



ANNUAL REPORT 2021

Year ended December 31, 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT



Annual Comprehensive Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2021

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

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Letter of Transmittal



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

March 28, 2022

**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 Annual Comprehensive Financial Report of the City of Sioux Falls, South Dakota, (the "City") for the fiscal year ended December 31, 2021.

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 includes disclosures necessary to enable readers to gain an understanding of the City's finances.

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, 2021, 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, 2021, and that the financial statements are fairly presented in conformity with

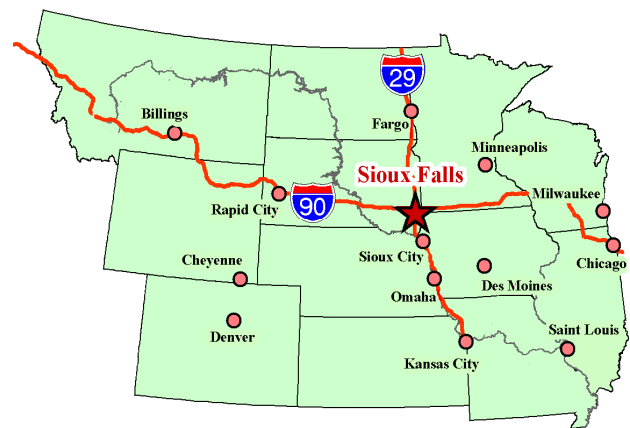
GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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 149.

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.

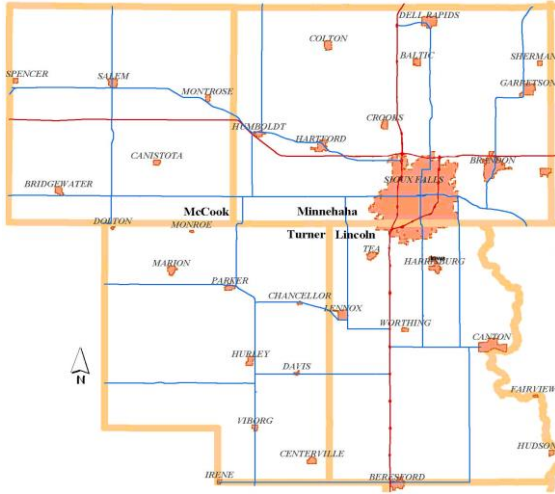
Profile of the City of Sioux Falls

Located on the 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 202,600 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.



Letter of Transmittal

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.



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.

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 distinct 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 50.

Sioux Falls is home to more than 80 neighborhood and regional parks, along with numerous gyms, community centers, indoor and outdoor aquatic facilities, three golf courses, and one of the best bike trail systems for a community of our size in the nation. Sioux Falls Parks and Recreation also oversees third-party management of various city-owned assets including an outdoor snow skiing recreation area, a zoo, three public golf courses, and an arboretum.

The City continues to invest in quality of life amenities including maintaining and overseeing a 10,600 fixed seat events center, as well as an adjacent convention center and 7,200 fixed seat legacy arena. The City's Washington Pavilion of Arts and Sciences includes a large 1,800 fixed

seat state-of-the-art performance hall hosting first class Broadway performance series, a children's science discovery museum, and a visual arts center. In the last five years, the City also constructed the Levitt Pavilion that hosts 50 outdoor concerts annually. In addition, the City participated in a public-private partnership to complete the restoration and re-opening of the Sioux Falls State Theatre in downtown Sioux Falls.

The City has a long-standing history of wisely investing in the future, providing great value for each taxpayer dollar, and being fiscally responsible. This was particularly highlighted in 2021 as the local economy experienced a rapid recovery from the economic disruption brought on by the global pandemic. The City's financials remained strong and the fund balance and reserves of the City continued to increase and remain above target levels.

Transparent, accurate, and timely financial information is a cornerstone to a well-run city. In 2021, the City of Sioux Falls was recognized by Merritt Research Services as the #1 large city in the nation for timely completion of its 2020 audit report, completing the annual audit in 78 days. Generating the annual financial information in a timely manner allows the City to make prudent financial decisions and accelerate investment of remaining funds for infrastructure and quality of life projects.

The City uses multiyear general and enterprise operating forecasting models as a foundation to plan and implement City initiatives. These models include evaluating the operating impacts and staffing of future capital projects based on a five-year capital plan. These models identify 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.

The City's long-standing commitment to balancing fiscal discipline with forward-thinking leadership continues to play a key role in the strength of our local community. This steady and balanced commitment has allowed the City to quickly adapt to changing economic environments and respond to extraneous events without compromising on remaining fiscally strong. This financial strength is the backdrop for providing the community with critical infrastructure services and quality of life amenities to support a growing community.

Letter of Transmittal

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 Sioux Falls economy experienced a rapid rebound in 2021, showing little lingering effects from the prior year and the beginning of the COVID-19 pandemic. The rebound was evidenced by record building permit valuations combined with the second largest percentage increase in sales tax collections since the tax began in 1975.

The City remained no less committed in 2021 than in 2020 in supporting the local community as it transitioned back into full scale expansion mode. The community's positive response, combined with continued federal stimulus, resulted in a significant increase in consumer and business spending. This spending translated into an 18.6 percent increase in sales tax collections, the City's largest source of revenue.

Driven by strong consumer and business sentiment, the local economy began to pick up steam at the end of the first quarter and continued to build momentum throughout the year. This sentiment, combined with continued diversification within the local economy, has created a dynamic and expanding business environment. The City experienced record business transactions in several key areas including industrial development and land transactions.

The most significant economic impact was in the hospitality sectors including restaurants, drinking establishments, and lodging. The restaurant sector began rebounding in 2020, while the lodging sector lagged behind in recovery. However, by the end of 2021, the lodging sector had made a full recovery based on occupancy and revenue data. Lodging taxes in the latter part of 2021 were amongst the highest ever recorded in the community.

Although impacting overall spending in the prior year, COVID-19 did not dampen building activity and investment within the City. Building upon 2020's momentum, 2021 set yet another record, eclipsing the one billion mark for the first time in the City's history with \$1.1 billion in permit valuation. Although the number of permits issued were comparable to the prior year, permit valuations were \$184 million more than the prior year.

The City continues to add transformative projects including a major announcement by Dakota State University to build a cybersecurity research center in Sioux Falls, the continued expansion of the Sanford Sports Complex with additional softball, baseball, and soccer fields, beginning construction of mixed-use, lodging, condos, office, and retail with the Steel District and the next phase of Cherapa Place in downtown Sioux Falls, re-initiation of health care expansion by the both the Avera and Sanford health systems, and two new Harrisburg schools being constructed in Sioux Falls

The City continues to attract new local and national retailer interest. Chick-fil-A and Chipotle opened in 2021. Dave and Buster's and Freddy's Frozen Custard & Steakhburgers will both open in the first half of 2022. These national chains complement a strong locally owned restaurant market which is also expanding within the community. The City's downtown retail sector is also busy with several business reporting record breaking holiday sales. Chase Bank also entered the Sioux Falls market in 2021, with several other banks announcing they are entering the market or expanding locations.

Two large infrastructure projects will keep Sioux Falls moving forward including the State of South Dakota's commitment to completing Veteran's Parkway, with an estimated cost of \$190 million, and the City's commitment to a significant expansion of the Water Reclamation Plant. Veteran's Parkway, which will be constructed in four segments between 2023 and 2026, will complete a long anticipated major roadway expansion with limited intersections connecting Interstates 90 and 29 around the east and south perimeter of Sioux Falls.

The City's economic strength and resiliency provides a solid foundation for the City, which is experiencing unprecedented growth. Sioux Falls continues to garner national attention based on its continued economic strength and quality of life including:

- Forbes #1 small places for business and careers for 13th consecutive year.
- SmartAsset named Sioux Falls as #1 for best City for young professionals
- Zip Recruiter ranked Sioux Falls #3 for hottest job market.
- Policom.com ranked Sioux Falls #8 in economic strength out of 384 MSA's.
- WalletHub #11 for happiest City in the nation.
- WalletHub #16 Best Run City in America
- Livability.com #20 best places to live.

Population

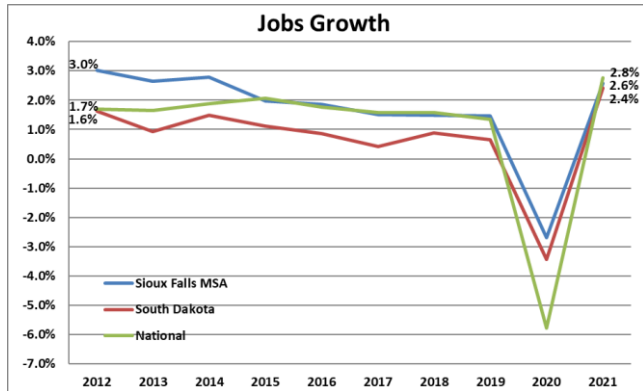
The City's population increased by 3.4 percent in 2021 as the estimated population grew from 195,850 in 2020 to 202,600 in 2021. With a 2021 statewide population of 895,375, the City accounts for 22.6 percent of the State's population. The population of the Sioux Falls MSA is 284,800.

City projections indicate continuing population growth through 2040 and at a more accelerated rate than in previous year projections. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

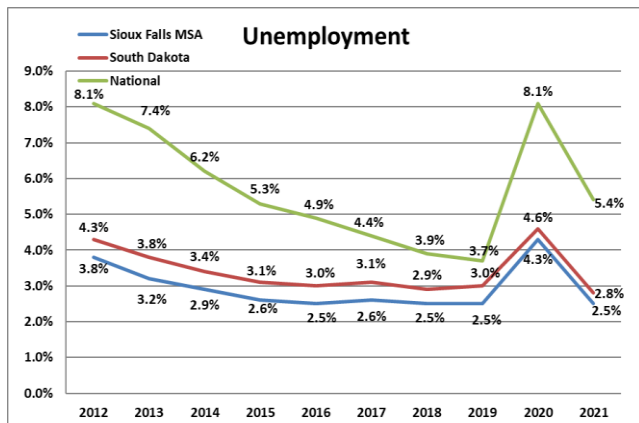
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Employment

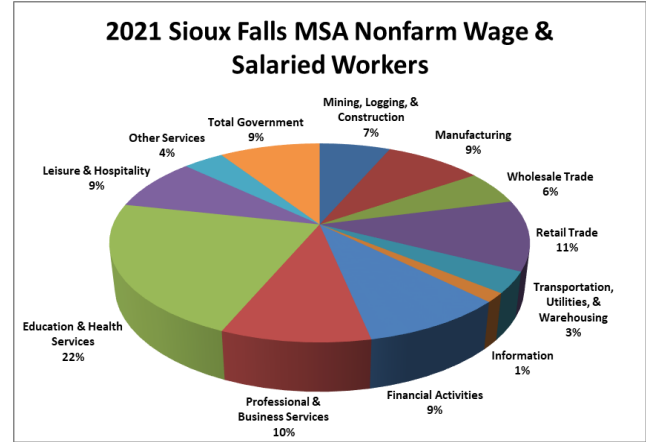
In 2021, the number of jobs in the Sioux Falls MSA increased by 4,000 as measured by the annual average of nonfarm wage and salaried workers' statistics. The Sioux Falls MSA saw an increase of 1,300 jobs in education and health services. Other industries experiencing significant job growth included construction, adding 1,000 jobs, and retail trade, adding 500 jobs. The following chart shows the job growth of both the Sioux Falls MSA and State of South Dakota when compared on a national basis.



The annual average resident labor force of the Sioux Falls MSA increased by 3,389 or 2.2 percent from 156,606 in 2020 to 159,994 in 2021. The Sioux Falls MSA annual average unemployment rate decreased from 4.3 percent in 2020 to 2.5 percent in 2021. The elevated unemployment rate in 2020 was primarily due to the COVID-19 pandemic for the months of April through July 2020. The City and State unemployment rates compare very favorably to the national unemployment rate as shown below.

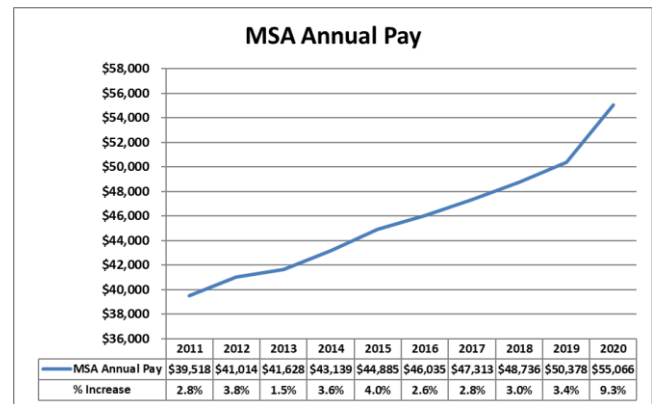


The diversity of the Sioux Falls jobs market results in a stronger employment market compared to the national average as indicated on the following chart.



Wages and Income

As shown in the following chart, annual pay of workers covered by unemployment insurance in the MSA increased to \$55,066 in 2020, the most recent year available. From 2011 to 2020, pay rose by 39.3 percent or by a compound annual growth rate of 3.4 percent. Over the past ten years, the MSA annual pay grew at a rate in excess of the national average, which was 33.3 percent or a compound annual growth rate of 2.9 percent.



Construction Activity

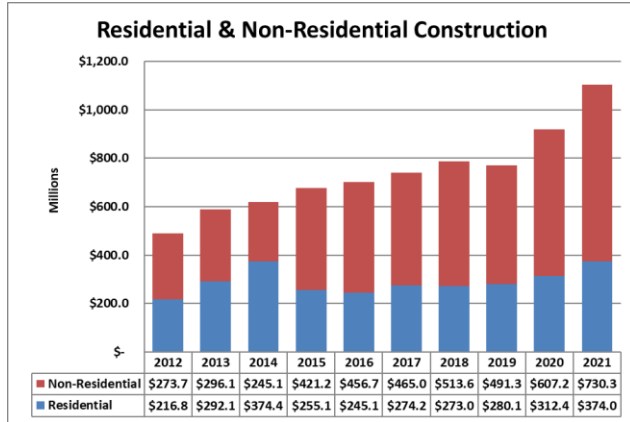
The City added 850 new single family dwellings in 2021, 108 more than the previous year translating into \$41 million in additional valuation over the prior year. The City also set records for town house and multifamily units. The cumulative number of dwelling units added in 2021 was 3,132, over 15% more than the second highest year in 2020.

During 2021, the City approved 463 subdivision plats totaling 1,868 lots and 2,508 acres. Sixty-six 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 an additional Amazon Fulfillment Center permit, which had a construction value of

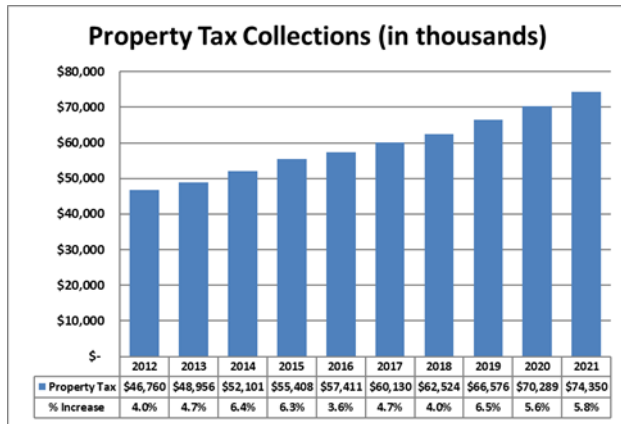
Letter of Transmittal

\$60.9 million. The City of Sioux Falls Public Safety Training Center came in second at \$30.6 million, with the Willows Edge Apartments coming in third at \$27.6 million. The fourth and fifth largest projects were the FedEx project at \$27.2 million and The Carlton Apartments at \$26.0 million.

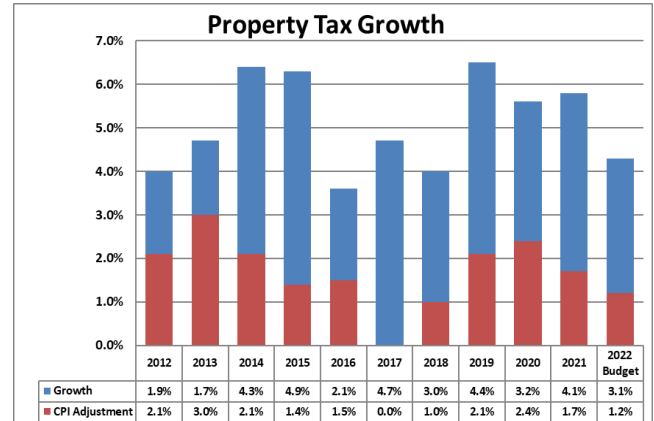
The following chart shows total construction permit values for the last ten years for both residential and nonresidential projects.



The City grew in area, adding 0.88 square miles within its borders to equal 81.00 square miles total. The City has added 18 new and annexed centerline miles of roads, 18 miles of storm sewer, 13 miles of sanitary sewer, and 46 miles of water mains to its infrastructure (excluding construction-in-progress). Infrastructure and capital contributions added \$152.0 million to the City's capital assets in 2021.



The rise in previous year's construction activity has resulted in increasing property tax collections for the City, as shown in the preceding and following graphs. This increase is made up of growth and an inflationary adjustment (CPI). Property tax revenues is integral to addressing increased needs for City services to support continued economic expansion and inflationary pressures.

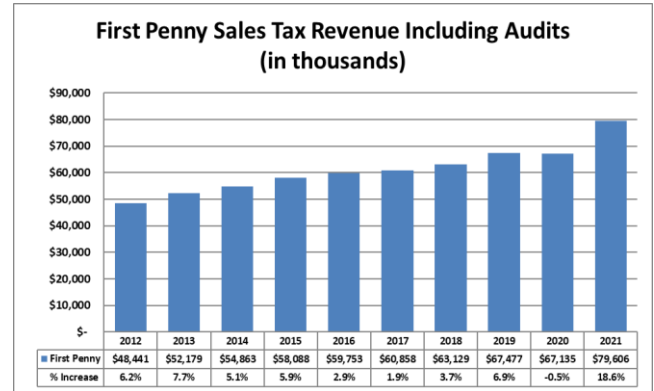


Gross and Taxable Sales

Gross sales were \$17.1 billion in 2021, up 15.7 percent over the prior year. Taxable sales were \$8.0 billion in 2021, an increase of 18.8 percent. These sales figures for Sioux Falls comprised 18.9 percent of gross sales and 28.0 percent of taxable sales statewide.

The increase in taxable sales translated into the City realizing a significant increase in net sales and use tax revenue of 18.6 percent. Revenue growth from sales tax over the last ten years has ranged from a high of 18.6 percent in 2021 to a low of -0.5 percent in 2020.

The following chart shows the growth in sales tax on a dollar basis, indicating a steady upward trend in actual tax dollars collected since 2012.



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.

A more current look at economic conditions is reviewed in the Management Discussion and Analysis on page 27.

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Major Initiatives

With the availability of one-time federal funds, as well as increased revenues and reserve balances due to a rapid economic recovery and growth, the City of Sioux Falls introduced a series of strategic one-time investments in 2020 and 2021 as part of the Sioux Falls for All initiative. Through the Sioux Falls for All initiative, the City invested nearly \$48 million to further shore up the City's financial position to remain resilient through economic changes, while also investing one-time funds in key projects and initiatives with a high return on investment.

Sioux Falls for All investments include:

- Debt Reduction - \$25.2 million was utilized to repay existing bonds that were eligible for refunding in 2020;
- Utility Infrastructure - \$6.8 million invested to support continued expansion of the City's water reclamation plant;
- Housing and Neighborhood Development - \$6.0 million transferred to the City's housing fund to support large scale housing development, land assemblage, acquisition of vacant and dilapidated properties, and other housing-related initiatives;
- Street Infrastructure - \$5.3 million directed to support arterial street expansion as well as downtown street reconstruction;
- City-Owned Facilities - \$9.6 million allocated to support completion of the City's Public Safety Training Facility, which was bonded in 2020, as well as roof and cornice replacement at the Washington Pavilion for Arts and Sciences;
- Big Sioux River - \$5.0 million dedicated to replacement of the low-head dam located at the upper falls, which is at the end of its useful life and is integral to maintaining water levels throughout the City's river greenway;
- Support for Mental Health and Violence Prevention - \$2.7 million invested with nonprofit partners to expand access to mental health and violence mitigation services coming out of the COVID-19 pandemic;
- Workforce Diversification - \$4.0 million designated for working with state and community economic development partners to support economic diversification in the bio-tech, cybersecurity, and healthcare sectors; and
- Parks and Recreation - \$8.0 million invested in various park enhancements that leverage \$15 million in philanthropic private investment.

Other major capital projects completed in 2021 were:

- Reconstruction of 49th Street from Louise Avenue to Carnegie Circle;
- Reconstruction of Minnesota Avenue from 57th Street to Ralph Rogers Road;

- Construction of Veterans' Parkway from 6th Street to Madison Street;
- Overlay of Marion Road from 41st Street to Bakker Park Drive;
- 26th Street & Southeastern Avenue expansion;
- Construction of 85th Street from Tallgrass Avenue to Hughes Avenue;
- Overlay of 241 blocks, 71 blocks of concrete rehab, 47 blocks of core neighborhood reconstruction/water main replacement, and 553 blocks of slurry seal in various locations;
- Replacement of the Great Bear Chairlift;
- Sertoma and Dunham Park Pedestrian Bridge Replacements;
- Construction of Fire Station #12;
- Replacement of the Water Reclamation Main Pump Station; and
- Landfill Equipment Storage Building.

Major projects in progress in 2021 include:

- Construction of 49th Street from Western Avenue to West Avenue;
- Reconstruction of 57th Street from Veterans Parkway to Six Mile Road;
- Construction of the Cherry Creek Corridor bike trail from 12th Street to Family Park; and
- Construction of the Public Safety Training Facility.

Major projects in design in 2021 include:

- Water Reclamation Facility Expansion;
- 6th Street Bridge Reconstruction;
- 7th Street Cul-de-Sac Reconstruction;
- Reconstruction of Phillips Avenue from 8th Street to 10th Street and River Road;
- Reconstruction of Minnesota Avenue from Russell Street to 2nd Street;
- Cliff Avenue from 49th Street to 57th Street Expansion;
- Expansion of the Downtown River Greenway;
- Hayward Park Master Plan Improvements;
- Tomar Park Tennis Complex;
- Jacobson Plaza Ice Ribbon and Inclusive Playground; and
- Replacement of the Cornice Parapet at the Washington Pavilion.

In total, the City invested \$294.4 million (\$309.9 million with equipment) in capital improvement projects in 2021, continuing to focus on rebuilding, repairing, and replacing the City's core infrastructure. Accounting for year-end

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construction-in-progress, the City reported additional capital assets of \$214.5 million, ending the year with net capital assets of \$2.0 billion (see the capital note beginning on page 60 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)

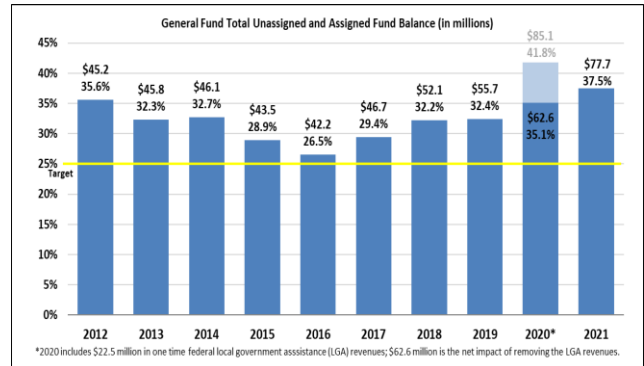
The City Council has established the following financial and budgetary policies regarding the City’s primary operating account, the General Fund:

- 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

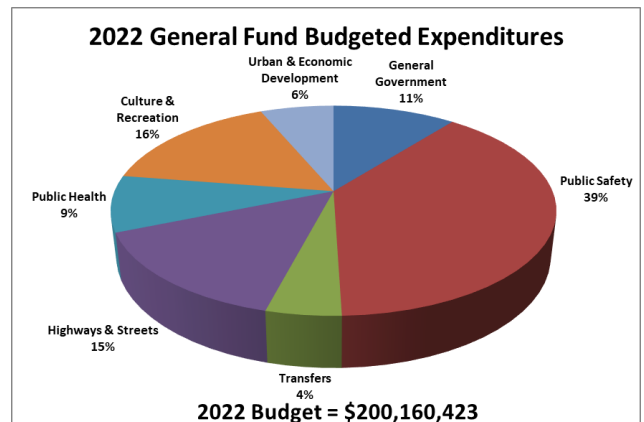
use their best efforts and mutual cooperation to accomplish that goal. If the Mayor believes that the financial condition or needs of the City require the use of funds from the General Fund unassigned fund balance in the proposed budget, such budget proposal shall include a statement of the reasons which 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 2020 General Fund total unassigned and assigned fund balance combined was \$85.1 million, including \$22.5 million of federal Local Government Assistance. The General Fund combined balance at the end of 2021 was \$77.7 million, a decrease of \$7.4 million. The decrease in fund balance was primarily due to the City spending \$17.2 million of federal Local Government Assistance funds in 2021, which was partially offset with higher than anticipated sales tax revenues. This fund balance represents 37.5 percent of the 2021 final budget against a reserve policy target of 25 percent (assigned and unassigned fund balance). The following chart shows the history of the General Fund total unassigned and assigned fund balance.



The following chart shows the general operating priorities of the City, excluding public utilities, for the 2022 General Fund budget.



Letter of Transmittal

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 139, the second penny sales tax currently has revenues of 3.72 times the pledged debt service of the second penny and 4.98 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 downtown parking ramp constructed in 2020.

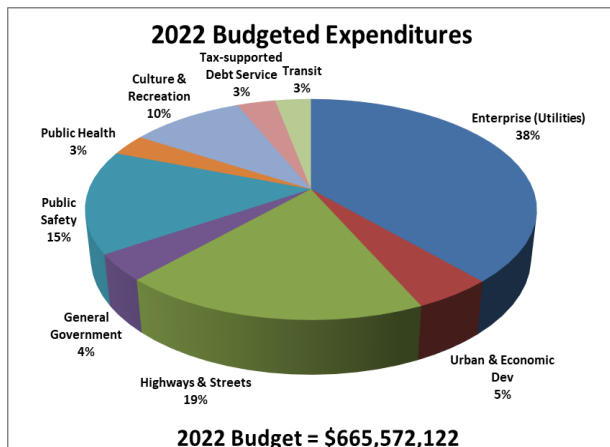
Future projections continue to show that the City will maintain coverage well in excess of the policy target and the coverage requirements established within the bond indenture.

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 annual comprehensive financial report (Annual Report) for the fiscal year ended December 31, 2020. This was the 41st 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 Annual Report. 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 Annual Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

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
Alex Jensen—At Large	2020-2024
Marshall Selberg—Southwest District	2020-2024
Pat Starr—Northeast District	2020-2024
Greg Neitzert—Northwest District	2020-2024

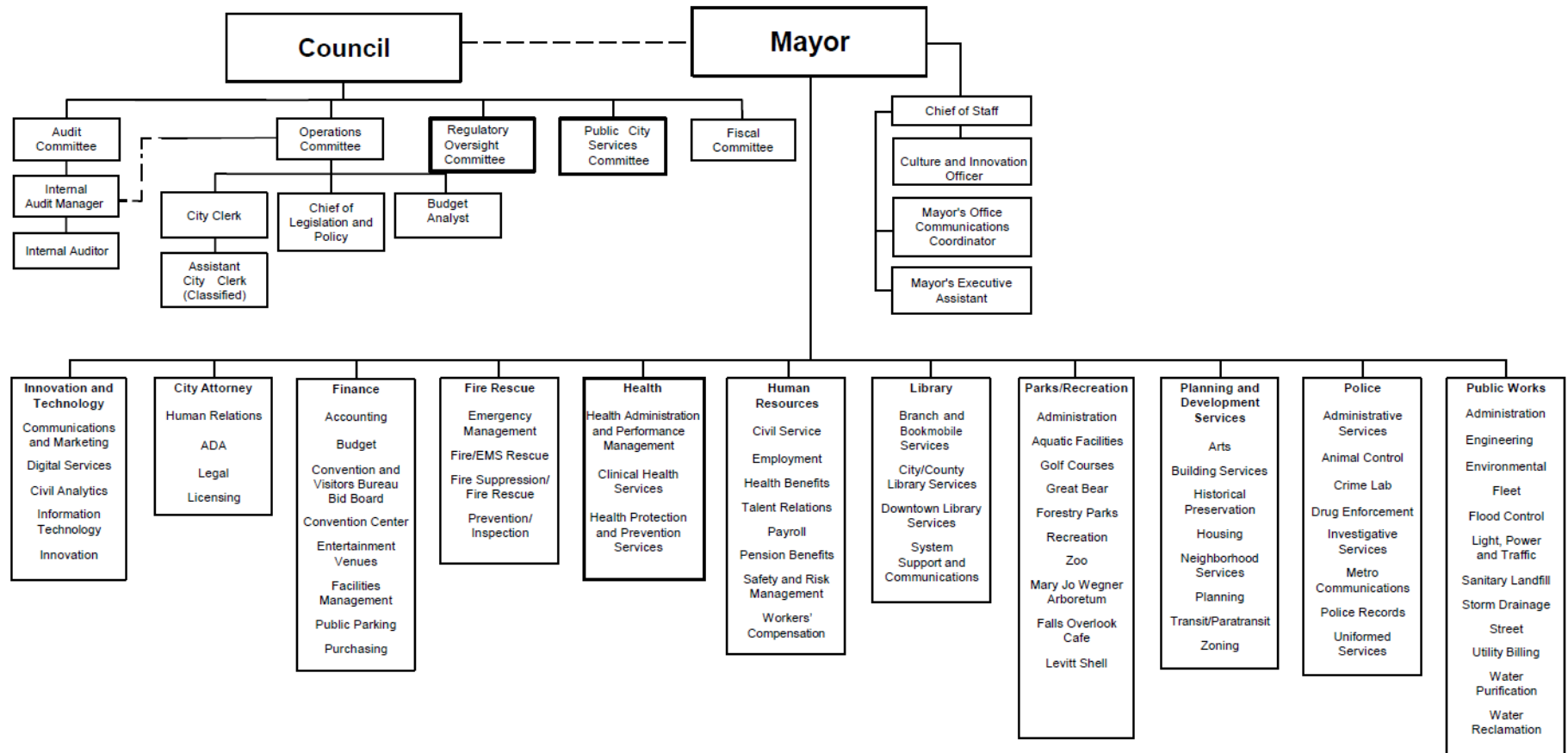
City Appointive Officials

As of December 31, 2021

Mayor's Office Communications Coordinator	BryAnn Becker Knecht
Chief of Staff	Erica Beck
Culture and Innovation Officer	Allie Hartzler
Chief Medical Officer	Jennifer Tinguely
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	Mike Grigsby
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	Matt McAreavey
Chief of Legislation and Policy (City Council)	Jim David
Internal Audit Manager	Shana Nelson
Internal Auditor	Ryan Lauseng
Internal Auditor	Emily Newell
Police Chief	Jon Thum
Public Health Director	Charles Chima

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 Audit of the Financial Statements

Opinions

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, South Dakota as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing and Redevelopment Commission, which represent 77 percent, 72 percent, and 75 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison 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 OPEB 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The budgetary comparison schedule for the General Government Construction Fund, budgetary comparison schedule for the Public Safety Facility Construction Fund, combining nonmajor financial statements, and budgetary comparison schedules for nonmajor funds are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the General Government Construction Fund, budgetary comparison schedule for the Public Safety Facility Construction Fund, combining nonmajor financial statements, and budgetary comparison schedules for nonmajor funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, 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.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, professional style.

Sioux Falls, South Dakota
March 23, 2022

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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, 2021. 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 2021 fiscal year by \$2.1 billion (net position). Of this amount, \$305.0 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 2021 fiscal year, the City's governmental funds reported combined ending fund balances of \$260.6 million, an increase of \$30.6 million in comparison with the prior year balance. Of this balance, \$72.9 million constitutes unassigned fund balance, \$13.2 million assigned, \$70.9 million committed, \$95.8 million restricted, and \$7.8 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$636.5 million, an increase of \$44.8 million from the prior year fund balance. Net cash flows from operations were \$68.4 million while net cash used by capital and financing activities was \$52.5 million.
- At the end of the 2021 fiscal year, the General Fund assigned and unassigned fund balance was \$77.7 million, a decrease of \$7.4 million. This balance represents 37.5 percent of the final 2021 General Fund expenditure and transfers out (financial uses) budget of \$207.0 million. This decrease was primarily due to the City appropriating one-time federal Local Government Assistance funding of \$17.2 million received in 2020 of which \$16.7 million was transferred to other funds.

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 power and distribution, 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 30-32 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

Management's Discussion and Analysis

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 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 eleven 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, Housing Fund, Storm Drainage Fund, General Construction Fund and the Public Safety Facility 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 33 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 power and distribution, 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, technology, and centralized facilities fund. 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 117-122 of this report.

The basic proprietary fund financial statements can be found beginning on page 41 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 funds, the Employee's Retirement System, the Firefighters' Pension Fund, one post-employment trust fund, 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 47 and 48 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 49 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 85-97 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 \$2.1 billion at the close of the fiscal year ending December 31, 2021.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and Other Assets	\$ 356,274,440	\$ 461,303,543	\$ 114,584,164	\$ 136,771,220	\$ 470,858,604	\$ 598,074,763
Capital Assets	1,262,786,731	1,325,293,455	634,248,383	670,571,017	1,897,035,114	1,995,864,472
Total Assets	1,619,061,171	1,786,596,998	748,832,547	807,342,237	2,367,893,718	2,593,939,235
Deferred Outflows of Resources	15,109,735	32,864,081	2,088,440	4,390,715	17,198,175	37,254,796
Long-term Liabilities	199,467,729	191,896,792	138,866,688	141,586,596	338,334,417	333,483,388
Other Liabilities	13,422,112	27,218,167	8,311,236	17,466,483	21,733,348	44,684,650
Total Liabilities	212,889,841	219,114,959	147,177,924	159,053,079	360,067,765	378,168,038
Deferred Inflows of Resources	67,295,065	100,294,167	7,759,456	11,482,787	75,054,521	111,776,954
Net Position:						
Net Investment in Capital Assets	1,127,131,127	1,192,648,097	507,724,678	541,629,420	1,634,855,805	1,734,277,517
Restricted	57,034,868	96,723,009	4,929,108	5,254,070	61,963,976	101,977,079
Unrestricted	169,820,005	210,680,847	83,329,821	94,313,596	253,149,826	304,994,443
Total Net Position	\$ 1,353,986,000	\$ 1,500,051,953	\$ 595,983,607	\$ 641,197,086	\$ 1,949,969,607	\$ 2,141,249,039

By far the largest portion of the City's net position, 81.0 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 4.8 percent of total net position, increased from \$62.0 million in 2020 to \$102.0 million in 2021. This is primarily due to the \$37.6 million increase in net position for pension. The South

Dakota Retirement System (SDRS) experienced greater than anticipated investment returns in 2021, combined with an increase in City employees within the system.

The remaining balance of \$305.0 million, 14.2 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 62.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$191.3 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	
	2020	2021	2020	2021	2020	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 14,099,389	\$ 15,038,134	\$ 98,093,325	\$ 101,623,718	\$ 112,192,714	\$ 116,661,852
Operating Grants and Contributions	60,862,777	19,566,692	356,932	40,408	61,219,709	19,607,100
Capital Grants and Contributions	30,964,335	65,006,346	13,572,824	12,100,727	44,537,159	77,107,073
General Revenues:						
Property Taxes	70,347,223	74,268,771	-	-	70,347,223	74,268,771
Sales Taxes	145,208,619	174,351,412	-	-	145,208,619	174,351,412
Other Taxes	15,372,898	16,327,351	-	-	15,372,898	16,327,351
Other	4,505,174	3,657,752	10,982,602	6,265,831	15,487,776	9,923,583
Grants and Contributions not Restricted to Specific Programs	12,010,898	7,385,678	-	-	12,010,898	7,385,678
Total Revenues	353,371,313	375,602,136	123,005,683	120,030,684	476,376,996	495,632,820
Expenses:						
General Government	16,368,596	16,056,067	-	-	16,368,596	16,056,067
Public Safety	52,759,550	52,839,934	-	-	52,759,550	52,839,934
Highways & Streets	63,559,050	67,513,954	-	-	63,559,050	67,513,954
Public Health	11,767,581	12,711,057	-	-	11,767,581	12,711,057
Culture & Recreation	46,439,601	45,281,285	-	-	46,439,601	45,281,285
Urban & Economic Development	25,843,679	26,200,336	-	-	25,843,679	26,200,336
Interest on Long-term Debt	5,846,714	5,963,138	-	-	5,846,714	5,963,138
Electric Light	-	-	9,170,719	10,011,887	9,170,719	10,011,887
Public Parking	-	-	3,191,297	2,945,638	3,191,297	2,945,638
Sanitary Landfill	-	-	8,960,066	10,051,934	8,960,066	10,051,934
Water	-	-	26,617,691	26,505,185	26,617,691	26,505,185
Water Reclamation	-	-	25,725,220	26,185,994	25,725,220	26,185,994
Total Expenses	222,584,771	226,565,771	73,664,993	75,700,638	296,249,764	302,266,409
Excess before Transfers	130,786,542	149,036,365	49,340,690	44,330,046	180,127,232	193,366,411
Change in Accounting Estimates (see note 7)		(2,086,979)	-	-	-	(2,086,979)
Transfers	781,450	(883,433)	(781,450)	883,433	-	-
Change in Net Position	131,567,992	146,065,953	48,559,240	45,213,479	180,127,232	191,279,432
Net Position - Beginning	1,222,418,008	1,353,986,000	547,424,367	595,983,607	1,769,842,375	1,949,969,607
Net Position - Ending	\$ 1,353,986,000	\$ 1,500,051,953	\$ 595,983,607	\$ 641,197,086	\$ 1,949,969,607	\$ 2,141,249,039

Governmental activities. Governmental activities increased the City's net position by \$146.1 million, thereby accounting for 76.4 percent of the total growth in the net position of the City.

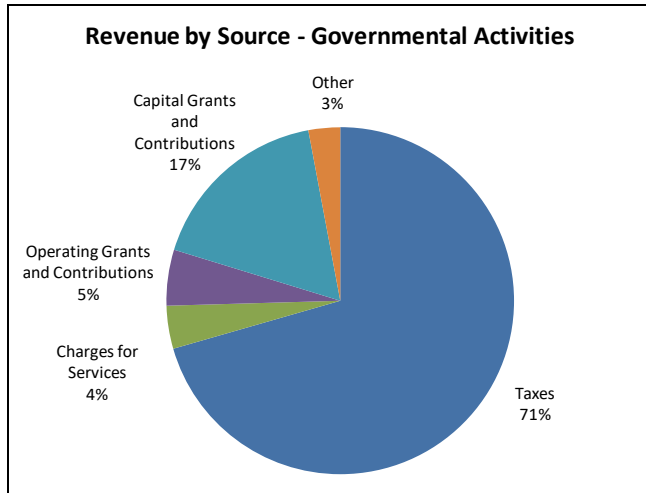
Revenues increased \$22.2 million or 6.29 percent. This increase was primarily the result of increased sales tax revenues of \$29.1 million, as well as, a decrease in operating and capital grant revenues of \$7.3 million. Expenses increased \$4.0 million or 1.8 percent in comparison to the previous year.

Business-type activities. Business-type activities increased the City's net position by \$45.2 million, accounting for 23.6 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.

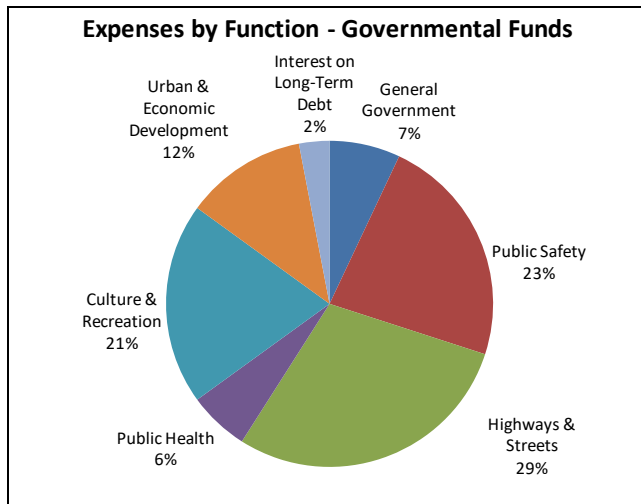
Management’s Discussion and Analysis

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

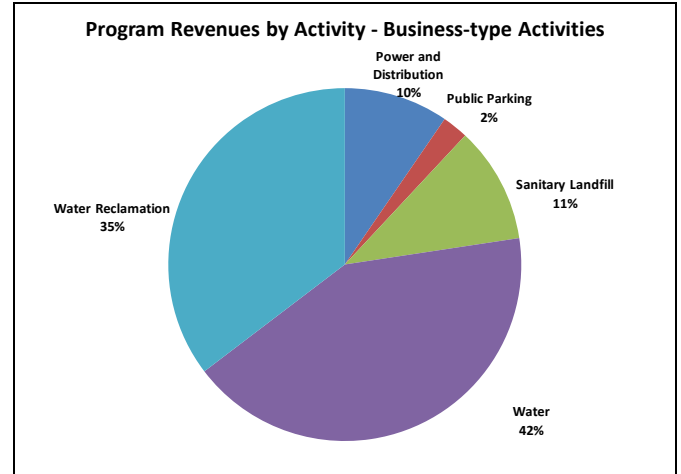
Taxes account for 71 percent of total governmental revenues. Of this, sales tax comprises 66 percent of total taxes collected, followed by property taxes at 28 percent, and the remainder is frontage and other taxes.



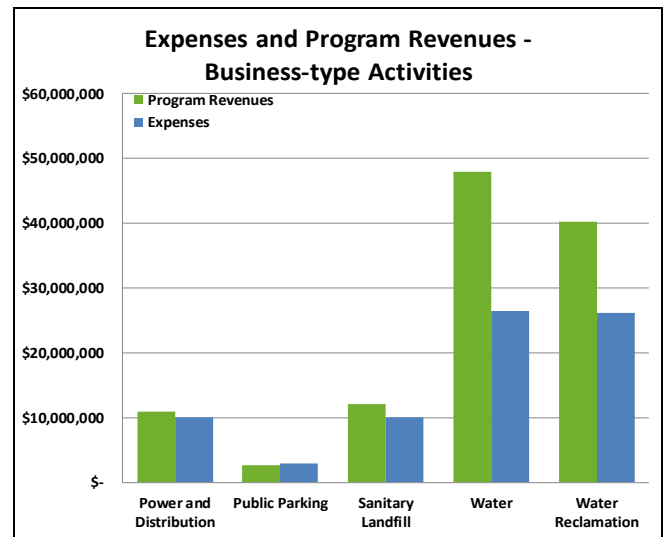
Public Safety and Highways and Streets expenses comprise over half of the total governmental expenses.



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 operating revenues in excess of expenses except for power and distribution in which operating expenses were in excess of operating revenues by approximately \$140,000. It is important to note that these figures do include depreciation but do not include debt service or capital expenditures as they are not considered part of operating income.



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 \$260.6 million.

Approximately 28.0 percent, or \$72.9 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$13.2 million, 5.0 percent), committed (\$70.9 million, 27.2 percent), restricted (\$95.8 million, 36.8 percent), or nonspendable (\$7.8 million, 3.0 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 \$77.7 million, a decrease of \$7.4 million. The decrease was primarily due to the City appropriating \$17.2 million of federal Local Government Assistance. Removing these expenditures, the City actually added \$9.7 million to reserves driven by strong sales tax revenues. The 2021 General Fund balance represents 37.5 percent of the 2021 final budget against a reserve policy target of 25 percent (assigned and unassigned fund balance).

The City strategically manages reserves above the policy target of 25% 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 decreased by \$31.7 million. The major contributing factor to this decrease was the \$47.7 million of one-time federal Local Government Assistance funding received in 2020. Overall intergovernmental revenues were down \$48.7 million. This decrease was partially offset with taxes being up \$17.0 million, primarily driven by robust sales and use tax collections which were up \$12.5 million, and strong growth in property taxes, which were up \$3.6 million compared to 2020.

Operating expenditures increased by \$12.7 million, or 8.0 percent, in 2021. 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. Expenditures were on track with year-over-year expectations, aligning with expected service levels. Culture and Recreation increased 10.7 percent, primarily due to part-time wages and other operating expenses

related to public pools and other recreational areas, which had been closed due to the pandemic for most of the prior year. Public Safety increased 7.8 percent, primarily due to increased personnel costs, as well as, a few large purchases for fire personal protective equipment and other police equipment. Public Health expenditures increased 12.8%, which is attributable to increased contributions to The Link community triage center and efforts to improve the continuum of care for individuals served by The Link through Operation Hope.

	Operating Expenditures			
	2020	2021	Increase(Decrease)	
General Government	\$ 16,779,936	\$ 18,013,384	\$ 1,233,448	7.4%
Public Safety	68,282,281	73,616,786	5,334,505	7.8%
Highways & Streets	24,485,075	25,433,789	948,714	3.9%
Public Health	12,798,311	14,441,751	1,643,440	12.8%
Culture & Recreation	26,468,880	29,310,928	2,842,048	10.7%
Urban & Econ Development	10,463,726	11,166,783	703,057	6.7%
	<u>\$ 159,278,209</u>	<u>\$ 171,983,421</u>	<u>\$ 12,705,212</u>	8.0%

The **Entertainment Tax Fund** recognized a \$4.0 million increase in fund balance. Entertainment tax revenue experienced an increase of \$2.8 million or 37.1 percent year-over-year as the economy, especially discretionary spending, bounced back from the beginning of the pandemic. The Entertainment Tax is derived primarily from a third penny tax on hospitality and entertainment related services.

Total expenditures decreased by \$4.2 million in 2021 due to the change in the City recognizing an operating gain from the Events Complex versus a pandemic related loss in the prior year and the timing of cyclic capital expenditures.

The Fund, which is used to operate and maintain the Sioux Falls Convention Center and entertainment venues (Denny Sanford PREMIER Center, Sioux Falls Arena, Orpheum Theater, Washington Pavilion and Sioux Falls Stadium), has a committed fund balance of \$15.3 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 highways and streets and parks, buildings, and equipment.

The Fund experienced a \$30.0 million increase in fund balance, ending with a balance of \$74.9 million. The Sales Tax Fund added \$10.0 million of unearned revenues from completed projects as reimbursements from other governmental entities. Accounting for \$4.8 million in nonspendable and \$16.4 million in restricted balances, a balance of \$63.7 million remains committed for future capital spending. Of this, \$47.1 is encumbered for outstanding contracts or budget authority being carried forward for projects to be completed in 2022, \$4.9 million is dedicated as an internal reserve, leaving \$11.7 million available for additional capital investments. The reserve was increased by \$2.5 million in 2021 to accommodate deferred reimbursements, revenue shortfalls, market adjustments, and unanticipated inflationary impacts.

The **Housing Fund** realized a \$2.4 million increase in fund balance during 2021, ending with a balance of \$27.1 million. There was a \$3.0 million transfer in from the General Fund to be used to support investment in broad-based, innovative strategies for accessible housing development programs

Management’s Discussion and Analysis

and neighborhood redevelopment, which will occur in 2022 and beyond.

The **Storm Drainage Fund** experienced a \$2.9 million increase in fund balance, ending with a balance of \$9.7 million primarily due to timing of large capital and maintenance 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 no change in fund balance in 2021, remaining at \$0.1 million.

The **Public Safety Facility Construction Fund** was established in 2020 to account for the \$50.0 million in revenue bond proceeds for the Public Safety Training and 911 (PSAP) Communications facility. This fund experienced a \$4.7 million decrease in fund balance in the current year. The decrease in fund balance is a result of building construction funds expended during the year.

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.

Unrestricted Net Position			
	2020	2021	Increase (Decrease)
Power and Distribution	\$ 8,485,733	\$ 9,656,154	\$ 1,170,421
Public Parking Facilities	1,295,655	1,349,693	54,038
Sanitary Landfill	13,269,139	15,486,188	2,217,049
Water	19,147,564	23,170,686	4,023,122
Water Reclamation	36,875,951	39,961,737	3,085,786
	<u>\$ 79,074,042</u>	<u>\$ 89,624,458</u>	<u>\$ 10,550,416</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 not only include 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 \$106.8 million, an increase of \$16.0 million. Net cash flows from operations ended with a combined positive cash flow of \$68.4 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 **Power and Distribution Fund** generated a positive net cash flow from operations of \$1.9 million in 2021, ending the year with a cash balance of \$8.3 million and an unrestricted net position of \$9.7 million.

The Power and Distribution 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 \$1.5 million in cash flow from operating activities. After accounting for \$1.6 million in cash outflows for capital and financing activities the fund ended the year with a net cash decrease of \$0.1 million, a cash balance of \$3.2 million and an unrestricted net position of \$1.3 million.

The City adopted a new parking rate structure in 2016, which allows for annual rate adjustments up to established maximums. The City completed construction and opened a new parking structure downtown, accounting for the larger capital expenditures in 2020.

The **Sanitary Landfill Fund** ended the year with an unrestricted net position of \$15.5 million and a cash balance of \$25.3 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.

The City annually reviews the landfill’s rate analysis with the assistance of a consulting engineering firm. The study evaluates ongoing operating and capital equipment costs, cell expansion, as well as costs associated with closure and post-closure care. The City does not currently have any scheduled rate increases in landfill fees.

The **Water Fund** generated \$24.2 million in cash flow from operating activities. After accounting for \$22.0 million in cash outflows from capital and related financing activities, the fund recognized a net cash increase of \$2.5 million.

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 \$37.2 million and a total increase of cash flows in the amount of \$10.6 million for an ending cash balance of \$48.2 million.

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. This City will continue to evaluate inflationary and other cost escalation impacts on these large infrastructure investments. The City will need to balance adjusting expenditures and revenues accordingly to ensure both current demands and future growth needs are met.

Management’s Discussion and Analysis

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 114.3 percent and the Firefighter’s Pension Fund is funded at 114.4 percent. For the 2021 valuation which derives the 2023 contribution rate, the funds lowered investment return expectations from 7.3 percent to 7.0 percent. The funds also use a 3.5% wage inflation assumption and have a 16 year amortization on unfunded liabilities. Both plans have substantial 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 259.1 percent funded on a market value basis as of December 31, 2021, with \$3.9 million in assets available to meet a \$1.5 million estimated liability.

General Fund Budgetary Highlights

The City’s low annual average unemployment rate of 2.5 percent, record setting construction activity of \$1.1 billion in valuations, and 3.4 percent population growth all point to a rapidly growing economy.

The General Fund has two primary revenue sources, sales tax and property tax, which combined account for around 79% of the budgeted revenues. Sales tax collections experienced a positive 18.6 percent growth rate as the local

economy bounced back from some of the pandemic-related economic impacts experienced in 2020. Total sales tax receipts were \$9.5 million above the original budget projection, which estimated 4.0 percent growth for sales taxes in 2021. Population growth and record construction activity continue to drive growing property tax collections. The City’s property tax collections were 5.3% above last year’s collections and on pace with budget expectations. Total revenues and other financing sources exceeded initial budget projections by \$10.4 million primarily due to strong sales tax revenues.

The City expenditures ended the year at \$9.4 million or 4.5 percent below final budget. Outside of normal unspent budgetary balances, expense savings were primarily driven by higher than normal fulltime vacancies, most notably in the City’s Police and Fire departments. In 2021, the City also experienced a favorable weather year allowing the City to recognize snow removal savings of approximately \$2.5 million.

The 2021 budget anticipated the use \$5.4 million in operating reserves (assigned and unassigned fund balances). The City actually ended the year using \$7.4 million of reserves which was primarily attributed to spending federal Local Government Assistance funding received in 2020 in 2021. Removing the impact of \$17.2 million of Local Government Assistance funding, the City added \$9.7 million to reserves.

Capital Assets and Debt Administration

Capital assets. Total capital assets for the governmental and business-type activities as of December 31, 2021, amounted to \$2.0 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	
	2020	2021	2020	2021	2020	2021
Land	\$ 175,021,640	\$ 183,260,643	\$ 20,188,375	\$ 20,791,748	\$ 195,210,015	\$ 204,052,391
Buildings	235,198,774	229,231,506	24,329,542	52,094,763	259,528,316	281,326,269
Improvements Other Than Buildings	55,672,416	54,025,943	27,164,046	24,623,979	82,836,462	78,649,922
Machinery and Equipment	46,754,412	47,714,783	16,408,089	18,142,368	63,162,501	65,857,151
Infrastructure	724,537,910	786,849,179	438,029,021	444,899,386	1,162,566,931	1,231,748,565
Intangibles	5,542,337	5,542,337	75,681,921	75,701,718	81,224,258	81,244,055
Construction in Progress	20,059,241	18,669,064	32,447,389	34,317,055	52,506,630	52,986,119
Total Assets	\$ 1,262,786,731	\$ 1,325,293,455	\$ 634,248,383	\$ 670,571,017	\$ 1,897,035,114	\$ 1,995,864,472

The City’s total capital assets, net of accumulated depreciation, increased by \$98.8 million in the current fiscal year compared to the prior year restated capital assets. 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 \$95.8 million, including the overlay and

concrete restoration of several city streets for \$18.0 million.

- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$67.4 million.
- The construction of Fire Station #12, totaling million \$3.0 million.

Management’s Discussion and Analysis

- The construction of the Landfill Equipment Storage Building, totaling \$2.3 million
- The replacement of the Great Bear Chairlift, totaling \$2.0 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 \$283.7 million. The City made

regularly scheduled principal payments of \$26.6 million. The overall debt of the City, including enterprise fund infrastructure activity, decreased \$5.1 million from 2020 as shown below. The City has very favorable per capita debt ratios and strong debt service coverage across all funds. Although the City anticipates near-term borrowing for water reclamation plant expansion and quality of life investments, favorable per capita debt ratios are expected to continue into the foreseeable future.

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Bonds	\$ 158,890,000	\$ 149,350,000	\$ 40,280,000	\$ 36,595,000	\$199,170,000	\$185,945,000
Notes	8,399,885	10,045,016	81,223,600	87,705,329	89,623,485	97,750,345
Total	\$ 167,289,885	\$ 159,395,016	\$ 121,503,600	\$ 124,300,329	\$288,793,485	\$283,695,345

The following table 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 and the new downtown parking ramp used the pledge of the second penny sales tax, but are being repaid by the Water Fund and Public Parking Fund, respectively.

	Pledged		Repayment	
	2020	2021	2020	2021
Governmental Activities				
Sales and Use Tax Fund	\$ 222,686,879	\$ 208,331,708	\$ 177,386,774	\$ 167,095,440
Housing Fund	600,000	600,000	600,000	600,000
Storm Drainage Fund	7,799,885	9,445,016	7,799,885	9,445,016
Total Governmental Activities	231,086,764	218,376,724	185,786,659	177,140,456
Business-type Activities				
Public Parking Fund	-	-	16,230,000	15,245,000
Water Fund	979,799	-	30,049,904	25,991,268
Water Reclamation Fund	80,243,801	87,705,329	80,243,801	87,705,329
Total Business-type Activities	81,223,600	87,705,329	126,523,705	128,941,597
Total	\$ 312,310,364	\$ 306,082,053	\$ 312,310,364	\$ 306,082,053

As of the last bond rating in 2020, 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 \$906.5 million, which is \$623.5 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 63 of this report.

Economic Outlook and Next Year’s Budget

General (Primary Operating) Fund:

The 2022 budget is focused on priorities that will meet our community’s needs by “taking care of today for a better tomorrow,” which is the City-wide vision statement. The 2022 budget reflects an emphasis on workforce, public safety, and sustainable, smart growth. Also reflected in the 2022 budget are strategic, long-term investments and thoughtful use of taxpayer dollars that allow the City to continue delivering quality services to residents, businesses, and visitors. Along with essential services, the City is investing in recreational and cultural amenities within the community that characterize the essence of the City’s

Management’s Discussion and Analysis

identity and continue to make Sioux Falls the best place to live, work, and play.

Financial responsibility over the past decades has positioned the City well to move community investments forward. The 2022 budget reflects priorities based around the One Sioux Falls framework of engaging people, investing in the public safety and health of the City’s residents and community, promoting access to housing, developing a workforce that strengthens a growing economy, and championing innovation and foundational growth.

The City’s prioritization of health and safety is evidenced by the City increasing financial support for Metro Communications. The City’s dispatching partners in the public safety system are critical to getting first responders to residents and visitors in need of assistance.

The budget also continues to invest in The Link community triage center, which has been helping to address a critical service need in the community for people living with mental health and substance abuse challenges since opening in June 2021.

Investing in arterial street improvement projects continue to be a focus to keep up with growth and maintaining efficient traffic flow. Balancing the needs of growth and continuing to invest in the City’s existing roadway network, the budget funds more than 700 blocks of street rehabilitation and reconstruction and includes major reconstruction projects along the Minnesota Avenue corridor and in downtown. The 6th Street river bridge downtown is also slated to begin reconstruction in late 2022. Continued investment in the City’s roadway network has allowed Sioux Falls to retain a high pavement condition rating of 70. These results reflect the importance of consistent, long-term investments in City streets and infrastructure.

The City will continue expanding the City’s wastewater system and treatment facility, a project that will serve the City and region’s growing population for decades. The budget also includes investing in a new water collector well which is anticipated to yield 1.5 million gallons per day and will continue to provide water for a growing community.

As the Sioux Falls economy continues to experience robust growth, the need for intentional focus and investment into housing becomes even more important. The 2022 budget includes an investment in the Housing Fund, which is an essential step to providing the capacity and flexibility to partner with the community to address unmet housing needs. Through collaboration and partnership with the private and non-profit sectors, the City will leverage all resources to meet its evolving housing demands.

Another key element to keeping pace with this rapid growth is making intentional and strategic additions to department staffing. Increased growth in population and geographic footprint requires the City to add personnel and support high-quality services provided throughout the community. The budget includes funding for 23 new full-time positions, five that are solely dedicated to public safety. Also included is an increase for part-time wage adjustments for the Parks and Recreation and Siouxland Libraries departments. This increase will help address the market competitiveness of these positions as well as the recruitment and retention of part-time employees.

The local economy was thriving in 2021. The City recognized strong construction permits finishing over a billion dollars in valuation, the highest in recorded history. Solid growth in both employment and personal income continue to be strong economic indicators. The following outlines the economic climate in 2021:

	2020	2021	Change	% Change
Population	195,850	202,600	6,750	3.45%
Employment	148,782	156,025	7,243	4.87%
Per Capita Personal Income (trailing year)	62,003	67,117	5,114	8.25%
Taxable Sales (\$ in thousands)	6,765,346	8,038,504	1,273,159	18.82%
First Penny Net Sales Tax Collections (\$ in thousands)	67,135	79,606	12,471	18.58%
Total Construction (\$ in thousands)	919,602	1,104,252	184,650	20.08%

Although variable depending on consumer and business spending, the City’s sales tax is broad based with very few exclusions, providing stability from year-to-year as both discretionary and non-discretionary spending is taxed.

Recognizing the City’s economic turnaround from the pandemic, the 2022 budget projections for sales tax revenues were built upon a revised projection of 10 percent sales tax growth for 2021 (actual results were 18.6 percent) with an estimated additional growth of 4 percent growth for 2022.

Property tax, a less variable revenue source, continues to reflect the City’s strong building environment. The 2022 budget includes a 4.3 percent increase, 3.1 percent for new

growth and a 1.2 percent inflationary adjustment. Total General Fund revenue growth for 2022 is budgeted at 8.4 percent.

The 2022 General Fund expenditure budget increased by 7.8 percent. The budget provides for the use of reserves of \$4.7 million of the combined assigned and unassigned fund balance. Accounting for normal unspent budget balances, the 2022 budget anticipates using fund balance ending the year with reserves around 32% of the expenditure budget, well above the 25% fund balance reserve target. This reserve will be drawn down in future years as the City adapts to inflationary pressures, plans for one-time repair and maintenance projects, and operating costs associated with growth.

Management's Discussion and Analysis

The City takes a long-term and strategic 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 planning future spending, and quickly adapting 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 strategic reserve of \$4.9 million. The City utilizes a five-year capital program to plan and prioritize capital investments. The first year of the capital program, 2022, focuses on replacement, rehabilitation, and expansion of streets, and investing in quality of life projects of river greenway and trail improvements. 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 (Washington Pavilion, Orpheum Theatre, Denny Sanford PREMIER Center, Sioux Falls Convention Center, and the Sioux Falls Baseball Stadium). 2021 was a solid year for the City's entertainment venues. The outlook for 2022 is even brighter with the return of the Division One Summit League basketball tournaments, touring concerts, Broadway shows, and convention business. The City continues to focus on the user experience by investing in and maintaining these facilities in order to position our entertainment venues and convention center as a leading entertainment complex and cultural destination in the Midwest.

Enterprise Funds: These business-type funds rely solely on user fee revenues to support the costs of operations and necessary capital expansions to support growth. The City annually reviews cash flows and along with rate model projections to ensure adequate resources to meet the demands of today, support capital expansion, and to build reserves to meet unanticipated capital outlays or shortfalls in operating revenues.

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.

The City's long-standing commitment to balancing fiscal discipline with forward-thinking leadership continues to play a key role in strengthening the City's growing community. This commitment has allowed the City to quickly adapt to changing economic environments and respond to extraneous events without compromising on remaining fiscally strong.

This financial strength is the backdrop for providing the community with critical infrastructure services and quality of life amenities to support a growing community.

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 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
Annual Comprehensive Financial Report
December 31, 2021

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	\$ 280,765,611	\$ 96,033,825	376,799,436	\$ 4,130,549	\$ 1,016,091
Assets Held for Management Agreements	5,757,089	-	5,757,089	-	-
Investments	-	-	-	25,331	-
Receivables, net	24,331,588	9,454,900	33,786,488	63,193	19,235
Prepaid Items	353,945	-	353,945	79,813	41,177
Internal Balances	(4,770,060)	4,770,060	-	-	-
Due From Other Governments	31,330,496	-	31,330,496	209,294	453,710
Inventory of Supplies and Stores	8,751,603	3,495,053	12,246,656	583,429	-
Restricted Assets:					
Cash and Cash Equivalents	2,975,000	10,778,915	13,753,915	-	-
Net Pension Asset	109,391,133	12,238,467	121,629,600	-	1,077,835
Net OPEB Asset	2,417,138	-	2,417,138	-	-
Capital Assets:					
Land	183,260,643	20,791,748	204,052,391	894,251	-
Buildings, net	229,231,506	52,094,763	281,326,269	3,023,611	-
Improvements Other Than Buildings, net	54,025,943	24,623,979	78,649,922	227,845	-
Machinery and Equipment, net	47,714,783	18,142,368	65,857,151	23,531	177,953
Infrastructure, net	786,849,179	444,899,386	1,231,748,565	-	-
Intangibles, net	5,542,337	75,701,718	81,244,055	-	-
Construction in Progress	18,669,064	34,317,055	52,986,119	34,500	-
Total Assets	<u>1,786,596,998</u>	<u>807,342,237</u>	<u>2,593,939,235</u>	<u>9,295,347</u>	<u>2,786,001</u>
Deferred Outflow of Resources					
OPEB Trust	139,689	-	139,689	-	-
City Employee's Retirement System	15,501,857	2,412,207	17,914,064	-	-
City Firefighters' Pension Fund	1,944,936	-	1,944,936	-	-
South Dakota Retirement System	15,277,599	1,978,508	17,256,107	-	1,385,900
Total Deferred Outflow of Resources	<u>32,864,081</u>	<u>4,390,715</u>	<u>37,254,796</u>	<u>-</u>	<u>1,385,900</u>
Liabilities					
Accounts Payable and Other Current Liabilities	15,878,242	9,217,183	25,095,425	1,063,186	155,100
Interest Payable	770,111	595,974	1,366,085	1,679	-
Deposits	129,853	715,215	845,068	20,093	-
Unearned Revenue	9,639,961	6,938,111	16,578,072	-	-
Unearned Revenue-Other	-	-	-	526,084	-
Loss Reserve on Workers' Comp Claims					
Due Within One Year	800,000	-	800,000	-	-
Due In More Than One Year	2,079,586	-	2,079,586	-	-
Long-term Liabilities:					
Due Within One Year	12,684,358	16,971,941	29,656,299	244,680	141,342
Due In More Than One Year	177,132,848	124,614,655	301,747,503	3,241,393	163,364
Total Liabilities	<u>219,114,959</u>	<u>159,053,079</u>	<u>378,168,038</u>	<u>5,097,115</u>	<u>459,806</u>
Deferred Inflow of Resources					
City Employee's Retirement System	54,439,643	8,471,222	62,910,865	-	-
City Firefighters' Pension Fund	22,658,089	-	22,658,089	-	-
South Dakota Retirement System	23,196,435	3,011,565	26,208,000	-	2,089,401
Total Deferred Inflow of Resources	<u>100,294,167</u>	<u>11,482,787</u>	<u>111,776,954</u>	<u>-</u>	<u>2,089,401</u>
Net Position					
Net Investment in Capital Assets	1,192,648,097	541,629,420	1,734,277,517	890,842	177,953
Restricted for:					
Debt Service	15,869,588	4,760,711	20,630,299	-	-
Park and Recreation	591,986	-	591,986	-	-
Police	294,910	-	294,910	-	-
Community Development	26,951,566	-	26,951,566	-	-
Library:					
Expendable	48,853	-	48,853	-	-
Nonexpendable	24,767	-	24,767	-	-
Heroic Awards:					
Expendable	3,675	-	3,675	-	-
Nonexpendable	2,000	-	2,000	-	-
Pension	40,650,332	493,359	41,143,691	-	374,334
OPEB	2,556,827	-	2,556,827	-	-
Storm Drainage	3,866,694	-	3,866,694	-	-
Construction Projects	5,861,811	-	5,861,811	-	-
Other Purposes	-	-	-	581,859	-
Unrestricted	210,680,847	94,313,596	304,994,443	2,725,531	1,070,407
Total Net Position	<u>\$ 1,500,051,953</u>	<u>\$ 641,197,086</u>	<u>2,141,249,039</u>	<u>\$ 4,198,232</u>	<u>\$ 1,622,694</u>

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

**City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021**

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	\$ 16,056,067	\$ 2,133,231	\$ 15,641	\$ -
Public Safety:				
Fire Protection	21,325,245	380,520	818,541	-
Police Protection	31,514,689	186,001	925,943	83,850
Highways and Streets	67,513,954	1,324,910	4,324,134	64,355,248
Public Health	12,711,057	3,150,472	4,890,836	-
Culture and Recreation:				
Libraries	8,379,016	70,506	20,456	45,000
Museum	3,361	-	-	-
Parks & Recreation	27,056,634	2,099,029	1,513,838	522,248
Entertainment Venues	9,842,274	-	100,000	-
Urban and Economic Development:				
Affordable Housing	3,123,059	41,105	1,597,586	-
Transit	9,198,977	-	-	-
TIF	3,111,217	-	-	-
Urban Management	10,767,083	5,652,360	5,359,717	-
Interest on Long-Term Debt	5,963,138	-	-	-
Total Governmental Activities	226,565,771	15,038,134	19,566,692	65,006,346
Business-type Activities:				
Power and Distribution	10,011,887	9,891,490	-	1,007,166
Public Parking	2,945,638	2,692,493	-	-
Sanitary Landfill	10,051,934	12,076,972	40,408	-
Water	26,505,185	40,588,378	-	7,253,031
Water Reclamation	26,185,994	36,374,385	-	3,840,530
Total Business-type Activities	75,700,638	101,623,718	40,408	12,100,727
Total Government	\$ 302,266,409	\$ 116,661,852	\$ 19,607,100	\$ 77,107,073
Component Units:				
Housing & Redevelopment Commission	\$ 15,123,617	\$ 1,156,255	\$ 14,374,211	\$ 10,799
Metro Communications Agency	4,642,740	160,498	2,277,201	-
	\$ 19,766,357	\$ 1,316,753	\$ 16,651,412	\$ 10,799
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				
Change in Accounting Estimates (see note 7)				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

**City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021**

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
\$ (13,907,195)	\$ -	\$ (13,907,195)		
(20,126,184)	-	(20,126,184)		
(30,318,895)	-	(30,318,895)		
2,490,338	-	2,490,338		
(4,669,749)	-	(4,669,749)		
(8,243,054)	-	(8,243,054)		
(3,361)	-	(3,361)		
(22,921,519)	-	(22,921,519)		
(9,742,274)	-	(9,742,274)		
(1,484,368)	-	(1,484,368)		
(9,198,977)	-	(9,198,977)		
(3,111,217)	-	(3,111,217)		
244,994	-	244,994		
(5,963,138)	-	(5,963,138)		
<u>(126,954,599)</u>	<u>-</u>	<u>(126,954,599)</u>		
-	886,769	886,769		
-	(253,145)	(253,145)		
-	2,065,446	2,065,446		
-	21,336,224	21,336,224		
-	14,028,921	14,028,921		
-	38,064,215	38,064,215		
<u>(126,954,599)</u>	<u>38,064,215</u>	<u>(88,890,384)</u>		
			\$ 417,648	\$ -
			<u>-</u>	<u>(2,205,041)</u>
			<u>417,648</u>	<u>(2,205,041)</u>
74,268,771	-	74,268,771	-	-
174,351,412	-	174,351,412	-	-
16,327,123	-	16,327,123	-	-
228	-	228	-	-
-	-	-	-	2,666,334
7,385,678	-	7,385,678	-	-
2,041	(11,953)	(9,912)	3,895	3,860
3,655,711	6,277,784	9,933,495	-	-
(2,086,979)	-	(2,086,979)	-	-
(883,433)	883,433	-	-	(24,362)
<u>273,020,552</u>	<u>7,149,264</u>	<u>280,169,816</u>	<u>3,895</u>	<u>2,645,832</u>
146,065,953	45,213,479	191,279,432	421,543	440,791
1,353,986,000	595,983,607	1,949,969,607	3,776,689	1,181,903
<u>\$ 1,500,051,953</u>	<u>\$ 641,197,086</u>	<u>\$ 2,141,249,039</u>	<u>\$ 4,198,232</u>	<u>\$ 1,622,694</u>

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021

Balance Sheet - Governmental Funds

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>	<u>Housing</u>
Assets				
Cash and Cash Equivalents	\$ 78,630,383	\$ 16,619,982	\$ 73,574,603	\$ 6,817,544
Assets Held for Management Agreements	1,585,708	3,733,128	-	-
Receivables:				
Taxes-Delinquent	1,227,998	-	-	-
Accounts (net of allowance for uncollectibles)	2,042,372	1,204	77,693	20
Interest and Penalty	59,567	12,288	47,340	3,771
Special Assessments	1,275	-	493,978	-
Rehabilitation Loans and Grants	-	-	-	20,106,309
Due from Other Funds	205,592	-	-	-
Due from Other Governments	11,658,781	911,593	18,380,017	187,602
Inventory of Supplies and Stores	2,874,421	-	4,808,186	100,494
Notes Receivable	-	-	-	106,691
Prepaid Expenses	28,045	-	-	-
Restricted Cash and Cash Equivalents	2,975,000	-	-	-
Total Assets	<u>\$ 101,289,142</u>	<u>\$ 21,278,195</u>	<u>\$ 97,381,817</u>	<u>\$ 27,322,431</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ 3,252,683	\$ 574,462	\$ 3,762,664	\$ 205,686
Due to Other Funds	80,922	-	-	-
Due to Other Governments	-	-	78,176	-
Accrued Wages	1,554,055	-	-	8,923
Deposits	129,394	-	459	-
Unearned Revenue	4,697,377	4,700,000	10,018,023	55,762
Total Liabilities	<u>9,714,431</u>	<u>5,274,462</u>	<u>13,859,322</u>	<u>270,371</u>
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	862,634	-	-	-
Unavailable Revenue-Sales Tax	8,222,169	748,994	8,157,295	-
Unavailable Revenue-Special Assessments	1,237	-	511,158	-
Long-Term Receivables	4,088	-	-	-
Total Deferred Inflows of Resources	<u>9,090,128</u>	<u>748,994</u>	<u>8,668,453</u>	<u>-</u>
Fund Balances				
Nonspendable	2,874,421	-	4,808,186	100,494
Restricted	350,899	-	16,437,284	26,951,566
Committed	1,585,708	15,254,739	53,608,572	-
Assigned	4,793,169	-	-	-
Unassigned	72,880,386	-	-	-
Total Fund Balances	<u>82,484,583</u>	<u>15,254,739</u>	<u>74,854,042</u>	<u>27,052,060</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 101,289,142</u>	<u>\$ 21,278,195</u>	<u>\$ 97,381,817</u>	<u>\$ 27,322,431</u>

Balance Sheet - Governmental Funds (cont)

<u>Storm Drainage</u>	<u>General Government Construction</u>	<u>Public Safety Facility Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,856,992	\$ 133,136	\$ 43,764,293	\$ 8,536,824	\$ 238,933,757
-	-	-	438,253	5,757,089
-	-	-	-	1,227,998
-	-	-	-	2,121,289
8,049	-	425	35	131,475
-	-	-	-	495,253
-	-	-	-	20,106,309
-	-	-	-	205,592
130,246	-	-	-	31,268,239
-	-	-	-	7,783,101
-	-	-	-	106,691
-	-	-	-	28,045
-	-	-	-	2,975,000
<u>\$ 10,995,287</u>	<u>\$ 133,136</u>	<u>\$ 43,764,718</u>	<u>\$ 8,975,112</u>	<u>\$ 311,139,838</u>
\$ 1,081,628	\$ -	\$ 1,572,317	\$ 33,325	\$ 10,482,765
155,592	-	-	50,000	286,514
-	-	-	-	78,176
28,493	-	-	-	1,591,471
-	-	-	-	129,853
1,069	-	-	-	19,472,231
<u>1,266,782</u>	<u>-</u>	<u>1,572,317</u>	<u>83,325</u>	<u>32,041,010</u>
-	-	-	-	862,634
-	-	-	-	17,128,458
-	-	-	-	512,395
-	-	-	-	4,088
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,507,575</u>
-	-	-	26,767	7,809,868
9,728,505	133,136	42,192,401	20,829	95,814,620
-	-	-	438,253	70,887,272
-	-	-	8,405,938	13,199,107
-	-	-	-	72,880,386
<u>9,728,505</u>	<u>133,136</u>	<u>42,192,401</u>	<u>8,891,787</u>	<u>260,591,253</u>
<u>\$ 10,995,287</u>	<u>\$ 133,136</u>	<u>\$ 43,764,718</u>	<u>\$ 8,975,112</u>	<u>\$ 311,139,838</u>

City of Sioux Falls
Annual Comprehensive Financial Report
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Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Total Fund Balances for Governmental Funds		\$ 260,591,253
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$ 2,150,528,035	
Accumulated Depreciation	<u>(847,661,555)</u>	1,302,866,480
Deferred inflows of resources and certain unearned revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		
		28,339,845
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:		
Governmental Activities	60,266,148	
Business-Type Activities	<u>(4,689,138)</u>	55,577,010
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(770,111)	
Notes Payable-Revenue	(10,045,016)	
Unamortized Bond Premium	(17,745,440)	
Bonds Payable-Revenue	(149,350,000)	
Accrued Compensated Absences	<u>(12,470,196)</u>	(190,380,763)
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:		
Net OPEB Asset	2,417,138	
Deferred Outflows of Resources	<u>139,689</u>	<u>2,556,827</u>
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:		
Net Pension Asset	106,291,765	
Deferred Outflows of Resources	31,575,718	
Deferred Inflows of Resources	<u>(97,366,182)</u>	<u>40,501,301</u>
Net Position of Governmental Activities		<u>\$ 1,500,051,953</u>

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City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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

	General	Entertainment Tax	Sales and Use Tax	Housing
Revenues				
Taxes:				
Property	\$ 71,238,553	\$ -	\$ -	\$ -
Sales	79,605,916	9,368,174	79,605,916	-
Frontage	4,950,632	-	-	-
Lodging (includes Business Improvement District)	3,119,663	-	-	-
Amusement	228	-	-	-
Penalties and Interest	130,187	-	-	-
Special Assessments	196,610	-	6,325,634	-
Licenses and Permits	7,186,778	-	163,607	-
Intergovernmental	16,381,687	-	1,181,831	1,597,588
Charges for Goods and Services	6,509,776	-	262,441	41,085
Fines and Forfeitures	617,246	-	-	20
Investment Revenue	(13,202)	(21,336)	(49,385)	18,153
Rentals/Operating Leases	150,357	-	106,824	-
Contributions	161,928	100,000	3,816,374	-
Miscellaneous Revenue	1,220,127	801,156	799,682	-
Total Revenues	191,456,486	10,247,994	92,212,924	1,656,846
Expenditures				
Current:				
General Government	18,013,384	-	-	-
Public Safety	73,616,786	-	192,428	-
Highways and Streets	25,433,789	-	1,200,780	-
Public Health	14,441,751	-	-	-
Culture and Recreation	29,310,928	3,771,815	-	-
Urban and Economic Development	11,166,783	-	-	3,249,304
Debt Service:				
Principal	-	-	9,540,000	-
Interest and Fiscal Charges	-	-	6,465,603	-
Capital Outlay				
General Government	-	-	414,430	-
Public Safety	-	-	2,315,263	-
Highways and Streets	-	-	44,738,062	-
Public Health	-	-	215,354	-
Culture and Recreation	-	2,512,332	8,927,660	-
Urban and Economic Development	-	-	12,000	-
Total Expenditures	171,983,421	6,284,147	74,021,580	3,249,304
Revenues Over (Under) Expenditures	19,473,065	3,963,847	18,191,344	(1,592,458)
Other Financing Sources (Uses)				
Sale of Surplus Property	12,240	5,355	73,376	-
Damage Recovery	98,377	-	-	-
Loan Proceeds	-	-	-	-
Transfers In	-	-	14,026,783	4,035,000
Transfers Out	(25,702,400)	-	(2,310,000)	-
Total Other Financing Sources (Uses)	(25,591,783)	5,355	11,790,159	4,035,000
Net Change in Fund Balances	(6,118,718)	3,969,202	29,981,503	2,442,542
Fund Balance - Beginning	88,603,301	11,285,537	44,872,539	24,609,518
Fund Balance Ending	\$ 82,484,583	\$ 15,254,739	\$ 74,854,042	\$ 27,052,060

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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

<u>Storm Drainage</u>	<u>General Government Construction</u>	<u>Public Safety Facility Construction</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 3,111,217	\$ 74,349,770
-	-	-	-	168,580,006
11,376,491	-	-	-	16,327,123
-	-	-	-	3,119,663
-	-	-	-	228
-	-	-	-	130,187
3,309,400	-	-	-	9,831,644
-	-	-	-	7,350,385
-	-	-	5,202,322	24,363,428
-	-	-	-	6,813,302
-	-	-	-	617,266
(12,467)	-	3,590	(84)	(74,731)
-	-	-	-	257,181
-	-	-	50	4,078,352
-	-	-	-	2,820,965
<u>14,673,424</u>	<u>-</u>	<u>3,590</u>	<u>8,313,505</u>	<u>318,564,769</u>
-	-	-	-	18,013,384
-	-	2,456	-	73,811,670
3,092,839	-	-	-	29,727,408
-	-	-	-	14,441,751
-	-	-	-	33,082,743
-	-	-	12,310,193	26,726,280
829,505	-	-	-	10,369,505
302,824	-	-	-	6,768,427
-	-	-	-	414,430
-	-	4,735,970	-	7,051,233
10,033,222	-	-	-	54,771,284
-	-	-	-	215,354
-	-	-	-	11,439,992
-	-	-	648,395	660,395
<u>14,258,390</u>	<u>-</u>	<u>4,738,426</u>	<u>12,958,588</u>	<u>287,493,856</u>
<u>415,034</u>	<u>-</u>	<u>(4,734,836)</u>	<u>(4,645,083)</u>	<u>31,070,913</u>
-	-	-	59,800	150,771
-	-	-	-	98,377
2,474,636	-	-	-	2,474,636
-	-	-	6,754,900	24,816,683
-	-	-	-	(28,012,400)
<u>2,474,636</u>	<u>-</u>	<u>-</u>	<u>6,814,700</u>	<u>(471,933)</u>
2,889,670	-	(4,734,836)	2,169,617	30,598,980
6,838,835	133,136	46,927,237	6,722,170	229,992,273
<u>\$ 9,728,505</u>	<u>\$ 133,136</u>	<u>\$ 42,192,401</u>	<u>\$ 8,891,787</u>	<u>\$ 260,591,253</u>

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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 \$ 30,598,980

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	\$ 74,552,688	
Loss on Capital Assets	(2,207,769)	
Capital Assets transferred from (to) Business-type Activities	(1,114,983)	
Less Current Year Depreciation	<u>(61,888,088)</u>	9,341,848

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	30,000,183	
Infrastructure Contributions from Other Governments	23,990,635	
Property taxes and special assessments	(382,686)	
Due From Other Governments - Taxes	<u>2,651,743</u>	56,259,875

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	10,369,505	
Amortization of Bond Premium	751,334	
Revenue Bond Proceeds	<u>(2,474,636)</u>	8,646,203

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	(339,239)	
Accrued Interest	<u>53,955</u>	(285,284)

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. 36,925,968

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. (67,759)

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. 4,646,122

Change in Net Position of Governmental Activities \$ 146,065,953

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**City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021**

Statement of Net Position - Proprietary Funds

	Enterprise Funds		
	Power and Distribution	Public Parking	Sanitary Landfill
Assets			
Current:			
Cash and Cash Equivalents	\$ 8,265,561	\$ 3,173,394	\$ 14,535,957
Receivables, net:			
Accounts	402,823	84,995	1,164,112
Interest	6,102	1,061	18,540
Special Assessments	-	-	-
Unbilled	501,519	-	-
Arbitrage Refund	-	-	-
Prepaid Expense	-	-	-
Due From Other Funds	40,922	-	40,000
Due From Other Governments	-	-	-
Inventory of Supplies and Stores	819,730	-	-
Total Current Assets	<u>10,036,657</u>	<u>3,259,450</u>	<u>15,758,609</u>
Noncurrent:			
Restricted Cash and Cash Equivalents	-	-	10,778,915
Net Pension Asset	1,247,115	574,656	1,739,150
Capital Assets:			
Land	613,935	4,780,687	3,552,870
Buildings	503,583	468,856	9,867,189
Improvements Other Than Buildings	9,248	36,944,398	33,460,864
Machinery and Equipment	1,017,345	375,893	1,379,655
Infrastructure	43,595,284	-	4,916,480
Intangibles	-	-	-
Construction in Progress	315,328	-	952,774
Less: Accumulated Depreciation	(24,556,708)	(16,865,246)	(34,970,428)
Total Noncurrent Assets	<u>22,745,130</u>	<u>26,279,244</u>	<u>31,677,469</u>
Total Assets	<u>32,781,787</u>	<u>29,538,694</u>	<u>47,436,078</u>
Deferred Outflow of Resources			
City Employee's Retirement System	245,968	114,198	349,855
South Dakota Retirement System	199,635	85,974	237,196
Total Deferred Outflow of Resources	<u>445,603</u>	<u>200,172</u>	<u>587,051</u>
Liabilities			
Current:			
Accounts Payable	509,981	39,945	616,311
Accrued Wages	10,320	9,704	31,263
Loss Reserve on Workers' Comp Claims	-	-	-
Accrued Compensated Absences	30,000	5,000	30,000
Accrued Interest Payable	-	65,057	-
Incurred But Not Reported Claims	-	-	-
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	1,035,000	-
Deposits	111,447	15,512	13,805
Unearned Revenue	-	138,111	-
Total Current Liabilities	<u>661,748</u>	<u>1,308,329</u>	<u>691,379</u>
Noncurrent:			
Accrued Compensated Absences	193,216	67,544	255,895
Loss Reserve on Workers' Comp Claims	-	-	-
Closure & Postclosure Care Costs	-	-	10,778,915
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	14,210,000	-
Total Noncurrent Liabilities	<u>193,216</u>	<u>14,277,544</u>	<u>11,034,810</u>
Total Liabilities	<u>854,964</u>	<u>15,585,873</u>	<u>11,726,189</u>
Deferred Inflow of Resources			
City Employee's Retirement System	863,792	401,042	1,228,625
South Dakota Retirement System	305,475	133,233	366,038
Total Deferred Inflow of Resources	<u>1,169,267</u>	<u>534,275</u>	<u>1,594,663</u>
Net Position:			
Net Investment in Capital Assets	21,498,015	10,459,588	19,159,404
Restricted for Liability Insurance Pool	-	-	-
Restricted for Debt Service	-	1,789,167	-
Restricted for Pension	48,990	20,270	56,685
Unrestricted	9,656,154	1,349,693	15,486,188
Total Net Position	<u>\$ 31,203,159</u>	<u>\$ 13,618,718</u>	<u>\$ 34,702,277</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
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Statement of Net Position - Proprietary Funds (cont.)

Enterprise Funds (cont.)			Internal
Water	Water Reclamation	Total	Service Funds
\$ 21,873,669	\$ 48,185,244	\$ 96,033,825	\$ 41,831,854
1,417,086	1,108,527	4,177,543	114,030
14,225	35,403	75,331	28,543
212,582	-	212,582	-
1,908,213	2,562,623	4,972,355	-
17,089	-	17,089	-
-	-	-	325,900
-	-	80,922	-
-	-	-	62,257
2,564,239	111,084	3,495,053	968,502
<u>28,007,103</u>	<u>52,002,881</u>	<u>109,064,700</u>	<u>43,331,086</u>
-	-	10,778,915	-
4,455,993	4,221,553	12,238,467	3,099,368
9,225,201	2,619,055	20,791,748	-
34,590,218	33,675,472	79,105,318	2,705,385
98,932	287,906	70,801,348	1,019,810
33,775,753	16,215,309	52,763,955	51,346,041
321,608,390	414,492,375	784,612,529	-
75,701,718	-	75,701,718	-
6,261,841	26,787,112	34,317,055	1,319,327
(153,363,972)	(217,766,300)	(447,522,654)	(33,963,588)
<u>332,354,074</u>	<u>280,532,482</u>	<u>693,588,399</u>	<u>25,526,343</u>
<u>360,361,177</u>	<u>332,535,363</u>	<u>802,653,099</u>	<u>68,857,429</u>
865,647	836,539	2,412,207	607,076
793,416	662,287	1,978,508	541,598
<u>1,659,063</u>	<u>1,498,826</u>	<u>4,390,715</u>	<u>1,148,674</u>
2,062,564	5,771,032	8,999,833	1,703,176
89,498	76,565	217,350	44,678
-	-	-	800,000
100,000	40,000	205,000	15,000
133,438	397,479	595,974	-
-	-	-	2,000,000
-	12,466,245	12,466,245	-
3,265,696	-	4,300,696	-
574,451	-	715,215	-
-	6,800,000	6,938,111	-
<u>6,225,647</u>	<u>25,551,321</u>	<u>34,438,424</u>	<u>4,562,854</u>
574,715	569,714	1,661,084	169,530
-	-	-	2,079,586
-	-	10,778,915	-
-	75,239,084	75,239,084	-
22,725,572	-	36,935,572	-
<u>23,300,287</u>	<u>75,808,798</u>	<u>124,614,655</u>	<u>2,249,116</u>
<u>29,525,934</u>	<u>101,360,119</u>	<u>159,053,079</u>	<u>6,811,970</u>
3,039,993	2,937,770	8,471,222	2,131,943
1,207,166	999,653	3,011,565	796,042
<u>4,247,159</u>	<u>3,937,423</u>	<u>11,482,787</u>	<u>2,927,985</u>
301,906,813	188,605,600	541,629,420	22,426,975
-	-	-	-
2,971,544	-	4,760,711	-
198,104	169,310	493,359	149,031
23,170,686	39,961,737	89,624,458	37,690,142
<u>\$ 328,247,147</u>	<u>\$ 228,736,647</u>	<u>636,507,948</u>	<u>\$ 60,266,148</u>
		4,689,138	
		<u>\$ 641,197,086</u>	

**City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021**

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

	Enterprise Funds		
	Power and Distribution	Public Parking	Sanitary Landfill
Operating Revenues:			
Charges for Goods and Services	\$ 9,891,110	\$ 2,167,525	\$ 12,076,872
Fines and Forfeitures	380	524,968	100
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	-
Fines and Forfeitures	-	-	-
Total Operating Revenues	9,891,490	2,692,493	12,076,972
Operating Expenses:			
Personnel Services	1,214,138	534,266	1,833,125
Casualty Loss	-	-	-
Insurance	17,484	29,715	21,651
Professional Services	134,957	303,283	1,805,120
Rent	189,561	19,538	1,763,410
Repairs and Maintenance	486,886	81,011	1,043,336
Supplies and Materials	867,652	83,459	709,213
Utilities and Bulk Energy	5,394,729	107,229	326,371
Depreciation	1,704,348	1,252,374	2,768,612
Other Current Expenses	23,247	695	21,260
Total Operating Expenses	10,033,002	2,411,570	10,292,098
Operating Income (Loss)	(141,512)	280,923	1,784,874
Nonoperating Revenues (Expenses):			
Investment Revenue	(2,383)	(2,577)	(35,590)
Gain (Loss) on Capital Assets	(7,325)	1,278	580
Rent/Operating Leases	22,824	3,000	74,609
Cost Recovery & Special Assessments	17,171	22	-
Miscellaneous	(257,117)	(1,419)	48,270
Federal and State Grants	-	-	40,408
Interest Expense and Fiscal Agent Charges	-	(544,759)	-
Total Nonoperating Revenues (Expenses)	(226,830)	(544,455)	128,277
Income (Loss) Before Contributions and Transfers	(368,342)	(263,532)	1,913,151
Capital Contributions	1,007,166	-	-
Transfers In	1,332,212	-	-
Transfers Out	-	-	-
Special Items - Change in Accounting Estimates - see Note 7	-	-	-
Change in Net Position	1,971,036	(263,532)	1,913,151
Net Position - Beginning	29,232,123	13,882,250	32,789,126
Net Position - Ending	\$ 31,203,159	\$ 13,618,718	\$ 34,702,277

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

Enterprise Funds			Internal Service Funds
Water	Water Reclamation	Total	
\$ -	\$ -	\$ 24,135,507	\$ 49,662,524
-	-	525,448	-
40,583,998	36,374,385	76,958,383	-
4,380	-	4,380	-
<u>40,588,378</u>	<u>36,374,385</u>	<u>101,623,718</u>	<u>49,662,524</u>
4,945,859	4,292,143	12,819,531	3,778,307
-	-	-	20,799,818
164,194	198,275	431,319	2,788,390
1,423,186	541,407	4,207,953	2,228,798
476,979	927,191	3,376,679	418,425
1,756,394	1,170,057	4,537,684	2,669,402
7,143,132	1,422,234	10,225,690	8,079,093
1,057,602	1,776,329	8,662,260	1,272,577
8,763,257	14,620,270	29,108,861	4,383,085
46,054	46,771	138,027	33,784
<u>25,776,657</u>	<u>24,994,677</u>	<u>73,508,004</u>	<u>46,451,679</u>
<u>14,811,721</u>	<u>11,379,708</u>	<u>28,115,714</u>	<u>3,210,845</u>
47,199	(18,602)	(11,953)	(53,415)
5,420	2,087	2,040	463,760
290,939	-	391,372	-
2,352,568	4,319,904	6,689,665	-
(70,377)	(522,610)	(803,253)	118,000
-	-	40,408	-
<u>(816,650)</u>	<u>(1,266,624)</u>	<u>(2,628,033)</u>	<u>-</u>
<u>1,809,099</u>	<u>2,514,155</u>	<u>3,680,246</u>	<u>528,345</u>
16,620,820	13,893,863	31,795,960	3,739,190
7,253,031	3,840,530	12,100,727	-
-	-	1,332,212	3,560,000
-	(448,779)	(448,779)	(132,733)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,086,979)</u>
23,873,851	17,285,614	44,780,120	5,079,478
<u>304,373,296</u>	<u>211,451,033</u>		<u>55,186,670</u>
<u>\$ 328,247,147</u>	<u>\$ 228,736,647</u>		<u>\$ 60,266,148</u>
		<u>433,359</u>	
		<u>\$ 45,213,479</u>	

City of Sioux Falls
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Statement of Cash Flows - Proprietary Funds

	Enterprise Funds	
	Power and Distribution	Public Parking
Cash Flows Provided by Operating Activities:		
Receipts from Customers	\$ 8,203,696	\$ 1,960,420
Cash Receipts from Interfund Services Provided	1,835,989	259,276
Payments to Suppliers	(6,517,773)	(562,571)
Payment for Interfund Services Used	(5,129)	(100,929)
Payments to Employees	(1,629,818)	(733,543)
Claims Paid	-	-
Other Receipts (Payments)	36,081	667,737
Net Cash Provided by Operating Activities	<u>1,923,046</u>	<u>1,490,390</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	-	1,278
Purchase of Capital Assets	(325,636)	(38,938)
Interest Payments and Fiscal Charges	-	(548,231)
Proceeds from Revenue Notes	-	-
Principal Payments-Revenue Notes	-	-
Principal Payments-Revenue Bonds	-	(985,000)
Net Cash Flows (Used) By Capital and Related Financing Activities	<u>(325,636)</u>	<u>(1,570,891)</u>
Cash Flows Provided (Used) By Investing Activities:		
Rent Received	22,824	3,000
Investment Revenue Received	1,730	(993)
Net Cash Flows Provided By Investing Activities	<u>24,554</u>	<u>2,007</u>
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	1,621,964	(78,494)
Cash and Cash Equivalents, January 1	<u>6,643,597</u>	<u>3,251,888</u>
Cash and Cash Equivalents, December 31	<u><u>8,265,561</u></u>	<u><u>\$ 3,173,394</u></u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ (141,512)	\$ 280,923
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,704,348	1,252,374
(Increase) Decrease in-Receivables	45,394	52,171
-Inventory	582,257	-
-Due From Other Funds	103,181	-
-Due From Other Governments	-	-
-Net Pension Asset	(587,912)	(308,442)
-Pension Related Deferred Outflows	(249,408)	(99,234)
Increase (Decrease) in-Accounts Payable	9,357	(38,570)
-Accrued Wages	(7,322)	1,749
-Compensated Absences	6,523	(1,628)
-Pension Related Deferred Inflows	422,439	208,278
-Loss Reserve on Workers' Comp Claims	-	-
-Incurred But Not Reported Claims	-	-
-Deposits	7,165	1,160
-Unearned Revenue	-	138,111
-Closure/Post closure Cost	-	-
Other Revenue Sources (Uses)	28,536	3,498
Net Cash Provided By Operating Activities	<u>\$ 1,923,046</u>	<u>\$ 1,490,390</u>
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 1,007,166	\$ -
Net Interfund Transfers of Capital Assets	1,332,212	-
Disposal of Items Previously Classified as Construction in Progress	197,944	-
Change in Accounting Estimates for SDPAA Deposit	-	-

**City of Sioux Falls
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Year Ended December 31, 2021**

Statement of Cash Flows - Proprietary Funds (cont)

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 11,579,234	\$ 40,271,106	\$ 35,867,785	\$ 97,882,241	\$ 12,113,701
91,995	574,389	175,190	2,936,839	37,550,738
(5,672,884)	(11,937,346)	(3,590,088)	(28,280,662)	(16,824,475)
(20,385)	(667,841)	(201,264)	(995,548)	(12,699)
(2,372,429)	(6,458,280)	(5,697,712)	(16,891,782)	(4,919,135)
-	-	-	-	(20,253,390)
55,642	2,402,022	10,601,611	13,763,093	183,591
3,661,173	24,184,050	37,155,522	68,414,181	7,838,331
40,408	-	-	40,408	-
-	-	-	-	3,560,000
-	-	(364,283)	(364,283)	-
40,408	-	(364,283)	(323,875)	3,560,000
580	5,420	2,087	9,365	419,755
(2,408,027)	(17,158,115)	(32,357,608)	(52,288,324)	(3,711,461)
-	(1,216,954)	(1,253,133)	(3,018,318)	-
-	-	19,058,479	19,058,479	-
-	(979,799)	(11,596,952)	(12,576,751)	-
-	(2,700,000)	-	(3,685,000)	-
(2,407,447)	(22,049,448)	(26,147,127)	(52,500,549)	(3,291,706)
74,609	290,939	-	391,372	-
(17,677)	57,317	1,869	42,246	(45,036)
56,932	348,256	1,869	433,618	(45,036)
1,351,066	2,482,858	10,645,981	16,023,375	8,061,589
23,963,806	19,390,811	37,539,263	90,789,365	33,770,265
<u>\$ 25,314,872</u>	<u>\$ 21,873,669</u>	<u>\$ 48,185,244</u>	<u>\$ 106,812,740</u>	<u>\$ 41,831,854</u>
\$ 1,784,874	\$ 14,811,721	\$ 11,379,708	\$ 28,115,714	\$ 3,210,845
2,768,612	8,763,257	14,620,270	29,108,861	4,383,085
(365,643)	(203,796)	(331,410)	(803,284)	11,149
-	(456,192)	137,795	263,860	(130,476)
(40,000)	-	-	63,181	-
-	-	-	-	(47,610)
(811,680)	(1,884,347)	(1,896,567)	(5,488,948)	(1,904,557)
(299,006)	(833,633)	(820,994)	(2,302,275)	(742,730)
(349,022)	383,839	2,153,117	2,158,721	783,771
5,551	20,174	19,587	39,739	6,218
40,848	(76,690)	(13,150)	(44,097)	24,599
524,983	1,262,075	1,305,555	3,723,330	1,514,018
-	-	-	-	746,428
-	-	-	-	(200,000)
-	21,801	-	30,126	-
-	-	6,800,000	6,938,111	-
346,114	-	-	346,114	-
55,542	2,375,841	3,801,611	6,265,028	183,591
<u>\$ 3,661,173</u>	<u>\$ 24,184,050</u>	<u>\$ 37,155,522</u>	<u>\$ 68,414,181</u>	<u>\$ 7,838,331</u>
\$ -	\$ 7,253,031	\$ -	\$ 8,260,197	\$ -
-	-	(84,496)	1,247,716	(132,733)
-	-	-	197,944	65,591
-	-	-	-	2,086,979

City of Sioux Falls
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Statement of Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds	Police Custodial Fund
Assets		
Cash and Cash Equivalents	\$ 11,554,143	\$ 361,120
Receivables:		
Contribution	238,357	-
Interest	651,779	-
Total Receivables	<u>890,136</u>	<u>-</u>
Investments at Fair Value:		
US Government	22,625,702	-
Corporate Obligations	80,163,868	-
Foreign Obligations	36,867,504	-
Domestic Stocks	67,584,448	-
Foreign Stocks	5,278,396	-
Index Funds:		
Equity	311,525,739	-
Government / Corporate Bonds	58,527,549	-
Mutual Funds:		
Foreign Equity	181,291,424	-
Domestic Equity	26,838,661	-
Real Estate	65,440,896	-
Total Investments	<u>856,144,187</u>	<u>-</u>
Total Assets	<u>868,588,466</u>	<u>361,120</u>
Liabilities		
Total Liabilities	<u>111,564</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	864,540,202	-
Restricted for Post Employment Health Care Benefits	3,936,700	-
Restricted for Police Evidence and Found Property	<u>-</u>	<u>361,120</u>
Total Net Position	<u>\$ 868,476,902</u>	<u>\$ 361,120</u>

City of Sioux Falls
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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	\$ 14,888,454	\$ -
Plan Members	3,946,542	-
Total Contributions	<u>18,834,996</u>	<u>-</u>
Investment Income	110,545,664	-
Less Investment Expense	1,428,968	-
Net Investment Income	<u>109,116,696</u>	<u>-</u>
Police Funds Received into Custody	-	254,703
Total Additions	<u>127,951,692</u>	<u>254,703</u>
Deductions		
Benefit Payments		
Pension	36,131,729	-
Health Premiums	314,545	-
Total Benefit Payments	<u>36,446,274</u>	<u>-</u>
Police Funds Released from Custody	-	211,650
Refunds	259,105	-
Administrative Expense	<u>370,896</u>	<u>-</u>
Total Deductions	<u>37,076,275</u>	<u>211,650</u>
Change in Net Position	90,875,417	43,053
Restricted Net Position, January 1	<u>777,601,485</u>	<u>318,067</u>
Restricted Net Position, December 31	<u>\$ 868,476,902</u>	<u>\$ 361,120</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, 2022.

The second statement issued but 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, 2022.

The third statement issued but not yet implemented that will affect the City is statement No. 93, *Replacement of Interbank Offered Rates*. The object of this statement is to address the issue of the London Interbank Offered Rate (LIBOR) to cease to exist as well as address the accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This statement will be implemented at the City in the year ended December 31, 2022.

The fourth statement issued but not yet implemented that will affect the City is statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The object of this statement is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs) and require those that meet the definition of a lease apply the guidance of GASB Statement No. 87, *Leases*. This statement will be implemented at the City in the year ended December 31, 2023.

The fifth statement issued but not yet implemented that will affect the City is statement No. 96, *Subscription-Based Information Technology Arrangements*. The object of this statement is to provide guidance on the accounting and financial reporting for subscription-based informational technology arrangements (SBITAs). Under this Statement,

a government generally should recognize a right-to-use subscription asset – an intangible asset and a corresponding liability. This statement will be implemented at the City in the year ended December 31, 2023.

The sixth statement issued but not yet implemented that will affect the City is statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plan. This statement will be implemented at the City in the year ended December 31, 2022.

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.

Notes to Financial Statements

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 2021, the City provided \$1,705,361 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, 2021. 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 2021, the Housing Fund did not provide any federal grant proceeds to the Housing Commission for housing assistance. The Housing Commission's fiscal year-end presented in this report is September 30, 2021. Complete financial statements are 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, Housing Fund, General Government Construction Fund, the Public Safety Facility Construction Fund, and the Storm Drainage Fund. In addition to the required General Fund presentation, the four special revenue funds and two capital project 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. 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.

Notes to 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, 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 \$72.9 million during 2021. A majority of the supplemental appropriations were funded by increases in the General Fund's unassigned balance carried forward from 2020 as well as local government assistance funds received from federal sources in 2020 and 2021.

Within the \$72.9 million supplemented, \$17.1 million is double counted and consists primarily of inter-fund transfers, which were then subsequently appropriated out of the fund that received the transfer. Inter-fund transfers include:

- \$13.7 million from the General Fund to the Sales Tax Fund;
- \$2.0 million from the General Fund to the Centralized Facilities Fund;
- \$0.9 million from the Sales Tax Fund to the Centralized Facilities Fund; and
- \$0.5 million from the General Fund to the Housing Fund.

Parks and Recreation had the largest number of supplements in 2021 totaling \$23.9 million for capital projects and \$0.25 million for part-time salary and wage adjustments. The \$23.9 million in capital projects was comprised of \$15.0 million in City funds and \$8.9 million

from private philanthropic (non-city) funds. The City portion of the capital projects were funded \$8.0 from General Fund unassigned balance and \$7.0 million from Sales Tax Fund unassigned balance. Capital projects include:

- \$8.0 million for Phase III of the River Greenway Expansion;
- \$8.1 million for expanded African Animal exhibit at the Great Plains Zoo (includes \$6.7 million private funds);
- \$4.0 million for an adaptive park and ice skating loop at Jacobson Plaza (includes \$2.0 million private funds);
- \$2.45 million for Hayward Park master plan improvements (includes \$0.2 million private funds);
- \$0.8 million for the Sertoma Butterfly House and Aquarium expansion project; and
- \$0.5 million for Tomar Park master plan improvements.

Highways and Streets was supplemented for \$7.3 million, all which was designated to the Arterial Streets Expansion program. The Highways and Streets supplements were funded \$4.0 million from General Fund unassigned balance (transferred to the Sales Tax Fund) and \$3.3 million from platting fee revenues in excess of original budget.

Various Health Department initiatives were funded with \$1.5 million in supplements in 2021 including \$0.8 (state grant) dedicated to construction and operation of the Link triage center, \$0.1 million for public health outreach (state grant), \$0.1 million for COVID-19 vaccine outreach (General Fund unassigned balance), and \$0.5 million to establish the Operation Hope fund at the Sioux Falls Community Foundation (General Fund unassigned balance).

Other supplements made in 2021 include:

- \$2.0 million to Centralized Facilities Fund for general centralized facilities improvements (General Fund unassigned balance);
- \$0.9 million to Centralized Facilities Fund for replacement of the Law Enforcement Center chiller (Sales Tax Fund unassigned balance);
- \$3.0 million to Housing Fund for accessible housing and neighborhood development initiatives (General Fund unassigned balance);
- \$2.5 million to Sales Tax Fund – Fire Rescue to provide additional funding for construction of the Public Safety Training Facility (General Fund unassigned balance);
- \$0.25 million from Transit Fund for radio replacements (Transit Fund unassigned balance); and
- \$0.2 million to Fire Rescue to cover additional budget needs for wages and salaries (General Fund unassigned balance).

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, funded through the America Rescue Plan Act (ARPA), provides a direct allocation of federal funds to large municipalities, of which 50% of the funds are provided in 2021 and 50% are available in 2022. The City

Notes to Financial Statements

of Sioux Falls received \$12.7 million in SLFRF funds in 2021, which were supplemented to fund the following projects:

- \$6.8 million to the Water Reclamation Fund to support construction and expansion of the City's water reclamation facility;
- \$4.6 million to the Entertainment Tax Fund to support reconstruction of the Washington Pavilion cornice and parapet, with an additional \$1.4 million in non ARPA funds (Entertainment Tax Fund unassigned balance) also supplemented in support of this project; and

\$1.25 million to the Sales Tax Fund to support reconstruction of downtown streets.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2021.

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 **Housing 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.

The **Public Safety Facility Construction Fund** accounts for the construction of the new Public Safety Facility training center and related expenses.

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 **Power and Distribution 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, facilities, 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. 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 activities are reported in the government-wide financial statements as "internal balances."

Notes to Financial Statements

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 backtrading 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 deferred inflows of resources in the City’s financial statements. Net investment in capital assets consists of

Notes to Financial Statements

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 55 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 12).

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

Notes to Financial Statements

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 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 next chart 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 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, 2021, the deposits of the City were \$28.9 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2021. Other

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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, 2021.

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			5 or more Years
			1 Year	1-3 Years	3-5 Years	
(a) U.S. Treasury Notes & Bills	N/A	\$ 232,455,388	\$ 134,000,023	\$ 88,740,369	\$ 9,486,626	\$ 228,370
(c) Money Market Funds	AAA	122,900,567	122,900,567	-	-	-
(e) Certificates of Deposit	N/A	9,000,000	9,000,000	-	-	-
(f) Cash	N/A	26,197,396	26,197,396	-	-	-
Total		\$ 390,553,351	\$ 292,097,986	\$ 88,740,369	\$ 9,486,626	\$ 228,370

* 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, 2021, the deposits of the authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2021, 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 2021 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, 2021, was \$4.288 per \$1,000 of taxable valuation.

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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, 2021:

	Taxes	Accounts	Interest	Special Assessments	Notes Receivable	Loans Receivable	Unbilled	Arbitrage Refund	Allowance for Uncollectibles	Total
Primary Government										
Governmental Activities										
General	\$ 1,227,998	\$ 3,688,278	\$ 59,567	\$ 1,275	\$ -	\$ -	\$ -	\$ -	\$ (1,645,906)	\$ 3,331,212
Entertainment Tax	-	1,204	12,288	-	-	-	-	-	-	13,492
Sales/Use Tax	-	77,693	47,340	493,978	-	-	-	-	-	619,011
Housing	-	20	3,771	-	106,691	20,816,343	-	-	(710,034)	20,216,791
Storm Drainage	-	-	8,049	-	-	-	-	-	-	8,049
Public Safety Facility	-	-	425	-	-	-	-	-	-	425
Nonmajor Funds	-	-	35	-	-	-	-	-	-	35
Internal Service Funds	-	120,663	28,543	-	-	-	-	-	(6,633)	142,573
Total Governmental Activities	1,227,998	3,887,858	160,018	495,253	106,691	20,816,343	-	-	(2,362,573)	24,331,588
Business-type Activities										
Power and Distribution	-	524,146	6,102	-	-	-	501,519	-	(121,323)	910,444
Public Parking Facilities	-	92,522	1,061	-	-	-	-	-	(7,527)	86,056
Sanitary Landfill	-	1,187,667	18,540	-	-	-	-	-	(23,555)	1,182,652
Water	-	1,493,772	14,225	212,582	-	-	1,908,213	17,089	(76,686)	3,569,195
Water Reclamation	-	1,144,211	35,403	-	-	-	2,562,623	-	(35,684)	3,706,553
Total Business-type Activities	-	4,442,318	75,331	212,582	-	-	4,972,355	17,089	(264,775)	9,454,900
Total Primary Government	\$ 1,227,998	\$ 8,330,176	\$ 235,349	\$ 707,835	\$ 106,691	\$ 20,816,343	\$ 4,972,355	\$ 17,089	\$ (2,627,348)	\$ 33,786,488
Non current portion	\$ -	\$ -	\$ -	\$ 700,235	\$ 77,996	\$ 20,521,773	\$ -	\$ -	\$ -	\$ 21,300,004
Fiduciary Funds										
Employee's Retirement	\$ -	\$ 168,790	\$ 478,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647,606
Firefighters' Pension	-	69,567	170,026	-	-	-	-	-	-	239,593
OPEB Trust	-	-	2,937	-	-	-	-	-	-	2,937
Total Fiduciary Funds	\$ -	\$ 238,357	\$ 651,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 890,136
Component Units										
Housing Commission	\$ -	\$ 26,847	\$ 293	\$ -	\$ 36,053	\$ -	\$ -	\$ -	\$ -	\$ 63,193
Metro Communications Agency	\$ -	\$ 19,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,235

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 \$4,689,138 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, 2021, was as follows:

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General Fund	T.I.F. District	\$ 50,000
General Fund	Storm Drainage	155,592
Power and Distribution	General Fund	40,922
Sanitary Landfill	General Fund	40,000

Notes to Financial Statements

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2021:

	Due from			
	Federal	State	Local	Total
Primary Government:				
Governmental Activities				
General Fund	\$ 565,481	\$ 10,838,360	\$ 254,940	\$ 11,658,781
Entertainment Tax	-	911,593	-	911,593
Sales/Use Tax	588,064	17,791,953	-	18,380,017
Housing	165,406	-	22,196	187,602
Storm Drainage	2,024	42,485	85,737	130,246
Internal Service Funds	-	-	62,257	62,257
Total Governmental Activities	<u>\$ 1,320,975</u>	<u>\$ 29,584,391</u>	<u>\$ 425,130</u>	<u>\$ 31,330,496</u>
Component Units				
Housing Commission	<u>\$ 209,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,294</u>
Metro Communications Agency	<u>\$ -</u>	<u>\$ 53,306</u>	<u>\$ 400,404</u>	<u>\$ 453,710</u>
Total Primary Government	<u>\$ 1,320,975</u>	<u>\$ 29,584,391</u>	<u>\$ 425,130</u>	<u>\$ 31,330,496</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	Housing	Nonmajor Governmental Funds	Power and Distribution	Centralized Facilities	General Fixed Assets	
Transfers out:							
General Fund	\$ 13,662,500	\$ 4,035,000	\$ 6,004,900	\$ -	\$ 2,000,000	\$ -	\$ 25,702,400
Sales and Use Tax	-	-	750,000	-	1,560,000	-	2,310,000
Water Reclamation	364,283	-	-	-	-	84,496	448,779
Centralized Facilities	-	-	-	-	-	121,735	121,735
Technology Revolving	-	-	-	-	-	10,998	10,998
General Fixed Assets	-	-	-	1,332,212	-	-	1,332,212
Total	<u>\$ 14,026,783</u>	<u>\$ 4,035,000</u>	<u>\$ 6,754,900</u>	<u>\$ 1,332,212</u>	<u>\$ 3,560,000</u>	<u>\$ 217,229</u>	<u>\$ 29,926,124</u>

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G. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

Primary Government:	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 175,021,640	\$ 8,418,006	\$ (179,003)	\$ 183,260,643
Intangibles (Rights)	5,542,337	-	-	5,542,337
Construction in Progress	20,059,241	65,482,267	(66,872,444)	18,669,064
Depreciable Assets:				
Buildings	377,671,153	3,824,954	(359,017)	381,137,090
Improvements other than Buildings	172,712,987	4,192,571	(383,786)	176,521,772
Equipment	134,162,107	11,790,275	(4,744,818)	141,207,564
Infrastructure	1,202,544,690	105,376,339	(7,340,901)	1,300,580,128
Totals at Historical Cost	<u>2,087,714,155</u>	<u>199,084,412</u>	<u>(79,879,969)</u>	<u>2,206,918,598</u>
Accumulated Depreciation:				
Buildings	(142,472,379)	(9,630,062)	196,857	(151,905,584)
Improvements other than Buildings	(117,040,571)	(5,806,201)	350,943	(122,495,829)
Equipment	(87,407,695)	(10,770,038)	4,684,952	(93,492,781)
Infrastructure	(478,006,780)	(40,064,873)	4,340,704	(513,730,949)
Total Accumulated Depreciation	<u>(824,927,425)</u>	<u>(66,271,174)</u>	<u>9,573,456</u>	<u>(881,625,143)</u>
Governmental Activities Capital Assets, net	<u>\$ 1,262,786,730</u>	<u>\$ 132,813,238</u>	<u>\$ (70,306,513)</u>	<u>\$ 1,325,293,455</u>
Business-type Activities:				
Non-Depreciable Assets:				
Land	\$ 20,188,375	\$ 603,373	\$ -	\$ 20,791,748
Intangibles (Rights)	75,681,921	19,797	-	75,701,718
Construction in Progress	32,447,389	47,396,977	(45,527,311)	34,317,055
Depreciable Assets:				
Buildings	49,381,127	29,724,191	-	79,105,318
Improvements other than Buildings	69,949,060	852,288	-	70,801,348
Equipment	49,782,452	3,704,601	(723,098)	52,763,955
Infrastructure	756,582,248	28,664,907	(634,626)	784,612,529
Totals at Historical Cost	<u>1,054,012,572</u>	<u>110,966,134</u>	<u>(46,885,035)</u>	<u>1,118,093,671</u>
Accumulated Depreciation				
Buildings	(25,051,585)	(1,958,970)	-	(27,010,555)
Improvements other than Buildings	(42,785,014)	(3,392,355)	-	(46,177,369)
Equipment	(33,374,363)	(1,970,322)	723,098	(34,621,587)
Infrastructure	(318,553,227)	(21,787,214)	627,298	(339,713,143)
Total Accumulated Depreciation	<u>(419,764,189)</u>	<u>(29,108,861)</u>	<u>1,350,396</u>	<u>(447,522,654)</u>
Business-type Activities Capital Assets, net	<u>\$ 634,248,383</u>	<u>\$ 81,857,273</u>	<u>\$ (45,534,639)</u>	<u>\$ 670,571,017</u>
Total Primary Government Capital Assets, net	<u>\$ 1,897,035,113</u>	<u>\$ 214,670,511</u>	<u>\$ (115,841,152)</u>	<u>\$ 1,995,864,472</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.

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Component Units	Beginning Balance	Additions	Retirements	Ending Balance
Housing Commission				
Non-Depreciable Assets:				
Land	\$ 894,251	\$ -	\$ -	\$ 894,251
Construction in Progress	34,500	-	-	34,500
Depreciable Assets:				
Buildings	6,746,383	-	-	6,746,383
Improvements other than Buildings	445,040	-	-	445,040
Equipment	284,295	9,419	-	293,714
Totals at Historical Cost	8,404,469	9,419	-	8,413,888
Less Accumulated Depreciation:				
Buildings	(3,585,896)	(136,876)	-	(3,722,772)
Improvements other than Buildings	(189,091)	(28,104)	-	(217,195)
Equipment	(254,404)	(15,779)	-	(270,183)
Total Accumulated Depreciation	(4,029,391)	(180,759)	-	(4,210,150)
Total Housing Commission Capital Assets, net	<u>\$ 4,375,078</u>	<u>\$ (171,340)</u>	<u>\$ -</u>	<u>\$ 4,203,738</u>
Metro Communications Agency				
Depreciable Assets:				
Equipment	\$ 2,455,296	\$ 7,000	\$ -	\$ 2,462,296
Totals at Historical Cost	2,455,296	7,000	-	2,462,296
Less Accumulated Depreciation:				
Equipment	(2,177,775)	(106,568)	-	(2,284,343)
Total Accumulated Depreciation	(2,177,775)	(106,568)	-	(2,284,343)
Total Metro Communications Agency Capital Assets, net	<u>\$ 277,521</u>	<u>\$ (99,568)</u>	<u>\$ -</u>	<u>\$ 177,953</u>

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

Governmental Activities:	Amount
General Government	\$ 1,471,730
Public Safety	3,237,365
Highways & Streets	40,262,578
Health	274,467
Culture & Recreation	15,698,882
Urban & Economic Development	943,066
Capital Assets Held by the Government's Internal Service Funds	4,383,086
Total Depreciation Expense - Governmental Activities	<u>\$ 66,271,174</u>
Business-type Activities:	
Electric Light	\$ 1,704,348
Public Parking Facilities	1,252,374
Sanitary Landfill	2,768,612
Water	8,763,257
Water Reclamation	14,620,270
Total Depreciation Expense - Business-type Activities	<u>\$ 29,108,861</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:

Projects-in-Progress	Project Authorization	Expended to 12/31/2021	Committed
City Center Office Building	\$ 284,406	\$ -	\$ 284,406
Centralized Facilities Improvements	3,735,462	89,318	3,646,144
Engineering Infrastructure Projects	39,861,860	5,678,579	34,183,281
Railroad Development	350,840	-	350,840
Street Lights	242,183	242,183	-
Land Acquisition for Future Fire Stations	464,610	-	464,610
Public Safety Training Center	50,516,247	5,775,013	44,741,234
Fire Truck	153,238	153,238	-
Police Patrol Vehicles	383,890	383,890	-
Core Façade Revitalization	120,000	-	120,000
Light and Power Facility Improvements	450,795	17,450	433,345
Electric Light Projects	637,373	-	637,373
Circuit Improvements	5,646,311	57,337	5,588,974
Electronic Automated Meter Reading	111,379	-	111,379
Arrow head Park Development	19,975	4,015	15,960
Arboretum Park Improvements	136,000	105,395	30,605
Bike Trail Construction/Reconstruction	1,410,564	1,393,467	17,097
Community/Regional Park Improvements	632,500	-	632,500
Cyclical Park Infrastructure Improvements	119,291	-	119,291
Skate Park Improvements	35,500	-	35,500
Development of Play Structures	6,483	-	6,483
Falls Park Improvements	4,837,579	86,375	4,751,204
Family Park Improvements	31,785	28,740	3,045
Great Bear Master Plan Improvements	10,356	-	10,356
Greenway and Trail Improvements	605,794	-	605,794
Harmodon Park Improvements	85,000	-	85,000
Hayward Park Improvements	112,603	112,603	-
Jacobson Plaza Development	57,235	57,235	-
Neighborhood Park Improvements	2,337,397	-	2,337,397
Parks System Master Plan	158,585	158,585	-
Parks ADA Transition Plan Improvements	63,000	-	63,000
Park Land Acquisition	1,233,456	3,650	1,229,806
Park Roads and Parking Lots Improvements	700	-	700
Park Internal Trails Improvements	17,919	-	17,919
Playcourt Cyclic Improvements	5,471	-	5,471
River Greenway	8,360,000	459,190	7,900,810
Sertoma Park Improvements	3,080	-	3,080
Spencer Park Improvements	32,514	32,514	-
Terrace Park Development	1,265	-	1,265
Zoo Master Plan Improvements	8,146,204	-	8,146,204
Downtown Parking Ramp	843,401	-	843,401
Sculture Walk	18,000	-	18,000
Fleet Chamber Fuel Site Improvements	126,000	-	126,000
Fleet Sanders	1,319,327	1,319,327	-
Landfill Land Acquisition	217,475	-	217,475
Landfill Scalehouse	16,719	16,719	-
Landfill Expansion	3,289,275	6,908	3,282,367
Landfill Building Improvements	2,743,929	-	2,743,929
Landfill Leachate Recirculation Infrastructure	1,998,118	675,507	1,322,611
Landfill Sedimentation Pond Construction	200,000	-	200,000
Landfill Solid Waste Plan	253,641	253,641	-
Arena Building Improvements	200,000	-	200,000
Convention Center Building Improvements	1,089,269	792,324	296,945
Events Center Building Improvements	482,703	9,750	472,953
Orpheum Building Improvements	25,000	12,960	12,040
Washington Pavilion Building Improvements	6,852,717	355,139	6,497,578
Transit Office Remodel	660,000	-	660,000
Storm Sewer Projects	17,061,632	1,656,115	15,405,517
Water Projects	16,012,775	6,261,841	9,750,934
Water Reclamation Projects	144,586,407	26,787,111	117,799,296
	\$ 329,397,238	\$ 52,986,119	\$ 276,411,119

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The Housing Commission also has outstanding contract commitments as of September 30, 2021 totaling \$687,162. This total relates to 915/917/921/923 N Blauvelt Ave projects.

These are projects in which the Housing Commission participates with the City of Sioux Falls Planning and Development Services to construct, rehabilitate and renovate housing projects for low and moderate-income families.

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	\$ 74,552,688
Plus: assets contributed from outside sources	54,995,484
Plus: assets added by Internal Service Funds	22,426,975
Plus: construction in progress added as an asset in current year	47,109,265
Capital asset increase per footnote	199,084,412
Plus: loss on sale of assets	(2,207,769)
Plus: assets contributed to enterprise funds	216,178
Less: assets contributed from outside sources	(54,995,484)
Plus: assets added by Internal Service Funds	(22,426,975)
Plus: assets transferred from enterprise funds	(1,331,161)
Less: construction in progress added as an asset in current year	(47,109,265)
Depreciation expense	(61,888,088)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 9,341,848</u>

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, 2021.

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 158,890,000	\$ -	\$ 9,540,000	\$ 149,350,000	\$ 10,055,000
Notes Payable	8,399,885	2,474,636	829,505	10,045,016	862,738
Total Debt	<u>167,289,885</u>	<u>2,474,636</u>	<u>10,369,505</u>	<u>159,395,016</u>	<u>10,917,738</u>
Unamortized Bond Premium	18,496,774	-	751,334	17,745,440	746,619
Rebatable Arbitrage	22,024	-	-	22,024	n/a
Accrued Compensated Absences					
Governmental Funds *	12,130,959	5,844,895	5,505,658	12,470,196	1,000,000
Internal Service Funds	159,930	223,775	199,175	184,530	20,000
Total Governmental Activities	<u>198,099,572</u>	<u>8,543,306</u>	<u>16,825,672</u>	<u>189,817,206</u>	<u>12,684,357</u>
Business-type Activities:					
Bonds Payable:					
Revenue	40,280,000	-	3,685,000	36,595,000	3,835,000
Revenue Notes Payable	81,223,600	19,058,479	12,576,750	87,705,329	12,466,245
Total Debt	<u>121,503,600</u>	<u>19,058,479</u>	<u>16,261,750</u>	<u>124,300,329</u>	<u>16,301,245</u>
Unamortized Bond Premium	5,020,105	-	378,837	4,641,268	465,696
Closure & Postclosure Care Costs	10,432,801	346,114	-	10,778,915	n/a
Accrued Compensated Absences	1,910,182	916,403	960,501	1,866,084	205,000
Total Business-type Activities	<u>138,866,688</u>	<u>20,320,996</u>	<u>17,601,088</u>	<u>141,586,596</u>	<u>16,971,941</u>
Total Primary Government	<u>\$ 336,966,260</u>	<u>\$ 28,864,302</u>	<u>\$ 34,426,760</u>	<u>\$ 331,403,802</u>	<u>\$ 29,656,298</u>

**City of Sioux Falls
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Notes to Financial Statements

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Component Units

Housing Commission					
Revenue Notes Payable	\$ 241,818	\$ -	\$ 31,345	\$ 210,473	\$ 31,345
Line of Credit	824,764	-	742,236	82,528	82,528
Mortgages Payable	3,419,119	-	316,696	3,102,423	66,698
Accrued Compensated Absences	98,369	101,061	108,781	90,649	64,109
Total Housing Commission	\$ 4,584,070	\$ 101,061	\$ 1,199,058	\$ 3,486,073	\$ 244,680
Metro Communications Agency					
Accrued Compensated Absences	\$ 288,345	\$ 316,889	\$ 300,528	\$ 304,706	\$ 141,342
Total Metro Communications Agency	\$ 288,345	\$ 316,889	\$ 300,528	\$ 304,706	\$ 141,342

* Compensated absences in the Governmental Funds have typically been paid from the General and Community Development funds.

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, 2021

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 2012A Sales Tax	* Events Center	3.21%	2033	\$ -	\$ 108,440,000	\$ 80,180,000	\$ 8,205,378
Series 2012B Sales Tax	* Events Center	1.87%	2023	-	13,705,000	2,780,000	2,052,000
Series 2016A Sales Tax	* City Center Office Building	3.09%	2036	-	20,260,000	18,830,000	1,805,500
Series 2018A Sales Tax	* Library & Parks (I) Refunding	2.14%	2025	-	10,635,000	6,510,000	1,841,500
Series 2020A Sales Tax	* Public Safety Facility	2.42%	2040	-	42,315,000	41,050,000	3,399,750
Total Sales & Use Tax				-	195,355,000	149,350,000	17,304,128
Housing Fund							
State Flex Funds	Rental Rehab Loans	0.00%	2022	-	600,000	600,000	600,000
Storm Drainage Fund							
State Revolving Note #39	System Construction	1.00%	2030	-	8,829,000	7,196,742	931,477
State Revolving Note #42	System Construction	1.00%	n/a	7,209,126	2,248,274	2,248,274	n/a
Total Storm Drainage				7,209,126		9,445,016	931,477
Total Revenue Bonds & Notes				7,209,126		159,395,016	18,835,605
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2040	n/a	n/a	17,745,440	n/a
Total Debt				7,209,126		177,140,456	18,835,605
Vested Compensated Absences							
Governmental Funds	Compensated Absences	n/a	n/a	n/a	n/a	12,470,196	n/a
Internal Service Funds	Compensated Absences	n/a	n/a	n/a	n/a	184,530	n/a
Total Governmental Activities				\$ 7,209,126		\$ 189,795,182	\$ 18,835,605
Business-type Activities							
Revenue Bonds & Notes							
Water							
Series 2017A Sales Tax	* Lewis & Clark Refunding	1.80%	2026	\$ -	\$ 31,045,000	\$ 21,350,000	\$ 7,770,000
Total Water				-		21,350,000	7,770,000
Water Reclamation							
State Revolving Note #21	System Construction	2.25%	2027	-	34,813,977	11,674,340	2,262,608
State Revolving Note #32	System Construction	1.25%	2023	-	23,037,837	3,117,846	2,464,304
State Revolving Note #33	System Construction	1.25%	2023	-	13,657,053	2,564,303	1,483,691
State Revolving Note #34	System Construction	2.25%	2024	-	12,040,836	3,903,875	1,349,359
State Revolving Note #35	System Construction	1.25%	2027	1,189,232	10,790,225	6,648,281	1,151,764
State Revolving Note #36	System Construction	1.25%	2028	9,509,456	16,550,544	11,818,814	1,765,982
State Revolving Note #37	System Construction	1.25%	2029	1,936,415	7,350,585	5,302,133	780,004
State Revolving Note #38	System Construction	1.00%	2029	2,043,151	9,515,974	7,540,376	1,004,955
State Revolving Note #40	System Construction	1.50%	n/a	2,557,152	24,251,648	24,024,815	n/a
State Revolving Note #41	System Construction	2.50%	n/a	30,514,455	11,110,545	11,110,546	n/a
Total Water Reclamation				47,749,861		87,705,329	12,262,667
Public Parking							
Series 2018B Sales Tax	Parking Ramp Construction	3.51%	2032	-	18,540,000	15,245,000	1,877,774
Total Debt				47,749,861		124,300,329	21,910,441
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2026	n/a	n/a	4,641,268	n/a
Total Debt						128,941,597	21,910,441
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	1,866,084	n/a
Total Business-type Activities				\$ 47,749,861		\$ 130,807,681	\$ 21,910,441

* 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.

**City of Sioux Falls
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Notes to Financial Statements

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, 2021.

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	\$ 210,473	\$ 31,345
Line of Credit	First Premier Bank	4.50%	2021	-	752,100	82,528	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	98,008	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	131,877	5,820
Sioux Falls Community Development	Affordable Housing	0.00%	2044	-	179,550	90,001	3,333
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	25,438	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	141,343	90,000
SD Housing Development Authority	Affordable Housing	0.00%	2034	-	697,234	689,590	n/a
Great Western Bank	Affordable Housing	4.75%	2022	-	40,000	26,040	3,132
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	37,185	6,952
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	356,000	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	98,630	12,172
SD Housing Development Authority	Affordable Housing	0.00%	2041	-	200,000	180,000	4,000
Total Mortgages				-		3,102,423	345,510
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	90,649	59,049
Total Housing Commission				\$ -		\$ 3,486,073	\$ 435,904
Metro Communications Agency							
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	\$ 304,706	\$ 141,342

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, 2021, are as follows:

PRIMARY GOVERNMENT Governmental Activities Revenue Bonds & Notes	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2021		Total Principal and Interest Remaining
						Principal and Interest Paid	Net Revenues	
Sales & Use Tax Fund Sales Tax Revenue Bonds	Libraries, Parks, Flood Control, Water System & Events Center, Public Safety Facility	Sales and Use Taxes	27%	2040	\$ 244,940,000	\$ 21,401,645	\$ 79,605,916	\$ 244,123,842
Housing Fund State Flex Funds	Rental Rehab Loans	Housing Revenues	0%	2022	600,000	-	1,656,846	600,000
Storm Drainage Fund State Revolving Notes	System Construction	Storm Drainage Revenues	11%	2030	11,077,274	905,968	8,271,185	7,499,547
Business-type Activities								
Revenue Bonds & Notes								
Water State Revolving Notes	System Construction	Water Revenues	4%	2021	4,000,000	985,161	24,518,840	-
Water Reclamation State Revolving Notes	System Construction	Water Reclamation Revenues	41%	2027	135,778,455	9,952,771	24,188,045	59,805,025

Revenue Bonds Payable

Bonds payable at December 31, 2021, consist of five 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, and one issue backed by the second penny sales tax and serviced by the Public Parking Fund as shown above

Debt service requirements for the revenue bonds at December 31, 2021, are as follows:

Year	Sales and Use Tax		Total
	Principal	Interest	
2022	\$ 10,055,000	\$ 6,040,948	\$ 16,095,948
2023	11,660,000	5,631,828	17,291,828
2024	10,070,000	5,172,878	15,242,878
2025	10,490,000	4,738,578	15,228,578
2026	9,055,000	4,347,828	13,402,828
2027-2031	50,475,000	16,529,721	67,004,721
2032-2036	35,500,000	6,907,444	42,407,444
2036-2040	12,045,000	1,542,248	13,587,248
Totals	\$ 149,350,000	\$ 50,911,473	\$ 200,261,473

Notes to Financial Statements

Water			
Year	Principal	Interest	Total
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	4,100,000	575,000	4,675,000
2026	7,400,000	370,000	7,770,000
Totals	\$ 21,350,000	\$ 3,712,500	\$ 25,062,500

Public Parking			
Year	Principal	Interest	Total
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	1,090,000	420,301	1,510,301
2026	1,255,000	385,312	1,640,312
2027-2031	7,785,000	1,213,245	8,998,245
2032	1,800,000	67,860	1,867,860
Totals	\$ 15,245,000	\$ 3,554,869	\$ 18,799,869

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, 2021, the City had a rebatable arbitrage liability of \$22,024, which was payable from the Capital Improvements Special Revenue Fund.

Tax Increment Financing (TIF) Districts

The City has 14 active TIF districts. For each of these 14 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 \$3,111,217 were received by the City and paid to project sponsors during 2021.

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 64. 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
2022	\$ 862,738	\$ 68,739	\$ 931,477
2023	871,398	60,079	931,477
2024	880,145	51,332	931,477
2025	888,979	42,498	931,477
2026	897,903	33,575	931,478
2027-2030	2,795,579	46,582	2,842,161
Totals	\$ 7,196,742	\$ 302,805	\$ 7,499,547
Issues With No Estimate Available	2,248,274		
Total	\$ 9,445,016		

The Storm Drainage Fund currently has \$7,209,126 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
2022	\$ 12,466,245	\$ 1,036,895	\$ 13,503,140
2023	10,498,944	852,533	11,351,477
2024	8,855,419	699,724	9,555,143
2025	7,640,663	565,122	8,205,785
2026	7,758,454	447,331	8,205,785
2027-2031	15,155,846	1,165,484	16,321,330
2032-2036	5,481,867	638,554	6,120,421
2037-2041	5,601,967	212,433	5,814,400
Totals	\$ 73,459,405	\$ 5,618,076	\$ 79,077,481
Issues With No Estimate Available	14,245,924		
Total	\$ 87,705,329		

The Water Reclamation Fund has \$66,249,861 available and undrawn notes payable from the South Dakota Conservancy District which includes State Revolving Note 43 of \$18,500,000 which has not been drawn on as of year-end December 31, 2021.

State Flex Funds

The City has entered into an agreement with the state of South Dakota whereby the state has lent the City \$600,000 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.

Notes to Financial Statements

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
2022	\$ 98,043	\$ 9,317	\$ 107,360
2023	72,525	7,702	80,227
2024	73,221	7,006	80,227
2025	74,964	6,263	81,227
2026	75,727	5,500	81,227
2027-2031	280,807	16,829	297,636
2032-2036	1,366,807	5,343	1,372,150
2037-2041	194,818	2,992	197,810
2042-2046	306,895	622	307,517
Thereafter	769,089	-	769,089
Totals	\$ 3,312,896	\$ 61,574	\$ 3,374,470

Accrued Compensated Absences

City employees are paid for accumulated vacation and sick leave upon retirement. Certain employees are also paid for 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.

Accordingly, at December 31, 2021, the City has an available legal debt limit as follows:

2021 Assessed Actual Value Subject to Taxation:				\$ 18,130,407,164
Category	Legal Debt Limit		Net Bonded Debt Outstanding	Available Legal Debt Margin
	Percent	Amount		
General Purpose 1	5.0%	\$ 906,520,358	\$ 282,973,690	\$ 623,546,668
Special Purpose 2	10.0%	1,813,040,716	-	1,813,040,716
Special Purpose 3	8.0%	1,450,432,573	-	1,450,432,573
		<u>\$ 4,169,993,647</u>	<u>\$ 282,973,690</u>	<u>\$ 3,887,019,957</u>
Surcharge Debt Not Included in Legal Debt Limit			<u>18,467,095</u>	
Total Debt			<u>\$ 301,440,785</u>	

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, 2021.

The total rental expense for operating leases for the year ended December 31, 2021, was approximately \$2,455,777.

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
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Notes to Financial Statements

J. Fund balances

The City-classified fund balances within the governmental funds as follows at December 31, 2021:

	General	Entertainment Tax	Sales and Use Tax	Housing	Storm Drainage	General Government Construction	Public Safety Facility Construction	Other Governmental Funds	Total
Fund balances:									
Nonspendable:									
Inventory	\$ 2,874,421	\$ -	\$ 4,808,186	\$ 100,494	\$ -	\$ -	\$ -	\$ -	\$ 7,783,101
Permanent Fund Principal	-	-	-	-	-	-	-	26,767	26,767
Total Nonspendable	2,874,421	-	4,808,186	100,494	-	-	-	26,767	7,809,868
Restricted for:									
Debt Service	-	-	15,869,566	-	-	-	-	22	15,869,588
Park and Recreation	109,749	-	482,237	-	-	-	-	-	591,986
Police	209,429	-	85,481	-	-	-	-	-	294,910
Library	31,721	-	-	-	-	-	-	17,132	48,853
Community Development	-	-	-	26,951,566	-	-	-	-	26,951,566
Heroic Awards	-	-	-	-	-	-	-	3,675	3,675
City Center Office Building	-	-	-	-	-	133,136	-	-	133,136
Public Safety Facility Building	-	-	-	-	-	-	42,192,401	-	42,192,401
Storm Drainage	-	-	-	-	3,866,694	-	-	-	3,866,694
Other Capital Projects	-	-	-	-	5,861,811	-	-	-	5,861,811
Total Restricted	350,899	-	16,437,284	26,951,566	9,728,505	133,136	42,192,401	20,829	95,814,620
Committed to:									
Operating Agreements	1,585,708	3,733,128	-	-	-	-	-	438,253	5,757,089
Entertainment Venues	-	11,521,611	-	-	-	-	-	-	11,521,611
Other Capital Projects	-	-	53,608,572	-	-	-	-	-	53,608,572
Total Committed	1,585,708	15,254,739	53,608,572	-	-	-	-	438,253	70,887,272
Assigned to:									
Transit System	-	-	-	-	-	-	-	8,405,938	8,405,938
2022 Budget	4,793,169	-	-	-	-	-	-	-	4,793,169
Total Assigned	4,793,169	-	-	-	-	-	-	8,405,938	13,199,107
Unassigned:	72,880,386	-	-	-	-	-	-	-	72,880,386
Total Fund Balances	\$ 82,484,583	\$ 15,254,739	\$ 74,854,042	\$ 27,052,060	\$ 9,728,505	\$ 133,136	\$ 42,192,401	\$ 8,891,787	\$ 260,591,253

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, 2021, was \$692,881 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 \$1,275,000 from the county for operations during 2021. 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 \$2,263,510 and \$1,548,655, respectively.

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

Notes to Financial Statements

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, 2021, the City has commitments on construction projects totaling \$276,411,119 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 \$75.7 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 77% complete with authorized funding to complete 82%. 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.

The City pays a capacity charge of \$0.56/1000 gallons of available capacity and a volumetric charge of \$0.61/1000

gallons for water purchased. If the City uses 100% of their capacity, the effective rate is \$1.17/1000 gallons. Sioux Falls effective rate varied from \$0.92/1000 gallons in June 2021 to \$1.32/1000 gallon in November 2021 and a yearly average of \$1.08/1000 gallons for 2021.

For the year 2021 the city received a daily average of 12.152 million gallons per day with a peak day of 18.78 million gallons which occurred on July 2, 2021. A total of 4,435,543,000 gallons of water was purchased for the year ending December 31, 2021

The Power and Distribution 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 there is a wide-range of potential claims against the City that may or may not be covered by insurance. The results from such litigation could possibly have a material effect upon some areas of the financial statements of the City. However, there is no indication at the time of publication that these claims will be incurred, and the potential losses cannot be reasonably estimated at this time. Although the City does carry adequate reserve balances within the funds to address unforeseen circumstances and events, 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, 2021, is as follows:

CHANGE IN LIABILITY		Amount
Balance at January 1		\$ 10,432,801
Change in liability due to usage and revision of estimates		346,114
Balance at December 31		<u>\$ 10,778,915</u>

As of December 31, 2021, the City estimate is as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Sioux Falls Regional Sanitary Landfill	44.7%	<u>\$ 10,778,915</u>	<u>\$ 13,339,631</u>	55.0
Totals		<u>\$ 10,778,915</u>	<u>\$ 13,339,631</u>	

Notes to Financial Statements

The future estimated liability for these costs will be recognized as the remaining capacity is used. The estimated costs of closure and post-closure care are subject 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 post-closure 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 joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The City's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the City. The City pays a Members' Annual Operating Contribution, to provide liability coverage, under an occurrence-based policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage

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

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

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

	2020	2021
Balance January 1	\$ 2,100,000	\$ 2,200,000
Claims incurred during the year	15,500,347	16,946,043
Payments on claims during the year	(15,400,347)	(17,146,043)
Balance December 31	<u>\$ 2,200,000</u>	<u>\$ 2,000,000</u>

The Workers' Compensation Fund has total assets and total deferred outflows of resources of \$6,234,433 at December 31, 2021, which will be used to pay current expenses of the fund. The fund has total liabilities and deferred inflows of resources of \$3,074,775 which includes a loss reserve liability of \$2,879,586 for those claims incurred as of December 31, 2021, 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, 2021, there were two series of Industrial Revenue/Economic Development Bonds outstanding with an aggregate principal amount payable of \$48.9 million.

Note 9—Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques

Notes to Financial Statements

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, 2021:

Investments by fair value level	Level 1	Level 2	Level 3	Total
Pooled Cash				
Money Market Mutual Funds	\$ 61,704,323	\$ -	\$ -	\$ 61,704,323
U.S. Treasury Securities	-	228,611,987	-	228,611,987
Total Debt Service Trust Investments	\$ 61,704,323	\$ 228,611,987	\$ -	\$ 290,316,310
Debt Service Trust				
Money Market Mutual Funds	\$ 61,196,245	\$ -	\$ -	\$ 61,196,245
U.S. Treasury Securities	-	3,843,402	-	3,843,402
Total Debt Service Trust Investments	\$ 61,196,245	\$ 3,843,402	\$ -	\$ 65,039,647
Pension Investments				
Money Market Mutual Funds	\$ 16,147,445	\$ -	\$ -	\$ 16,147,445
Domestic Stocks	67,584,448	-	-	67,584,448
Foreign Stocks	5,278,396	-	-	5,278,396
U.S. Treasury Securities	-	22,625,702	-	22,625,702
Corporate Obligations	-	80,163,868	-	80,163,868
Foreign Obligations	-	36,867,504	-	36,867,504
Equity Funds	-	208,130,085	-	208,130,085
Partnership/Joint Ventures	-	-	65,440,896	65,440,896
Collective Investment Funds	-	-	370,053,288	370,053,288
	\$ 89,010,289	\$ 347,787,159	\$ 435,494,184	\$ 872,291,632
Investments measured at the net asset value (NAV)				
Pooled Cash Account				
South Dakota FIT	\$ 22,132,517			

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. U.S. treasury 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.

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	\$ 22,132,517	-	1 day	1 day

Notes to Financial Statements

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 14 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, 2021, that was not available to the City was \$3,111,217.

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 the T. Denny Sanford PREMIER Center, legacy 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 \$3,733,128, as well as, unearned revenue of \$100,000 related to the capital contribution by ASM Global

that will be amortized over the 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 \$1,585,708.

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 \$438,253.

Note 12—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

Notes to Financial Statements

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, 2021, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	750	186
Vested former members not yet receiving benefits	85	5
Active plan members	<u>495</u>	<u>117</u>
Total	<u>1,330</u>	<u>308</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 2021, 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
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	105%
2019	10,011,563	10,213,721	100%
2020	10,045,628	10,045,628	100%
2021	10,712,257	10,712,257	100%

CFPF			
	Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
2015	\$ 4,484,256	\$ 4,484,256	100%
2016	4,407,249	4,407,249	100%
2017	4,663,612	4,663,612	100%
2018	4,270,282	4,443,152	104%
2019	3,991,024	3,991,024	100%
2020	3,965,830	3,965,830	100%
2021	4,099,545	4,176,197	102%

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, 2021:

December 31, 2021	
Asset Class	Target Allocation
Domestic Equity	46%
International Equity	22%
Equity Real Estate	7%
Domestic Bonds	25%
Total	<u>100%</u>

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.21 percent for

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the CERS and 14.26 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, 2021, were as follows:

	CERS	CFPF
Total Pension Liability	\$ 556,380,016	\$ 199,814,162
Plan Fiduciary Net Position	(635,932,213)	(228,607,988)
Net Pension Liability (Asset)	<u>\$ (79,552,197)</u>	<u>\$ (28,793,826)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	114.30%	114.41%
Net Pension Liability (Asset) as a percentage of Covered Payroll	-180.06%	-235.79%

Changes in the Net Pension Liability (Asset) at December 31, 2021, are as follows:

	CERS	CFPF
Total Pension Liability (TPL)		
Service Cost	\$ 7,976	\$ 3,506
Interest on the Total Pension Liability (TPL)	37,264	13,702
Benefit Changes	-	-
Actual versus expected TPL #	2,156	2,498
Assumption Changes	16,127	(1,262)
Benefit Payments and Refunds	(27,250)	(9,141)
Net Change in Total Pension Liability	<u>36,273</u>	<u>9,303</u>
Total Pension Liability - Beginning	<u>\$ 520,106</u>	<u>\$ 190,512</u>
Total Pension Liability - Ending (a)	<u>\$ 556,379</u>	<u>\$ 199,815</u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 10,712	\$ 4,176
Employee Contributions	2,724	1,222
Pension Plan Net Investment Income	80,216	28,909
Benefit Payments and Refunds	(27,250)	(9,141)
Pension Plan Administrative Expense	(227)	(144)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>66,175</u>	<u>25,022</u>
Plan Fiduciary Net Position - Beginning	<u>569,756</u>	<u>203,587</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 635,931</u>	<u>\$ 228,609</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ (79,552)</u>	<u>\$ (28,794)</u>
<small># Experience gain made negative to facilitate addition</small>		
<small>Dollar amounts above are in thousands</small>		

For the year ended December 31, 2021, the City recognized a reduction of pension expense of \$26.6 million, which included total pension expense (reduction of pension expense) of (\$15.9 million) net of contributions totaling \$10.7 million for the CERS plan. The City recognized a reduction in pension expense of \$11.0 million, which included total pension expense (reduction of pension expense) of (\$7.0 million) net of contributions totaling \$4.0 million for the CFPF plan. At December 31, 2021, 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	\$ 4,863,470	\$ 1,799,049	\$ 1,944,936	\$ 498,847
Changes of Assumptions	13,050,594	1,292,108	-	932,268
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	59,819,708	-	21,226,974
Total	<u>\$ 17,914,064</u>	<u>\$ 62,910,865</u>	<u>\$ 1,944,936</u>	<u>\$ 22,658,089</u>

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:

	CERS	CFPF
Year Ended December 31:		
2022	\$ (9,957,480)	\$ (5,042,305)
2023	(19,515,158)	(8,273,635)
2024	(8,434,731)	(4,559,473)
2025	(7,089,432)	(2,837,740)
Thereafter	-	-
Total	<u>\$ (44,996,801)</u>	<u>\$ (20,713,153)</u>

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, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50 percent
Salary increases	4.25 percent to 9.25 percent (CERS) 8.75 percent (CFPF) including inflation.
Investment rate of return	7.0 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, 2021, these best estimates of geometric returns are summarized in the following table:

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2021	
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 7.00 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 next table presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.00 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.

	6.00%	7.00%	8.00%
CERS			
Total Pension Liability	\$ 627,871,899	\$ 556,380,016	\$ 496,794,955
Plan Fiduciary Net Position	(635,932,213)	(635,932,213)	(635,932,213)
Net Pension Liability (Asset)	\$ (8,060,314)	\$ (79,552,197)	\$ (139,137,258)
CFPF			
Total Pension Liability	\$ 224,902,864	\$ 199,814,162	\$ 178,861,320
Plan Fiduciary Net Position	(228,607,988)	(228,607,988)	(228,607,988)
Net Pension Liability (Asset)	\$ (3,705,124)	\$ (28,793,826)	\$ (49,746,668)

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 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.

Notes to Financial Statements

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, 2021, 2020, and 2019, the cost to the City was \$2,614,874, \$2,232,547, and \$1,889,387, respectively.

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

At June 30, 2021, SDRS is 105.53 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, 2021, and reported by the City as of December 31, 2021, are as follows:

Proportionate Share of Net Pension Liability	\$ 240,517,183
Less Proportionate Share of Net Pension Restricted for Pension Benefits	(253,800,760)
 Proportionate Share of Net Pension Liability (Asset)	 <u>\$ (13,283,577)</u>

On December 31, 2021, the City reported an asset of \$13,283,577 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was 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, 2021, the City's proportion was 1.73453600 percent, which was an increase of 0.1869556 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized a reduction of pension expense of \$4,296,782. On December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 476,915	\$ 34,827
Changes of Assumptions	15,275,979	6,652,223
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		18,975,856
Changes in proportion and difference between City contributions and proportionate share of contributions	4,408	545,094
City contributions subsequent to the measurement date	1,498,805	-
Total	<u>\$ 17,256,107</u>	<u>\$ 26,208,000</u>

There is \$1,498,805 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, 2021. 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:

Year Ended December 31:	
2022	\$ (2,798,335)
2023	(1,825,060)
2024	(489,345)
2025	(5,337,958)
Total	<u>\$ (10,450,698)</u>

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, 2021, 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	2.25 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, 2021 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

Notes to Financial Statements

expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
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 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)	\$ 21,509,416	\$ (13,283,577)	\$ (41,527,389)

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, 2021, the City reported the following aggregate totals for all pension plans:

Accumulated Totals for SDRS, CERS and CFPF Plans	
Total Net Pension Asset	\$ 121,629,600
Total Deferred Outflows of Resources	37,115,107
Total Deferred Inflows of Resources	111,776,954
Total Reduction of Pension Expense	(26,985,535)

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. This plan is a single-employer OPEB plan.

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 43 inactive employees as of December 31, 2021, the date of the last actuarial valuation.

Notes to Financial Statements

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 2021 the amount of the stipend was \$49.19 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, 2018, rolled forward to December 31, 2021.

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, 2021 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	2.25 percent, 20-year municipal bond rate of December 31, 2021

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.

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, 2020	\$ 1,729,546	\$ 4,258,876	\$ (2,529,330)
Changes for the Year			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability (TPL)	35,375	-	35,375
Benefit Clarification	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	55,333	-	55,333
Contributions Employer	-	110	(110)
Assumption Changes	13,963	-	13,963
OPEB Plan Net Investment Income	-	(7,631)	7,631
Benefit Payments and Refunds	(314,655)	(314,655)	-
Net Change in Total Pension Liability	(209,984)	(322,176)	112,192
Balance at December 31, 2021	\$ 1,519,562	\$ 3,936,700	\$ (2,417,138)

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 2.25 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 (1.25 percent) or one percentage point higher (3.25 percent) than the current rate:

	1.25%	2.25%	3.25%
Net OPEB liability (asset)	\$ (2,390,312)	\$ (2,417,138)	\$ (2,442,918)

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

The following presents the net OEPB (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	\$ (2,449,114)	\$ (2,417,138)	\$ (2,384,503)

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$67,159. At the December 31, 2021, the City reported deferred outflows of resources and deferred

Notes to Financial Statements

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	139,689	-
Total	\$ 139,689	\$ -

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

Year Ended December 31:		
2022	\$	55,482
2023		35,652
2024		28,570
2025		19,985
2026		-
Thereafter		-
Total	\$	139,689

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 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, 2021, 2020, and 2019, the cost to the Commission was \$53,417, \$49,557, and \$50,686, 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

Notes to Financial Statements

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, 2021, 2020, and 2019 were \$194,815, \$197,046, and \$177,520, respectively, equal to the required contributions each year.

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

At June 30, 2021, SDRS is 105.53 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

measurement period and reported by the Agency as of December 31, 2021, are as follows:

Proportionate Share of Net Pension Liability	\$ 19,515,668
Less Proportionate Share of Net Pension Restricted for Pension Benefits	(20,593,503)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (1,077,835)</u>

At December 31, 2021, the Agency reported an asset of \$1,077,835 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was based on a projection of the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the Agency's proportion was .14074100 percent, which is a increase of .0004059 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Agency recognized a reduction of pension expense of \$291,076. At December 31, 2021, 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	\$ 38,697	\$ 2,826
Changes of Assumptions	1,239,499	539,764
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,539,709
Changes in proportion and difference between Agency contributions and proportionate share of contributions	1,037	7,102
Agency contributions subsequent to the measurement date	106,667	-
Total	<u>\$ 1,385,900</u>	<u>\$ 2,089,401</u>

\$106,667 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended December 31:	
2022	\$ (201,863)
2023	(136,722)
2024	(38,432)
2025	(433,151)
Total	<u>\$ (810,168)</u>

Notes to Financial Statements

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

Inflation	2.25 percent
Salary increases	Graded by years of service, from 6.50 percent at entry to 3.00 percent after 25 years of service
Investment rate of return	6.50 percent net of plan investment expense
Future COLAs	2.25 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, 2021 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, 2021, are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
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:

	5.50%	6.50%	7.50%
The City's proportionate Share of the Net Pension (Asset)/Liability	\$ 1,745,283	\$ (1,077,835)	\$ (3,369,550)

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	\$ 6,143,812	\$ 1,476,568	\$ 3,933,763	\$ 11,554,143	\$ 361,120
Receivables:					
Contribution	168,790	69,567	-	238,357	-
Interest	478,816	170,026	2,937	651,779	-
Total Receivables	<u>647,606</u>	<u>239,593</u>	<u>2,937</u>	<u>890,136</u>	<u>-</u>
Investments at Fair Value:					
US Government	16,438,579	6,187,123	-	22,625,702	-
Corporate Obligations	59,233,987	20,929,881	-	80,163,868	-
Foreign Obligations	26,873,485	9,994,019	-	36,867,504	-
Domestic Stocks	49,441,082	18,143,366	-	67,584,448	-
Foreign Stocks	3,858,966	1,419,430	-	5,278,396	-
Index Funds:					
Equity	228,679,128	82,846,611	-	311,525,739	-
Government / Corporate Bonds	43,265,193	15,262,356	-	58,527,549	-
Mutual Funds:					
Foreign Equity	133,628,796	47,662,628	-	181,291,424	-
Domestic Equity	19,672,953	7,165,708	-	26,838,661	-
Real Estate	48,106,148	17,334,748	-	65,440,896	-
Total Investments	<u>629,198,317</u>	<u>226,945,870</u>	<u>-</u>	<u>856,144,187</u>	<u>-</u>
Total Assets	<u>635,989,735</u>	<u>228,662,031</u>	<u>3,936,700</u>	<u>868,588,466</u>	<u>361,120</u>
Liabilities					
Total Liabilities	<u>57,521</u>	<u>54,043</u>	<u>-</u>	<u>111,564</u>	<u>-</u>
Net Position					
Restricted for Pension and Post Employment Health Care Benefits	\$ 635,932,214	\$ 228,607,988	\$ 3,936,700	\$ 868,476,902	\$ -
Restricted for Police Evidence and Found Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,120</u>
Total Net Position	<u>\$ 635,932,214</u>	<u>\$ 228,607,988</u>	<u>\$ 3,936,700</u>	<u>\$ 868,476,902</u>	<u>\$ 361,120</u>

City of Sioux Falls
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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	\$ 10,712,257	4,176,197	\$ -	\$ 14,888,454	\$ -
Plan Members	2,724,232	1,222,310	-	3,946,542	-
Total Contributions	<u>13,436,489</u>	<u>5,398,507</u>	<u>-</u>	<u>18,834,996</u>	<u>-</u>
Investment Income (Loss)	81,234,637	29,318,658	(7,631)	110,545,664	-
Less Investment Expense	<u>1,018,935</u>	<u>410,033</u>	<u>-</u>	<u>1,428,968</u>	<u>-</u>
Net Investment Income (Loss)	80,215,702	28,908,625	(7,631)	109,116,696	-
Police Funds Received into Custody	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,703</u>
Total Additions	<u>93,652,191</u>	<u>34,307,132</u>	<u>(7,631)</u>	<u>127,951,692</u>	<u>254,703</u>
Deductions					
Benefit Payments					
Pension	26,990,496	9,141,233	-	36,131,729	-
Health Premiums	<u>-</u>	<u>-</u>	<u>314,545</u>	<u>314,545</u>	<u>-</u>
Total Benefit Payments	26,990,496	9,141,233	314,545	36,446,274	-
Police Funds Released from Custody	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,650</u>
Refunds	259,105	-	-	259,105	-
Administrative Expense	<u>226,704</u>	<u>144,192</u>	<u>-</u>	<u>370,896</u>	<u>-</u>
Total Deductions	<u>27,476,305</u>	<u>9,285,425</u>	<u>314,545</u>	<u>37,076,275</u>	<u>211,650</u>
Change in Net Position	66,175,886	25,021,707	(322,176)	90,875,417	43,053
Total Net Position, January 1	<u>569,756,328</u>	<u>203,586,281</u>	<u>4,258,876</u>	<u>777,601,485</u>	<u>318,067</u>
Total Net Position, December 31	<u>\$ 635,932,214</u>	<u>228,607,988</u>	<u>\$ 3,936,700</u>	<u>\$ 868,476,902</u>	<u>\$ 361,120</u>

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City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 70,821,286	\$ 70,821,286	\$ 71,238,553	\$ 417,267
Sales	70,098,133	70,098,133	79,605,916	9,507,783
Frontage	4,866,800	4,866,800	4,950,632	83,832
Lodging (Includes BID)	3,218,593	3,218,593	3,119,663	(98,930)
Amusement	13,500	13,500	228	(13,272)
Penalties and Interest	100,000	100,000	130,187	30,187
Total Taxes	<u>149,118,312</u>	<u>149,118,312</u>	<u>159,045,179</u>	<u>9,926,867</u>
Licenses and Permits	<u>5,826,967</u>	<u>5,826,967</u>	<u>7,186,778</u>	<u>1,359,811</u>
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	<u>6,298,139</u>	<u>6,398,139</u>	<u>6,163,695</u>	<u>(234,444)</u>
State Shared Revenues:				
Motor Vehicle Licenses	3,193,000	3,193,000	1,052,512	(2,140,488)
Bank Franchise Tax	1,000,000	1,000,000	2,635,699	1,635,699
Liquor Tax Reversion	1,000,646	1,000,646	1,553,821	553,175
Health License Reversion	159,000	159,000	327,114	168,114
Fire Insurance Premium Reversion	600,000	600,000	744,252	144,252
Local Government Highway Bridge Fund	-	-	2,115,195	2,115,195
Port of Entry Fees	75,000	75,000	84,267	9,267
Total State Shared Revenues	<u>6,027,646</u>	<u>6,027,646</u>	<u>8,512,860</u>	<u>2,485,214</u>
State Grants	<u>125,000</u>	<u>925,000</u>	<u>230,207</u>	<u>(694,793)</u>
County Shared Revenues:				
Wheel Tax	195,399	195,399	199,492	4,093
Contributions	<u>1,230,000</u>	<u>1,230,000</u>	<u>1,275,433</u>	<u>45,433</u>
Total County Shared Revenues	<u>1,425,399</u>	<u>1,425,399</u>	<u>1,474,925</u>	<u>49,526</u>
Total Intergovernmental Revenues	<u>13,876,184</u>	<u>14,776,184</u>	<u>16,381,687</u>	<u>1,605,503</u>
Special Assessments	182,000	182,000	196,610	14,610
Charges for Goods and Services	8,883,304	8,883,304	6,509,776	(2,373,528)
Fines and Forfeitures	639,000	639,000	617,246	(21,754)
Investment Revenue	550,000	550,000	(13,202)	(563,202)
Rentals/Operating Leases	56,300	56,300	150,357	94,057
Contributions	250,000	250,000	161,928	(88,072)
Miscellaneous Revenue	<u>757,500</u>	<u>757,500</u>	<u>1,220,127</u>	<u>462,627</u>
Total Revenues	<u>180,139,567</u>	<u>181,039,567</u>	<u>191,456,486</u>	<u>10,416,919</u>

**City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government:				
Mayor	866,461	866,461	780,093	86,368
City Council	1,538,936	1,538,936	1,453,236	85,700
Attorney	2,010,900	2,010,900	1,974,899	36,001
Human Resources	1,772,196	1,772,196	1,767,622	4,574
Finance	3,388,554	3,388,554	3,203,263	185,291
Facilities Management	1,915,190	2,415,190	1,978,474	436,716
Innovation & Technology	5,009,083	5,009,083	4,702,385	306,698
Communications	2,426,190	2,426,190	2,153,412	272,778
Total General Government	<u>18,927,510</u>	<u>19,427,510</u>	<u>18,013,384</u>	<u>1,414,126</u>
Public Safety:				
Fire	31,846,087	32,046,087	31,720,669	325,418
Police	43,487,888	43,487,888	41,896,117	1,591,771
Total Public Safety	<u>75,333,975</u>	<u>75,533,975</u>	<u>73,616,786</u>	<u>1,917,189</u>
Highways and Streets:				
Total Highways and Streets	<u>28,438,163</u>	<u>28,438,163</u>	<u>25,433,789</u>	<u>3,004,374</u>
Public Health:				
Total Health	<u>14,435,228</u>	<u>15,435,228</u>	<u>14,441,751</u>	<u>993,477</u>
Culture and Recreation:				
Parks and Recreation	20,634,480	21,684,480	20,596,649	1,087,831
Libraries	8,719,564	8,719,564	8,714,279	5,285
Total Culture and Recreation	<u>29,354,044</u>	<u>30,404,044</u>	<u>29,310,928</u>	<u>1,093,116</u>
Urban and Economic Development:				
Total Urban and Economic Development	<u>12,107,445</u>	<u>12,107,445</u>	<u>11,166,783</u>	<u>940,662</u>
Total Expenditures	<u>178,596,365</u>	<u>181,346,365</u>	<u>171,983,421</u>	<u>9,362,944</u>
Revenues Over (Under) Expenditures	<u>1,543,202</u>	<u>(306,798)</u>	<u>19,473,065</u>	<u>19,779,863</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	36,000	36,000	12,240	(23,760)
Damage Recovery	45,000	45,000	98,377	53,377
Transfers Out	(7,040,127)	(25,702,627)	(25,702,400)	227
Total Other Financing Sources (Uses)	<u>(6,959,127)</u>	<u>(25,621,627)</u>	<u>(25,591,783)</u>	<u>29,844</u>
Net Change in Fund Balances	<u>(5,415,925)</u>	<u>(25,928,425)</u>	<u>(6,118,718)</u>	<u>19,809,707</u>
Fund Balance - Beginning	<u>88,603,301</u>	<u>88,603,301</u>	<u>88,603,301</u>	<u>-</u>
Fund Balance Ending	<u>\$ 83,187,376</u>	<u>\$ 62,674,876</u>	<u>\$ 82,484,583</u>	<u>\$ 19,809,707</u>

City of Sioux Falls
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**Budgetary Comparison Schedule -
Budgetary Basis - Entertainment Tax Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,963,109	\$ 7,963,109	\$ 9,368,174	\$ 1,405,065
Intergovernmental	-	4,600,000	-	(4,600,000)
Investment Revenue	50,000	50,000	(21,336)	(71,336)
Contributions	-	-	100,000	100,000
Miscellaneous Revenue	-	-	801,156	801,156
Total Revenues	<u>8,013,109</u>	<u>12,613,109</u>	<u>10,247,994</u>	<u>(2,365,115)</u>
Expenditures				
Culture and Recreation:				
Entertainment Venues	<u>8,172,063</u>	<u>16,931,803</u>	<u>6,284,147</u>	<u>10,647,656</u>
Total Culture and Recreation	<u>8,172,063</u>	<u>16,931,803</u>	<u>6,284,147</u>	<u>10,647,656</u>
Total Expenditures	<u>8,172,063</u>	<u>16,931,803</u>	<u>6,284,147</u>	<u>10,647,656</u>
Revenues Over (Under) Expenditures	<u>(158,954)</u>	<u>(4,318,694)</u>	<u>3,963,847</u>	<u>8,282,541</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>5,355</u>	<u>5,355</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,355</u>	<u>5,355</u>
Net Change in Fund Balances	<u>(158,954)</u>	<u>(4,318,694)</u>	<u>3,969,202</u>	<u>8,287,896</u>
Fund Balances, January 1	<u>11,285,537</u>	<u>11,285,537</u>	<u>11,285,537</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 11,126,583</u>	<u>\$ 6,966,843</u>	<u>\$ 15,254,739</u>	<u>\$ 8,287,896</u>

City of Sioux Falls
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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	\$ 70,098,133	\$ 70,098,133	\$ 79,605,916	\$ 9,507,783
Special Assessments	3,180,000	7,038,799	6,325,634	(713,165)
Licenses and Permits	100,000	100,000	163,607	63,607
Intergovernmental	1,928,343	3,366,265	1,181,831	(2,184,434)
Charges for Goods and Services	-	-	262,441	262,441
Investment Revenue	500,000	500,000	(49,385)	(549,385)
Rentals/Operating Leases	-	-	106,824	106,824
Contributions	5,200,000	20,780,928	3,816,374	(16,964,554)
Miscellaneous Revenue	-	-	799,682	799,682
Total Revenues	<u>81,006,476</u>	<u>101,884,125</u>	<u>92,212,924</u>	<u>(9,671,201)</u>
Expenditures				
General Government:				
Facilities Management	-	842,328	363,830	478,498
Communications	45,000	63,547	50,600	12,947
Total General Government	<u>45,000</u>	<u>905,875</u>	<u>414,430</u>	<u>491,445</u>
Public Safety:				
Fire	2,196,000	6,367,904	1,458,635	4,909,269
Police	1,944,317	2,463,513	1,049,056	1,414,457
Total Public Safety	<u>4,140,317</u>	<u>8,831,417</u>	<u>2,507,691</u>	<u>6,323,726</u>
Highways and Streets:				
Total Highways and Streets	<u>49,932,130</u>	<u>76,672,588</u>	<u>45,938,842</u>	<u>30,733,746</u>
Public Health:				
Total Health	<u>101,000</u>	<u>526,671</u>	<u>215,354</u>	<u>311,317</u>
Culture and Recreation:				
Parks and Recreation	5,708,500	34,963,383	7,960,020	27,003,363
Library	765,000	1,017,397	967,640	49,757
Total Culture and Recreation	<u>6,473,500</u>	<u>35,980,780</u>	<u>8,927,660</u>	<u>27,053,120</u>
Urban and Economic Development:				
Total Urban and Economic Development	<u>30,000</u>	<u>150,000</u>	<u>12,000</u>	<u>138,000</u>
Debt Service	18,875,879	18,875,879	16,005,603	2,870,276
Total Expenditures	<u>79,597,826</u>	<u>141,943,210</u>	<u>74,021,580</u>	<u>67,921,630</u>
Revenues Over (Under) Expenditures	<u>1,408,650</u>	<u>(40,059,085)</u>	<u>18,191,344</u>	<u>58,250,429</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	73,376	73,376
Transfers In	100,000	13,762,500	14,026,783	264,283
Transfers Out	(1,410,000)	(2,310,000)	(2,310,000)	-
Total Other Financing Sources (Uses)	<u>(1,310,000)</u>	<u>11,452,500</u>	<u>11,790,159</u>	<u>337,659</u>
Net Change in Fund Balances	98,650	(28,606,585)	29,981,503	58,588,088
Fund Balances, January 1	<u>44,872,539</u>	<u>44,872,539</u>	<u>44,872,539</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 44,971,189</u>	<u>\$ 16,265,954</u>	<u>\$ 74,854,042</u>	<u>\$ 58,588,088</u>

**City of Sioux Falls
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**Budgetary Comparison Schedule -
Budgetary Basis - Housing Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,992,229	\$ 2,992,229	\$ 1,597,588	\$ (1,394,641)
Charges	-	-	41,085	41,085
Fines and Forfeitures	-	-	20	20
Investment Revenue	43,245	43,245	18,153	(25,092)
Rentals/Operating Leases	1,978,352	1,978,352	-	(1,978,352)
Total Revenues	<u>5,013,826</u>	<u>5,013,826</u>	<u>1,656,846</u>	<u>(3,356,980)</u>
Expenditures				
Urban and Economic Development:				
Affordable Housing	<u>6,413,343</u>	<u>8,561,066</u>	<u>3,249,304</u>	<u>5,311,762</u>
Total Expenditures	<u>6,413,343</u>	<u>8,561,066</u>	<u>3,249,304</u>	<u>5,311,762</u>
Revenues Over (Under) Expenditures	<u>(1,399,517)</u>	<u>(3,547,240)</u>	<u>(1,592,458)</u>	<u>1,954,782</u>
Other Financing Sources (Uses)				
Transfers In	<u>1,035,000</u>	<u>4,035,000</u>	<u>4,035,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,035,000</u>	<u>4,035,000</u>	<u>4,035,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(364,517)</u>	<u>487,760</u>	<u>2,442,542</u>	<u>1,954,782</u>
Fund Balances, January 1	<u>24,609,518</u>	<u>24,609,518</u>	<u>24,609,518</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 24,245,001</u>	<u>\$ 25,097,278</u>	<u>\$ 27,052,060</u>	<u>\$ 1,954,782</u>

City of Sioux Falls
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**Budgetary Comparison Schedule -
Budgetary Basis - Storm Drainage Fund**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 11,634,675	\$ 11,634,675	\$ 11,376,491	\$ (258,184)
Special Assesments	1,087,181	1,087,181	3,309,400	2,222,219
Licenses and Permits	100	100	-	(100)
Investment Revenue	40,000	40,000	(12,467)	(52,467)
Total Revenues	<u>12,761,956</u>	<u>12,761,956</u>	<u>14,673,424</u>	<u>1,911,468</u>
Expenditures				
Highways and Streets:				
Total Highways and Streets	<u>18,819,561</u>	<u>35,111,923</u>	<u>13,126,061</u>	<u>21,985,862</u>
Debt Service	<u>883,748</u>	<u>883,748</u>	<u>1,132,329</u>	<u>(248,581)</u>
Total Expenditures	<u>19,703,309</u>	<u>35,995,671</u>	<u>14,258,390</u>	<u>21,737,281</u>
Revenues Over (Under) Expenditures	<u>(6,941,353)</u>	<u>(23,233,715)</u>	<u>415,034</u>	<u>23,648,749</u>
Other Financing Sources (Uses)				
Long-Term Debt Issued	<u>4,800,000</u>	<u>16,691,733</u>	<u>2,474,636</u>	<u>(14,217,097)</u>
Total Other Funding Sources (Uses)	<u>4,800,000</u>	<u>16,691,733</u>	<u>2,474,636</u>	<u>(14,217,097)</u>
Net Change in Fund Balances	<u>(2,141,353)</u>	<u>(6,541,982)</u>	<u>2,889,670</u>	<u>9,431,652</u>
Fund Balances, January 1	<u>6,838,835</u>	<u>6,838,835</u>	<u>6,838,835</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 4,697,482</u>	<u>\$ 296,853</u>	<u>\$ 9,728,505</u>	<u>\$ 9,431,652</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, Housing 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 \$72.9 million during 2021. A majority of the supplemental appropriations were funded by increases in the General Fund's unassigned balance carried forward from 2020 as well as local government assistance funds received from federal sources in 2020 and 2021.

Within the \$72.9 million supplemented, \$17.1 million is double counted and consists primarily of inter-fund transfers, which were then subsequently appropriated out of the fund that received the transfer.

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, funded through the America Rescue Plan Act (ARPA), provides a direct allocation of federal funds to large municipalities, of which 50% of the funds are provided in 2021 and 50% are available in 2022. The City of Sioux Falls received \$12.7 million in SLFRF funds in 2021 which were supplemented to multiple funds for a variety of projects

Further breakdown and detail of these supplements and the related projects can be found in the Notes to the Financial Statements.

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, 2021.

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Changes in the Net Pension Liability and Related Ratios (\$Thousand)								
City Employee's Retirement System (CERS)								
Fiscal Year Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)								
Service Cost	\$ 7,976	\$ 7,898	\$ 8,222	\$ 8,060	\$ 8,142	\$ 8,510	\$ 8,300	\$ 8,593
Interest on the total Pension Liability	37,264	35,602	34,343	33,560	33,140	31,878	30,431	28,266
Actual versus expected TPL#	2,156	5,823	-	(2,569)	(7,243)	(2,996)	(192)	6,785
Assumption Changes	16,127	-	-	(5,000)	5,546	-	7,740	2,210
Benefit Payments and Refunds	(27,250)	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)
Net Change in Total Pension Liability	36,273	23,400	18,163	11,628	18,662	17,558	27,838	29,470
Total Pension Liability - Beginning	520,106	496,706	478,543	466,915	448,253	430,695	402,857	373,387
Total Pension Liability - Ending (a)	\$ 556,379	\$ 520,106	\$ 496,706	\$ 478,543	\$ 466,915	\$ 448,253	\$ 430,695	\$ 402,857
Plan Fiduciary Net Position								
Employer Contributions	\$ 10,712	\$ 10,046	\$ 10,214	\$ 11,166	\$ 11,624	\$ 11,418	\$ 11,418	\$ 10,670
Employee Contributions	2,724	2,923	2,943	3,026	3,113	3,237	3,331	2,966
Pension Plan Net Investment Income	80,216	65,402	87,784	(19,794)	68,398	30,218	60	24,406
Benefit Payments and Refunds	(27,250)	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)
Pension Plan Administrative Expense	(227)	(191)	(214)	(203)	(232)	(228)	(182)	(164)
Other	-	-	-	-	21,965	-	-	-
Net Change in Plan Fiduciary Net Position	66,175	52,257	76,325	(28,228)	83,945	24,811	(3,814)	21,494
Plan Fiduciary Net Position - Beginning	569,756	517,499	441,174	469,402	385,457	360,646	364,460	342,966
Plan Fiduciary Net Position - Ending (b)	\$ 635,931	\$ 569,756	\$ 517,499	\$ 441,174	\$ 469,402	\$ 385,457	\$ 360,646	\$ 364,460
Net Pension Liability - Ending (a) - (b)	\$ (79,552)	\$ (49,650)	\$ (20,793)	\$ 37,369	\$ (2,487)	\$ 62,796	\$ 70,049	\$ 38,397
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	114.30%	109.55%	104.19%	92.19%	100.53%	85.99%	83.74%	90.47%
Covered Payroll *	\$ 44,182	\$ 43,712	\$ 45,329	\$ 44,454	\$ 46,306	\$ 48,755	\$ 49,318	\$ 51,347
Net Pension Liability as a Percentage of Covered Payroll	-180.06%	-113.58%	-45.87%	84.06%	-5.37%	128.80%	142.04%	74.78%
City Firefighters' Pension Fund (CFPF)								
Fiscal Year Ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)								
Service Cost	\$ 3,506	\$ 3,418	\$ 3,445	\$ 3,375	\$ 3,205	\$ 3,223	\$ 3,051	\$ 2,891
Interest on the total Pension Liability	13,702	13,119	12,553	12,160	12,083	11,662	11,177	10,499
Actual versus expected TPL#	2,498	229	-	(2,365)	(2,091)	(1,965)	(723)	(73)
Assumption Changes	(1,262)	-	-	-	(237)	-	2,814	2,188
Benefit Payments and Refunds	(9,141)	(8,510)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,542)
Net Change in Total Pension Liability	9,303	8,256	8,047	5,475	5,500	5,797	9,405	8,963
Total Pension Liability - Beginning	190,512	182,256	174,209	168,734	163,234	157,437	148,032	139,069
Total Pension Liability - Ending (a)	\$ 199,815	\$ 190,512	\$ 182,256	\$ 174,209	\$ 168,734	\$ 163,234	\$ 157,437	\$ 148,032
Plan Fiduciary Net Position								
Employer Contributions	\$ 4,176	\$ 3,966	\$ 3,991	\$ 4,443	\$ 4,664	\$ 4,407	\$ 4,425	\$ 4,089
Employee Contributions	1,222	1,271	1,203	1,182	1,188	1,169	1,150	1,057
Pension Plan Net Investment Income	28,909	23,132	30,551	(6,743)	23,857	10,749	31	8,701
Benefit Payments and Refunds	(9,141)	(8,510)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,541)
Pension Plan Administrative Expense	(144)	(124)	(137)	(117)	(143)	(160)	(110)	(99)
Other	-	250	-	-	4,947	-	-	-
Net Change in Plan Fiduciary Net Position	25,022	19,985	27,657	(8,930)	27,053	9,042	(1,418)	7,207
Plan Fiduciary Net Position - Beginning	203,587	183,602	155,945	164,875	137,822	128,780	130,198	122,991
Plan Fiduciary Net Position - Ending (b)	\$ 228,609	\$ 203,587	\$ 183,602	\$ 155,945	\$ 164,875	\$ 137,822	\$ 128,780	\$ 130,198
Net Pension Liability - Ending (a) - (b)	\$ (28,794)	\$ (13,075)	\$ (1,346)	\$ 18,264	\$ 3,859	\$ 25,412	\$ 28,657	\$ 17,834
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	114.41%	106.86%	100.74%	89.52%	97.71%	84.43%	81.80%	87.95%
Covered Payroll *	\$ 12,212	\$ 11,831	\$ 11,948	\$ 11,710	\$ 11,407	\$ 11,479	\$ 11,230	\$ 10,910
Net Pension Liability as a Percentage of Covered Payroll	-235.79%	-110.52%	-11.27%	155.97%	33.83%	221.38%	255.18%	163.46%
<p>* 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.</p>								

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%
2020	520,106	569,756	(49,650)	109.55%	43,712	-113.58%
2021	556,380	635,932	(79,552)	114.30%	44,182	-180.06%
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%
2020	190,512	203,587	(13,075)	106.86%	11,831	-110.52%
2021	199,814	228,608	(28,794)	114.41%	12,212	-235.79%

* 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.

Notes to Schedule

Methods and Assumptions Used to Determine Total Pension Liability (Asset) for the Fiscal Year Ending December 31, 2021

Inflation	2.50%
Salary Increases	3.50% to 8.50% (CERS) 8.00% (CFPF) including inflation.
Investment Rate of Return	7.0% 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%	
2020	10,046	10,046	-	43,712	22.98%	
2021	10,712	10,712	-	44,182	24.25%	
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%	
2020	3,966	3,966	-	11,831	33.52%	
2021	4,100	4,176	(76)	12,212	34.20%	
<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%				
2020	12.76%	12.64%				
2021	14.21%	14.26%				
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, 2021						
Actuarial Cost Method	Entry-Age Normal					
Amortization Method	Level Dollar, Closed					
Remaining Amortization Period	18 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					
Retirement Age	Experience-based table of rates that are specific to the type of eligibility 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	Assumption changes as a result of an experience study for the period January 1, 2016-December 2020 have been adopted by the Retirement System for use of beginning with the December 31, 2021 valuation. These assumptions reflected in the December 31, 2021 Total Pension Liability shown in this report					

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						
	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)	1.7345360%	1.5475804%	1.3411151%	1.1161784%	0.9423174%	0.7554055%	0.4407703%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ (13,283,577)	\$ (67,211)	\$ (142,121)	\$ (26,031)	\$ (85,516)	\$ 2,551,686	\$ (1,869,433)
City's Covered Payroll	\$ 34,998,103	\$ 30,436,218	\$ 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	-37.96%	-0.22%	-0.56%	-0.13%	-0.50%	20.09%	-26.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.5%	100.0%	100.1%	100.0%	100.1%	96.9%	104.1%
Schedule of City Contributions							
South Dakota Retirement System	As of December 31						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	2,614,874	2,232,547	1,889,387	\$ 1,558,009	\$ 1,275,856	\$ 1,038,645	\$ 686,864
Contributions in Relation to the Contractually Required Contribution	(2,614,874)	(2,232,547)	(1,889,387)	(1,558,009)	(1,275,856)	(1,038,645)	(686,864)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	38,439,816	34,180,820	27,954,227	22,714,519	18,676,953	15,153,220	9,953,235
Contributions as a Percentage of Covered Payroll	6.80%	6.53%	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,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the total OPEB Liability	35,375	59,174	125,926	148,241	123,986
Benefit Changes	-	-	-	2,565	-
Actual versus expected experience	55,333	(304,644)	(1,027,562)	(639,812)	(364,194)
Assumption Changes	13,963	16,555	103,378	(34,571)	(135,976)
Benefit Payments	(314,655)	(386,671)	(501,667)	(619,906)	(1,055,768)
Net Change in Total OPEB Liability	(209,984)	(615,586)	(1,299,925)	(1,143,483)	(1,431,952)
Total OPEB Liability - Beginning	1,729,546	2,345,132	3,645,057	4,788,540	6,220,492
Total OPEB Liability - Ending (a)	\$ 1,519,562	\$ 1,729,546	\$ 2,345,132	\$ 3,645,057	\$ 4,788,540
Plan Fiduciary Net Position					
Employer Contributions	\$ 110	\$ 227	\$ 339	\$ -	\$ 301,178
Employee Contributions	-	-	-	-	-
OPEB Plan Net Investment Income	(7,631)	77,362	138,246	71,934	13,111
Employer Paid Benefit Payments	(314,655)	(386,671)	(501,668)	(619,906)	(1,055,768)
Other	-	-	-	-	6,220,492
Net Change in Plan Fiduciary Net Position	(322,176)	(309,082)	(363,083)	(547,972)	5,479,013
Plan Fiduciary Net Position - Beginning	4,258,876	4,567,958	4,931,041	5,479,013	-
Plan Fiduciary Net Position - Ending (b)	\$ 3,936,700	\$ 4,258,876	\$ 4,567,958	\$ 4,931,041	\$ 5,479,013
Net OPEB Liability (Asset) - Ending (a) - (b)	\$ (2,417,138)	\$ (2,529,330)	\$ (2,222,826)	\$ (1,285,984)	\$ (690,473)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	259.07%	246.24%	194.78%	135.28%	114.42%
Covered Payroll *	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
<small>* 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.</small>					

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Employer Contributions					
Year Ended December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
City's OPEB Plan					
2021	\$ -	\$ -	\$ -	N/A	N/A
2020	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2017	-	301,178.00	(301,178.00)	N/A	N/A
<p style="text-align: center;"><small>* Includes contributions and paid outside of the trust These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</small></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, 2021					
Valuation Date	December 31, 2018				
Actuarial Cost Method	Entry-Age Normal				
Amortization Method	Level Dollar				
Remaining Amortization Period	8 years for police and 13 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, 2021, was based on a Please refer to the 2018 valuation report for additional information.				

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City of Sioux Falls
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**Supplementary Information - Budgetary Comparison Schedule -
 Budgetary Basis - General Government Construction Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
General Government:				
Facilities Management	-	98,448	-	98,448
Total Expenditures	-	98,448	-	98,448
Revenues Over (Under) Expenditures	-	(98,448)	-	98,448
Other Financing Sources (Uses)				
Transfers Out	(100,000)	(100,000)	-	100,000
Total Other Funding Sources (Uses)	(100,000)	(100,000)	-	100,000
Net Change in Fund Balances	(100,000)	(198,448)	-	198,448
Fund Balances, January 1	133,136	133,136	133,136	-
Fund Balances, December 31	\$ 33,136	\$ (65,312)	\$ 133,136	\$ 198,448

City of Sioux Falls
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**Supplementary Information - Budgetary Comparison Schedule -
Budgetary Basis - Public Safety Facility Construction Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 3,590	\$ 3,590
Total Revenues	-	-	3,590	3,590
Expenditures				
Public Safety:				
Fire	-	46,917,548	4,738,426	42,179,122
Total Expenditures	-	46,917,548	4,738,426	42,179,122
Revenues Over (Under) Expenditures	-	(46,917,548)	(4,734,836)	42,182,712
Net Change in Fund Balances	-	(46,917,548)	(4,734,836)	42,182,712
Fund Balances, January 1	46,927,237	46,927,237	46,927,237	-
Fund Balances, December 31	\$ 46,927,237	\$ 9,689	\$ 42,192,401	\$ 42,182,712

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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 Service 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.

Technology 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.

Centralized Facilities Fund—to account for the cost of facilities maintained and used by City departments. Charges are billed to departments on a cost-plus basis to defray facility maintenance and depreciation costs.

City of Sioux Falls
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Combining Balance Sheet
Nonmajor Governmental Funds

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 8,439,263	\$ 50,022	\$ 47,539	\$ 8,536,824
Assets Held for Management Agreements	438,253	-	-	438,253
Receivables:				
Interest and Penalty	-	-	35	35
Total Assets	<u>\$ 8,877,516</u>	<u>\$ 50,022</u>	<u>\$ 47,574</u>	<u>\$ 8,975,112</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	33,325	-	-	33,325
Due to Other Funds	-	50,000	-	50,000
Total Liabilities	<u>33,325</u>	<u>50,000</u>	<u>-</u>	<u>83,325</u>
Fund Balances				
Nonspendable	-	-	26,767	26,767
Restricted	-	22	20,807	20,829
Committed	438,253	-	-	438,253
Assigned	8,405,938	-	-	8,405,938
Total Fund Balances	<u>8,844,191</u>	<u>22</u>	<u>47,574</u>	<u>8,891,787</u>
Total Liabilities and Fund Balances	<u>\$ 8,877,516</u>	<u>\$ 50,022</u>	<u>\$ 47,574</u>	<u>\$ 8,975,112</u>

City of Sioux Falls
Annual Comprehensive Financial Report
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
Revenues				
Taxes	\$ -	\$ 3,111,217	\$ -	\$ 3,111,217
Intergovernmental	5,202,322	-	-	5,202,322
Investment Revenue	-	-	(84)	(84)
Contributions	-	-	50	50
Total Revenues	<u>5,202,322</u>	<u>3,111,217</u>	<u>(34)</u>	<u>8,313,505</u>
Expenditures				
Current:				
Urban and Economic Development	9,198,976	3,111,217	-	12,310,193
Capital Outlay				
Urban and Economic Development	<u>648,395</u>	<u>-</u>	<u>-</u>	<u>648,395</u>
Total Expenditures	<u>9,847,371</u>	<u>3,111,217</u>	<u>-</u>	<u>12,958,588</u>
Revenues Over (Under) Expenditures	<u>(4,645,049)</u>	<u>-</u>	<u>(34)</u>	<u>(4,645,083)</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	59,800	-	-	59,800
Transfers In	<u>6,754,900</u>	<u>-</u>	<u>-</u>	<u>6,754,900</u>
Total Other Financing Sources (Uses)	<u>6,814,700</u>	<u>-</u>	<u>-</u>	<u>6,814,700</u>
Net Change in Fund Balances	2,169,651	-	(34)	2,169,617
Fund Balances, January 1	<u>6,674,540</u>	<u>22</u>	<u>47,608</u>	<u>6,722,170</u>
Fund Balances, December 31	<u>\$ 8,844,191</u>	<u>\$ 22</u>	<u>\$ 47,574</u>	<u>\$ 8,891,787</u>

City of Sioux Falls
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Combining Balance Sheet
Nonmajor Special Revenue Funds

	<u>Transit</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 8,439,263	\$ 8,439,263
Assets Held for Management Agreements	438,253	438,253
Total Assets	<u>\$ 8,877,516</u>	<u>\$ 8,877,516</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 33,325	\$ 33,325
Total Liabilities	<u>33,325</u>	<u>33,325</u>
Fund Balances		
Committed	438,253	438,253
Assigned	8,405,938	8,405,938
Total Fund Balances	<u>8,844,191</u>	<u>8,844,191</u>
Total Liabilities and Fund Balances	<u>\$ 8,877,516</u>	<u>\$ 8,877,516</u>

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

	<u>Transit</u>	<u>Total</u>
Revenues		
Intergovernmental	\$ 5,202,322	\$ 5,202,322
Total Revenues	<u>5,202,322</u>	<u>5,202,322</u>
Expenditures		
Current:		
Urban and Economic Development	9,198,976	9,198,976
Capital Outlay		
Urban and Economic Development	<u>648,395</u>	<u>648,395</u>
Total Expenditures	<u>9,847,371</u>	<u>9,847,371</u>
Revenues Over (Under) Expenditures	<u>(4,645,049)</u>	<u>(4,645,049)</u>
Other Financing Sources (Uses)		
Sale of Surplus Property	59,800	59,800
Transfers In	<u>6,754,900</u>	<u>6,754,900</u>
Total Other Financing Sources (Uses)	<u>6,814,700</u>	<u>6,814,700</u>
Net Change in Fund Balances	2,169,651	2,169,651
Fund Balances, January 1	<u>6,674,540</u>	<u>6,674,540</u>
Fund Balances, December 31	<u>\$ 8,844,191</u>	<u>\$ 8,844,191</u>

City of Sioux Falls
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**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	\$ 8,372,274	\$ 8,372,274	\$ 5,202,322	\$ (3,169,952)
Total Revenues	<u>8,372,274</u>	<u>8,372,274</u>	<u>5,202,322</u>	<u>(3,169,952)</u>
Expenditures				
Urban and Economic Development				
Transit	13,489,908	18,237,664	9,847,371	8,390,293
Total Expenditures	<u>13,489,908</u>	<u>18,237,664</u>	<u>9,847,371</u>	<u>8,390,293</u>
Revenues Over (Under) Expenditures	<u>(5,117,634)</u>	<u>(9,865,390)</u>	<u>(4,645,049)</u>	<u>5,220,341</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	59,800	59,800
Transfers In	6,754,900	6,754,900	6,754,900	-
Total Other Financing Sources (Uses)	<u>6,754,900</u>	<u>6,754,900</u>	<u>6,814,700</u>	<u>59,800</u>
Net Change in Fund Balances	1,637,266	(3,110,490)	2,169,651	5,280,141
Fund Balances, January 1	<u>6,674,540</u>	<u>6,674,540</u>	<u>6,674,540</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 8,311,806</u>	<u>\$ 3,564,050</u>	<u>\$ 8,844,191</u>	<u>\$ 5,280,141</u>

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City of Sioux Falls
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December 31, 2021

Combining Balance Sheet
Nonmajor Debt Service Funds

	<u>T.I.F. District</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 50,022	\$ 50,022
Total Assets	<u>\$ 50,022</u>	<u>\$ 50,022</u>
Liabilities and Fund Balances		
Liabilities		
Due to Other Funds	50,000	50,000
Total Liabilities	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Fund Balances		
Restricted	22	22
Total Fund Balances	<u>22</u>	<u>22</u>
Total Liabilities and Fund Balances	<u>\$ 50,022</u>	<u>\$ 50,022</u>

City of Sioux Falls
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**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Debt Service Funds**

	<u>T.I.F. District</u>	<u>Total</u>
Revenues		
Taxes	<u>\$ 3,111,217</u>	<u>\$ 3,111,217</u>
Total Revenues	<u>3,111,217</u>	<u>3,111,217</u>
Expenditures		
Current:		
Urban and Economic Development	<u>3,111,217</u>	<u>3,111,217</u>
Total Expenditures	<u>3,111,217</u>	<u>3,111,217</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>
Fund Balances, January 1	<u>22</u>	<u>22</u>
Fund Balances, December 31	<u>\$ 22</u>	<u>\$ 22</u>

City of Sioux Falls
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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	\$ 3,635,500	\$ 3,635,500	\$ 3,111,217	\$ (524,283)
Charges for Goods and Services	20,000	20,000	-	(20,000)
Total Revenues	<u>3,655,500</u>	<u>3,655,500</u>	<u>3,111,217</u>	<u>(544,283)</u>
Expenditures				
Urban and Economic Development				
T.I.F. District	<u>3,655,500</u>	<u>3,655,500</u>	<u>3,111,217</u>	<u>544,283</u>
Total Expenditures	<u>3,655,500</u>	<u>3,655,500</u>	<u>3,111,217</u>	<u>544,283</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, January 1	<u>22</u>	<u>22</u>	<u>22</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ -</u>

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City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021

Combining Balance Sheet
Nonmajor Permanent Funds

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 5,671	\$ 41,868	\$ 47,539
Receivables:			
Interest	<u>4</u>	<u>31</u>	<u>35</u>
Total Assets	<u>\$ 5,675</u>	<u>\$ 41,899</u>	<u>\$ 47,574</u>
Fund Balances			
Nonspendable	\$ 2,000	\$ 24,767	\$ 26,767
Restricted	<u>3,675</u>	<u>17,132</u>	<u>20,807</u>
Total Fund Balances	<u>\$ 5,675</u>	<u>\$ 41,899</u>	<u>\$ 47,574</u>

City of Sioux Falls
 Annual Comprehensive Financial Report
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**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	\$ (10)	\$ (74)	\$ (84)
Contributions	<u>-</u>	<u>50</u>	<u>50</u>
Total Revenues	<u>(10)</u>	<u>(24)</u>	<u>(34)</u>
Expenditures			
Culture and Recreation:			
Library Memorial	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(10)	(24)	(34)
Fund Balances, January 1	<u>5,685</u>	<u>41,923</u>	<u>47,608</u>
Fund Balances, December 31	<u>\$ 5,675</u>	<u>\$ 41,899</u>	<u>\$ 47,574</u>

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021

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	\$ (10)	\$ (60)
Total Revenues	50	50	(10)	(60)
Expenditures				
Public Safety:				
Cottam Memorial	2,000	2,000	-	2,000
Total Expenditures	2,000	2,000	-	2,000
Revenues Over (Under) Expenditures	(1,950)	(1,950)	(10)	1,940
Net Change in Fund Balance	(1,950)	(1,950)	(10)	1,940
Fund Balances, January 1	5,685	5,685	5,685	-
Fund Balances, December 31	\$ 3,735	\$ 3,735	\$ 5,675	\$ 1,940

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021

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	\$ (74)	\$ (374)
Contributions	-	-	50	50
Total Revenues	300	300	(24)	(324)
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)	(24)	4,676
Net Change in Fund Balance	(4,700)	(4,700)	(24)	4,676
Fund Balances, January 1	41,923	41,923	41,923	-
Fund Balances, December 31	\$ 37,223	\$ 37,223	\$ 41,899	\$ 4,676

City of Sioux Falls
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Combining Statement of Net Position
Internal Service Funds

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Assets			
Current:			
Cash and Cash Equivalents	\$ 6,705,968	\$ 15,160,173	\$ 5,959,772
Receivables, net:			
Accounts	75,868	38,162	-
Interest	4,573	11,312	4,280
Prepaid Expense	-	310,900	15,000
Due from Other Governments	23,881	-	-
Inventory of Supplies	968,502	-	-
Total Current Assets	<u>7,778,792</u>	<u>15,520,547</u>	<u>5,979,052</u>
Noncurrent:			
Net Pension Asset	1,807,588	150,979	178,441
Buildings	2,705,385	-	-
Improvements Other Than Buildings	769,515	-	-
Machinery and Equipment	47,718,393	-	-
Construction in Progress	1,319,327	-	-
Less Accumulated Depreciation	<u>(30,991,686)</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>23,328,522</u>	<u>150,979</u>	<u>178,441</u>
Total Assets	<u>31,107,314</u>	<u>15,671,526</u>	<u>6,157,493</u>
Deferred Outflow of Resources			
City Employee's Retirement System	353,297	31,511	32,573
South Dakota Retirement System	<u>309,487</u>	<u>14,151</u>	<u>44,367</u>
Total Deferred Outflow of Resources	662,784	45,662	76,940
Liabilities			
Current:			
Accounts Payable	852,441	42,469	9,616
Accrued Wages	35,505	2,281	4,513
Loss Reserve on Workers' Comp Claims	-	-	800,000
Accrued Compensated Absences	15,000	-	-
Incurred But Not Reported Claims	-	2,000,000	-
Total Current Liabilities	<u>902,946</u>	<u>2,044,750</u>	<u>814,129</u>
Noncurrent:			
Loss Reserve on Workers' Comp Claims	-	-	2,079,586
Accrued Compensated Absences	<u>169,530</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>169,530</u>	<u>-</u>	<u>2,079,586</u>
Total Liabilities	<u>1,072,476</u>	<u>2,044,750</u>	<u>2,893,715</u>
Deferred Inflow of Resources			
City Employee's Retirement System	1,240,714	110,662	114,391
South Dakota Retirement System	<u>470,897</u>	<u>21,788</u>	<u>66,669</u>
Total Deferred Inflow of Resources	1,711,611	132,450	181,060
Net Position			
Net Investment in Capital Assets	21,520,934	-	-
Restricted for Pension	77,265	3,406	11,489
Unrestricted	<u>7,387,812</u>	<u>13,536,582</u>	<u>3,148,169</u>
Total Net Position	<u>\$ 28,986,011</u>	<u>\$ 13,539,988</u>	<u>\$ 3,159,658</u>

City of Sioux Falls
Annual Comprehensive Financial Report
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**Combining Statement of Net Position
Internal Service Funds (cont)**

Technology Revolving	Property Liability and Risk	Centralized Facilities	Total
\$ 4,809,661	\$ 3,861,806	\$ 5,334,474	41,831,854
-	-	-	114,030
3,150	2,398	2,830	28,543
-	-	-	325,900
-	-	38,376	62,257
-	-	-	968,502
<u>4,812,811</u>	<u>3,864,204</u>	<u>5,375,680</u>	<u>43,331,086</u>
-	52,596	909,764	3,099,368
-	-	-	2,705,385
250,295	-	-	1,019,810
3,627,648	-	-	51,346,041
-	-	-	1,319,327
<u>(2,971,902)</u>	<u>-</u>	<u>-</u>	<u>(33,963,588)</u>
906,041	52,596	909,764	25,526,343
<u>5,718,852</u>	<u>3,916,800</u>	<u>6,285,444</u>	<u>68,857,429</u>
-	4,253	185,442	607,076
-	43,364	130,229	541,598
-	47,617	315,671	1,148,674
104,820	507,128	186,702	1,703,176
-	2,379	-	44,678
-	-	-	800,000
-	-	-	15,000
-	-	-	2,000,000
<u>104,820</u>	<u>509,507</u>	<u>186,702</u>	<u>4,562,854</u>
-	-	-	2,079,586
-	-	-	169,530
-	-	-	2,249,116
<u>104,820</u>	<u>509,507</u>	<u>186,702</u>	<u>6,811,970</u>
-	14,937	651,239	2,131,943
-	66,505	170,183	796,042
-	81,442	821,422	2,927,985
906,041	-	-	22,426,975
-	10,567	46,304	149,031
<u>4,707,991</u>	<u>3,362,901</u>	<u>5,546,687</u>	<u>37,690,142</u>
<u>\$ 5,614,032</u>	<u>\$ 3,373,468</u>	<u>\$ 5,592,991</u>	<u>60,266,148</u>

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Operating Revenues:			
Charges for Goods and Services - Internal	\$ 12,181,626	\$ 11,245,097	\$ 1,848,520
Charges for Goods and Services - Other	300,554	11,739,392	-
Total Operating Revenues	<u>12,482,180</u>	<u>22,984,489</u>	<u>1,848,520</u>
Operating Expenses:			
Personnel Services	2,083,149	114,746	229,635
Casualty Loss	-	18,505,036	1,682,485
Insurance	134,212	705,447	221,918
Professional Services	22,992	1,098,104	125,712
Rent	124,231	-	195
Repairs and Maintenance	1,328,445	-	-
Supplies and Materials	3,689,433	-	66,084
Utilities and Bulk Energy	41,932	-	-
Depreciation	3,965,471	-	-
Other Current Expenses	11,735	9,087	1,053
Total Operating Expenses	<u>11,401,600</u>	<u>20,432,420</u>	<u>2,327,082</u>
Operating Income (Loss)	<u>1,080,580</u>	<u>2,552,069</u>	<u>(478,562)</u>
Nonoperating Revenues (Expenses):			
Investment Revenue	(7,274)	(24,543)	(1,384)
Gain (Loss) on Capital Assets	463,760	-	-
Miscellaneous	34,723	-	-
Total Nonoperating Revenues (Expenses)	<u>491,209</u>	<u>(24,543)</u>	<u>(1,384)</u>
Income (Loss) Before Transfers	<u>1,571,789</u>	<u>2,527,526</u>	<u>(479,946)</u>
Transfers In	-	-	-
Transfers Out	-	-	-
Special Items - Change in Accounting Estimates - see Note 7	-	-	-
Change in Net Position	<u>1,571,789</u>	<u>2,527,526</u>	<u>(479,946)</u>
Net Position - Beginning	<u>27,414,222</u>	<u>11,012,462</u>	<u>3,639,604</u>
Net Position - Ending	<u>\$ 28,986,011</u>	<u>\$ 13,539,988</u>	<u>\$ 3,159,658</u>

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

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

Technology Revolving	Property Liability and Risk	Centralized Facilities	Total
\$ 4,396,229	\$ 2,133,106	\$ 5,818,000	\$ 37,622,578
-	-	-	12,039,946
<u>4,396,229</u>	<u>2,133,106</u>	<u>5,818,000</u>	<u>49,662,524</u>
-	143,415	1,207,362	3,778,307
-	612,297	-	20,799,818
-	1,726,813	-	2,788,390
839,768	26,210	116,012	2,228,798
41,993	-	252,006	418,425
8,171	-	1,332,786	2,669,402
4,016,061	18,638	288,877	8,079,093
112,242	1,444	1,116,959	1,272,577
417,614	-	-	4,383,085
6,967	1,829	3,113	33,784
<u>5,442,816</u>	<u>2,530,646</u>	<u>4,317,115</u>	<u>46,451,679</u>
<u>(1,046,587)</u>	<u>(397,540)</u>	<u>1,500,885</u>	<u>3,210,845</u>
(10,931)	(6,741)	(2,542)	(53,415)
-	-	-	463,760
3,000	-	80,277	118,000
<u>(7,931)</u>	<u>(6,741)</u>	<u>77,735</u>	<u>528,345</u>
(1,054,518)	(404,281)	1,578,620	3,739,190
-	-	3,560,000	3,560,000
(10,998)	-	(121,735)	(132,733)
-	(2,086,979)	-	(2,086,979)
<u>(1,065,516)</u>	<u>(2,491,260)</u>	<u>5,016,885</u>	<u>5,079,478</u>
6,679,548	5,864,728	576,106	55,186,670
<u>\$ 5,614,032</u>	<u>\$ 3,373,468</u>	<u>\$ 5,592,991</u>	<u>\$ 60,266,148</u>

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

Combining Statement of Cash Flows
Internal Service Funds

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 291,320	\$ 11,822,381	\$ -
Cash Receipts from Interfund Services Provided	12,109,786	11,245,097	1,848,520
Payments to Suppliers	(4,877,332)	(1,815,092)	(420,303)
Payment for Interfund Services Used	(12,699)	-	-
Payments to Employees	(2,652,128)	(165,874)	(289,190)
Claims Paid	-	(18,705,036)	(936,057)
Other Receipts/Payments	100,314	-	-
Net Cash Provided (Used) by Operating Activities	4,959,261	2,381,476	202,970
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	419,755	-	-
Purchase of Capital Assets	(2,937,865)	-	-
Net Cash Flows Used by Capital and Related Financing Activities	(2,518,110)	-	-
Cash Flows from Investing Activities:			
Investment Revenue Received	(6,335)	(16,054)	(5,664)
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	2,434,816	2,365,422	197,306
Cash and Cash Equivalents, January 1	4,271,152	12,794,751	5,762,466
Cash and Cash Equivalents, December 31	<u>\$ 6,705,968</u>	<u>\$ 15,160,173</u>	<u>\$ 5,959,772</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 1,080,580	\$ 2,552,069	\$ (478,562)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,965,471	-	-
(Increase) Decrease in - Receivables	(71,840)	82,989	-
- Inventory	(130,476)	-	-
- Due From Other Governments	(9,234)	-	-
- Net Pension Asset	(786,174)	(71,614)	(94,638)
- Pension Related Deferred Outflows	(339,127)	(25,422)	(45,684)
Increase (Decrease) in - Accounts Payable	593,425	(2,454)	(5,341)
- Accrued Wages	4,173	504	965
- Compensated Absences	24,599	-	-
- Pension Related Deferred Inflows	527,550	45,404	79,802
- Loss Reserve on Workers' Comp Claims	-	-	746,428
- Incurred But Not Reported Claims	-	(200,000)	-
Other Revenue Sources (Uses)	100,314	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,959,261</u>	<u>\$ 2,381,476</u>	<u>\$ 202,970</u>
Noncash Investing, Capital and Financing Activities:			
Net Interfund Transfers of Capital Assets	-	-	-
Disposal of Items Previously Classified as Construction in Progress	65,591	-	-
Change in Accounting Estimates for SDPAA Deposit	-	-	-

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2021

**Combining Statement of Cash Flows
Internal Service Funds (cont)**

<u>Technology Revolving</u>	<u>Property Liability and Risk</u>	<u>Centralized Facilities</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 12,113,701
4,396,229	2,133,106	5,818,000	37,550,738
(5,501,890)	(1,286,807)	(2,923,051)	(16,824,475)
-	-	-	(12,699)
-	(162,192)	(1,649,751)	(4,919,135)
-	(612,297)	-	(20,253,390)
3,000	-	80,277	183,591
(1,102,661)	71,810	1,325,475	7,838,331
-	-	3,560,000	3,560,000
-	-	3,560,000	3,560,000
-	-	-	419,755
(651,861)	-	(121,735)	(3,711,461)
(651,861)	-	(121,735)	(3,291,706)
(6,989)	(4,622)	(5,372)	(45,036)
(1,761,511)	67,188	4,758,368	8,061,589
6,571,172	3,794,618	576,106	33,770,265
\$ 4,809,661	\$ 3,861,806	\$ 5,334,474	\$ 41,831,854
\$ (1,046,587)	\$ (397,540)	\$ 1,500,885	\$ 3,210,845
417,614	-	-	4,383,085
-	-	-	11,149
-	-	-	(130,476)
-	-	(38,376)	(47,610)
-	(42,367)	(909,764)	(1,904,557)
-	(16,826)	(315,671)	(742,730)
(476,688)	488,127	186,702	783,771
-	576	-	6,218
-	-	-	24,599
-	39,840	821,422	1,514,018
-	-	-	746,428
-	-	-	(200,000)
3,000	-	80,277	183,591
\$ (1,102,661)	\$ 71,810	\$ 1,325,475	\$ 7,838,331
(10,998)	-	(121,735)	(132,733)
-	-	-	65,591
-	2,086,979	-	2,086,979

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Statistical Section

This part of the City of Sioux Falls' annual comprehensive 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	125
<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	135
<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	138
<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	142
<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	144
<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 annual comprehensive financial reports for the relevant year.

**City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021**

Statistics (Unaudited)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 678,849,535	\$ 786,631,533	\$ 874,352,925	\$ 918,392,160
Restricted	146,088,172	82,716,805	27,054,480	45,769,849
Unrestricted	<u>62,181,055</u>	<u>73,999,636</u>	<u>98,987,086</u>	<u>47,230,423</u>
Total Governmental Activities Net Position	<u>887,118,762</u>	<u>943,347,974</u>	<u>1,000,394,491</u>	<u>1,011,392,432</u>
Business-type Activities				
Net Investment in Capital Assets	313,422,448	338,184,588	355,182,015	373,898,313
Restricted	12,013,161	7,185,954	7,221,556	7,420,528
Unrestricted	<u>55,934,423</u>	<u>58,689,906</u>	<u>62,902,134</u>	<u>60,840,349</u>
Total Business-type Activities Net Position	<u>381,370,032</u>	<u>404,060,448</u>	<u>425,305,705</u>	<u>442,159,190</u>
Primary Government				
Net Investment in Capital Assets	992,271,983	1,124,816,121	1,229,534,940	1,292,290,473
Restricted	158,101,333	89,902,759	34,276,036	53,190,377
Unrestricted	<u>118,115,478</u>	<u>132,689,542</u>	<u>161,889,220</u>	<u>108,070,772</u>
Total Primary Government Net Position	<u>\$ 1,268,488,794</u>	<u>\$ 1,347,408,422</u>	<u>\$ 1,425,700,196</u>	<u>\$ 1,453,551,622</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental Activities:				
General Government	\$ 23,646,857	\$ 22,764,225	\$ 16,348,473	\$ 16,186,279
Fire Protection	22,623,215	23,171,607	23,480,779	28,909,163
Police Protection	29,700,193	31,278,051	30,078,133	34,995,848
Highways and Streets	43,039,557	54,540,686	50,977,392	56,489,047
Public Health	9,564,179	10,595,323	10,437,257	11,506,819
Culture and Recreation:				
Arena	1,211,388	1,777,882	-	-
Libraries	6,754,319	7,499,168	7,418,069	8,202,420
Museum	405,904	500,311	546,495	539,345
Parks and Recreation	21,450,372	21,946,413	22,364,841	23,198,516
Pavilion	4,306,766	4,473,733	-	-
Entertainment Venues	-	-	8,023,559	7,434,826
Urban and Economic Development:				
Convention Center/CVB	3,981,211	3,278,830	7,347,986	-
Housing	2,053,509	2,108,614	3,547,380	2,759,033
Economic Development	1,121,581	1,372,882	4,169,374	6,539,607
TIF	76,407	138,618	731,370	6,971,201
Planning and Development Services	4,583,659	4,905,606	5,965,110	6,086,958
Interest on Long-Term Debt	<u>5,349,209</u>	<u>8,130,846</u>	<u>6,790,233</u>	<u>6,626,453</u>
Total Governmental Activities Expenses	<u>179,868,326</u>	<u>198,482,795</u>	<u>198,226,451</u>	<u>216,445,515</u>
Business-type Activities:				
Power and Distribution	7,671,179	7,853,329	8,481,793	8,808,582
Public Parking	2,368,883	2,180,294	2,117,596	2,418,497
Sanitary Landfill	9,271,369	8,371,394	10,866,177	8,664,217
Water	24,445,511	26,132,387	25,121,815	26,828,879
Water Reclamation	<u>18,604,090</u>	<u>18,703,702</u>	<u>21,064,041</u>	<u>22,186,415</u>
Total Business-type Activities Expenses	<u>62,361,032</u>	<u>63,241,106</u>	<u>67,651,422</u>	<u>68,906,590</u>
Total Primary Government Expenses	<u>\$ 242,229,358</u>	<u>\$ 261,723,901</u>	<u>\$ 265,877,873</u>	<u>\$ 285,352,105</u>

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

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 949,588,727	\$ 994,726,890	\$ 1,021,045,334	\$ 1,049,886,149	\$ 1,127,131,127	\$ 1,192,648,097
66,444,710	62,906,294	59,535,309	57,891,297	57,034,868	96,723,009
<u>10,622,500</u>	<u>70,158,874</u>	<u>89,007,611</u>	<u>116,803,795</u>	<u>169,820,005</u>	<u>210,680,847</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>	<u>1,353,986,000</u>	<u>1,500,051,953</u>
398,711,113	441,954,230	460,700,572	483,654,265	507,724,678	541,629,420
6,990,751	3,442,244	5,201,229	5,420,269	4,929,108	5,254,070
<u>63,253,372</u>	<u>55,829,094</u>	<u>66,130,912</u>	<u>76,246,911</u>	<u>83,329,821</u>	<u>94,313,596</u>
<u>468,955,236</u>	<u>501,225,568</u>	<u>532,032,713</u>	<u>565,321,445</u>	<u>595,983,607</u>	<u>641,197,086</u>
1,348,299,840	1,436,681,120	1,481,745,906	1,533,540,414	1,634,855,805	1,734,277,517
73,435,461	66,348,538	64,736,538	63,311,566	61,963,976	101,977,079
<u>73,875,872</u>	<u>125,987,968</u>	<u>155,138,523</u>	<u>193,050,706</u>	<u>253,149,826</u>	<u>304,994,443</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>	<u>\$ 1,949,969,607</u>	<u>\$ 2,141,249,039</u>

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 16,556,020	\$ 13,766,907	\$ 17,310,632	\$ 15,753,554	\$ 16,368,596	\$ 16,056,067
31,223,012	20,119,516	27,829,382	26,925,310	22,163,779	21,325,245
37,065,313	25,225,870	36,740,314	35,383,827	30,595,771	31,514,689
58,516,026	52,617,614	68,023,930	64,083,924	63,559,050	67,513,954
12,326,094	10,426,180	12,032,129	12,727,539	11,767,581	12,711,057
-	-	-	-	-	-
9,220,828	6,273,321	8,139,253	8,454,201	8,032,897	8,379,016
574,510	587,155	601,386	633,560	688,099	3,361
25,301,964	24,930,414	25,799,818	27,720,537	25,691,770	27,056,634
-	-	-	-	-	-
9,763,936	8,467,290	9,176,901	11,083,954	12,026,835	9,842,274
-	-	-	-	-	-
5,759,679	1,599,111	1,758,721	2,346,464	3,539,815	3,123,059
6,209,883	6,346,062	6,379,016	-	8,562,349	9,198,977
7,155,112	7,767,376	7,903,235	8,528,728	2,854,070	3,111,217
6,617,020	4,881,994	7,077,539	13,964,699	10,887,445	10,767,083
6,684,824	6,693,992	6,343,156	5,911,897	5,846,714	5,963,138
<u>232,974,221</u>	<u>189,702,802</u>	<u>235,115,412</u>	<u>233,518,194</u>	<u>222,584,771</u>	<u>226,565,771</u>
9,066,599	8,803,782	9,562,823	9,273,379	9,170,719	10,011,887
2,239,595	1,897,465	2,741,375	2,601,031	3,191,297	2,945,638
11,499,421	10,686,231	10,216,724	9,690,174	8,960,066	10,051,934
27,523,869	26,305,766	27,002,192	25,573,099	26,617,691	26,505,185
<u>22,462,997</u>	<u>21,218,037</u>	<u>25,132,533</u>	<u>25,401,970</u>	<u>25,725,220</u>	<u>26,185,994</u>
<u>72,792,481</u>	<u>68,911,281</u>	<u>74,655,647</u>	<u>72,539,653</u>	<u>73,664,993</u>	<u>75,700,638</u>
<u>\$ 305,766,702</u>	<u>\$ 258,614,083</u>	<u>\$ 309,771,059</u>	<u>\$ 306,057,847</u>	<u>\$ 296,249,764</u>	<u>\$ 302,266,409</u>

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 3,003,165	\$ 4,020,960	\$ 1,637,130	\$ 1,990,147
Public Health	4,518,363	4,952,848	5,504,651	5,186,248
Urban and Economic Development	3,966,631	4,626,018	3,681,729	5,700,195
Other Activities	2,652,009	2,370,135	3,212,995	2,701,709
Operating Grants and Contributions	12,549,063	28,641,839	11,485,092	12,499,343
Capital Grants and Contributions	27,734,005	30,764,844	37,557,562	19,365,839
Total Governmental Activities Program Revenues	<u>54,423,236</u>	<u>75,376,644</u>	<u>63,079,159</u>	<u>47,443,481</u>
Business-type Activities:				
Charges for Services				
Water	34,515,284	33,204,763	31,959,833	32,610,302
Water Reclamation	20,082,561	21,845,217	23,654,728	25,474,334
Other Activities	19,513,349	20,135,243	20,858,949	21,513,114
Operating Grants and Contributions	96,678	286,087	52,779	69,765
Capital Grants and Contributions	5,616,165	8,826,946	10,856,245	8,983,113
Total Business-Type Activities Program Revenues	<u>79,824,037</u>	<u>84,298,256</u>	<u>87,382,534</u>	<u>88,650,628</u>
Total Primary Government Program Revenues	<u>134,247,273</u>	<u>159,674,900</u>	<u>150,461,693</u>	<u>136,094,109</u>
Net (Expense)/Revenue				
Governmental Activities	(144,059,559)	(122,774,454)	63,079,159	(169,002,034)
Business-type Activities	16,582,931	16,646,834	87,382,534	19,744,038
Total Primary Government Net Expense	<u>(127,476,628)</u>	<u>(106,127,620)</u>	<u>150,461,693</u>	<u>(149,257,996)</u>
General Revenue and Transfers				
Governmental Activities:				
Taxes				
Property Tax	46,760,366	48,955,618	52,100,987	55,360,779
Sales Tax	104,885,378	113,150,525	119,621,476	126,603,392
Frontage Tax	10,404,355	10,341,052	10,615,052	11,064,584
Amusement Tax	13,005	12,246	13,092	10,164
Penalties and Interest	-	-	-	-
Unrestricted State and County Shared Revenues	5,687,154	5,279,833	4,978,793	33,104,745
Unrestricted Investment Earnings	1,218,828	394,536	1,367,872	736,628
Miscellaneous Revenue, Net	1,645,898	635,748	424,909	1,601,309
Market Value Adjustment to Land Held for Resale	-	-	-	-
Change in Accounting Estimates	-	-	-	-
Transfers	(472,062)	565,805	336,380	373,312
Total Governmental Activities General Revenues	<u>170,142,922</u>	<u>179,335,363</u>	<u>189,458,561</u>	<u>228,854,913</u>
Business-type Activities:				
Unrestricted Investment Earnings	513,138	301,309	57,232	702,138
Miscellaneous Revenue, Net	1,721,479	1,897,762	1,793,293	2,422,923
Transfers	472,062	(565,805)	(336,380)	(373,312)
Total Business-type Activities General Revenues	<u>2,706,679</u>	<u>1,633,266</u>	<u>1,514,145</u>	<u>2,751,749</u>
Total Primary Government General Revenues	<u>172,849,601</u>	<u>180,968,629</u>	<u>190,972,706</u>	<u>231,606,662</u>
Change in Net Position				
Governmental Activities	26,083,363	56,560,909	252,537,720	59,852,879
Business-type Activities	19,289,610	18,280,100	88,896,679	22,495,787
Total Primary Government	<u>\$ 45,372,973</u>	<u>\$ 74,841,009</u>	<u>\$ 341,434,399</u>	<u>\$ 82,348,666</u>

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

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 2,301,159	\$ 2,322,206	\$ 2,685,163	\$ 2,921,525	\$ 1,992,317	\$ 2,133,231
4,763,133	4,604,936	4,446,066	3,922,843	4,232,830	3,150,472
6,075,495	4,478,990	4,344,827	4,591,793	5,121,323	5,693,465
3,255,196	3,880,707	3,558,292	3,163,729	2,752,919	4,060,966
16,792,102	16,081,817	14,222,835	13,353,539	60,862,777	19,566,692
28,342,191	18,666,162	21,112,481	14,584,653	30,964,335	65,006,346
<u>61,529,276</u>	<u>50,034,818</u>	<u>50,369,664</u>	<u>42,538,082</u>	<u>105,926,501</u>	<u>99,611,172</u>
35,061,789	35,680,449	34,480,725	33,393,265	39,680,667	40,588,378
28,488,007	29,233,798	31,282,531	33,339,627	35,166,721	36,374,385
21,575,174	22,368,836	23,704,610	23,832,273	23,245,937	24,660,955
95,253	181,301	75,559	145,976	356,932	40,408
11,488,226	11,623,136	11,766,244	10,300,249	13,572,824	12,100,727
<u>96,708,449</u>	<u>99,087,520</u>	<u>101,309,669</u>	<u>101,011,390</u>	<u>112,023,081</u>	<u>113,764,853</u>
<u>158,237,725</u>	<u>149,122,338</u>	<u>151,679,333</u>	<u>143,549,472</u>	<u>217,949,582</u>	<u>213,376,025</u>
(171,444,945)	(139,667,984)	(184,745,748)	(190,980,112)	(116,658,270)	(126,954,599)
<u>23,915,968</u>	<u>30,176,239</u>	<u>26,654,022</u>	<u>28,471,737</u>	<u>38,358,088</u>	<u>38,064,215</u>
<u>(147,528,977)</u>	<u>(109,491,745)</u>	<u>(158,091,726)</u>	<u>(162,508,375)</u>	<u>(78,300,182)</u>	<u>(88,890,384)</u>
57,526,833	60,115,348	62,653,215	66,606,043	70,347,223	74,268,771
129,901,666	132,448,059	137,004,842	150,230,509	145,208,619	174,351,412
11,977,806	12,852,386	13,907,487	14,738,508	15,362,566	16,327,123
10,248	10,800	9,768	9,948	10,332	228
5,313,720	5,886,719	6,070,876	6,657,602	12,010,898	7,385,678
1,119,262	1,580,596	2,845,228	4,784,546	2,798,038	2,041
965,526	2,276,359	3,856,605	2,688,629	1,707,136	3,655,711
(20,523,616)	-	-	-	-	-
-	-	-	-	-	(2,086,979)
417,005	2,001,008	193,923	257,314	781,450	(883,433)
<u>186,708,450</u>	<u>217,171,275</u>	<u>226,541,944</u>	<u>245,973,099</u>	<u>248,226,262</u>	<u>273,020,552</u>
622,327	736,462	1,679,659	2,744,970	1,675,369	(11,953)
2,674,756	3,358,639	2,667,387	2,329,339	9,307,233	6,277,784
<u>(417,005)</u>	<u>(2,001,008)</u>	<u>(193,923)</u>	<u>(257,314)</u>	<u>(781,450)</u>	<u>883,433</u>
<u>2,880,078</u>	<u>2,094,093</u>	<u>4,153,123</u>	<u>4,816,995</u>	<u>10,201,152</u>	<u>7,149,264</u>
<u>189,588,528</u>	<u>219,265,368</u>	<u>230,695,067</u>	<u>250,790,094</u>	<u>258,427,414</u>	<u>280,169,816</u>
15,263,505	77,503,291	41,796,196	54,992,987	131,567,992	146,065,953
26,796,046	32,270,332	30,807,145	33,288,732	48,559,240	45,213,479
<u>\$ 42,059,551</u>	<u>\$ 109,773,623</u>	<u>\$ 72,603,341</u>	<u>\$ 88,281,719</u>	<u>\$ 180,127,232</u>	<u>\$ 191,279,432</u>

City of Sioux Falls
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Statistics (Unaudited)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 1,891,787	\$ 1,595,933	\$ 1,457,649	\$ 1,500,337
Restricted	660,347	683,099	679,076	482,427
Committed	-	-	-	-
Assigned	3,802,375	3,812,788	5,348,104	5,414,824
Unassigned	41,387,942	42,029,944	40,739,706	38,129,793
Total General Fund	<u>\$ 47,742,451</u>	<u>\$ 48,121,764</u>	<u>\$ 48,224,535</u>	<u>\$ 45,527,381</u>
Sales/Use Tax Fund				
Nonspendable	\$ 420,619	\$ 285,145	\$ 144,993	\$ -
Restricted	24,946,781	23,257,209	23,301,917	22,333,307
Committed	12,788,630	26,054,182	32,569,698	27,198,260
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Sales/Use Tax Fund	<u>\$ 38,156,030</u>	<u>\$ 49,596,536</u>	<u>\$ 56,016,608</u>	<u>\$ 49,531,567</u>
All Other Governmental Funds				
Nonspendable	\$ 612,906	\$ 357,059	\$ 362,475	\$ 27,624,149
Restricted	129,162,652	66,122,618	21,676,958	20,758,622
Committed	1,852,886	2,869,083	4,155,859	6,503,267
Assigned	877,595	1,265,043	1,472,322	2,596,844
Unassigned	(449,552)	(157,799)	(55,192)	(2,379)
Total All Other Governmental Funds	<u>\$ 132,056,487</u>	<u>\$ 70,456,004</u>	<u>\$ 27,612,422</u>	<u>\$ 57,480,503</u>

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

2016	2017	2018	2019	2020	2021
\$ 1,900,996	\$ 1,874,905	\$ 1,412,454	\$ 1,624,447	\$ 2,059,101	\$ 2,874,421
244,518	133,904	124,675	185,877	445,312	350,899
-	459,992	587,967	689,246	990,427	1,585,708
2,156,362	3,922,353	3,748,292	3,273,637	5,415,925	4,793,169
40,025,896	42,771,535	48,307,674	52,430,111	79,692,536	72,880,386
\$ 44,327,772	\$ 49,162,689	\$ 54,181,062	\$ 58,203,318	\$ 88,603,301	\$ 82,484,583
\$ 6,725,070	\$ 6,725,070	\$ 6,725,070	\$ 6,725,070	\$ 5,960,780	\$ 4,808,186
25,758,873	24,458,155	21,591,279	21,482,589	17,043,609	16,437,284
14,208,698	18,466,766	25,600,285	32,728,604	21,868,150	53,608,572
-	-	-	-	-	-
-	-	-	-	-	-
\$ 46,692,641	\$ 49,649,991	\$ 53,916,634	\$ 60,936,263	\$ 44,872,539	\$ 74,854,042
\$ 449,872	\$ 26,767	\$ 57,332	\$ 57,332	\$ 127,261	\$ 127,261
38,027,058	46,100,244	32,947,590	30,600,887	78,429,095	79,026,437
7,209,231	10,600,236	13,283,731	14,330,127	11,986,573	15,692,992
6,870,924	5,142,548	3,894,960	4,865,199	5,973,504	8,405,938
-	-	-	-	-	-
\$ 52,557,085	\$ 61,869,795	\$ 50,183,613	\$ 49,853,545	\$ 96,516,433	\$ 103,252,628

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Taxes	\$ 162,162,262	\$ 172,280,837	\$ 181,681,808	\$ 192,686,024
Licenses and Permits	4,728,556	6,512,105	5,201,772	5,984,144
Intergovernmental	15,120,477	31,623,322	16,304,696	44,640,901
Charges for Goods and Services	7,144,723	7,352,652	7,208,017	7,057,084
Fines and Forfeitures	714,023	704,678	572,024	653,200
Investment Revenue	1,070,144	228,324	1,158,275	482,795
Miscellaneous Revenue	7,231,142	7,833,232	3,011,667	4,612,269
Total Revenues	<u>198,171,327</u>	<u>226,535,150</u>	<u>215,138,259</u>	<u>256,116,417</u>
Expenditures				
General Government	21,612,706	20,787,239	14,452,567	15,217,034
Public Safety	49,510,099	51,520,665	52,592,613	57,246,696
Highways and Streets	22,680,005	30,826,489	25,975,498	26,526,746
Health	9,244,495	10,232,689	10,146,920	10,662,930
Culture and Recreation	21,940,762	24,635,024	25,903,109	25,226,642
Urban and Economic Development	10,848,808	10,803,811	20,663,276	21,336,137
Capital Outlay	68,211,982	108,296,798	83,016,103	62,055,526
Debt Service:				
Principal	12,494,028	11,596,998	11,682,203	10,683,225
Interest and Fiscal Charges	5,651,169	7,581,748	7,262,401	6,947,931
Total Expenditures	<u>222,194,054</u>	<u>276,281,461</u>	<u>251,694,690</u>	<u>235,902,867</u>
Revenues Over (Under) Expenditures	(24,022,727)	(49,746,311)	(36,556,431)	20,213,550
Other Financing Sources (Uses)				
Sale of Surplus Property	1,169,154	42,993	66,963	91,122
Loss on Sale of Land Held for Resale	-	-	-	-
Damage Recovery	72,997	213,379	311,798	807,902
Revenue Note Proceeds	-	161,000	339,000	-
Revenue Bonds Issued	122,145,000	-	-	-
Revenue Bond Premiums	4,617,175	-	-	-
Loan Proceeds	-	-	-	-
Cost of Issuance	-	-	-	-
Underwriter Discount	-	-	-	-
Transfers In	5,129,447	6,477,228	8,042,446	7,049,671
Transfers Out	(5,701,509)	(6,928,953)	(8,524,515)	(7,476,359)
Total Other Financing Sources (Uses)	<u>127,432,264</u>	<u>(34,353)</u>	<u>235,692</u>	<u>472,336</u>
Net Change in Fund Balances	<u>\$ 103,409,537</u>	<u>\$ (49,780,664)</u>	<u>\$ (36,320,739)</u>	<u>\$ 20,685,886</u>
Debt service as a percentage of noncapital expenditures	<u>11.78%</u>	<u>11.42%</u>	<u>11.23%</u>	<u>10.14%</u>

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

2016	2017	2018	2019	2020	2021
\$ 199,433,538	\$ 205,299,070	\$ 213,646,562	\$ 227,694,022	\$ 229,392,793	\$ 262,506,977
6,454,811	6,341,922	6,686,566	7,222,519	6,675,773	7,350,385
17,931,385	18,604,384	20,653,942	18,544,630	71,585,043	24,363,428
7,593,729	8,197,334	7,625,412	6,707,246	6,745,535	6,813,302
603,324	675,779	643,186	608,262	624,945	617,266
891,242	1,352,449	2,438,863	4,098,656	2,250,791	(74,731)
9,885,564	8,657,161	7,673,483	7,149,296	8,017,038	16,988,142
<u>242,793,593</u>	<u>249,128,099</u>	<u>259,368,014</u>	<u>272,024,631</u>	<u>325,291,918</u>	<u>318,564,769</u>
14,671,542	15,116,233	17,118,939	16,051,289	17,157,976	18,013,384
58,992,557	60,009,602	62,576,455	65,210,253	68,324,683	73,811,670
26,378,226	24,941,562	27,869,307	30,077,674	27,624,064	29,727,408
11,444,358	11,991,217	11,777,284	12,722,437	12,798,311	14,441,751
28,675,260	28,296,000	27,827,396	32,626,555	32,615,794	33,082,743
24,463,096	21,543,950	21,656,795	23,617,920	25,550,223	26,726,280
71,276,140	75,557,810	80,333,818	65,406,226	88,007,834	74,552,688
12,552,939	11,548,174	24,606,227	10,163,450	39,962,243	10,369,505
6,673,616	7,203,378	6,845,551	6,531,959	6,388,421	6,768,427
<u>255,127,734</u>	<u>256,207,926</u>	<u>280,611,772</u>	<u>262,407,763</u>	<u>318,429,549</u>	<u>287,493,856</u>
(12,334,141)	(7,079,827)	(21,243,758)	9,616,868	6,862,369	31,070,913
544,874	929,322	328,304	50,768	25,515	150,771
(20,523,616)	-	-	-	(178,609)	-
62,013	65,648	239,198	75,735	77,653	98,377
-	-	-	-	-	-
20,260,000	-	17,523,868	1,511,132	42,315,000	-
3,734,423	-	1,388,307	-	11,613,131	-
-	-	-	-	302,638	2,474,636
(110,000)	-	-	-	-	-
(145,699)	-	-	-	-	-
18,425,374	7,782,375	9,090,213	7,569,232	34,346,677	24,816,683
(18,875,181)	(8,225,371)	(9,727,298)	(8,111,918)	(34,365,227)	(28,012,400)
<u>3,372,188</u>	<u>551,974</u>	<u>18,842,592</u>	<u>1,094,949</u>	<u>54,136,778</u>	<u>(471,933)</u>
<u>\$ (8,961,953)</u>	<u>\$ (6,527,853)</u>	<u>\$ (2,401,166)</u>	<u>\$ 10,711,817</u>	<u>\$ 60,999,147</u>	<u>\$ 30,598,980</u>
<u>10.46%</u>	<u>10.38%</u>	<u>15.70%</u>	<u>8.47%</u>	<u>20.12%</u>	<u>8.05%</u>

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

Revenues	2012	2013	2014	2015
Taxes				
Property	\$ 46,479,615	\$ 48,547,852	\$ 51,025,183	\$ 53,344,081
Sales	48,440,527	52,178,569	54,863,132	58,087,990
Other	6,998,774	7,103,162	7,453,511	7,611,387
Total Taxes	<u>101,918,916</u>	<u>107,829,583</u>	<u>113,341,826</u>	<u>119,043,458</u>
Licenses and Permits	4,641,986	6,423,094	5,113,607	5,891,551
Intergovernmental (Federal/State/County)	10,880,892	17,362,249	11,257,014	11,861,325
Charges for Goods and Services	6,191,797	6,415,678	7,208,017	6,820,346
Fines and Forfeitures	713,903	704,498	572,024	653,200
Investment Revenue	240,101	250,368	287,741	416,004
Miscellaneous Revenue	622,844	701,851	(41,859)	(751,315)
Total Revenues	<u>125,210,439</u>	<u>139,687,321</u>	<u>137,738,370</u>	<u>143,934,569</u>
Expenditures				
General Government				
Mayor	473,597	468,731	486,805	529,895
City Council	1,128,872	1,176,930	1,432,756	1,248,982
Attorney	1,391,259	1,525,591	1,514,218	1,611,802
Human Resources	1,085,707	1,160,908	1,400,287	1,462,764
Finance	1,930,484	2,103,038	2,300,092	2,600,444
Facilities Management	1,251,256	1,563,602	2,629,310	2,732,090
Innovation and Technology	2,478,745	2,796,073	2,945,098	3,263,792
Communications	1,437,298	1,468,512	1,680,651	1,740,244
Total General Government	<u>11,177,218</u>	<u>12,263,385</u>	<u>14,389,217</u>	<u>15,190,013</u>
Public Safety				
Fire	21,001,392	21,636,701	22,524,449	25,558,281
Police	28,508,707	29,883,964	30,031,803	31,572,267
Total Public Safety	<u>49,510,099</u>	<u>51,520,665</u>	<u>52,556,252</u>	<u>57,130,548</u>
Highways and Streets	-	-	23,420,694	24,407,469
Engineering	6,645,450	6,786,725	-	-
Public Works Administration	121,547	127,132	-	-
Streets	13,281,917	21,722,615	-	-
Total Highways and Streets	<u>20,048,914</u>	<u>28,636,472</u>	<u>23,420,694</u>	<u>24,407,469</u>
Health				
Health	9,244,495	10,232,689	10,146,920	10,662,930
Total Health	<u>9,244,495</u>	<u>10,232,689</u>	<u>10,146,920</u>	<u>10,662,930</u>
Culture and Recreation				
Arena	738,271	-	-	-
Parks and Recreation	13,394,238	14,752,548	14,857,493	15,635,862
Libraries	5,670,724	6,131,686	6,301,074	6,611,144
Museum	405,904	500,311	524,813	518,610
Total Culture and Recreation	<u>20,209,137</u>	<u>21,384,545</u>	<u>21,683,380</u>	<u>22,765,616</u>
Urban and Economic Development				
Planning and Development Services	4,488,083	4,776,886	4,914,879	5,070,746
Economic Development	1,121,581	1,372,882	4,135,110	4,806,417
Convention and Visitors Bureau	2,229,291	2,413,865	-	-
Total Urban and Economic Development	<u>7,838,955</u>	<u>8,563,633</u>	<u>9,049,989</u>	<u>9,877,163</u>
Total Expenditures	<u>118,028,818</u>	<u>132,601,389</u>	<u>131,246,452</u>	<u>140,033,739</u>
Revenues Over (Under) Expenditures	7,181,621	7,085,932	6,491,918	3,900,830
Other Financing Sources (Uses)				
Sale of Surplus Property	37,760	37,917	52,052	54,524
Damage Recovery	30,758	184,417	184,248	73,851
Transfers Out	(5,701,509)	(6,928,953)	(6,625,447)	(6,726,359)
Total Other Financing Sources (Uses)	<u>(5,632,991)</u>	<u>(6,706,619)</u>	<u>(6,389,147)</u>	<u>(6,597,984)</u>
Net Change in Fund Balances	<u>\$ 1,548,630</u>	<u>\$ 379,313</u>	<u>\$ 102,771</u>	<u>\$ (2,697,154)</u>

2014 - Engineering, Public Works Administration, and Streets combined into Highways and Streets.

2019 - Economic Development combined into Planning and Development Services

2021 - Museum combined into Libraries

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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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 55,003,521	\$ 57,591,924	\$ 60,238,488	\$ 63,876,772	\$ 67,680,168	\$ 71,238,553
59,752,884	60,858,378	63,129,282	67,476,813	67,135,048	79,605,916
<u>7,819,721</u>	<u>7,840,216</u>	<u>7,623,778</u>	<u>7,951,750</u>	<u>7,190,129</u>	<u>8,200,710</u>
122,576,126	126,290,518	130,991,548	139,305,335	142,005,345	159,045,179
6,358,512	6,244,892	6,592,722	7,134,410	6,502,389	7,186,778
12,520,695	12,861,715	13,156,642	13,883,537	65,040,580	16,381,687
7,352,332	7,901,982	7,505,118	6,611,258	6,468,305	6,509,776
603,246	675,779	643,186	608,262	624,945	617,246
506,557	624,818	1,525,462	1,805,304	1,115,743	(13,202)
<u>966,278</u>	<u>998,820</u>	<u>1,074,787</u>	<u>1,073,872</u>	<u>1,433,859</u>	<u>1,729,022</u>
150,883,746	155,598,524	161,489,465	170,421,978	223,191,166	191,456,486
491,501	380,368	438,090	694,804	787,202	780,093
1,564,985	1,336,895	1,541,964	1,252,717	1,559,494	1,453,236
1,652,169	1,721,801	1,695,939	1,844,077	1,848,104	1,974,899
1,368,656	1,341,094	1,445,483	1,534,973	1,518,889	1,767,622
2,685,762	3,056,468	3,081,463	3,053,437	3,203,946	3,203,263
1,645,147	1,773,706	1,782,463	1,710,712	1,850,791	1,978,474
3,464,036	3,636,253	3,949,079	4,110,842	4,278,188	4,702,385
<u>1,797,448</u>	<u>1,865,398</u>	<u>1,923,443</u>	<u>1,843,762</u>	<u>1,733,322</u>	<u>2,153,412</u>
14,669,704	15,111,983	15,857,924	16,045,324	16,779,936	18,013,384
26,075,093	26,208,602	27,037,032	28,372,246	29,533,311	31,720,669
<u>32,917,464</u>	<u>33,784,986</u>	<u>35,539,023</u>	<u>36,838,007</u>	<u>38,748,970</u>	<u>41,896,117</u>
58,992,557	59,993,588	62,576,055	65,210,253	68,282,281	73,616,786
23,686,638	21,776,451	24,677,397	27,019,132	24,485,075	25,433,789
-	-	-	-	-	-
-	-	-	-	-	-
<u>23,686,638</u>	<u>21,776,451</u>	<u>24,677,397</u>	<u>27,019,132</u>	<u>24,485,075</u>	<u>25,433,789</u>
11,444,358	11,991,217	11,777,284	12,722,437	12,798,311	14,441,751
<u>11,444,358</u>	<u>11,991,217</u>	<u>11,777,284</u>	<u>12,722,437</u>	<u>12,798,311</u>	<u>14,441,751</u>
-	-	-	-	-	-
16,966,026	17,969,194	17,197,750	19,666,616	18,172,878	20,596,649
7,439,872	6,818,309	6,869,696	7,366,182	7,611,264	8,714,279
552,936	575,582	582,848	630,199	684,738	-
<u>24,958,834</u>	<u>25,363,085</u>	<u>24,650,294</u>	<u>27,662,997</u>	<u>26,468,880</u>	<u>29,310,928</u>
5,427,327	5,443,391	5,572,369	10,481,748	10,463,726	11,166,783
4,632,115	4,760,818	4,373,239	-	-	-
-	-	-	-	-	-
<u>10,059,442</u>	<u>10,204,209</u>	<u>9,945,608</u>	<u>10,481,748</u>	<u>10,463,726</u>	<u>11,166,783</u>
143,811,533	144,440,533	149,484,562	159,141,891	159,278,209	171,983,421
7,072,213	11,157,991	12,004,903	11,280,087	63,912,957	19,473,065
84,443	36,952	39,857	32,052	24,600	12,240
62,013	60,577	72,220	72,035	77,653	98,377
<u>(8,418,278)</u>	<u>(7,160,607)</u>	<u>(7,098,607)</u>	<u>(7,361,918)</u>	<u>(33,615,227)</u>	<u>(25,702,400)</u>
<u>(8,271,822)</u>	<u>(7,063,078)</u>	<u>(6,986,530)</u>	<u>(7,257,831)</u>	<u>(33,512,974)</u>	<u>(25,591,783)</u>
\$ (1,199,609)	\$ 4,094,913	\$ 5,018,373	\$ 4,022,256	\$ 30,399,983	\$ (6,118,718)

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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
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
2020	70,288,580	67,135,048	67,135,016	7,170,446	681,346	1,492,011	15,362,566	127,780	229,392,793
2021	74,349,770	79,605,916	79,605,916	9,368,174	1,100,744	2,018,919	16,327,123	130,415	262,506,977

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 Rate ²	Overlapping Rates ¹				Total Rate
		COUNTYS		SCHOOL DISTRICTS		
		Minnehaha	Lincoln	Sioux Falls	Others	
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
2020	4.40	3.32	2.13	8.39	8.90-11.00	14.92-18.72
2021	4.29	3.25	2.04	8.28	8.36-10.46	14.61-18.00

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			
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
2020	15,168,793,753	16,166,530,005	166,353,280	166,353,280	15,335,147,033	16,332,883,285	93.9%	4.40	18,041,349,451
2021	16,569,903,868	17,836,523,788	293,883,376	293,883,376	16,863,787,244	18,130,407,164	93.0%	4.29	19,839,749,699

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
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
2020	67,657,791	66,993,824	99.02%	618,847	67,612,671	99.93%	4.40
2021	71,108,045	70,800,001	99.57%	631,876	71,431,877	100.46%	4.29

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

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Table X
Principal Property Taxpayers
Current Year and Ten Years Ago

2021 TOTAL ASSESSED TAXABLE VALUATION		\$ 16,863,787,244					
Taxpayer	Type of Business	2021			2012		
		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	\$ 212,113,800	1	1.26%	-	-	n/a
Sanford Health (Sioux Valley Hospital)	Medical	169,109,700	2	1.00%	93,259,394	2	0.83%
SM Empire Mall LLC	Shopping Malls	73,940,300	3	0.44%	94,561,918	1	0.84%
Tzadik Sioux Falls LLC	Property Mgmt	52,287,700	4	0.31%	-	-	n/a
Billion Family Limited	Auto Dealer	51,410,900	5	0.30%	37,659,209	6	0.33%
Van Buskirk Companies	Real Estate	48,973,000	6	0.29%	-	-	n/a
Ronning Enterprises	Real Estate	45,959,900	7	0.27%	-	-	n/a
Sunrise LLC	Property Mgmt	44,521,500	8	0.26%	-	-	n/a
Carrington Apartments LLC	Real Estate	43,530,700	9	0.26%	-	-	n/a
Western Mall Inc	Shopping Malls	42,471,600	10	0.25%	-	-	n/a
Dunham Homes LLC	Real Estate	-	-	n/a	73,337,172	3	0.65%
Avera Health (Presentation Sisters)	Medical	-	-	n/a	57,917,994	4	0.51%
First National Bank	Financial	-	-	n/a	39,531,430	5	0.35%
Wells Fargo Bank	Financial	-	-	n/a	37,301,084	7	0.33%
123 Sioux Falls LLC (Citibank)	Financial	-	-	n/a	35,200,582	8	0.31%
Wal-Mart (Wal-Mart & Sams)	Retail	-	-	n/a	34,759,670	9	0.31%
Costello Properties	Real Estate	-	-	n/a	33,457,174	10	0.30%
Totals		\$ 784,319,100		4.65%	\$ 536,985,627		4.77%

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture, Forestry, & Fishing	\$ 32,140	\$ 47,412	\$ 40,346	\$ 52,794	\$ 58,605	\$ 63,483	\$ 72,087	\$ 80,676	\$ 79,753	\$ 90,563
Mining & Construction	91,603	118,073	115,797	113,977	122,760	130,855	130,587	133,185	121,444	142,582
Manufacturing	163,755	184,485	189,881	189,362	208,465	208,963	206,269	234,957	237,203	317,832
Transportation & Public Utilities	513,651	570,470	603,805	609,153	617,413	634,813	650,263	689,143	625,617	620,313
Wholesale Trade	307,140	342,703	355,854	371,604	390,562	378,277	422,672	482,900	465,150	580,612
Retail Trade	2,690,145	2,816,150	2,980,629	3,155,507	3,199,944	3,231,286	3,339,745	3,537,812	3,688,235	4,424,382
Finance, Insurance, & Real Estate	132,323	147,735	148,218	171,440	196,085	202,994	225,700	227,432	222,615	265,061
Services	950,807	1,037,637	1,095,413	1,188,977	1,234,127	1,278,421	1,334,234	1,426,328	1,324,875	1,596,408
Public Administration	424	362	399	390	953	445	414	319	417	541
Other	2,108	-	-	92	1	-	33	24	37	210
Total	\$ 4,884,096	\$ 5,265,027	\$ 5,530,342	\$ 5,853,296	\$ 6,028,915	\$ 6,129,537	\$ 6,382,004	\$ 6,812,776	\$ 6,765,346	\$ 8,038,504

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			
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	-	-	-	341,341,262	2.52%	1,970
2016	194,050,721	1,335,000	3,577,342	500,000	-	62,585,000	-	-	-	350,274,095	2.52%	1,962
2017	185,410,013	810,000	729,168	500,000	-	36,602,380	-	-	-	316,549,911	2.18%	1,728
2018	173,032,612	425,000	7,331,809	500,000	-	52,230,717	-	-	-	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	1.81%	1,581
2020	177,386,774	-	7,799,885	600,000	-	45,300,105	-	-	81,223,600	312,310,364	1.70%	1,595
2021	167,095,440	-	9,445,016	600,000	-	41,236,268	-	-	87,705,329	306,082,053	n/a	1,511

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
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%
2020	816,644,164	287,849,999	528,794,165	35.25%
2021	906,520,358	282,973,690	623,546,668	31.22%

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	\$ 177,140,456	100.00%	\$ 177,140,456
Total Direct Debt			177,140,456
Sioux Falls School District	246,175,000	98.60%	242,726,334
Tri-Valley School District	58,310,000	29.29%	17,078,124
Brandon Valley School District	34,490,000	25.19%	8,689,169
Harrisburg School District	200,455,060	69.67%	139,657,040
Tea Area School District	49,000,000	86.68%	42,472,710
West Central	6,660,000	0.09%	6,187
Lennox School District	14,515,000	14.11%	2,047,965
Minnehaha County	58,080,000	81.59%	47,387,472
Lincoln County	9,719,453	59.19%	5,752,944
Total Overlapping Debt			505,817,945
Total Direct and Overlapping Debt			\$ 682,958,401

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
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
2020	67,135,016	13,660,000	7,977,984	21,637,984	3.10	9,940,000	6,087,729	16,027,729	4.19
2021	79,605,916	13,225,000	8,176,645	21,401,645	3.72	9,540,000	6,446,261	15,986,261	4.98

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	
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
2020	12,214,239	92,666	12,306,905	3,138,989	9,167,916	952,243	82,666	1,034,909	8.86
2021	11,376,491	(12,467)	11,364,024	3,092,839	8,271,185	829,505	76,462	905,968	9.13

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		Interest		
						Revenue Bonds	State Revolving Fund			
2012	\$ 34,515,284	\$ 362,912	\$ 34,878,196	\$ 13,440,730	\$ 21,437,466	\$ -	\$ 4,425,515	\$ 3,984,899	8,410,414	2.55
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	1.92
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	1.85
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	1.97
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
2020	39,680,667	1,732,224	41,412,891	18,216,121	23,196,770	2,600,000	1,143,541	1,352,555	5,096,096	4.55
2021	40,588,378	2,399,767	42,988,145	18,469,305	24,518,840	2,700,000	979,799	1,190,987	4,870,786	5.03

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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			Coverage
						Principal	Interest	Total	
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
2020	30,453,984	8,008,185	38,462,169	11,594,661	26,867,508	8,501,779	931,626	9,433,405	2.85
2021	31,673,156	4,301,302	35,974,458	11,786,413	24,188,045	8,930,900	1,021,871	9,952,771	2.43

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			Coverage
						Principal	Interest	Total	
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
2020	2,585,491	86,409	2,671,900	1,377,086	1,294,814	1,120,000	574,005	1,694,005	0.76
2021	2,692,493	(2,555)	2,689,938	1,358,593	1,331,345	985,000	544,759	1,529,759	0.87

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Statistics (Unaudited)

**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 ⁴	Annual Average Labor Force ⁴	Annual Average Employment ⁴	Annual Average Unemployment Rate ⁴	School Enrollment ⁵
2012	162,300	230,847	11,626,017	48,901	41,014	136,520	131,344	3.8%	22,342
2013	165,800	235,878	11,643,004	47,791	41,628	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	44,885	145,453	141,742	2.6%	23,281
2016	178,500	256,250	13,925,347	54,454	46,035	147,694	143,992	2.5%	23,679
2017	183,200	259,094	14,495,500	55,947	47,313	150,227	146,317	2.6%	24,866
2018	187,200	267,293	15,811,766	59,250	48,736	152,136	148,418	2.5%	24,987
2019	190,750	272,500	16,631,099	62,003	50,378	155,553	151,574	2.5%	25,167
2020	195,850	276,730	18,360,818	67,117	55,066	156,606	149,880	4.3%	24,856
2021	202,600	284,800	n/a	n/a	n/a	159,994	156,025	2.5%	24,949

¹ Source: City Planning Department end of year estimates

² Source: South Dakota Department of Labor and U.S. Census Bureau mid-year population estimates (as of July 1st each year)

³ Source: South Dakota Department of Labor and U.S. Bureau of Economic Analysis (for the Sioux Falls Metropolitan Statistical Area)

⁴ Source: South Dakota Department of Labor (for the Sioux Falls Metropolitan Statistical Area)

⁵ 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	2021			2012		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Health Care	11,239	1	7.2%	7,703	1	5.9%
Avera Health	Health Care	7,888	2	5.1%	5,291	2	4.0%
Smithfield Foods (John Morrell)	Meat Processing	3,700	3	2.4%	3,300	3	2.5%
Sioux Falls School District	Education	3,688	4	2.4%	3,000	4	2.3%
Hy-Vee Food Stores	Retail Grocery	3,050	5	2.0%	2,733	7	2.1%
Wells Fargo	Financial	2,364	6	1.5%	2,832	6	2.2%
Walmart/Sam's Club	Retail	1,464	7	0.9%	1,056	10	0.8%
Citigroup	Financial	1,427	8	0.9%	2,900	5	2.2%
First Premier Bank/Premier Bankcard	Financial	1,266	9	0.8%	-	-	-
City of Sioux Falls	Government	1,260	10	0.8%	1,133	9	0.9%
Evangelical Lutheran Good Samaritan Society	Medical	-	-	-	1,426	8	1.1%
Totals		37,346		23.9%	31,374		23.9%

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Natural Resources, Mining & Construction	6,700	7,200	7,500	7,900	8,200	8,500	8,700	9,300	9,400	10,400
Manufacturing	13,000	13,300	13,600	13,600	13,500	13,900	14,500	14,400	14,000	14,300
Wholesale Trade	7,300	7,600	8,000	8,200	8,300	8,200	8,300	8,500	8,500	8,800
Retail Trade	17,400	17,500	18,100	18,400	18,900	18,400	17,800	18,500	17,800	18,300
Transportation, Warehousing & Utilities	4,900	5,100	5,400	5,600	5,500	5,500	5,600	5,800	5,600	5,500
Information	2,800	2,700	2,700	2,700	2,600	2,600	2,500	2,600	2,500	2,400
Financial Activities	15,800	16,300	16,100	16,200	15,800	15,700	15,800	15,800	15,400	14,900
Professional & Business Services	12,800	13,400	14,000	14,200	14,700	14,900	15,700	15,700	15,300	15,500
Educational & Health Services	28,600	29,100	29,600	30,400	31,100	32,000	32,400	33,200	33,800	35,100
Leisure & Hospitality	13,200	13,500	14,200	14,600	15,100	15,400	15,600	15,600	13,300	13,700
Other Services	4,700	4,800	4,800	4,900	5,100	5,900	6,100	5,900	5,800	6,000
Total Government	12,900	13,000	13,300	13,500	13,800	14,400	14,700	14,600	14,400	14,800
Total	140,100	143,500	147,300	150,200	152,600	155,400	157,700	159,900	155,800	159,800

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	
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
2020	137	488,361,738	1,146	248,917,623	5,939	182,322,751	7,222	2,717	919,602,112	80.12
2021	390	536,856,433	1,311	300,325,906	5,521	268,997,406	7,222	3,132	1,104,252,391	81.00

Source: Sioux Falls Planning and Building Services Department as measured by issued permits excluding state/federal projects

Statistics (Unaudited)

Table XXIV
City Government Employees by Function/Program
Last Ten Fiscal Years

	Year-end Authorized Positions									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Mayor	4	4	4	7	7	3	5	4	5	5
Finance	21	22	24	25	26	32	28	28	28	28
Attorney	11	11	13	14	15	15	15	15	15	15
Human Resources	11	12	13	13	13	13	14	14	16	16
City Council	16	16	16	16	16	16	16	16	16	16
Facilities Management	15	17	18	19	20	21	21	26	26	27
Innovation and Technology	26	28	26	26	26	32	34	36	37	38
Communications	14	14	14	14	15	15	15	19	20	19
Total General Government	118	124	128	134	138	147	148	158	163	164
Public Safety										
Fire	194	194	195	210	210	208	208	208	211	226
Police	264	266	269	282	289	296	300	306	311	316
Total Public Safety	458	460	464	492	499	504	508	514	522	542
Highways and Streets										
Public Works										
Administration	5	6	6	4	4	4	5	5	5	5
Engineering	66	66	67	70	70	63	52	52	53	53
Street Maintenance	50	50	50	50	50	50	50	50	50	47
Street Lights and Traffic	0	0	0	0	0	0	10	10	10	10
Storm Drainage	0	0	0	0	0	8	8	8	9	13
Total Highways and Streets	121	122	123	124	124	125	125	125	127	128
Public Health	64	64	71	73	78	78	80	82	83	84
Culture and Recreation										
Libraries	62	64	63	63	63	63	63	63	62	62
Parks and Recreation	69	71	70	72	76	74	75	75	78	78
Total Culture and Recreation	131	135	133	135	139	137	138	138	140	140
Urban and Economic Development										
Planning and Development Services	42	42	42	43	45	46	50	49	50	51
Economic Development	0	5	5	6	6	6	0	0	0	0
Affordable Housing	11	11	11	13	13	6	6	6	6	6
Total Urban and Economic Development	53	58	58	62	64	58	56	55	56	57
Enterprise										
Fleet	18	18	20	22	24	27	27	27	25	26
Power and Distribution	12	12	12	12	12	12	12	12	12	12
Public Parking	13	12	12	11	11	11	11	11	11	10
Sanitary Landfill	27	28	28	28	28	28	28	28	27	25
Water	65	62	63	63	63	63	63	63	63	64
Water Reclamation	53	51	52	51	54	47	47	47	51	54
Total Enterprise	188	183	187	187	192	188	188	188	189	191
Total	1133	1146	1164	1207	1234	1237	1243	1260	1280	1306

Source: City Human Resources Department

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**Table XXV
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire										
Number of Employees (Uniformed)	186	186	184	195	195	195	195	195	195	209
Number of Employees (Non-Uniform)	9	8	15	15	15	13	13	13	14	17
Total Responses	10,342	11,049	11,635	12,608	12,924	12,830	12,854	13,606	14,345	14,509
Structure Fires	198	133	136	134	139	166	149	162	209	176
Vehicle Fires	77	79	82	16	67	88	88	50	76	59
EMS Calls	5,699	5,814	6,227	6,793	6,821	6,760	6,487	6,487	7,276	7,487
Water Hydrants	7,597	7,772	7,986	8,209	8,343	8,513	8,734	8,865	9,089	9,349
Fire Insurance Rating	3	3	3	1	1	1	1	1	1	1
Police										
Number of Sworn Officers	232	232	244	247	247	256	263	269	274	280
Number of Civilian Employees	38	38	33	35	37	37	37	37	37	36
Aggravated Assaults	392	461	507	584	621	562	600	722	557	517
Arsons	56	28	27	28	48	47	41	31	47	40
Auto Thefts	316	322	346	472	697	544	638	759	1,121	1,337
Burglaries	870	881	846	973	896	667	682	718	775	819
Drunk Driving Arrests	1,387	1,072	1,106	1,128	1,152	1,220	1,009	904	862	870
Homicides	3	3	6	3	6	10	8	8	13	5
Larcenies	4,269	4,438	4,242	4,885	4,822	4,545	5,049	5,321	5,333	5,427
Rapes	153	142	148	138	160	122	128	121	116	119
Robberies	83	80	98	110	132	103	119	98	136	113
Traffic Citations Issued	36,020	26,718	28,613	27,386	29,491	32,283	24,607	24,322	25,282	25,741
Highways and Streets										
Snow Events	3	3	5	6	3	5	7	7	2	3
Pothole Patching (Tons)	476	619	479	645	906	704	749	1,587	1,095	956
Street Sweeping (Curb Miles)	9,106	5,227	9,922	5,572	9,098	9,660	9,500	7,900	10,354	9,135
Library										
Number of Items Borrowed	2,024,141	2,209,687	2,150,983	2,140,127	2,345,779	2,366,356	2,225,400	2,114,823	1,381,668	1,725,946
Number of Active Library Cardholders	98,493	100,392	101,452	94,997	94,515	93,356	97,122	103,840	96,842	89,354
Power and Distribution										
Private Accounts	2,159	2,161	2,308	2,242	2,308	2,316	2,319	2,407	2,506	2,504
Governmental Accounts	423	428	332	429	420	403	396	512	464	412
Kilowatt Hours Sold	84,207,376	79,030,369	84,929,000	85,075,089	83,566,165	84,529,684	84,859,014	83,669,155	82,285,608	83,870,145
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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Statistics (Unaudited)

**Table XXV (cont)
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Parks and Recreation										
Rounds of Golf Played (all courses)	130,123	105,016	93,252	91,412	85,719	92,081	75,850	84,401	97,351	105,400
Special Events	300,733	429,540	379,110	450,074	402,223	306,840	276,845	294,686	58,549	155,729
Pool Attendance (indoor pool added in 2016)	355,903	258,650	226,445	265,733	299,344	394,348	409,195	386,848	93,006	350,497
Public Parking										
Parking Ramps-Parking Spaces	1,633	1,633	1,621	1,621	1,621	1,611	1,608	1,796	2,326	2,326
Surface Parking Lots-Parking Spaces	923	893	900	900	804	726	580	604	643	641
Total Spaces Available for Lease	2,371	2,362	2,381	2,381	2,327	2,337	2,188	2,400	2,969	2,967
On Street Parking Meters	949	920	899	899	899	855	866	866	967	960
On Street Handicapped Spaces	37	37	37	37	37	37	37	37	37	37
Total Number of Parking Spaces	3,542	3,497	3,487	3,487	3,391	3,391	3,091	3,303	3,973	3,994
Lease Rate	73%	79%	83%	90%	100%	98%	98%	94%	66%	65%
Transit										
Ridership-Transit	1,026,715	1,023,089	955,357	885,143	802,575	796,663	782,129	769,437	445,205	400,692
Ridership-Paratransit	146,290	142,672	132,387	121,398	113,377	101,046	91,407	82,636	38,288	50,022
Regular Routes	12	12	12	12	12	12	12	12	12	12
Seasonal Routes	5	5	4	4	-	-	-	-	-	-
Miles Driven-Transit	741,534	732,524	758,385	776,323	763,809	759,595	747,922	746,493	660,906	667,702
Miles Driven-Paratransit	653,723	652,089	634,745	603,599	559,209	533,605	497,412	470,058	277,513	331,757
Sanitary Landfill										
MSW Landfill Closure Year	2078	2081	2076	2082	2076	2075	2076	2075	2075	2075
MSW Tons Received	167,141	166,330	172,388	161,116	174,109	181,795	184,996	205,957	198,496	211,669
C&D Landfill Closure Year	2048	2044	2044	2058	2058	2058	2059	2061	2027	2027
C&D Tons Received	46,311	53,712	69,953	66,003	66,138	59,992	60,807	68,255	68,349	77,500
Cubic Feed of Landfill Gas Sold	979,549,584	969,764,156	978,306,173	919,412,596	867,693,000	809,219,262	720,781,000	602,435,000	358,552,817	524,208,000
Water										
Customers	49,358	50,436	51,380	52,622	53,145	54,095	56,500	57,359	58,563	59,763
Daily Plant Capacity (thousands of gallons)	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Average Daily Consumption (thousands of gallon)	22,128	19,393	19,994	19,406	20,850	21,167	19,769	18,826	21,891	22,259
Wastewater										
Customers	48,815	49,526	50,496	51,813	52,606	53,750	54,979	56,365	57,198	58,409
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)	11,030	10,906	11,235	11,137	12,639	12,460	12,476	12,679	12,612	12,578
Average Daily Flow-Industrial (thousands)	875	748	659	754	678	694	766	768	626	682
Average Daily Flow-Extraneous (thousands)	2,042	4,462	3,182	1,534	4,836	3,241	7,672	9,789	4,608	3,320

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**Table XXVI
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire										
Fire Stations	10	10	10	11	11	11	11	11	11	12
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	20	19	19	20	20	20	20	20	20	22
Emergency Management										
Emergency Warning Sirens	73	75	75	75	77	77	78	79	79	80
Police										
Patrol Units (marked)	71	71	72	68	68	68	72	72	72	78
Highways and Streets										
Streets paved (centerline miles)	897	907	921	928	946	959	977	995	1,010	1,028
Street Lights	17,519	17,836	18,450	19,006	19,447	20,121	19,652	20,642	21,550	21,871
Traffic Signals	248	256	258	266	267	270	272	278	280	290
Library										
Books	271,215	272,785	250,879	245,372	230,312	231,442	228,571	222,982	223,734	221,377
eMaterials	10,946	15,548	23,646	23,406	19,771	23,518	28,915	32,509	31,078	35,623
Audio/Visual Items	53,656	50,865	50,426	52,337	51,555	49,352	50,141	48,597	47,674	45,340
Decrease due to removal of old, outdated, and unused books and audio/visual items.										
Power and Distribution										
Primary three-phase distribution lines (miles)	92	92	92	93	96	96	95	95	83	76
Underground distribution lines (miles)	60	59	60	60	60	65	65	63	65	68
Parks and Recreation										
Acreage	3,154	3,154	3,161	3,178	3,178	3,178	3,349	3,346	3,367	3,392
Parks	75	78	78	80	80	80	80	80	80	81
Swimming Pools	6	6	6	5	6	6	6	6	6	6
Wading Pools	3	3	3	3	3	3	3	3	3	3
Spray Pools	1	1	1	1	1	2	2	2	2	2
Soccer Fields	60	60	60	60	60	60	60	60	60	61
Tennis Courts	41	41	41	41	40	40	40	40	40	40
Golf Courses	3	3	3	3	3	3	3	3	3	3
Football Stadium (school owned)	1	1	1	1	1	1	1	1	1	1
Football Fields	13	13	13	13	13	13	13	14	14	14

**City of Sioux Falls
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**Table XXVI (cont)
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Parks and Recreation (cont)										
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Baseball Fields	34	34	34	34	34	33	33	33	33	35
Softball Fields	73	74	74	74	73	73	73	73	73	70
Zoo	1	1	1	1	1	1	1	1	1	1
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)	27.95	27.95	27.95	27.95	28.95	28.95	30.20	36.87	36.87	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)	18	18	18	18	17	16	16	18	18	18
Basketball Courts (Outdoor, City-Owned)	24	23	23	23	24	24	24	24	24	25
Community Centers (School Owned)	5	5	5	5	5	5	5	5	5	5
Public Parking										
Parking Ramps	4	4	4	4	4	4	4	5	6	6
Surface Parking Lots	14	14	14	14	14	13	11	11	11	11
Sanitary Landfill										
Landfill area (acres)	706	706	706	706	706	783	783	783	783	783
Transit										
Fixed Route Buses	31	31	31	31	29	25	26	26	26	26
Paratransit Buses	22	23	23	23	23	27	25	25	25	23
Water										
Water Mains (miles)	962	981	1,000	1,020	1,036	1,055	1,077	1,091	1,100	1,146
Wellfield (miles)	57	57	57	57	57	57	57	61	61	61
Wastewater										
Storm Sewer (miles)	400	410	419	428	449	459	470	485	596	614
Sanitary Sewer (miles)	824	844	860	870	886	899	917	927	941	954



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, 2021, 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 23, 2022. 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.

Report on 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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, this report is a matter of public record and its distribution is not limited.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Sioux Falls, South Dakota
March 23, 2022



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

Opinion on 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, 2021. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Housing and Redevelopment Commission (discretely presented component unit), which expended \$14,314,181 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2021. Our compliance audit, described in the "Opinion on Each Major Federal Program" does 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).

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

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

As discussed in Note E to the Schedule of Expenditures of Federal Awards (SEFA), this report is replacing a previously issued report dated March 23, 2022. The State of South Dakota has indicated that additional funding under the Capitalization Grants for Clean Water State Revolving Fund (CFDA #66.458) is federally funded and should have been included for purposes of determining major programs. The total of federal expenditures on the SEFA is now \$32,462,070. The schedule of findings and questioned costs has been revised to include the Capitalization Grants for Clean Water State Revolving Fund as a major federal program for the City for the fiscal year ended December 31, 2021.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-003 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 23, 2022, 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.



Sioux Falls, South Dakota

March 23, 2022, except for the Capitalization Grants for Clean Water State Revolving Fund, SEFA, Note E, Schedule of Findings and Questioned Costs, and findings 2021-002 and 2021-003 which are dated March 6, 2023

**City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021**

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Housing and Urban Development				
<i>Direct Federal Funding:</i>				
<i>Community Development Block Grants/Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,703,981	\$ 830,392
COVID-19-Community Development Block Grants/Entitlement Grants	14.218		137,922	136,598
			1,841,903	
HOME Investment Partnership Program	14.239		744,668	563,054
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Housing Development Authority</i>				
COVID-19 -Emergency Solutions Grant Program	14.231	*	205,206	140,348
Total Department of Housing and Urban Development			2,791,777	1,670,392
Department of Interior				
<i>Indirect Federal Funding passed through:</i>				
<i>State Historical Preservation Office</i>				
Historic Preservation Fund Grants-In-Aid	15.904	SD-20-10028		8,052
Department of Justice				
<i>Direct Federal Funding:</i>				
<i>Edward Byrne Memorial Justice Assistance Grant</i>				
Edward Byrne Memorial Justice Assistance Grant - 2018 Revenue	16.738		\$ 3,210	-
Edward Byrne Memorial Justice Assistance Grant - 2019 Revenue	16.738		32,420	-
Edward Byrne Memorial Justice Assistance Grant - 2020 Revenue	16.738		52,795	30,265
Total 16.738			88,425	30,265
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		122,602	-
<i>Public Safety Partnership & Community Policing Grant</i>				
Cops Hiring Program (CHP)	16.710		9,925	-
Cops Hiring Program (CHP)	16.710		113,500	-
COPS Comp Grant	16.710		25,415	-
Total 16.710			148,840	-
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
Domestic Violence Grant	16.590	2016-WE-AX-0003	86,902	-
Total Department of Justice			446,769	30,265
Department of Transportation				
<i>Direct Federal Funding:</i>				
Federal Transit Formula Grants	20.507		2,733,918	-
COVID-19 - Federal Transit Formula Grants	20.507		2,468,404	-
Total Federal Transit cluster			5,202,322	-
<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	311408	886,699	-
<i>National Highway Traffic Safety Administration</i>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	2022-00-41	364,527	-
<i>State of South Dakota</i>				
HAZMAT Public Sector Training and Planning Grant	20.703	693JK31940039HMEP	15,598	-
Total Department of Transportation			6,469,146	-
Department of Treasury				
<i>Direct Federal Funding:</i>				
COVID-19 - Coronavirus State and Local Riscal Recovery Funds	21.027			15,191
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Bureau of Finance and Management</i>				
COVID-19 -Coronavirus Relief Fund	21.019	*		250,000
Equal Employment Opportunity Commission				
<i>Direct Federal Funding:</i>				
Clearinghouse Services, Civil Rights Discrimination Complaints	29.001			7,560

* No Pass-Through Identification Number Given
See Notes to Schedule of Expenditures of Federal Awards.

**City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2021**

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Department of Health and Human Services				
<i>Direct Federal Funding:</i>				
US Dept of Health & Human Services				
<i>Health Center Cluster</i>				
Health Center Program	93.224		2,881,204	-
Health Center Program - QIC20	93.224		22,966	-
Health Center Program - IBH20	93.224		41,033	-
Health Center Program - IBH21	93.224		4,471	-
COVID-19 -Health Center Program - COV19	93.224		7,903	-
COVID-19 -Health Center Program - COV20	93.224		139,145	-
COVID-19 -Health Center Program - ARP21	93.224		279,619	-
Total 93.224			3,376,341	-
COVID-19 -ACA Grants for New and Expanded Services - ECT20	93.527		102,881	-
Total Health Center Cluster			3,479,222	-
Ryan White Part C Outpatient EIS Program	93.918		51,420	-
Ryan White Part C Outpatient EIS Program	93.918		187,518	-
COVID-19 -Ryan White Part C Outpatient EIS Program	93.918		20,840	-
Total 93.918			259,778	-
<i>Indirect Federal Funding passed through:</i>				
<i>Community HealthCare Association of the Dakotas</i>				
HIV-Related Training and Technical Assistance	93.145	*	24,750	-
<i>South Dakota Office of Child and Family Services</i>				
Title X Family Planning	93.217	*	15,832	-
Title X Family Planning	93.217	*	14,518	-
Total 93.217			30,350	-
<i>South Dakota Office of Public Health Preparedness and Response</i>				
Public Health Emergency Preparedness-CRI	93.069	*	255,502	-
Public Health Crisis Response	93.354	*	5,339	-
<i>Centers for Disease Control and Prevention</i>				
Chronic Disease Prevention-Opioid	93.136	*	5,000	-
SD Health Info Exchange-State & Community Based Programs	93.136	*	20,438	-
Community Health Worker Program	93.391	*	25,438	-
Prevention and Management of Diabetes, Heart Disease, and Stroke	93.426	*	20,180	-
Chronic Heart Disease and Stroke Prevention-PHHS Block Grant	93.758	*	2,232	-
Chronic Disease Prevention-Public Health-PHHS Block Grant	93.758	*	2,125	-
			5,000	-
			7,125	-
Colorectal Cancer Control Program	93.800	*	14,936	-
Colorectal Cancer Control Program	93.800	*	22,865	-
Total 93.800			37,801	-
HIV Prevention Activities-Health Department Based	93.940	*	2,026	-
HIV Prevention Activities-Health Department Based	93.940	*	19,250	-
Total 93.940			21,276	-
Total Department of Health and Human Services			4,168,993	-
Department of Homeland Security				
<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	GY20-9438	117,116	-
Hazard Mitigation Grant	97.039	DR-4440-HMGP	603,404	-
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	DR-4469-SD	10,926	-
Total Department of Homeland Security			731,446	-
Executive Office of the President - Office of National Drug Control Policy				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
High Intensity Drug Trafficking Areas Program	95.001	G21MW0004A	185,357	-
Total Executive Office of the President - Office of National Drug Control Policy			185,357	-
Environmental Protection Agency				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Agriculture and Natural Resources</i>				
Clean Water State Revolving Fund Cluster	66.458	*	17,372,779	-
National Endowment for the Humanities				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Education</i>				
COVID-19-State Library Program	45.310	LS-250237-OLS-21	15,000	-
Total Expenditures of Federal Awards			\$ 32,462,070	\$ 1,700,657

* 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, 2021. 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, 2021 was \$97,150,345.

Note E - Reissuance of Single Audit Report

This report is replacing the report previously issued on March 23, 2022. The State of South Dakota has indicated that additional funding under the Capitalization Grants for Clean Water State Revolving Fund (CFDA #66.458) is federally funded and should have been included for purposes of determining major programs. This report includes the Capitalization Grants for Clean Water State Revolving Fund as a major federal program for the City for the fiscal year ended December 31, 2021.

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 noted
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing/CFDA Number
Community Development Block Grants/Entitlement Grants Cluster	14.218
Federal Transit Cluster	20.507
Highway Planning and Construction Cluster	20.205
Clean Water State Revolving Fund	66.458
Health Center Cluster	93.224 / 93.527
Dollar threshold used to distinguish between type A and type B programs:	\$973,862
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

2021-001 **Department of Health and Human Services FFAL/CFDA Numbers 93.224 and 93.527, Health Center Cluster, 2021**

**Reporting
Significant Deficiency in Internal Control over Compliance**

Criteria: A good system of internal controls requires that a review of reported information occurs to ensure that the financial information submitted is correct.

Condition: The City misreported a revenue number on the annual UDS report, as well as other portions of data being omitted including the amount of COVID funds received for the year.

Cause: The City does not have an internal control system designed to provide for a review of the annual UDS report prior to submission.

Effect: The results in the City potentially failing to detect or prevent a material error in reporting.

Questioned Costs: None reported.

Context/Sampling: The entirety of the annual UDS report was tested.

Repeat Finding from Prior Year(s): No

Recommendation: It is the responsibility management and those charged with governance to develop a system of internal control what will ensure that the revenues received and expenditures incurred are properly reported.

Views of Responsible Officials: There is no disagreement with the audit finding.

2021-002 Environmental Protection Agency, Passed Through the South Dakota Department of Agriculture and Natural Resources, FFAL/CFDA Number 66.458, Clean Water State Revolving Fund, 2020

**Other
Material Weakness in Internal Control over Compliance**

Criteria: Title 2 Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the Organization to prepare a Schedule of Expenditures of Federal Awards (Schedule) showing all federal expenditures for the year.

Condition: Subsequent to the preparation of the Schedule of Expenditures of Federal Awards, and the issuance of audit on March 23, 2022, it was discovered that the State of South Dakota had deemed the Clean Water State Revolving Funds provided to City as federal sources rather than state sources. This resulted in a material misstatement of a program on the Schedule.

Cause: The City did not have a system of internal controls to confirm the funding source of funds passed through the State of South Dakota.

Effect: The City did not properly reflect all grants in its 2021 Schedule.

Questioned Costs: None reported.

Context/Sampling: None.

Repeat Finding from Prior Year(s): Yes, 2020-002.

Recommendation: The City should implement procedures to confirm sourcing of funds passed through the State of South Dakota to identify any misclassified funding.

Views of Responsible Officials: There is no disagreement with the audit finding.

2021-003 Environmental Protection Agency, Passed Through the South Dakota Department of Agriculture and Natural Resources, FFAL/CFDA Number 66.458, Clean Water State Revolving Fund, 2020

**Procurement, Suspension, Debarment
Significant Deficiency in Internal Control over Compliance and Noncompliance**

Criteria: A good system of internal controls requires that a review of contracts to ensure all required contract provisions required under 2 CFR 200 Subpart D Appendix II - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards are included.

Condition: The City did not include all required contract provisions in a Construction Manager at Risk contract.

Cause: The City does not have an internal control system designed to identify missing contract provisions.

Effect: The results in the City potentially failing to detect or prevent four missing contract provisions out of the ten required.

Questioned Costs: None reported.

Context/Sampling: One instance of noncompliance out four contracts tested. Population of six contracts.

Repeat Finding from Prior Year(s): Yes, 2020-003.

Recommendation: It is the responsibility management and those charged with governance to develop a system of internal control that will ensure all required contract provisions are included in all contracts.

Views of Responsible Officials: There is no disagreement with the audit finding.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
December 31, 2021 and 2020

Prepared by Management of
City of Sioux Falls

Finding 2020-001 Prior Period Restatement

Initial Fiscal Year Finding Occurred: 2020

Finding Summary: Management of the City determined that previously stated capital asset balances were incorrect due to the fact that infrastructure contributions from storm sewer and water expansion projects include the public portion of the contributions as well as the private donations which the City does not own, and is not required to maintain, and should not have been previously included.

Status: Corrected

Finding 2020-002 Other

Initial Fiscal Year Finding Occurred: 2020

Finding Summary: Subsequent to the preparation of the Schedule of Expenditures of Federal Awards, and the issuance of audit on March 19, 2021, it was discovered that the State of South Dakota had deemed the Clean Water State Revolving Funds provided to City as federal sources rather than state sources. This resulted in a material misstatement of a program on the Schedule.

Status: Current year finding 2021-002

Finding 2020-003 Procurement, Suspension, Debarment

Initial Fiscal Year Finding Occurred: 2020

Finding Summary: The City did not include all required Uniform Guidance contract provisions in a Construction Manager at Risk contract.

Status: Current year finding 2021-003

Finding 2021-001 Reporting

Federal Agency Name: Department of Health and Human Services

Program Name: Health Center Cluster

FFAL/CFDA #:: 93.224

Finding Summary: It was noted during the audit of the annual Uniform Data System (UDS) report that certain items of financial information were reported incorrectly. This included the amount of revenue reported which did not match actual revenue received. Along with this, there were other portions of data that were erroneously omitted including the amount of COVID funds received for the year.

Responsible Individuals: Shawn Pritchett, Director of Finance

Corrective Action Plan: The City is in agreement to the above finding. The City will implement additional monitoring and control procedures over the review of health reporting. This will include ensuring a proper review of the annual UDS report by a member of the Health Department management staff outside of the individual preparing the report. In addition, the City will implement a secondary review of this report from an experienced member of the Finance Department to ensure, to the furthest extent possible, all financial information is reported accurately. In addition, the Health Department will make corrections to the information inaccurately reported on the 2021 UDS report and submit no later than March 31, 2022.

Anticipated Completion Date: June 30, 2022

Finding 2021-002 Other

Federal Agency Name: Environmental Protection Agency, Passed Through the South Dakota Department of Agriculture and Natural Resources

Program Name: Clean Water State Revolving Fund

FFAL/CFDA #: 66.458

Finding Summary: Subsequent to the preparation of the Schedule of Expenditures of Federal Awards, and the issuance of audit on March 23, 2022, it was discovered that the State of South Dakota had deemed the Clean Water State Revolving Funds provided to City as federal sources rather than state sources. This resulted in a material misstatement of a program on the Schedule.

Responsible Individuals: Shawn Pritchett, Director of Finance

Corrective Action Plan: The City is in agreement to the above finding. The City will implement additional monitoring and control procedures over the receipt and tracking of State Revolving Funds. This will include ensuring proper communication with the State on a regular, at minimum, annual basis, to ensure and understand what funds being received are considered federal funds and which amounts are considered state funds.

Anticipated Completion Date: June 30, 2023

Finding 2021-003 Procurement, Suspension, Debarment

Federal Agency Name: Environmental Protection Agency, Passed Through the South Dakota Department of Agriculture and Natural Resources

Program Name: Clean Water State Revolving Fund

FFAL/CFDA #: 66.458

Finding Summary: The City did not include all required Uniform Guidance contract provisions in a Construction Manager at Risk contract.

Responsible Individuals: Mark Cotter, Director of Public Works

Corrective Action Plan: The City is in agreement to the above finding. The City will implement additional monitoring and control procedures over all contracts that include federal funds and will ensure that all are reviewed and prepared with required Uniform Guidance contract provisions. This will include a secondary review by someone outside of the individuals writing the contract.

Anticipated Completion Date: June 30, 2023