 28.3 percent), restricted (\$52.3 million, 30.9 percent), or nonspendable (\$8.4 million, 5.0 percent).

The **General Fund** is the primary operating fund of the City. At the end of the current fiscal year, the assigned and unassigned fund balance, combined, was \$55.7 million. This balance increased in 2019 by \$3.6 million, representing 32.4 percent of the final 2019 General Fund expenditure budget of \$171.7 million. The City has a reserve policy target of 25 percent (assigned and unassigned fund balance). The City strategically manages reserves above this target to plan for the operating impacts resulting from future growth, including the ability to operate and maintain new capital infrastructure such as fire stations, libraries, and other new facilities.

Year-over-year, total revenues increased by \$8.9 million. A major contributing factor to this increase was an increase in sales tax revenue of \$4.3 million or 6.9 percent, and an increase in property tax revenue of \$3.6 million or 6.0 percent.

Operating expenditures increased by \$9.7 million, or 6.5 percent, in 2019. Most of the operating expenditure increases were attributable to increases in personnel costs. The City continues to carefully prioritize its resources in order to keep up with the fast pace of growth and providing quality services.

Changes within the various service areas are shown in the following table. Increases above normal and expected inflationary and service level adjustments include: Culture and Recreation increased 12.2 percent, primarily due to increased spending to combat the Emerald Ash Borer, as well as repair costs associated with recent flooding and wind storm events; Highways and Streets increased 9.5 percent due to unfavorable winter weather; and Health Department increased 8.0% due to higher staffing and service levels.

	Operating Expenditures			
	2018	2019	Increase(Decrease)	
General Government	\$ 15,857,924	\$ 16,045,324	\$ 187,400	1.2%
Public Safety	62,576,055	65,210,253	2,634,198	4.2%
Highways & Streets	24,677,397	27,019,132	2,341,735	9.5%
Public Health	11,777,284	12,722,437	945,153	8.0%
Culture & Recreation	24,650,294	27,662,997	3,012,703	12.2%
Urban & Econ Development	9,945,608	10,481,748	536,140	5.4%
	<u>149,484,562</u>	<u>159,141,891</u>	<u>9,657,329</u>	<u>6.5%</u>

The **Entertainment Tax Fund** recognized a \$1.4 million increase in fund balance. Entertainment tax revenue experienced growth of 3.1 percent year-over-year. The increase of \$2.7 million in expenditures was due to an increase in capital spending and a \$1.5M one-time contribution towards the completion of the historic State Theatre. The Fund, which is used to operate and maintain the Sioux Falls Convention Center and entertainment venues (Events Center, Arena, Orpheum Theater, Washington Pavilion and Sioux Falls Stadium), has a committed fund balance of \$14.2 million.

The **Sales and Use Tax Fund** accounts for the second penny sales and use tax, which is used to fund non-enterprise capital infrastructure, including City’s highways and streets and parks, buildings, and equipment.

The Fund experienced a \$7.0 million increase in fund balance, ending with a balance of \$61.0 million. Of this balance, \$6.7 million is nonspendable, \$21.5 million is restricted, leaving 32.7 committed for future capital spending. Of this \$32.7 million, \$23.9 is encumbered for outstanding contracts or budget being carried forward for projects to be completed in 2020, \$2.4 million is dedicated as an internal reserve, leaving \$6.4 million available for new spending.

The **Community Development Fund** realized a small increase in fund balance during 2019 as federal and local funding was programmed for expenditure but remained unspent based upon project timing.

The **Storm Drainage Fund** experienced a \$1.3 million reduction in fund balance, ending with a balance of \$5.6 million. The use of fund balance is due to the System’s capital expansion projects.

The **General Government Construction Fund**, established in 2016 to account for \$22.2 million of revenue bond proceeds for the new City Center office building, experienced a \$1.3 million reduction in fund balance, ending at \$0.5 million. The decrease in fund balance is a result of building construction funds expended as the project nears completion.

Proprietary (business-type) Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following table depicts the unrestricted net position and the increase or decrease over previous years for the individual enterprise funds.

Management’s Discussion and Analysis

Proprietary Funds - Net Position			
	Unrestricted Net Position		
	2018	2019	Increase (Decrease)
Electric Light	\$ 5,015,854	\$ 6,283,886	\$ 1,268,032
Public Parking Facilities	321,092	3,298,547	2,977,455
Sanitary Landfill	15,725,442	17,271,064	1,545,622
Water	13,164,215	15,318,292	2,154,077
Water Reclamation	29,007,919	30,645,890	1,637,971
	<u>\$ 63,234,522</u>	<u>\$ 72,817,679</u>	<u>\$ 9,583,157</u>

The changes within the unrestricted net position of the proprietary (enterprise) funds are generally related to changes in rate structure and investments in capital infrastructure assets. The rate adjustments have been driven by detailed rate models which include not only current and future operating costs, but also provide for infrastructure expansion within each of the funds.

All funds experienced positive cash flow from operating activities. The funds ended with a total cash balance of \$90.0 million, a decrease of \$6.0 million, primarily due to the use of bond construction funds for the new public parking facility. Net cash flows from operations ended with a positive cash flow of \$51.0 million.

The City continues to conduct rate reviews for each enterprise fund to ensure the self-sufficiency and sustainability of each fund. Established rates compare favorably both regionally and nationally, ensuring rate payers receive high quality reliable service at competitive pricing levels.

The **Electric Light Fund** generated a positive net cash flow from operations of \$2.0 million in 2019, ending the year with a cash balance of \$5.4 million and an unrestricted net position of \$6.3 million.

The Electric Light Fund completed a comprehensive rate study in 2018, which included the evaluation of higher energy costs and a renegotiated agreement for supplemental power impacting operating costs. The study also evaluated the costs of capital infrastructure that will need to be added or replaced in the near future. The results of this rate analysis led to the adoption of a four-year schedule of annual rate adjustments, the first effective on January 1, 2020.

The **Public Parking Fund** generated \$1.7 million in cash flow from operating activities, ending the year with a cash balance of \$7.7 million and unrestricted net position of \$3.3 million.

The City adopted a new parking rate structure in 2016, which allows for annual rate adjustments up to established maximums. The City began construction of a new multi-use parking structure in 2018 which was substantially complete in 2019 and will open in the summer of 2020.

The **Sanitary Landfill Fund** ended the year with an unrestricted net position of \$17.3 million and a cash balance of \$28.1 million. A substantial portion of the cash balance, or \$10.8 million, has been restricted to meet the City’s future landfill closure and post-closure obligations.

In 2018, the City updated landfill’s rate analysis with the assistance of a consulting engineering firm. The study

evaluated ongoing operating and capital equipment costs, cell expansion, as well as costs associated with closure and post-closure care. Based on this analysis, the City does not currently have any scheduled rate increases in landfill fees.

The **Water Fund** generated \$18.2 million in cash flow from operating activities. After accounting for \$19.6 million in cash outflows from capital and relating financing activities, the fund recognized a net cash decrease of \$0.5 million. The Water Fund also prepaid \$1.6 million in bonds in 2019, which contributed to the decrease in cash.

The water rate was reviewed in 2018 by an engineering firm, which evaluates the ongoing costs of operations, additional capital replacements, and expansions to meet the City’s growing demands on water resources. Based on the results of this rate analysis, the City does not currently have any scheduled water rate increases.

The **Water Reclamation Fund** recognized an increase in cash from operations of \$25.9 million and a total increase of cash flows in the amount of \$4.1 million for an ending cash balance of \$32.0 million. The Water Reclamation Fund also prepaid \$2.4 million in bonds in 2019.

In 2018, an engineering firm reviewed the comprehensive rate analysis for the Water Reclamation Fund. The analysis evaluates current operations, system replacement, and anticipated future development needs. The City will continue to make substantial infrastructure investments in the Water Reclamation Fund over the next several years.

Anticipating these infrastructure investments, the City adopted a four-year schedule of annual rate adjustments, the first effective on January 1, 2020.

Pension and Other Post-Employment Benefit (OPEB) Funds

The City has two defined benefit pension plans, the Employee’s Retirement System and Firefighters’ Pension Fund. The two plans were closed to new membership as of July 1, 2013. All full-time employees hired after this date become members of the South Dakota Retirement System (SDRS). The City’s proportionate share within the SDRS plan is a net asset.

On a market value basis, the Employees’ Retirement System is funded at 104.2 percent and the Firefighter’s Pension Fund is funded at 100.7 percent. The funds have continued to lower investment return expectations, currently 7.3 percent, and roll down amortization, currently 21 years. In addition, both plans have unallocated income reserves to buffer against contribution increases should investment markets or other economic or non-economic assumptions not perform as assumed.

The City’s OPEB Trust closed to new members as of January 1, 2014. The trust is 195 percent funded on a market value basis as of December 31, 2019, with \$4.6 million in assets available to meet a \$2.3 million estimated liability.

General Fund Budgetary Highlights

The City’s employment growth of 4,200, low annual average unemployment rate of 2.5 percent, continued positive

Management’s Discussion and Analysis

construction activity of \$771.5 million in valuations, and 1.9 percent population growth all point to a growing economy and increased consumer spending.

With a growing economy, revenues and other financing sources exceeded initial budget projections by \$4.5 million. This surplus was primarily due to sales tax growth that exceeded budget projections. The City experienced a growth of 6.9 percent in net sales tax collections, which was \$3.2 million above the initial budget projection of 3.0 percent.

The City expenditures and other financing uses ended the year at \$5.2 million or 3.0 percent below final budget. This budgetary expense savings is fairly consistent with past years and is primarily accounted for within personnel savings due to position vacancies.

Although originally budgeting to use \$3.7 million in operating reserves in 2019 (anticipating to use less than \$0.5M after accounting for normal unspent balances), \$3.6 million was added to reserves (assigned and unassigned fund balances).

Capital Assets and Debt Administration

Capital assets. Total capital assets for the governmental and business-type activities as of December 31, 2019, amounted to \$1.8 billion (net of accumulated depreciation). This investment in capital assets include land, buildings, improvements, machinery and equipment, infrastructure, intangibles, and construction in progress.

Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	\$ 157,016,426	\$ 160,966,295	\$ 17,199,395	\$ 18,236,385	\$ 174,215,821	\$ 179,202,680
Buildings	\$ 239,074,965	\$ 239,805,884	\$ 26,926,601	\$ 26,231,532	266,001,566	266,037,416
Improvements Other Than Buildings	\$ 60,661,877	\$ 59,818,083	\$ 3,220,077	\$ 20,592,478	63,881,954	80,410,561
Machinery and Equipment	\$ 46,283,494	\$ 47,162,461	\$ 15,445,065	\$ 15,375,282	61,728,559	62,537,743
Infrastructure	\$ 648,405,660	\$ 694,779,365	\$ 423,573,840	\$ 436,854,812	1,071,979,500	1,131,634,177
Intangibles	\$ 5,437,441	\$ 5,542,337	\$ 75,612,550	\$ 75,612,550	81,049,991	81,154,887
Construction in Progress	\$ 43,692,597	\$ 13,252,127	\$ 22,218,661	\$ 18,197,803	65,911,258	31,449,930
Total Assets	\$ 1,200,572,460	\$ 1,221,326,552	\$ 584,196,189	\$ 611,100,842	\$ 1,784,768,649	\$ 1,832,427,394

The City’s total capital assets net of accumulated depreciation, increased by \$47.4 million in the current fiscal year. This increase was due in large part to the addition of the following capital assets:

- The completion of a variety of street construction and reconstruction projects (including donated and annexed streets) totaling \$55.1 million, including the overlay and concrete restoration of several city streets for \$14.9 million.
- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$62.6 million.
- The construction of the Levitt Pavilion at Falls Park, totaling \$4.4 million.
- The construction of the downtown parking ramp, totaling \$18.2 million.

- The Sanitary Landfill composting facility expansion, totaling \$1.3 million.
- The reconstruction of the main bike trail loop from Fawick Park to Cherry Rock Park, totaling \$0.5 million.

Additional information on capital assets can be found in Note 3 in the Notes to the Financial Statements.

Long-term debt. At the end of the fiscal year, the City had total debt outstanding of \$288.9 million. The City made regularly scheduled principal payments of \$25.9 million and pre-payments of \$4.0 million to pay off nine SRF loans early for the Water and Water Reclamation Funds. The overall debt of the City, including enterprise fund infrastructure activity, decreased \$21.6 million from 2018 as shown below. The City has very favorable per capita debt ratios and strong debt service coverage across all funds.

Outstanding Debt by Type						
	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Bonds	\$ 165,455,000	\$ 155,585,000	\$ 46,755,000	\$ 44,000,000	\$ 212,210,000	\$ 199,585,000
Notes	7,831,809	9,049,491	90,437,696	80,230,517	98,269,505	89,280,008
Total	\$ 173,286,809	\$ 164,634,491	\$ 137,192,696	\$ 124,230,517	\$ 310,479,505	\$ 288,865,008

Management’s Discussion and Analysis

The table on the following page provides a breakdown of the outstanding debt on both a pledged basis (the funding source that secures the debt issuance) and a repayment basis (the funding source making the debt service payments).

The bonds issued to fund the City’s investment in the Lewis & Clark Regional Water System within the Water Fund used the pledge of the second penny sales tax, but is being repaid by the Water Fund.

Outstanding Debt by Pledge and Repayment				
	Pledged		Repayment	
	2018	2019	2018	2019
Governmental Activities				
Sales and Use Tax Fund	\$ 225,263,329	\$ 212,183,493	\$ 173,032,612	\$ 162,880,690
Community Development	500,000	500,000	500,000	500,000
Storm Drainage Fund	7,331,809	8,549,491	7,331,809	8,549,491
Nonmajor Governmental Funds	425,000	170,000	425,000	170,000
Total Governmental Activities	233,520,138	221,402,984	181,289,421	172,100,181
Business-type Activities				
Public Parking Fund	-	-	17,805,000	17,350,000
Water Fund	5,660,692	2,123,339	40,086,409	34,076,142
Water Reclamation Fund	84,777,004	78,107,178	84,777,004	78,107,178
Total Business-type Activities	90,437,696	80,230,517	142,668,413	129,533,320
Total	\$ 323,957,834	\$ 301,633,501	\$ 323,957,834	\$ 301,633,501

As of the last bond rating in 2018, the City carries an ‘Aa2’ sales tax bond rating from Moody’s. Although the City does not have any general obligation debt outstanding, the City does carry an ‘Aa1’ issuer rating. The State Constitution limits the amount of debt a governmental entity may issue based upon three categories as described in the notes to the financial statements. Currently, all of the City’s debt is classified under the category of general-purpose debt, which is limited to 5.0 percent of assessed valuation of the taxable property. The current general-purpose debt limitation for the City is \$788.1 million, which is \$523.7 million in excess of the City’s outstanding bonded debt.

Additional information on the City’s long-term debt can be found beginning on page 59 of this report.

Economic Outlook and Next Year’s Budget

General (Primary Operating) Fund: The basis for the City’s 2020 budget is fiscal stewardship for a growing community. The 2020 budget reflects the citywide vision of “taking care of today for a better tomorrow.” The budget recognizes the need to continue to improve and grow the

City’s public infrastructure, provide essential services that residents can rely upon, and enhance the quality of life in Sioux Falls. The City’s capital program focused heavily on highways/streets and water reclamation infrastructure. The budget also provided direction to fund Phase III of the Downtown River Greenway in combination with a significant private investment in the City’s downtown.

Public safety and health continued to be the top operating priority as the City funded several new positions for both the Police Department and Metro Communications, added a mental health officer to the Police Department, committed additional funding to initiate the Community Triage Center concept, and outlined a plan to fund a Public Safety Training and Metro 911 PSAP facility and campus. A commitment to innovation, technology, employee engagement, and customer service is also reflected in the 2020 operating budget.

The local economy continued to strengthen throughout the year as evidenced by improving growth in taxable sales, solid employment growth, and construction posting another near record year. The following outlines the economic growth in 2019:

	2018	2019	Change	% Change
Population	187,200	190,750	3,550	1.90%
Employment	148,590	153,372	4,782	3.22%
Per Capita Personal Income (trailing year)	47,320	48,724	1,404	2.97%
Taxable Sales (\$ in thousands)	6,382,004	6,812,777	430,773	6.75%
First Penny Net Sales Tax Collections (\$ in thousands)	63,129	67,477	4,348	6.89%
Total Construction (\$ in thousands)	786,560	771,484	(15,076)	-1.92%

The City is well aware that recent events surrounding COVID-19 in 2020 will impact certain components of the local and regional economy. The City’s core financial principles of plan, balance, and adapt ensure the City is not

only well-positioned financially to absorb the impacts, but also the City has a history of being thoughtful and forward-looking as challenges and opportunities present themselves.

Management's Discussion and Analysis

Although variable depending on consumer and business spending, the City's sales tax is broad based with very few exclusions, providing more stability from year-to-year as both discretionary and non-discretionary spending is taxed. The steady improvement in sales tax collections throughout the year in 2019, ending at a net (including audits and tax rebates) growth rate of 6.9 percent, puts the City in a solid position to meet General Fund revenue estimates in 2020. The 2020 budget anticipated a net growth rate of 4 percent per year for sales tax over 2018 actuals. As such, the City needs just under 1.5 percent growth to meet budget expectations for the City's number one revenue source.

Property tax growth, a less variable revenue source, continues to reflect the City's strong building climate. The 2020 budget includes a 5.9 percent increase which includes 3.5 percent for new growth and a 2.4 percent inflationary adjustment. Total General Fund revenue growth for 2020 is budgeted at 5.5 percent.

The 2020 General Fund expenditure budget increased by 5.1 percent. The budget provides for the use of a small portion, \$3.3 million, of the combined assigned and unassigned fund balance. Accounting for normal estimated unspent budget balances, the budget projection does not anticipate using fund balance in 2020. The anticipation is the City will end 2020 with around a 30 percent fund balance to the 2020 expenditure budget at year-end versus the 25 percent reserve policy target. This reserve will be drawn down in future years as the City's absorbs the operating costs for opening Fire Station #12 in 2021.

The City takes a long-term approach to forecasting revenues and expenditures. The revenue and expenditure forecasts not only account for inflationary growth, but also incorporate and recognize the impact of future growth, changing consumer behavior, and demands for services. Combining this strategic approach, carefully prioritizing future spending, and quickly adjusting to changing economic conditions, have allowed the City to successfully balance providing consistent levels of service while maintaining a strong financial position.

Sales and Use Tax (Primary Capital) Fund: As this fund, supported by the City's second penny sales tax, is used to finance capital investments and not ongoing operating costs, the City maintains a small revenue stabilization reserve, currently \$2.4 million. The City utilizes a five-year capital program to strategically plan and prioritize capital investments. The first year of the capital program, 2019, focuses on replacement, rehabilitation, and expansion of streets, strengthening infrastructure and facilities, and improving quality of life. Strong growth in construction activity and population will require careful prioritization of City infrastructure and quality-of-life projects in line with available revenues.

Entertainment Tax Fund: This fund, supported by the City's one percent entertainment tax, funds the City's entertainment venues and convention center. Although

recent disruptions due to COVID-19 in 2020 may impact the bottom-line of the City's various venues, adequate operating reserves are held by each venue to minimize any adverse impact to the City or operations.

Enterprise Funds: The City's enterprise funds continue to use robust cash flow forecasting and rate models to ensure that revenues generated from operations can continue to fund both the ongoing costs of operation plus necessary capital expansions. The rate models are reviewed annually to ensure adequate cash flow to meet current expenditures, maintain the existing infrastructure, and to build reserves to meet unanticipated capital outlays or shortfalls in operating revenues.

Financial results continue to perform at or above expectations allowing the City to pre-pay debt for both the Water and Water Reclamation Funds, while providing additional assurance that these funds will remain self-sustaining well into the future.

Summary: Sioux Falls is a vibrant and growing City, encompassing a dynamic and diversified business environment. As the City grows in size and population, the needs of our community continue to expand. In response to this growth and the rapidly changing world around us, sound planning policies, harnessing innovation and technology, are essential to execute the City's priorities at all levels.

The City has been well served by its commitment to having a solid "**Plan**", maintaining "**Balance**" in terms of City services and capital investments, and maximizing our ability to "**Adapt**" to changing circumstances. These three guiding principles serve as the foundation framing the City's long-term finance and operating strategies. The City's strong financial position, across all of the City's various funds, confirms the City's commitment to these guiding principles year after year.

The City is a proven leader when it comes to fiscal responsibility, with City leaders who are committed to making wise investment of public resources. This leadership provides the backdrop for continued success in providing the public with a terrific value for their tax dollars and ensuring Sioux Falls continues to be the best place to live, work, play, and raise a family.

Requests for Information

This financial report is designed to provide a thorough accounting of the City of Sioux Falls' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, 224 West Ninth Street, City of Sioux Falls, Sioux Falls, SD 57104, (605) 367-8860.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

Statement of Net Position

	Primary Government			Component Units	
	Governmental	Business-type	Total	Housing & Redevelopment	Metro
	Activities	Activities		Commission	Communications Agency
Assets					
Cash and Cash Equivalents	\$ 169,065,670	\$ 77,129,166	\$ 246,194,836	\$ 2,618,524	\$ 944,722
Assets Held for Management Agreements	5,980,107	-	5,980,107	-	-
Investments	-	-	-	25,331	-
Receivables, net	25,733,691	9,312,596	35,046,287	75,183	18,704
Prepaid Items	325,900	-	325,900	48,095	36,857
Internal Balances	(3,543,219)	3,543,219	-	-	-
Due From Other Governments	20,478,959	108,481	20,587,440	300,335	444,327
Inventory of Supplies and Stores	9,348,598	3,655,420	13,004,018	3,857,756	-
Restricted Assets:					
Cash and Cash Equivalents	-	12,867,792	12,867,792	-	-
Deposits	2,212,243	-	2,212,243	-	24,362
Net Pension Asset	19,346,934	2,934,232	22,281,166	-	14,429
Net OPEB Asset	2,222,826	-	2,222,826	-	-
Capital Assets:					
Land	160,966,295	18,236,385	179,202,680	894,250	-
Buildings, net	239,805,884	26,231,532	266,037,416	3,293,796	-
Improvements Other Than Buildings, net	59,818,083	20,592,478	80,410,561	284,051	-
Machinery and Equipment, net	47,162,461	15,375,282	62,537,743	32,707	412,317
Infrastructure, net	694,779,365	436,854,812	1,131,634,177	-	-
Intangibles, net	5,542,337	75,612,550	81,154,887	-	-
Construction in Progress	13,252,127	18,197,803	31,449,930	34,500	-
Total Assets	<u>1,472,498,261</u>	<u>720,651,748</u>	<u>2,193,150,009</u>	<u>11,464,528</u>	<u>1,895,718</u>
Deferred Outflow of Resources					
OPEB Trust	87,814	-	87,814	-	-
City Employee's Retirement System	3,960,256	646,594	4,606,850	-	-
City Firefighters' Pension Fund	464,114	-	464,114	-	-
South Dakota Retirement System	5,787,715	729,279	6,516,994	-	648,631
Total Deferred Outflow of Resources	<u>10,299,899</u>	<u>1,375,873</u>	<u>11,675,772</u>	<u>-</u>	<u>648,631</u>
Liabilities					
Accounts Payable and Other Current Liabilities	18,067,364	7,509,374	25,576,738	3,007,514	220,186
Interest Payable	783,725	491,651	1,275,376	3,672	-
Deposits	104,642	622,632	727,274	21,366	-
Unearned Revenue	2,634,970	-	2,634,970	-	-
Unearned Revenue-Other	-	-	-	13,486	-
Loss Reserve on Workers' Comp Claims					
Due Within One Year	765,000	-	765,000	-	-
Due In More Than One Year	1,911,111	-	1,911,111	-	-
Long-term Liabilities:					
Due Within One Year	12,611,791	16,182,272	28,794,063	1,207,891	147,182
Net Pension Liability Due In More Than One Year	-	-	-	-	-
Due In More Than One Year	171,246,338	125,986,979	297,233,317	3,593,027	144,495
Total Liabilities	<u>208,124,941</u>	<u>150,792,908</u>	<u>358,917,849</u>	<u>7,846,956</u>	<u>511,863</u>
Deferred Inflow of Resources					
City Employee's Retirement System	33,100,688	5,404,383	38,505,071	-	-
City Firefighters' Pension Fund	12,933,092	-	12,933,092	-	-
South Dakota Retirement System	4,058,198	508,885	4,567,083	-	315,173
Total Deferred Inflow of Resources	<u>50,091,978</u>	<u>5,913,268</u>	<u>56,005,246</u>	<u>-</u>	<u>315,173</u>
Net Position					
Net Investment in Capital Assets	1,049,886,149	483,654,265	1,533,540,414	1,081,069	412,317
Restricted for:					
Debt Service	21,416,170	5,025,176	26,441,346	-	-
Park and Recreation	497,366	-	497,366	-	-
Police	143,691	-	143,691	-	-
Community Development	24,154,879	-	24,154,879	-	-
Library:					
Expendable	48,603	-	48,603	-	-
Nonexpendable	24,767	-	24,767	-	-
Heroic Awards:					
Expendable	3,577	-	3,577	-	-
Nonexpendable	2,000	-	2,000	-	-
Pension	1,855,803	395,093	2,250,896	-	347,886
OPEB	2,222,826	-	2,222,826	-	-
Storm Drainage	2,523,845	-	2,523,845	-	-
Other Purposes	3,047,717	-	3,047,717	343,283	-
Liability Insurance Pool	1,950,053	-	1,950,053	-	24,362
Unrestricted	116,803,795	76,246,911	193,050,706	2,193,220	932,748
Total Net Position	<u>\$ 1,224,581,241</u>	<u>\$ 565,321,445</u>	<u>\$ 1,789,902,686</u>	<u>\$ 3,617,572</u>	<u>\$ 1,717,313</u>

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

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

Statement of Activities

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 15,753,554	\$ 2,921,525	\$ 14,910	\$ -
Public Safety:				
Fire Protection	26,925,310	315,441	771,241	-
Police Protection	35,383,827	247,125	920,026	23,990
Highways and Streets	64,083,924	405,989	1,491,190	14,444,535
Public Health	12,727,539	3,922,843	4,228,004	29,625
Culture and Recreation:				
Libraries	8,454,201	107,769	1,206,528	8,503
Museum	633,560	-	-	-
Parks & Recreation	27,720,537	2,087,405	184,668	78,000
Entertainment Venues	11,083,954	-	100,000	-
Urban and Economic Development:				
Affordable Housing	2,346,464	-	1,486,250	-
TIF	8,528,728	-	-	-
Planning and Development Services	13,964,699	4,591,793	2,950,722	-
Interest on Long-Term Debt	5,911,897	-	-	-
Total Governmental Activities	233,518,194	14,599,890	13,353,539	14,584,653
Business-type Activities:				
Electric Light	9,273,379	9,521,748	-	2,424,872
Public Parking	2,601,031	3,171,168	-	-
Sanitary Landfill	9,690,174	11,139,357	145,976	-
Water	25,573,099	33,393,265	-	4,814,995
Water Reclamation	25,401,970	33,339,627	-	3,060,382
Total Business-type Activities	72,539,653	90,565,165	145,976	10,300,249
Total Government	\$ 306,057,847	\$ 105,165,055	\$ 13,499,515	\$ 24,884,902
Component Units:				
Housing & Redevelopment Commission	\$ 15,151,728	\$ 1,261,744	\$ 13,830,437	\$ 16,310
Metro Communications Agency	5,128,776	126,020	1,449,658	-
	\$ 20,280,504	\$ 1,387,764	\$ 15,280,095	\$ 16,310

General Revenues:

Taxes:

Property Tax

Sales Tax

Frontage Tax

Amusement Tax

E-911 Surcharges

Unrestricted State and County Shared Revenues

Unrestricted Investment Earnings

Miscellaneous Revenue, Net

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

Statement of Activities (cont)

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission	Metro Communications Agency
\$ (12,817,119)	\$ -	\$ (12,817,119)		
(25,838,628)	-	(25,838,628)		
(34,192,686)	-	(34,192,686)		
(47,742,210)	-	(47,742,210)		
(4,547,067)	-	(4,547,067)		
(7,131,401)	-	(7,131,401)		
(633,560)	-	(633,560)		
(25,370,464)	-	(25,370,464)		
(10,983,954)	-	(10,983,954)		
(860,214)	-	(860,214)		
(8,528,728)	-	(8,528,728)		
(6,422,184)	-	(6,422,184)		
(5,911,897)	-	(5,911,897)		
<u>(190,980,112)</u>	<u>-</u>	<u>(190,980,112)</u>		
-	2,673,241	2,673,241		
-	570,137	570,137		
-	1,595,159	1,595,159		
-	12,635,161	12,635,161		
-	10,998,039	10,998,039		
-	<u>28,471,737</u>	<u>28,471,737</u>		
<u>(190,980,112)</u>	<u>28,471,737</u>	<u>(162,508,375)</u>		
			\$ (43,237)	\$ -
			<u>-</u>	<u>(3,553,098)</u>
			<u>(43,237)</u>	<u>(3,553,098)</u>
66,606,043	-	66,606,043	-	-
150,230,509	-	150,230,509	-	-
14,738,508	-	14,738,508	-	-
9,948	-	9,948	-	-
-	-	-	-	2,601,877
6,657,602	-	6,657,602	-	-
4,784,546	2,744,970	7,529,516	8,105	27,070
2,688,629	2,329,339	5,017,968	-	-
257,314	(257,314)	-	-	-
<u>245,973,099</u>	<u>4,816,995</u>	<u>250,790,094</u>	<u>8,105</u>	<u>2,628,947</u>
54,992,987	33,288,732	88,281,719	(35,132)	(924,151)
1,169,588,254	532,032,713	1,701,620,967	3,652,704	2,641,464
<u>\$ 1,224,581,241</u>	<u>\$ 565,321,445</u>	<u>\$ 1,789,902,686</u>	<u>\$ 3,617,572</u>	<u>\$ 1,717,313</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

Balance Sheet - Governmental Funds

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>
Assets			
Cash and Cash Equivalents	\$ 59,310,461	\$ 9,792,608	\$ 55,660,763
Assets Held for Management Agreements	689,246	5,208,579	-
Receivables:			
Taxes-Delinquent	1,386,716	-	-
Accounts (net of allowance for uncollectibles)	1,305,134	2,396	27,006
Interest and Penalty	237,593	39,525	158,540
Special Assessments	345,920	-	508,192
Rehabilitation Loans and Grants	-	-	-
Due from Other Funds	50,000	-	-
Due from Other Governments	8,823,165	862,650	10,661,430
Inventory of Supplies and Stores	1,624,447	-	6,725,070
Notes Receivable	-	-	-
Total Assets	<u>\$ 73,772,682</u>	<u>\$ 15,905,758</u>	<u>\$ 73,741,001</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	\$ 2,908,719	\$ 740,409	\$ 4,362,484
Due to Other Funds	113,987	-	-
Accrued Wages	4,753,394	-	-
Deposits	104,183	-	459
Unearned Revenue	503,492	300,000	1,831,478
Total Liabilities	<u>8,383,775</u>	<u>1,040,409</u>	<u>6,194,421</u>
Deferred Inflows of Resources			
Unavailable Revenue-Property Taxes	884,990	-	-
Unavailable Revenue-Sales Tax	6,161,552	617,504	6,102,907
Unavailable Revenue-Special Assessments	138,847	-	507,410
Long-Term Receivables	200	-	-
Total Deferred Inflows of Resources	<u>7,185,589</u>	<u>617,504</u>	<u>6,610,317</u>
Fund Balances			
Nonspendable	1,624,447	-	6,725,070
Restricted	185,877	-	21,482,589
Committed	689,246	14,247,845	32,728,604
Assigned	3,273,637	-	-
Unassigned	52,430,111	-	-
Total Fund Balances	<u>58,203,318</u>	<u>14,247,845</u>	<u>60,936,263</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 73,772,682</u>	<u>\$ 15,905,758</u>	<u>\$ 73,741,001</u>

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

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2019

Balance Sheet - Governmental Funds (cont)

<u>Community Development</u>	<u>Storm Drainage</u>	<u>General Government Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,183,054	\$ 6,860,731	\$ 659,840	\$ 5,883,760	\$ 141,351,217
-	-	-	82,282	5,980,107
-	-	-	-	1,386,716
-	-	-	-	1,334,536
4,430	27,804	5,013	903	473,808
-	-	-	-	854,112
20,831,252	-	-	-	20,831,252
-	-	-	-	50,000
-	131,714	-	-	20,478,959
30,565	-	-	-	8,380,082
239,876	-	-	-	239,876
<u>\$ 24,289,177</u>	<u>\$ 7,020,249</u>	<u>\$ 664,853</u>	<u>\$ 5,966,945</u>	<u>\$ 201,360,665</u>
\$ 104,403	\$ 1,385,656	\$ 200,783	\$ 501,756	\$ 10,204,210
-	-	-	50,000	163,987
29,895	63,031	-	-	4,846,320
-	-	-	-	104,642
-	-	-	-	2,634,970
<u>134,298</u>	<u>1,448,687</u>	<u>200,783</u>	<u>551,756</u>	<u>17,954,129</u>
-	-	-	-	884,990
-	-	-	-	12,881,963
-	-	-	-	646,257
-	-	-	-	200
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,413,410</u>
30,565	-	-	26,767	8,406,849
24,124,314	5,571,562	464,070	440,941	52,269,353
-	-	-	82,282	47,747,977
-	-	-	4,865,199	8,138,836
-	-	-	-	52,430,111
<u>24,154,879</u>	<u>5,571,562</u>	<u>464,070</u>	<u>5,415,189</u>	<u>168,993,126</u>
<u>\$ 24,289,177</u>	<u>\$ 7,020,249</u>	<u>\$ 664,853</u>	<u>\$ 5,966,945</u>	<u>\$ 201,360,665</u>

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

Total Fund Balances for Governmental Funds		\$ 168,993,126
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets	\$ 1,945,510,675	
Accumulated Depreciation	<u>(746,442,060)</u>	1,199,068,615
<p>Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds</p>		
		14,413,410
<p>Internal service funds are used by management to charge the costs of fleet management, insurance programs, and technology equipment to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position as follows:</p>		
Governmental Activities	47,922,981	
Business-Type Activities	<u>(3,429,232)</u>	44,493,749
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Accrued Interest Payable	(783,725)	
Notes Payable-Revenue	(9,049,491)	
Unamortized Bond Premium	(7,465,690)	
Bonds Payable-Revenue	(155,585,000)	
Accrued Compensated Absences	<u>(11,552,673)</u>	(184,436,579)
<p>Net OPEB asset and OPEB deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:</p>		
Net OPEB Asset	2,222,826	
Deferred Outflows of Resources	<u>87,814</u>	<u>2,310,640</u>
<p>Net pension asset and liability and pension deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:</p>		
Net Pension Asset	18,825,721	
Deferred Outflows of Resources	9,926,728	
Net Pension Liability	-	
Deferred Inflows of Resources	<u>(49,014,169)</u>	<u>(20,261,720)</u>
Net Position of Governmental Activities		<u><u>\$ 1,224,581,241</u></u>

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**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

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

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>
Revenues			
Taxes:			
Property	\$ 63,876,772	\$ -	\$ -
Sales	67,476,813	8,294,905	67,476,813
Frontage	4,821,227	-	-
Lodging (includes Business Improvement District)	3,015,608	-	-
Amusement	9,948	-	-
Penalties and Interest	104,967	-	-
Special Assessments	206,394	-	2,156,767
Licenses and Permits	7,134,410	-	88,109
Intergovernmental	13,883,537	-	439,916
Charges for Goods and Services	6,611,258	-	95,988
Fines and Forfeitures	608,262	-	-
Investment Revenue	1,805,304	290,685	1,691,374
Rentals/Operating Leases	61,863	-	-
Contributions	245,058	100,000	932,476
Miscellaneous Revenue	560,557	1,553,348	87,346
Total Revenues	<u>170,421,978</u>	<u>10,238,938</u>	<u>72,968,789</u>
Expenditures			
Current:			
General Government	16,045,324	-	-
Public Safety	65,210,253	-	-
Highways and Streets	27,019,132	-	-
Public Health	12,722,437	-	-
Culture and Recreation	27,662,997	4,963,558	-
Urban and Economic Development	10,481,748	-	-
Debt Service:			
Principal	-	-	9,615,000
Interest and Fiscal Charges	-	-	6,422,283
Capital Outlay			
General Government	-	-	578,487
Public Safety	-	-	3,160,727
Highways and Streets	-	-	36,966,191
Public Health	-	-	166,353
Culture and Recreation	-	3,889,424	8,427,387
Urban and Economic Development	-	-	134,382
Total Expenditures	<u>159,141,891</u>	<u>8,852,982</u>	<u>65,470,810</u>
Revenues Over (Under) Expenditures	<u>11,280,087</u>	<u>1,385,956</u>	<u>7,497,979</u>
Other Financing Sources (Uses)			
Sale of Surplus Property	32,052	6,594	10,636
Damage Recovery	72,035	-	3,700
Revenue Bonds Issued	-	-	-
Transfers In	-	-	257,314
Transfers Out	(7,361,918)	-	(750,000)
Total Other Financing Sources (Uses)	<u>(7,257,831)</u>	<u>6,594</u>	<u>(478,350)</u>
Net Change in Fund Balances	4,022,256	1,392,550	7,019,629
Fund Balance - Beginning	<u>54,181,062</u>	<u>12,855,295</u>	<u>53,916,634</u>
Fund Balance Ending	<u>\$ 58,203,318</u>	<u>\$ 14,247,845</u>	<u>\$ 60,936,263</u>

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

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Governmental Funds (cont)

Community Development	Storm Drainage	General Government Construction	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 2,699,688	\$ 66,576,460
-	-	-	-	143,248,531
-	9,917,281	-	-	14,738,508
-	-	-	-	3,015,608
-	-	-	-	9,948
-	-	-	-	104,967
-	1,205,615	-	-	3,568,776
-	-	-	-	7,222,519
1,486,250	-	-	2,734,927	18,544,630
-	-	-	-	6,707,246
-	-	-	-	608,262
53,472	218,229	35,449	4,143	4,098,656
-	-	-	-	61,863
-	-	-	-	1,277,534
9,872	30,000	-	-	2,241,123
<u>1,549,594</u>	<u>11,371,125</u>	<u>35,449</u>	<u>5,438,758</u>	<u>272,024,631</u>
-	-	5,965	-	16,051,289
-	-	-	-	65,210,253
-	3,058,542	-	-	30,077,674
-	-	-	-	12,722,437
-	-	-	-	32,626,555
2,376,251	-	-	10,759,921	23,617,920
-	293,450	-	255,000	10,163,450
-	89,408	-	20,268	6,531,959
-	-	1,324,408	-	1,902,895
-	-	-	-	3,160,727
-	10,758,867	-	-	47,725,058
-	-	-	-	166,353
-	-	-	-	12,316,811
-	-	-	-	134,382
<u>2,376,251</u>	<u>14,200,267</u>	<u>1,330,373</u>	<u>11,035,189</u>	<u>262,407,763</u>
<u>(826,657)</u>	<u>(2,829,142)</u>	<u>(1,294,924)</u>	<u>(5,596,431)</u>	<u>9,616,868</u>
-	-	-	1,486	50,768
-	-	-	-	75,735
-	1,511,132	-	-	1,511,132
933,576	-	-	6,378,342	7,569,232
-	-	-	-	(8,111,918)
<u>933,576</u>	<u>1,511,132</u>	<u>-</u>	<u>6,379,828</u>	<u>1,094,949</u>
106,919	(1,318,010)	(1,294,924)	783,397	10,711,817
<u>24,047,960</u>	<u>6,889,572</u>	<u>1,758,994</u>	<u>4,631,792</u>	<u>158,281,309</u>
<u>\$ 24,154,879</u>	<u>\$ 5,571,562</u>	<u>\$ 464,070</u>	<u>\$ 5,415,189</u>	<u>\$ 168,993,126</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

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

Net Change in Fund Balances - Total Governmental Funds \$ 10,711,817

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

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

Expenditures for Capital Assets	\$ 65,406,226	
Loss on Capital Assets	(716,339)	
Capital Assets transferred from (to) Business-type Activities	-	
Less Current Year Depreciation	<u>(56,700,667)</u>	7,989,220

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Developer Contributions of Infrastructure	11,096,556	
Property taxes and special assessments	(135,859)	
Due From Other Governments - Taxes	<u>3,966,372</u>	14,927,069

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Payments	10,163,450	
Amortization of Bond Premium	536,922	
Revenue Bond Proceeds	<u>(1,511,132)</u>	9,189,240

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	220,272	
Accrued Interest	<u>83,139</u>	303,411

Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 5,680,474

Changes to net OPEB liability (asset) and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 945,327

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported within governmental activities. 5,246,429

Change in Net Position of Governmental Activities \$ 54,992,987

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**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

Statement of Net Position - Proprietary Funds

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Assets			
Current:			
Cash and Cash Equivalents	\$ 5,353,585	\$ 5,639,807	\$ 17,280,312
Receivables, net:			
Accounts	469,130	93,597	812,729
Interest	20,338	36,767	109,825
Special Assessments	-	-	-
Unbilled	440,986	-	-
Arbitrage Refund	-	-	-
Prepaid Expense	-	-	-
Due From Other Funds	113,987	-	-
Due From Other Governments	7,339	-	101,142
Inventory of Supplies and Stores	1,380,262	-	-
Total Current Assets	<u>7,785,627</u>	<u>5,770,171</u>	<u>18,304,008</u>
Noncurrent:			
Restricted Cash and Cash Equivalents	-	2,086,743	10,781,049
Deposits	-	-	-
Net Pension Asset	332,448	126,886	418,770
Capital Assets:			
Land	613,935	4,644,187	2,586,475
Buildings	503,583	468,856	7,511,082
Improvements Other Than Buildings	9,248	33,144,206	27,500,630
Machinery and Equipment	579,858	501,278	1,271,198
Infrastructure	39,332,975	-	4,598,917
Intangibles	-	-	-
Construction in Progress	687,340	-	985,617
Less: Accumulated Depreciation	<u>(22,409,201)</u>	<u>(14,379,391)</u>	<u>(31,233,528)</u>
Total Noncurrent Assets	<u>19,650,186</u>	<u>26,592,765</u>	<u>24,420,210</u>
Total Assets	<u>27,435,813</u>	<u>32,362,936</u>	<u>42,724,218</u>
Deferred Outflow of Resources			
City Employee's Retirement System	73,376	27,910	92,354
South Dakota Retirement System	58,248	42,393	92,080
Total Deferred Outflow of Resources	<u>131,624</u>	<u>70,303</u>	<u>184,434</u>
Liabilities			
Current:			
Accounts Payable	924,772	333,761	405,200
Accrued Wages	63,344	35,114	93,125
Loss Reserve on Workers' Comp Claims			
Accrued Compensated Absences	25,000	4,500	25,000
Accrued Interest Payable	-	72,211	-
Incurred But Not Reported Claims	-	-	-
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	1,120,000	-
Deposits	100,050	24,635	13,805
Total Current Liabilities	<u>1,113,166</u>	<u>1,590,221</u>	<u>537,130</u>
Noncurrent:			
Accrued Compensated Absences	179,842	58,477	233,091
Loss Reserve on Workers' Comp Claims	-	-	-
Net Pension Liability	-	-	-
Closure & Postclosure Care Costs	-	-	10,781,049
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	16,230,000	-
Total Noncurrent Liabilities	<u>179,842</u>	<u>16,288,477</u>	<u>11,014,140</u>
Total Liabilities	<u>1,293,008</u>	<u>17,878,698</u>	<u>11,551,270</u>
Deferred Inflow of Resources			
City Employee's Retirement System	613,288	233,278	771,915
South Dakota Retirement System	40,774	29,394	62,073
Total Deferred Inflow of Resources	<u>654,062</u>	<u>262,672</u>	<u>833,988</u>
Net Position:			
Net Investment in Capital Assets	19,317,738	9,115,879	13,220,391
Restricted for Liability Insurance Pool	-	-	-
Restricted for Debt Service	-	1,863,529	-
Restricted for Pension	18,743	13,914	31,939
Unrestricted	6,283,886	3,298,547	17,271,064
Total Net Position	<u>\$ 25,620,367</u>	<u>\$ 14,291,869</u>	<u>\$ 30,523,394</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net Position of business-type activities

**City of Sioux Falls
Comprehensive Annual Financial Report
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Statement of Net Position - Proprietary Funds (cont.)

Enterprise Funds (cont.)		Internal	
Water	Water Reclamation	Total	Service Funds
\$ 17,067,669	\$ 31,787,793	\$ 77,129,166	\$ 27,714,453
1,480,755	1,364,549	4,220,760	534,885
60,130	122,413	349,473	78,506
217,260	-	217,260	-
1,836,689	2,230,339	4,508,014	-
17,089	-	17,089	-
-	-	-	325,900
-	-	113,987	-
-	-	108,481	-
1,821,566	453,592	3,655,420	968,516
<u>22,501,158</u>	<u>35,958,686</u>	<u>90,319,650</u>	<u>29,622,260</u>
-	-	12,867,792	-
-	-	-	2,212,243
1,107,704	948,424	2,934,232	521,213
8,630,596	1,761,192	18,236,385	-
31,512,713	9,327,788	49,324,022	2,705,385
98,932	287,906	61,040,922	1,019,810
30,340,103	14,679,666	47,372,103	46,574,015
305,811,232	390,564,328	740,307,452	-
75,612,550	-	75,612,550	-
4,587,096	11,937,750	18,197,803	7,289
(139,930,481)	(191,037,794)	(398,990,395)	(28,048,562)
<u>317,770,445</u>	<u>238,469,260</u>	<u>626,902,866</u>	<u>24,991,393</u>
<u>340,271,603</u>	<u>274,427,946</u>	<u>717,222,516</u>	<u>54,613,653</u>
243,954	209,000	646,594	114,654
301,100	235,458	729,279	170,703
<u>545,054</u>	<u>444,458</u>	<u>1,375,873</u>	<u>285,357</u>
1,695,189	3,469,756	6,828,678	785,869
277,965	211,148	680,696	152,989
75,000	25,000	154,500	765,000
174,548	244,892	491,651	15,000
-	-	-	2,100,000
997,173	11,027,901	12,025,074	-
2,882,698	-	4,002,698	-
484,142	-	622,632	-
<u>6,586,715</u>	<u>14,978,697</u>	<u>24,805,929</u>	<u>3,818,858</u>
620,388	608,584	1,700,382	168,251
-	-	-	1,911,111
-	-	-	-
-	-	10,781,049	-
1,126,167	67,079,276	68,205,443	-
29,070,105	-	45,300,105	-
<u>30,816,660</u>	<u>67,687,860</u>	<u>125,986,979</u>	<u>2,079,362</u>
<u>37,403,375</u>	<u>82,666,557</u>	<u>150,792,908</u>	<u>5,898,220</u>
2,039,027	1,746,875	5,404,383	958,311
212,679	163,965	508,885	119,498
<u>2,251,706</u>	<u>1,910,840</u>	<u>5,913,268</u>	<u>1,077,809</u>
282,586,598	159,413,659	483,654,265	22,257,937
-	-	-	1,950,053
3,161,647	-	5,025,176	-
95,039	235,458	395,093	54,924
15,318,292	30,645,890	72,817,679	23,660,067
<u>\$ 301,161,576</u>	<u>\$ 190,295,007</u>	<u>561,892,213</u>	<u>\$ 47,922,981</u>
		<u>3,429,232</u>	
		<u>\$ 565,321,445</u>	

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

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

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Operating Revenues:			
Charges for Goods and Services	\$ 9,521,568	\$ 2,586,582	\$ 11,139,237
Fines and Forfeitures	180	584,586	120
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	-
Fines and Forfeitures	-	-	-
Total Operating Revenues	<u>9,521,748</u>	<u>3,171,168</u>	<u>11,139,357</u>
Operating Expenses:			
Personnel Services	1,545,192	682,242	2,444,063
Casualty Loss	-	-	-
Insurance	11,556	25,224	15,105
Professional Services	84,821	252,616	2,178,476
Rent	221,748	23,683	1,547,110
Repairs and Maintenance	651,964	377,733	1,092,309
Supplies and Materials	34,041	110,339	679,317
Utilities and Bulk Energy	5,257,445	84,801	316,873
Depreciation	1,472,386	485,457	963,838
Other Current Expenses	16,172	1,024	594,162
Total Operating Expenses	<u>9,295,325</u>	<u>2,043,119</u>	<u>9,831,253</u>
Operating Income (Loss)	<u>226,423</u>	<u>1,128,049</u>	<u>1,308,104</u>
Nonoperating Revenues (Expenses):			
Investment Revenue	146,079	279,239	814,068
Gain (Loss) on Capital Assets	(5,557)	-	(7,171)
Rent/Operating Leases	4,831	3,000	9,438
Cost Recovery & Special Assessments	8,260	2,170	1,013
Miscellaneous	(31,948)	(4,554)	167,622
Federal and State Grants	-	-	145,976
Interest Expense and Fiscal Agent Charges	-	(587,043)	-
Total Nonoperating Revenues (Expenses)	<u>121,665</u>	<u>(307,188)</u>	<u>1,130,946</u>
Income (Loss) Before Contributions and Transfers	348,088	820,861	2,439,050
Capital Contributions	2,424,872	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	<u>2,772,960</u>	<u>820,861</u>	<u>2,439,050</u>
Net Position - Beginning	<u>22,847,407</u>	<u>13,471,008</u>	<u>28,084,344</u>
Net Position - Ending	<u>\$ 25,620,367</u>	<u>\$ 14,291,869</u>	<u>\$ 30,523,394</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in Net Position of Business-type Activities

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

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

Enterprise Funds			Internal Service Funds
Water	Water Reclamation	Total	
\$ -	\$ -	\$ 23,247,387	\$ 41,904,019
-	-	584,886	-
33,389,245	33,339,647	66,728,892	-
4,020	(20)	4,000	-
<u>33,393,265</u>	<u>33,339,627</u>	<u>90,565,165</u>	<u>41,904,019</u>
5,812,082	4,999,176	15,482,755	2,927,448
-	-	-	20,066,352
115,900	151,178	318,963	1,417,429
972,216	510,815	3,998,944	1,262,490
504,490	858,004	3,155,035	108,706
1,351,899	1,449,022	4,922,927	1,466,280
5,983,941	955,795	7,763,433	6,999,790
888,846	1,917,779	8,465,744	47,546
8,720,442	13,486,617	25,128,740	3,764,582
43,279	32,404	687,041	39,792
<u>24,393,095</u>	<u>24,360,790</u>	<u>69,923,582</u>	<u>38,100,415</u>
<u>9,000,170</u>	<u>8,978,837</u>	<u>20,641,583</u>	<u>3,803,604</u>
552,182	953,402	2,744,970	580,923
5,291	2,788	(4,649)	205,579
262,267	-	279,536	-
883,423	1,725,537	2,620,403	-
(47,522)	(654,198)	(570,600)	115,633
-	-	145,976	242,593
<u>(1,339,613)</u>	<u>(1,217,608)</u>	<u>(3,144,264)</u>	<u>-</u>
<u>316,028</u>	<u>809,921</u>	<u>2,071,372</u>	<u>1,144,728</u>
9,316,198	9,788,758	22,712,955	4,948,332
4,814,995	3,060,382	10,300,249	30,939
-	-	-	800,000
-	(257,314)	(257,314)	-
<u>14,131,193</u>	<u>12,591,826</u>	<u>32,755,890</u>	<u>5,779,271</u>
<u>287,030,383</u>	<u>177,703,181</u>		<u>42,143,710</u>
<u>\$ 301,161,576</u>	<u>\$ 190,295,007</u>		<u>\$ 47,922,981</u>
		<u>532,842</u>	
		<u>\$ 33,288,732</u>	

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

Statement of Cash Flows - Proprietary Funds

	Enterprise Funds	
	Electric Light	Public Parking
Cash Flows Provided by Operating Activities:		
Receipts from Customers	\$ 7,639,877	\$ 2,345,963
Cash Receipts from Interfund Services Provided	1,803,062	228,658
Payments to Suppliers	(5,906,966)	(572,651)
Payment for Interfund Services Used	(4,875)	(77,712)
Payments to Employees	(1,605,732)	(775,897)
Claims Paid	-	-
Other Receipts (Payments)	27,304	582,180
Net Cash Provided by Operating Activities	<u>1,952,670</u>	<u>1,730,541</u>
Cash Flows Provided (Used) By Noncapital Financing Activities:		
Subsidy from Federal Grants	-	-
Transfers In	-	-
Transfers Out	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows Provided (Used) By Capital and Related Financing Activities:		
Sale of Capital Assets	1,152	-
Purchase of Capital Assets	(582,745)	(14,249,208)
Interest Payments and Fiscal Charges	-	(588,379)
Proceeds from Revenue Notes	-	-
Principal Payments-Revenue Notes	-	-
Principal Payments-Revenue Bonds	-	(455,000)
Net Cash Flows (Used) By Capital and Related Financing Activities	<u>(581,593)</u>	<u>(15,292,587)</u>
Cash Flows Provided (Used) By Investing Activities:		
Rent Received	4,831	3,000
Investment Revenue Received	142,738	274,751
Net Cash Flows Provided By Investing Activities	<u>147,569</u>	<u>277,751</u>
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	1,518,646	(13,284,295)
Cash and Cash Equivalents, January 1	<u>3,834,939</u>	<u>21,010,845</u>
Cash and Cash Equivalents, December 31	<u>\$ 5,353,585</u>	<u>\$ 7,726,550</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ 226,423	\$ 1,128,049
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,472,386	485,457
(Increase) Decrease in-Receivables	(221,589)	(11,961)
-Inventory	(114,199)	-
-Due From Other Funds	150,299	-
-Due From Other Governments	(7,339)	-
-Net Pension Asset	(332,205)	(126,781)
-Pension Related Deferred Outflows	748,198	357,593
Increase (Decrease) in-Accounts Payable	480,105	225,057
-Accrued Wages	2,968	3,849
-Compensated Absences	(21,839)	5,036
-Net Pension Liability	(539,684)	(241,646)
-Pension Related Deferred Inflows	82,022	(91,706)
-Loss Reserve on Workers' Comp Claims	-	-
-Deposits	12,401	(260)
-Closure/Post closure Cost	-	-
Other Revenue Sources (Uses)	14,723	(2,146)
Net Cash Provided By Operating Activities	<u>\$ 1,952,670</u>	<u>\$ 1,730,541</u>
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 2,424,872	\$ -
Net Interfund Transfers of Capital Assets	-	-

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

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

Statement of Cash Flows - Proprietary Funds (cont)

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 10,682,504	\$ 33,180,770	\$ 33,043,619	\$ 86,892,733	\$ 11,898,303
529,027	495,486	230,421	3,286,654	29,654,179
(5,770,144)	(9,652,308)	(2,944,805)	(24,846,874)	(12,596,702)
(22,895)	(555,464)	(305,587)	(966,533)	(10,731)
(2,451,534)	(6,151,623)	(5,153,088)	(16,137,874)	(3,206,012)
-	-	-	-	(20,838,745)
186,277	921,481	1,073,944	2,791,186	379,660
<u>3,153,235</u>	<u>18,238,342</u>	<u>25,944,504</u>	<u>51,019,292</u>	<u>5,279,952</u>
145,976	-	-	145,976	-
-	-	-	-	800,000
-	-	(257,314)	(257,314)	-
<u>145,976</u>	<u>-</u>	<u>(257,314)</u>	<u>(111,338)</u>	<u>800,000</u>
342	5,291	3,018	9,803	1,117,444
(1,900,026)	(12,202,150)	(14,614,971)	(43,549,100)	(6,313,825)
-	(1,546,478)	(1,276,506)	(3,411,363)	-
-	-	6,706,611	6,706,611	-
-	(3,537,352)	(13,376,439)	(16,913,791)	-
-	(2,300,000)	-	(2,755,000)	-
<u>(1,899,684)</u>	<u>(19,580,689)</u>	<u>(22,558,287)</u>	<u>(59,912,840)</u>	<u>(5,196,381)</u>
9,438	262,267	-	279,536	-
<u>819,628</u>	<u>563,658</u>	<u>950,561</u>	<u>2,751,336</u>	<u>589,025</u>
<u>829,066</u>	<u>825,925</u>	<u>950,561</u>	<u>3,030,872</u>	<u>589,025</u>
2,228,593	(516,422)	4,079,464	(5,974,014)	1,472,596
<u>25,832,768</u>	<u>17,584,091</u>	<u>27,708,329</u>	<u>95,970,972</u>	<u>26,241,857</u>
<u>\$ 28,061,361</u>	<u>\$ 17,067,669</u>	<u>\$ 31,787,793</u>	<u>\$ 89,996,958</u>	<u>\$ 27,714,453</u>
\$ 1,308,104	\$ 9,000,170	\$ 8,978,837	\$ 20,641,583	\$ 3,803,604
963,838	8,720,442	13,486,617	25,128,740	3,764,582
171,796	(62,220)	(65,607)	(189,581)	(351,537)
-	(149,031)	10,023	(253,207)	(136,763)
-	-	-	150,299	-
(99,502)	-	-	(106,841)	(1,070,884)
(418,390)	(1,106,452)	(947,628)	(2,931,456)	(520,724)
1,117,099	2,672,357	2,504,207	7,399,454	1,336,091
64,779	151,061	2,614,582	3,535,584	(57,753)
7,704	32,705	20,844	68,070	23,200
(13,231)	(91,223)	7,301	(113,956)	(40,039)
(746,781)	(1,872,382)	(1,753,427)	(5,153,920)	(1,058,672)
46,128	25,454	14,791	76,689	(18,420)
-	-	-	-	(772,393)
-	11,931	-	24,072	-
565,534	-	-	565,534	-
<u>186,157</u>	<u>905,530</u>	<u>1,073,964</u>	<u>2,178,228</u>	<u>379,660</u>
<u>\$ 3,153,235</u>	<u>\$ 18,238,342</u>	<u>\$ 25,944,504</u>	<u>\$ 51,019,292</u>	<u>\$ 5,279,952</u>
\$ -	\$ 4,814,995	\$ 3,060,382	\$ 10,300,249	\$ 30,939
-	-	-	-	-

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2019

Statement of Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds	Police Custodial Fund
Assets		
Cash and Cash Equivalents	\$ 19,863,768	\$ 331,314
Receivables:		
Contribution	768,803	-
Interest	962,025	-
Total Receivables	<u>1,730,829</u>	<u>-</u>
Investments at Fair Value:		
US Government	47,065,893	-
Corporate Obligations	63,296,193	-
Foreign Obligations	10,118,643	-
Domestic Stocks	165,131,173	-
Foreign Stocks	24,857,100	-
Index Funds:		
Equity	104,892,735	-
Government / Corporate Bonds	47,900,266	-
Mutual Funds:		
Foreign Equity	152,878,498	-
Domestic Equity	20,802,712	-
Real Estate	47,145,364	-
Total Investments	<u>684,088,577</u>	<u>-</u>
Total Assets	<u>705,683,173</u>	<u>331,314</u>
Liabilities		
Total Liabilities	<u>14,247</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	701,100,968	-
Restricted for Post Employment Health Care Benefits	4,567,958	-
Restricted for Police Evidence and Found Property	<u>-</u>	<u>331,314</u>
Total Net Position	<u>\$ 705,668,926</u>	<u>\$ 331,314</u>

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

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

	<u>Pension and Health Care Trust Funds</u>	<u>Police Custodial Fund</u>
Additions		
Contributions		
Employer	\$ 14,204,745	\$ -
Plan Members	4,146,197	-
Total Contributions	<u>18,350,942</u>	<u>-</u>
Investment Income	120,482,789	-
Less Investment Expense	<u>2,009,149</u>	<u>-</u>
Net Investment Income	118,473,640	-
Police Funds Received into Custody	<u>-</u>	<u>263,145</u>
Total Additions	<u>136,824,582</u>	<u>263,145</u>
Deductions		
Benefit Payments		
Pension	32,148,099	-
Health Premiums	<u>501,328</u>	<u>-</u>
Total Benefit Payments	32,649,427	-
Police Funds Released from Custody	-	459,050
Refunds	205,046	-
Administrative Expense	<u>351,487</u>	<u>-</u>
Total Deductions	<u>33,205,960</u>	<u>459,050</u>
Change in Net Position	103,618,622	(195,905)
Total Net Position January 1, as previously stated	602,050,304	-
Restatement (Note 12)	-	527,219
Restricted Net Position, January 1	<u>602,050,304</u>	<u>527,219</u>
Restricted Net Position, December 31	<u>\$ 705,668,926</u>	<u>\$ 331,314</u>

Notes to Financial Statements

Note 1—Summary of Significant Accounting Policies

A. BASIS OF PRESENTATION

The financial statements of the City of Sioux Falls (the "City") have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting. The City follows and implements all applicable GASB standards. Below are applicable statements not yet required to be implemented.

The first statement issued but not yet implemented that will affect the City is statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will be implemented at the City in the year ended December 31, 2020.

The second statement issued but not yet implemented that will affect the City is statement No. 89, *Accounting for the Interest Cost incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement will be implemented at the City in the year ended December 31, 2020.

The third statement issued by not yet implemented that will affect the City is statement No. 91, *Conduit Debt Obligations*. This statement clarifies the existing definition of a conduit debt obligation and establishes that it is not a liability of the issuer as well as establishes standards for accounting and financial reporting for additional commitments and voluntary commitments extended by issuers, and improves required note disclosures. This statement will be implemented at the City in the year ended December 31, 2020.

The fourth statement issued by not yet implemented that will affect the City is statement No. 92, *Omnibus 2020*. The object of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature. This statement addresses GASB no. 73, 84 and 87 and among other topics. This statement will be implemented at the City in the year ended December 31, 2021.

Management has not yet determined the effect these pronouncements will have on the City's financial statements.

B. REPORTING ENTITY

The City is a municipality chartered under the constitution of the state of South Dakota and is governed by a Council, including a full-time Mayor who is vested with the executive and administrative powers of the City, as well as eight part-time Council members who serve in a policy-making and legislative capacity.

The accompanying financial statements present the City and its component units. Blended component units are entities which are legally separate from the City but which are so intertwined with the City that they are, in substance, the same as the City. Discretely presented component units are entities for which the City is considered to be financially accountable, has the ability to impose its will, or for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Discretely Presented Component Units

Metro Communications Agency, The City of Sioux Falls and Minnehaha County have entered into a joint cooperative agreement for emergency dispatch through the Metro Communications Agency. The Metro Communications Agency is an administrative agency with its own standing, separate and apart from the governmental organizations of either the City or the county.

The agency is governed by a five-member Council which includes the Mayor, two members of the City Council, appointed by the Mayor, and two county commissioners. The agency is responsible for city and county-wide public safety dispatch, maintenance of centralized dispatch records, and the maintenance and purchasing of related communication equipment. In 2019, the City provided \$1,078,938 to the agency to provide funding for operations and equipment. The Metro Communications Agency financial results presented within this report are for fiscal year-end as of December 31, 2019. Complete financial statements are available at the administrative offices located at 500 North Dakota Avenue in Sioux Falls, South Dakota.

The **Housing and Redevelopment Commission** of the City of Sioux Falls, South Dakota (Housing Commission), was organized pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low-income public housing pursuant to the United States Housing Act of 1937 (42 United States Code Section 1401 et seq.). The Mayor appoints the five members of the governing board. However, the City has no further accountability for the Housing Commission. In 2019, the Community Development Special Revenue Fund provided \$340,892 of federal grant proceeds to the Housing Commission for housing assistance. The Housing Commission's fiscal year-end presented in this report is September 30, 2019. Complete financial statements are

Notes to Financial Statements

available at the administrative offices located at 630 South Minnesota Avenue in Sioux Falls, South Dakota.

C. BASIC FINANCIAL STATEMENTS

The basic financial statements are prepared and presented on both the government-wide and fund financial level. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities or changes in net position, report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund and internal service fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and governmental and internal service funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

Budgetary Reporting

The Budgetary Comparison Schedules present comparisons of the original and legally amended budget with actual amounts on a departmental level for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, General Government Construction Fund, and the Storm Drainage Fund. In addition to the required General Fund presentation, the four special revenue funds and one capital project fund presented have a legally adopted annual budget and are reported as major funds in the financial statements.

Each budget is adopted on a basis consistent with generally accepted accounting principles except for bad debt expense, compensated absences, and the reporting of capital outlay and debt service expenditures. The City budgets for compensated absences only to the extent they are expected to be paid rather than on the modified accrual method. On the budget to actual schedules, debt service and capital outlay are included within the individual functions whereas they are reported as separate items on the governmental fund statements.

The City may apply a portion of the prior years' fund balance, reported as net change in fund balance in the budget column, to the current year's budget as an offset to revenue. The original budget is the budget as originally adopted by the City Council. The final budget is the original budget adjusted by capital encumbrances and carry-forwards, transfers within organizational units, and supplemental appropriations.

Summary of Significant Budget Policies

City Charter requires the Mayor to submit a budget to the City Council on or before the first day of August of each year. Upon publication and public hearing, the City Council must annually adopt the budget on or before the 30th day of September. If the City Council fails to adopt the budget by this date, the budget proposed by the Mayor shall go into effect.

The budget is adopted and appropriated by fund on a service function (i.e., general government, public safety, etc.) and departmental basis for all governmental funds, the legal level of control. Proprietary (enterprise and internal service), trust, and agency funds are not appropriated because they are not supported by revenue derived from the annual appropriated tax levy. Although non-appropriated, an annual budget for these funds must be published no later than the last day of December.

For each fund, the total of proposed expenditures shall not exceed the total of estimated income plus the fund balance carried forward, exclusive of reserves. If, during the year, the Mayor certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may, by ordinance, approve supplemental appropriations for the year up to the amount of the excess.

The City Council approved supplemental appropriations of \$13,814,000 during 2019. The largest share of the supplement was \$4,500,000 for the continued investment in

Notes to Financial Statements

building projects such as the 3rd floor buildout of the City Administration Center, the new parking ramp, and renovation of the State Theatre. The City also supplemented an additional \$4,315,000 for street projects with \$2,040,000 from state contributions, \$1,875,000 from sales tax available balances, and \$400,000 from platting fees. Another \$4,000,000 was supplemented for 2019 disaster related expenses in Highways and Streets and Parks due to a spring flooding and storms. The remaining \$999,000 was primarily for a downtown dog park funded by a private donation.

Every appropriation, except an appropriation for a capital expenditure and affordable housing contracts, lapses at the close of the fiscal year to the extent that it has not been expended. Capital appropriations continue in force until expended, revised, or repealed; the purpose of any such appropriation is deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2019.

D. FINANCIAL STATEMENT PRESENTATION

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added the Entertainment Tax Fund, the Storm Drainage Fund, and the General Government Construction Fund. The non-major funds are combined in a column in the fund financial statements and are detailed in the combining statements section.

The government reports the following **major governmental funds**:

The **General Fund** is the government's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue sources include property taxes and the first cent of City sales tax, licenses and permits, state and county shared revenues, and charges for goods and services. In addition to general government, primary expenditures include Public Safety, Highways and Streets, Health, Library, and Parks and Recreation.

The **Entertainment Tax Fund** accounts for the collection of a one percent tax on lodging, sales of alcoholic beverages, prepared meals, as well as ticket

sales and admissions. This tax is used to provide operating and capital funds for the City's convention and entertainment facilities.

The **Sales and Use Tax Fund** is a special revenue fund that accounts for the collections of the second cent of City sales tax and the uses of these funds for capital improvement projects (and other related costs) and debt service.

The **Community Development Fund** accounts for all activities financed by the Community Development Block Grant funds, similar federal grant and loan programs, and City general funds.

The **Storm Drainage Fund** is a special revenue fund that accounts for the collections of the drainage and storm sewer fees/taxes and uses these funds for maintenance (and other related costs), capital improvements, and debt service (state revolving loans) related to the storm drainage system.

The **General Government Construction Fund** accounts for the construction of the new City Center office building.

Other governmental (non-major) funds are a compilation of all of the non-major governmental funds. These include additional special revenue, debt, capital projects, and permanent funds.

The government reports the following **major proprietary funds**:

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

The **Public Parking Facilities Fund** accounts for the activities of the City's parking system which provides on- and off-street parking in the downtown area.

The **Sanitary Landfill Fund** accounts for the activities of the City's regional landfill operations.

The **Water Fund** accounts for the activities of the City's water distribution system.

The **Water Reclamation Fund** accounts for the activities of the City's wastewater collection and treatment system.

Additionally, the government reports the following fund types:

The **internal service funds** account for health, workers' compensation, liability insurance, technology equipment/software, and fleet management services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

The **pension trust funds** account for the activities of the City Employee's Retirement System and the City Firefighters' Pension Fund, which accumulates resources for pension to qualified City employees.

Notes to Financial Statements

These funds were closed to new entrants as of July 1, 2013.

The **retiree health OPEB trust fund** accounts for the activities of the City's Other Postemployment Benefit (OPEB). The City offers eligible retirees who retired prior to January 1, 2014, coverage under its group health plan.

The **police custodial fund** accounts for cash collected and held as a result of law enforcement related activities.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded, regardless of the measurement focus.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. This focus concentrates on the fund's net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This focus concentrates on the fund's resources available for spending currently or in the near future. Revenues are recognized as soon as they are considered to be both measurable and available. Management has decided that, to be considered available, revenues other than sales taxes should generally be collected within 30 days of the end of the current reporting period.

The availability period for sales tax revenue recognition is 15 days. Sales tax collections received by the City within 15 days of year-end that are derived from underlying transactions that occurred during the reporting period are accrued and recognized as revenue.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for certain debt service, compensated absences, and claim and judgment expenditures.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Special assessments are susceptible to accrual as revenue of the current period when the lien attaches to the benefited properties. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then, unrestricted resources as they are needed.

F. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

Cash and Cash Equivalents—

Cash and cash equivalents include investments within the City's internal cash management pool which provides ready access to cash liquidity as well as any additional cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are identified only for the purpose of the Statement of Cash Flows.

A pooled cash account is maintained for all City funds except for Community Development. Those funds that have an average negative balance in the cash account are charged interest at the rate earned by the pool. Interest earnings are allocated to those funds that have an average positive balance in the cash account.

Investments—

Investments are reported at fair value based on the framework established by GASB 72 *Fair Value Measurement and Application*.

Receivables and Payables—

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current interfund loans) or "advances to/from other funds" (i.e., non-current interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type

Notes to Financial Statements

activities are reported in the government-wide financial statements as “internal balances.”

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

All receivables are shown net of an allowance for uncollectible accounts. This allowance is equal to estimated losses that may be incurred in collection of outstanding receivables.

Inventories and Prepaid Items—

Inventories for both governmental and business-type funds are stated using the weighted average method. The cost of inventory is recognized as an expense in both the fund and the government-wide financial statements when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred Outflows of Resources—

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position by the government that is applicable to a future reporting period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Deferred Inflows of Resources—

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue from a variety of sources in the governmental funds including long-term receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets—

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer lines, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$7,500, and estimated useful life in excess of one year. Additions or improvements that significantly add value to an asset such as extending the useful life of an asset or increasing its capacity or efficiency are capitalized. Other costs for repairs and maintenance are expensed as incurred. The cost of equipment in excess of \$5,000 is inventoried for purposes of federal grant reporting.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets that the City receives in a service concession arrangement are recorded at acquisition value. The City chose to include all general infrastructure assets (those reported in the governmental activities), regardless of acquisition date or amount, using backtrending analysis to estimate historical costs.

Capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Primary Government:

Buildings:	
Structures	40 years
Remodeling and renovation	15 years
Improvements other than buildings:	
Park improvements	10–30 years
Other	5–25 years
Machinery and equipment:	
Furniture and fixtures	10–20 years
Office equipment	5–10 years
Computer equipment	2–5 years
Library books	10 years
Vehicles	4–10 years
Heavy equipment	10–20 years
Utility system equipment	20–40 years
Other	5–20 years
Infrastructure:	
Streets	15–40 years
Traffic signals	15 years
Street and parking area lighting	15 years
Light distribution lines	40 years
Water distribution mains	50 years
Water reclamation lines	25 years
Storm drainage pipe	25 years
Other	20–50 years

Component Units:

Housing Commission:

Buildings	25–40 years
Modernization improvements	15 years
Equipment	5 years
Furnishings	5 years

Metro Communications Agency:

Equipment	10–50 years
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Net Position/Fund Balance

The difference between assets and liabilities is “Net Position” on the government-wide, proprietary and fiduciary fund financial statements, and “Fund Balance” on the governmental fund financial statements.

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and

Notes to Financial Statements

deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund balances are classified based on the spending constraints placed upon them. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same, or higher, level action to remove or change the constraint.
- Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. An ordinance is the highest level of authority and requires another ordinance to modify or rescind.

Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, project construction, debt service, or other purposes). City management has the authority to assign fund balances for specific purposes.

The City's first priority is to utilize the restricted fund balance. Committed funds will be considered second with assigned fund balance third when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are eligible to be used.

In the General Fund, the City strives to maintain an unobligated fund balance to be used for cash flow and unanticipated expenditures of 25 percent of the current year's final expenditure budget.

Long-term Obligations—

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

G. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences—

It is the City's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits. The accumulation of unused vacation and comp time is limited based upon employee classification. Upon separation, the City will reimburse the employee for accumulated vacation and comp time not to exceed established maximums. The amount of unused sick leave accumulation is not limited. Upon retirement, or upon separation in good standing for employees not represented by a bargaining unit, the City reimburses eligible employees a portion of unused sick leave. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Vacation, comp time, and sick leave accruals are recognized as a long-term liability which will generally be liquidated from the General Fund. Thus, the governmental fund financial statements accrue vacation and comp time benefits only to the extent that they have matured due to retirement or separation from the City.

Grant Revenue—

The City recognizes grant revenues when all applicable eligibility requirements, including time requirements, are met. The City follows the policy that if expenditures of funds are the prime factor for determining eligibility for the grant funds, revenue is recognized at the time of the expenditure.

Retirement and Other Post-Employment Benefits—

The City has two separate retirement plans covering 75 percent of all full-time and regular part-time employees. The City is required by statute to fund the normal costs and amortization of the unfunded prior service costs and to account for such costs on the accrual basis (see Note 13).

Notes to Financial Statements

Self-Insurance—

The City is self-insured for workers' compensation, unemployment compensation, property losses (deductible portion only), and health-life benefits (up to \$250,000 per individual). The City does carry reinsurance for workers' compensation and health benefits. Liabilities are recorded when a determinable claim or loss has been incurred and the amount of the loss can reasonably be estimated.

H. ACCOUNTING ESTIMATES

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

I. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS), and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Investments are reported at fair value.

Note 2—Stewardship, Compliance, and Accountability

A. Compliance with Finance-Related Legal and Contractual Provisions

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

B. Excess of Expenditures Over Appropriations at the Legal Level of Control

The City incurred no material excess of expenditures over appropriations at the legal level of control.

C. Net Position/Fund Balance Deficits

The City incurred no funds with negative unassigned fund balance at year end.

Note 3—Detailed Notes On All Funds

A. Deposits and Investments

The City maintains a pooled cash portfolio that is used by substantially all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle fund monies while ensuring that the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved. This pool is governed by an investment policy established by the City Council. The pool consists of checking accounts, savings accounts, certificates of deposit, and securities guaranteed either directly or indirectly by the United States government, including money market accounts, which are stated at market value. Fund

equity in the pool is shown as cash and cash equivalents in all financial statements.

Governmental and Business-Type Funds

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

There are certain deposits and investments that are held in trust for debt service or for specific purposes outside of the pooled cash portfolio and the adopted investment policy. These assets are governed by state law (SDCL 4-5-6) which sets forth eligible deposits and investments for the City. The same deposits and investments are allowed under both the City's investment policy and state law.

Allowable deposits and investments include:

- a. Securities issued by the United States Treasury.
- b. Securities issued by government-sponsored enterprises (GSEs) or federally related institutions that are guaranteed directly or indirectly by the U.S. government (U.S. agencies).
- c. Mutual and money market funds that invest in (a) or (b).
- d. Repurchase agreements fully collateralized by (a) or (b).
- e. Certificates of deposits (100 percent collateralized).
- f. Deposit and savings accounts (100 percent collateralized).

Credit Risk. The credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As outlined above, state statute and City policy limit the type of investments allowed to reduce the amount of credit risk to the portfolio. The chart below summarizes the credit quality of the City's investment holdings.

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

Notes to Financial Statements

either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of December 31, 2019, the deposits of the City were \$39.6 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2019. Other investments are held for safekeeping in the City's name by a qualified bank or trustee pursuant to SDCL 4-5-9.

Concentration of credit risk. Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's pooled cash investment policy limits the City pooled cash portfolio to hold no more than 20 percent of the total pool investments in the deposit of a single non-federal financial institution and the exposure to federal agency securities, secured directly or indirectly, to no more

than 40 percent of the total portfolio. No institution exceeded these established limits as of December 31, 2019.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The below chart summarizes the City's deposits and investments using segmented time distribution. The City's pooled cash policy limits pooled cash investments to a maturity of five years or less to ensure adequate liquidity and minimize the impact of changes in interest rates. In matching investments to liabilities, the City does invest in longer-term treasury and agency securities outside of the pooled cash portfolio for specific obligations such as bond reserve funds.

Deposit/Investment Type	Credit Rating	Fair Value	Less Than			
			1 Year	1-3 Years	3-5 Years	5 or more Years
(a) U.S. Treasury Notes & Bills	N/A	\$ 192,680,040	\$ 109,089,979	\$ 74,381,238	\$ 7,357,074	\$ 1,851,749
(b) U.S. Agency Securities*	AAA	-	-	-	-	-
(c) Money Market Funds	AAA	40,382,588	40,382,588	-	-	-
(e) Certificates of Deposit	N/A	26,000,000	26,000,000	-	-	-
Total		\$ 259,062,628	\$ 175,472,567	\$ 74,381,238	\$ 7,357,074	\$ 1,851,749

* All agency securities are either Government National Mortgage Association (Ginnie Mae), Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), or Federal Home Loan Bank System.

Component Units

The Housing and Redevelopment Commission falls under South Dakota statutes (SDCL) 11-7-31, with supplementary authority granted under SDCL 4-5-6, in regard to permitted deposits and investments. The Commission has no further investment policy as to interest, credit, or concentration risk. As of September 30, 2019, the deposits of the authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2019, are in certificates of deposit.

The Metro Communication Agency's deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

B. Property Tax

Real property tax levies are established on or before October 1 of each year. Taxes are recorded as receivable, levied, and attached as an enforceable lien on property as of January 1 of each year. Taxes are payable in two installments on or before April 30 and October 31 of that year. The county bills and collects the City taxes and remits them to the City. The City accrues all delinquent property tax revenues received within 30 days after December 31. No accrual for the property tax levy becoming due in January of 2020 is included in the accompanying financial

statements, since such taxes are collected to finance expenditures budgeted for the subsequent period.

The City is permitted by state statute to levy an increase of no more than the lesser of 3 percent, or the index factor, as defined in the statutes, over the amount of revenue receivable from real property taxes in the preceding year, excluding the amount levied pursuant to an affirmative two-thirds vote of the governing body. After applying the index factor, the City may increase the revenue from real property taxes above the limitations by the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of property separately classified and subject to statutory adjustments and reductions, only if assessed the same as property of equal value.

The combined tax rate to finance municipal services for year-ended December 31, 2019, was \$4.464 per \$1,000 of taxable valuation.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

Notes to Financial Statements

C. Receivables

Receivables for the City's individual major funds and aggregate nonmajor, internal service, and fiduciary and

component units in aggregate, including the applicable allowances for uncollectible accounts, are as follows at December 31, 2019:

Primary Government	Taxes		Special		Notes	Loans	Arbitrage	Allowance for	Total	
	Accounts	Interest	Assessments	Receivable	Receivable	Unbilled	Refund	Uncollectibles		
Governmental Activities										
General	\$ 1,386,716	\$ 3,112,646	\$ 237,593	\$ 345,920	\$ -	\$ -	\$ -	\$ -	\$ (1,807,512)	\$ 3,275,363
Entertainment Tax	-	2,396	39,525	-	-	-	-	-	-	41,921
Sales/Use Tax	-	27,006	158,540	508,192	-	-	-	-	-	693,738
Community Development	-	-	4,430	-	239,876	20,930,208	-	-	(98,956)	21,075,558
Storm Drainage	-	-	27,804	-	-	-	-	-	-	27,804
General Construction	-	-	5,013	-	-	-	-	-	-	5,013
Nonmajor Funds	-	-	903	-	-	-	-	-	-	903
Internal Service Funds	-	554,452	78,506	-	-	-	-	-	(19,567)	613,391
Total Governmental Activities	1,386,716	3,696,500	552,314	854,112	239,876	20,930,208	-	-	(1,926,035)	25,733,691
Business-type Activities										
Electric Light	-	565,112	20,338	-	-	-	440,986	-	(95,982)	930,454
Public Parking Facilities	-	94,361	36,767	-	-	-	-	-	(764)	130,364
Sanitary Landfill	-	849,031	109,825	-	-	-	-	-	(36,302)	922,554
Water	-	1,545,011	60,130	217,260	-	-	1,836,689	17,089	(64,256)	3,611,923
Water Reclamation	-	1,394,111	122,413	-	-	-	2,230,339	-	(29,562)	3,717,301
Total Business-type Activities	-	4,447,626	349,473	217,260	-	-	4,508,014	17,089	(226,866)	9,312,596
Total Primary Government	\$ 1,386,716	\$ 8,144,126	\$ 901,787	\$ 1,071,372	\$ 239,876	\$ 20,930,208	\$ 4,508,014	\$ 17,089	\$ (2,152,901)	\$ 35,046,287
Non current portion	\$ -	\$ -	\$ -	\$ 1,063,686	\$ 196,897	\$ 20,657,608	\$ -	\$ -	\$ -	\$ 21,918,191
Fiduciary Funds										
Employee's Retirement	\$ -	\$ 555,020	\$ 698,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,253,308
Firefighters' Pension	-	213,784	245,790	-	-	-	-	-	-	459,574
OPEB Trust	-	-	17,947	-	-	-	-	-	-	17,947
Total Fiduciary Funds	\$ -	\$ 768,804	\$ 962,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,730,829
Component Units										
Housing Commission	\$ -	\$ 51,000	\$ 2,280	\$ -	\$ 21,903	\$ -	\$ -	\$ -	\$ -	\$ 75,183
Metro Communications Agency	\$ -	\$ 18,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,704

D. Interfund Receivables and Payables

Interfund receivables and payables result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

An additional \$3,429,232 is included in the internal balances of the governmental funds and business-type funds on the

Statement of Net Position. This represents the adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds as shown in the Statement of Net Position – Proprietary Funds.

The composition of individual interfund receivable and payable balances at December 31, 2019, was as follows:

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General Fund	T.I.F. District	\$ 50,000
Electric Light Fund	General Fund	113,987

Notes to Financial Statements

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2019:

	Due from			
	Federal	State	Local	Total
Primary Government:				
Governmental Activities				
General Fund	\$ 320,710	\$ 8,413,900	\$ 88,555	\$ 8,823,165
Entertainment Tax	-	862,650	-	862,650
Sales/Use Tax	-	10,661,430	-	10,661,430
Storm Drainage	-	42,455	89,259	131,714
Total Governmental Activities	<u>\$ 320,710</u>	<u>\$ 19,980,435</u>	<u>\$ 177,814</u>	<u>\$ 20,478,959</u>
Component Units				
Housing Commission	<u>\$ 300,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,335</u>
Metro Communications Agency	<u>\$ -</u>	<u>\$ 52,036</u>	<u>\$ 392,291</u>	<u>\$ 444,327</u>
Business-type Activities				
Enterprise Funds				
Landfill	\$ 21,142	\$ 80,000	\$ -	\$ 101,142
Electric Light	-	-	7,339	7,339
Total Enterprise Funds	<u>21,142</u>	<u>80,000</u>	<u>7,339</u>	<u>108,481</u>
Total Primary Government	<u>\$ 341,852</u>	<u>\$ 20,060,435</u>	<u>\$ 185,153</u>	<u>\$ 20,587,440</u>

F. Interfund Transfers

Transfers are used to move revenues from the fund with collection authorization to the fund with expenditure authorization and move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The financial statements reflect interfund transfers as follows:

	Transfers in:				Total
	Sales and Use Tax	Community Development	Nonmajor Governmental Funds	Technology Services Revolving	
Transfers out:					
General Fund	\$ -	\$ 933,576	\$ 5,628,342	\$ 800,000	\$ 7,361,918
Sales and Use Tax	-	-	750,000	-	750,000
Water Reclamation	257,314	-	-	-	257,314
Total	<u>\$ 257,314</u>	<u>\$ 933,576</u>	<u>\$ 6,378,342</u>	<u>\$ 800,000</u>	<u>\$ 8,369,232</u>

**City of Sioux Falls
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Notes to Financial Statements

G. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers & Retirements</u>	<u>Ending Balance</u>
Primary Government:				
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 157,016,426	\$ 4,007,669	\$ (57,800)	\$ 160,966,295
Intangibles (Rights)	5,437,441	104,896	-	5,542,337
Construction in Progress	43,692,597	55,230,472	(85,670,942)	13,252,127
Depreciable Assets:				
Buildings	363,525,816	10,483,519	(1,046,123)	372,963,212
Improvements other than Buildings	167,115,707	9,471,227	(5,136,740)	171,450,194
Equipment	122,179,757	12,542,454	(5,930,036)	128,792,175
Infrastructure	1,062,830,208	81,517,994	(1,497,368)	1,142,850,834
Totals at Historical Cost	<u>1,921,797,952</u>	<u>173,358,231</u>	<u>(99,339,009)</u>	<u>1,995,817,174</u>
Accumulated Depreciation:				
Buildings	(124,450,851)	(9,135,667)	429,190	(133,157,328)
Improvements other than Buildings	(106,453,830)	(5,965,844)	787,563	(111,632,111)
Equipment	(75,896,263)	(10,326,596)	4,593,145	(81,629,714)
Infrastructure	(414,424,548)	(35,037,142)	1,390,223	(448,071,469)
Total Accumulated Depreciation	<u>(721,225,492)</u>	<u>(60,465,249)</u>	<u>7,200,121</u>	<u>(774,490,622)</u>
Governmental Activities Capital Assets, net	<u>\$ 1,200,572,460</u>	<u>\$ 112,892,982</u>	<u>\$ (92,138,888)</u>	<u>\$ 1,221,326,552</u>
Business-type Activities:				
Non-Depreciable Assets:				
Land	\$ 17,199,395	\$ 1,036,990	\$ -	\$ 18,236,385
Intangibles (Rights)	75,612,550	-	-	75,612,550
Construction in Progress	22,218,661	39,107,191	(43,128,049)	18,197,803
Depreciable Assets:				
Buildings	48,073,572	1,269,880	(19,430)	49,324,022
Improvements other than Buildings	42,778,875	18,262,047	-	61,040,922
Equipment	46,110,169	1,890,088	(628,154)	47,372,103
Infrastructure	707,044,682	33,609,696	(346,926)	740,307,452
Totals at Historical Cost	<u>959,037,904</u>	<u>95,175,892</u>	<u>(44,122,559)</u>	<u>1,010,091,237</u>
Accumulated Depreciation				
Buildings	(21,146,971)	(1,957,406)	11,887	(23,092,490)
Improvements other than Buildings	(39,558,798)	(889,676)	30	(40,448,444)
Equipment	(30,665,104)	(1,959,642)	627,925	(31,996,821)
Infrastructure	(283,470,842)	(20,322,016)	340,214	(303,452,640)
Total Accumulated Depreciation	<u>(374,841,715)</u>	<u>(25,128,740)</u>	<u>980,056</u>	<u>(398,990,395)</u>
Business-type Activities Capital Assets, net	<u>\$ 584,196,189</u>	<u>\$ 70,047,152</u>	<u>\$ (43,142,503)</u>	<u>\$ 611,100,842</u>
Total Primary Government Capital Assets, net	<u>\$ 1,784,768,649</u>	<u>\$ 182,940,134</u>	<u>\$ (135,281,391)</u>	<u>\$ 1,832,427,394</u>
* The decrease in accumulated depreciation for any given class of assets may exceed the decrease reported in those assets due to asset transfers from the business-type funds to the governmental funds.				

Notes to Financial Statements

Component Units	Beginning Balance	Additions	Retirements	Reclassified to Held for Resale	Ending Balance
Housing Commission					
Non-Depreciable Assets:					
Land	\$ 906,031	\$ -	\$ (11,781)	\$ -	\$ 894,250
Construction in Progress	34,500	-	-	-	34,500
Depreciable Assets:					
Buildings	7,443,322	7,245	(707,756)	-	6,742,811
Improvements other than Buildings	445,040	-	-	-	445,040
Equipment	274,506	5,700	(8,721)	-	271,485
Totals at Historical Cost	<u>9,103,399</u>	<u>12,945</u>	<u>(728,258)</u>	<u>-</u>	<u>8,388,086</u>
Less Accumulated Depreciation:					
Buildings	(3,997,165)	(150,959)	678,964	20,145	(3,449,015)
Improvements other than Buildings	(116,460)	(28,104)	-	(16,425)	(160,989)
Equipment	(216,905)	(26,874)	8,721	(3,720)	(238,778)
Total Accumulated Depreciation	<u>(4,330,530)</u>	<u>(205,937)</u>	<u>687,685</u>	<u>-</u>	<u>(3,848,782)</u>
Total Housing Commission Capital Assets, net	<u>\$ 4,772,869</u>	<u>\$ (192,992)</u>	<u>\$ (40,573)</u>	<u>\$ -</u>	<u>\$ 4,539,304</u>
Metro Communications Agency					
Depreciable Assets:					
Equipment	\$ 2,418,662	\$ 9,563	\$ -	\$ -	\$ 2,428,225
Totals at Historical Cost	<u>2,418,662</u>	<u>9,563</u>	<u>-</u>	<u>-</u>	<u>2,428,225</u>
Less Accumulated Depreciation:					
Equipment	(1,836,340)	(179,568)	-	-	(2,015,908)
Total Accumulated Depreciation	<u>(1,836,340)</u>	<u>(179,568)</u>	<u>-</u>	<u>-</u>	<u>(2,015,908)</u>
Total Metro Communications Agency Capital Assets, net	<u>\$ 582,322</u>	<u>\$ (170,005)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,317</u>

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

Governmental Activities:	Amount
General Government	\$ 1,679,726
Public Safety	2,876,928
Highways & Streets	35,198,943
Health	242,058
Culture & Recreation	15,255,881
Urban & Economic Development	1,447,131
Capital Assets Held by the Government's Internal Service Funds	3,764,582
Total Depreciation Expense - Governmental Activities	<u>\$ 60,465,249</u>
Business-type Activities:	
Electric Light	\$ 1,472,386
Public Parking Facilities	485,457
Sanitary Landfill	963,838
Water	8,720,442
Water Reclamation	13,486,617
Total Depreciation Expense - Business-type Activities	<u>\$ 25,128,740</u>

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Projects included in construction in progress for the primary government along with construction improvement commitments to be financed from committed fund balances carried forward into future years are as follows:

<u>Projects-in-Progress</u>	<u>Project Authorization</u>	<u>Expended to 12/31/2019</u>	<u>Committed</u>
City Center Office Building	\$ 1,299,843	\$ -	\$ 1,299,843
Centralized Facilities Improvements	696,038	376,877	319,161
Engineering Infrastructure Projects	36,971,615	6,624,444	30,347,171
Railroad Development	1,484,024	553,256	930,768
Fire Truck Pumper	136,467	136,467	-
Fire Station Parking Lot Replacements	25,049	-	25,049
Land Acquisition for Future Fire Stations	220,000	-	220,000
Fire Station #7	 Generator	267,584	196,841	70,743
Fire Stations Light Fixture Upgrades	20,000	-	20,000
Station #9 Front Redesign, Window & Siding	21,535	-	21,535
Construction of Fire Station #12	255,401	163,696	91,705
Public Safety Training Center	1,021,104	242,630	778,474
Bookmobile	1,767	1,767	-
Fleet/Street Generators	100,000	11,000	89,000
Library Fiber Optics Connections	50,100	-	50,100
Light and Power Facility Improvements	50,795	17,450	33,345
Electric Light Projects	395,298	-	395,298
Electric Light Meters	58,881	58,881	-
Circuit Improvements	4,394,481	46,431	4,348,050
Electronic Automated Meter Reading	675,936	485,718	190,218
Picnic Shelter Improvements	55,922	-	55,922
Arrowhead Park Development	19,975	-	19,975
Arboretum Park Improvements	136,000	99,895	36,105
Memorial Park Development	5,343	-	5,343
Bike Trail Construction/Reconstruction	776,726	109,487	667,239
Skate Park Improvements	35,500	-	35,500
Cherry Rock Park Improvements	8,821	-	8,821
Disc Golf Course Development	9,638	-	9,638
Development of Play Structures	180,694	-	180,694
Dunham Park Improvements	9,850	9,850	-
Falls Park West Development	154,708	31,941	122,767
Fort Sod Park Renovation	6,275	6,275	-
Great Bear Master Plan Improvements	120,272	83,885	36,387
Harmodon Park Improvements	35,000	-	35,000
Judee Estates Development	16,200	16,200	-
Parks System Master Plan	106,800	106,800	-
Lien Park Improvements	14,189	-	14,189
Parks ADA Transition Plan Improvements	39,507	-	39,507
Aquatics Facilities Development	117,791	-	117,791
Kirby Dog Park Development	593,725	-	593,725
Northeast Brandon Park/School Site Development	111,680	111,680	-
Outdoor Ice Rink Improvements	14,566	14,566	-
Park Land Acquisition	266,258	-	266,258
Park Roads and Parking Lots Improvements	36,546	-	36,546
Parks Space Needs Study	144,000	-	144,000
Park Internal Trails Improvements	106,758	-	106,758
Playcourt Cyclic Improvements	220,595	213,560	7,035
River Greenway	360,000	135,425	224,575
Sertoma Park Improvements	32,000	-	32,000
Sherman Park Improvements	374,000	311,450	62,550
Spencer Park Improvements	85,000	31,679	53,321
Terrace Park Development	213,489	-	213,489
Tuthill Park Development	61,907	-	61,907
Yankton Trail Park Improvements	33,400	33,400	-
Zoo Master Plan Improvements	63,544	-	63,544
Farm Field Park Improvements	9,366	-	9,366
Water Meter Pit Modifications	38,000	-	38,000
Downtown Parking Ramp	4,654,612	-	4,654,612

Continued on next page

Notes to Financial Statements

Continued from previous page			
Projects-in-Progress	Project Authorization	Expended to 12/31/2019	Committed
Fleet Fueling Site Security Enhancements	14,818	-	14,818
Fleet Chamber Fuel Site Improvements	4,324	-	4,324
Landfill Land Acquisition	180,162	-	180,162
Landfill Building Improvements	655,136	74,763	580,373
Landfill Leachate Recirculation Infrastructure	3,071,423	492,155	2,579,268
Landfill Composting Facilities Expansion	131,708	-	131,708
Landfill Perimeter Fencing	23,000	-	23,000
Landfill Relocation of Wall Lake Drainage way	314,000	-	314,000
Landfill Solid Waste Plan	284,900	253,641	31,259
Landfill Wetland Mitigation	165,057	165,057	-
Arena Building Improvements	62,000	62,000	-
Convention Center Building Improvements	689,607	53,324	636,283
Events Center Building Improvements	612,500	29,269	583,231
Orpheum Building Improvements	8,960	8,960	-
Washington Pavilion Building Improvements	925,982	190,220	735,762
Washington Pavilion Kirby Science Discovery Center Exhibit	28,540	28,540	-
Sioux Falls Stadium Improvements	14,000	14,000	-
Storm Sewer Projects	11,758,183	3,321,601	8,436,582
Water Projects	10,745,035	4,587,096	6,157,939
Water Reclamation Projects	51,623,864	11,937,750	39,686,114
	\$ 138,727,775	\$ 31,449,928	\$ 107,277,847

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as

expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital Outlay	\$ 65,406,226
Plus: assets contributed from outside sources	12,717,125
Plus: assets added by Internal Service Funds	22,257,937
Plus: construction in progress added as an asset in current year	72,989,587
Plus: assets contributed to enterprise funds	(12,644)
Capital asset increase per footnote	173,358,231
Plus: loss on sale of assets	(716,339)
Plus: assets contributed to enterprise funds	12,644
Less: assets contributed from outside sources	(12,717,125)
Plus: assets added by Internal Service Funds	(22,257,937)
Plus: assets transferred from enterprise funds	-
Less: construction in progress added as an asset in current year	(72,989,587)
Depreciation expense	(56,700,667)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ 7,989,220

Notes to Financial Statements

H. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities, including the current portion, of the City of Sioux Falls for the year ended December 31, 2019.

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 165,455,000	\$ -	\$ 9,870,000	\$ 155,585,000	\$ 10,110,000
Notes Payable	7,831,809	1,511,132	293,450	9,049,491	952,244
Total Debt	<u>173,286,809</u>	<u>1,511,132</u>	<u>10,163,450</u>	<u>164,634,491</u>	<u>11,062,244</u>
Unamortized Bond Premium	8,002,612	-	536,922	7,465,690	582,047
Rebatable Arbitrage	22,024	-	-	22,024	n/a
Accrued Compensated Absences					
Governmental Funds *	11,772,945	5,199,014	5,419,286	11,552,673	950,000
Internal Service Funds	223,290	187,344	227,383	183,251	17,500
Total Governmental Activities	<u>193,307,680</u>	<u>6,897,490</u>	<u>16,347,041</u>	<u>183,858,129</u>	<u>12,611,791</u>
Business-type Activities:					
Bonds Payable:					
Revenue	46,755,000	-	2,755,000	44,000,000	3,720,000
Revenue Notes Payable	90,437,696	6,706,611	16,913,790	80,230,517	12,025,074
Total Debt	<u>137,192,696</u>	<u>6,706,611</u>	<u>19,668,790</u>	<u>124,230,517</u>	<u>15,745,074</u>
Unamortized Bond Premium	5,475,717	-	172,914	5,302,803	282,698
Closure & Postclosure Care Costs	10,215,515	565,534	-	10,781,049	n/a
Accrued Compensated Absences	1,968,839	830,050	944,007	1,854,882	154,500
Total Business-type Activities	<u>154,852,767</u>	<u>8,102,195</u>	<u>20,785,711</u>	<u>142,169,251</u>	<u>16,182,272</u>
Total Primary Government	<u>\$ 348,160,447</u>	<u>\$ 14,999,685</u>	<u>\$ 37,132,752</u>	<u>\$ 326,027,380</u>	<u>\$ 28,794,063</u>
Component Units					
Housing Commission					
Revenue Notes Payable	\$ 304,508	\$ -	\$ 31,345	\$ 273,163	\$ 31,345
Line of Credit	1,254,728	-	284,402	970,326	970,326
Mortgages Payable	3,509,560	-	49,488	3,460,072	154,603
Accrued Compensated Absences	79,290	106,872	88,805	97,357	51,617
Total Housing Commission	<u>\$ 5,148,086</u>	<u>\$ 106,872</u>	<u>\$ 454,040</u>	<u>\$ 4,800,918</u>	<u>\$ 1,207,891</u>
Metro Communications Agency					
Accrued Compensated Absences	\$ 259,132	\$ 282,756	\$ 250,211	\$ 291,677	\$ 147,182
Total Metro Communications Agency	<u>\$ 259,132</u>	<u>\$ 282,756</u>	<u>\$ 250,211</u>	<u>\$ 291,677</u>	<u>\$ 147,182</u>
* Compensated absences in the Governmental Funds have typically been paid from the General and Community Development funds.					

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Notes to Financial Statements

Individual Debt Issues and Other Long-Term Liabilities by Fund—The following is a summary of the individual debt issues, as of the year ended December 31, 2019.

PRIMARY GOVERNMENT	Purpose	Interest Rates***	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
Governmental Activities							
Revenue Bonds & Notes							
Sales & Use Tax Fund							
Series 2009A Sales Tax	* Library & Park Projects (II)	4.13%	2028	\$ -	\$ 20,265,000	\$ 11,850,000	\$ 1,619,750
Series 2009B Sales Tax	* Flood Control	3.14%	2029	-	31,540,000	19,685,000	2,688,180
Series 2012A Sales Tax	* Events Center	3.21%	2033	-	108,440,000	90,545,000	8,205,378
Series 2012B Sales Tax	* Events Center	1.87%	2023	-	13,705,000	4,100,000	2,052,000
Series 2016A Sales Tax	* City Center Office Building	3.09%	2036	-	20,260,000	19,905,000	1,805,500
Series 2018A Sales Tax	* Library & Parks (I) Refunding	2.14%	2025	-	10,635,000	9,330,000	1,842,750
Total Sales & Use Tax				-	-	155,415,000	18,213,558
Community Development Fund							
State Flex Funds	Rental Rehab Loans	0.00%	2021	-	500,000	500,000	500,000
Storm Drainage Fund							
State Revolving Note #27	System Construction	2.50%	2020	-	2,621,000	149,491	149,491
State Revolving Note #39	System Construction	1.00%	2029	429,000	8,400,000	8,400,000	883,749
Total Storm Drainage				429,000	-	8,549,491	1,033,240
Tax Increment Financing Fund							
2008A Tax Increment	Cherapa Place (TIF #5)	4.20-5.75%	2028	-	2,290,000	170,000	170,000
Total Revenue Bonds & Notes				429,000	-	164,634,491	19,916,798
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2033	n/a	n/a	7,465,690	n/a
Total Debt				429,000	-	172,100,181	19,916,798
Vested Compensated Absences							
Governmental Funds	Compensated Absences	n/a	n/a	n/a	n/a	11,552,673	n/a
Internal Service Funds	Compensated Absences	n/a	n/a	n/a	n/a	183,251	n/a
Total Governmental Activities				\$ 429,000	-	\$ 183,836,105	\$ 19,916,798
Business-type Activities							
Revenue Bonds & Notes							
Water							
Series 2017A Sales Tax	* Lewis & Clark Refunding	1.80%	2026	\$ -	\$ 31,045,000	\$ 26,650,000	\$ 7,770,000
2011 State Revolving Note DW #10	System Improvements	2.25%	2021	\$ -	5,819,138	723,701	588,768
2011 State Revolving Note DW #11	System Improvements	2.25%	2023	-	4,000,000	1,399,638	447,805
Total Water				-	-	28,773,339	8,806,573
Water Reclamation							
State Revolving Note #21	System Construction	2.25%	2027	-	34,813,977	15,574,833	2,262,608
State Revolving Note #32	System Construction	1.25%	2023	-	23,037,837	7,901,000	2,464,304
State Revolving Note #33	System Construction	1.25%	2023	-	13,657,053	5,427,171	1,483,691
State Revolving Note #34	System Construction	2.25%	2024	-	12,040,836	6,364,234	1,349,359
State Revolving Note #35	System Construction	1.25%	n/a	1,222,555	10,756,902	8,752,898	1,147,170
State Revolving Note #36	System Construction	1.25%	n/a	9,509,456	16,550,544	15,010,264	1,765,982
State Revolving Note #37	System Construction	1.25%	n/a	2,638,918	7,284,159	6,648,082	773,671
State Revolving Note #38	System Construction	1.00%	n/a	2,486,089	9,262,036	9,073,036	835,405
State Revolving Note #40	System Construction	1.00%	n/a	23,453,140	3,355,660	3,355,660	n/a
Total Water Reclamation				39,310,158	-	78,107,178	12,082,190
Public Parking							
Series 2018B Sales Tax	Parking Ramp Construction	3.51%	2032	-	18,540,000	17,350,000	1,877,774
Total Debt				39,310,158	-	124,230,517	22,766,537
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2026	n/a	n/a	5,302,803	n/a
Total Debt						129,533,320	22,766,537
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	1,854,882	n/a
Total Business-type Activities				\$ 39,310,158	-	\$ 131,388,202	\$ 22,766,537

* Secured by pledge of the second penny sales and use tax.

***For bonds secured by the second penny sales tax and TIF revenues, interest rates reflect the true interest cost (TIC) calculated at the time of bond issuance.

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Individual Debt Issues and Long-Term Liabilities by Component Unit—The following is a summary of the individual debt issues, as of the year ended December 31, 2019.

COMPONENT UNITS	Purpose	Outstanding Interest Rate	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
Housing Commission							
SDHDA Note	Affordable Housing	0.00%	2028	\$ -	\$ 695,690	\$ 273,163	\$ 31,345
Line of Credit	First Premier Bank	4.50%	2020	-	1,400,000	970,326	n/a
Mortgages							
SD Housing Development Authority	Affordable Housing	0.00%	2053	-	299,089	299,089	n/a
Sioux Falls Community Development	Affordable Housing	2.00%	2044	-	160,653	104,606	5,358
SD Housing Development Authority	Affordable Housing	0.00%	2046	-	100,000	100,000	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2044	-	171,162	143,517	5,820
Sioux Falls Community Development	Affordable Housing	0.00%	2044	-	179,550	96,667	3,333
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	29,690	2,983
Sioux Falls Community Development	Affordable Housing	0.00%	2032	-	360,771	359,222	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2035	-	161,880	148,188	90,000
SD Housing Development Authority	Affordable Housing	0.00%	2034	-	697,234	689,590	n/a
Home Federal Bank	Affordable Housing	4.75%	2022	-	40,000	29,613	3,132
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	48,502	6,952
Sioux Falls Community Development	Affordable Housing	0.00%	n/a	-	300,000	275,000	113,480
Sioux Falls Community Development	Affordable Housing	0.00%	n/a	-	200,000	200,000	200,000
Sioux Falls Community Development	Affordable Housing	0.00%	n/a	-	371,000	366,000	11,760
Sioux Falls Community Development	Affordable Housing	0.00%	n/a	-	270,000	270,000	n/a
Grow South Dakota	Affordable Housing	4.75%	2032	-	130,000	112,388	12,172
SD Housing Development Authority	Affordable Housing	0.00%	2041	-	200,000	188,000	4,000
Total Mortgages						3,460,072	458,990
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	97,357	51,617
Total Housing Commission				\$ -		\$ 4,800,918	\$ 541,952
Metro Communications Agency							
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	\$ 291,677	n/a

Pledged Revenue—The City has pledged future revenues, net of specified operating expenses, to repay various debt issues of the City. The debt and information relating to the pledged revenues at December 31, 2019, are as follows:

PRIMARY GOVERNMENT	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2019		Total Principal and Interest Remaining
Governmental Activities						Principal and Interest Paid	Net Revenues	
Revenue Bonds & Notes								
Sales & Use Tax Fund								
Sales Tax Revenue Bonds	Libraries, Parks, Flood Control, Water System & Events Center	Sales and Use Taxes	31%	2036	\$ 254,430,000	\$ 20,794,797	\$ 67,476,813	\$ 255,834,186
Community Development Fund								
Slate Flex Funds	Rental Rehab Loans	Community Development Revenues	0%	2021	500,000	-	1,549,594	500,000
Storm Drainage Fund								
Slate Revolving Notes	System Construction	Storm Drainage Revenues	5%	2028	11,021,000	382,858	8,282,583	8,988,380
Tax Increment Financing Fund								
Tax Increment Bonds	Cherapa Place	Tax Increment Revenue	77%	2022	2,290,000	275,268	358,270	174,888
Business-type Activities								
Revenue Bonds & Notes								
Water								
Slate Revolving Notes	System Construction	Water Revenues	19%	2023	9,819,138	3,610,854	18,875,194	2,191,327
Water Reclamation								
Slate Revolving Notes	System Construction	Water Reclamation Revenues	58%	2027	103,451,558	11,712,600	20,213,398	52,488,834

Revenue Bonds Payable

Bonds payable at December 31, 2019, consist of six issues backed and serviced solely by the second penny sales tax (Sales and Use Tax Fund), one issue backed by the second penny sales tax and serviced by the Water Fund as shown above, one issue backed by the second penny sales tax and serviced by the Public Parking Fund as shown above and one issue backed and serviced by Tax Increment District #5 in the T.I.F. District Fund

Debt service requirements for the revenue bonds at December 31, 2019, are as follows:

Sales and Use Tax			
Year	Principal	Interest	Total
2020	9,940,000	6,087,729	16,027,729
2021	11,005,000	5,704,779	16,709,779
2022	11,540,000	5,278,996	16,818,996
2023	13,190,000	4,832,051	18,022,051
2024	11,815,000	4,328,645	16,143,645
2025-2029	57,290,000	14,461,224	71,751,224
2030-2034	37,285,000	4,544,226	41,829,226
2035-2036	3,350,000	253,250	3,603,250
Totals	\$ 155,415,000	\$ 45,490,900	\$ 200,905,900

Tax Increment			
Year	Principal	Interest	Total
2020	170,000	4,888	174,888
Totals	\$ 170,000	\$ 4,888	\$ 174,888

Notes to Financial Statements

Water			
Year	Principal	Interest	Total
2020	2,600,000	1,332,500	3,932,500
2021	2,700,000	1,202,500	3,902,500
2022	2,800,000	1,067,500	3,867,500
2023	3,100,000	927,500	4,027,500
2024	3,950,000	772,500	4,722,500
2025-2028	11,500,000	945,000	12,445,000
Totals	\$ 26,650,000	\$ 6,247,500	\$ 32,897,500

Public Parking			
Year	Principal	Interest	Total
2020	1,120,000	577,687	1,697,687
2021	985,000	548,231	1,533,231
2022	1,035,000	520,454	1,555,454
2023	1,085,000	490,232	1,575,232
2024	1,195,000	457,465	1,652,465
2025-2029	6,715,000	1,692,354	8,407,354
2030-2032	5,215,000	394,363	5,609,363
Totals	\$ 17,350,000	\$ 4,680,786	\$ 22,030,786

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.

Arbitrage provisions of the Internal Revenue Service require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As of December 31, 2019, the City had a rebatable arbitrage liability of \$22,024, which was payable from the Capital Improvements Special Revenue Fund.

Recovery Zone Economic Development Bonds

The City has elected to receive refundable tax credits from the United States Treasury under Section 54AA(g) of the Internal Revenue Code of 1986, as amended, for the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable tax credits are required to be deposited into the Bond Fund and can be used for the payment of interest on the bonds. The refundable credit of 41.8 percent of the interest payment is reported as Federal Grants in the Statement of Revenues, Expenses, and Changes in Net Position.

Tax Increment Financing (TIF) Districts

The City has 11 active TIF districts in addition to TIF District #5 listed above. For each of these 12 districts, the City has entered into an agreement with the developer of the TIF district. Under each agreement, tax increments received by the City are paid over to the project sponsor as a grant to cover initial eligible project expenses as allowed by South Dakota state statutes. The project sponsor bears the risk that increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses; the City bears no responsibility to make up any shortfall. Increments totaling \$2,699,688 were received by the City and paid to project sponsors during 2019.

Notes Payable

The City has entered into several notes payable with the South Dakota Conservancy District, which have provided funds for construction and maintenance of the storm drainage, water, and water reclamation systems. These funds are drawn as construction progresses. Several notes have balances available that have not been drawn and are so noted on the individual debt table on page 60. A complete amortization schedule will be provided upon completion or partial completion of the draw term. Thus, future debt service cannot be accurately determined until all projects for each note are completed.

The Storm Drainage notes will be repaid with revenues from the Storm Drainage Fund. The estimated debt service is as follows:

Storm Drainage			
Year	Principal	Interest	Total
2020	952,243	82,399	1,034,642
2021	810,810	72,938	883,748
2022	818,949	64,800	883,749
2023	827,169	56,579	883,748
2024	835,472	48,277	883,749
2025-2029	4,304,848	113,896	4,418,744
Totals	\$ 8,549,491	\$ 438,889	\$ 8,988,380

The Storm Drainage Fund currently has \$429,000 available and undrawn notes payable from the South Dakota Conservancy District.

The Water notes will be repaid with revenues from the Water Fund. The estimated debt service on these issues is as follows:

Water			
Year	Principal	Interest	Total
2020	997,173	39,401	1,036,574
2021	575,734	19,263	594,997
2022	439,108	8,697	447,805
2023	111,325	626	111,951
Totals	\$ 2,123,340	\$ 67,987	\$ 2,191,327

The Water Fund has no available and undrawn notes payable from the South Dakota Conservancy District.

The Water Reclamation notes will be repaid with revenues from the Water Reclamation Fund. The estimated debt service is as follows:

Water Reclamation			
Year	Principal	Interest	Total
2020	11,027,901	1,054,290	12,082,191
2021	11,196,341	885,849	12,082,190
2022	11,367,601	714,590	12,082,191
2023	9,384,604	545,924	9,930,528
2024	7,725,154	409,040	8,134,194
2025-2029	22,645,090	603,646	23,248,736
Totals	\$ 73,346,691	\$ 4,213,339	\$ 77,560,030
Issues With No Estimate Available	4,760,486		
Total	\$ 78,107,177		

Notes to Financial Statements

The Water Reclamation Fund has \$39,310,158 available and undrawn notes payable from the South Dakota Conservancy District.

State Flex Funds

The City has entered into an agreement with the state of South Dakota whereby the state has lent the City \$500,000 interest free for five years with the option to negotiate the refinancing for up to three additional five-year terms for a total of 20 years. The funds were used for rental rehabilitation projects.

Component Units

The Housing Commission notes will be repaid with revenues from property rentals. The estimated debt service on these issues is as follows:

Housing Commission			
Year	Principal	Interest	Total
2020	\$ 185,948	\$ 11,014	\$ 196,962
2021	73,035	10,287	83,322
2022	97,823	9,317	107,140
2023	72,525	7,702	80,227
2024	73,221	7,006	80,227
2025-2029	326,913	23,872	350,785
2030-2034	1,301,599	8,225	1,309,824
2035-2039	298,064	3,917	301,981
2040-2044	246,654	1,533	248,187
Thereafter	1,057,453	-	1,057,453
Totals	\$ 3,733,235	\$ 82,873	\$ 3,816,108

a portion of excess sick leave on an annual basis. Accumulated vested compensated absences in governmental funds are recorded as a liability in the government-wide statements. Since this liability generally matures upon retirement, future maturities are not calculated.

Legal Debt Limit

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

1. Not to exceed 5 percent for the year preceding the year in which said indebtedness is incurred.
2. An additional indebtedness not to exceed 10 percent for the year preceding the year in which said indebtedness is incurred for the purpose of providing water and sewage, for irrigation, domestic uses, sewerage, and other purposes upon a majority vote in favor thereof of the electors.
3. An additional indebtedness not to exceed 8 percent for the year preceding the year in which said indebtedness is incurred for the purpose of constructing street railways, electric lights, or other electric plants upon a majority vote in favor thereof of the electors.

Accrued Compensated Absences

City employees are paid for accumulated vacation and sick leave upon retirement. Certain employees are also paid for Accordingly, at December 31, 2019, the City has an available legal debt limit as follows:

2019 Assessed Actual Value Subject to Taxation:				\$ 15,761,636,579
Category	Legal Debt Limit		Net Bonded Debt Outstanding	Available Legal Debt Margin
	Percent	Amount		
General Purpose 1	5.0%	\$ 788,081,829	\$ 265,101,846	\$ 522,979,983
Special Purpose 2	10.0%	1,576,163,658	-	1,576,163,658
Special Purpose 3	8.0%	1,260,930,926	-	1,260,930,926
		\$ 3,625,176,413	\$ 265,101,846	\$ 3,360,074,567
Surcharge Debt Not Included in Legal Debt Limit			23,763,162	
Total Debt			\$ 288,865,008	

I. Operating Leases

The City is a party to several operating leases for equipment and office space. The City has not entered into any operating leases with noncancelable terms as of

December 31, 2019. The total rental expense for operating leases for the year ended December 31, 2019, was approximately \$1,898,853.

Minimum future rentals do not include contingent rentals, which may be received during the lease period as stipulated in the various lease contracts.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

Notes to Financial Statements

J. Fund balances

The City-classified fund balances within the governmental funds as follows at December 31, 2019:

	General	Entertainment Tax	Sales and Use Tax	Community Development	Storm Drainage	General Government Construction	Other Governmental Funds	Total
Fund balances:								
Nonspendable:								
Inventory	\$ 1,624,447	\$ -	\$ 6,725,070	\$ 30,565	\$ -	\$ -	\$ -	\$ 8,380,082
Permanent Fund Principal	-	-	-	-	-	-	26,767	26,767
Total Nonspendable	1,624,447	-	6,725,070	30,565	-	-	26,767	8,406,849
Restricted for:								
Debt Service	-	-	20,995,688	-	-	-	420,482	21,416,170
Park and Recreation	93,398	-	403,968	-	-	-	-	497,366
Police	60,758	-	82,933	-	-	-	-	143,691
Library	31,721	-	-	-	-	-	16,882	48,603
Community Development	-	-	-	24,124,314	-	-	-	24,124,314
Heroic Awards	-	-	-	-	-	-	3,577	3,577
City Center Office Building	-	-	-	-	-	464,070	-	464,070
Storm Drainage	-	-	-	-	2,523,845	-	-	2,523,845
Other Capital Projects	-	-	-	-	3,047,717	-	-	3,047,717
Total Restricted	185,877	-	21,482,589	24,124,314	5,571,562	464,070	440,941	52,269,353
Committed to:								
Operating Agreements	689,246	5,208,579	-	-	-	-	82,282	5,980,107
Entertainment Venues	-	9,039,266	-	-	-	-	-	9,039,266
Other Capital Projects	-	-	32,728,604	-	-	-	-	32,728,604
Total Committed	689,246	14,247,845	32,728,604	-	-	-	82,282	47,747,977
Assigned to:								
Transit System	-	-	-	-	-	-	4,865,199	4,865,199
2020 Budget	3,273,637	-	-	-	-	-	-	3,273,637
Total Assigned	3,273,637	-	-	-	-	-	4,865,199	8,138,836
Unassigned:	52,430,111	-	-	-	-	-	-	52,430,111
Total Fund Balances	\$ 58,203,318	\$ 14,247,845	\$ 60,936,263	\$ 24,154,879	\$ 5,571,562	\$ 464,070	\$ 5,415,189	\$ 168,993,126

Note 4—Joint Ventures/Related Organizations

The City of Sioux Falls is a party to two joint ventures as described below:

1. The City of Sioux Falls and Minnehaha County jointly provide funding for the **Historical Museum Trust**. The Trust provides for operation of all City- and county-owned museums. Participation in the venture is funded equally. The City contribution to the venture for the year ended December 31, 2019, was \$628,341 and is reflected as an expenditure in the General Fund. These activities are also recorded within the General Fund of the county and, accordingly, individual financial statements of the trust are not available. Complete financial statements for Minnehaha County can be obtained at their administrative offices located at 415 North Dakota Avenue in Sioux Falls, South Dakota. There is no debt specifically related to the trust. No future benefit or burden is anticipated other than the annual subsidy.
2. The City of Sioux Falls and Minnehaha County jointly provide funding for the **Siouxland Libraries**. The City received \$1,175,000 from the county for operations during 2019. All

activities of the library system are recorded in the General Fund.

The City is a party to the following related organizations as described below:

The City is responsible for all of the board appointments of the **Sioux Falls Regional Airport Authority**; however, the City is not financially accountable for the Authority because the City does not have the ability to impose its will on the Authority, nor does it have a financial relationship that results in either a burden or a benefit to the City.

The City is contractually obligated to provide financial support to the following entities: **Washington Pavilion Management Inc., Zoological Society, and Great Bear Recreation Park**; however, the City is not financially accountable for these organizations because the City does not have the ability to impose its will on these organizations, and these organizations are not fiscally dependent on the City. The City provided the Washington Pavilion Management Inc. and the Zoological society operational support in the amounts of \$1,975,000 and \$1,489,091, respectively.

Notes to Financial Statements

Note 5—Jointly Governed Organizations

The City is a member of the Lewis & Clark Regional Water System, Inc. (the “System”). The System’s 20 members include 15 municipalities and five rural water systems within South Dakota, Iowa, and Minnesota that provide drinking water to consumers. The System collects, treats, and distributes drinking water to its member communities as pipelines are completed. Sioux Falls began receiving water in 2012. The System is a critical supplemental water supply for the City’s continued growth. The System’s Board of Directors is comprised of 20 directors, one from each member. No member of the System has an equity interest.

The City has a commitment for (1) the City’s portion of the base system costs; and (2) the City’s costs associated with additional capacity modifications for the Lewis & Clark Regional Water System. The City capitalized an intangible asset to recognize its upfront payment to the System for the future option to purchase water. Such asset is being amortized over the estimated life-span of water purchases from the System.

Note 6—Commitments and Contingencies

A. Commitments

At December 31, 2019, the City has commitments on construction projects totaling \$107,277,847 as detailed in Note 3 (G).

From 2005–2010 the City has entered into commitments to pay for (1) the City’s portion of base system costs; and (2) the City’s costs associated with additional capacity modifications for the Lewis & Clark Regional Water System discussed in Note 5. This secures 28.01 million gallons per day to ensure the future supplemental water supply needs of the City will be met.

The City’s investment to date of \$75.6 million is recorded in the Water enterprise fund as an intangible asset. Of this investment, the City made prepayments equal to \$64.3 million for the City’s share of the estimated project costs associated with the City’s portion of base capacity and additional capacity. An interim true-up conducted between Lewis and Clark and the City shows that the City holds a credit with Lewis and Clark of \$12,318,043 (in 2014 dollars). Of that sum, \$2,866,329 has been applied to the Sioux Falls share of the 85th Street Tower and \$3,706,881 has been applied to the Sioux Falls share of two wells designated as wells “A” and “B.” The Sioux Falls costs, as that term is defined in contracts between Lewis and Clark and the City, have been fully paid. The net interim credit to the City is \$6,182,121 (in 2016 dollars). This credit is indexed annually according to the Bureau of Reclamation construction cost index. Any remaining surplus or deficiency will be calculated for base system costs in a final true-up upon completion of the project. Construction of the overall system is 82% complete with authorized funding to complete 84%. The final commitment costs for Sioux Falls share of base system costs may be higher or lower due to cost indexing, construction over-runs, changes in federal funding, and the final number of wells actually constructed. The City is projected to owe Lewis and Clark from \$1,105,195 to

\$11,669,619, depending on these various factors. The City began receiving water from the System on July 30, 2012. The City is committed to the purchase of a minimum of 2.75 million gallons of water per day.

For the year 2019 the city received a daily average of 11.26 million gallons per day with a peak day of 14.891 million gallons which occurred on June 15th of 2019. A total of 4.064 billion gallons of water was purchased for the year ending December 31, 2019.

The Electric Light Fund purchases power from the Western Area Power Association and has a supplemental commitment to meet all remaining power requirements from Heartland Consumers Power District until December 31, 2036.

B. Contingent Liabilities

Litigation

The City is a defendant in various lawsuits. The City’s legal counsel estimates that the potential claim against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City. No reserve has been recorded for any such liability arising out of the current pending litigation.

Solid Waste Landfill Closure and Post-closure Care Costs

The City owns and operates a landfill site located west of the city. State and federal laws will require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The City recognizes a portion of the closure and post-closure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of December 31. The change in the liability for the year ended December 31, 2019, is as follows:

CHANGE IN LIABILITY		Amount
Balance at January 1		\$ 10,215,515
Change in liability due to usage and revision of estimates		565,534
Balance at December 31		<u>\$ 10,781,049</u>

As of December 31, 2019, the City estimate is as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Sioux Falls Regional Sanitary Landfill	38.2%	<u>\$ 10,781,049</u>	<u>\$ 12,216,887</u>	56.0
Totals		<u>\$ 10,781,049</u>	<u>\$ 12,216,887</u>	

The future estimated liability for these costs will be recognized as the remaining capacity is used. The estimated costs of closure and postclosure care are subject

Notes to Financial Statements

to changes such as the effects of inflation, revision of laws, and other variables.

By local ordinance as well as state and federal laws, the City is required to establish a restricted financial assurance cash fund to accumulate assets needed for the actual payment of closure and postclosure care costs. Currently, assets reported as restricted cash and cash equivalents on the combined balance sheet include \$10.8 million held for this purpose.

Note 7—Risk Management

The City's risk management activities are recorded in the City Health/Life Benefit, Insurance Liability, and Workers' Compensation Funds. The purpose of these funds is to administer employee life, health, property and liability, and workers' compensation programs of the City on a cost-reimbursement basis. These funds account for the risk financing activities of the City but do not constitute a transfer of risk from the City.

Significant losses are covered by commercial insurance for all major programs. For insured losses, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for this year or the prior two years.

The City participates in the South Dakota Public Assurance Alliance (SDPAA) which provides liability coverage to the City. A vested balance in the SDPAA Cumulative Reserve is held in reserve by SDPAA for the City and is refundable upon termination or withdrawal in good standing from the Alliance. This balance is recorded as a deposit in the Insurance Liability Fund.

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

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

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

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

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

As of December 31, 2019, the Municipality's balance available to be refunded per the SDPAA was \$2,212,243, which was an increase of \$1,070,884 from the previous year. The change in the amount available for refund was accounted for as a decrease in the insurance expense.

The City has reported approximate aggregate liabilities in the Health/Life Benefit Fund as follows:

	2018	2019
Balance January 1	\$ 2,100,000	\$ 2,100,000
Claims incurred during the year	17,377,265	18,296,765
Payments on claims during the year	(17,377,265)	(18,296,765)
Balance December 31	\$ 2,100,000	\$ 2,100,000

The Workers' Compensation Fund has total assets and total deferred outflows of resources of \$5,607,844 at December 31, 2019, which will be used to pay current expenses of the fund. The fund has total liabilities and deferred inflows of resources of \$2,702,815 which includes a loss reserve liability of \$2,676,111 for those claims incurred as of December 31, 2019, where it is probable that a liability has been incurred and for which the amount of loss could reasonably be estimated. The City purchases commercial insurance coverage for claims in excess of coverage provided by the Fund.

Component Units

The Housing Commission and Metro Communications Agency manage risk by purchasing insurance from commercial insurance carriers for liability, workers' compensation, and employee health insurance. Paying into the unemployment compensation fund established by state law, and managed by the state of South Dakota, covers unemployment benefits.

Note 8—Conduit Debt Obligations

As authorized by South Dakota Codified Laws, Chapter 9-54, the City has issued health facility revenue bonds to acquire or construct facilities to promote the general economic welfare and health services, including housing for the elderly, of the state and City. The bonds are not general obligations nor payable by taxation, but are special, limited obligations, of the issuer, payable solely out of the revenues derived from the agreement and pledged and assigned for their payment in accordance with the indenture. Neither the City, nor the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2019, there were two series of Industrial Revenue/Economic Development Bonds outstanding with an aggregate principal amount payable of \$50.6 million.

Notes to Financial Statements

Note 9—Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in active markets;

3. Inputs other than quoted prices that are observable for the asset or liability;
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the assets measured at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Pooled Cash				
Money Market Mutual Funds	\$ 23,504,675	\$ -	\$ -	\$ 23,504,675
U.S. Treasury Securities	-	179,691,056	-	179,691,056
Total Debt Service Trust Investments	<u>\$ 23,504,675</u>	<u>\$ 179,691,056</u>	<u>\$ -</u>	<u>\$ 203,195,731</u>
Debt Service Trust				
Money Market Mutual Funds	\$ 16,143,749	\$ -	\$ -	\$ 16,143,749
U.S. Treasury Securities	-	12,988,984	-	12,988,984
Total Debt Service Trust Investments	<u>\$ 16,143,749</u>	<u>\$ 12,988,984</u>	<u>\$ -</u>	<u>\$ 29,132,733</u>
Pension Investments				
Money Market Mutual Funds	\$ 5,898,922	\$ -	\$ -	\$ 5,898,922
Domestic Stocks	165,131,173	-	-	165,131,173
Foreign Stocks	24,857,100	-	-	24,857,100
U.S. Treasury Securities	-	47,065,893	-	47,065,893
Corporate Obligations	-	63,296,193	-	63,296,193
Foreign Obligations	-	10,118,643	-	10,118,643
Equity Funds	-	173,681,210	-	173,681,210
Partnership/Joint Ventures	-	-	47,145,364	47,145,364
Collective Investment Funds	-	-	152,793,002	152,793,002
	<u>\$ 195,887,195</u>	<u>\$ 294,161,939</u>	<u>\$ 199,938,366</u>	<u>\$ 689,987,500</u>
Investments measured at the net asset value (NAV)				
Pooled Cash Account				
South Dakota FIT	<u>\$ 1,127,160</u>			

U.S. treasury securities, money market mutual funds, domestic stocks, and foreign stocks classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for these securities. Fixed income investments, corporate obligations, foreign obligations, municipal issues, and equity funds classified in Level 2 of the fair value hierarchy are valued using techniques such as quoted prices for similar investments in active and inactive markets as well as inputs other than quoted prices that are observable for these assets.

Partnerships and collective investment funds classified in level three are provided by the Fund holders and are updated based on valuations provided by the funds which are considered both unobservable and significant to the fair value measurement of these investments.

The South Dakota Public Investment Trust (SDFIT) is an external pool created for South Dakota local government investing purposes. It is regulated by a nine-member board with representation from municipalities, school districts, and counties.

Notes to Financial Statements

The net asset value (NAV) of the SD FIT is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis. Since the City has ready access to the cash, it is reported as cash and cash equivalents.

Investments measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Cash Account				
South Dakota FIT	\$ 1,127,160	-	1 day	1 day

Note 10 – Tax Abatements

The City of Sioux Falls has created tax increment districts under the authority granted by South Dakota Codified Laws Section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the City through the promotion and advance of industrial, commercial, manufacturing, and agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the district. The tax increments are allocated until all costs of the tax increment district project has been repaid; however, it cannot exceed 20 years. The project sponsor bears the risk that the increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses and the City bears no responsibility to make up any shortfall.

The City has 12 active tax increment districts in which taxes are passed directly to developers. Because the general property taxes on tax increment districts are allocated to the districts, these taxes are not available to the City during the life of the tax increment district. The portion of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2019, that was not available to the City was \$2,699,688.

Note 11—Service Concession Arrangement

GASB Statement No. 60 (GASB 60), *Accounting and Financial Reporting for Service Concession Arrangements* (SCA) defines an SCA as a type of public-private or public-public partnership. The City has determined the following arrangements meet the criteria set forth (where the City is the transferor) and therefore included these SCAs in the City's financial statements.

GASB 60 also provides guidance on accounting treatment if the City were acting as an operator of another government's facility. The City has determined that there are no incidences where the City would qualify as such an operator.

Event Complex and Orpheum Theater

On November 2, 2012, the City entered into a five-year agreement with ASM Global, to provide professional management of the City's event complex consisting of an

events center, arena, and convention center, and the Orpheum Theater. This contract was renewed for another five years starting with 2018 and ending in 2022 which now includes the City's baseball stadium. As compensation for managing the event complex, ASM Global receives a base fee with annual increases and may earn additional performance incentives.

The City holds an asset for this management agreement in the amount of \$5,208,579, as well as, unearned revenue of \$300,000 related to the capital contribution by ASM Global that will be amortized over the four years remaining of the five-year agreement.

Municipal Golf Courses

On January 1, 2018, the City entered into a five -year agreement with Landscapes Management Company under which Landscapes Unlimited provides professional golf services for the City's golf courses. The Company will be compensated by a base fee with annual increases and may earn additional performance incentives.

The City holds an asset for this management agreement in the amount of \$689,246.

Transit

On January 1, 2017, the City entered into a five-year agreement with First Transit Inc., under which First Transit provides professional management services for the City's public transit and paratransit system. First Transit is compensated by a base fee with annual increases.

The City holds an asset for this management agreement in the amount of \$82,282.

Note 12—Restatement of Beginning Net Position and Implementation of GASB 84, Fiduciary Activities

As of December 31, 2019, due to the implementation of *GASB 84, Fiduciary Activities*, the City has determined that the balance of the City's funds held on behalf of others as a result of law enforcement activities should be included on the financial statements of the City of Sioux Falls as custodial funds in the Fiduciary Funds based on the definition in this statement.

As a result of this conclusion, there has been a restatement of the beginning net position and fund balance of the City to retroactively restate beginning fund balance to include the December 31, 2018 fund balance. The adjustment to the beginning balances are as follows:

Notes to Financial Statements

Fiduciary Activities - Custodial Funds:	
Net Position - December 31, 2018, as previously reported	\$ -
Restatement due to the inclusion of law enforcement funds	527,219
	<u>527,219</u>
Net Position - January 1, 2019, as restated	<u>\$ 527,219</u>

Note 13—Defined Benefit Pension and Other Post-Employment Benefit Plans

A. Defined Benefit Pension Plans

Plan Description

The City administers two separate single-employer defined benefit pension plans established to provide retirement, disability, and survivor benefits for all of its eligible employees hired prior to July 1, 2013. The City Employee's Retirement System (CERS) and the City Firefighters' Pension Fund (CFPF) are considered to be part of the City of Sioux Falls' financial reporting entity and are included in the City's financial reports as Pension Trust funds; therefore, they do not issue stand-alone financial reports nor are they included in the report of another entity. Each plan's assets may be used only for the payment of benefits to the members of that plan or for payment of administrative expenses, in accordance with the terms of the plan as established or amended by City ordinance.

Management of the CERS and the CFPF is vested in the Board of Trustees. The Board of Trustees of the CERS consists of seven members including the Mayor or his designee, two members who may or may not be members of the Council appointed by the Mayor with advice and consent of the Council to represent the Council; three members selected by the membership, two of whom shall be general members elected by the general division members and one of whom shall be a police member elected by the police division members; one resident and legal voter of the city who is not an official or employee of the City and whose membership on the Board of Trustees creates no conflict of interest.

The Board of Trustees of the CFPF consists of five members including the Mayor or his designee, one member who may or may not be a member of the Council appointed by the Mayor with advice and consent of the Council to represent the Council; two members selected by the membership, one resident and legal voter of the city who is not an official or employee of the City and whose membership on the Board of Trustees creates no conflict of interest.

Plan Membership

The CERS membership includes all uniformed and non-uniformed officers and employees who have certified civil service status and are not members or retirees of the CFPF, all officers and employees who are appointed by the Mayor and/or Council, and the Mayor. The CERS has two divisions, general and police. The police division covers all uniformed non-civilian police officers and the general division includes all members not included in the police division. The CFPF membership includes all non-civilian full-time officers and firefighters of the City.

Membership of the plans consisted of the following at December 31, 2019, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	705	169
Vested former members not yet receiving benefits	82	4
Active plan members	<u>579</u>	<u>139</u>
Total	<u>1,366</u>	<u>312</u>

CERS general member employees are vested upon five years of service. CERS police and CFPF member employees become vested upon 15 years of service. All members of the CERS and CFPF are eligible for an actuarially reduced benefit upon completion of 20 years of service.

Benefits Provided

The City provides a defined benefit based upon years of service and final average pay. In addition, a stipend is provided based upon years of service.

All CERS and CFPF members are eligible for a cost-of-living adjustment equal to the increase in the Consumer Price Index for All Urban Consumers, not to exceed 3 percent. Members become eligible on the first of the month following the thirty-sixth full month of retirement and each January 1 thereafter.

Contributions

During FY 2019, the CERS general division member employees contributed 5 percent of their gross earnings and police division member employees contributed 10 percent of their gross earnings. CFPF member employees contributed 10 percent of their gross earnings. The employee contribution rates are established by City ordinance. Employer contributions are made throughout the year in order to aggregate the total established by actuarial valuations determined necessary to cover: 1) all administrative costs; 2) the actuarially determined cost of future benefits accruing to members during the year; and 3) an amount sufficient to amortize any unfunded liability of the system through year 2039.

	CERS		
	Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
2014	\$ 11,563,007	\$ 11,563,007	100%
2015	11,397,261	11,417,873	100%
2016	11,417,873	11,417,873	100%
2017	11,610,968	11,623,730	100%
2018	10,623,760	11,166,523	100%
2019	10,011,563	10,213,721	100%

Notes to Financial Statements

CFPF			
	Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
2014	\$ 4,484,256	\$ 4,484,256	100%
2015	4,424,656	4,424,656	100%
2016	4,407,249	4,407,249	100%
2017	4,663,612	4,663,612	100%
2018	4,270,282	4,443,152	100%
2019	3,991,024	3,991,024	100%

Computed dollar contributions (actual contributions) are based on a UAL payment and normal cost contribution rate and actuarially projected valuation payroll information available on the valuation date.

Investments

The pension trust funds are governed by the prudent pension rule, that is, the Board of Trustees should use the same degree of skill, care, prudence, and diligence, under the circumstances then prevailing, of a prudent person, familiar with such matters and acting in a similar capacity as set forth by state law (SDCL 9-16-5.10) and City ordinance (Section 35). Under this standard, the Board of Trustees has an established investment policy which outlines the distinction of responsibilities, prohibitions, diversification, and performance measurement standards.

The policy prohibits the use of any securities whose effect would be to leverage the portfolio or whose expected returns are significantly unlike those expected from their appropriate asset classes. The following was a Board's adopted asset allocation policy as of December 31, 2019:

December 31, 2019	
Asset Class	Target Allocation
Domestic Equity	46%
International Equity	22%
Equity Real Estate	7%
Domestic Bonds	25%
Total	100%

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.11 percent for the CERS and 19.68 percent for the CFPF. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset)

The components of the net pension liability (asset) at December 31, 2019, were as follows:

	CERS	CFPF
Total Pension Liability	\$ 496,705,954	\$ 182,255,973
Plan Fiduciary Net Position	(517,498,896)	(183,602,072)
Net Pension Liability (Asset)	\$ (20,792,942)	\$ (1,346,099)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.19%	100.74%
Net Pension Liability (Asset) as a percentage of Covered Payroll	-45.87%	-11.27%

Changes in the Net Pension Liability (Asset) at December 31, 2019, are as follows:

	CERS	CFPF
Total Pension Liability (TPL)		
Service Cost	\$ 8,222	\$ 3,445
Interest on the Total Pension Liability (TPL)	34,343	12,553
Actual versus expected TPL #	-	-
Assumption Changes	-	-
Benefit Payments and Refunds	(24,402)	(7,951)
Net Change in Total Pension Liability	18,163	8,047
Total Pension Liability - Beginning	\$ 478,543	\$ 174,209
Total Pension Liability - Ending (a)	\$ 496,706	\$ 182,256
Plan Fiduciary Net Position		
Employer Contributions	\$ 10,214	\$ 3,991
Employee Contributions	2,943	1,203
Pension Plan Net Investment Income	87,784	30,551
Benefit Payments and Refunds	(24,402)	(7,951)
Pension Plan Administrative Expense	(214)	(137)
Other	-	-
Net Change in Plan Fiduciary Net Position	76,325	27,657
Plan Fiduciary Net Position - Beginning	441,174	155,945
Plan Fiduciary Net Position - Ending (b)	\$ 517,499	\$ 183,602
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (20,793)	\$ (1,346)

Experience gain made negative to facilitate addition
 Dollar amounts above are in thousands

For the year ended December 31, 2019, the City recognized a decrease of pension expense of \$6,739,859, which included total pension expense of \$3,473,868 net of contributions totaling \$10,213,727 for the CERS plan. The City recognized a decrease in pension expense of \$2,358,904, which included total pension expense of \$1,632,120 net of contributions totaling \$3,991,024 for the CFPF plan. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CERS		CFPF	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 6,247,386	\$ -	\$ 2,968,095
Changes of Assumptions	4,606,850	3,146,054	464,114	100,626
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	32,251,664	61,363,295	11,219,456	21,083,827
Total	\$ 36,858,514	\$ 70,756,735	\$ 11,683,570	\$ 24,152,548

Notes to Financial Statements

Amounts reported as deferred outflows of resources and deferred inflows of resources related to these pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended	CERS	CFPF
December 31:		
2020	(10,109,169)	(4,000,528)
2021	(9,842,584)	(3,990,566)
2022	(2,194,395)	(623,277)
2023	(11,752,073)	(3,854,607)
Thereafter	-	-
Total	\$ (33,898,221)	\$ (12,468,978)

The general fund is the primary governmental fund that is typically used to liquidate prior year pension liabilities.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.25 percent
Salary increases	4.25 percent to 9.25 percent (CERS) 8.75 percent (CFPF) including inflation.
Investment rate of return	7.3 percent net of expenses
Post-Retirement Cost-of-Living Adjustments	Annual increase equal to 100 percent of the June CPI of each year with a cap of 3 percent applied to the member's current benefit. The first increase will be granted after 36 months of retirement.

The RP-2000 Combined Healthy Annuitant Mortality tables projected to 2020 using Projection Scale BB, with 100 percent of the table rates used for both men and women.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2019, these best estimates of geometric returns are summarized in the following table:

2019	
Asset Class	Long-Term Expected Real Rate of Return*
Domestic Stocks	7.50%
International Stocks	8.50%
Real Estate Equity	4.50%
Domestic Bonds	2.50%
International Bonds	3.50%

* Real rate of return is net of administrative and investment expenses.

Discount Rate

A single discount rate of 7.30 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments.

The table below presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.30 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percent lower or 1 percent higher.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption Results as of December 31, 2019			
	6.30%	7.30%	8.30%
CERS			
Total Pension Liability	\$ 560,412,150	\$ 496,705,954	\$ 443,532,762
Plan Fiduciary Net Position	(517,498,896)	(517,498,896)	(517,498,896)
Net Pension Liability (Asset)	\$ 42,913,254	\$ (20,792,942)	\$ (73,966,134)
CFPF			
Total Pension Liability	\$ 205,491,201	\$ 182,255,973	\$ 162,817,033
Plan Fiduciary Net Position	(183,602,072)	(183,602,072)	(183,602,072)
Net Pension Liability (Asset)	\$ 21,889,129	\$ (1,346,099)	\$ (20,785,039)

Plan Closure – Membership in the South Dakota Retirement System

Effective July 1, 2013, the CERS and CFPF were closed to new members. All full-time employees hired after this date will become members in the statewide South Dakota Retirement System (SDRS). 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 plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provide 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://sdrs.sd.gov/publications.aspx> or by writing to the SDRS , P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

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

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

Notes to Financial Statements

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.

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

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

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0 percent of salary; Class B Judicial Members, 9.0 percent of salary; and Class B Public Safety Members, 8.0 percent of salary. During the years ended December 31,

2019, 2018, and 2017, the cost to the City was \$1,889,387, \$1,558,009, and \$1,275,856, respectively.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to SDRS

At June 30, 2019, SDRS is 100.09 percent funded and accordingly has a net pension asset. The proportionate share of the components of the net pension liability of the South Dakota Retirement System for the City as of the measurement period ending June 30, 2019, and reported by the City as of December 31, 2019, are as follows:

Proportionate Share of Net Pension Liability	\$ 167,132,478
Less Proportionate Share of Net Pension Restricted for Pension Benefits	(167,274,599)
Proportionate Share of Net Pension Liability (Asset)	\$ (142,121)

On December 31, 2019, the City reported an asset of \$142,121 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. On June 30, 2019, the City's proportion was 1.34111510 percent, which was an increase of 0.2249367 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized an increase of pension expense of \$2,547,328. On December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 557,487	\$ 64,327
Changes of Assumptions	4,908,505	2,012,249
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	818,736
Changes in proportion and difference between City contributions and proportionate share of contributions	-	1,671,771
City contributions subsequent to the measurement date	1,051,002	-
Total	\$ 6,516,994	\$ 4,567,083

There is \$1,051,002 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction to the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Notes to Financial Statements

Year Ended	
December 31:	
2020	2,351,210
2021	(1,025,463)
2022	(612,010)
2023	185,172
Total	898,909

The general fund is the primary governmental fund that is typically used to liquidate prior year pension liabilities.

Actuarial Assumptions

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

Inflation	2.25 percent
Salary increases	Graded by years of service, from 6.50 percent at entry to 3.00 percent after 25 years of service.
Discount Rate	6.50 percent net of plan investment expense
Future COLAs	1.88 percent

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

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

Investments

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (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%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	2.0%	0.9%
	100.0%	

Discount Rate

The discount rate used to measure the total pension asset was 6.50 percent. 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 equal rates equal to the member rate. Based on those 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 asset.

Sensitivity of (Asset)/Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of SDRS, calculated using the discount rate of 6.50 percent, as well as what SDRS net pension asset would be if it were calculated using a discount rate that is 1 percent point lower (5.50 percent) or 1 percent point higher (7.50 percent) than the current rate:

SDRS	5.50%	6.50%	7.50%
The City's proportionate Share of the Net Pension Liability/(Asset)	\$ 23,589,384	\$ (142,121)	\$ (19,479,010)

Pension Plan Fiduciary Net Position

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

Aggregate Pension Disclosures

At December 31, 2019, the City reported the following aggregate totals for all pension plans:

Accumulated Totals for SDRS, CERS and CFPF Plans	
Total Net Pension Asset	\$ 22,281,162
Total Deferred Outflows of Resources	11,587,958
Total Deferred Inflows of Resources	56,005,246
Total Pension Expense	7,653,316

Notes to Financial Statements

B. Post-Employment Health Care Benefits (OPEB)

Plan Description and Administration

On December 20, 2016, the City approved the establishment of an irrevocable retiree health care OPEB Trust as of January 1, 2017, and the concurrent termination of the City Employee’s Retirement System and the City Firefighters’ Pension Fund 401(h) retiree health trusts as of December 31, 2016. The OPEB Trust is established under and conforms to all applicable sections of the Internal Revenue Code and received a final favorable determination from the Internal Revenue Service on July 13, 2017. The benefit and eligibility structure did not change because of this action.

The City transferred 401(h) assets to the OPEB Trust in amount sufficient to cover 100 percent of the actuarially determined liability for the remaining retirees and beneficiaries eligible to receive benefits. As the retiree health provisions of the 401(h) Trust and subsequently the OPEB Trust were closed to new members as of December 31, 2013, the value of assets remaining in excess of those needed to fund 100 percent of the outstanding liability were transferred to the City’s internal service Health/Life Benefit Fund with a subsequent transfer of the excess assets to the City Employee’s Retirement System and City Firefighters’ Pension Fund.

The OPEB Trust and the investment of OPEB Trust assets are overseen by the City with the authority and guidance of City Council, with whom investments and benefit terms are established and can be amended.

Benefits Provided

The OPEB Trust provides for the payment of 50 percent of the premium for eligible retirees and their beneficiaries for their continued participation in the City’s self-insured Health/Life Benefit Fund. The retiree/beneficiary pays the remaining 50 percent. The benefit levels are the same as those afforded to active employees for both health and dental coverage. As the Fund is self-insured, premium rates are established to recover the cost of benefits being provided. Rates for retirees/beneficiaries are established separately from those of active employees. Thus, there is no implicit rate subsidies for the OPEB Trust. Participation in the City’s health benefit is terminated upon the eligible retiree/beneficiary reaching the age of 65.

The self-insured Health Life Benefit Fund is an internal service fund of the City and is included within the scope of this report; therefore, it does not issue a stand-alone financial report nor is it included in the report of another entity. The benefit levels and contribution rates of the Fund are governed by the City.

Plan Membership

Membership of the plans consisted of 79 inactive employees as of December 31, 2019, the date of the last actuarial valuation.

Change in Plan Design – OPEB

Effective January 1, 2014, access to the City’s health plan is no longer available to retiring employees. In its place, the City’s pension plan provides a flat dollar stipend to retirees to purchase their own health insurance. The stipend is a benefit to the employee/retiree only (no survivorship to spouse) and is given until the retiree reaches the Medicare eligible age (i.e., 65). In 2019 the amount of the stipend was \$46.37 per month per year of service, an inflationary adjustment of 3 percent is applied each year.

Funding Policy and Contributions

The City’s OPEB Trust is closed to new members and the liability is fully funded, requiring no further contributions.

Net OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2019.

The general fund is the primary governmental fund that is typically used to liquidate prior year OPEB liabilities.

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2019 valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified.

Healthcare cost trend rate	8.00 percent graded down to 4.25 percent in ten years
Investment Rate of Return	2.25 percent, net of OPEB plan investment expense
Discount Rate	2.75 percent, 20-year municipal bond rate of December 31, 2019

The RP-2000 Combined Health Table projected using Projection Scale BB was used for both men and women.

OPEB Plan Investments

The OPEB Trust assets have a segregated interest within the City’s short-term pooled cash portfolio and are governed by the City’s Pooled Cash Investment Policy, with the latest amendments adopted on May 13, 2014. The investment policy conforms to all applicable laws of the state of South Dakota, which serves as the guide for proper diversification, maturity constraints, internal controls, and performance measurement. The objectives of the City’s investment program as set forth by the investment policy are in order of importance: safety of principal, sufficient liquidity, and attaining a competitive rate of return throughout budgetary and economic cycles. These objectives guide the City’s short-term investments with terms of five years or less, which, except under limited circumstances, are held to maturity.

Notes to Financial Statements

The City's Retiree Health OPEB trust allocation is as follows:

Asset Class	Target Allocation
U.S. Treasury Notes & Bills	74.00%
Money Market Funds	9.00%
Certificates of Deposit	12.00%
Cash	5.00%

Changes in the Net OPEB Liability (Asset)

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2018	\$ 3,645,057	\$ 4,931,041	\$(1,285,984)
Changes for the Year			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability (TPL)	125,926	-	125,926
Benefit Clarification	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	(1,027,562)	-	(1,027,562)
Contributions Employer	-	339	(339)
Assumption Changes	103,378	-	103,378
OPEB Plan Net Investment Income	-	138,246	(138,246)
Benefit Payments and Refunds	(501,667)	(501,667)	-
Net Change in Total Pension Liability	(1,299,925)	(363,082)	(936,843)
Balance at December 31, 2019	\$ 2,345,132	\$ 4,567,959	\$(2,222,827)

Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB (asset) liability, calculated using the discount rate of 2.75 percent, as well as what the net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (1.75 percent) or one percentage point higher (3.75 percent) than the current rate:

	1.75%	2.75%	3.75%
Net OPEB liability (asset)	\$ (2,170,277)	\$ (2,222,827)	\$ (2,273,051)

Sensitivity of Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset) liability, calculated using the healthcare cost trend rate of 8.0 percent gradually decreasing to an ultimate trend rate of 4.25 percent in 10 years. In addition, the table shows the net OPEB (asset) liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7.0 percent) or one percentage point higher (9.0 percent) than the current rate:

	Current Healthcare Cost Trend Rate Assumption		
	1% Decrease		1% Increase
Net OPEB liability	\$ (2,282,364)	\$ (2,222,827)	\$ (2,161,699)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$87,814. At the December 31, 2019, the City reported deferred outflows of resources and deferred

inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	87,814	-
Total	\$ 87,814	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

December 31:	
2020	26,912
2021	26,912
2022	26,910
2023	7,080
2024	-
Thereafter	-
Total	\$ 87,814

Component Units

Housing Commission Retirement Plan

All eligible employees of the Housing Commission participate in the Housing Renewal and Local Agency Retirement Plan, a cost sharing, multiple-employer public employee retirement system to provide retirement benefits for employees of local or regional housing authorities and commissions, urban renewal agencies, and other organizations that are eligible to participate in this plan subject to the approval of the agreement. Eligible employees are defined as staff scheduled to work 20 or more hours per week after attaining age 18 and completing one year of continuous and uninterrupted employment. The right to receive retirement benefits is 20 percent vested after one year credited service up to 100 percent vested after five years credited service. Authority for establishing, administering, and amending plan provisions is found in Internal Revenue Code Section 401(a). The Automated Data Processing (ADP) Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ADP Retirement Services, 462 South 4th Avenue, Suite 900, Louisville, KY 40202, or by calling (502) 561-4550. On June 24, 2002, the Housing Commission adopted Resolution No. 268-06-02 effective July 1, 2002, which implemented a mandatory after-tax employee contribution to the plan of 1 percent of basic compensation and a corresponding employer contribution of 4 percent of basic compensation addition. The resolution permitted employees to voluntarily contribute additional after-tax amounts in excess of the 1 percent mandatory amount, which would be treated as voluntary contributions, and for which the employer would contribute additional corresponding amounts up to a maximum of

Notes to Financial Statements

7 percent. Beginning July 1, 2002, the full amount of the employer's contributions will be subject to the plan's vesting schedule of 20 percent for each year of the employee's participation in the plan. During the years ended September 30, 2019, 2018, and 2017, the cost to the Commission was \$50,686, \$47,877, and \$48,042, respectively.

Metro Communications Agency Retirement Plan

All full-time employees participate in the South Dakota Retirement System (SDRS). SDRS is a multiple-employer, cost sharing qualified defined benefit pension plan under Section 401(a) of the Internal Revenue Code and is administered by the South Dakota Retirement System Board of Trustees. It was established to provide retirement benefits for employees of the state of South Dakota and its political subdivisions.

The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

Benefits Provided

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement 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.

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.

The 2017 legislation established the current COLA process. At each valuation date:

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0 percent of salary; Class B Judicial Members, 9.0 percent of salary; and Class B Public Safety Members, 8.0 percent of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Agency's share of contributions to the SDRS for the fiscal years ended December 31, 2019, 2018, and 2017 were \$177,520, \$174,988, and \$165,742, respectively, equal to the required contributions each year.

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

At June 30, 2019, SDRS is 100.09 percent funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Agency as of this

Notes to Financial Statements

measurement period and reported by the Agency as of December 31, 2019, are as follows:

Proportionate share of net position restricted for pension benefits	\$ 16,968,398
Less proportionate share of total pension liability	(16,982,827)
Proportionate share of net pension liability (asset)	<u>\$ 14,429</u>

At December 31, 2019, the Agency reported an asset of \$14,429 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was based on a projection of the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the Agency's proportion was .13615890 percent, which is a decrease of .0008067 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Agency recognized a reduction of pension expense of \$339,562. At December 31, 2019, the Agency 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	\$ 56,600	\$ 6,531
Changes of Assumptions	498,344	204,297
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	83,124
Changes in proportion and difference between Agency contributions and proportionate share of contributions	2,452	21,221
Agency contributions subsequent to the measurement date	91,235	-
Total	<u>\$ 648,630</u>	<u>\$ 315,172</u>

\$91,235 reported as deferred outflow of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
December 31:	
2020	306,100
2021	(56,769)
2022	(35,100)
2023	27,992
Total	<u>\$ 242,223</u>

Actuarial Assumptions—The total pension asset in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded by years of service, from 6.50 percent at entry to 3.00 percent
Investment rate of return	6.50 percent net of plan investment expense
Future COLAs	1.88 percent

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

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

Investments

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	2.0%	0.9%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension asset was 6.50 percent. The projection of cash flows used to

Notes to Financial Statements

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 equal rates equal to the member rate. Based on those 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 asset.

Sensitivity of (Asset)/Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of SDRS, calculated using the discount rate of 6.50 percent, as well as what SDRS net pension asset would be if it were

calculated using a discount rate that is 1 percent point lower (5.50 percent) or 1 percent point higher (7.50 percent) than the current rate:

	5.50%	6.50%	7.50%
The City's proportionate Share of the Net Pension (Asset)/Liability	\$ 2,394,951	\$ (14,429)	\$ (1,977,638)

Pension Plan Fiduciary Net Position—Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

Notes to Financial Statements - Fiduciary Funds Statement of Net Position

	<u>Employee's Retirement System</u>	<u>Firefighters' Pension Fund</u>	<u>City of Sioux Falls OPEB Trust</u>	<u>Total Pension and Health Care Trust Funds</u>	<u>Police Custodial Fund</u>
Assets					
Cash and Cash Equivalents	\$ 10,355,225	\$ 4,958,532	\$ 4,550,011	\$ 19,863,768	\$ 331,314
Receivables:					
Contribution	555,020	213,784	-	768,803	-
Interest	698,288	245,790	17,947	962,025	-
Total Receivables	<u>1,253,308</u>	<u>459,574</u>	<u>17,947</u>	<u>1,730,829</u>	<u>-</u>
Investments at Fair Value:					
US Government	33,082,166	13,983,727	-	47,065,893	-
Corporate Obligations	47,971,368	15,324,825	-	63,296,193	-
Foreign Obligations	8,135,092	1,983,551	-	10,118,643	-
Domestic Stocks	121,822,255	43,308,918	-	165,131,173	-
Foreign Stocks	18,334,383	6,522,717	-	24,857,100	-
Index Funds:					
Equity	77,375,268	27,517,467	-	104,892,735	-
Government / Corporate Bonds	35,346,838	12,553,428	-	47,900,266	-
Mutual Funds:					
Foreign Equity	113,553,867	39,324,631	-	152,878,498	-
Domestic Equity	15,413,754	5,388,958	-	20,802,712	-
Real Estate	34,864,994	12,280,370	-	47,145,364	-
Total Investments	<u>505,899,985</u>	<u>178,188,592</u>	<u>-</u>	<u>684,088,577</u>	<u>-</u>
Total Assets	<u>517,508,518</u>	<u>183,606,698</u>	<u>4,567,958</u>	<u>705,683,173</u>	<u>331,314</u>
Liabilities					
Total Liabilities	<u>9,622</u>	<u>4,625</u>	<u>-</u>	<u>14,247</u>	<u>-</u>
Net Position					
Restricted for Pension and Post Employment Health Care Benefits	\$ 517,498,896	\$ 183,602,072	\$ 4,567,958	\$ 705,668,926	\$ -
Restricted for Police Evidence and Found Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,314</u>
Total Net Position	<u>\$ 517,498,896</u>	<u>\$ 183,602,072</u>	<u>\$ 4,567,958</u>	<u>\$ 705,668,926</u>	<u>\$ 331,314</u>

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Notes to Financial Statements - Fiduciary Funds Changes in Net Position

	Employees' Retirement Pension	Firefighters' Pension	City of Sioux Falls OPEB Trust	Total Pension and Health Care Trust Funds	Police Custodial Fund
Additions					
Contributions					
Employer	\$ 10,213,721	3,991,024	\$ -	\$ 14,204,745	\$ -
Plan Members	2,943,200	1,202,997	-	4,146,197	-
Total Contributions	<u>13,156,921</u>	<u>5,194,021</u>	<u>-</u>	<u>18,350,942</u>	<u>-</u>
Investment Income (Loss)	89,243,791	31,100,753	138,245	120,482,789	-
Less Investment Expense	1,459,764	549,385	-	2,009,149	-
Net Investment Income (Loss)	<u>87,784,027</u>	<u>30,551,368</u>	<u>138,245</u>	<u>118,473,640</u>	<u>-</u>
Police Funds Received into Custody	-	-	-	-	263,145
Total Additions	<u>100,940,948</u>	<u>35,745,389</u>	<u>138,245</u>	<u>136,824,582</u>	<u>263,145</u>
Deductions					
Benefit Payments					
Pension	24,197,114	7,950,985	-	32,148,099	-
*Health Premiums	-	-	501,328	501,328	-
Total Benefit Payments	<u>24,197,114</u>	<u>7,950,985</u>	<u>501,328</u>	<u>32,649,427</u>	<u>-</u>
Police Funds Released from Custody	-	-	-	-	459,050
Refunds	205,046	-	-	205,046	-
Administrative Expense	214,322	137,165	-	351,487	-
Total Deductions	<u>24,616,482</u>	<u>8,088,150</u>	<u>501,328</u>	<u>33,205,960</u>	<u>459,050</u>
Change in Net Position	76,324,466	27,657,239	(363,083)	103,618,622	(195,905)
Total Net Position January 1, as previously stated	441,174,430	155,944,833	4,931,041	602,050,304	-
Restatement (Note 12)	-	-	-	-	527,219
Total Net Position, January 1	<u>441,174,430</u>	<u>155,944,833</u>	<u>4,931,041</u>	<u>602,050,304</u>	<u>527,219</u>
Total Net Position, December 31	<u>\$ 517,498,896</u>	<u>183,602,072</u>	<u>\$ 4,567,958</u>	<u>\$ 705,668,926</u>	<u>\$ 331,314</u>

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**Required Supplementary Information - Budgetary Comparison
Schedule - Budgetary Basis - General Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 63,829,859	\$ 63,829,859	\$ 63,876,772	\$ 46,913
Sales	64,246,271	64,246,271	67,476,813	3,230,542
Frontage	4,798,650	4,798,650	4,821,227	22,577
Lodging (Includes BID)	3,579,442	3,579,442	3,015,608	(563,834)
Amusement	13,500	13,500	9,948	(3,552)
Penalties and Interest	100,000	100,000	104,967	4,967
Total Taxes	<u>136,567,722</u>	<u>136,567,722</u>	<u>139,305,335</u>	<u>2,737,613</u>
Licenses and Permits	<u>5,277,711</u>	<u>5,277,711</u>	<u>7,134,410</u>	<u>1,856,699</u>
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	<u>5,441,304</u>	<u>5,942,904</u>	<u>5,739,074</u>	<u>(203,830)</u>
State Shared Revenues:				
Motor Vehicle Licenses	2,750,000	2,750,000	2,975,953	225,953
Bank Franchise Tax	1,000,000	1,000,000	1,716,396	716,396
Liquor Tax Reversion	1,000,646	1,000,646	1,009,649	9,003
Health License Reversion	159,000	159,000	169,615	10,615
Fire Insurance Premium Reversion	561,000	561,000	633,628	72,628
Port of Entry Fees	75,000	75,000	92,457	17,457
Total State Shared Revenues	<u>5,545,646</u>	<u>5,545,646</u>	<u>6,597,698</u>	<u>1,052,052</u>
State Grants	<u>123,330</u>	<u>173,730</u>	<u>137,511</u>	<u>(36,219)</u>
County Shared Revenues:				
Wheel Tax	182,956	182,956	183,155	199
Contributions	1,222,000	1,222,000	1,226,099	4,099
Total County Shared Revenues	<u>1,404,956</u>	<u>1,404,956</u>	<u>1,409,254</u>	<u>4,298</u>
Total Intergovernmental Revenues	<u>12,515,236</u>	<u>13,067,236</u>	<u>13,883,537</u>	<u>816,301</u>
Special Assessments	173,000	173,000	206,394	33,394
Charges for Goods and Services	8,927,443	8,927,443	6,611,258	(2,316,185)
Fines and Forfeitures	717,000	717,000	608,262	(108,738)
Investment Revenue	387,000	387,000	1,805,304	1,418,304
Rentals/Operating Leases	55,926	55,926	61,863	5,937
Contributions	180,000	180,000	245,058	65,058
Miscellaneous Revenue	519,500	519,500	560,557	41,057
Total Revenues	<u>165,320,538</u>	<u>165,872,538</u>	<u>170,421,978</u>	<u>4,549,440</u>

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**Budgetary Comparison Schedule -
Budgetary Basis - General Fund (cont)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government:				
Mayor	749,927	749,927	694,804	55,123
City Council	1,436,687	1,436,687	1,252,717	183,970
Attorney	1,925,682	1,925,682	1,844,077	81,605
Human Resources	1,590,626	1,590,626	1,534,973	55,653
Finance	3,201,321	3,201,321	3,053,437	147,884
Facilities Management	1,847,370	1,847,370	1,710,712	136,658
Innovation & Technology	4,359,503	4,359,503	4,110,842	248,661
Communications	2,082,545	2,082,545	1,843,762	238,783
Total General Government	17,193,661	17,193,661	16,045,324	1,148,337
Public Safety:				
Fire	28,462,184	28,462,184	28,372,246	89,938
Police	37,915,350	38,047,350	36,838,007	1,209,343
Total Public Safety	66,377,534	66,509,534	65,210,253	1,299,281
Highways and Streets:				
Total Highways and Streets	25,561,239	27,161,239	27,019,132	142,107
Public Health:				
Total Health	13,099,438	13,099,438	12,722,437	377,001
Culture and Recreation:				
Parks and Recreation	19,539,085	20,339,085	19,666,616	672,469
Libraries	7,670,053	7,670,053	7,366,182	303,871
Siouxland Museum	635,672	635,672	630,199	5,473
Total Culture and Recreation	27,844,810	28,644,810	27,662,997	981,813
Urban and Economic Development:				
Total Urban and Economic Development	11,706,730	11,706,730	10,481,748	1,224,982
Total Expenditures	161,783,412	164,315,412	159,141,891	5,173,521
Revenues Over (Under) Expenditures	3,537,126	1,557,126	11,280,087	9,722,961
Other Financing Sources (Uses)				
Sale of Surplus Property	36,000	36,000	32,052	(3,948)
Damage Recovery	40,500	40,500	72,035	31,535
Transfers Out	(7,361,918)	(7,361,918)	(7,361,918)	-
Total Other Financing Sources (Uses)	(7,285,418)	(7,285,418)	(7,257,831)	27,587
Net Change in Fund Balances	(3,748,292)	(5,728,292)	4,022,256	9,750,548
Fund Balance - Beginning	54,181,062	54,181,062	54,181,062	-
Fund Balance Ending	\$ 50,432,770	\$ 48,452,770	\$ 58,203,318	\$ 9,750,548

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**Budgetary Comparison Schedule -
 Budgetary Basis - Entertainment Tax Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,841,170	\$ 7,841,170	\$ 8,294,905	\$ 453,735
Charges for Goods and Services	20,000	20,000	-	(20,000)
Investment Revenue	50,000	50,000	290,685	240,685
Contributions	-	-	100,000	100,000
Miscellaneous Revenue	-	-	1,553,348	1,553,348
Total Revenues	<u>7,911,170</u>	<u>7,911,170</u>	<u>10,238,938</u>	<u>2,327,768</u>
Expenditures				
Culture and Recreation:				
Entertainment Venues	<u>9,514,020</u>	<u>14,261,680</u>	<u>8,852,982</u>	<u>5,408,698</u>
Total Culture and Recreation	<u>9,514,020</u>	<u>14,261,680</u>	<u>8,852,982</u>	<u>5,408,698</u>
Total Expenditures	<u>9,514,020</u>	<u>14,261,680</u>	<u>8,852,982</u>	<u>5,408,698</u>
Revenues Over (Under) Expenditures	<u>(1,602,850)</u>	<u>(6,350,510)</u>	<u>1,385,956</u>	<u>7,736,466</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>6,594</u>	<u>6,594</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6,594</u>	<u>6,594</u>
Net Change in Fund Balances	<u>(1,602,850)</u>	<u>(6,350,510)</u>	<u>1,392,550</u>	<u>7,743,060</u>
Fund Balances, January 1	<u>12,855,295</u>	<u>12,855,295</u>	<u>12,855,295</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 11,252,445</u>	<u>\$ 6,504,785</u>	<u>\$ 14,247,845</u>	<u>\$ 7,743,060</u>

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**Budgetary Comparison Schedule -
Budgetary Basis - Sales and Use Tax Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 64,246,271	\$ 64,246,271	67,476,813	\$ 3,230,542
Special Assessments	2,146,000	2,546,000	2,156,767	(389,233)
Licenses and Permits	100,000	100,000	88,109	(11,891)
Intergovernmental	5,145,000	5,532,000	439,916	(5,092,084)
Charges for Goods and Services	-	-	95,988	95,988
Investment Revenue	-	-	1,691,374	1,691,374
Contributions	910,000	5,344,134	932,476	(4,411,658)
Miscellaneous Revenue	-	-	87,346	87,346
Total Revenues	72,547,271	77,768,405	72,968,789	(4,799,616)
Expenditures				
General Government:				
Facilities Management	793,200	2,269,298	517,894	1,751,404
Sales and Use Tax	16,119,630	16,119,630	16,037,283	82,347
Innovation & Technology	90,000	549,253	26,072	523,181
Communications	225,000	226,465	34,521	191,944
Total General Government	17,227,830	19,164,646	16,615,770	2,548,876
Public Safety:				
Fire	2,803,000	4,738,717	2,596,179	2,142,538
Police	1,075,000	1,486,250	564,548	921,702
Total Public Safety	3,878,000	6,224,967	3,160,727	3,064,240
Highways and Streets:				
Total Highways and Streets	43,385,417	60,811,252	36,966,191	23,845,061
Public Health:				
Total Health	340,300	368,219	166,353	201,866
Culture and Recreation:				
Parks and Recreation	6,039,800	12,118,178	7,562,433	4,555,745
Library	1,129,500	1,198,718	864,955	333,763
Museum	-	164,191	-	164,191
Total Culture and Recreation	7,169,300	13,481,087	8,427,388	5,053,699
Urban and Economic Development:				
Total Urban and Economic Development	110,000	238,597	134,381	-
Total Expenditures	72,110,847	100,288,768	65,470,810	34,713,742
Revenues Over (Under) Expenditures	436,424	(22,520,363)	7,497,979	29,914,126
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	10,636	10,636
Damage Recovery	-	-	3,700	3,700
Transfers In	-	-	257,314	257,314
Transfers Out	(750,000)	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	(750,000)	(750,000)	(478,350)	271,650
Net Change in Fund Balances	(313,576)	(23,270,363)	7,019,629	30,185,776
Fund Balances, January 1	53,916,634	53,916,634	53,916,634	-
Fund Balances, December 31	\$ 53,603,058	\$ 30,646,271	60,936,263	\$ 30,185,776

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**Budgetary Comparison Schedule -
 Budgetary Basis - Community Development Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,479,000	\$ 2,502,874	\$ 1,486,250	\$ (1,016,624)
Investment Revenue	41,832	41,832	53,472	11,640
Rentals/Operating Leases	4,414,047	6,677,229	-	(6,677,229)
Miscellaneous	-	-	9,872	9,872
Total Revenues	<u>5,934,879</u>	<u>9,221,935</u>	<u>1,549,594</u>	<u>(7,672,341)</u>
Expenditures				
Urban and Economic Development: Affordable Housing	<u>6,895,151</u>	<u>10,915,627</u>	<u>2,376,251</u>	<u>8,539,376</u>
Total Expenditures	<u>6,895,151</u>	<u>10,915,627</u>	<u>2,376,251</u>	<u>8,539,376</u>
Revenues Over (Under) Expenditures	<u>(960,272)</u>	<u>(1,693,692)</u>	<u>(826,657)</u>	<u>867,035</u>
Other Financing Sources (Uses)				
Transfers In	<u>933,576</u>	<u>933,576</u>	<u>933,576</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>933,576</u>	<u>933,576</u>	<u>933,576</u>	<u>-</u>
Net Change in Fund Balances	<u>(26,696)</u>	<u>(760,116)</u>	<u>106,919</u>	<u>867,035</u>
Fund Balances, January 1	<u>24,047,960</u>	<u>24,047,960</u>	<u>24,047,960</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 24,021,264</u>	<u>\$ 23,287,844</u>	<u>\$ 24,154,879</u>	<u>\$ 867,035</u>

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**Budgetary Comparison Schedule -
Budgetary Basis - Storm Drainage Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 10,151,680	\$ 10,151,680	\$ 9,917,281	\$ (234,399)
Special Assesments	1,087,181	1,087,181	1,205,615	118,434
Licenses and Permits	100	100	-	(100)
Investment Revenue	40,000	40,000	218,229	178,229
Contributions	2,000,000	2,000,000	-	(2,000,000)
Miscellaneous Revenue	-	-	30,000	30,000
Total Revenues	<u>13,278,961</u>	<u>13,278,961</u>	<u>11,371,125</u>	<u>(1,907,836)</u>
Expenditures				
Highways and Streets	15,856,643	30,224,387	14,200,267	16,024,120
Total Expenditures	<u>15,856,643</u>	<u>30,224,387</u>	<u>14,200,267</u>	<u>16,024,120</u>
Revenues Over (Under) Expenditures	<u>(2,577,682)</u>	<u>(16,945,426)</u>	<u>(2,829,142)</u>	<u>14,116,284</u>
Other Financing Sources (Uses)				
Long-Term Debt Issued	-	9,691,000	1,511,132	(8,179,868)
Transfers In	-	-	-	-
Total Other Funding Sources (Uses)	<u>-</u>	<u>9,691,000</u>	<u>1,511,132</u>	<u>(8,179,868)</u>
Net Change in Fund Balances	<u>(2,577,682)</u>	<u>(7,254,426)</u>	<u>(1,318,010)</u>	<u>5,936,416</u>
Fund Balances, January 1	<u>6,889,572</u>	<u>6,889,572</u>	<u>6,889,572</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 4,311,890</u>	<u>\$ (364,854)</u>	<u>\$ 5,571,562</u>	<u>\$ 5,936,416</u>

Required Supplementary Information

Notes to Required Supplementary Information—Budgetary Reporting

The Schedule

The Budgetary Comparison Schedules present comparisons of the original and legally amended budget with actual amounts on a departmental level for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, and Storm Drainage Fund. These five funds presented have a legally adopted annual budget and are reported as major funds in the financial statements.

Each budget is adopted on a basis consistent with generally accepted accounting principles except for bad debt expense, compensated absences, and the reporting of capital outlay and debt service expenditures. The City budgets for compensated absences only to the extent they are expected to be paid rather than on the modified accrual method. The City budgets for debt service and capital outlay within the individual functions whereas they are reported separately within the financial statements.

The City may apply a portion of the prior years' fund balance, reported as net change in fund balance in the budget column, to the current year's budget as an offset to revenue. The original budget is the budget as originally adopted by the City Council. The final budget is the original budget adjusted by capital encumbrances and carry-forwards, allocation transfers within organizational units, and supplemental appropriations.

Summary of Significant Budget Policies

City Charter requires the Mayor to submit a budget to the City Council on or before the first day of August of each year. Upon publication and public hearing, the City Council must annually adopt the budget on or before the 30th day of September. If the City Council fails to adopt the budget by this date, the budget proposed by the Mayor shall go into effect.

The budget is adopted and appropriated by fund on a service function (i.e. general government, public safety, etc.) and departmental basis for all governmental funds, the legal level of control. Proprietary (enterprise and internal service), trust, and agency funds are not appropriated unless they are supported or subsidized by revenue derived from the annual appropriated tax levy. Although non-appropriated, an annual budget for these funds must be published no later than the last day of December.

For each fund, the total of proposed expenditures shall not exceed the total of estimated income plus the fund balance carried forward, exclusive of reserves. If, during the year, the Mayor certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may, by ordinance, approve supplemental appropriations for the year up to the amount of the excess.

The City Council approved supplemental appropriations of \$13,814,000 during 2019. The largest share of the supplement was \$4,500,000 for the continued investment in building projects such as the 3rd floor buildout of the City Administration Center and renovation of the State Theatre. The City also supplemented an additional \$4,315,000 for street projects with \$2,040,000 from state contributions, \$1,875,000 from sales tax available balances, and \$400,000 from platting fees. Another \$4,000,000 was supplemented for 2019 disaster related expenses in Highways and Streets and Parks due to a spring flooding and storms. The remaining \$999,000 was mainly for a downtown dog park funded by a donation.

Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended. Capital appropriations continue in force until expended, revised, or repealed; the purpose of any such appropriation is deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2019.

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Required Supplementary Information - Fiduciary Funds (Pension Trust)

Fiscal Year Ending December 31,	City Employee's Retirement System (CERS)						City Firefighters' Pension Fund (CFFF)					
	2019	2018	2017	2016	2015	2014	2019	2018	2017	2016	2015	2014
Schedules of Changes in the Net Pension Liability and Related Ratios (\$Thousand)												
Total Pension Liability (TPL)												
Service Cost	\$ 8,222	\$ 8,060	\$ 8,142	\$ 8,510	\$ 8,300	\$ 8,593	\$ 3,445	\$ 3,375	\$ 3,205	\$ 3,223	\$ 3,051	\$ 2,891
Interest on the total Pension Liability	34,343	33,560	33,140	31,878	30,431	28,266	12,553	12,160	12,083	11,662	11,177	10,499
Actual versus expected TPL#	-	(2,569)	(7,243)	(2,996)	(192)	6,785	-	(2,365)	(2,091)	(1,965)	(723)	(73)
Assumption Changes	-	(5,000)	5,546	-	7,740	2,210	-	-	(237)	-	2,814	2,188
Benefit Payments and Refunds	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,542)
Net Change in Total Pension Liability	18,163	11,628	18,662	17,558	27,838	29,470	8,047	5,475	5,500	5,797	9,405	8,963
Total Pension Liability - Beginning	478,543	466,915	448,253	430,695	402,857	373,387	174,209	168,734	163,234	157,437	148,032	139,069
Total Pension Liability - Ending (a)	\$ 496,706	\$ 478,543	\$ 466,915	\$ 448,253	\$ 430,695	\$ 402,857	\$ 182,256	\$ 174,209	\$ 168,734	\$ 163,234	\$ 157,437	\$ 148,032
Plan Fiduciary Net Position												
Employer Contributions	\$ 10,214	\$ 11,166	\$ 11,624	\$ 11,418	\$ 11,418	\$ 10,670	\$ 3,991	\$ 4,443	\$ 4,664	\$ 4,407	\$ 4,425	\$ 4,089
Employee Contributions	2,943	3,026	3,113	3,237	3,331	2,966	1,203	1,182	1,188	1,169	1,150	1,057
Pension Plan Net Investment Income	87,784	(19,794)	68,398	30,218	60	24,406	30,551	(6,743)	23,857	10,749	31	8,701
Benefit Payments and Refunds	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,541)
Pension Plan Administrative Expense	(214)	(203)	(232)	(228)	(182)	(164)	(137)	(117)	(143)	(160)	(110)	(99)
Other	-	-	21,965	-	-	-	-	-	4,947	-	-	-
Net Change in Plan Fiduciary Net Position	76,325	(28,228)	83,945	24,811	(3,814)	21,494	27,657	(8,930)	27,053	9,042	(1,418)	7,207
Plan Fiduciary Net Position - Beginning	441,174	469,402	385,457	360,646	364,460	342,966	155,945	164,875	137,822	128,780	130,198	122,991
Plan Fiduciary Net Position - Ending (b)	\$ 517,499	\$ 441,174	\$ 469,402	\$ 385,457	\$ 360,646	\$ 364,460	\$ 183,602	\$ 155,945	\$ 164,875	\$ 137,822	\$ 128,780	\$ 130,198
Net Pension Liability - Ending (a) - (b)	\$ (20,793)	\$ 37,369	\$ (2,487)	\$ 62,796	\$ 70,049	\$ 38,397	\$ (1,346)	\$ 18,264	\$ 3,859	\$ 25,412	\$ 28,657	\$ 17,834
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.19%	92.19%	100.53%	85.99%	83.74%	90.47%	100.74%	89.52%	97.71%	84.43%	81.80%	87.95%
Covered Payroll*	\$ 45,329	\$ 44,454	\$ 46,306	\$ 48,755	\$ 49,318	\$ 51,347	\$ 11,948	\$ 11,710	\$ 11,407	\$ 11,479	\$ 11,230	\$ 10,910
Net Pension Liability as a Percentage of Covered Payroll	-45.87%	84.06%	-5.37%	128.80%	142.04%	74.78%	-11.27%	155.97%	33.83%	221.38%	255.18%	163.46%

* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year
Experience gain made negative to facilitate addition
These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer's Net Pension Liability (\$Thousands)						
Year Ended December 31	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability (Asset)	Covered Payroll *	Net Pension Liability (Asset) as a % of Covered Payroll
City Employee's Retirement System (CERS)						
2014	\$ 402,857	\$ 364,460	\$ 38,397	90.47%	\$ 51,347	74.78%
2015	430,695	360,647	70,048	83.74%	49,318	142.03%
2016	448,253	385,457	62,796	85.99%	48,755	128.80%
2017	466,915	469,402	(2,487)	100.53%	46,306	-5.37%
2018	478,543	441,174	37,369	92.19%	44,454	84.06%
2019	496,706	517,499	(20,793)	104.19%	45,329	-45.87%
City Firefighters' Pension Fund (CFPF)						
2014	\$ 148,032	\$ 130,198	\$ 17,834	87.95%	\$ 10,910	163.46%
2015	157,437	128,780	28,657	81.80%	11,230	255.18%
2016	163,235	137,823	25,412	84.43%	11,479	221.38%
2017	168,734	164,875	3,859	97.71%	11,407	33.83%
2018	174,209	155,945	18,264	89.52%	11,710	155.97%
2019	182,256	183,602	(1,346)	100.74%	11,948	-11.27%
<p>* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year. These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</p>						
Notes to Schedule						
Methods and Assumptions Used to Determine Total Pension Liability (Asset) for the Fiscal Year Ending December 31, 2019						
Inflation	4.25%					
Salary Increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.					
Investment Rate of Return	7.30% net of expenses					
Post-Retirement Cost of Living Adjustments	Annual increases equal to 100% of the June CPI of each year with a cap of 3% applied to the member's current benefit. The first increase will be granted after 36 months of retirement.					

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer Contributions (\$Thousands)						
Year Ended December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll**	Actual Contribution as a % of Covered Payroll	
City Employee's Retirement System (CERS)						
2014	\$ 11,563	\$ 11,563	\$ -	\$ 51,347	22.52%	
2015	11,397	11,418	(21)	49,318	23.15%	
2016	11,417	11,417	-	48,754	23.42%	
2017	11,610	11,624	(14)	46,306	25.10%	
2018	10,624	11,166	(542)	44,454	25.12%	
2019	10,012	10,214	(202)	45,329	22.53%	
City Firefighters' Pension Fund (CFPF)						
2014	\$ 4,484	\$ 4,484	\$ -	\$ 10,910	41.10%	
2015	4,425	4,425	-	11,230	39.40%	
2016	4,407	4,407	-	11,479	38.39%	
2017	4,664	4,664	-	11,407	40.89%	
2018	4,270	4,443	(173)	11,710	37.94%	
2019	3,991	3,991	-	11,948	33.40%	
<p>* Includes contributions transferred from the Unallocated Income Reserve ** Payroll is pay provided in connection with the valuation as of December 31, of the applicable year. These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</p>						
Schedule of Investment Returns						
	CERS	CFPF				
2014	6.90%	6.88%				
2015	-0.20%	-0.12%				
2016	8.42%	8.43%				
2017	16.68%	16.80%				
2018	-4.30%	-4.19%				
2019	20.11%	19.68%				
Notes to Schedule						
Valuation Date	Actuarially determined contribution amounts are calculated as of December 31 of each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.					
Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending December 31, 2019						
Actuarial Cost Method	Entry-Age Normal					
Amortization Method	Level Dollar, Closed					
Remaining Amortization Period	21 Years					
Asset Valuation Method	5-Year smoothed market					
Inflation	4.25%					
Salary Increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.					
Investment Rate of Return	7.30% net of expenses					
	condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2007 - 2011.					
Mortality	RP-2000 Combined Healthy Mortality table projected 2020 using Projection Scale BB was used for both men and women with 100% of the table rates used for both men and women.					
Other Information	The assumptions used to develop the current Total Pension Liability (TPL) as of December 31, 2019, differ from those noted above.					

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Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedule of City's proportionate share of the Net Pension Liability/(Asset)					
South Dakota Retirement System	As of June 30				
	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)	1.3411151%	1.1161784%	0.9423174%	0.7554055%	0.4407703%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ (142,121)	\$ (26,031)	\$ (85,516)	\$ 2,551,686	\$ (1,869,433)
City's Covered Payroll	\$ 25,405,447	\$ 20,566,446	\$ 16,977,713	\$ 12,701,513	\$ 7,176,243
City's Proportionate share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	-0.56%	-0.13%	-0.50%	20.09%	-26.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1%	100.0%	100.1%	96.9%	104.1%
Schedule of City Contributions					
South Dakota Retirement System	As of December 31				
	2019	2018	2017	2016	2015
Contractually Required Contribution	1,889,387	\$ 1,558,009	\$ 1,275,856	\$ 1,038,645	\$ 686,864
Contributions in Relation to the Contractually Required Contribution	(1,889,387)	(1,558,009)	(1,275,856)	(1,038,645)	(686,864)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	27,954,227	22,714,519	18,676,953	15,153,220	9,953,235
Contributions as a Percentage of Covered Payroll	6.76%	6.86%	6.83%	6.85%	6.90%
These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.					

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Changes in the Employer's Net OPEB Liabilities (Assets)

Fiscal Year Ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ -	\$ -	\$ -
Interest on the total OPEB Liability	125,926	148,241	123,986
Benefit Changes	-	2,565	-
Actual versus expected experience	(1,027,562)	(639,812)	(364,194)
Assumption Changes	103,378	(34,571)	(135,976)
Benefit Payments	<u>(501,667)</u>	<u>(619,906)</u>	<u>(1,055,768)</u>
Net Change in Total OPEB Liability	(1,299,925)	(1,143,483)	(1,431,952)
Total OPEB Liability - Beginning	<u>3,645,057</u>	<u>4,788,540</u>	<u>6,220,492</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,345,132</u>	<u>\$ 3,645,057</u>	<u>\$ 4,788,540</u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 339	\$ -	\$ 301,178
Employee Contributions	-	-	-
OPEB Plan Net Investment Income	138,246	71,934	13,111
Employer Paid Benefit Payments	(501,667)	(619,906)	(1,055,768)
OPEB Plan Administrative Expense	-	-	-
Other	-	-	6,220,492
Net Change in Plan Fiduciary Net Position	(363,082)	(547,972)	5,479,013
Plan Fiduciary Net Position - Beginning	<u>4,931,041</u>	<u>5,479,013</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,567,959</u>	<u>\$ 4,931,041</u>	<u>\$ 5,479,013</u>
Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (2,222,827)</u>	<u>\$ (1,285,984)</u>	<u>\$ (690,473)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	194.78%	135.28%	114.42%
Covered Payroll *	N/A	N/A	N/A
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

* GASB Statement No. 74/75 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.
 These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Employer Contributions					
<u>Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
City's OPEB Plan					
2019	\$ -	\$ -	\$ -	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2017	\$ -	\$ 301,178	\$ (301,178)	N/A	N/A
<p style="text-align: center;"><i>* Includes contributions and paid outside of the trust</i></p> <p style="text-align: center;"><i>These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</i></p>					
Notes to Schedule					
Valuation Date	Actuarially determined contribution amounts are calculated as of December 31 of each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. As the plan is fully funded, no actuarial contributions are required. The amortization method shown below is illustrative if contributions are required.				
Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending December 31, 2019					
Valuation Date	December 31, 2016				
Actuarial Cost Method	Entry-Age Normal				
Amortization Method	Level Dollar				
Remaining Amortization Period	10 years for police and 15 years for General, Closed				
Asset Valuation Method	Market Value of Assets				
Salary Increases	N/A - No active employees				
Investment Rate of Return	2.25% net of OPEB plan investment expense				
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.				
Mortality	RP-2000 Combined Healthy Mortality table projected 2020 using Projection Scale BB was used for both men and women				
Health Care Trend Rates	Initial trend of 8.00% gradually decrease to an ultimate trend of 4.25% in 10 years.				
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"				
Other Information	The Total OPEB Liability as of December 31, 2019, was based on a Please refer to the 2016 valuation report for additional information.				

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City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Supplementary Information - Budgetary Comparison Schedule -
 Budgetary Basis - General Government Construction Fund**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 35,449	\$ 35,449
Total Revenues	-	-	35,449	35,449
Expenditures				
General Government:				
Facilities Management	-	1,757,664	1,330,373	427,291
Total Expenditures	-	1,757,664	1,330,373	427,291
Revenues Over (Under) Expenditures	-	(1,757,664)	(1,294,924)	462,740
Net Change in Fund Balances	-	(1,757,664)	(1,294,924)	462,740
Fund Balances, January 1	1,758,994	1,758,994	1,758,994	-
Fund Balances, December 31	<u>\$ 1,758,994</u>	<u>\$ 1,330</u>	<u>\$ 464,070</u>	<u>\$ 462,740</u>

Combining Statements

A. Nonmajor Special Revenue Funds

Transit Fund—to account for the provision of mass transportation services to the residents of the city. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, and billing and collection.

B. Nonmajor Debt Funds

T.I.F. District Fund—to account for the activities of the Tax Increment Financing Districts in the City of Sioux Falls.

C. Nonmajor Permanent Funds

Cottam Memorial Fund—to account for a bequest from the Cottam Estate, the interest from which is to be used to purchase medals or other awards as a reward for extraordinary meritorious or heroic service performed by any resident of the city of Sioux Falls.

Library Memorial Fund—to account for contributions provided through endowments to the Library.

D. Internal Service Funds

Fleet Revolving Fund—to account for the cost of supplying automobiles and fuel to City departments. Charges are billed to departments on a cost-plus basis to defray

administrative, equipment maintenance, and depreciation costs.

City Health/Life Benefit Fund—to account for both the employees' and the City's contributions toward self-insurance of City employees' health/life benefits. Reserves were established and proportioned to fund regular as well as casualty-type benefits.

Workers' Compensation Fund—to account for monies provided by various City funds to be used for the payment of workers' compensation claims.

General Services Revolving Fund—to account for the cost of technology equipment used by City departments. Charges are billed to departments on a cost-plus basis to defray equipment maintenance and depreciation costs.

Insurance Liability Pool Fund—to account for all insurance transactions for City departments. This involves purchasing insurance protection, paying claims, and maintaining a reserve. Departments reimburse the fund based on allocated premiums and loss history.

City of Sioux Falls
 Comprehensive Annual Financial Report
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**Combining Balance Sheet
 Nonmajor Governmental Funds**

	Special Revenue	Debt Service	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 5,366,955	\$ 469,763	\$ 47,042	\$ 5,883,760
Assets Held for Management Agreements	82,282	-	-	82,282
Interest and Penalty	-	719	184	903
Total Assets	<u>\$ 5,449,237</u>	<u>\$ 470,482</u>	<u>\$ 47,226</u>	<u>\$ 5,966,945</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 501,756	\$ -	\$ -	\$ 501,756
Due to Other Funds	-	50,000	-	50,000
Total Liabilities	<u>501,756</u>	<u>50,000</u>	<u>-</u>	<u>551,756</u>
Fund Balances				
Nonspendable	-	-	26,767	26,767
Restricted	-	420,482	20,459	440,941
Committed	82,282	-	-	82,282
Assigned	4,865,199	-	-	4,865,199
Total Fund Balances	<u>4,947,481</u>	<u>420,482</u>	<u>47,226</u>	<u>5,415,189</u>
Total Liabilities and Fund Balances	<u>\$ 5,449,237</u>	<u>\$ 470,482</u>	<u>\$ 47,226</u>	<u>\$ 5,966,945</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds

	<u>Special Revenue</u>	<u>Debt</u>	<u>Permanent Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ -	\$ 2,699,688	\$ -	\$ 2,699,688
Intergovernmental	2,734,927	-	-	2,734,927
Investment Revenue	-	2,772	1,371	4,143
Total Revenues	<u>2,734,927</u>	<u>2,702,460</u>	<u>1,371</u>	<u>5,438,758</u>
Expenditures				
Current:				
Urban and Economic Development	8,490,670	2,269,251	-	10,759,921
Debt Service				
Principal	-	255,000	-	255,000
Interest and Fiscal Charges	-	20,268	-	20,268
Total Expenditures	<u>8,490,670</u>	<u>2,544,519</u>	<u>-</u>	<u>11,035,189</u>
Revenues Over (Under) Expenditures	<u>(5,755,743)</u>	<u>157,941</u>	<u>1,371</u>	<u>(5,596,431)</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	1,486	-	-	1,486
Transfers In	6,378,342	-	-	6,378,342
Total Other Financing Sources (Uses)	<u>6,379,828</u>	<u>-</u>	<u>-</u>	<u>6,379,828</u>
Net Change in Fund Balances	624,085	157,941	1,371	783,397
Fund Balances, January 1	<u>4,323,396</u>	<u>262,541</u>	<u>45,855</u>	<u>4,631,792</u>
Fund Balances, December 31	<u>\$ 4,947,481</u>	<u>\$ 420,482</u>	<u>\$ 47,226</u>	<u>\$ 5,415,189</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

**Combining Balance Sheet
Nonmajor Special Revenue Funds**

	<u>Transit</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 5,366,955	\$ 5,366,955
Assets Held for Management Agreements	82,282	82,282
Total Assets	<u>\$ 5,449,237</u>	<u>\$ 5,449,237</u>
 Liabilities and Fund Balances		
Liabilities		
Accounts Payable	<u>\$ 501,756</u>	<u>\$ 501,756</u>
Total Liabilities	<u>501,756</u>	<u>501,756</u>
 Fund Balances		
Committed	82,282	82,282
Assigned	4,865,199	4,865,199
Total Fund Balances	<u>4,947,481</u>	<u>4,947,481</u>
Total Liabilities and Fund Balances	<u>\$ 5,449,237</u>	<u>\$ 5,449,237</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds**

	<u>Transit</u>	<u>Total</u>
Revenues		
Intergovernmental	\$ 2,734,927	\$ 2,734,927
Total Revenues	<u>2,734,927</u>	<u>2,734,927</u>
Expenditures		
Current:		
Urban and Economic Development	<u>8,490,670</u>	<u>8,490,670</u>
Total Expenditures	<u>8,490,670</u>	<u>8,490,670</u>
Revenues Over (Under) Expenditures	<u>(5,755,743)</u>	<u>(5,755,743)</u>
Other Financing Sources (Uses)		
Sale of Surplus Property	1,486	1,486
Transfers In	<u>6,378,342</u>	<u>6,378,342</u>
Total Other Financing Sources (Uses)	<u>6,379,828</u>	<u>6,379,828</u>
Net Change in Fund Balances	624,085	624,085
Fund Balances, January 1	<u>4,323,396</u>	<u>4,323,396</u>
Fund Balances, December 31	<u><u>\$ 4,947,481</u></u>	<u><u>\$ 4,947,481</u></u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Transit Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,044,049	\$ 3,044,049	\$ 2,734,927	\$ (309,122)
Total Revenues	<u>3,044,049</u>	<u>3,044,049</u>	<u>2,734,927</u>	<u>(309,122)</u>
Expenditures				
Urban and Economic Development Transit	<u>9,444,401</u>	<u>10,070,174</u>	<u>8,490,670</u>	<u>1,579,504</u>
Total Expenditures	<u>9,444,401</u>	<u>10,070,174</u>	<u>8,490,670</u>	<u>1,579,504</u>
Revenues Over (Under) Expenditures	<u>(6,400,352)</u>	<u>(7,026,125)</u>	<u>(5,755,743)</u>	<u>1,270,382</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	1,486	1,486
Transfers In	<u>6,378,342</u>	<u>6,378,342</u>	<u>6,378,342</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>6,378,342</u>	<u>6,378,342</u>	<u>6,379,828</u>	<u>1,486</u>
Net Change in Fund Balances	<u>(22,010)</u>	<u>(647,783)</u>	<u>624,085</u>	<u>1,271,868</u>
Fund Balances, January 1	<u>4,323,396</u>	<u>4,323,396</u>	<u>4,323,396</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 4,301,386</u>	<u>\$ 3,675,613</u>	<u>\$ 4,947,481</u>	<u>\$ 1,271,868</u>

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City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2019

**Combining Balance Sheet
 Nonmajor Debt Funds**

	<u>T.I.F. District</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 469,763	\$ 469,763
Receivables:		
Interest and Penalty	<u>719</u>	<u>719</u>
Total Assets	<u>\$ 470,482</u>	<u>\$ 470,482</u>
Liabilities and Fund Balances		
Liabilities		
Due to Other Funds	<u>50,000</u>	<u>50,000</u>
Total Liabilities	50,000	50,000
Fund Balances		
Restricted	<u>420,482</u>	<u>420,482</u>
Total Fund Balances	<u>420,482</u>	<u>420,482</u>
Total Liabilities and Fund Balances	<u>\$ 470,482</u>	<u>\$ 470,482</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Debt Funds**

	<u>T.I.F. District</u>	<u>Total</u>
Revenues		
Taxes	\$ 2,699,688	\$ 2,699,688
Investment Revenue	<u>2,772</u>	<u>2,772</u>
Total Revenues	<u>2,702,460</u>	<u>2,702,460</u>
Expenditures		
Current:		
Urban and Economic Development	2,269,251	2,269,251
Debt:		
Principal	255,000	255,000
Interest and Fiscal Charges	<u>20,268</u>	<u>20,268</u>
Total Expenditures	<u>2,544,519</u>	<u>2,544,519</u>
Revenues Over (Under) Expenditures	<u>157,941</u>	<u>157,941</u>
Net Change in Fund Balances	157,941	157,941
Fund Balances, January 1	<u>262,541</u>	<u>262,541</u>
Fund Balances, December 31	<u>\$ 420,482</u>	<u>\$ 420,482</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - T.I.F. District Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,924,500	\$ 2,924,500	\$ 2,699,688	\$ (224,812)
Investment Revenue	-	-	2,772	2,772
Charges for Goods and Services	20,000	20,000	-	(20,000)
Total Revenues	<u>2,944,500</u>	<u>2,944,500</u>	<u>2,702,460</u>	<u>(242,040)</u>
Expenditures				
Urban and Economic Development T.I.F. District	2,944,500	2,944,500	2,544,519	399,981
Total Expenditures	<u>2,944,500</u>	<u>2,944,500</u>	<u>2,544,519</u>	<u>399,981</u>
Revenues Over (Under) Expenditures	-	-	157,941	157,941
Net Change in Fund Balances	-	-	157,941	157,941
Fund Balances, January 1	<u>262,541</u>	<u>262,541</u>	<u>262,541</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 262,541</u>	<u>\$ 262,541</u>	<u>\$ 420,482</u>	<u>\$ 157,941</u>

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City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2019

**Combining Balance Sheet
 Nonmajor Permanent Funds**

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 5,555	\$ 41,487	\$ 47,042
Receivables:			
Interest	22	162	184
Total Assets	<u>\$ 5,577</u>	<u>\$ 41,649</u>	<u>\$ 47,226</u>
Fund Balances			
Nonspendable	\$ 2,000	\$ 24,767	\$ 26,767
Restricted	3,577	16,882	20,459
Total Fund Balances	<u>\$ 5,577</u>	<u>\$ 41,649</u>	<u>\$ 47,226</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Permanent Funds**

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Revenues			
Investment Revenue	\$ 163	\$ 1,208	\$ 1,371
Total Revenues	<u>163</u>	<u>1,208</u>	<u>1,371</u>
Expenditures			
Public Safety:			
Cottam Memorial	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	163	1,208	1,371
Fund Balances, January 1	<u>5,414</u>	<u>40,441</u>	<u>45,855</u>
Fund Balances, December 31	<u>\$ 5,577</u>	<u>\$ 41,649</u>	<u>\$ 47,226</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Cottam Memorial Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ 50	\$ 50	\$ 163	\$ 113
Total Revenues	50	50	163	113
Expenditures				
Public Safety:				
Cottam Memorial	400	400	-	400
Total Expenditures	400	400	-	400
Revenues Over (Under) Expenditures	(350)	(350)	163	513
Net Change in Fund Balance	(350)	(350)	163	513
Fund Balances, January 1	5,414	5,414	5,414	-
Fund Balances, December 31	\$ 5,064	\$ 5,064	\$ 5,577	\$ 513

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Library Memorial Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ 300	\$ 300	\$ 1,208	\$ 908
Total Revenues	300	300	1,208	908
Expenditures				
Culture and Recreation:				
Library Memorial	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	-	5,000
Revenues Over (Under) Expenditures	(4,700)	(4,700)	1,208	5,908
Net Change in Fund Balance	(4,700)	(4,700)	1,208	5,908
Fund Balances, January 1	40,441	40,441	40,441	-
Fund Balances, December 31	\$ 35,741	\$ 35,741	\$ 41,649	\$ 5,908

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

**Combining Statement of Net Position
Internal Service Funds**

	<u>Fleet Revolving</u>	<u>City Health/Life Benefit</u>
Assets		
Current:		
Cash and Cash Equivalents	\$ 4,257,766	\$ 7,734,385
Receivables, net:		
Accounts	274,237	260,648
Interest	11,006	31,020
Prepaid Expense	-	310,900
Inventory of Supplies	968,516	-
Total Current Assets	<u>5,511,525</u>	<u>8,336,953</u>
Noncurrent:		
Deposits	-	-
Net Pension Asset	437,966	40,104
Buildings	2,705,385	-
Improvements Other Than Buildings	769,515	-
Machinery and Equipment	43,897,420	-
Construction in Progress	7,289	-
Less Accumulated Depreciation	<u>(25,757,561)</u>	<u>-</u>
Total Noncurrent Assets	<u>22,060,014</u>	<u>40,104</u>
Total Assets	<u>27,571,539</u>	<u>8,377,057</u>
Deferred Outflow of Resources		
City Employee's Retirement System	96,361	8,852
South Dakota Retirement System	134,673	6,663
Total Deferred Outflow of Resources	<u>231,034</u>	<u>15,515</u>
Liabilities		
Current:		
Accounts Payable	474,181	13,823
Accrued Wages	123,274	9,469
Loss Reserve on Workers' Comp Claims	-	-
Accrued Compensated Absences	15,000	-
Incurred But Not Reported Claims	-	2,100,000
Total Current Liabilities	<u>612,455</u>	<u>2,123,292</u>
Noncurrent:		
Loss Reserve on Workers' Comp Claims	-	-
Net Pension Liability	-	-
Accrued Compensated Absences	168,251	-
Total Noncurrent Liabilities	<u>168,251</u>	<u>-</u>
Total Liabilities	<u>780,706</u>	<u>2,123,292</u>
Deferred Inflow of Resources		
City Employee's Retirement System	805,410	73,990
South Dakota Retirement System	97,691	4,777
Total Deferred Inflow of Resources	<u>903,101</u>	<u>78,767</u>
Net Position		
Net Investment in Capital Assets	21,622,048	-
Restricted for Liability Insurance Pool	-	-
Restricted for Pension	40,022	2,035
Unrestricted	4,456,696	6,188,478
Total Net Position	<u>\$ 26,118,766</u>	<u>\$ 6,190,513</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2019

Combining Statement of Net Position
 Internal Service Funds (cont)

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ 5,550,351	\$ 6,459,288	\$ 3,712,663	\$ 27,714,453
-	-	-	534,885
-	22,276	14,204	78,506
15,000	-	-	325,900
-	-	-	968,516
<u>5,565,351</u>	<u>6,481,564</u>	<u>3,726,867</u>	<u>29,622,260</u>
-	-	2,212,243	2,212,243
42,493	-	650	521,213
-	-	-	2,705,385
-	250,295	-	1,019,810
-	2,676,595	-	46,574,015
-	-	-	7,289
-	(2,291,001)	-	(28,048,562)
<u>42,493</u>	<u>635,889</u>	<u>2,212,893</u>	<u>24,991,393</u>
<u>5,607,844</u>	<u>7,117,453</u>	<u>5,939,760</u>	<u>54,613,653</u>
9,370	-	71	114,654
10,331	-	19,036	170,703
<u>19,701</u>	<u>-</u>	<u>19,107</u>	<u>285,357</u>
9,936	266,251	21,678	785,869
16,768	-	3,478	152,989
765,000	-	-	765,000
-	-	-	15,000
-	-	-	2,100,000
<u>791,704</u>	<u>266,251</u>	<u>25,156</u>	<u>3,818,858</u>
1,911,111	-	-	1,911,111
-	-	-	-
-	-	-	168,251
<u>1,911,111</u>	<u>-</u>	<u>-</u>	<u>2,079,362</u>
<u>2,702,815</u>	<u>266,251</u>	<u>25,156</u>	<u>5,898,220</u>
78,318	-	593	958,311
6,460	-	10,570	119,498
<u>84,778</u>	<u>-</u>	<u>11,163</u>	<u>1,077,809</u>
-	635,889	-	22,257,937
-	-	1,950,053	1,950,053
4,072	-	8,795	54,924
<u>2,835,880</u>	<u>6,215,313</u>	<u>3,963,700</u>	<u>23,660,067</u>
<u>\$ 2,839,952</u>	<u>\$ 6,851,202</u>	<u>\$ 5,922,548</u>	<u>\$ 47,922,981</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

**Combining Statement of Revenues, Expenses and Changes
in Net Position - Internal Service Funds**

	Fleet Revolving	City Health/Life Benefit
Operating Revenues:		
Charges for Goods and Services - Internal	\$ 11,932,898	\$ 10,958,663
Charges for Goods and Services - Other	250,930	11,849,075
Total Operating Revenues	<u>12,183,828</u>	<u>22,807,738</u>
Operating Expenses:		
Personal Services	2,422,859	196,626
Casualty Loss	-	19,682,135
Insurance	102,498	1,045,940
Professional Services	3,608	677,457
Rent	61,178	-
Repairs and Maintenance	1,443,208	-
Supplies and Materials	4,056,341	-
Utilities and Bulk Energy	34,655	-
Depreciation	3,516,730	-
Other Current Expenses	7,099	8,309
Total Operating Expenses	<u>11,648,176</u>	<u>21,610,467</u>
Operating Income (Loss)	<u>535,652</u>	<u>1,197,271</u>
Nonoperating Revenues (Expenses):		
Investment Revenue	115,249	227,992
Gain (Loss) on Capital Assets	205,579	-
Operating Grant	242,593	-
Miscellaneous	61,462	-
Total Nonoperating Revenues (Expenses)	<u>624,883</u>	<u>227,992</u>
Income (Loss) Before Transfers	1,160,535	1,425,263
Capital Contributions	30,939	-
Transfers In	-	-
Transfers Out	-	-
Change in Net Position	<u>1,191,474</u>	<u>1,425,263</u>
Net Position - Beginning	<u>24,927,292</u>	<u>4,765,250</u>
Net Position - Ending	<u>\$ 26,118,766</u>	<u>\$ 6,190,513</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

**Combining Statement of Revenues, Expenses and Changes
 in Net Position - Internal Service Funds (cont)**

<u>Workers' Compensation</u>	<u>General Services Revolving</u>	<u>Insurance Liability Pool</u>	<u>Total</u>
\$ 2,098,314	\$ 3,170,392	\$ 1,643,747	\$ 29,804,014
-	-	-	12,100,005
<u>2,098,314</u>	<u>3,170,392</u>	<u>1,643,747</u>	<u>41,904,019</u>
196,479	-	111,484	2,927,448
253,086	-	131,131	20,066,352
-	-	268,991	1,417,429
302,847	253,417	25,161	1,262,490
2,732	43,091	1,705	108,706
-	181	22,891	1,466,280
5,844	2,937,221	384	6,999,790
-	12,891	-	47,546
-	247,852	-	3,764,582
9,023	11,812	3,549	39,792
<u>770,011</u>	<u>3,506,465</u>	<u>565,296</u>	<u>38,100,415</u>
<u>1,328,303</u>	<u>(336,073)</u>	<u>1,078,451</u>	<u>3,803,604</u>
-	151,628	86,054	580,923
-	-	-	205,579
-	-	-	242,593
<u>13,150</u>	<u>-</u>	<u>41,021</u>	<u>115,633</u>
<u>13,150</u>	<u>151,628</u>	<u>127,075</u>	<u>1,144,728</u>
<u>1,341,453</u>	<u>(184,445)</u>	<u>1,205,526</u>	<u>4,948,332</u>
-	-	-	30,939
-	800,000	-	800,000
-	-	-	-
<u>1,341,453</u>	<u>615,555</u>	<u>1,205,526</u>	<u>5,779,271</u>
<u>1,498,499</u>	<u>6,235,647</u>	<u>4,717,022</u>	<u>42,143,710</u>
<u>\$ 2,839,952</u>	<u>\$ 6,851,202</u>	<u>\$ 5,922,548</u>	<u>\$ 47,922,981</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2019**

**Combining Statement of Cash Flows
Internal Service Funds**

	Fleet Revolving	City Health/Life Benefit
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 250,930	\$ 11,647,373
Cash Receipts from Interfund Services Provided	11,783,063	10,958,663
Payments to Suppliers	(5,715,268)	(1,720,383)
Payment for Interfund Services Used	(10,731)	-
Payments to Employees	(2,623,800)	(186,378)
Claims Paid	-	(19,682,135)
Other Receipts/Payments	325,489	-
Net Cash Provided (Used) by Operating Activities	4,009,683	1,017,140
Cash Flows Provided (Used) By Noncapital Financing Activities:		
Transfers In	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	-	-
Cash Flows from Capital and Related Financing Activities:		
Sale of Capital Assets	1,117,444	-
Purchase of Capital Assets	(6,039,869)	-
Net Cash Flows Used by Capital and Related Financing Activities	(4,922,425)	-
Cash Flows from Investing Activities:		
Investment Revenue Received	121,651	229,144
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	(791,091)	1,246,284
Cash and Cash Equivalents, January 1	5,048,857	6,488,101
Cash and Cash Equivalents, December 31	\$ 4,257,766	\$ 7,734,385
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 535,652	\$ 1,197,271
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,516,730	-
(Increase) Decrease in - Receivables	(149,835)	(201,702)
- Inventory	(136,763)	-
- Deposits	-	-
- Net Pension Asset	(437,514)	(40,067)
- Pension Related Deferred Outflows	1,060,522	74,054
Increase (Decrease) in - Accounts Payable	119,351	11,323
- Accrued Wages	15,264	2,794
- Compensated Absences	(21,387)	-
- Net Pension Liability	(832,207)	(51,012)
- Pension Related Deferred Inflows	14,381	24,479
- Loss Reserve on Workers' Comp Claims	-	-
- Incurred But Not Reported Claims	-	-
Other Revenue Sources (Uses)	325,489	-
Net Cash Provided (Used) by Operating Activities	\$ 4,009,683	\$ 1,017,140
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 30,939	\$ -

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2019

Combining Statement of Cash Flows
 Internal Service Funds (cont)

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ -	\$ -	\$ -	\$ 11,898,303
2,098,314	3,170,392	1,643,747	29,654,179
(320,057)	(3,347,793)	(1,493,201)	(12,596,702)
-	-	-	(10,731)
(221,479)	-	(174,355)	(3,206,012)
(1,025,479)	-	(131,131)	(20,838,745)
13,150	-	41,021	379,660
544,449	(177,401)	(113,919)	5,279,952
-	800,000	-	800,000
-	800,000	-	800,000
-	-	-	1,117,444
-	(273,956)	-	(6,313,825)
-	(273,956)	-	(5,196,381)
-	152,195	86,035	589,025
544,449	500,838	(27,884)	1,472,596
5,005,902	5,958,450	3,740,547	26,241,857
\$ 5,550,351	\$ 6,459,288	\$ 3,712,663	\$ 27,714,453
\$ 1,328,303	\$ (336,073)	\$ 1,078,451	\$ 3,803,604
-	247,852	-	3,764,582
-	-	-	(351,537)
-	-	-	(136,763)
-	-	(1,070,884)	(1,070,884)
(42,493)	-	(650)	(520,724)
79,208	-	122,307	1,336,091
389	(89,180)	(99,636)	(57,753)
7,515	-	(2,373)	23,200
(18,652)	-	-	(40,039)
(68,772)	-	(106,681)	(1,058,672)
18,194	-	(75,474)	(18,420)
(772,393)	-	-	(772,393)
-	-	-	-
13,150	-	41,021	379,660
\$ 544,449	\$ (177,401)	\$ (113,919)	\$ 5,279,952
\$ -	\$ -	\$ -	\$ 30,939

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Statistical Section

This part of the City of Sioux Falls' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	119
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	129
<i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the sales and use tax, and property tax.</i>	
Debt Capacity	132
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	136
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	138
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

Statistics (Unaudited)

**Table I
Net Position by Component (accrual basis of accounting)
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 691,873,817	\$ 733,682,722	\$ 678,849,535	\$ 786,631,533
Restricted	18,586,803	50,184,507	146,088,172	82,716,805
Unrestricted	<u>91,720,406</u>	<u>58,553,701</u>	<u>62,181,055</u>	<u>73,999,636</u>
Total Governmental Activities Net Position	<u>802,181,026</u>	<u>842,420,930</u>	<u>887,118,762</u>	<u>943,347,974</u>
Business-type Activities				
Net Investment in Capital Assets	310,357,701	306,222,298	313,422,448	338,184,588
Restricted	9,536,161	10,194,319	12,013,161	7,185,954
Unrestricted	<u>29,621,665</u>	<u>44,783,731</u>	<u>55,934,423</u>	<u>58,689,906</u>
Total Business-type Activities Net Position	<u>349,515,527</u>	<u>361,200,348</u>	<u>381,370,032</u>	<u>404,060,448</u>
Primary Government				
Net Investment in Capital Assets	1,002,231,518	1,039,905,020	992,271,983	1,124,816,121
Restricted	28,122,964	60,378,826	158,101,333	89,902,759
Unrestricted	<u>121,342,071</u>	<u>103,337,432</u>	<u>118,115,478</u>	<u>132,689,542</u>
Total Primary Government Net Position	<u>\$ 1,151,696,553</u>	<u>\$ 1,203,621,278</u>	<u>\$ 1,268,488,794</u>	<u>\$ 1,347,408,422</u>

**Table II
Changes in Net Position (accrual basis of accounting)
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses				
Governmental Activities:				
General Government	\$ 19,698,094	\$ 18,925,343	\$ 23,646,857	\$ 22,764,225
Fire Protection	20,696,459	22,561,310	22,623,215	23,171,607
Police Protection	27,773,190	28,140,528	29,700,193	31,278,051
Highways and Streets	38,319,417	36,280,119	43,039,557	54,540,686
Public Health	8,798,356	9,557,232	9,564,179	10,595,323
Culture and Recreation:				
Arena	1,380,994	967,075	1,211,388	1,777,882
Libraries	7,296,865	7,078,205	6,754,319	7,499,168
Museum	-	-	405,904	500,311
Parks and Recreation	17,222,508	18,701,967	21,450,372	21,946,413
Pavilion	4,214,023	4,116,408	4,306,766	4,473,733
Entertainment Venues	-	-	-	-
Urban and Economic Development:				
Convention Center/CVB	790,914	3,500,377	3,981,211	3,278,830
Community Development	2,575,758	2,218,910	2,053,509	2,108,614
Economic Development	-	721,274	1,121,581	1,372,882
Urban Conservation	183	927,142	-	-
TIF	1,894,387	44,109	76,407	138,618
Planning and Development Services	3,381,835	4,202,759	4,583,659	4,905,606
Interest on Long-Term Debt	<u>4,779,272</u>	<u>3,991,584</u>	<u>5,349,209</u>	<u>8,130,846</u>
Total Governmental Activities Expenses	<u>158,822,255</u>	<u>161,934,342</u>	<u>179,868,326</u>	<u>198,482,795</u>
Business-type Activities:				
Electric Light	6,876,603	7,488,338	7,671,179	7,853,329
Public Parking	1,843,744	2,058,951	2,368,883	2,180,294
Sanitary Landfill	9,073,990	10,846,466	9,271,369	8,371,394
Water	20,422,425	21,878,919	24,445,511	26,132,387
Water Reclamation	<u>17,350,325</u>	<u>18,184,423</u>	<u>18,604,090</u>	<u>18,703,702</u>
Total Business-type Activities Expenses	<u>55,567,087</u>	<u>60,457,097</u>	<u>62,361,032</u>	<u>63,241,106</u>
Total Primary Government Expenses	<u>\$ 214,389,342</u>	<u>\$ 222,391,439</u>	<u>\$ 242,229,358</u>	<u>\$ 261,723,901</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2019**

Statistics (Unaudited)

**Table I (continued)
Net Position by Component (accrual basis of accounting)
Last Ten Fiscal Years**

2014	2015	2016	2017	2018	2019
\$ 874,352,925	\$ 918,392,160	\$ 949,588,727	\$ 994,726,890	\$ 1,021,045,334	\$ 1,049,886,149
27,054,480	45,769,849	66,444,710	62,906,294	59,535,309	57,891,297
<u>98,987,086</u>	<u>47,230,423</u>	<u>10,622,500</u>	<u>70,158,874</u>	<u>89,007,611</u>	<u>116,803,795</u>
<u>1,000,394,491</u>	<u>1,011,392,432</u>	<u>1,026,655,937</u>	<u>1,127,792,058</u>	<u>1,169,588,254</u>	<u>1,224,581,241</u>
355,182,015	373,898,313	398,711,113	441,954,230	460,700,572	483,654,265
7,221,556	7,420,528	6,990,751	3,442,244	5,201,229	5,420,269
<u>62,902,134</u>	<u>60,840,349</u>	<u>63,253,372</u>	<u>55,829,094</u>	<u>66,130,912</u>	<u>76,246,911</u>
<u>425,305,705</u>	<u>442,159,190</u>	<u>468,955,236</u>	<u>501,225,568</u>	<u>532,032,713</u>	<u>565,321,445</u>
1,229,534,940	1,292,290,473	1,348,299,840	1,436,681,120	1,481,745,906	1,533,540,414
34,276,036	53,190,377	73,435,461	66,348,538	64,736,538	63,311,566
<u>161,889,220</u>	<u>108,070,772</u>	<u>73,875,872</u>	<u>125,987,968</u>	<u>155,138,523</u>	<u>193,050,706</u>
<u>\$ 1,425,700,196</u>	<u>\$ 1,453,551,622</u>	<u>\$ 1,495,611,173</u>	<u>\$ 1,629,017,626</u>	<u>\$ 1,701,620,967</u>	<u>\$ 1,789,902,686</u>

**Table II (continued)
Changes in Net Position (accrual basis of accounting)
Last Ten Fiscal Years**

2014	2015	2016	2017	2018	2019
\$ 16,348,473	\$ 16,186,279	\$ 16,556,020	\$ 13,766,907	\$ 17,310,632	\$ 15,753,554
23,480,779	28,909,163	31,223,012	20,119,516	27,829,382	26,925,310
30,078,133	34,995,848	37,065,313	25,225,870	36,740,314	35,383,827
50,977,392	56,489,047	58,516,026	52,617,614	68,023,930	64,083,924
10,437,257	11,506,819	12,326,094	10,426,180	12,032,129	12,727,539
-	-	-	-	-	-
7,418,069	8,202,420	9,220,828	6,273,321	8,139,253	8,454,201
546,495	539,345	574,510	587,155	601,386	633,560
<u>22,364,841</u>	<u>23,198,516</u>	<u>25,301,964</u>	<u>24,930,414</u>	<u>25,799,818</u>	<u>27,720,537</u>
-	-	-	-	-	-
8,023,559	7,434,826	9,763,936	8,467,290	9,176,901	11,083,954
7,347,986	-	-	-	-	-
3,547,380	2,759,033	5,759,679	1,599,111	1,758,721	2,346,464
4,169,374	6,539,607	6,209,883	6,346,062	6,379,016	-
-	-	-	-	-	-
731,370	6,971,201	7,155,112	7,767,376	7,903,235	8,528,728
5,965,110	6,086,958	6,617,020	4,881,994	7,077,539	13,964,699
<u>6,790,233</u>	<u>6,626,453</u>	<u>6,684,824</u>	<u>6,693,992</u>	<u>6,343,156</u>	<u>5,911,897</u>
<u>198,226,451</u>	<u>216,445,515</u>	<u>232,974,221</u>	<u>189,702,802</u>	<u>235,115,412</u>	<u>233,518,194</u>
8,481,793	8,808,582	9,066,599	8,803,782	9,562,823	9,273,379
2,117,596	2,418,497	2,239,595	1,897,465	2,741,375	2,601,031
10,866,177	8,664,217	11,499,421	10,686,231	10,216,724	9,690,174
25,121,815	26,828,879	27,523,869	26,305,766	27,002,192	25,573,099
<u>21,064,041</u>	<u>22,186,415</u>	<u>22,462,997</u>	<u>21,218,037</u>	<u>25,132,533</u>	<u>25,401,970</u>
67,651,422	68,906,590	72,792,481	68,911,281	74,655,647	72,539,653
<u>\$ 265,877,873</u>	<u>\$ 285,352,105</u>	<u>\$ 305,766,702</u>	<u>\$ 258,614,083</u>	<u>\$ 309,771,059</u>	<u>\$ 306,057,847</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
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Statistics (Unaudited)

**Table II (cont)
Changes in Net Position (accrual basis of accounting)
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 2,884,707	\$ 2,850,456	\$ 3,003,165	\$ 4,020,960
Public Health	4,637,330	4,862,265	4,518,363	4,952,848
Urban and Economic Development	2,954,201	2,743,178	3,966,631	4,626,018
Other Activities	2,524,051	2,368,410	2,652,009	2,370,135
Operating Grants and Contributions	11,176,428	12,622,108	12,549,063	28,641,839
Capital Grants and Contributions	6,070,410	14,614,690	27,734,005	30,764,844
Total Governmental Activities Program Revenues	<u>30,247,127</u>	<u>40,061,107</u>	<u>54,423,236</u>	<u>75,376,644</u>
Business-type Activities:				
Charges for Services				
Water	22,064,401	26,836,570	34,515,284	33,204,763
Water Reclamation	16,581,957	18,173,936	20,082,561	21,845,217
Other Activities	19,106,903	19,529,981	19,513,349	20,135,243
Operating Grants and Contributions	183,152	3,139,429	96,678	286,087
Capital Grants and Contributions	1,130,057	129,364	5,616,165	8,826,946
Total Business-Type Activities Program Revenues	<u>59,066,470</u>	<u>67,809,280</u>	<u>79,824,037</u>	<u>84,298,256</u>
Total Primary Government Program Revenues	<u>89,313,597</u>	<u>107,870,387</u>	<u>134,247,273</u>	<u>159,674,900</u>
Net (Expense)/Revenue				
Governmental Activities	(131,687,215)	(139,807,219)	(144,059,559)	(122,774,454)
Business-type Activities	(1,390,627)	5,448,248	16,582,931	16,646,834
Total Primary Government Net Expense	<u>(133,077,842)</u>	<u>(134,358,971)</u>	<u>(127,476,628)</u>	<u>(106,127,620)</u>
General Revenue and Transfers				
Governmental Activities:				
Taxes				
Property Tax	43,367,740	44,960,402	46,760,366	48,955,618
Sales Tax	93,667,937	100,083,396	104,885,378	113,150,525
Frontage Tax	9,977,720	9,936,174	10,404,355	10,341,052
	14,509	14,191	13,005	12,246
Penalties and Interest	-	-	-	-
Unrestricted State and County Shared Revenues	5,518,952	8,406,127	5,687,154	5,279,833
Unrestricted Investment Earnings	1,867,418	1,211,979	1,218,828	394,536
Miscellaneous Revenue, Net	37,504	501,232	1,645,898	635,748
Market Value Adjustment to Land Held for Resale	-	-	-	-
Transfers	(2,205,824)	(3,000,362)	(472,062)	565,805
Total Governmental Activities General Revenues	<u>152,245,956</u>	<u>162,113,139</u>	<u>170,142,922</u>	<u>179,335,363</u>
Business-type Activities:				
Unrestricted Investment Earnings	1,368,569	795,673	513,138	301,309
Miscellaneous Revenue, Net	1,805,334	536,603	1,721,479	1,897,762
Transfers	2,205,824	3,000,362	472,062	(565,805)
Total Business-type Activities General Revenues	<u>5,379,727</u>	<u>4,332,638</u>	<u>2,706,679</u>	<u>1,633,266</u>
Total Primary Government General Revenues	<u>157,625,683</u>	<u>166,445,777</u>	<u>172,849,601</u>	<u>180,968,629</u>
Change in Net Position				
Governmental Activities	20,558,741	22,305,920	26,083,363	56,560,909
Business-type Activities	3,989,100	9,780,886	19,289,610	18,280,100
Total Primary Government	<u>\$ 24,547,841</u>	<u>\$ 32,086,806</u>	<u>\$ 45,372,973</u>	<u>\$ 74,841,009</u>

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Statistics (Unaudited)

**Table II (cont)
Changes in Net Position (accrual basis of accounting)
Last Night Fiscal Years**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,637,130	\$ 1,990,147	\$ 2,301,159	\$ 2,322,206	\$ 2,685,163	\$ 2,921,525
5,504,651	5,186,248	4,763,133	4,604,936	4,446,066	3,922,843
3,681,729	5,700,195	6,075,495	4,478,990	4,344,827	4,591,793
3,212,995	2,701,709	3,255,196	3,880,707	3,558,292	3,163,729
11,485,092	12,499,343	16,792,102	16,081,817	14,222,835	13,353,539
37,557,562	19,365,839	28,342,191	18,666,162	21,112,481	14,584,653
<u>63,079,159</u>	<u>47,443,481</u>	<u>61,529,276</u>	<u>50,034,818</u>	<u>50,369,664</u>	<u>42,538,082</u>
31,959,833	32,610,302	35,061,789	35,680,449	34,480,725	33,393,265
23,654,728	25,474,334	28,488,007	29,233,798	31,282,531	33,339,627
20,858,949	21,513,114	21,575,174	22,368,836	23,704,610	23,832,273
52,779	69,765	95,253	181,301	75,559	145,976
10,856,245	8,983,113	11,488,226	11,623,136	11,766,244	10,300,249
<u>87,382,534</u>	<u>88,650,628</u>	<u>96,708,449</u>	<u>99,087,520</u>	<u>101,309,669</u>	<u>101,011,390</u>
<u>150,461,693</u>	<u>136,094,109</u>	<u>158,237,725</u>	<u>149,122,338</u>	<u>151,679,333</u>	<u>143,549,472</u>
63,079,159	(169,002,034)	(171,444,945)	(139,667,984)	(184,745,748)	(190,980,112)
87,382,534	19,744,038	23,915,968	30,176,239	26,654,022	28,471,737
<u>150,461,693</u>	<u>(149,257,996)</u>	<u>(147,528,977)</u>	<u>(109,491,745)</u>	<u>(158,091,726)</u>	<u>(162,508,375)</u>
52,100,987	55,360,779	57,526,833	60,115,348	62,653,215	66,606,043
119,621,476	126,603,392	129,901,666	132,448,059	137,004,842	150,230,509
10,615,052	11,064,584	11,977,806	12,852,386	13,907,487	14,738,508
13,092	10,164	10,248	10,800	9,768	9,948
-	-	-	-	-	-
4,978,793	33,104,745	5,313,720	5,886,719	6,070,876	6,657,602
1,367,872	736,628	1,119,262	1,580,596	2,845,228	4,784,546
424,909	1,601,309	965,526	2,276,359	3,856,605	2,688,629
-	-	(20,523,616)	-	-	-
336,380	373,312	417,005	2,001,008	193,923	257,314
<u>189,458,561</u>	<u>228,854,913</u>	<u>186,708,450</u>	<u>217,171,275</u>	<u>226,541,944</u>	<u>245,973,099</u>
57,232	702,138	622,327	736,462	1,679,659	2,744,970
1,793,293	2,422,923	2,674,756	3,358,639	2,667,387	2,329,339
(336,380)	(373,312)	(417,005)	(2,001,008)	(193,923)	(257,314)
<u>1,514,145</u>	<u>2,751,749</u>	<u>2,880,078</u>	<u>2,094,093</u>	<u>4,153,123</u>	<u>4,816,995</u>
<u>190,972,706</u>	<u>231,606,662</u>	<u>189,588,528</u>	<u>219,265,368</u>	<u>230,695,067</u>	<u>250,790,094</u>
252,537,720	59,852,879	15,263,505	77,503,291	41,796,196	54,992,987
88,896,679	22,495,787	26,796,046	32,270,332	30,807,145	33,288,732
<u>\$ 341,434,399</u>	<u>\$ 82,348,666</u>	<u>\$ 42,059,551</u>	<u>\$ 109,773,623</u>	<u>\$ 72,603,341</u>	<u>\$ 88,281,719</u>

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Statistics (Unaudited)

**Table III
Fund Balances of Governmental Funds (modified accrual basis of accounting)
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Reserved	\$ 2,608,443	\$ -	\$ -	\$ -
Unreserved Designated	4,200,651	-	-	-
Unreserved Undesignated	37,505,330	-	-	-
Nonspendable	-	1,937,901	1,891,787	1,595,933
Restricted	-	829,586	660,347	683,099
Committed	-	-	-	-
Assigned	-	3,878,616	3,802,375	3,812,788
Unassigned	-	39,547,718	41,387,942	42,029,944
Total General Fund	<u>\$ 44,314,424</u>	<u>\$ 46,193,821</u>	<u>\$ 47,742,451</u>	<u>\$ 48,121,764</u>
Sales/Use Tax Fund				
Reserved	\$ 18,586,275	\$ -	\$ -	\$ -
Unreserved Designated	4,624,565	-	-	-
Unreserved Undesignated	3,761,378	-	-	-
Nonspendable	-	551,571	420,619	285,145
Restricted	-	13,952,873	24,946,781	23,257,209
Committed	-	14,899,823	12,788,630	26,054,182
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Sales/Use Tax Fund	<u>\$ 26,972,218</u>	<u>\$ 29,404,267</u>	<u>\$ 38,156,030</u>	<u>\$ 49,596,536</u>
All Other Governmental Funds				
Reserved	\$ 12,587,214	\$ -	\$ -	\$ -
Unreserved Designated	6,709,516	-	-	-
Unreserved Undesignated, Reported in				
Other Special Revenue Funds	6,068,794	-	-	-
Capital Projects Funds	17,499,548	-	-	-
Permanent Funds	55,079	-	-	-
Nonspendable	-	684,040	612,906	357,059
Restricted	-	34,986,572	129,162,652	66,122,618
Committed	-	2,168,215	1,852,886	2,869,083
Assigned	-	1,271,807	877,595	1,265,043
Unassigned	-	(163,291)	(449,552)	(157,799)
Total All Other Governmental Funds	<u>\$ 42,920,151</u>	<u>\$ 38,947,343</u>	<u>\$ 132,056,487</u>	<u>\$ 70,456,004</u>

Prior to 2011 the City didn't account for fund balance in accordance with GASB 54

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Table III (cont)
 Fund Balances, Governmental Funds (modified accrual basis of accounting)
 Last Ten Fiscal Years

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,457,649	1,500,337	1,900,996	1,874,905	1,412,454	1,624,447
679,076	482,427	244,518	133,904	124,675	185,877
-	-	-	459,992	587,967	689,246
5,348,104	5,414,824	2,156,362	3,922,353	3,748,292	3,273,637
40,739,706	38,129,793	40,025,896	42,771,535	48,307,674	52,430,111
\$ 48,224,535	\$ 45,527,381	\$ 44,327,772	\$ 49,162,689	\$ 54,181,062	\$ 58,203,318
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
144,993	-	6,725,070	6,725,070	6,725,070	6,725,070
23,301,917	22,333,307	25,758,873	24,458,155	21,591,279	21,482,589
32,569,698	27,198,260	14,208,698	18,466,766	25,600,285	32,728,604
-	-	-	-	-	-
-	-	-	-	-	-
\$ 56,016,608	\$ 49,531,567	\$ 46,692,641	\$ 49,649,991	\$ 53,916,634	\$ 60,936,263
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
362,475	27,624,149	449,872	26,767	57,332	57,332
21,676,958	20,758,622	38,027,058	46,100,244	32,947,590	30,600,887
4,155,859	6,503,267	7,209,231	10,600,236	13,283,731	14,330,127
1,472,322	2,596,844	6,870,924	5,142,548	3,894,960	4,865,199
(55,192)	(2,379)	-	-	-	-
\$ 27,612,422	\$ 57,480,503	\$ 52,557,085	\$ 61,869,795	\$ 50,183,613	\$ 49,853,545

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Statistics (Unaudited)

**Table IV
Changes in Fund Balances of Governmental Funds (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes	\$ 147,540,040	\$ 153,664,809	\$ 162,162,262	\$ 172,280,837
Licenses and Permits	3,815,042	3,850,330	4,728,556	6,512,105
Intergovernmental	17,471,105	19,409,318	15,120,477	31,623,322
Charges for Goods and Services	7,105,551	7,230,413	7,144,723	7,352,652
Fines and Forfeitures	881,888	702,752	714,023	704,678
Investment Revenue	1,442,577	934,139	1,070,144	228,324
Miscellaneous Revenue	4,190,847	4,205,420	7,231,142	7,833,232
Total Revenues	<u>182,447,050</u>	<u>189,997,181</u>	<u>198,171,327</u>	<u>226,535,150</u>
Expenditures				
General Government	18,004,633	17,921,999	21,612,706	20,787,239
Public Safety	46,407,723	48,072,844	49,510,099	51,520,665
Highways and Streets	22,169,072	20,424,966	22,680,005	30,826,489
Health	8,620,518	9,358,568	9,244,495	10,232,689
Culture and Recreation	20,965,099	21,157,732	21,940,762	24,635,024
Urban and Economic Development	9,048,244	10,793,599	10,848,808	10,803,811
Capital Outlay	65,534,796	46,455,185	68,211,982	108,296,798
Debt Service:				
Principal	21,135,030	11,293,473	12,494,028	11,596,998
Interest and Fiscal Charges	4,878,135	4,169,210	5,651,169	7,581,748
Total Expenditures	<u>216,763,250</u>	<u>189,647,576</u>	<u>222,194,054</u>	<u>276,281,461</u>
Revenues Over (Under) Expenditures	(34,316,200)	349,605	(24,022,727)	(49,746,311)
Other Financing Sources (Uses)				
Sale of Surplus Property	502,223	76,344	1,169,154	42,993
Damage Recovery	44,742	76,424	72,997	213,379
	-	-	-	-
Revenue Note Proceeds	444,298	42,438	-	161,000
Revenue Bond Issuance	12,060,000	-	122,145,000	-
Revenue Bond Premiums	650,701	-	4,617,175	-
Cost of Issuance	-	-	-	-
Underwriter Discount	-	-	-	-
Transfers In	4,550,672	5,018,331	5,129,447	6,477,228
Transfers Out	(4,369,874)	(5,224,504)	(5,701,509)	(6,928,953)
Total Other Financing Sources (Uses)	<u>13,882,762</u>	<u>(10,967)</u>	<u>127,432,264</u>	<u>(34,353)</u>
Net Change in Fund Balances	<u>\$ (20,433,438)</u>	<u>\$ 338,638</u>	<u>\$ 103,409,537</u>	<u>\$ (49,780,664)</u>
Debt service as a percentage of noncapital expenditures	<u>17.20%</u>	<u>10.80%</u>	<u>11.78%</u>	<u>11.42%</u>

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Statistics (Unaudited)

**Table IV (cont)
Changes in Fund Balances, Governmental Funds (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 181,681,808	\$ 192,686,024	\$ 199,433,538	\$ 205,299,070	\$ 213,646,562	\$ 227,694,022
5,201,772	5,984,144	6,454,811	6,341,922	6,686,566	7,222,519
16,304,696	44,640,901	17,931,385	18,604,384	20,653,942	18,544,630
7,208,017	7,057,084	7,593,729	8,197,334	7,625,412	6,707,246
572,024	653,200	603,324	675,779	643,186	608,262
1,158,275	482,795	891,242	1,352,449	2,438,863	4,098,656
3,011,667	4,612,269	9,885,564	8,657,161	7,673,483	7,149,296
<u>215,138,259</u>	<u>256,116,417</u>	<u>242,793,593</u>	<u>249,128,099</u>	<u>259,368,014</u>	<u>272,024,631</u>
14,452,567	15,217,034	14,671,542	15,116,233	17,118,939	16,051,289
52,592,613	57,246,696	58,992,557	60,009,602	62,576,455	65,210,253
25,975,498	26,526,746	26,378,226	24,941,562	27,869,307	30,077,674
10,146,920	10,662,930	11,444,358	11,991,217	11,777,284	12,722,437
25,903,109	25,226,642	28,675,260	28,296,000	27,827,396	32,626,555
20,663,276	21,336,137	24,463,096	21,543,950	21,656,795	23,617,920
83,016,103	62,055,526	71,276,140	75,557,810	80,333,818	65,406,226
11,682,203	10,683,225	12,552,939	11,548,174	24,606,227	10,163,450
7,262,401	6,947,931	6,673,616	7,203,378	6,845,551	6,531,959
<u>251,694,690</u>	<u>235,902,867</u>	<u>255,127,734</u>	<u>256,207,926</u>	<u>280,611,772</u>	<u>262,407,763</u>
(36,556,431)	20,213,550	(12,334,141)	(7,079,827)	(21,243,758)	9,616,868
66,963	91,122	544,874	929,322	328,304	50,768
311,798	807,902	62,013	65,648	239,198	75,735
-	-	(20,523,616)	-	-	-
339,000	-	-	-	-	-
-	-	20,260,000	-	17,523,868	1,511,132
-	-	3,734,423	-	1,388,307	-
-	-	(110,000)	-	-	-
-	-	(145,699)	-	-	-
8,042,446	7,049,671	18,425,374	7,782,375	9,090,213	7,569,232
(8,524,515)	(7,476,359)	(18,875,181)	(8,225,371)	(9,727,298)	(8,111,918)
<u>235,692</u>	<u>472,336</u>	<u>3,372,188</u>	<u>551,974</u>	<u>18,842,592</u>	<u>1,094,949</u>
<u>\$ (36,320,739)</u>	<u>\$ 20,685,886</u>	<u>\$ (8,961,953)</u>	<u>\$ (6,527,853)</u>	<u>\$ (2,401,166)</u>	<u>\$ 10,711,817</u>
<u>11.23%</u>	<u>10.14%</u>	<u>10.46%</u>	<u>10.38%</u>	<u>15.70%</u>	<u>8.47%</u>

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Statistics (Unaudited)

**Table V
Changes in Fund Balance of General Fund (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes				
Property	\$ 43,285,448	\$ 44,794,010	\$ 46,479,615	\$ 48,547,852
Sales	44,185,430	45,595,567	48,440,527	52,178,569
Other	5,147,690	6,676,312	6,998,774	7,103,162
Total Taxes	<u>92,618,568</u>	<u>97,065,889</u>	<u>101,918,916</u>	<u>107,829,583</u>
Licenses and Permits	3,815,042	3,763,867	4,641,986	6,423,094
Intergovernmental (Federal/State/County)	10,202,261	9,814,327	10,880,892	17,362,249
Charges for Goods and Services	6,201,681	6,289,241	6,191,797	6,415,678
Fines and Forfeitures	881,688	689,632	713,903	704,498
Investment Revenue	806,670	354,009	240,101	250,368
Miscellaneous Revenue	753,663	778,646	622,844	701,851
Total Revenues	<u>115,279,573</u>	<u>118,755,611</u>	<u>125,210,439</u>	<u>139,687,321</u>
Expenditures				
General Government				
Mayor	531,333	443,749	473,597	468,731
City Council	989,622	1,086,030	1,128,872	1,176,930
Attorney	1,351,325	1,320,480	1,391,259	1,525,591
Human Resources	957,127	997,934	1,085,707	1,160,908
Finance	1,801,664	1,840,322	1,930,484	2,103,038
Facilities Management	1,162,025	1,046,649	1,251,256	1,563,602
Innovation and Technology	2,603,369	2,520,429	2,478,745	2,796,073
Communications	1,395,922	1,369,715	1,437,298	1,468,512
General Government Services	-	-	-	-
Total General Government	<u>10,792,387</u>	<u>10,625,308</u>	<u>11,177,218</u>	<u>12,263,385</u>
Public Safety				
Fire	19,491,168	20,750,996	21,001,392	21,636,701
Police	26,916,555	27,321,848	28,508,707	29,883,964
Total Public Safety	<u>46,407,723</u>	<u>48,072,844</u>	<u>49,510,099</u>	<u>51,520,665</u>
Highways and Streets	-	-	-	-
Engineering	4,020,082	4,036,602	6,645,450	6,786,725
Public Works Administration	610,943	608,936	121,547	127,132
Streets	15,759,767	13,218,199	13,281,917	21,722,615
Total Highways and Streets	<u>20,390,792</u>	<u>17,863,737</u>	<u>20,048,914</u>	<u>28,636,472</u>
Health				
Health	8,613,334	8,970,053	9,244,495	10,232,689
Total Health	<u>8,613,334</u>	<u>8,970,053</u>	<u>9,244,495</u>	<u>10,232,689</u>
Culture and Recreation				
Arena	851,594	482,396	738,271	-
Parks and Recreation	12,054,837	13,123,012	13,394,238	14,752,548
Libraries	5,999,393	5,995,092	5,670,724	6,131,686
Museum	-	-	405,904	500,311
Total Culture and Recreation	<u>18,905,824</u>	<u>19,600,500</u>	<u>20,209,137</u>	<u>21,384,545</u>
Urban and Economic Development				
Planning and Development Services	4,611,536	4,139,373	4,488,083	4,776,886
Economic Development	-	721,274	1,121,581	1,372,882
Convention and Visitors Bureau	898,967	2,000,697	2,229,291	2,413,865
Total Urban and Economic Development	<u>5,510,503</u>	<u>6,861,344</u>	<u>7,838,955</u>	<u>8,563,633</u>
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	<u>110,620,563</u>	<u>111,993,786</u>	<u>118,028,818</u>	<u>132,601,389</u>
Revenues Over (Under) Expenditures	4,659,010	6,761,825	7,181,621	7,085,932
Other Financing Sources (Uses)				
Sale of Surplus Property	38,484	69,171	37,760	37,917
Damage Recovery	44,742	29,680	30,758	184,417
Transfers In	-	-	-	-
Transfers Out	(4,119,874)	(4,981,279)	(5,701,509)	(6,928,953)
Total Other Financing Sources (Uses)	<u>(4,036,648)</u>	<u>(4,882,428)</u>	<u>(5,632,991)</u>	<u>(6,706,619)</u>
Net Change in Fund Balances	<u>\$ 622,362</u>	<u>\$ 1,879,397</u>	<u>\$ 1,548,630</u>	<u>\$ 379,313</u>

2009 - Human Relations moved from Human Resources to Attorneys.
2011 - Economic Development moved from Community Development Fund to General Fund.
2014 - Engineering, Public Works Administration, and Streets combined into Highways and Streets.

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**Table V (cont)
Changes in Fund Balance of General Fund (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 51,025,183	\$ 53,344,081	\$ 55,003,521	\$ 57,591,924	\$ 60,238,488	\$ 63,876,772
54,863,132	58,087,990	59,752,884	60,858,378	63,129,282	67,476,813
7,453,511	7,611,387	7,819,721	7,840,216	7,623,778	7,951,750
<u>113,341,826</u>	<u>119,043,458</u>	<u>122,576,126</u>	<u>126,290,518</u>	<u>130,991,548</u>	<u>139,305,335</u>
5,113,607	5,891,551	6,358,512	6,244,892	6,592,722	7,134,410
11,257,014	11,861,325	12,520,695	12,861,715	13,156,642	13,883,537
7,208,017	6,820,346	7,352,332	7,901,982	7,505,118	6,611,258
572,024	653,200	603,246	675,779	643,186	608,262
287,741	416,004	506,557	624,818	1,525,462	1,805,304
(41,859)	(751,315)	966,278	998,820	1,074,787	1,073,872
<u>137,738,370</u>	<u>143,934,569</u>	<u>150,883,746</u>	<u>155,598,524</u>	<u>161,489,465</u>	<u>170,421,978</u>
486,805	529,895	491,501	380,368	438,090	694,804
1,432,756	1,248,982	1,564,985	1,336,895	1,541,964	1,252,717
1,514,218	1,611,802	1,652,169	1,721,801	1,695,939	1,844,077
1,400,287	1,462,764	1,368,656	1,341,094	1,445,483	1,534,973
2,300,092	2,600,444	2,685,762	3,056,468	3,081,463	3,053,437
2,629,310	2,732,090	1,645,147	1,773,706	1,782,463	1,710,712
2,945,098	3,263,792	3,464,036	3,636,253	3,949,079	4,110,842
1,680,651	1,740,244	1,797,448	1,865,398	1,923,443	1,843,762
-	-	-	-	-	-
<u>14,389,217</u>	<u>15,190,013</u>	<u>14,669,704</u>	<u>15,111,983</u>	<u>15,857,924</u>	<u>16,045,324</u>
22,524,449	25,558,281	26,075,093	26,208,602	27,037,032	28,372,246
30,031,803	31,572,267	32,917,464	33,784,986	35,539,023	36,838,007
<u>52,556,252</u>	<u>57,130,548</u>	<u>58,992,557</u>	<u>59,993,588</u>	<u>62,576,055</u>	<u>65,210,253</u>
23,420,694	24,407,469	23,686,638	21,776,451	24,677,397	27,019,132
-	-	-	-	-	-
-	-	-	-	-	-
<u>23,420,694</u>	<u>24,407,469</u>	<u>23,686,638</u>	<u>21,776,451</u>	<u>24,677,397</u>	<u>27,019,132</u>
10,146,920	10,662,930	11,444,358	11,991,217	11,777,284	12,722,437
<u>10,146,920</u>	<u>10,662,930</u>	<u>11,444,358</u>	<u>11,991,217</u>	<u>11,777,284</u>	<u>12,722,437</u>
-	-	-	-	-	-
14,857,493	15,635,862	16,966,026	17,969,194	17,197,750	19,666,616
6,301,074	6,611,144	7,439,872	6,818,309	6,869,696	7,366,182
524,813	518,610	552,936	575,582	582,848	630,199
<u>21,683,380</u>	<u>22,765,616</u>	<u>24,958,834</u>	<u>25,363,085</u>	<u>24,650,294</u>	<u>27,662,997</u>
4,914,879	5,070,746	5,427,327	5,443,391	5,572,369	10,481,748
4,135,110	4,806,417	4,632,115	4,760,818	4,373,239	-
-	-	-	-	-	-
<u>9,049,989</u>	<u>9,877,163</u>	<u>10,059,442</u>	<u>10,204,209</u>	<u>9,945,608</u>	<u>10,481,748</u>
-	-	-	-	-	-
<u>131,246,452</u>	<u>140,033,739</u>	<u>143,811,533</u>	<u>144,440,533</u>	<u>149,484,562</u>	<u>159,141,891</u>
6,491,918	3,900,830	7,072,213	11,157,991	12,004,903	11,280,087
52,052	54,524	84,443	36,952	39,857	32,052
184,248	73,851	62,013	60,577	72,220	72,035
-	-	-	-	-	-
<u>(6,625,447)</u>	<u>(6,726,359)</u>	<u>(8,418,278)</u>	<u>(7,160,607)</u>	<u>(7,098,607)</u>	<u>(7,361,918)</u>
<u>(6,389,147)</u>	<u>(6,597,984)</u>	<u>(8,271,822)</u>	<u>(7,063,078)</u>	<u>(6,986,530)</u>	<u>(7,257,831)</u>
<u>\$ 102,771</u>	<u>\$ (2,697,154)</u>	<u>\$ (1,199,609)</u>	<u>\$ 4,094,913</u>	<u>\$ 5,018,373</u>	<u>\$ 4,022,256</u>

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**Table VI
General Governmental Tax Revenues by Source (modified accrual basis of accounting)¹
Last Ten Fiscal Years**

Fiscal Year	General Property Tax	General Sales Tax 1st Penny	Capital Improvement Sales Tax 2nd Penny	Entertainment Tax	Lodging Tax	Hotel BID Tax	Frontage Taxes	Other Taxes	Total Taxes
2010	43,367,740	44,185,430	44,117,913	5,161,263	586,679	-	9,977,720	143,295	147,540,040
2011	44,960,402	45,595,567	45,590,313	5,355,242	631,663	1,408,076	9,936,174	187,372	153,664,809
2012	46,760,366	48,440,527	48,424,657	5,747,678	675,164	1,560,033	10,404,355	149,482	162,162,262
2013	48,955,618	52,178,569	52,167,149	6,079,136	755,119	1,683,799	10,341,052	120,395	172,280,837
2014	52,100,987	54,863,132	54,860,726	6,417,220	847,049	1,851,167	10,615,052	126,475	181,681,808
2015	55,407,666	58,087,990	58,087,425	7,027,300	955,585	1,955,180	11,064,584	100,294	192,686,024
2016	57,411,400	59,752,884	59,752,704	7,374,191	1,023,271	2,043,914	11,977,806	97,368	199,433,538
2017	60,129,933	60,858,378	60,857,879	7,463,517	1,125,751	1,909,540	12,852,386	101,686	205,299,070
2018	62,523,959	63,129,282	63,129,280	8,048,978	788,997	2,032,009	13,907,487	86,570	213,646,562
2019	66,576,460	67,476,813	67,476,813	8,294,905	956,580	2,059,028	14,738,508	114,915	227,694,022

¹ Includes General, Special Revenue, Debt Service, and Capital Projects Funds

**Table VII
Direct and Overlapping Property Tax Rates (\$ / \$ thousand of taxable value)
Last Ten Fiscal Years**

Fiscal Year	City Direct Operating Rate²	Overlapping Rates¹				Total Rate
		COUNTYS		SCHOOL DISTRICTS		
		Minnehaha	Lincoln	Sioux Falls	Others	
2010	\$ 4.47	\$ 2.96	\$ 2.24	\$ 8.46	\$8.75-\$12.65	\$15.17-\$20.08
2011	4.50	2.95	2.36	8.37	8.75-12.59	15.23-20.04
2012	4.68	3.08	2.51	8.39	8.75-11.78	15.58-19.54
2013	4.95	3.57	2.48	8.48	8.74-12.38	15.91-20.90
2014	5.04	3.54	2.44	8.94	10.62-13.03	16.42-21.64
2015	4.96	3.42	2.31	8.88	10.6-13.11	16.15-21.49
2016	4.88	3.47	2.31	8.97	9.50-12.60	16.16-20.95
2017	4.71	3.34	2.25	8.44	8.84-11.10	15.40-19.07
2018	4.65	3.33	2.15	8.28	8.89-11.23	15.08-19.21
2019	4.46	3.38	2.20	8.44	8.55-10.90	15.10-18.74

Source: Minnehaha and Lincoln Counties

¹ Overlapping rates are those of school and county governments that apply to property owners within the City of Sioux Falls.

² The City has no other components to the direct rate other than the operating component.

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**Table VIII
Assessed Value and Estimated Actual Value of Taxable Property¹
Last Ten Fiscal Years**

Fiscal Year Payable	Real Property		Public Utilities		Total		Ratio Taxable to Actual Assessed Value	Total Direct Tax Rate	Estimated Market Value
	Assessed Taxable Value	Assessed Actual Value	Assessed Taxable Value	Assessed Actual Value	Assessed Taxable Value	Assessed Actual Value			
2010	9,558,700,595	12,696,353,605	155,886,943	189,249,116	9,714,587,538	12,885,602,721	75.4%	4.47	11,428,926,515
2011	9,774,481,787	12,857,060,903	112,385,245	136,627,925	9,886,867,032	12,993,688,828	76.1%	4.50	11,631,608,273
2012	9,771,039,956	13,315,777,927	111,237,720	135,362,032	9,882,277,676	13,451,139,959	73.5%	4.68	11,626,209,031
2013	9,671,376,920	13,173,811,509	116,229,089	142,203,190	9,787,606,009	13,316,014,699	73.5%	4.95	11,514,830,599
2014	9,924,745,622	13,499,646,427	119,935,862	146,673,900	10,044,681,484	13,646,320,327	73.6%	5.04	11,817,272,334
2015	10,543,239,769	11,647,031,391	131,847,637	153,676,531	10,675,087,406	11,800,707,922	90.5%	4.96	12,558,926,360
2016	11,228,332,224	12,348,858,266	139,175,098	139,175,556	11,367,507,322	12,488,033,822	91.0%	4.88	13,373,538,026
2017	12,067,961,831	13,209,559,260	146,080,552	146,080,552	12,214,042,383	13,355,639,812	91.5%	4.71	14,369,461,627
2018	12,808,865,205	13,875,226,960	160,606,935	160,606,935	12,969,472,140	14,035,833,895	92.4%	4.65	15,258,202,518
2019	14,135,506,224	15,593,580,381	168,056,198	168,056,198	14,303,562,422	15,761,636,579	90.7%	4.46	16,827,720,496

Source: Minnehaha and Lincoln Counties

¹ Beginning in 1997, the taxable value is set by the state based on sales ratios and cannot be less than 85% of the assessed value.

**Table IX
Property Tax Levies and Collections¹
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Total Direct Rate Applied ²
2010	43,460,122	42,212,148	97.13%	615,271	42,827,419	98.54%	4.47
2011	44,468,887	43,492,915	97.81%	870,726	44,363,641	99.76%	4.50
2012	46,275,785	45,509,306	98.34%	628,639	46,137,945	99.70%	4.68
2013	48,578,743	47,633,072	98.05%	410,090	48,043,162	98.90%	4.95
2014	50,690,690	49,972,765	98.58%	593,436	50,566,201	99.75%	5.04
2015	53,102,806	52,500,037	98.86%	515,165	53,015,202	99.84%	4.96
2016	55,490,728	54,945,198	99.02%	529,710	55,474,908	99.97%	4.88
2017	57,561,503	57,058,986	99.13%	544,126	57,603,112	100.07%	4.71
2018	60,256,166	59,628,143	98.96%	422,408	60,050,551	99.66%	4.65
2019	63,851,103	63,277,470	99.10%	522,076	63,799,546	99.92%	4.46

¹ Tax collections do not include mobile home taxes, payments-in-lieu of taxes, tax increment financing, refunds, additions and abatements.

² Total Tax Levy divided by Total Assessed Taxable Value

Statistics (Unaudited)

**Table X
 Principal Property Taxpayers
 Current Year and Ten Years Ago**

2019 TOTAL ASSESSED TAXABLE VALUATION		<u>\$ 14,303,562,422</u>					
Taxpayer	Type of Business	2019			2010		
		Assessed Taxable Value	Rank	% of Total City Taxable Assessed Value	Assessed Taxable Value	Rank	% of Total City Taxable Assessed Value
Lloyd Property Management	Real Estate	\$ 222,040,417	1	1.55%	\$ 48,397,892	5	0.45%
Sanford Health (Sioux Valley Hospital)	Medical	174,642,914	2	1.22%	99,464,348	2	0.92%
SM Empire Mall LLC	Shopping Malls	90,449,704	3	0.63%	118,382,880	1	1.09%
Van Buskirk Companies	Real Estate	59,086,177	4	0.41%	-	-	n/a
Billion Family Limited	Auto Dealer	50,464,296	5	0.35%	-	-	n/a
Dunham Homes LLC	Real Estate	43,957,175	6	0.31%	75,139,252	3	0.69%
Ronning Enterprises	Real Estate	43,151,838	7	0.30%	-	-	n/a
Hubbell Realty Company	Real Estate	40,254,524	8	0.28%	-	-	n/a
Raven Industries, Inc	Manufacturing	37,956,586	9	0.27%	-	-	n/a
123 Sioux Falls LLC (Citibank)	Financial	37,807,917	10	0.26%	36,248,976	7	0.33%
Avera Health (Presentation Sisters)	Medical	-	-	n/a	56,752,848	4	0.52%
Wells Fargo Bank	Financial	-	-	n/a	38,890,303	6	0.36%
Wal-Mart (Wal-Mart & Sams)	Retail	-	-	n/a	34,778,647	8	0.32%
Samuelson	Real Estate	-	-	n/a	26,716,866	9	0.25%
William Hinks	Shopping Malls	-	-	n/a	26,289,899	10	0.24%
Totals		\$ 799,811,548		5.59%	\$ 561,061,911		5.17%

Source: Minnehaha County, Assessors Office
 Note: Taxpayer name is the current taxpayer name of record.

**Table XI
 Taxable Sales by Category (in thousands)
 Last Ten Fiscal Years**

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture, Forestry, & Fishing	\$ 34,217	\$ 34,398	\$ 32,140	\$ 47,412	\$ 40,346	\$ 52,794	\$ 58,605	\$ 63,483	\$ 72,087	\$ 80,676
Mining & Construction	72,059	83,920	91,603	118,073	115,797	113,977	122,760	130,855	130,587	133,185
Manufacturing	153,925	156,037	163,755	184,485	189,881	189,362	208,465	208,963	206,269	234,957
Transportation & Public Utilities	535,418	465,213	513,651	570,470	603,805	609,153	617,413	634,813	650,263	689,143
Wholesale Trade	282,323	318,290	307,140	342,703	355,854	371,604	390,562	378,277	422,672	482,900
Retail Trade	2,396,416	2,519,526	2,690,145	2,816,150	2,980,629	3,155,507	3,199,944	3,231,286	3,339,745	3,537,812
Finance, Insurance, & Realestate	110,884	102,645	132,323	147,735	148,218	171,440	196,085	202,994	225,700	227,432
Services	861,798	914,367	950,807	1,037,637	1,095,413	1,188,977	1,234,127	1,278,421	1,334,234	1,426,328
Public Administration	108	313	424	362	399	390	953	445	414	319
Other	21	393	2,108	-	-	92	1	-	33	24
Total	\$ 4,447,169	\$ 4,595,102	\$ 4,884,096	\$ 5,265,027	\$ 5,530,342	\$ 5,853,296	\$ 6,028,915	\$ 6,129,537	\$ 6,382,004	\$ 6,812,776

Source: State of South Dakota, Department of Revenue
 * Beginning in 2010 taxable sales was reported by municipality general sales not portion of State taxable sales.

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Table XII
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percent of Personal Income ¹	Per Capita ¹
	Sales Tax Revenue Bonds	Tax Increment Financing District Bonds	State Revolving Fund Notes	State Flex Notes	Capital Leases	Revenue Bonds	Capital Lease	Solid Waste Management Program	State Revolving Fund Notes			
2010	89,668,892	2,290,000	27,949,710	-	866,187	70,000,000	1,066,607	1,141,862	85,183,251	278,166,509	2.75%	1,758
2011	82,186,334	2,265,000	24,103,169	-	595,556	70,000,000	723,323	866,945	99,127,657	279,867,984	2.58%	1,751
2012	200,242,566	2,245,000	20,121,899	-	310,809	70,000,000	-	585,113	110,610,843	404,116,230	3.48%	2,490
2013	192,398,979	2,225,000	16,065,849	161,000	209,860	68,245,000	-	296,191	110,068,515	389,670,394	3.35%	2,350
2014	184,695,392	2,165,000	11,933,506	500,000	-	66,430,000	-	-	100,706,937	366,430,835	3.04%	2,158
2015	177,986,405	2,060,000	7,785,280	500,000	-	64,545,000	-	-	88,464,577	341,341,262	2.52%	1,970
2016	194,050,721	1,335,000	3,577,342	500,000	-	62,585,000	-	-	88,226,032	350,274,095	2.52%	1,962
2017	185,410,013	810,000	729,168	500,000	-	36,602,380	-	-	92,498,350	316,549,911	2.18%	1,728
2018	173,032,612	425,000	7,331,809	500,000	-	52,230,717	-	-	90,437,696	323,957,834	2.05%	1,731
2019	162,880,690	170,000	8,549,491	500,000	-	49,302,803	-	-	80,230,517	301,633,501	n/a	1,581

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
¹ See table XX for personal income and population data.

Table XIII
 Legal Debt Margin Information
 Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Net Debt Applicable to the Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit
2010	542,615,737	277,041,878	265,573,859	51.06%
2011	544,274,817	279,867,984	264,406,833	51.42%
2012	562,770,056	404,116,230	158,653,826	71.81%
2013	558,825,994	389,670,394	169,155,600	69.73%
2014	563,851,959	366,046,341	197,805,618	64.92%
2015	719,709,875	340,420,898	379,288,977	47.30%
2016	624,401,691	329,399,883	295,001,808	52.75%
2017	667,781,991	276,105,831	391,676,160	41.35%
2018	701,791,695	284,178,868	417,612,827	40.49%
2019	788,081,829	265,101,846	522,979,983	33.64%

Note: Details regarding the City's legal debt limit can be found in the notes to the financial statements

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**Table XIV
Computation of Direct and Overlapping Debt**

Government	Debt Outstanding	City's Share of Debt	
		Percentage ¹	Total
City of Sioux Falls	\$ 172,100,181	100.00%	\$ 172,100,181
Total Direct Debt			172,100,181
Sioux Falls School District	242,855,000	98.79%	239,916,455
Tri-Valley School District	42,500	19.59%	8,326
Brandon Valley School District	39,615,000	21.22%	8,406,303
Harrisburg School District	140,485,976	67.71%	95,123,054
Tea Area School District	50,190,156	81.98%	41,145,889
West Central	12,260,000	0.05%	6,130
Lennox School District	19,985,000	3.23%	645,516
Minnehaha County	55,415,000	76.51%	42,398,017
Lincoln County	11,670,661	55.31%	6,455,043
Total Overlapping Debt			434,104,733
Total Direct and Overlapping Debt			\$ 606,204,914

Source: The individual entity specified.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Sioux Falls. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the entity's taxable assessed value that is within the city's boundaries and dividing it by the entity's total taxable assessed value

**Table XV
Revenue Bond/Note Coverage-Sales and Use Tax
Last Ten Fiscal Years**

Fiscal Year	Total Sales Tax Revenues ¹	Pledged ²			Repayment ³			Ratio of Sales Tax Revenues to Debt Service	
		Principal ⁴	Interest	Total Debt Service	Ratio of Sales Tax Revenues to Debt Service	Principal	Interest		Total Debt Service
2010	\$ 44,117,913	\$ 5,154,684	\$ 6,905,644	\$ 12,060,328	3.66	\$ 6,544,796	\$ 3,808,843	\$ 10,353,639	4.26
2011	45,590,313	9,463,226	6,771,026	16,234,252	2.81	6,582,700	3,552,244	10,134,944	4.50
2012	48,424,657	9,439,270	8,424,753	17,864,023	2.71	8,681,807	5,248,487	13,930,294	3.48
2013	52,167,149	10,240,497	10,289,485	20,529,982	2.54	7,902,141	7,188,313	15,090,454	3.46
2014	54,860,726	10,187,385	9,956,727	20,144,112	2.72	9,043,727	6,994,127	16,037,854	3.42
2015	58,087,425	9,434,952	9,644,950	19,079,902	3.04	10,261,589	6,770,714	17,032,303	3.41
2016	59,752,704	10,728,214	9,342,255	20,070,469	2.98	11,520,756	6,500,648	18,021,404	3.32
2017	60,857,879	11,387,190	10,161,146	21,548,336	2.82	10,743,992	7,097,700	17,841,692	3.41
2018	63,129,280	12,510,000	8,699,717	21,209,717	2.98	9,680,000	6,766,142	16,446,142	3.84
2019	67,476,813	12,370,000	8,424,797	20,794,797	3.24	9,615,000	6,404,629	16,019,629	4.21

¹ The sales and use tax revenues are the revenues of the City's second penny sales and use tax only (prior to 2009 the rate of the second penny was .92)

² The pledge of the second penny includes all issues that are secured on a parity basis by the City's second penny sales and use tax

³ The repayment of the second penny shows actual debt service paid by the City's second penny sales and use tax (Sales and Use Tax Fund).

This differs from the pledged as the second penny is pledged as security on issues that are being repaid by other sources.

⁴ Amounts calculated using required annual bond payments and do not include prepayments for bond refundings.

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**Table XVI
Revenue Note Coverage-Storm Drainage
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
2010	\$ 6,967,165	\$ 87,259	\$ 7,054,424	\$ 1,777,327	\$ 5,277,097	\$ 191,914	\$ 65,519	\$ 257,433	20.50
2011	7,049,031	34,434	7,083,465	2,238,183	4,845,282	321,278	78,951	400,229	12.11
2012	6,649,791	25,528	6,675,319	2,364,440	4,310,879	349,462	52,139	401,601	10.73
2013	6,845,852	22,577	6,868,429	1,893,678	4,974,751	358,909	56,565	415,474	11.97
2014	6,731,634	34,731	6,766,365	2,275,140	4,491,225	368,616	46,858	415,474	10.81
2015	7,400,595	35,325	7,435,920	2,118,527	5,317,393	316,636	37,702	354,338	15.01
2016	8,536,236	54,774	8,591,010	2,683,830	5,907,180	307,183	29,871	337,054	17.53
2017	9,510,704	66,886	9,577,590	3,165,111	6,412,479	279,182	22,605	301,787	21.25
2018	10,280,808	120,280	10,401,088	3,191,910	7,209,178	286,227	15,560	301,787	23.89
2019	11,122,896	218,229	11,341,125	3,058,542	8,282,583	293,450	89,408	382,858	21.63

Note: Pursuant to statutory changes, qualifying revenues were changed in 2005 to include investment revenue and cost recoveries.

**Table XVII
Revenue Note Coverage-Water
Last Ten Fiscal Years**

Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Total	Coverage
						Principal Revenue Bonds	State Revolving Fund	Interest		
2010	\$ 22,064,401	\$ 1,093,659	\$ 23,158,060	\$ 10,595,293	\$ 12,562,767	\$ -	\$ 3,384,219	\$ 3,391,042	\$ 6,775,261	1.86
2011	26,836,570	505,371	27,341,941	11,397,904	15,944,037	-	4,690,565	3,891,325	8,581,890	2.55
2012	34,515,284	362,912	34,878,196	13,440,730	21,437,466	-	4,425,515	3,984,899	8,410,414	1.92
2013	33,204,763	765,829	33,970,592	14,482,224	19,488,368	1,755,000	4,616,176	3,783,801	10,154,977	1.85
2014	31,959,833	475,930	32,435,763	14,644,709	17,791,054	1,815,000	4,285,188	3,517,751	9,617,939	1.97
2015	32,745,819	1,104,389	33,850,208	15,827,688	18,022,520	1,885,000	3,890,932	3,356,111	9,132,043	2.28
2016	35,061,789	1,032,509	36,094,298	16,000,976	20,093,322	1,960,000	3,655,509	3,189,064	8,804,573	2.28
2017	35,680,449	1,378,125	37,058,574	16,659,216	20,399,358	2,085,000	2,765,783	3,139,036	7,989,818	2.55
2018	34,480,725	1,242,717	35,723,442	17,229,226	18,494,216	2,095,000	2,832,576	1,696,593	6,624,169	2.79
2019	33,393,265	1,435,605	34,828,870	15,953,676	18,875,194	2,300,000	3,537,352	1,506,627	7,343,979	2.57

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**Table XVIII
Revenue Note Coverage-Water Reclamation
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
						Principal	Interest	Total	Coverage
2010	\$ 16,581,957	\$ 1,801,997	\$ 1,838,954	\$ 8,594,706	\$ 9,789,248	\$ 4,087,257	\$ 1,279,032	\$ 5,366,289	1.82
2011	18,173,936	538,548	18,712,484	8,872,715	9,839,769	5,535,952	1,338,211	6,874,163	1.43
2012	20,082,561	621,430	20,703,991	7,827,937	12,876,054	5,072,878	1,538,493	6,611,371	1.95
2013	21,845,217	1,036,183	22,881,400	8,061,001	14,820,399	6,640,379	1,767,973	8,408,352	1.76
2014	23,654,728	1,455,887	25,110,615	8,699,908	16,410,707	8,235,758	1,563,189	9,798,947	1.67
2015	25,474,334	1,892,830	27,367,164	9,320,423	18,046,741	9,202,746	1,458,251	10,660,997	1.69
2016	23,926,310	1,887,529	25,813,839	9,249,831	16,564,008	9,351,715	1,267,455	10,619,170	1.56
2017	24,559,960	2,054,034	26,613,994	9,721,395	16,892,599	9,252,159	1,265,966	10,518,125	1.61
2018	26,607,934	2,173,639	28,781,573	10,500,011	18,281,562	9,137,643	1,023,389	10,161,032	1.80
2019	28,590,693	2,678,939	31,269,632	11,056,234	20,213,398	10,806,527	906,073	11,712,600	1.73

Note: Pursuant to statutory changes, qualifying revenues were changed in 2005 to include investment revenue and cost recoveries.

**Table XIX
Revenue Note Coverage-Public Parking
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
						Principal	Interest	Total	Coverage
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	3,043,277	310,716	3,353,993	1,874,046	1,479,947	735,000	397,653	1,132,653	1.31
2019	3,171,168	281,409	3,452,577	1,660,202	1,792,375	455,000	587,043	1,042,043	1.72

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**Table XX
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	City Population ¹	MSA Population ²	Personal Income (in thousands) ³	Per Capita Personal Income ³	Annual Pay for Workers Covered by Unemployment ⁵	Annual Average Labor Force ⁵	Annual Average Employment ⁵	Annual Average Unemployment Rate ⁵	School Enrollment ⁶
2010	158,200	239,000	10,127,285	44,205	38,447	133,560	127,212	4.8%	21,390
2011	159,800	228,261	10,845,087	46,615	39,518	134,181	128,417	4.3%	21,999
2012	162,300	230,847	11,626,017	48,901	41,010	136,520	131,344	3.8%	22,342
2013	165,800	235,878	11,643,004	47,791	41,627	139,231	134,817	3.2%	22,602
2014	169,800	240,202	12,067,800	48,592	43,139	141,677	137,641	2.9%	23,954
2015	173,300	247,800	13,541,813	53,769	45,364	144,746	140,630	2.6%	23,281
2016	178,500	256,250	13,925,347	54,454	46,020	146,409	142,977	2.5%	23,679
2017	183,200	259,094	14,495,500	55,947	47,320	149,333	144,958	2.8%	24,866
2018	187,200	267,293	15,811,766	59,250	48,724	151,515	148,590	2.6%	24,987
2019	190,750	272,500	n/a	n/a	n/a	157,494	153,503	2.5%	25,167

¹ Source: City Planning Department end of year estimates. April 2010 U.S. Census figure was 153,888

² Source: South Dakota Department of Labor and U.S. Census Bureau mid-year population estimates (as of July 1st each year). 2011 MSA population estimate shows a decrease, this is due to realigning estimates with the 2010 census population.

³ Source: South Dakota Department of Labor and U.S. Bureau of Economic Analysis (for the Sioux Falls Metropolitan Statistical Area)

⁵ Source: South Dakota Department of Labor (for the Sioux Falls Metropolitan Statistical Area)

⁶ Source: South Dakota Department of Education fall enrollment (for Sioux Falls Public Schools)

Note: n/a denotes that more recent data is not available as of the publication date of this report.

**Table XXI
Major Employers
Current Year and Ten Years Ago**

Employer	Type of Business	2019			2010		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Health Care	9,432	1	6.1%	7,225	1	5.7%
Avera Health	Health Care	8,880	2	5.8%	5,251	2	4.1%
Sioux Falls School District	Education	3,688	3	2.4%	3,000	6	2.4%
John Morrell & Company	Meat Processing	3,600	4	2.3%	3,400	3	2.7%
Hy-Vee Food Stores	Retail Grocery	3,009	5	2.0%	2,085	7	1.6%
Wells Fargo	Financial	2,645	6	1.7%	3,303	4	2.6%
Citigroup	Financial	1,586	7	1.0%	3,000	5	2.4%
Evangelical Lutheran Good Samaritan Society	Health Care	1,500	8	1.0%	1,303	8	1.0%
Walmart/Sam's Club	Retail	1,405	9	0.9%	1,162	10	0.9%
First Premier Bank/Premier Bankcard	Financial	1,352	10	0.9%	1,199	9	0.9%
Totals		37,097		24.2%	30,928		24.3%

Source: Sioux Falls Development Foundation

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**Table XXII
Nonfarm Wage and Salaried Workers
Sioux Falls MSA Annual Averages
Last Ten Fiscal Years**

Industry	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Natural Resources, Mining & Construction	6,600	6,500	6,700	7,200	7,500	7,900	8,200	8,500	8,700	9,400
Manufacturing	11,900	12,500	13,000	13,300	13,600	13,600	13,500	13,900	14,500	14,500
Wholesale Trade	6,700	7,100	7,300	7,600	8,000	8,200	8,300	8,200	8,300	8,500
Retail Trade	16,500	17,000	17,400	17,500	18,100	18,400	18,900	18,400	17,800	18,600
Transportation, Warehousing & Utilities	4,900	4,900	4,900	5,100	5,400	5,600	5,500	5,500	5,600	5,800
Information	2,900	2,900	2,800	2,700	2,700	2,700	2,600	2,600	2,500	2,600
Financial Activities	15,500	15,200	15,800	16,300	16,100	16,200	15,800	15,700	15,800	15,700
Professional & Business Services	11,300	12,200	12,800	13,400	14,000	14,200	14,700	14,900	15,700	16,100
Educational & Health Services	26,500	27,300	28,600	29,100	29,600	30,400	31,100	32,000	32,400	34,300
Leisure & Hospitality	12,700	13,000	13,200	13,500	14,200	14,600	15,100	15,400	15,600	15,800
Other Services	4,800	4,700	4,700	4,800	4,800	4,900	5,100	5,900	6,100	6,100
Total Government	13,000	12,800	12,900	13,000	13,300	13,500	13,800	14,400	14,700	14,800
Total	133,400	136,100	140,200	143,500	147,200	149,900	152,700	155,600	157,600	162,300

Source: South Dakota Department of Labor, Labor Market Information Center, produced in cooperation with the U.S. Bureau of Labor Statistics
Note: Totals may not sum due to rounding

**Table XXIII
Building Permit and Construction Values
Last Ten Fiscal Years**

Fiscal Year	New Non-Residential		New Residential		Existing		Total			City Square Miles
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	New Residential Units	Value	
2010	27	\$ 22,813,946	557	102,623,633	7,090	\$ 148,736,101	7,674	722	\$ 282,923,680	73.65
2011	32	41,628,412	532	144,590,392	7,259	100,656,588	7,823	827	286,875,392	73.89
2012	47	165,451,094	916	173,935,775	6,670	151,128,374	7,633	1,399	490,515,243	73.96
2013	53	157,682,198	1,069	245,696,454	6,831	184,879,209	7,953	2,039	588,248,861	74.80
2014	53	81,452,946	897	254,463,649	13,995	283,585,645	14,945	2,056	619,502,240	75.58
2015	156	250,760,624	933	171,611,176	11,002	253,920,491	12,091	1,738	676,292,291	76.04
2016	121	303,066,532	1,060	198,625,903	6,208	200,159,054	7,389	2,647	701,851,489	77.80
2017	173	268,943,178	1,191	231,818,332	5,391	238,563,308	6,755	2,410	739,324,818	78.21
2018	128	302,273,068	1,077	221,750,033	5,668	262,576,554	6,873	2,202	786,599,655	78.94
2019	96	317,691,673	1,000	215,865,900	6,259	237,926,025	7,355	1,642	771,483,598	79.81

Source: Sioux Falls Planning and Building Services Department as measured by issued permits excluding state/federal projects

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**Table XXIV
City Government Employees by Function/Program
Last Ten Fiscal Years**

	Year-end Authorized Positions									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Mayor	4	4	4	4	4	7	7	3	5	3
Finance	21	21	21	22	24	25	26	32	28	32
Attorney	11	11	11	11	13	14	15	15	15	15
Human Resources	11	11	11	12	13	13	13	13	14	13
City Council	15	16	16	16	16	16	16	16	16	16
Facilities Management	11	11	15	17	18	19	20	21	21	21
Innovation and Technology	25	26	26	28	26	26	26	32	34	32
Communications	14	14	14	14	14	14	15	15	15	15
Total General Government	112	114	118	124	128	134	138	147	148	147
Public Safety										
Fire	194	194	194	194	195	210	210	208	208	208
Police	267	267	264	266	269	282	289	296	300	296
Total Public Safety	461	461	458	460	464	492	499	504	508	504
Highways and Streets										
Public Works										
Administration	10	5	5	6	6	4	4	4	5	4
Engineering	51	65	66	66	67	70	70	63	52	63
Street	78	50	50	50	50	50	50	50	50	50
Total Highways and Streets	139	120	121	122	123	124	124	117	107	117
Public Health	64	64	64	64	71	73	78	78	80	78
Culture and Recreation										
Libraries	62	62	62	64	63	63	63	63	63	63
Parks and Recreation	71	69	69	71	70	72	76	74	75	74
Total Culture and Recreation	133	131	131	135	133	135	139	137	138	137
Urban and Economic Development										
Affordable Housing	43	42	42	42	42	43	45	46	50	46
Total Urban and Economic Development	9	11	11	11	11	13	13	12	6	12
Enterprise										
Fleet	19	18	18	18	20	22	24	27	27	27
Light Power and Traffic	12	12	12	12	12	12	12	12	22	12
Public Parking Facilities	15	13	13	12	12	11	11	11	11	11
Sanitary Landfill	27	28	27	28	28	28	28	28	28	28
Water	48	65	65	62	63	63	63	63	63	63
Water Reclamation	53	54	53	51	52	51	54	55	55	55
Total Enterprise	174	190	188	183	187	187	192	196	206	196
Total	1135	1133	1133	1141	1159	1201	1228	1237	1243	1237

1997 - A separate Public Works Administration division was created; Information Technology and Budget/Operations were transferred from Finance to Chief of Staff.

1998 - Information Technology was transferred from Chief of Staff to Human Resources.

1999 - A new Fleet Internal Service Fund was created out of the Street Department.

2002 - Budget/Operations was transferred from Chief of Staff to create Fiscal Management (Facilities Management was also included under Fiscal Management in 2002 & 2003).

2008 - Moved one position from Finance to City Council for internal auditor.

2009 - Transferred Human Relations from Human Resources to Attorneys, Moved Licensing Specialist from Finance to Attorneys.

2010 - Added new grant funded positions to Health's dental program, Added new grant funded Police Officers, Transferred Env. Analyst from PWA to Landfill Sustainability Tech, Transferred Application Support Analyst from Central Services to Police, Transferred Webmaster position from Media Services to Central Services IT Program Analyst

2011 - Transfer GIS from Public Works Administration to Engineering, Transferred Traffic from Street to Engineering, Transferred Street Utilities to Water, transfer utilities workers from Water to Water Rec, Transferred Engineering Tech from Landfill to Water Rec, Removed Parking Attendants, Added Central Services Analyst and Council Budget Analyst

2012- Transferred Custodial Workers from Police and Water Reclamation to Facilities Management, Transferred Engineering Tech from Water Reclamation to Engineering

Source: City Human Resources Department

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Table XXV

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire										
Number of Employees (Uniformed)	186	186	186	186	184	195	195	195	195	195
Number of Employees (Non-Uniform)	8	8	9	8	15	15	15	13	13	13
Total Responses	9,917	9,809	10,342	11,049	11,635	12,608	12,924	12,830	12,854	13,606
Structure Fires	161	188	198	133	136	134	139	166	149	162
Vehicle Fires	66	93	77	79	82	16	67	88	88	50
EMS Calls	5,651	5,312	5,699	5,814	6,227	6,793	6,821	6,760	6,487	6,487
Water Hydrants	7,818	8,538	7,597	7,772	7,986	8,209	8,343	8,513	8,734	8,865
Fire Insurance Rating	3	3	3	3	3	1	1	1	1	1
Police										
Number of Sworn Officers	230	230	232	232	244	247	247	256	263	269
Number of Civilian Employees	38	38	38	38	33	35	37	37	37	37
Aggravated Assaults	294	253	392	461	507	584	621	562	600	722
Arsons	29	63	56	28	27	28	48	47	41	31
Auto Thefts	237	292	316	322	346	472	697	544	638	759
Burglaries	1,065	889	870	881	846	973	896	667	682	718
Drunk Driving Arrests	1,288	1,486	1,387	1,072	1,106	1,128	1,152	1,220	1,009	904
Homicides	5	6	3	3	6	3	6	10	8	8
Larcenies	3,885	3,959	4,269	4,438	4,242	4,885	4,822	4,545	5,049	5,321
Rapes	113	116	153	142	148	138	160	122	128	121
Robberies	60	101	83	80	98	110	132	103	119	98
Traffic Citations Issued	39,977	33,686	36,020	26,718	28,613	27,386	29,491	32,283	24,607	24,322
Highways and Streets										
Snow Events	7	3	3	3	5	6	3	5	7	7
Pothole Patching (Tons)	1,319	1,104	476	619	479	645	906	704	749	1,587
Street Sweeping (Curb Miles)	8,284	5,574	9,106	5,227	9,922	5,572	9,098	9,660	9,500	7,900
Library										
Number of Items Borrowed	1,906,372	1,963,918	2,024,141	2,209,687	2,150,983	2,140,127	2,345,779	2,366,882	2,225,400	2,114,823
Number of Active Library Cardholders	92,112	97,487	98,493	100,392	101,452	94,997	94,515	93,356	97,122	103,840
Private Accounts	2,113	2,113	2,159	2,161	2,308	2,242	2,268	2,259	2,252	2,469
Governmental Accounts	422	421	423	428	332	429	426	429	428	434
Kilowatt Hours Sold		84,490,689	84,207,376	79,030,369	84,929,000	85,075,089	83,566,165	84,529,684	84,859,014	83,669,155
Capacity (KVA)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000

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Table XXV (cont)
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Parks and Recreation										
Rounds of Golf Played (all courses)	124,655	116,895	130,123	105,016	93,252	91,412	85,719	92,081	77,714	84,401
Special Events	321,471	351,075	300,733	429,540	379,110	450,074	402,223	306,840	276,845	294,686
Pool Attendance (indoor pool added in 2016)	319,769	314,823	355,903	258,650	226,445	265,733	299,344	394,348	409,195	386,848
Public Parking										
Parking Ramps-Parking Spaces	2,071	2,071	1,633	1,633	1,621	1,621	1,621	1,611	1,608	1,796
Surface Parking Lots-Parking Spaces	1,012	1,012	923	893	900	900	804	726	580	604
Total Spaces Available for Lease	2,911	2,911	2,371	2,362	2,381	2,381	2,327	2,337	2,188	2,400
On Street Parking Meters	915	915	949	920	899	899	899	855	866	866
On Street Handicapped Spaces	37	37	37	37	37	37	37	37	37	37
Total Number of Parking Spaces	4,028	4,028	3,542	3,497	3,487	3,487	3,391	3,391	3,091	3,303
Lease Rate	73%	76%	73%	79%	83%	90%	100%	98%	98%	94%
Transit										
Ridership-Transit	937,258	996,316	1,026,715	1,023,089	955,357	885,143	802,575	796,663	782,129	769,437
Ridership-Paratransit	133,736	141,323	146,290	142,672	132,387	121,398	113,377	101,046	91,407	82,636
Regular Routes	13	12	12	12	12	12	12	12	12	12
Seasonal Routes	4	5	5	5	4	4	-	-	-	-
Miles Driven-Transit	732,438	728,152	741,534	732,524	758,385	776,323	763,809	759,595	747,922	746,493
Miles Driven-Paratransit	646,820	651,007	653,723	652,089	634,745	603,599	559,209	533,605	497,412	470,058
Sanitary Landfill										
MSW Landfill Closure Year	2071	2077	2078	2081	2076	2082	2076	2075	2076	2,075
MSW Tons Received	169,327	172,507	167,141	166,330	172,388	161,116	174,109	181,988	195,906	205,957
C&D Landfill Closure Year	2039	2036	2048	2044	2044	2058	2058	2058	2059	2,061
C&D Tons Received	55,640	50,782	46,311	53,712	69,953	66,003	66,138	60,807	58,377	68,255
Cubic Feed of Landfill Gas Sold	-	955,748,919	979,549,584	969,764,156	978,306,173	919,412,596	867,693,000	809,219,262	720,781,000	602,435,000
Water										
Customers	47,714	48,509	49,358	50,436	51,380	52,622	53,628	54,854	56,273	57,359
Daily Plant Capacity (thousands of gallons)	53,500	53,500	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
	6,708	19,851	22,128	19,393	19,994	19,406	20,850	21,167	19,769	18,826
Wastewater										
Customers	47,270	48,094	48,815	49,526	50,496	51,813	52,981	54,163	55,350	56,365
Daily Plant Capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Average Daily Flow-Domestic (thousands)	10,844	12,092	11,030	10,906	11,235	11,137	12,639	12,460	12,476	12,679
Average Daily Flow-Industrial (thousands)	1,050	125	875	748	659	754	678	694	766	768
Average Daily Flow-Extraneous (thousands)	6,113	5,182	2,042	4,462	3,182	1,534	4,836	3,241	7,672	9,789

City of Sioux Falls
 Comprehensive Annual Financial Report
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Statistics (Unaudited)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Table XXVI										
Capital Asset and Infrastructure Statistics by Function/Program										
Last Ten Fiscal Years										
Fire										
Fire Stations	10	10	10	10	10	11	11	11	11	11
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	17	17	20	19	19	20	20	20	20	20
Emergency Management										
Emergency Warning Sirens	71	71	73	75	75	75	77	77	78	79
Police										
Patrol Units (marked)	71	71	71	71	72	68	68	68	72	72
Highways and Streets										
Streets paved (centerline miles)	884	888	897	907	921	928	946	959	977	995
Street Lights	16,998	17,125	17,519	17,836	18,450	19,006	19,511	19,962	20,316	20,512
Traffic Signals	241	241	248	256	258	266	267	270	272	278
Library										
Books	277,985	272,013	271,215	272,785	250,879	245,372	230,312	231,442	228,571	222,982
eMaterials	2,612	6,192	10,946	15,548	23,646	23,406	19,771	23,518	28,915	32,509
Audio/Visual Items	51,664	51,941	53,656	50,865	50,426	52,337	51,555	49,352	50,141	48,597
Decrease due to removal of old, outdated, and unused books and audio/visual items.										
Lights										
Primary three-phase distribution lines (miles)	93	93	89	92	92	92	93	96	95	95
Underground distribution lines (miles)	57	57	60	59	60	60	60	65	65	63
Parks and Recreation										
Acreage	3,103	3,154	3,154	3,154	3,161	3,178	3,178	3,178	3,349	3,346
Parks	72	73	75	78	78	80	80	80	80	80
Swimming Pools	6	6	6	6	6	5	6	6	6	6
Wading Pools	1	1	1	1	1	1	1	1	1	1
Spray Pools	1	1	1	1	1	1	1	2	2	2
Tennis Courts	60	60	60	60	60	60	60	60	60	60
Golf Courses	41	41	41	41	41	41	40	40	40	40
Football Stadium (school owned)	3	3	3	3	3	3	3	3	3	3
Football Fields	1	1	1	1	1	1	1	1	1	1
	4	12	13	13	13	13	13	13	13	14

City of Sioux Falls
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Statistics (Unaudited)

Table XXVI (cont)
 Capital Asset and Infrastructure Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Parks and Recreation (cont)										
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Baseball Fields	34	34	34	34	34	34	34	33	33	33
Softball Fields	74	74	73	74	74	74	73	73	73	73
Zoo	1	1	1	1	1	1	1	1	1	14
Park Bandshells	2	2	2	2	2	2	2	2	2	2
Moveable Bandshell	1	1	1	1	1	1	1	1	1	1
Greenway Recreation Trail (Miles)	24.79	26.54	27.95	27.95	27.95	27.95	28.95	28.95	30.20	36.87
Winter Recreation/Ski Area	1	1	1	1	1	1	1	1	1	1
Skate Park	2	2	2	2	2	2	2	2	2	2
Outdoor Ice Rinks (Seasonal)	6	6	6	6	6	6	6	6	6	6
Volleyball Courts (Sand)	17	18	18	18	18	18	17	16	16	18
Basketball Courts (Outdoor)	23	23	24	23	23	23	24	24	24	41
Community Centers (School Owned)	5	5	5	5	5	5	5	5	5	5
Public Parking										
Parking Ramps	5	5	4	4	4	4	4	4	4	5
Surface Parking Lots	15	15	14	14	14	14	14	13	11	11
Sanitary Landfill										
Landfill area (acres)	706	706	706	706	706	706	706	783	783	783
Transit										
Fixed Route Buses	31	31	31	31	31	31	29	25	26	26
Paratransit Buses	22	22	23	23	23	23	26	27	25	25
Water										
Water Mains (miles)	964	997	962	981	1,000	1,020	1,036	1,055	1,077	1,091
Wellfield (miles)	57	57	57	57	57	57	57	57	57	61
Wastewater										
Storm Sewer (miles)	409	412	400	410	419	428	449	459	470	485
	813	817	824	844	860	870	886	900	917	927



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Sioux Falls, as of and for the year then ended December 31, 2019, and the related notes to the financial statements, which collectively comprise City of Sioux Falls’ basic financial statements and have issued our report thereon dated March 20, 2020. Our report includes a reference to other auditors who audited the financial statements of The Housing and Redevelopment Commission, a discretely presented component unit, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11 Uniform Guidance, §__.320, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Sioux Falls, South Dakota
March 20, 2020



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

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

Report on Compliance for Each Major Federal Program

We have audited City of Sioux Falls' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Housing and Redevelopment Commission (discretely presented component unit), which received \$13,846,747 in federal awards which are not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2019. Our audit, described below, did not include the operations of the Housing and Redevelopment Commission because the component unit has a separately issued audit in accordance with 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).

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City 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, 2019.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11 Uniform Guidance, § __.320, this report is a matter of public record and its distribution is not limited.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 20, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
March 20, 2020

**City of Sioux Falls
Comprehensive Annual Financial Report
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Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
<u>Department of Housing and Urban Development</u>				
<i>Direct Federal Funding:</i>				
<i>Community Development Block Grants/Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,522,903	\$ 349,483
HOME Investment Partnership Program	14.239		<u>655,853</u>	<u>340,892</u>
Total Department of Housing and Urban Development			\$ 2,178,756	<u>690,375</u>
<u>Department of Interior</u>				
<i>Indirect Federal Funding passed through:</i>				
<i>State Historical Preservation Office</i>				
Historic Preservation Fund Grants-In-Aid	15.904	SD-18-028	8,826	<u>-</u>
<u>Department of Justice</u>				
<i>Direct Federal Funding:</i>				
<i>Edward Byrne Memorial Justice Assistance Grant</i>				
Edward Byrne Memorial Justice Assistance Grant - 2017 Revenue	16.738		\$ 107,649	39,057
Edward Byrne Memorial Justice Assistance Grant - 2018 Revenue	16.738		<u>82,075</u>	<u>-</u>
Total 16.738			189,724	<u>39,057</u>
<i>Public Safety Partnership & Community Policing Grant</i>				
Cops Hiring Program (CHP)	16.710		30,438	-
Cops Hiring Program (CHP)	16.710		45,817	-
Cops Hiring Program (CHP)	16.710		127,042	-
COPS Comp Grant	16.710		<u>91,000</u>	<u>-</u>
Total 16.710			294,297	<u>-</u>
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
Domestic Violence Grant	16.590	2016-WE-AX-0003	<u>105,640</u>	<u>-</u>
Total Department of Justice			589,661	<u>39,057</u>
<u>Department of Transportation</u>				
<i>Direct Federal Funding:</i>				
Federal Transit Formula Grants	20.507		<u>2,672,764</u>	<u>-</u>
Total Federal Transit cluster			2,672,764	<u>-</u>
<i>Indirect Federal Funding passed through:</i>				
<i>South Eastern Council of Governments</i>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction				
Federal Highway Grant	20.205	311374	886,699	-
<i>National Highway Traffic Safety Administration</i>				
<i>Highway Safety Cluster</i>				
Office of Highway Safety Grant	20.616	2019-00-03	158,773	-
Office of Highway Safety Grant	20.616	2020-00-06	<u>79,109</u>	<u>-</u>
			237,882	
<i>State of South Dakota</i>				
HAZMAT Public Sector Training and Planning Grant	20.703	HM-HMP-0523-16	<u>74,239</u>	<u>-</u>
Total Department of Transportation			3,871,584	<u>-</u>
<u>Environmental Protection Agency</u>				
<i>Direct Federal Funding:</i>				
<i>Office of Solid Waste and Emergency Response</i>				
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818		65,976	-
<i>Indirect Federal Funding passed through:</i>				
<i>SD Department of Environment and Natural Resources:</i>				
<i>Clean Water State Revolving Fund Cluster</i>				
Capitalization Grants for Clean Water State Revolving Fund	66.458	*	<u>843,691</u>	<u>-</u>
Total Environmental Protection Agency			909,667	<u>-</u>

* No Pass-Through Identification Number Given
See Notes to Schedule of Expenditures of Federal Awards.

**City of Sioux Falls
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Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
<u>Department of Health and Human Services</u>				
<i>Direct Federal Funding:</i>				
US Dept of Health & Human Services				
<i>Health Center Cluster</i>				
Health Center Program	93.224		2,759,954	-
Health Center Program	93.224		55,542	-
Health Center Program - QIC17	93.224		8,444	-
Health Center Program - QIC18	93.224		257,640	-
Health Center Program - SUD18	93.224		12,817	-
Total 93.224			3,094,397	-
Ryan White Part C Outpatient EIS Program	93.918		103,222	-
Ryan White Part C Outpatient EIS Program	93.918		244,091	-
Total 93.918			347,314	-
<i>Indirect Federal Funding passed through:</i>				
<i>SD Department of Health</i>				
PHHS Block Grant funded solely with PPHF	93.758	*	5,000	-
PHHS Block Grant	93.991	*	5,000	-
Injury Prevention and Control Research and State Based Programs	93.136	*	5,000	-
Public Health Emergency Preparedness - CRI	93.069	*	167,904	-
Colorectal Cancer Control Program	93.800	*	11,539	-
Colorectal Cancer Control Program	93.800	*	23,494	-
Total 93.800			35,032	-
<i>Office of Population Affairs</i>				
Title X Family Planning	93.217	*	7,274	-
Title X Family Planning	93.217	*	25,217	-
Total 93.217			32,491	-
<i>Centers for Disease Control and Prevention</i>				
HIV Prevention Activities - Health Department Based	93.940	*	33,927	-
HIV Prevention Activities - Health Department Based	93.940	*	44,732	-
Total 93.940			78,659	-
<i>Lutheran Social Services of South Dakota</i>				
Refugee and Entrant Assistance Discretionary Grants	93.576	*	39,410	-
Refugee and Entrant Assistance Discretionary Grants	93.576	*	4,341	-
Total 93.576			43,751	-
Total Department of Health and Human Services				3,814,548
<u>Department of Homeland Security</u>				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Public Safety</i>				
Homeland Security Grant Program - SHSP Local Regional Response	97.067	2017-SS-0001-S01	63,373	-
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	DR-4440-SD	37,582	-
Total Department of Homeland Security				100,955
<u>Executive Office of the President - Office of National Drug Control Policy</u>				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
High Intensity Drug Trafficking Areas Program	95.001	G16MW0004A	178,449	-
Total Executive Office of the President - Office of National Drug Control Policy				178,449
<u>Equal Employment Opportunity Commission</u>				
<i>Direct Federal Funding:</i>				
Clearinghouse Services, Civil Rights Discrimination Complaints	29.001		14,100	-
Total Expenditures of Federal Awards			\$ 11,666,546	\$ 729,432

* No Pass-Through Identification Number Given
See Notes to Schedule of Expenditures of Federal Awards.

Notes Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Sioux Falls, under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Sioux Falls, it is not intended to and does not present the financial position, changes in net assets, net position or fund balance or cash flows of the City.

Note B – Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The City has not elected to use the 10% de minimus cost rate.

Note D – Notes Payable

Expenditures reported in this schedule consist of a portion of the beginning of year outstanding State Revolving Fund loan balances plus advances made on the loans during the year. The outstanding balances of these loans at December 31, 2019 was \$84,019,522.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516:	No
Identification of major programs:	
<u>Name of Federal Program</u>	<u>CFDA Number</u>
Health Center Cluster	93.224
Federal Transit Cluster	20.507
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to the major federal award programs which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516.