



ANNUAL REPORT 2020

Year ended December 31, 2020



COMPREHENSIVE ANNUAL FINANCIAL REPORT



Comprehensive Annual Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2020

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

Table of Contents

I. Introductory Section

Title Page
 Table of Contents 1
 Letter of Transmittal 3
 Certificate of Achievement 11
 City Elected Officials and City Appointive Officers 12
 Departmental Organization Chart 13

II. Financial Section

A. Independent Auditor’s Report 14
B. Management’s Discussion and Analysis 17
C. Basic Financial Statements
 Government-wide Financial Statements
 Statement of Net Position 28
 Statement of Activities 29
 Fund Financial Statements
 Governmental Fund Financial Statements
 Balance Sheet 31
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 33
 Statement of Revenues, Expenditures, and Changes in Fund Balances 35
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
 Balances of Governmental Funds to the Statement of Activities 37
 Proprietary Fund Financial Statements
 Statement of Net Position 39
 Statement of Revenues, Expenses, and Changes in Net Position 41
 Statement of Cash Flows 43
 Fiduciary Fund Financial Statements
 Statement of Fiduciary Net Position 45
 Statement of Changes in Fiduciary Net Position 46
 Notes to Financial Statements 47
D. Required Supplementary Information
 Budget Comparison Schedule – General Fund 85
 Budget Comparison Schedule – Major Special Revenue Funds
 Entertainment Tax Fund 87
 Sales and Use Tax Fund 88
 Community Development Fund 89
 Storm Drainage Fund 90
 Notes to Required Supplementary Information—Budgetary Reporting 91
 Schedules of Changes in the Net Pension Liability and Related Ratios 92
 Schedules of Employer’s Net Pension Liability 93
 Schedules of Employer Contributions 94
 Schedule of City’s Proportionate Share of the Net Pension Liability/(Asset) 95
 Schedule of City Contributions 95
 Schedule of Changes in the Employer’s Net OPEB Liabilities (Assets) 96
 Schedule of Employer OPEB Contributions 97
E. Supplementary Information—
 Budget Comparison Schedule – General Government Construction Fund 99
 Budget Comparison Schedule – Public Safety Facility Construction Fund 100
 Combining Financial Statements
 Nonmajor Governmental Funds
 Balance Sheet 103
 Statement of Revenues, Expenditures, and Changes in Fund Balances 104
 Nonmajor Special Revenue Funds
 Balance Sheet 105
 Statement of Revenues, Expenditures, and Changes in Fund Balances 106
 Budget Comparison Schedules 107
 Nonmajor Debt Service Funds
 Balance Sheet 109
 Statement of Revenues, Expenditures, and Changes in Fund Balances 110

Table of Contents (cont)

Budget Comparison Schedules	111
Nonmajor Permanent Funds	
Balance Sheet.....	113
Statement of Revenues, Expenditures, and Changes in Fund Balances	114
Budget Comparison Schedules.....	115
Internal Service Funds	
Statement of Net Position	117
Statement of Revenues, Expenses, and Changes in Fund Net Position	119
Statement of Cash Flows.....	121
III. Statistical Section	
A. Financial Trends	
Table I—Net Position by Component	125
Table II—Changes in Net Position.....	125
Table III—Fund Balances of Governmental Funds	129
Table IV—Changes in Fund Balances of Governmental Funds.....	131
Table V—Changes in Fund Balance of General Fund	133
Table VI—General Governmental Tax Revenues by Source.....	135
B. Revenue Capacity	
Table VII—Direct and Overlapping Property Tax Rates.....	135
Table VIII—Assessed Value and Estimated Actual Value of Taxable Property.....	136
Table IX—Property Tax Levies and Collections.....	136
Table X—Principal Property Taxpayers	137
Table XI—Taxable Sales by Category	137
C. Debt Capacity	
Table XII—Ratios of Outstanding Debt by Type.....	138
Table XIII—Legal Debt Margin Information	138
Table XIV—Computation of Direct and Overlapping Debt	139
Table XV—Revenue Bond/Note Coverage – Sales and Use Tax	139
Table XVI—Revenue Note Coverage – Storm Drainage	140
Table XVII—Revenue Note Coverage – Water	140
Table XVIII—Revenue Note Coverage – Water Reclamation.....	141
Table XIX—Revenue Bond Coverage – Public Parking.....	141
D. Demographic and Economic Information	
Table XX—Demographic and Economic Statistics.....	142
Table XXI—Major Employers	142
Table XXII—Nonfarm Wage and Salaried Workers	143
Table XXIII—Building Permit and Construction Values.....	143
E. Operating Information	
Table XXIV—City Government Employees by Function/Program	144
Table XXV—Operating Indicators by Function/Program.....	145
Table XXVI—Capital Asset and Infrastructure Statistics by Function/Program	147
IV. Single Audit Section	
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.....	149
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	151
Schedule of Expenditures of Federal Awards.....	155
Notes to Schedule of Expenditures of Federal Awards	157
Schedule of Findings and Questioned Costs.....	158
Corrective Action Plan.....	162

Letter of Transmittal



City of Sioux Falls
SOUTH DAKOTA

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

March 29, 2021

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

I am pleased to submit to you the Comprehensive Annual Financial Report of the City of Sioux Falls, South Dakota, (the "City") for the fiscal year ended December 31, 2020.

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

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

The City's financial statements have been audited by Eide Bailly, LLP, a firm of certified public accountants authorized to conduct the City's audit by the state of South Dakota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sioux Falls for the fiscal year ended December 31, 2020, 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, 2020, 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.

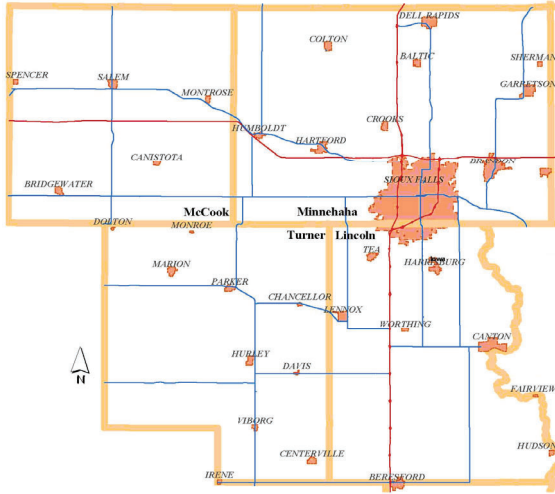
Profile of the City of Sioux Falls

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 195,850 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 separate authorities which are reported separately within the City's financial statements. Additional information on these component units can be found in Note 1 on page 47.

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 never more apparent than in 2020, where despite a pandemic and an economic crisis, the City's financials remained strong and the fund balance and reserves of the City continued to 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 2019 audit report, completing the annual audit in 80 days, half the time of an average municipality nationwide. 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 a multiyear general operating forecasting model as a foundation to plan and implement City initiatives. This model includes evaluating the operating impacts and staffing of future capital projects based on a five-year capital plan. The model identifies projected resources that will be available to implement both current and future initiatives. The annual budget serves to allocate the resources available to provide current services. This same forecasting approach is used for enterprise, special revenue, and internal service funds.

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

The City's commitment to prudent financial management and providing high quality governmental services resulted in ranking Sioux Falls #11 for Best Run Cities in America (WalletHub, June 2020) for the second consecutive year based on 38 different metrics. This financial report supports why Sioux Falls continues to be nationally recognized.

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.

Letter of Transmittal

Local Economy in General

Like most municipalities across the nation, the COVID-19 pandemic resulted in certain negative economic pressures, in addition to limiting the provision of various city-sponsored amenities such as outdoor pools and hosting concerts at local event venues in 2020. While the City was not immune to the economic impacts of the pandemic, the impact for Sioux Falls and for South Dakota were significantly less than the impacts experienced in other parts of the nation.

A strong local economy and a long-standing commitment to fiscal discipline allowed the City to remain resilient and the City's financial statements to remain strong amidst the pandemic. This, combined with a lower unemployment rate compared to the national average, shows why the City ranked 10th on SmartAsset's top 10 Most Recession-Resistant Cities of 2020.

A commitment to supporting local businesses while balancing the need to mitigate the public health impacts of the pandemic helped provide stability in Sioux Falls where significant economic disruption was elsewhere. Sales taxes, which comprise the largest source of revenue for the City, remained stable and consistent with 2019. The most significant economic impact was in the hospitality sectors including drinking establishments, restaurants and lodging. While restaurant revenues have rebounded significantly, the lodging sector continues to lag due to limited travel. However, hotel occupancies are slowly improving and remain higher than other peer cities in the upper Midwest.

Even during a pandemic, the City set a record for total valuation of building permits with over \$919 million issued in 2020, an increase of \$133 million over the prior record set in 2018. The increase in permit values was supported in part by strong construction activity in the housing sector. The City issued permits for over 1,500 multi-family housing units in 2020, a 144% increase over the prior year. Single-family housing also experienced growth with more single-family housing permits issued in 2020 than both of the previous two years.

While commercial permit activity lagged for most of 2020, it was bolstered in the last quarter with the announcement that Amazon was building a fulfillment center in northern Sioux Falls with a permit value exceeding \$200 million issued. Currently under construction, the 640,000 square foot fulfillment center at Foundation Park is estimated to create more than 1,000 jobs in the community. Soon after Amazon's announcement, CJ Foods also announced plans to build a \$500 million food manufacturing plant in Foundation Park estimated to be over 700,000 square feet and creating at least 600 jobs.

Sanford and Avera, two major regional health systems based in Sioux Falls, pulled back major expansion plans early in 2020 due to the uncertainty of the pandemic. However, Avera later announced continuation of a \$28M expansion to its behavioral health campus, and both systems have significant clinic and hospital expansions planned over the next several years.

Even during a pandemic, the City continued to maintain less than 5% vacancy for Class A office space. In a hard hit retail sector, a new grocery store was built, several new national restaurants opened or announced plans for locations in Sioux Falls, and several locally-owned restaurants opened throughout the community. Several new banks also opened retail outlets in an already competitive local banking market including North Dakota based International Bank & Trust, and several proposed locations for JP Morgan Chase.

On the governmental side, several large projects were initiated and continued development in 2020 including construction of a new fire station and middle school in east Sioux Falls and a fourth public high school in northwest Sioux Falls. The City issued \$50 million in bonds (\$42.3 million in new bonds, net of bond premium) in 2020 to finance the construction of a new public safety training campus in northwest Sioux Falls in 2022, which will also include a 911 dispatch facility for the Metro Communications Agency.

Most significant, the State of South Dakota announced a commitment of funding for completion of Veteran's Parkway at an estimated cost of \$190 million. 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.

While the pandemic created a number of challenges for the community in 2020, the City's economic strength and resiliency provides a solid foundation and the City is poised for continued growth. In 2020, Sioux Falls continued to garner national attention based on its continued economic strength and quality of life including:

- Livability.com #10 best places to live.
- Forbes #1 small places for business and careers for 12th consecutive year.
- Zip Recruiter ranked Sioux Falls #3 for hottest job market.
- Policom.com ranked Sioux Falls #10 in economic strength out of 384 MSA's.
- WalletHub #6 for happiest City in the nation.
- SmartAsset named Sioux Falls as #10 for best City for first-time homebuyers.

Population

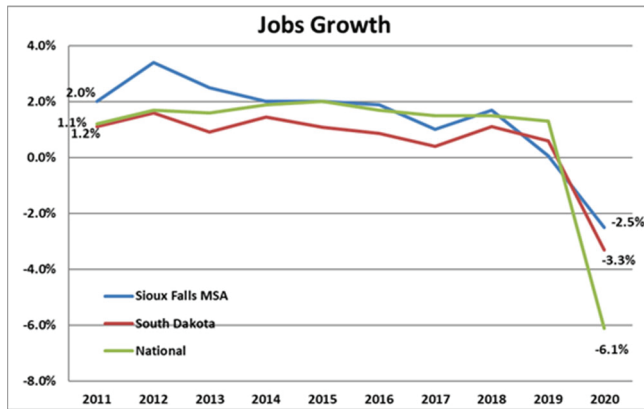
The City's population increased by 2.7 percent in 2020 as the estimated population grew from 190,750 in 2019 to 195,850 in 2020. With a 2020 statewide population of 890,600, the City accounts for 22.0 percent of the state's population. The population of the Sioux Falls MSA is 278,500.

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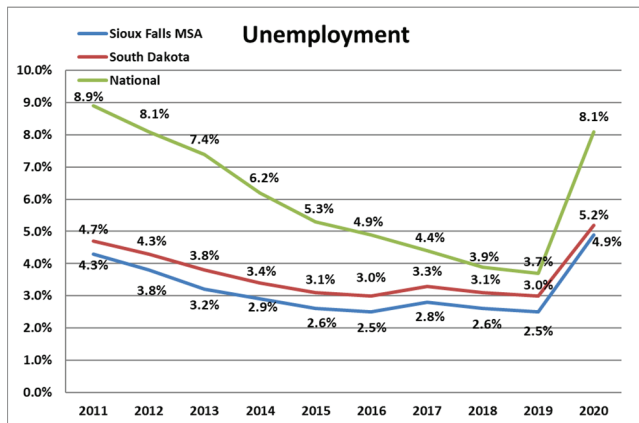
City projections indicate continuing population growth through 2040. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

Employment

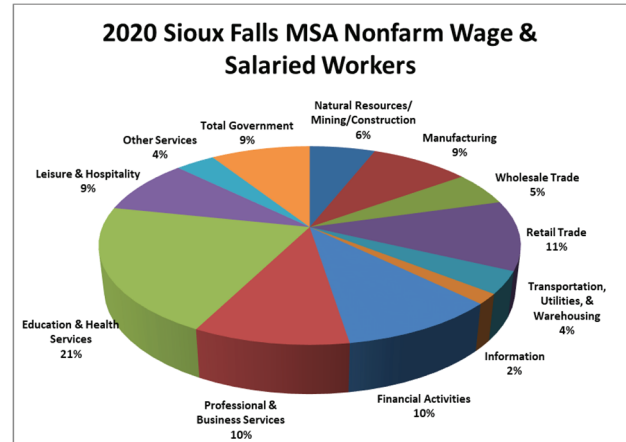
In 2020, the number of jobs in the Sioux Falls MSA decreased by 5,100 as measured by the annual average of nonfarm wage and salaried workers statistics. The Sioux Falls MSA saw decrease of 1,700 jobs in leisure and hospitality. The following chart shows the job growth and reduction of both the Sioux Falls MSA and state of South Dakota when compared on a national basis.



The resident labor force of the Sioux Falls MSA decreased by 1,095 or -0.7 percent from 157,494 in 2019 to 156,399 in 2020. The Sioux Falls MSA annual average unemployment rate increased from 2.5 percent in 2019 to 4.9 percent in 2020, which was primarily due to the COVID-19 pandemic for the months of April through July. Unemployment in Sioux Falls returned to pre-pandemic levels with a monthly average of 2.8% as of December 2020. The City and state unemployment rates compare very favorably to the national unemployment rate as shown below, all of which saw increases for the annual average due to the pandemic.

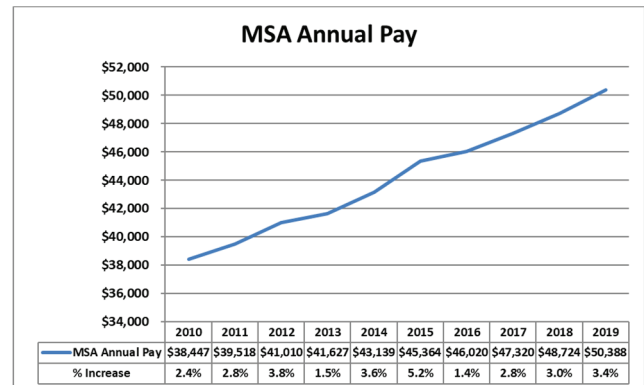


The diversity of the Sioux Falls jobs market results in a stronger employment market compared to the national average as indicated on the following chart.



Wages and Income

As shown in the following chart, annual pay of workers covered by unemployment insurance in the MSA increased to \$50,388 in 2019, the most recent year available. From 2010 to 2019, pay rose by 31.1 percent or by an average annual growth rate of 3.1 percent. Over the past ten years, the MSA annual pay grew at a rate in excess of the national average, which was 26.7 percent or an average annual growth rate of 2.7 percent.



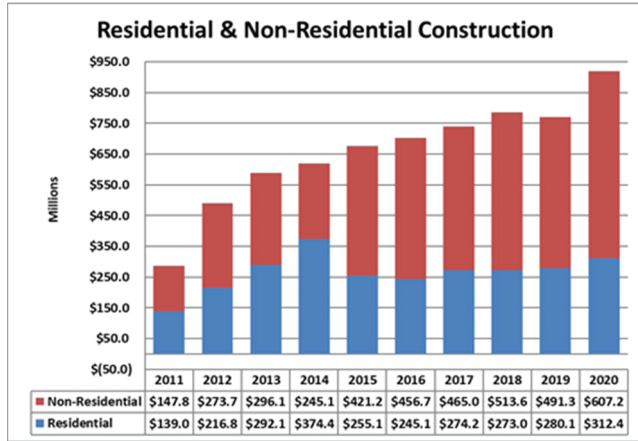
Construction Activity

During 2020, the City approved 277 subdivision plats totaling 1,404 lots and 1,107 acres. Sixty-four percent of the City's total construction value was related to nonresidential development. The largest single project permitted in Sioux Falls during the past year was the Amazon Fulfillment Center, which had a construction value of \$218.2 million. The Westview Heights Apartments and Clubhouse project came in second at \$27.4 million, with the Flats at Prairie Point coming in third at \$22.1 million. The fourth and fifth largest projects were the Pinnacle Point Apartments and Community Center at \$18.8 million and the Aspen Heights Condos at \$17.0 million.

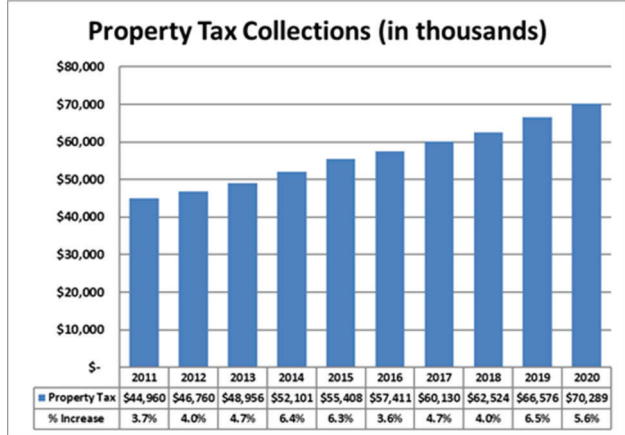
In 2020, the City recorded the highest building permit valuations in City history. Construction value, measured by permits issued, equaled \$919.6 million in 2020, which is the fourth straight year of construction values exceeding \$700 million and the first ever year over \$800 million. The

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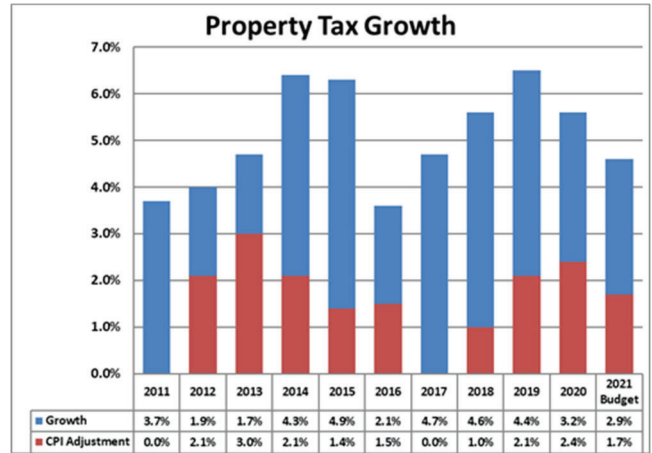
following chart shows total construction permit values for the last ten years for both residential and nonresidential projects.



The City grew in area, adding 0.31 square miles within its borders to equal 80.12 square miles total. The City has added 15 new and annexed centerline miles of roads, 15 miles of storm sewer, 14 miles of sanitary sewer, and 9 miles of water mains to its infrastructure (excluding construction-in-progress). Infrastructure and capital contributions added \$114.2 million to the City's capital assets in 2020.



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 growth in property tax revenues is integral to addressing increased needs for City services to support continued economic expansion.

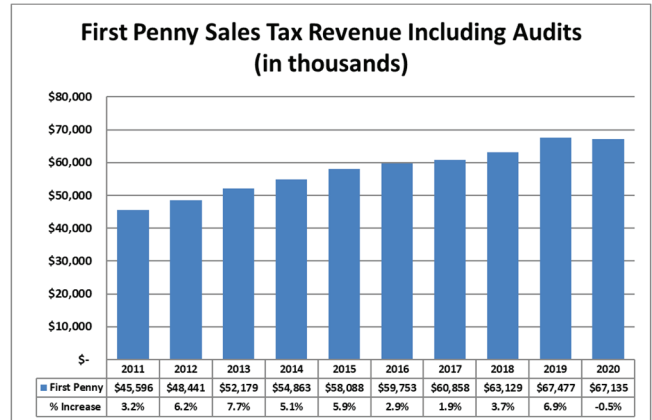


Gross and Taxable Sales

Gross sales were \$14.4 billion in 2020, down by 15.31 percent over the prior year. Taxable sales were \$6.8 billion in 2020, a slight decrease of -0.7 percent. These sales figures for Sioux Falls comprised 19.7 percent of gross sales and 27.5 percent of taxable sales statewide.

The decrease in taxable sales translated into the City realizing a decrease in net sales and use tax revenue of -0.5 percent. Revenue growth from sales tax over the last ten years has ranged from a high of 7.7 percent in 2013 to a low of -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 2010.



The City constantly monitors sales tax growth rates in order to recognize changing economic conditions. The City ended 2020 with a -0.5 percent annual decrease including audits. This decrease was primarily a result of the ongoing COVID-19 pandemic, with a disproportionate impact on the hospitality related sectors.

A more current look at economic conditions is reviewed in the Management Discussion and Analysis on page 25.

Letter of Transmittal

Major Initiatives

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

- Improving public safety by beginning the design of the Public Safety Training Facility which also includes a new Metro 911 (PSAP) Communications operations center. Construction is scheduled for 2021 and 2022.
- Investing in the Police and Fire departments by funding a police training academy to insure the ability to meet hiring and training goals, complete the purchase of body cameras for all officers, and hire additional firefighters to operate new fire station #12 to be opened in 2021.
- Partnering with local county government and private health care partners to open a City Triage Center (The Link) focused on individuals with crisis related mental health and substance use disorders.
- Investing in the City's infrastructure by rehabilitating and reconstructing of over 700 blocks of streets.
- Expanding the existing water reclamation facility and investing in pump station improvements over the next five years to ensure a solid foundation to support a growing community.
- Improving quality of life for our residents and visitors by developing and expanding the Cherry Creek trail corridor, enhancements to the Falls Park Visitor Center, and a neighborhood park development at Majestic Meadows Park.

The major capital projects completed in 2020 were:

- Construction of the Kirby Dog Park at Fort Sod;
- Reconstruction 57th Street from Western Avenue to Minnesota Avenue;
- Reconstruction of 69th Street from Louise Avenue to Tallgrass Avenue;
- Reconstruction of 41st Street and Western Avenue intersection;
- Construction of Veterans' Parkway from Rice Street to Interstate 90;
- Overlay of 207 blocks, 16 blocks of concrete rehab, 48 blocks of core neighborhood reconstruction, and 546 blocks of slurry seal in various locations;
- 8th Street Bridge Rehabilitation; and
- Expansion of Landfill Cell #4.

Major projects in progress in 2020 include:

- Construction of Marion Road from Maple Street to Madison Street;
- Construction of 85th Street from Tallgrass Avenue to Hughes Avenue;
- Construction of Fire Station #12;
- 26th Street & Southeastern Avenue expansion;
- Sertoma and Dunham Park Pedestrian Bridge replacement; and

- Replacement of the Water Reclamation Main Pump Station.

Major projects in design in 2020 include:

- Replacement of the Great Bear Chairlift;
- Expansion of the Downtown River Greenway;
- Construction of the Cherry Creek Corridor bike trail from 12th Street to Family Park;
- Construction of Veterans' Parkway from 6th Street to Madison Street;
- Water Reclamation Facility Expansion;
- Reconstruction of Marion Road from 41st Street to 57th Street; and
- Construction of the Public Safety Training Facility.

The City invested \$267.2 million (\$281.3 million with equipment) in capital improvement projects in 2020, continuing to focus on rebuilding, repairing, and replacing the City's core infrastructure. Accounting for year-end construction-in-progress, the City reported additional capital assets of \$190.6 million, ending the year with net capital assets of \$1.9 billion (see the capital note beginning on page 58 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)

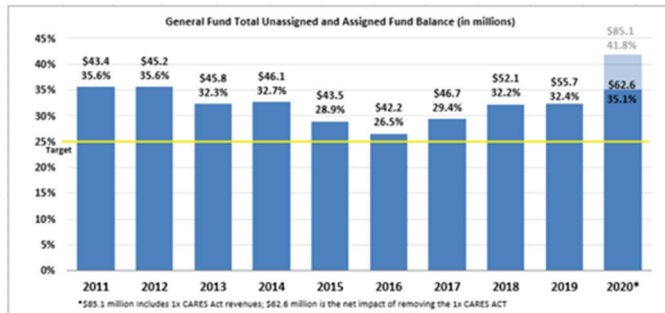
General Fund (Primary Operating Account)

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

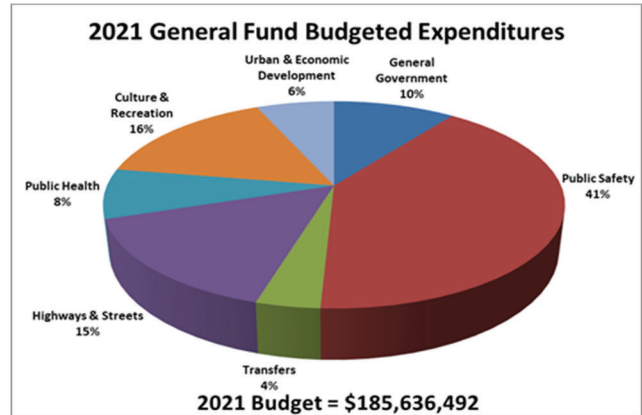
Letter of Transmittal

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

The General Fund total unassigned and assigned fund balance, combined, was \$85.1 million, an increase of \$29.4 million. By removing the net impact of federal CARES Act funds received in 2020, the City actually added \$6.9 million to reserves, ending the year at 35.1% of the 2020 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 2021 General Fund budget.



Sales and Use Tax Fund (2nd Penny)

The Sales and Use Tax Fund is funded by the second penny sales and use tax and is the City’s primary capital account excluding public utilities. The City Council has adopted a formal policy for the second penny sales and use tax, the primary source for capital funding and the pledged source of bond financing. The policy goal is to maintain a fiscally disciplined approach to debt management and protect the City’s credit quality by strategically approaching the issuance of new debt by balancing the need to consume current resources with the need for future flexibility; and by striving to maintain a debt ratio of 2.00 times coverage on the annual debt service on issues secured by the second penny sales tax. As indicated in Table XV on page 139, the second penny sales tax currently has revenues of 3.10 times the pledged debt service of the second penny and 4.19 times debt service for those issues being repaid by the second penny. The only issues remaining with a pledge of the second penny sales tax that are not being repaid by the tax are the bonds issued for the Lewis & Clark Regional Water System and the bonds issued for a new public parking ramp.

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

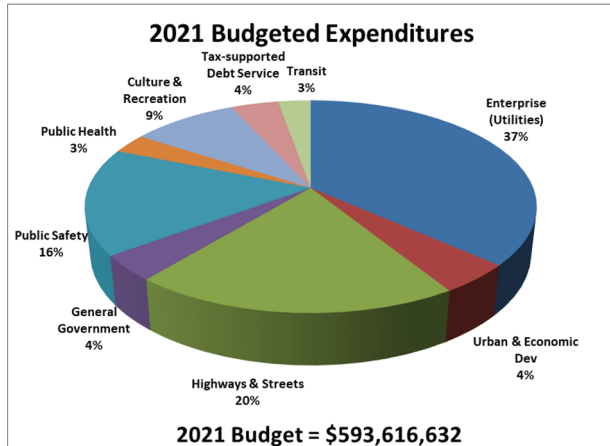
Enterprise Funds

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.

Letter of Transmittal



Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sioux Falls for its comprehensive annual financial report (Annual Report) for the fiscal year ended December 31, 2019. This was the 40th 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

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

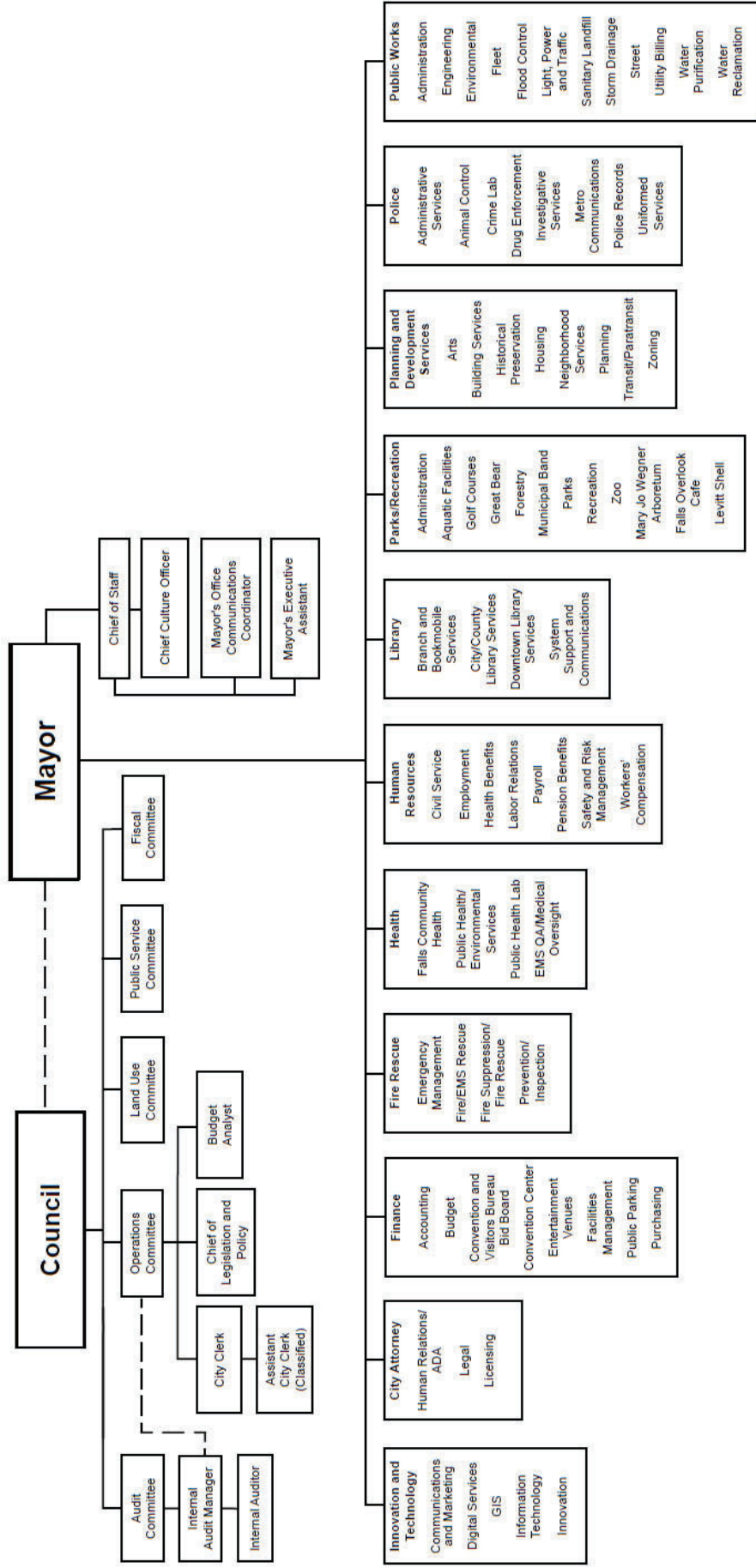
City Appointive Officials

As of December 31, 2020

Mayor's Office Communications Coordinator	BryAnn Becker Knecht
Chief of Staff	Erica Beck
Chief Culture Officer	Rana DeBoer
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	Brad Goodroad
Legislative/Operations Manager	Jim David
Internal Audit Manager	Shana Nelson
Internal Auditor	Ryan Lauseng
Police Chief	Matthew Burns
Public Health Director	Jill Franken

Departmental Organization Chart

City of Sioux Falls Organization Chart





Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Commission, which represent 88 percent, 76 percent, and 78 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing and Redevelopment Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Correction of Error

As described in Note 12 to the financial statements, certain errors resulting in overstatement of amounts previously reported for capital assets as of December 31, 2019, were discovered by management of the City during the current year. Accordingly, amounts reported for capital assets and net position have been restated in the 2020 financial statements now presented, and an adjustment has been made to net position of the governmental activities, business-type activities, and Water Fund as of January 1, 2020, to correct the error. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, budget comparison schedules, schedules of changes in the net pension liability and related ratios, schedules of employer's net pension liability, schedule of employer contributions, schedule of city's proportionate share of the net pension liability (asset), schedule of city contributions, schedule of changes in the employer's net OPEB liabilities (assets), and schedule of employer 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.

Other Information

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

The budget comparison schedule for the General Government Construction Fund, budget comparison schedule for the Public Safety Facility Construction Fund, combining nonmajor financial statements, and budget comparison schedules for nonmajor funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021, 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 cursive script that reads "Eide Bailly LLP".

Sioux Falls, South Dakota
March 19, 2021

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, 2020. 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 2020 fiscal year by \$1.9 billion (net position). Of this amount, \$253.1 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Fund Financial Statements

- As of the close of the 2020 fiscal year, the City's governmental funds reported combined ending fund balances of \$230.0 million, an increase of \$61.0 million in comparison with the prior year balance. Of this balance, \$79.7 million constitutes unassigned fund balance, \$11.4 million assigned, \$34.8 million committed, \$95.9 million restricted, and \$8.2 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$591.7 million, an increase of \$47.7 million from the prior year restated fund balance. Net cash flows from operations were \$54.1 million while net cash used by capital and financing activities was \$55.1 million.
- At the end of the 2020 fiscal year, the General Fund assigned and unassigned fund balance was \$85.1 million, an increase of \$29.4 million. This balance represents 41.8 percent of the final 2020 General Fund expenditure and transfers out (financial uses) budget of \$203.7 million. After removing the net impact of one-time CARES Act grant revenue, the City added \$6.9 million to reserves, or ending the year around 35.1% of the 2020 final budget less CARES.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 28-30 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, Community Development 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 31 of this report.

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

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employee group health, workers' compensation, property/liability insurance, vehicle fleet, technology, and 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 39 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 45 and 46 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 47 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 \$1.9 billion at the close of the fiscal year ending December 31, 2020.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
	(Restated)		(Restated)	(Restated)		
Current and Other Assets	\$ 251,171,709	\$ 356,274,440	\$ 109,550,906	\$ 114,584,164	\$ 360,722,615	\$ 470,858,604
Capital Assets	1,219,163,319	1,262,786,731	593,203,764	634,248,383	1,812,367,083	1,897,035,114
Total Assets	1,470,335,028	1,619,061,171	702,754,670	748,832,547	2,173,089,698	2,367,893,718
Deferred Outflows of Resources	10,299,899	15,109,735	1,375,873	2,088,440	11,675,772	17,198,175
Long-term Liabilities	185,769,240	199,467,729	142,169,251	138,866,688	327,938,491	338,334,417
Other Liabilities	22,355,701	13,422,112	8,623,657	8,311,236	30,979,358	21,733,348
Total Liabilities	208,124,941	212,889,841	150,792,908	147,177,924	358,917,849	360,067,765
Deferred Inflows of Resources	50,091,978	67,295,065	5,913,268	7,759,456	56,005,246	75,054,521
Net Position:						
Net Investment in Capital Assets	1,047,722,916	1,127,131,127	465,757,187	507,724,678	1,513,480,103	1,634,855,805
Restricted	57,891,297	57,034,868	5,420,269	4,929,108	63,311,566	61,963,976
Unrestricted	116,803,795	169,820,005	76,246,911	83,329,821	193,050,706	253,149,826
Total Net Position	\$ 1,222,418,008	\$ 1,353,986,000	\$ 547,424,367	\$ 595,983,607	\$ 1,769,842,375	\$ 1,949,969,607

By far the largest portion of the City's net position, 83.8 percent, is investments in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position, which comprises 3.2 percent of total net position, decreased from \$63.3 million in 2019 to \$62.0 million in 2020. This decrease is primarily due to a

reduction in governmental debt which decreased debt reserve requirements.

The remaining balance of \$253.1 million, 13.0 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 60.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$180.1 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	
	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 14,599,890	\$ 14,099,389	\$ 90,565,165	\$ 98,093,325	\$ 105,165,055	\$ 112,192,714
Operating Grants and Contributions	13,353,539	60,862,777	145,976	356,932	13,499,515	61,219,709
Capital Grants and Contributions	14,590,015	30,964,335	8,926,517	13,572,824	23,516,532	44,537,159
General Revenues:						
Property Taxes	66,606,043	70,347,223	-	-	66,606,043	70,347,223
Sales Taxes	150,230,509	145,208,619	-	-	150,230,509	145,208,619
Other Taxes	14,748,456	15,372,898	-	-	14,748,456	15,372,898
Other	7,473,175	4,505,174	5,074,309	10,982,602	12,547,484	15,487,776
Grants and Contributions not Restricted to Specific Programs	6,657,602	12,010,898	-	-	6,657,602	12,010,898
Total Revenues	288,259,229	353,371,313	104,711,967	123,005,683	392,971,196	476,376,996
Expenses:						
General Government	15,753,554	16,368,596	-	-	15,753,554	16,368,596
Public Safety	62,309,137	52,759,550	-	-	62,309,137	52,759,550
Highways & Streets	63,951,019	63,559,050	-	-	63,951,019	63,559,050
Public Health	12,727,539	11,767,581	-	-	12,727,539	11,767,581
Culture & Recreation	47,892,252	46,439,601	-	-	47,892,252	46,439,601
Urban & Economic Development	24,839,891	25,843,679	-	-	24,839,891	25,843,679
Interest on Long-term Debt	5,911,897	5,846,714	-	-	5,911,897	5,846,714
Electric Light	-	-	9,273,379	9,170,719	9,273,379	9,170,719
Public Parking	-	-	2,601,031	3,191,297	2,601,031	3,191,297
Sanitary Landfill	-	-	9,690,174	8,960,066	9,690,174	8,960,066
Water	-	-	25,167,113	26,617,691	25,167,113	26,617,691
Water Reclamation	-	-	25,401,970	25,725,220	25,401,970	25,725,220
Total Expenses	233,385,289	222,584,771	72,133,667	73,664,993	305,518,956	296,249,764
Excess before Transfers	54,873,940	130,786,542	32,578,300	49,340,690	87,452,240	180,127,232
Transfers	257,314	781,450	(257,314)	(781,450)	-	-
Change in Net Position	55,131,254	131,567,992	32,320,986	48,559,240	87,452,240	180,127,232
Net Position - Beginning	1,167,286,754	1,222,418,008	515,103,381	547,424,367	1,682,390,135	1,769,842,375
Net Position - Ending	\$ 1,222,418,008	\$ 1,353,986,000	\$ 547,424,367	\$ 595,983,607	\$ 1,769,842,375	\$ 1,949,969,607

Governmental activities. Governmental activities increased the City's net position by \$131.6 million, thereby accounting for 73.0 percent of the total growth in the net position of the City.

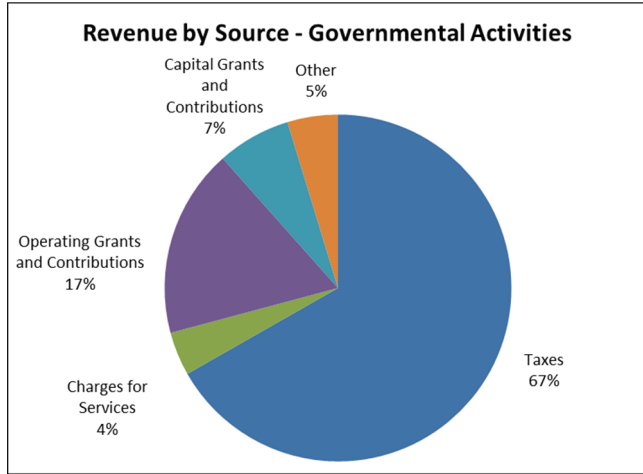
Revenues increased \$65.1 million or 22.6 percent. This increase was primarily the result of \$47.7 million of CARES Act funding the City received as part of a reimbursement of COVID-19 expenditures. Expenses decreased \$10.8 million or 4.6 percent in comparison to the previous year.

Business-type activities. Business-type activities increased the City's net position by \$48.5 million, accounting for 27.0 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.

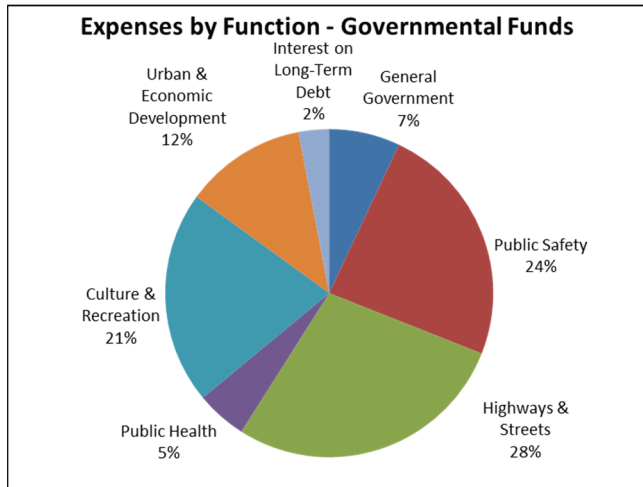
Management’s Discussion and Analysis

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

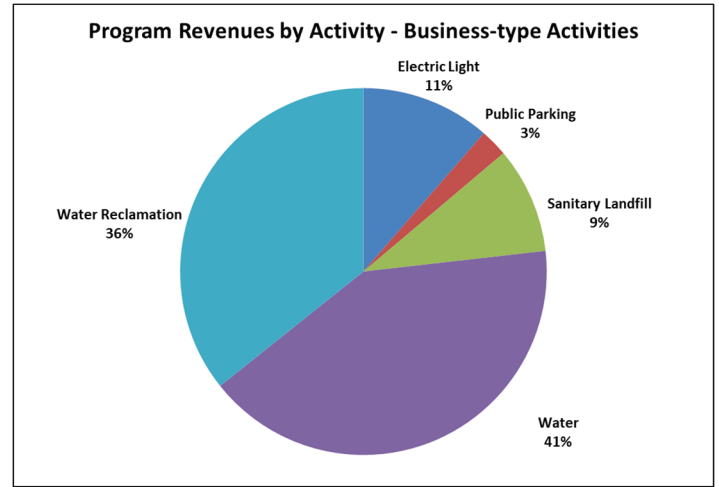
Taxes account for 67 percent of total governmental revenues. Of this, sales tax comprises 63 percent of total taxes collected, followed by property taxes at 31 percent, and the remainder is frontage and other taxes.



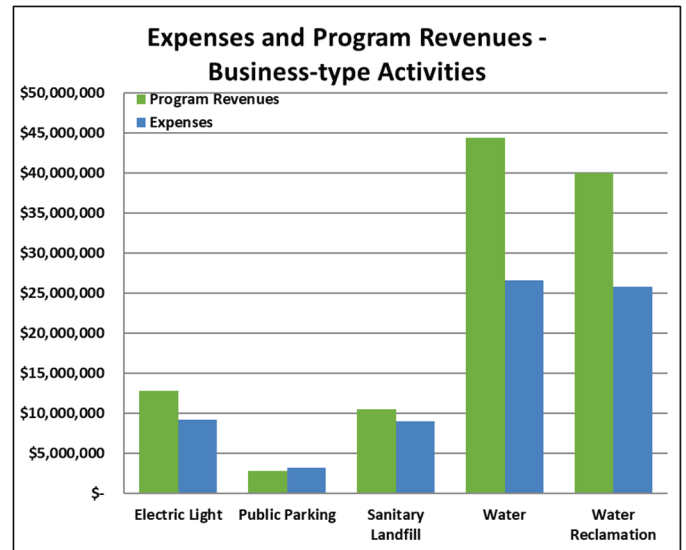
Public Safety and Highways and Streets expenses comprise over half of the total governmental expenses.



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 the parking fund in which operating expenses were in excess of operating revenues by approximately \$53,000. 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 \$230.0 million.

Approximately 34.6 percent, or \$79.7 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$11.4 million, 5.0 percent), committed (\$34.8 million, 15.2 percent), restricted (\$95.9 million, 41.7 percent), or nonspendable (\$8.2 million, 3.5 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 \$85.1 million, an increase of \$29.4 million. By removing the net impact of federal CARES Act funds received in 2020, the City actually added \$6.9 million to reserves, ending the year at 35.1% of the 2020 final budget against a reserve policy target of 25 percent (assigned and unassigned fund balance).

The City strategically manages reserves above this target to plan for the operating impacts resulting from future growth, including the ability to operate and maintain new capital infrastructure such as fire stations, libraries, and other new facilities.

Year-over-year, total revenues increased by \$52.8 million. The major contributing factor to this increase was an increase in intergovernmental revenues of \$51.2 million, \$47.7 million of which is federal CARES Act funding. In 2020, The City also received \$2.4 million in FEMA funding due to natural disasters that occurred in 2019.

Operating expenditures increased by \$0.1 million, or 0.1 percent, in 2020. Due to the economic impact caused by the COVID-19 pandemic, the City practiced prudent fiscal management and reduced expenditures in many areas across the government. The pandemic also impacted the provision of certain services, such as operating outdoor pools, thereby reducing overall expenditures. Therefore, operating expenditures came in below the final budget for 2020 and only slightly higher than operating expenditures from the prior year.

Changes within the various service areas are shown in the following table. The City did not experience any areas which increased above normal and expected inflationary and service level adjustments. However, Highways and Streets expenditures decreased 9.4%, due to a mild winter and no natural disaster impacts. Culture and Recreation decreased 4.3 percent, primarily due to not opening public

pools and other recreational areas during the COVID-19 pandemic.

	Operating Expenditures			
	2019	2020	Increase/Decrease	
General Government	\$ 16,045,324	\$ 16,779,936	\$ 734,612	4.6%
Public Safety	65,210,253	68,282,281	3,072,028	4.7%
Highways & Streets	27,019,132	24,485,075	(2,534,057)	-9.4%
Public Health	12,722,437	12,798,311	75,874	0.6%
Culture & Recreation	27,662,997	26,468,880	(1,194,117)	-4.3%
Urban & Econ Development	10,481,748	10,463,726	(18,022)	-0.2%
	<u>159,141,891</u>	<u>159,278,209</u>	<u>136,318</u>	<u>0.1%</u>

The **Entertainment Tax Fund** recognized a \$3.0 million decrease in fund balance. Entertainment tax revenue experienced a decline of \$1.1 million or 13.6 percent year-over-year. The remainder of this decrease was due to a decrease of \$2.3 million in the fund balance of the Event Complex, which is held as an asset on the City’s statement of Balance Sheet. The Entertainment Tax is derived primarily from a third penny tax on hospitality and entertainment related services, which were disproportionately impacted due to the pandemic.

Total expenditures increased by \$1.6 million in 2020, due to the change in the fund balance of the Events Complex referred to above as well as an increase in capital spending. Since most entertainment venues were closed or had limited activity in 2020, there was an opportunity to complete various facility improvements that would be more challenging to accomplish in a normal year due to event scheduling conflicts. 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 \$11.3 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’s highways and streets and parks, buildings, and equipment.

The Fund experienced a \$16.1 million decrease in fund balance, ending with a balance of \$44.9 million. Adding \$9.2 million of project unearned revenues and accounting for \$6.0 million as nonspendable and \$17.0 million as restricted, leaves \$31.1 million committed for future capital spending. Of this, \$20.8 is encumbered for outstanding contracts or budget being carried forward for projects to be completed in 2021, \$2.4 million is dedicated as an internal reserve, leaving \$7.9 million available for additional capital investments and reserves.

The **Community Development Fund** realized a small increase in fund balance during 2020 as federal and local funding was programmed for expenditure but remained unspent based upon project timing primarily due to the COVID-19 pandemic.

The **Storm Drainage Fund** experienced a \$1.3 million increase in fund balance, ending with a balance of \$6.8 million.

The **General Government Construction Fund**, established in 2016 to account for \$22.2 million of revenue bond proceeds for the new City Center office building, experienced a \$0.3 million reduction in fund balance, ending

Management’s Discussion and Analysis

at \$0.1 million. The decrease in fund balance is a result of building construction funds expended as the project nears completion.

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 \$46.9 million increase in fund balance in the current year, primarily due to the revenue bonds issued against \$3.6 million in current expenditures.

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		
	2019	2020	Increase (Decrease)
Electric Light	\$ 6,283,886	\$ 8,485,733	\$ 2,201,847
Public Parking Facilities	3,298,547	1,295,655	(2,002,892)
Sanitary Landfill	17,271,064	13,269,139	(4,001,925)
Water	15,318,292	19,147,564	3,829,272
Water Reclamation	30,645,890	36,875,951	6,230,061
	<u>\$ 72,817,679</u>	<u>\$ 79,074,042</u>	<u>\$ 6,256,363</u>

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

All funds experienced positive cash flow from operating activities. The funds ended with a total cash balance of \$90.8 million, an increase of \$0.8 million. Net cash flows from operations ended with a positive cash flow of \$54.1 million.

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

The **Electric Light Fund** generated a positive net cash flow from operations of \$1.6 million in 2020, ending the year with a cash balance of \$6.6 million and an unrestricted net position of \$8.5 million.

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

Despite a backup in operating revenues due to the COVID-19 pandemic, the **Public Parking Fund** generated \$0.8 million in cash flow from operating activities. After accounting for \$5.4 million in cash outflows for completion of the new ramp from capital and related financing activities the fund ended the year with a net cash decrease of \$4.5 million, a cash balance of \$3.3 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 \$13.3 million and a cash balance of \$24.0 million. A substantial portion of the cash balance, or \$10.4 million, has been restricted to meet the City’s future landfill closure and post-closure obligations.

In 2018, the City updated landfill’s rate analysis with the assistance of a consulting engineering firm. The study evaluated ongoing operating and capital equipment costs, cell expansion, as well as costs associated with closure and post-closure care. Based on this analysis, the City does not currently have any scheduled rate increases in landfill fees.

The **Water Fund** generated \$21.4 million in cash flow from operating activities. After accounting for \$19.7 million in cash outflows from capital and related financing activities, the fund recognized a net cash increase of \$2.3 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 \$27.8 million and a total increase of cash flows in the amount of \$5.8 million for an ending cash balance of \$37.5 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.

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.

Management’s Discussion and Analysis

On a market value basis, the Employees’ Retirement System is funded at 109.6 percent and the Firefighter’s Pension Fund is funded at 106.9 percent. The funds continue to review investment return expectations, currently 7.3 percent, and roll down amortization, currently 19 years. In addition, both plans have unallocated income reserves to buffer against contribution increases should investment markets or other economic or non-economic assumptions not perform as assumed.

The City’s OPEB Trust closed to new members as of January 1, 2014. The trust is 246.2 percent funded on a market value basis as of December 31, 2020, with \$4.3 million in assets available to meet a \$2.5 million estimated liability.

General Fund Budgetary Highlights

The City’s low annual average unemployment rate of 4.9 percent, continued positive construction activity of \$919.6 million in valuations, and 2.7 percent population growth all point to a growing economy.

The General Fund has two primary revenue sources, sales tax and property tax, which account for around 78% of the budgeted revenues. Sales tax collections experienced a negative 0.5 percent growth rate due to the COVID-19 pandemic, or \$1.2 million below the original budget projection which estimated 4.0 percent growth for sales taxes in 2020. Population growth and record construction activity continue to drive growing property tax collections. This City’s property tax collections was 6% above last year’s collections and on track to budget expectations. Total revenues and other financing sources exceeded initial budget projections by \$48.8 million due to \$47.7 million of federal grants received via the CARES Act, as part of the COVID-19 pandemic response.

The City expenditures ended the year at \$10.8 million or 5.3 percent below final budget. This budgetary expense savings was a result of the COVID-19 pandemic impact on programming, mild weather conditions, and the ability for departments to adapt during an uncertain time and implement prudent fiscal management. COVID-19 limited operations in City service areas such as aquatic activities and recreational programming resulting in budget savings. The lodging industry was also heavily impacted by COVID-19, which the City acts as a pass through agent to our local convention and visitors bureau creating a budgetary savings from original budget. The City experienced a favorable year with weather conditions allowing for the snow removal budget to recognize savings and no other major unanticipated natural disaster expenses occurred during 2020.

Originally budgeting to use \$3.3 million in operating reserves in 2020, \$29.4 million was added to reserves (assigned and unassigned fund balances), primarily attributable to the CARES Act reimbursement. Removing the net impact of \$22.5 million of CARES Act funding, the City added \$6.9 million to reserves, or 35.1% of the 2020 final budget less CARES impact.

Capital Assets and Debt Administration

Capital assets. Total capital assets for the governmental and business-type activities as of December 31, 2020, amounted to \$1.9 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	
	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)	2020
Land	\$ 160,966,295	\$ 175,021,640	\$ 18,236,385	\$ 20,188,375	\$ 179,202,680	\$ 195,210,015
Buildings	239,805,884	235,198,774	26,231,532	24,329,542	266,037,416	259,528,316
Improvements Other Than Buildings	59,818,083	55,672,416	20,592,478	27,164,046	80,410,561	82,836,462
Machinery and Equipment	47,162,461	46,754,412	15,375,282	16,408,089	62,537,743	63,162,501
Infrastructure	692,616,132	724,537,910	418,957,734	438,029,021	1,111,573,866	1,162,566,931
Intangibles	5,542,337	5,542,337	75,612,550	75,681,921	81,154,887	81,224,258
Construction in Progress	13,252,127	20,059,241	18,197,803	32,447,389	31,449,930	52,506,630
Total Assets	\$ 1,219,163,319	\$ 1,262,786,731	\$ 593,203,764	\$ 634,248,383	\$ 1,812,367,083	\$ 1,897,035,114

The City’s total capital assets, net of accumulated depreciation, increased by \$84.7 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 \$67.7 million, including the overlay and concrete restoration of several city streets for \$13.3 million.
- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$55.3 million.
- The construction of the Kirby Dog Park at Fort Sod, totaling \$0.6 million.
- The Sanitary Landfill cell #4 expansion, totaling \$3.4 million.

Management’s Discussion and Analysis

- The reconstruction of the internal trail system at Harmodon Park, totaling \$0.5 million.

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

Long-term debt. At the end of the fiscal year, the City had total debt outstanding of \$288.8 million. The City made

regularly scheduled principal payments of \$27.1 million and a payment of \$31.5 million to prepay the 2009A and 2009B bonds. The City also issued \$42.3 million for the Public Safety Facility bond, netting \$50 million in construction proceeds after accounting for bond premiums. The overall debt of the City, including enterprise fund infrastructure activity, decreased \$0.1 million from 2019 as shown below. The City has very favorable per capita debt ratios and strong debt service coverage across all funds.

Outstanding Debt by Type						
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Bonds	\$ 155,585,000	\$ 158,890,000	\$ 44,000,000	\$ 40,280,000	\$ 199,585,000	\$ 199,170,000
Notes	9,049,491	8,399,885	80,230,517	81,223,600	89,280,008	89,623,485
Total	\$ 164,634,491	\$ 167,289,885	\$ 124,230,517	\$ 121,503,600	\$ 288,865,008	\$ 288,793,485

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.

Outstanding Debt by Pledge and Repayment				
	Pledged		Repayment	
	2019	2020	2019	2020
Governmental Activities				
Sales and Use Tax Fund	\$ 212,183,493	\$ 222,686,879	\$ 162,880,690	\$ 177,386,774
Community Development	500,000	600,000	500,000	600,000
Storm Drainage Fund	8,549,491	7,799,885	8,549,491	7,799,885
Nonmajor Governmental Funds	170,000	-	170,000	-
Total Governmental Activities	221,402,984	231,086,764	172,100,181	185,786,659
Business-type Activities				
Public Parking Fund	-	-	17,350,000	16,230,000
Water Fund	2,123,339	979,799	34,076,142	30,049,904
Water Reclamation Fund	78,107,178	80,243,801	78,107,178	80,243,801
Total Business-type Activities	80,230,517	81,223,600	129,533,320	126,523,705
Total	\$ 301,633,501	\$ 312,310,364	\$ 301,633,501	\$ 312,310,364

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 \$816.6 million, which is \$549.0 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 61 of this report.

Economic Outlook and Next Year’s Budget

General (Primary Operating) Fund:

The 2021 budget recognizes the impacts to our community stemming from the COVID-19 pandemic. While we have been more insulated than many cities in the nation, we are not entirely immune, and the proposed 2021 budget reflects adjusted sales tax revenue expectations. Also reflected is the smart fiscal spending and thoughtful use of taxpayer dollars critical to delivering essential services to our residents and visitors. A balanced approach to maintaining

Management’s Discussion and Analysis

what we have and keeping up with growth continues to be key to making Sioux Falls a great place to live, work, play, and contributes to the overall Sioux Falls experience that we have all come to appreciate even more during this crisis.

In 2021, we are continuing our commitment to investing in our core tenet of the One Sioux Falls framework of accessible housing, workforce, engaging people, safety and health while balancing the needs of foundational growth and finding innovative ways to continue to deliver quality services to our residents and visitors.

Public safety and the health of our residents continues to be a priority as the City funded several new positions for both the Police Department and Metro Communications,

firefighters for staffing a new fire station, and the ongoing commitment to funding the Community Triage Center, to meet the challenges of low risk substance abuse and mental health, to be opened 2021.

The local economy slowed in the current year due to the COVID-19 pandemic. However, it is important to note that the City’s economy quickly rebounded to finish strong with construction permits finishing the highest in recorded history. While both employment and sales tax growth were slightly negative in 2020, the diversification of the local economy helped to mitigate the potential impact of the pandemic. The following outlines the economic climate in 2020:

	2019	2020	Change	% Change
Population	190,750	195,850	5,100	2.67%
Employment	153,372	148,782	(4,590)	-2.99%
Per Capita Personal Income (trailing year)	48,724	50,388	1,664	3.42%
Taxable Sales (\$ in thousands)	6,812,777	6,765,346	(47,431)	-0.70%
First Penny Net Sales Tax Collections (\$ in thousands)	67,477	67,135	(342)	-0.51%
Total Construction (\$ in thousands)	771,484	919,602	148,118	19.20%

The City recognizes that recent events surrounding COVID-19 in 2020 will impact certain components of the local and regional economy. The City’s core financial principles of plan, balance, and adapt ensure the City is not only well-positioned financially to absorb the impacts, but also the City has a history of being thoughtful and forward-looking as challenges and opportunities present themselves.

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

Recognizing the economic impacts of the pandemic, in developing the budget for 2021, projections for sales tax revenues were reduced to 0 percent for 2020 (actual results were -0.5 percent) with 4 percent growth projected over the reduced 2020 estimates. Based on improving economic data and robust building activity, the revised growth expectations for 2021 are considered reasonable.

Property tax growth, a less variable revenue source, continues to reflect the City’s strong building climate. The 2021 budget includes a 4.6 percent increase which includes 2.9 percent for new growth and a 1.7 percent inflationary adjustment. Total General Fund revenue growth for 2021 is budgeted at 3.3 percent.

The 2021 General Fund expenditure budget increased by 4.5 percent. The budget provides for the use of a portion, \$5.4 million, of the combined assigned and unassigned fund balance. Accounting for normal unspent budget balances, the budget projection anticipates using fund balance in 2021 and ending the year with reserves around 33%, above the 25% fund balance reserve target. This reserve will be drawn down in future years as the City absorbs normal wage inflation, focuses on one-time repair and maintenance projects, and plans for operating costs for opening Fire

Station #12 in 2021 while balancing current demands with future growth demands.

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

Sales and Use Tax (Primary Capital) Fund: As this fund, supported by the City’s second penny sales tax, is used to finance capital investments and not ongoing operating costs, the City maintains a small revenue stabilization reserve, currently \$2.4 million. The City utilizes a five-year capital program to strategically plan and prioritize capital investments. The first year of the capital program, 2021, focuses on replacement, rehabilitation, and expansion of streets, and improving public safety with the development of the Public Safety Training Facility. Strong growth in construction activity and population will require careful prioritization of City infrastructure and quality-of-life projects in line with available revenues.

Entertainment Tax Fund: This fund, supported by the City’s one percent entertainment tax, funds the City’s entertainment venues and convention center. Although recent disruptions due to COVID-19 in 2020 may impact the bottom-line of the City’s various venues, adequate operating reserves are held by the City and each venue to minimize any adverse impact to the City or operations or the ability to maintain these venues.

Management's Discussion and Analysis

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

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

The City has been well served by its commitment to having a solid "**Plan**", maintaining "**Balance**" in terms of City services and capital investments, and maximizing our ability to "**Adapt**" to changing circumstances. These three guiding principles serve as the foundation framing the City's long-

term finance and operating strategies. The City's financial position, across all of the City's various funds, despite the current year's pandemic, confirms the City's commitment to these guiding principles year after year.

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

Requests for Information

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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

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	\$ 220,344,487	\$ 80,345,555	\$ 300,690,042	\$ 3,412,954	\$ 477,137
Assets Held for Management Agreements	4,623,435	-	4,623,435	-	-
Investments	-	-	-	25,331	-
Receivables, net	26,521,827	8,886,484	35,408,311	63,545	32,704
Prepaid Items	325,900	-	325,900	49,179	29,605
Internal Balances	(4,399,882)	4,399,882	-	-	-
Due From Other Governments	39,241,258	-	39,241,258	406,093	675,475
Inventory of Supplies and Stores	8,958,401	3,758,913	12,717,314	3,130,328	-
Restricted Assets:					
Cash and Cash Equivalents	-	10,443,810	10,443,810	-	-
Deposits	2,086,979	-	2,086,979	-	24,362
Net Pension Asset	56,042,705	6,749,520	62,792,225	-	6,095
Net OPEB Asset	2,529,330	-	2,529,330	-	-
Capital Assets:					
Land	175,021,640	20,188,375	195,210,015	894,251	-
Buildings, net	235,198,774	24,329,542	259,528,316	3,160,487	-
Improvements Other Than Buildings, net	55,672,416	27,164,046	82,836,462	255,949	-
Machinery and Equipment, net	46,754,412	16,408,089	63,162,501	29,891	277,521
Infrastructure, net	724,537,910	438,029,021	1,162,566,931	-	-
Intangibles, net	5,542,337	75,681,921	81,224,258	-	-
Construction in Progress	20,059,241	32,447,389	52,506,630	34,500	-
Total Assets	<u>1,619,061,171</u>	<u>748,832,547</u>	<u>2,367,893,718</u>	<u>11,462,508</u>	<u>1,522,899</u>
Deferred Outflow of Resources					
OPEB Trust	95,256	-	95,256	-	-
City Employee's Retirement System	6,062,075	952,476	7,014,551	-	-
City Firefighters' Pension Fund	173,717	-	173,717	-	-
South Dakota Retirement System	8,778,687	1,135,964	9,914,651	-	891,331
Total Deferred Outflow of Resources	<u>15,109,735</u>	<u>2,088,440</u>	<u>17,198,175</u>	<u>-</u>	<u>891,331</u>
Liabilities					
Accounts Payable and Other Current Liabilities	11,049,866	7,018,725	18,068,591	2,601,136	129,815
Interest Payable	824,066	607,422	1,431,488	1,783	-
Deposits	120,840	685,089	805,929	18,168	-
Unearned Revenue	662,340	-	662,340	-	-
Unearned Revenue-Other	-	-	-	480,662	-
Loss Reserve on Workers' Comp Claims					
Due Within One Year	765,000	-	765,000	-	-
Due In More Than One Year	1,368,157	-	1,368,157	-	-
Long-term Liabilities:					
Due Within One Year	12,076,544	16,548,478	28,625,022	1,225,015	142,610
Due In More Than One Year	186,023,028	122,318,210	308,341,238	3,359,055	145,735
Total Liabilities	<u>212,889,841</u>	<u>147,177,924</u>	<u>360,067,765</u>	<u>7,685,819</u>	<u>418,160</u>
Deferred Inflow of Resources					
City Employee's Retirement System	42,142,215	6,621,403	48,763,618	-	-
City Firefighters' Pension Fund	16,343,942	-	16,343,942	-	-
South Dakota Retirement System	8,808,908	1,138,053	9,946,961	-	814,167
Total Deferred Inflow of Resources	<u>67,295,065</u>	<u>7,759,456</u>	<u>75,054,521</u>	<u>-</u>	<u>814,167</u>
Net Position					
Net Investment in Capital Assets	1,127,131,127	507,724,678	1,634,855,805	989,141	277,521
Restricted for:					
Debt Service	16,525,187	4,920,776	21,445,963	-	-
Park and Recreation	537,766	-	537,766	-	-
Police	394,269	-	394,269	-	-
Community Development	24,509,024	-	24,509,024	-	-
Library:					
Expendable	48,877	-	48,877	-	-
Nonexpendable	24,767	-	24,767	-	-
Heroic Awards:					
Expendable	3,685	-	3,685	-	-
Nonexpendable	2,000	-	2,000	-	-
Pension	3,575,819	8,332	3,584,151	-	83,259
OPEB	2,624,586	-	2,624,586	-	-
Storm Drainage	2,977,176	-	2,977,176	-	-
Construction Projects	3,861,659	-	3,861,659	-	-
Liability Insurance Pool	1,950,053	-	1,950,053	-	24,362
Other Purposes	-	-	-	434,256	-
Unrestricted	169,820,005	83,329,821	253,149,826	2,353,292	796,761
Total Net Position	<u>\$ 1,353,986,000</u>	<u>\$ 595,983,607</u>	<u>\$ 1,949,969,607</u>	<u>\$ 3,776,689</u>	<u>\$ 1,181,903</u>

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

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

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	\$ 16,368,596	\$ 1,992,317	\$ 732,980	\$ -
Public Safety:				
Fire Protection	22,163,779	743,763	21,053,881	14,277
Police Protection	30,595,771	200,096	27,514,676	-
Highways and Streets	63,559,050	775,734	2,176,674	27,255,165
Public Health	11,767,581	4,232,830	4,714,941	-
Culture and Recreation:				
Libraries	8,032,897	52,178	925,332	51,537
Museum	688,099	-	-	-
Parks & Recreation	25,691,770	981,148	1,247,352	525,539
Entertainment Venues	12,026,835	-	100,000	28,079
Urban and Economic Development:				
Affordable Housing	3,539,815	-	2,209,252	-
Transit	8,562,349	-	-	3,089,738
TIF	2,854,070	-	-	-
Urban Management	10,887,445	5,121,323	187,689	-
Interest on Long-Term Debt	5,846,714	-	-	-
Total Governmental Activities	222,584,771	14,099,389	60,862,777	30,964,335
Business-type Activities:				
Electric Light	9,170,719	10,257,468	62,224	2,464,008
Public Parking	3,191,297	2,585,491	-	136,500
Sanitary Landfill	8,960,066	10,402,978	85,937	-
Water	26,617,691	39,680,667	65,413	6,269,998
Water Reclamation	25,725,220	35,166,721	143,358	4,702,318
Total Business-type Activities	73,664,993	98,093,325	356,932	13,572,824
Total Government	\$ 296,249,764	\$ 112,192,714	\$ 61,219,709	\$ 44,537,159
Component Units:				
Housing & Redevelopment Commission	\$ 16,069,283	\$ 1,234,741	\$ 14,936,534	\$ 50,639
Metro Communications Agency	5,129,363	143,152	1,818,750	-
	\$ 21,198,646	\$ 1,377,893	\$ 16,755,284	\$ 50,639

General Revenues:

Taxes:

Property Tax
Sales Tax
Frontage Tax
Amusement Tax
E-911 Surcharges

Unrestricted State and County Shared Revenues

Unrestricted Investment Earnings

Miscellaneous Revenue, Net

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Restatement (Note 12)

Net Position - Beginning, as restated

Net Position - Ending

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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
\$ (13,643,299)	\$ -	\$ (13,643,299)		
(351,858)	-	(351,858)		
(2,880,999)	-	(2,880,999)		
(33,351,477)	-	(33,351,477)		
(2,819,810)	-	(2,819,810)		
(7,003,850)	-	(7,003,850)		
(688,099)	-	(688,099)		
(22,937,731)	-	(22,937,731)		
(11,898,756)	-	(11,898,756)		
(1,330,563)	-	(1,330,563)		
(5,472,611)	-	(5,472,611)		
(2,854,070)	-	(2,854,070)		
(5,578,433)	-	(5,578,433)		
(5,846,714)	-	(5,846,714)		
<u>(116,658,270)</u>	<u>-</u>	<u>(116,658,270)</u>		
-	3,612,981	3,612,981		
-	(469,306)	(469,306)		
-	1,528,849	1,528,849		
-	19,398,387	19,398,387		
-	14,287,177	14,287,177		
-	38,358,088	38,358,088		
<u>(116,658,270)</u>	<u>38,358,088</u>	<u>(78,300,182)</u>		
			\$ 152,631	\$ -
			<u>-</u>	<u>(3,167,461)</u>
			<u>152,631</u>	<u>(3,167,461)</u>
70,347,223	-	70,347,223	-	-
145,208,619	-	145,208,619	-	-
15,362,566	-	15,362,566	-	-
10,332	-	10,332	-	-
-	-	-	-	2,625,250
12,010,898	-	12,010,898	-	-
2,798,038	1,675,369	4,473,407	6,486	6,801
1,707,136	9,307,233	11,014,369	-	-
781,450	(781,450)	-	-	-
<u>248,226,262</u>	<u>10,201,152</u>	<u>258,427,414</u>	<u>6,486</u>	<u>2,632,051</u>
131,567,992	48,559,240	180,127,232	159,117	(535,410)
1,224,581,241	565,321,445	1,789,902,686	3,617,572	1,717,313
(2,163,233)	(17,897,078)	(20,060,311)	-	-
<u>1,222,418,008</u>	<u>547,424,367</u>	<u>1,769,842,375</u>	<u>3,617,572</u>	<u>1,717,313</u>
<u>\$ 1,353,986,000</u>	<u>\$ 595,983,607</u>	<u>\$ 1,949,969,607</u>	<u>\$ 3,776,689</u>	<u>\$ 1,181,903</u>

Balance Sheet - Governmental Funds

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>	<u>Community Development</u>
Assets				
Cash and Cash Equivalents	\$ 74,620,853	\$ 8,372,091	\$ 39,490,770	\$ 3,043,592
Assets Held for Management Agreements	990,427	2,931,972	-	-
Receivables:				
Taxes-Delinquent	1,512,592	-	-	-
Accounts (net of allowance for uncollectibles)	2,418,575	1,204	77,263	-
Interest and Penalty	117,663	12,941	41,553	1,613
Special Assessments	1,912	-	499,906	-
Rehabilitation Loans and Grants	-	-	-	21,478,409
Due from Other Funds	192,622	-	-	-
Due from Other Governments	19,604,807	800,928	18,219,027	214,175
Inventory of Supplies and Stores	2,059,101	-	5,960,780	100,494
Notes Receivable	-	-	-	165,987
Total Assets	<u>\$ 101,518,552</u>	<u>\$ 12,119,136</u>	<u>\$ 64,289,299</u>	<u>\$ 25,004,270</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ 2,439,601	\$ 29,403	\$ 2,652,488	\$ 237,751
Due to Other Funds	74,181	-	69,922	-
Accrued Wages	1,195,690	-	-	7,358
Deposits	120,381	-	459	-
Unearned Revenue	1,181,279	200,000	9,271,266	149,643
Total Liabilities	<u>5,011,132</u>	<u>229,403</u>	<u>11,994,135</u>	<u>394,752</u>
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	943,633	-	-	-
Unavailable Revenue-Sales Tax	6,957,304	604,196	6,915,215	-
Unavailable Revenue-Special Assessments	2,932	-	507,410	-
Long-Term Receivables	250	-	-	-
Total Deferred Inflows of Resources	<u>7,904,119</u>	<u>604,196</u>	<u>7,422,625</u>	<u>-</u>
Fund Balances				
Nonspendable	2,059,101	-	5,960,780	100,494
Restricted	445,312	-	17,043,609	24,509,024
Committed	990,427	11,285,537	21,868,150	-
Assigned	5,415,925	-	-	-
Unassigned	79,692,536	-	-	-
Total Fund Balances	<u>88,603,301</u>	<u>11,285,537</u>	<u>44,872,539</u>	<u>24,609,518</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 101,518,552</u>	<u>\$ 12,119,136</u>	<u>\$ 64,289,299</u>	<u>\$ 25,004,270</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>
\$ 7,732,474	\$ 133,136	\$ 47,391,235	\$ 5,790,071	\$ 186,574,222
-	-	-	701,036	4,623,435
-	-	-	-	1,512,592
17,816	-	-	51	2,514,909
11,744	-	425	72	186,011
-	-	-	-	501,818
-	-	-	-	21,478,409
-	-	-	-	192,622
104,204	-	-	283,470	39,226,611
-	-	-	-	8,120,375
-	-	-	-	165,987
<u>\$ 7,866,238</u>	<u>\$ 133,136</u>	<u>\$ 47,391,660</u>	<u>\$ 6,774,700</u>	<u>\$ 265,096,991</u>
\$ 865,653	\$ -	\$ 464,423	\$ 2,530	\$ 6,691,849
142,622	-	-	50,000	336,725
19,128	-	-	-	1,222,176
-	-	-	-	120,840
-	-	-	-	10,802,188
<u>1,027,403</u>	<u>-</u>	<u>464,423</u>	<u>52,530</u>	<u>19,173,778</u>
-	-	-	-	943,633
-	-	-	-	14,476,715
-	-	-	-	510,342
-	-	-	-	250
-	-	-	-	15,930,940
-	-	-	26,767	8,147,142
6,838,835	133,136	46,927,237	20,863	95,918,016
-	-	-	701,036	34,845,150
-	-	-	5,973,504	11,389,429
-	-	-	-	79,692,536
<u>6,838,835</u>	<u>133,136</u>	<u>46,927,237</u>	<u>6,722,170</u>	<u>229,992,273</u>
<u>\$ 7,866,238</u>	<u>\$ 133,136</u>	<u>\$ 47,391,660</u>	<u>\$ 6,774,700</u>	<u>\$ 265,096,991</u>

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

Total Fund Balances for Governmental Funds		\$ 229,992,273
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	\$ 2,034,418,888	
Accumulated Depreciation	<u>(794,885,074)</u>	1,239,533,814
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		
		26,070,788
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	55,186,667	
Business-Type Activities	<u>(4,255,779)</u>	50,930,888
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(824,066)	
Notes Payable-Revenue	(8,399,885)	
Unamortized Bond Premium	(18,496,774)	
Bonds Payable-Revenue	(158,890,000)	
Accrued Compensated Absences	<u>(12,130,959)</u>	(198,741,684)
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	2,529,330	
Deferred Outflows of Resources	<u>95,256</u>	<u>2,624,586</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	54,847,894	
Deferred Outflows of Resources	14,608,535	
Deferred Inflows of Resources	<u>(65,881,094)</u>	<u>3,575,335</u>
Net Position of Governmental Activities		<u><u>\$ 1,353,986,000</u></u>

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City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020

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

	General	Entertainment Tax	Sales and Use Tax	Community Development
Revenues				
Taxes:				
Property	\$ 67,680,168	\$ -	\$ -	\$ -
Sales	67,135,048	7,170,446	67,135,016	-
Frontage	4,888,992	-	-	-
Lodging (includes Business Improvement District)	2,173,357	-	-	-
Amusement	10,332	-	-	-
Penalties and Interest	117,448	-	-	-
Special Assessments	203,863	-	2,751,307	-
Licenses and Permits	6,502,389	-	173,384	-
Intergovernmental	65,040,580	28,079	1,208,061	2,189,252
Charges for Goods and Services	6,468,305	-	277,230	-
Fines and Forfeitures	624,945	-	-	-
Investment Revenue	1,115,743	172,555	820,001	50,238
Rentals/Operating Leases	53,136	-	-	-
Contributions	290,887	100,000	1,308,720	-
Miscellaneous Revenue	885,973	4,840	88,225	-
Total Revenues	<u>223,191,166</u>	<u>7,475,920</u>	<u>73,761,944</u>	<u>2,239,490</u>
Expenditures				
Current:				
General Government	16,779,936	-	378,040	-
Public Safety	68,282,281	-	42,402	-
Highways and Streets	24,485,075	-	-	-
Public Health	12,798,311	-	-	-
Culture and Recreation	26,468,880	6,146,387	-	-
Urban and Economic Development	10,463,726	-	-	3,670,078
Debt Service:				
Principal	-	-	38,840,000	-
Interest and Fiscal Charges	-	-	6,098,229	-
Capital Outlay				
General Government	-	-	1,500,911	-
Public Safety	-	-	6,716,817	-
Highways and Streets	-	-	58,349,997	-
Public Health	-	-	76,935	-
Culture and Recreation	-	4,291,841	5,695,628	-
Urban and Economic Development	-	-	37,305	-
Total Expenditures	<u>159,278,209</u>	<u>10,438,228</u>	<u>117,736,264</u>	<u>3,670,078</u>
Revenues Over (Under) Expenditures	<u>63,912,957</u>	<u>(2,962,308)</u>	<u>(43,974,320)</u>	<u>(1,430,588)</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	24,600	-	-	-
Loss on Sale of Land Held for Resale	-	-	(178,609)	-
Damage Recovery	77,653	-	-	-
Revenue Bonds Issued	-	-	3,399,750	-
Revenue Bond Premium	-	-	-	-
Loan Proceeds	-	-	-	100,000
Transfers In	-	-	25,439,455	1,785,227
Transfers Out	(33,615,227)	-	(750,000)	-
Total Other Financing Sources (Uses)	<u>(33,512,974)</u>	<u>-</u>	<u>27,910,596</u>	<u>1,885,227</u>
Net Change in Fund Balances	30,399,983	(2,962,308)	(16,063,724)	454,639
Fund Balance - Beginning	<u>58,203,318</u>	<u>14,247,845</u>	<u>60,936,263</u>	<u>24,154,879</u>
Fund Balance Ending	<u>\$ 88,603,301</u>	<u>\$ 11,285,537</u>	<u>\$ 44,872,539</u>	<u>\$ 24,609,518</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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>
\$ -	\$ -	\$ -	\$ 2,608,412	\$ 70,288,580
-	-	-	-	141,440,510
10,473,574	-	-	-	15,362,566
-	-	-	-	2,173,357
-	-	-	-	10,332
-	-	-	-	117,448
1,711,332	-	-	-	4,666,502
-	-	-	-	6,675,773
29,333	-	-	3,089,738	71,585,043
-	-	-	-	6,745,535
-	-	-	-	624,945
92,666	(2,092)	685	995	2,250,791
-	-	-	-	53,136
-	-	-	-	1,699,607
-	-	-	618,755	1,597,793
<u>12,306,905</u>	<u>(2,092)</u>	<u>685</u>	<u>6,317,900</u>	<u>325,291,918</u>
-	-	-	-	17,157,976
-	-	-	-	68,324,683
3,138,989	-	-	-	27,624,064
-	-	-	-	12,798,311
-	-	-	527	32,615,794
-	-	-	11,416,419	25,550,223
952,243	-	-	170,000	39,962,243
285,304	-	-	4,888	6,388,421
-	328,842	-	-	1,829,753
-	-	3,601,829	-	10,318,646
7,407,729	-	-	-	65,757,726
-	-	-	-	76,935
-	-	-	-	9,987,469
-	-	-	-	37,305
<u>11,784,265</u>	<u>328,842</u>	<u>3,601,829</u>	<u>11,591,834</u>	<u>318,429,549</u>
<u>522,640</u>	<u>(330,934)</u>	<u>(3,601,144)</u>	<u>(5,273,934)</u>	<u>6,862,369</u>
-	-	-	915	25,515
-	-	-	-	(178,609)
-	-	-	-	77,653
-	-	38,915,250	-	42,315,000
-	-	11,613,131	-	11,613,131
202,638	-	-	-	302,638
541,995	-	-	6,580,000	34,346,677
-	-	-	-	(34,365,227)
<u>744,633</u>	<u>-</u>	<u>50,528,381</u>	<u>6,580,915</u>	<u>54,136,778</u>
1,267,273	(330,934)	46,927,237	1,306,981	60,999,147
5,571,562	464,070	-	5,415,189	168,993,126
<u>\$ 6,838,835</u>	<u>\$ 133,136</u>	<u>\$ 46,927,237</u>	<u>\$ 6,722,170</u>	<u>\$ 229,992,273</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

**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 \$ 60,999,147

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	\$ 88,007,834	
Loss on Capital Assets	(1,625,766)	
Less Current Year Depreciation	<u>(59,635,836)</u>	26,746,232

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	15,882,200	
Infrastructure Contributions from Other Governments	5,264,022	
Property taxes and special assessments	4,798,604	
Due From Other Governments - Taxes	<u>1,594,752</u>	27,539,578

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	39,962,243	
Amortization of Bond Premium	582,048	
Revenue Bond Proceeds	(42,617,638)	
Premium received on Revenue Bonds	<u>(11,613,131)</u>	(13,686,478)

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	(578,286)	
Accrued Interest	<u>(40,341)</u>	(618,627)

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. 23,837,055

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. 313,946

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. 6,437,139

Change in Net Position of Governmental Activities \$ 131,567,992

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**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statement of Net Position - Proprietary Funds

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Assets			
Current:			
Cash and Cash Equivalents	\$ 6,642,380	\$ 3,251,888	\$ 13,531,005
Receivables, net:			
Accounts	534,993	142,060	805,742
Interest	10,215	2,645	36,453
Special Assessments	-	-	-
Unbilled	485,282	-	-
Arbitrage Refund	-	-	-
Prepaid Expense	-	-	-
Due From Other Funds	144,103	-	-
Due From Other Governments	-	-	-
Inventory of Supplies and Stores	1,401,987	-	-
Total Current Assets	<u>9,218,960</u>	<u>3,396,593</u>	<u>14,373,200</u>
Noncurrent:			
Restricted Cash and Cash Equivalents	1,217	-	10,432,801
Deposits	-	-	-
Net Pension Asset	659,202	266,214	927,470
Capital Assets:			
Land	613,935	4,780,687	3,552,870
Buildings	503,583	468,856	7,511,082
Improvements Other Than Buildings	9,248	36,905,460	32,647,514
Machinery and Equipment	259,461	384,775	1,793,925
Infrastructure	41,671,573	-	4,598,917
Intangibles	-	-	-
Construction in Progress	1,105,935	-	2,212,347
Less: Accumulated Depreciation	<u>(23,421,115)</u>	<u>(15,621,753)</u>	<u>(32,796,668)</u>
Total Noncurrent Assets	<u>21,403,039</u>	<u>27,184,239</u>	<u>30,880,258</u>
Total Assets	<u>30,621,999</u>	<u>30,580,832</u>	<u>45,253,458</u>
Deferred Outflow of Resources			
City Employee's Retirement System	93,036	37,548	130,879
South Dakota Retirement System	103,159	63,390	157,166
Total Deferred Outflow of Resources	<u>196,195</u>	<u>100,938</u>	<u>288,045</u>
Liabilities			
Current:			
Accounts Payable	500,624	78,515	965,333
Accrued Wages	17,642	7,955	25,712
Loss Reserve on Workers' Comp Claims	-	-	-
Accrued Compensated Absences	30,000	8,000	30,000
Accrued Interest Payable	-	68,529	-
Incurred But Not Reported Claims	-	-	-
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	985,000	-
Deposits	104,282	14,352	13,805
Total Current Liabilities	<u>652,548</u>	<u>1,162,351</u>	<u>1,034,850</u>
Noncurrent:			
Accrued Compensated Absences	186,694	66,172	215,047
Loss Reserve on Workers' Comp Claims	-	-	-
Net Pension Liability	-	-	-
Closure & Postclosure Care Costs	-	-	10,432,801
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	15,245,000	-
Total Noncurrent Liabilities	<u>186,694</u>	<u>15,311,172</u>	<u>10,647,848</u>
Total Liabilities	<u>839,242</u>	<u>16,473,523</u>	<u>11,682,698</u>
Deferred Inflow of Resources			
City Employee's Retirement System	646,764	261,028	909,842
South Dakota Retirement System	100,065	64,969	159,837
Total Deferred Inflow of Resources	<u>746,829</u>	<u>325,997</u>	<u>1,069,679</u>
Net Position:			
Net Investment in Capital Assets	20,742,620	10,688,025	19,519,987
Restricted for Liability Insurance Pool	-	-	-
Restricted for Debt Service	-	1,898,570	-
Restricted for Pension	3,770	-	-
Unrestricted	8,485,733	1,295,655	13,269,139
Total Net Position	<u>\$ 29,232,123</u>	<u>\$ 13,882,250</u>	<u>\$ 32,789,126</u>

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

Net Position of business-type activities

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statement of Net Position - Proprietary Funds (cont.)

		Enterprise Funds (cont.)		Internal	
Water	Water Reclamation	Total	Service Funds		
\$ 19,389,811	\$ 37,530,471	\$ 80,345,555	\$ 33,770,265		
1,295,226	899,617	3,677,638	125,179		
24,343	55,874	129,530	36,922		
212,582	-	212,582	-		
1,919,924	2,444,439	4,849,645	-		
17,089	-	17,089	-		
-	-	-	325,900		
-	-	144,103	-		
-	-	-	14,647		
2,108,047	248,879	3,758,913	838,026		
<u>24,967,022</u>	<u>41,179,280</u>	<u>93,135,055</u>	<u>35,110,939</u>		
1,000	8,792	10,443,810	-		
-	-	-	2,086,979		
2,571,647	2,324,987	6,749,520	1,194,811		
9,143,726	2,097,157	20,188,375	-		
31,569,818	9,327,788	49,381,127	2,705,385		
98,932	287,906	69,949,060	1,019,810		
32,326,437	15,017,854	49,782,452	48,038,473		
304,104,960	406,206,798	756,582,248	-		
75,681,921	-	75,681,921	-		
4,091,878	25,037,229	32,447,389	1,531,600		
(144,767,478)	(203,157,175)	(419,764,189)	(30,042,351)		
<u>314,822,841</u>	<u>257,151,336</u>	<u>651,441,713</u>	<u>26,534,707</u>		
<u>339,789,863</u>	<u>298,330,616</u>	<u>744,576,768</u>	<u>61,645,646</u>		
362,877	328,136	952,476	168,570		
462,553	349,696	1,135,964	237,374		
<u>825,430</u>	<u>677,832</u>	<u>2,088,440</u>	<u>405,944</u>		
1,678,726	3,617,916	6,841,114	919,404		
69,324	56,978	177,611	38,459		
-	-	-	765,000		
100,000	25,000	193,000	20,000		
154,905	383,988	607,422	-		
-	-	-	2,200,000		
929,366	11,362,275	12,291,641	-		
3,078,837	-	4,063,837	-		
552,650	-	685,089	-		
<u>6,563,808</u>	<u>15,446,157</u>	<u>24,859,714</u>	<u>3,942,863</u>		
651,405	597,864	1,717,182	139,930		
-	-	-	1,368,157		
-	-	-	-		
-	-	10,432,801	-		
50,433	68,881,526	68,931,959	-		
25,991,268	-	41,236,268	-		
<u>26,693,106</u>	<u>69,479,390</u>	<u>122,318,210</u>	<u>1,508,087</u>		
<u>33,256,914</u>	<u>84,925,547</u>	<u>147,177,924</u>	<u>5,450,950</u>		
2,522,641	2,281,128	6,621,403	1,171,863		
462,442	350,740	1,138,053	242,108		
<u>2,985,083</u>	<u>2,631,868</u>	<u>7,759,456</u>	<u>1,413,971</u>		
282,200,290	174,573,756	507,724,678	23,252,917		
-	-	-	1,950,053		
3,022,206	-	4,920,776	-		
3,236	1,326	8,332	484		
19,147,564	36,875,951	79,074,042	29,983,215		
<u>\$ 304,373,296</u>	<u>\$ 211,451,033</u>	<u>591,727,828</u>	<u>\$ 55,186,669</u>		
		4,255,779			
		<u>\$ 595,983,607</u>			

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

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

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Operating Revenues:			
Charges for Goods and Services	\$ 10,257,168	\$ 2,189,972	\$ 10,402,938
Fines and Forfeitures	300	395,519	40
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	-
Fines and Forfeitures	-	-	-
Total Operating Revenues	10,257,468	2,585,491	10,402,978
Operating Expenses:			
Personnel Services	1,208,434	635,551	1,991,245
Casualty Loss	-	-	-
Insurance	16,784	36,635	21,938
Professional Services	65,546	274,972	2,010,365
Rent	163,145	26,541	1,900,773
Repairs and Maintenance	786,865	111,576	930,693
Supplies and Materials	173,097	93,647	537,346
Utilities and Bulk Energy	5,185,346	90,926	276,960
Depreciation	1,560,937	1,367,731	1,575,593
Other Current Expenses	13,689	600	22,625
Total Operating Expenses	9,173,843	2,638,179	9,267,538
Operating Income (Loss)	1,083,625	(52,688)	1,135,440
Nonoperating Revenues (Expenses):			
Investment Revenue	122,204	81,771	527,565
Gain (Loss) on Capital Assets	(60,707)	(12,402)	-
Rent/Operating Leases	8,364	3,000	22,906
Cost Recovery & Special Assessments	8,887	4,638	50
Miscellaneous	(76,849)	3,567	493,834
Federal and State Grants	62,224	-	85,937
Capital Grant	-	-	-
Interest Expense and Fiscal Agent Charges	-	(574,005)	-
Total Nonoperating Revenues (Expenses)	64,123	(493,431)	1,130,292
Income (Loss) Before Contributions and Transfers	1,147,748	(546,119)	2,265,732
Capital Contributions	2,464,008	136,500	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	3,611,756	(409,619)	2,265,732
Net Position - Beginning, as previously stated	25,620,367	14,291,869	30,523,394
Restatement (Note 12)	-	-	-
Net Position - Beginning, as Restated	25,620,367	14,291,869	30,523,394
Net Position - Ending	\$ 29,232,123	\$ 13,882,250	\$ 32,789,126

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

Change in Net Position of Business-type Activities

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

Water	Enterprise Funds		Total	Internal Service Funds
	Water Reclamation			
\$ -	\$ -		\$ 22,850,078	\$ 44,002,999
-	-		395,859	-
39,675,907	35,166,721		74,842,628	-
4,760	-		4,760	-
<u>39,680,667</u>	<u>35,166,721</u>		<u>98,093,325</u>	<u>44,002,999</u>
5,342,737	4,405,606		13,583,573	2,653,529
-	-		-	17,203,172
168,329	219,566		463,252	3,056,591
1,085,940	666,979		4,103,802	1,521,330
451,896	919,150		3,461,505	172,070
2,683,837	1,387,194		5,900,165	1,552,957
6,367,610	1,332,064		8,503,764	7,828,878
1,053,107	1,749,306		8,355,645	93,336
8,552,157	14,007,060		27,063,478	4,041,431
51,724	25,889		114,527	31,276
<u>25,757,337</u>	<u>24,712,814</u>		<u>71,549,711</u>	<u>38,154,570</u>
<u>13,923,330</u>	<u>10,453,907</u>		<u>26,543,614</u>	<u>5,848,429</u>
320,890	622,939		1,675,369	429,799
(11,567)	(3,672)		(88,348)	119,931
278,831	-		313,101	-
1,411,334	7,385,246		8,810,155	-
(79,573)	(157,002)		183,977	64,803
65,413	143,358		356,932	726
-	800,000		800,000	-
<u>(1,069,858)</u>	<u>(1,209,618)</u>		<u>(2,853,481)</u>	<u>-</u>
<u>915,470</u>	<u>7,581,251</u>		<u>9,197,705</u>	<u>615,259</u>
14,838,800	18,035,158		35,741,319	6,463,688
6,269,998	3,902,318		12,772,824	-
-	-		-	800,000
<u>-</u>	<u>(781,450)</u>		<u>(781,450)</u>	<u>-</u>
21,108,798	21,156,026		47,732,693	7,263,688
301,161,576	190,295,007			47,922,981
<u>(17,897,078)</u>	<u>-</u>			<u>-</u>
<u>283,264,498</u>	<u>190,295,007</u>			<u>47,922,981</u>
<u>\$ 304,373,296</u>	<u>\$ 211,451,033</u>			<u>\$ 55,186,669</u>
			<u>826,547</u>	
			<u>\$ 48,559,240</u>	

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

Statement of Cash Flows - Proprietary Funds

	Enterprise Funds	
	Electric Light	Public Parking
Cash Flows Provided by Operating Activities:		
Receipts from Customers	\$ 8,135,460	\$ 1,895,845
Cash Receipts from Interfund Services Provided	1,911,154	243,795
Payments to Suppliers	(6,879,499)	(847,419)
Payment for Interfund Services Used	(4,880)	(83,194)
Payments to Employees	(1,540,842)	(758,153)
Claims Paid	-	-
Other Receipts (Payments)	14,187	395,311
Net Cash Provided by Operating Activities	<u>1,635,580</u>	<u>846,185</u>
Cash Flows Provided (Used) By Noncapital Financing Activities:		
Subsidy from Federal Grants	62,224	-
Transfers In	-	-
Transfers Out	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	<u>62,224</u>	<u>-</u>
Cash Flows Provided (Used) By Capital and Related Financing Activities:		
Sale of Capital Assets	630	-
Capital Contributions	-	-
Purchase of Capital Assets	(549,113)	(3,742,053)
Interest Payments and Fiscal Charges	-	(577,687)
Proceeds from Revenue Notes	-	-
Principal Payments-Revenue Notes	-	-
Principal Payments-Revenue Bonds	-	(1,120,000)
Net Cash Flows (Used) By Capital and Related Financing Activities	<u>(548,483)</u>	<u>(5,439,740)</u>
Cash Flows Provided (Used) By Investing Activities:		
Rent Received	8,364	3,000
Investment Revenue Received	132,327	115,893
Net Cash Flows Provided By Investing Activities	<u>140,691</u>	<u>118,893</u>
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	1,290,012	(4,474,662)
Cash and Cash Equivalents, January 1	<u>5,353,585</u>	<u>7,726,550</u>
Cash and Cash Equivalents, December 31	<u>\$ 6,643,597</u>	<u>\$ 3,251,888</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ 1,083,625	\$ (52,688)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,560,937	1,367,731
Capital Assets Converted to Operating Expense	-	-
(Increase) Decrease in-Receivables	(187,777)	(50,332)
-Inventory	(21,725)	-
-Due From Other Funds	(30,116)	-
-Due From Other Governments	7,339	-
-Deposits	-	-
-Net Pension Asset	(326,754)	(139,328)
-Pension Related Deferred Outflows	(64,571)	(30,635)
Increase (Decrease) in-Accounts Payable	(458,182)	(295,716)
-Accrued Wages	(45,702)	(27,159)
-Compensated Absences	11,852	11,195
-Pension Related Deferred Inflows	92,767	63,325
-Loss Reserve on Workers' Comp Claims	-	-
-Deposits	4,232	(10,283)
-Closure/Post closure Cost	-	-
Other Revenue Sources (Uses)	9,655	10,075
Net Cash Provided By Operating Activities	<u>\$ 1,635,580</u>	<u>\$ 846,185</u>
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 2,464,008	\$ 136,500
Capital Asset Purchases in Accounts Payable	34,034	40,470

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

Statement of Cash Flows - Proprietary Funds (cont)

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 9,979,716	\$ 39,709,613	\$ 35,203,847	\$ 94,924,481	\$ 12,372,911
529,027	449,080	189,164	3,322,220	32,023,715
(6,043,558)	(13,114,171)	(9,140,562)	(36,025,209)	(14,096,026)
(28,217)	(678,581)	(236,269)	(1,031,141)	(14,576)
(2,448,322)	(6,506,303)	(5,459,405)	(16,713,025)	(3,249,403)
-	-	-	-	(17,646,126)
496,249	1,508,588	7,252,785	9,667,120	66,961
<u>2,484,895</u>	<u>21,368,226</u>	<u>27,809,560</u>	<u>54,144,446</u>	<u>9,457,456</u>
85,937	65,413	143,358	356,932	-
-	-	-	-	800,000
-	-	(781,450)	(781,450)	-
<u>85,937</u>	<u>65,413</u>	<u>(638,092)</u>	<u>(424,518)</u>	<u>800,000</u>
-	3,975	10,605	15,210	877,708
-	-	800,000	800,000	-
(7,292,230)	(14,634,240)	(23,986,183)	(50,203,819)	(5,550,735)
-	(1,372,199)	(1,070,522)	(3,020,408)	-
-	-	13,269,306	13,269,306	-
-	(1,143,541)	(11,132,682)	(12,276,223)	-
-	(2,600,000)	-	(3,720,000)	-
<u>(7,292,230)</u>	<u>(19,746,005)</u>	<u>(22,109,476)</u>	<u>(55,135,934)</u>	<u>(4,673,027)</u>
22,906	278,831	-	313,101	-
600,937	356,677	689,478	1,895,312	471,383
<u>623,843</u>	<u>635,508</u>	<u>689,478</u>	<u>2,208,413</u>	<u>471,383</u>
(4,097,555)	2,323,142	5,751,470	792,407	6,055,812
<u>28,061,361</u>	<u>17,067,669</u>	<u>31,787,793</u>	<u>89,996,958</u>	<u>27,714,453</u>
<u>\$ 23,963,806</u>	<u>\$ 19,390,811</u>	<u>\$ 37,539,263</u>	<u>\$ 90,789,365</u>	<u>\$ 33,770,265</u>
\$ 1,135,440	\$ 13,923,330	\$ 10,453,907	\$ 26,543,614	\$ 5,848,429
1,575,593	8,552,157	14,007,060	27,063,478	4,041,431
165,576	-	-	165,576	-
4,663	7,412	226,290	256	408,274
-	(286,481)	204,713	(103,493)	130,490
-	-	-	(30,116)	-
101,142	-	-	108,481	(14,647)
-	-	-	-	125,264
(508,700)	(1,463,943)	(1,376,563)	(3,815,288)	(673,598)
(103,611)	(280,376)	(233,374)	(712,567)	(120,587)
(188,403)	(1,168,454)	(3,281,396)	(5,392,151)	(109,918)
(67,413)	(208,641)	(154,170)	(503,085)	(114,530)
(13,044)	56,017	(10,720)	55,300	(23,321)
235,691	733,377	721,028	1,846,188	336,162
-	-	-	-	(542,954)
-	68,508	-	62,457	-
(348,248)	-	-	(348,248)	-
496,209	1,435,320	7,252,785	9,204,044	66,961
<u>\$ 2,484,895</u>	<u>\$ 21,368,226</u>	<u>\$ 27,809,560</u>	<u>\$ 54,144,446</u>	<u>\$ 9,457,456</u>
\$ -	\$ 6,269,998	\$ 3,902,318	\$ 12,772,824	\$ -
748,536	1,151,991	3,429,556	-	243,453

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statement of Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds	Police Custodial Fund
Assets		
Cash and Cash Equivalents	\$ 17,803,969	\$ 318,067
Receivables:		
Contribution	191,153	-
Interest	723,051	-
Total Receivables	<u>914,204</u>	<u>-</u>
Investments at Fair Value:		
US Government	19,223,925	-
Corporate Obligations	84,671,805	-
Foreign Obligations	17,541,462	-
State and Local Obligations	2,914,469	-
Domestic Stocks	60,653,429	-
Foreign Stocks	3,745,103	-
Index Funds:		
Equity	280,250,274	-
Government / Corporate Bonds	48,653,695	-
Mutual Funds:		
Foreign Equity	168,480,660	-
Domestic Equity	24,956,406	-
Real Estate	47,829,770	-
Total Investments	<u>758,920,998</u>	<u>-</u>
Total Assets	<u>777,639,171</u>	<u>318,067</u>
Liabilities		
Total Liabilities	<u>37,686</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	773,342,609	-
Restricted for Post Employment Health Care Benefits	4,258,876	-
Restricted for Police Evidence and Found Property	-	318,067
Total Net Position	<u>\$ 777,601,485</u>	<u>\$ 318,067</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds	Police Custodial Fund
Additions		
Contributions		
Employer	\$ 14,011,458	\$ -
Plan Members	4,193,883	-
Total Contributions	<u>18,205,341</u>	<u>-</u>
Investment Income	90,432,372	-
Less Investment Expense	1,820,153	-
Net Investment Income	<u>88,612,219</u>	<u>-</u>
Recovery of Prior Year Expense	250,211	
Police Funds Received into Custody	-	207,436
Total Additions	<u>107,067,771</u>	<u>207,436</u>
Deductions		
Benefit Payments		
Pension	34,025,899	-
Health Premiums	386,444	-
Total Benefit Payments	<u>34,412,343</u>	<u>-</u>
Police Funds Released from Custody	-	220,683
Refunds	406,887	-
Administrative Expense	315,982	-
Total Deductions	<u>35,135,212</u>	<u>220,683</u>
Change in Net Position	71,932,559	(13,247)
Restricted Net Position, January 1	<u>705,668,926</u>	<u>331,314</u>
Restricted Net Position, December 31	<u>\$ 777,601,485</u>	<u>\$ 318,067</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. 89, *Accounting for the Interest Cost incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement will be implemented at the City in the year ended December 31, 2021.

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

The fifth 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 sixth 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 seventh 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 eighth 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.

Notes to Financial Statements

B. REPORTING ENTITY

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

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

Discretely Presented Component Units

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

The agency is governed by a five-member Council which includes the Mayor, two members of the City Council, appointed by the Mayor, and two county commissioners. The agency is responsible for city and county-wide public safety dispatch, maintenance of centralized dispatch records, and the maintenance and purchasing of related communication equipment. In 2020, the City provided \$1,348,673 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, 2020. 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 2020, the Community Development Special Revenue Fund provided \$257,714 of federal grant proceeds to the Housing Commission for housing assistance. The Housing Commission's fiscal year-end presented in this report is September 30, 2020. 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.

Notes to Financial Statements

Budgetary Reporting

The Budgetary Comparison Schedules present comparisons of the original and legally amended budget with actual amounts on a departmental level for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, General Government Construction Fund, 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.

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 \$123.1 million during 2020. The largest share of the

supplement was \$50.5 million for the bond proceeds and related project costs of the new Public Safety Facility Construction Fund. The City also supplemented an additional \$29.5 million for the use of early debt retirement in the Sales Tax Fund, which was also budgeted as a \$25.2 million transfer from the General Fund to the Sales Tax and Use Fund.

Another \$4.0 million of state contributions was supplemented in the Sales and Use Tax Fund to be used toward highways and street projects. An additional \$6.1 million was supplemented in the Sales and Use Tax Fund for highways and streets, fire, and parks projects. In an effort to help with housing assistance due to the COVID-19 pandemic the City supplemented an additional \$0.8 million in the Community Development Fund, which was also budgeted as a \$0.8 million transfer from the General Fund.

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

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2020.

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

Notes to Financial Statements

include Public Safety, Highways and Streets, Health, Library, and Parks and Recreation.

The **Entertainment Tax Fund** accounts for the collection of a one percent tax on lodging, sales of alcoholic beverages, prepared meals, as well as ticket sales and admissions. This tax is used to provide operating and capital funds for the City's convention and entertainment facilities.

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

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

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

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

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

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

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

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

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

Additionally, the government reports the following fund types:

The **internal service funds** account for health, workers' compensation, liability insurance, technology equipment/software, 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. 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.

Notes to Financial Statements

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

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

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

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

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

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

Cash and Cash Equivalents—

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

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

Investments—

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

Receivables and Payables—

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

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

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

Inventories and Prepaid Items—

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

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

Deferred Outflows of Resources—

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

Deferred Inflows of Resources—

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

Notes to Financial Statements

Capital Assets—

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

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

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

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

Primary Government:

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

Component Units:

Housing Commission:

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

Metro Communications Agency:

Equipment	10–50 years
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Net Position/Fund Balance

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

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

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

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

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

Notes to Financial Statements

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 13).

Self-Insurance—

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

H. ACCOUNTING ESTIMATES

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

I. PENSIONS

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

Note 2—Stewardship, Compliance, and Accountability

A. Compliance with Finance-Related Legal and Contractual Provisions

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

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

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

C. Net Position/Fund Balance Deficits

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

Notes to Financial Statements

Note 3—Detailed Notes On All Funds

A. Deposits and Investments

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

Governmental and Business-Type Funds

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

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

Allowable deposits and investments include:

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

- e. Certificates of deposits (100 percent collateralized).
- f. Deposit and savings accounts (100 percent collateralized).

Credit Risk. The credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As outlined above, state statute and City policy limit the type of investments allowed to reduce the amount of credit risk to the portfolio. The 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, 2020, the deposits of the City were \$17.4 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2020. Other investments are held for safekeeping in the City's name by a qualified bank or trustee pursuant to SDCL 4-5-9.

Concentration of credit risk. Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's pooled cash investment policy limits the City pooled cash portfolio to hold no more than 20 percent of the total pool investments in the deposit of a single non-federal financial institution and the exposure to federal agency securities, secured directly or indirectly, to no more than 40 percent of the total portfolio. No institution exceeded these established limits as of December 31, 2020.

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.

Notes to Financial Statements

Deposit/Investment Type	Credit Rating	Fair Value	Maturity			
			Less Than 1 Year	1-3 Years	3-5 Years	5 or more Years
(a) U.S. Treasury Notes & Bills	N/A	\$ 198,685,688	\$ 131,461,664	\$ 64,019,649	\$ 3,204,375	\$ -
(b) U.S. Agency Securities*	AAA	1,318,723	-	-	980,135	338,588
(c) Money Market Funds	AAA	95,129,441	95,129,441	-	-	-
(e) Certificates of Deposit	N/A	16,000,000	16,000,000	-	-	-
Total		<u>\$ 311,133,852</u>	<u>\$ 242,591,105</u>	<u>\$ 64,019,649</u>	<u>\$ 4,184,510</u>	<u>\$ 338,588</u>

* 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, 2020, the deposits of the authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2020, 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, 2020, was \$4.402 per \$1,000 of taxable valuation.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Notes to Financial Statements

C. Receivables

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

component units in aggregate, including the applicable allowances for uncollectible accounts, are as follows at December 31, 2020:

Primary Government	Special		Notes		Loans		Arbitrage		Allowance for		Total
	Taxes	Accounts	Interest	Assessments	Receivable	Receivable	Unbilled	Refund	Uncollectibles		
Governmental Activities											
General	\$ 1,512,592	\$ 4,836,891	\$ 117,663	\$ 1,912	\$ -	\$ -	\$ -	\$ -	\$ (2,418,316)	\$ 4,050,742	
Entertainment Tax	-	1,204	12,941	-	-	-	-	-	-	14,145	
Sales/Use Tax	-	77,263	41,553	499,906	-	-	-	-	-	618,722	
Community Development	-	-	1,613	-	165,987	21,561,091	-	-	(82,682)	21,646,009	
Storm Drainage	-	17,816	11,744	-	-	-	-	-	-	29,560	
Public Safety Facility	-	-	425	-	-	-	-	-	-	425	
Nonmajor Funds	-	51	72	-	-	-	-	-	-	123	
Internal Service Funds	-	141,362	36,922	-	-	-	-	-	(16,183)	162,101	
Total Governmental Activities	1,512,592	5,074,587	222,933	501,818	165,987	21,561,091	-	-	(2,517,181)	26,521,827	
Business-type Activities											
Electric Light	-	637,512	10,215	-	-	-	485,282	-	(102,519)	1,030,490	
Public Parking Facilities	-	144,693	2,645	-	-	-	-	-	(2,633)	144,705	
Sanitary Landfill	-	822,166	36,453	-	-	-	-	-	(16,424)	842,195	
Water	-	1,374,357	24,343	212,582	-	-	1,919,924	17,089	(79,131)	3,469,164	
Water Reclamation	-	931,689	55,874	-	-	-	2,444,439	-	(32,072)	3,399,930	
Total Business-type Activities	-	3,910,417	129,530	212,582	-	-	4,849,645	17,089	(232,779)	8,886,484	
Total Primary Government	\$ 1,512,592	\$ 8,985,004	\$ 352,463	\$ 714,400	\$ 165,987	\$ 21,561,091	\$ 4,849,645	\$ 17,089	\$ (2,749,960)	\$ 35,408,311	
Non current portion	\$ -	\$ -	\$ -	\$ 706,800	\$ 137,292	\$ 21,266,521	\$ -	\$ -	\$ -	\$ 22,110,613	
Fiduciary Funds											
Employee's Retirement	\$ -	\$ 141,931	\$ 535,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 677,031	
Firefighters' Pension	-	49,222	181,497	-	-	-	-	-	-	230,719	
OPEB Trust	-	-	6,454	-	-	-	-	-	-	6,454	
Total Fiduciary Funds	\$ -	\$ 191,153	\$ 723,051	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 914,204	
Component Units											
Housing Commission	\$ -	\$ 37,978	\$ 1,188	\$ -	\$ 24,379	\$ -	\$ -	\$ -	\$ -	\$ 63,545	
Metro Communications Agency	\$ -	\$ 32,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,704	

D. Interfund Receivables and Payables

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

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, 2020, was as follows:

An additional \$4,255,779 is included in the internal balances of the governmental funds and business-type funds on the

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General Fund	T.I.F. District	\$ 50,000
General Fund	Storm Drainage	142,622
Electric Light	General Fund	74,181
Electric Light	Sales and Use Tax Fund	69,922

Notes to Financial Statements

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2020:

	Due from			
	Federal	State	Local	Total
Primary Government:				
Governmental Activities				
General Fund	\$ 9,735,533	\$ 9,555,792	\$ 313,482	\$ 19,604,807
Entertainment Tax	28,079	772,849	-	800,928
Sales/Use Tax	484,805	17,734,222	-	18,219,027
Community Development	214,175	-	-	214,175
Storm Drainage	985	24,638	78,581	104,204
Nonmajor Funds	283,470	-	-	283,470
Internal Service Funds	-	-	14,647	14,647
Total Governmental Activities	\$ 10,747,047	\$ 28,087,501	\$ 406,710	\$ 39,241,258
Component Units				
Housing Commission	\$ 406,093	\$ -	\$ -	\$ 406,093
Metro Communications Agency	\$ -	\$ 77,928	\$ 597,547	\$ 675,475
Total Primary Government	\$ 10,747,047	\$ 28,087,501	\$ 406,710	\$ 39,241,258

F. Interfund Transfers

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

The financial statements reflect interfund transfers as follows:

	Transfers in:					Total
	Sales and Use Tax	Community Development	Storm Drainage	Nonmajor Governmental Funds	Technology Revolving	
Transfers out:						
General Fund	\$ 25,200,000	\$ 1,785,227	\$ -	\$ 5,830,000	\$ 800,000	\$ 33,615,227
Sales and Use Tax	-	-	-	750,000	-	750,000
Water Reclamation	239,455	-	541,995	-	-	781,450
Total	\$ 25,439,455	\$ 1,785,227	\$ 541,995	\$ 6,580,000	\$ 800,000	\$ 35,146,677

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Notes to Financial Statements

G. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance (Restated)	Additions	Transfers & Retirements	Ending Balance
Primary Government:				
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 160,966,295	\$ 14,191,845	\$ (136,500)	\$ 175,021,640
Intangibles (Rights)	5,542,337	-	-	5,542,337
Construction in Progress	13,252,127	76,549,606	(69,742,492)	20,059,241
Depreciable Assets:				
Buildings	372,963,212	4,973,145	(265,204)	377,671,153
Improvements other than Buildings	171,450,194	2,237,114	(974,321)	172,712,987
Equipment	128,792,175	11,149,202	(5,779,270)	134,162,107
Infrastructure	1,139,533,092	74,194,554	(11,182,956)	1,202,544,690
Totals at Historical Cost	<u>1,992,499,432</u>	<u>183,295,467</u>	<u>(88,080,743)</u>	<u>2,087,714,156</u>
Accumulated Depreciation:				
Buildings	(133,157,328)	(9,435,107)	120,056	(142,472,379)
Improvements other than Buildings	(111,632,111)	(5,843,328)	434,868	(117,040,571)
Equipment	(81,629,714)	(10,534,920)	4,756,939	(87,407,695)
Infrastructure	(446,916,960)	(37,863,912)	6,774,094	(478,006,780)
Total Accumulated Depreciation	<u>(773,336,113)</u>	<u>(63,677,267)</u>	<u>12,085,957</u>	<u>(824,927,425)</u>
Governmental Activities Capital Assets, net	<u>\$ 1,219,163,319</u>	<u>\$ 119,618,200</u>	<u>\$ (75,994,786)</u>	<u>\$ 1,262,786,731</u>
Business-type Activities:				
Non-Depreciable Assets:				
Land	\$ 18,236,385	\$ 1,829,767	\$ 122,223	\$ 20,188,375
Intangibles (Rights)	75,612,550	69,371	-	75,681,921
Construction in Progress	18,197,803	44,218,297	(29,968,711)	32,447,389
Depreciable Assets:				
Buildings	49,324,022	57,105	-	49,381,127
Improvements other than Buildings	61,040,922	8,908,138	-	69,949,060
Equipment	47,372,103	2,949,381	(539,032)	49,782,452
Infrastructure	718,748,896	40,011,805	(2,178,453)	756,582,248
Totals at Historical Cost	<u>988,532,681</u>	<u>98,043,864</u>	<u>(32,563,973)</u>	<u>1,054,012,572</u>
Accumulated Depreciation				
Buildings	(23,092,490)	(1,959,095)	-	(25,051,585)
Improvements other than Buildings	(40,448,444)	(2,336,570)	-	(42,785,014)
Equipment	(31,996,821)	(1,904,173)	526,631	(33,374,363)
Infrastructure	(299,791,162)	(20,863,640)	2,101,575	(318,553,227)
Total Accumulated Depreciation	<u>(395,328,917)</u>	<u>(27,063,478)</u>	<u>2,628,206</u>	<u>(419,764,189)</u>
Business-type Activities Capital Assets, net	<u>\$ 593,203,764</u>	<u>\$ 70,980,386</u>	<u>\$ (29,935,767)</u>	<u>\$ 634,248,383</u>
Total Primary Government Capital Assets, net	<u>\$ 1,812,367,083</u>	<u>\$ 190,598,586</u>	<u>\$ (105,930,553)</u>	<u>\$ 1,897,035,114</u>

Notes to Financial Statements

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	6,742,811	3,572	-	6,746,383
Improvements other than Buildings	445,040	-	-	445,040
Equipment	271,485	12,810	-	284,295
Totals at Historical Cost	8,388,087	16,382	-	8,404,469
Less Accumulated Depreciation:				
Buildings	(3,449,015)	(136,881)	-	(3,585,896)
Improvements other than Buildings	(160,989)	(28,102)	-	(189,091)
Equipment	(238,780)	(15,624)	-	(254,404)
Total Accumulated Depreciation	(3,848,784)	(180,607)	-	(4,029,391)
Total Housing Commission Capital Assets, net	\$ 4,539,303	\$ (164,225)	\$ -	\$ 4,375,078
Metro Communications Agency				
Depreciable Assets:				
Equipment	\$ 2,428,225	\$ 27,071	\$ -	\$ 2,455,296
Totals at Historical Cost	2,428,225	27,071	-	2,455,296
Less Accumulated Depreciation:				
Equipment	(2,015,908)	(161,867)	-	(2,177,775)
Total Accumulated Depreciation	(2,015,908)	(161,867)	-	(2,177,775)
Total Metro Communications Agency Capital Assets, net	\$ 412,317	\$ (134,796)	\$ -	\$ 277,521

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

Governmental Activities:	Amount
General Government	\$ 1,504,876
Public Safety	3,108,257
Highways & Streets	38,048,162
Health	258,287
Culture & Recreation	15,422,859
Urban & Economic Development	1,293,395
Capital Assets Held by the Government's Internal Service Funds	4,041,431
Total Depreciation Expense - Governmental Activities	<u>\$ 63,677,267</u>
Business-type Activities:	
Electric Light	\$ 1,560,937
Public Parking Facilities	1,367,731
Sanitary Landfill	1,575,593
Water	8,552,157
Water Reclamation	14,007,060
Total Depreciation Expense - Business-type Activities	<u>\$ 27,063,478</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Notes to Financial Statements

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	Authorization	12/31/2020	Committed	Carryovers	Carryforwards
City Center Office Building	\$ 299,557	\$ -	\$ 299,557	228,921	70,636
Centralized Facilities Improvements	714,518	148,235	566,283	54,695	511,588
Event Center HVAC Upgrades	-	-	-	-	-
Engineering Infrastructure Projects	32,536,071	11,562,577	20,973,494	7,636,026	13,337,468
Railroad Development	1,112,116	553,256	558,860	174,402	384,458
Construction of Fire Station #12	3,456,219	2,861,015	595,204	84,502	510,702
Public Safety Training Center	48,403,065	1,328,511	47,074,554	4,182,499	42,892,055
Fire Apparatus Pumper	137,442	137,442	-	-	-
Fleet/Street Generators	275	-	275	275	-
Light and Power Facility Improvements	50,795	17,450	33,345	-	33,345
Electric Light Projects	495,449	-	495,449	101,310	394,139
Electric Light Meters	58,881	58,881	-	-	-
Circuit Improvements	5,069,880	-	5,069,880	3,273	5,066,607
Electronic Automated Meter Reading	675,936	553,924	122,012	15,922	106,090
Arrowhead Park Development	19,975	4,015	15,960	15,960	-
Arboretum Park Improvements	136,000	105,395	30,605	-	30,605
Bike Trail Construction/Reconstruction	923,155	551,991	371,164	196,651	174,513
Skate Park Improvements	35,500	-	35,500	-	35,500
Development of Play Structures	15,294	-	15,294	-	15,294
Falls Park West Development	79,362	-	79,362	4,549	74,813
Family Park Improvements	42,477	-	42,477	-	42,477
Great Bear Master Plan Improvements	2,585,550	105,990	2,479,560	82,049	2,397,511
Harmon Park Improvements	85,000	-	85,000	-	85,000
Parks System Master Plan	158,585	158,585	-	-	-
Kirby Dog Park Development	2,139	-	2,139	2,139	-
Northeast Brandon Park/School Site Development	111,680	111,680	-	-	-
Park Land Acquisition	1,632,714	7,800	1,624,914	542	1,624,372
Park Roads and Parking Lots Improvements	72,386	25,405	46,981	24,580	22,401
Park Internal Trails Improvements	28,389	-	28,389	18,428	9,961
Playcourt Cyclic Improvements	12,971	-	12,971	-	12,971
Prairie Green Golf Course	268,000	-	268,000	-	268,000
River Greenway	360,000	307,867	52,133	51,543	590
Sertoma Park Improvements	495,996	370,512	125,484	123,241	2,243
Sherman Park Improvements	1,000	-	1,000	1,000	-
Southeast Sioux Falls Park/School Site	30,000	-	30,000	-	30,000
Spencer Park Improvements	85,000	32,514	52,486	-	52,486
Terrace Park Development	544,043	117,046	426,997	408,056	18,941
Zoo Master Plan Improvements	25,256	-	25,256	4,319	20,937
Downtown Parking Ramp	882,340	-	882,340	46,862	835,478
Fleet Sanders	1,524,311	1,524,311	-	-	-
Landfill Land Acquisition	17,475	-	17,475	-	17,475
Landfill Expansion	195,256	-	195,256	149,709	45,547
Landfill Building Improvements	3,459,616	1,958,706	1,500,910	398,538	1,102,372
Landfill Leachate Recirculation Infrastructure	1,755,282	-	1,755,282	1,146,178	609,104
Landfill Solid Waste Plan	284,900	253,641	31,259	-	31,259
Arena Building Improvements	200,000	-	200,000	-	200,000
Convention Center Building Improvements	394,992	34,500	360,492	96,761	263,731
Events Center Building Improvements	1,139,104	277,794	861,310	33,939	827,371
Orpheum Building Improvements	5,122	-	5,122	5,122	-
Washington Pavilion Building Improvements	1,038,306	25,435	1,012,871	9,500	1,003,371
Transit Office Remodel	330,000	-	330,000	-	330,000
Storm Sewer Projects	18,554,665	183,049	18,371,616	3,294,351	15,077,265
Water Projects	10,065,744	4,091,878	5,973,866	2,778,030	3,195,836
Water Reclamation Projects	88,599,244	25,037,229	63,562,015	15,956,099	47,605,916
	\$ 229,207,033	\$ 52,506,630	\$ 176,700,399	37,329,971	139,370,428

The Housing Commission also has outstanding contract commitments as of September 30, 2020 totaling \$249,410. Of this total, \$121,910 relates to 716/718 North Harrington Ave, \$63,000 relates to 231 South Grange Ave, and \$64,500 relates to 1305 East 8th St.

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.

Notes to Financial Statements

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	\$ 88,007,834
Plus: assets contributed from outside sources	27,281,518
Plus: assets added by Internal Service Funds	23,252,917
Plus: construction in progress added as an asset in current year	44,753,198
Capital asset increase per footnote	<u>183,295,467</u>
Plus: loss on sale of assets	(1,625,766)
Less: assets contributed from outside sources	(27,281,518)
Plus: assets added by Internal Service Funds	(23,252,917)
Less: construction in progress added as an asset in current year	(44,753,198)
Depreciation expense	<u>(59,635,836)</u>
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 26,746,232</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, 2020.

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 155,585,000	\$ 42,315,000	\$ 39,010,000	\$ 158,890,000	\$ 9,540,000
Notes Payable	9,049,491	302,638	952,244	8,399,885	821,244
Total Debt	<u>164,634,491</u>	<u>42,617,638</u>	<u>39,962,244</u>	<u>167,289,885</u>	<u>10,361,244</u>
Unamortized Bond Premium	7,465,690	11,613,131	582,047	18,496,774	685,800
Rebatable Arbitrage	22,024	-	-	22,024	n/a
Accrued Compensated Absences					
Governmental Funds *	11,552,673	5,697,497	5,119,211	12,130,959	1,000,000
Internal Service Funds	183,251	164,012	187,333	159,930	29,500
Total Governmental Activities	<u>183,858,129</u>	<u>60,092,278</u>	<u>45,850,835</u>	<u>198,099,572</u>	<u>12,076,544</u>
Business-type Activities:					
Bonds Payable:					
Revenue	44,000,000	-	3,720,000	40,280,000	3,685,000
Revenue Notes Payable	80,230,517	13,269,306	12,276,223	81,223,600	12,291,641
Total Debt	<u>124,230,517</u>	<u>13,269,306</u>	<u>15,996,223</u>	<u>121,503,600</u>	<u>15,976,641</u>
Unamortized Bond Premium	5,302,803	-	282,698	5,020,105	378,837
Closure & Postclosure Care Costs	10,781,048	-	348,247	10,432,801	n/a
Accrued Compensated Absences	1,854,882	1,023,906	968,606	1,910,182	193,000
Total Business-type Activities	<u>142,169,250</u>	<u>14,293,212</u>	<u>17,595,774</u>	<u>138,866,688</u>	<u>16,548,478</u>
Total Primary Government	<u>\$ 326,027,379</u>	<u>\$ 74,385,490</u>	<u>\$ 63,446,609</u>	<u>\$ 336,966,260</u>	<u>\$ 28,625,022</u>
Component Units					
Housing Commission					
Revenue Notes Payable	\$ 273,163	\$ -	\$ 31,345	\$ 241,818	\$ 31,345
Line of Credit	970,326	-	145,562	824,764	824,764
Mortgages Payable	3,460,072	-	40,953	3,419,119	316,856
Accrued Compensated Absences	97,357	103,669	102,657	98,369	52,050
Total Housing Commission	<u>\$ 4,800,918</u>	<u>\$ 103,669</u>	<u>\$ 320,517</u>	<u>\$ 4,584,070</u>	<u>\$ 1,225,015</u>
Metro Communications Agency					
Accrued Compensated Absences	\$ 291,677	\$ 298,420	\$ 301,752	\$ 288,345	\$ 142,610
Total Metro Communications Agency	<u>\$ 291,677</u>	<u>\$ 298,420</u>	<u>\$ 301,752</u>	<u>\$ 288,345</u>	<u>\$ 142,610</u>

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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Notes to Financial Statements

Individual Debt Issues and Other Long-Term Liabilities by Fund—The following is a summary of the individual debt issues, as of the year ended December 31, 2020.

	Purpose	Interest Rates***	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
PRIMARY GOVERNMENT							
Governmental Activities							
Revenue Bonds & Notes							
Sales & Use Tax Fund							
Series 2012A Sales Tax	* Events Center	3.21%	2033	\$ -	\$ 108,440,000	\$ 85,465,000	\$ 8,205,378
Series 2012B Sales Tax	* Events Center	1.87%	2023	-	13,705,000	3,435,000	2,052,000
Series 2016A Sales Tax	* City Center Office Building	3.09%	2036	-	20,260,000	19,720,000	1,805,500
Series 2018A Sales Tax	* Library & Parks (I) Refunding	2.14%	2025	-	10,635,000	7,955,000	1,841,500
Series 2020A Sales Tax	* Public Safety Facility	2.42%	2040	-	42,315,000	42,315,000	3,399,750
Total Sales & Use Tax				-	195,355,000	158,890,000	17,304,128
Community Development Fund							
State Flex Funds	Rental Rehab Loans	0.00%	2021	-	600,000	600,000	600,000
Storm Drainage Fund							
State Revolving Note #39	System Construction	1.00%	2030	226,362	8,602,638	7,799,885	8,026,247
Total Storm Drainage				226,362		7,799,885	8,026,247
Total Revenue Bonds & Notes				226,362		167,289,885	25,930,375
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2033	n/a	n/a	18,496,774	n/a
Total Debt				226,362		185,786,659	25,930,375
Vested Compensated Absences							
Governmental Funds	Compensated Absences	n/a	n/a	n/a	n/a	12,130,959	n/a
Internal Service Funds	Compensated Absences	n/a	n/a	n/a	n/a	159,930	n/a
Total Governmental Activities				\$ 226,362		\$ 198,077,548	\$ 25,930,375
Business-type Activities							
Revenue Bonds & Notes							
Water							
Series 2017A Sales Tax	* Lewis & Clark Refunding	1.80%	2026	\$ -	\$ 31,045,000	\$ 24,050,000	\$ 3,642,938
2011 State Revolving Note DW #11	System Improvements	2.25%	2022	-	4,000,000	979,799	979,799
Total Water				-		25,029,799	4,622,737
Water Reclamation							
State Revolving Note #21	System Construction	2.25%	2027	-	34,813,977	13,646,464	2,262,608
State Revolving Note #32	System Construction	1.25%	2023	-	23,037,837	5,524,346	2,464,304
State Revolving Note #33	System Construction	1.25%	2023	-	13,657,053	4,004,670	1,483,691
State Revolving Note #34	System Construction	2.25%	2024	-	12,040,836	5,147,854	1,349,359
State Revolving Note #35	System Construction	1.25%	2027	1,222,150	10,757,307	7,708,167	1,151,764
State Revolving Note #36	System Construction	1.25%	2028	9,509,456	16,550,544	13,424,496	1,765,982
State Revolving Note #37	System Construction	1.25%	2029	3,271,236	7,284,301	6,015,764	780,004
State Revolving Note #38	System Construction	1.00%	2029	3,146,226	9,272,977	8,412,899	1,004,955
State Revolving Note #40	System Construction	1.50%	n/a	14,717,971	12,090,829	12,090,829	n/a
State Revolving Note #41	System Construction	2.50%	n/a	37,356,689	4,268,311	4,268,311	n/a
Total Water Reclamation				69,223,728		80,243,801	12,262,667
Public Parking							
Series 2018B Sales Tax	Parking Ramp Construction	3.51%	2032	-	18,540,000	16,230,000	1,877,774
Total Debt				69,223,728		121,503,600	18,763,178
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2026	n/a	n/a	5,020,105	n/a
Total Debt						126,523,705	18,763,178
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	1,910,182	n/a
Total Business-type Activities				\$ 69,223,728		\$ 128,433,887	\$ 18,763,178

* 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
Comprehensive Annual Financial Report
December 31, 2020**

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, 2020.

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	\$ 241,818	\$ 31,345
Line of Credit	First Premier Bank	4.50%	2021	-	1,400,000	824,764	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	101,340	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	137,697	5,820
Sioux Falls Community Development	Affordable Housing	0.00%	2044	-	179,550	93,334	3,333
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	27,593	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	144,766	90,000
SD Housing Development Authority	Affordable Housing	0.00%	2034	-	697,234	689,590	n/a
Home Federal Bank	Affordable Housing	4.75%	2022	-	40,000	27,889	3,132
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	42,932	6,952
Sioux Falls Community Development	Affordable Housing	0.00%	n/a	-	300,000	275,000	275,000
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	361,000	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	105,667	12,172
SD Housing Development Authority	Affordable Housing	0.00%	2041	-	200,000	184,000	4,000
Total Mortgages				-	-	3,419,119	620,510
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	98,369	49,332
Total Housing Commission				\$ -	-	\$ 4,584,070	\$ 701,187
Metro Communications Agency							
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	\$ 288,345	\$ 142,610

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, 2020, are as follows:

PRIMARY GOVERNMENT Governmental Activities Revenue Bonds & Notes	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2020		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	32%	2040	\$ 244,940,000	\$ 21,637,984	\$ 67,135,016	\$ 264,315,583
Community Development Fund								
State Flex Funds	Rental Rehab Loans	Community Development Revenues	0%	2021	600,000	-	2,239,490	600,000
Storm Drainage Fund								
State Revolving Notes	System Construction	Storm Drainage Revenues	11%	2030	8,602,638	1,034,909	9,167,916	8,068,599
Business-type Activities								
Revenue Bonds & Notes								
Water								
State Revolving Notes	System Construction	Water Revenues	5%	2023	4,000,000	1,179,846	23,196,770	1,006,936
Water Reclamation	System Construction	Water Reclamation Revenues	35%	2027	116,466,121	9,433,405	26,867,508	44,854,024

Revenue Bonds Payable

Bonds payable at December 31, 2020, 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, 2020, are as follows:

Year	Sales and Use Tax		Total
	Principal	Interest	
2021	9,540,000	6,048,511	15,588,511
2022	10,055,000	5,715,448	15,770,448
2023	11,660,000	5,382,078	17,042,078
2024	10,070,000	5,002,628	15,072,628
2025	10,490,000	4,651,578	15,141,578
2026-2030	48,680,000	18,327,370	67,007,370
2031-2035	41,975,000	8,636,623	50,611,623
2036-2040	16,420,000	2,363,248	18,783,248
Totals	\$ 158,890,000	\$ 56,127,484	\$ 215,017,484

Notes to Financial Statements

Water			
Year	Principal	Interest	Total
2021	2,700,000	1,202,500	3,902,500
2022	2,800,000	1,067,500	3,867,500
2023	3,100,000	927,500	4,027,500
2024	3,950,000	772,500	4,722,500
2025	4,100,000	575,000	4,675,000
2026	7,400,000	370,000	7,770,000
Totals	\$ 24,050,000	\$ 4,915,000	\$ 28,965,000

Public Parking			
Year	Principal	Interest	Total
2021	985,000	548,231	1,533,231
2022	1,035,000	520,454	1,555,454
2023	1,085,000	490,232	1,575,232
2024	1,195,000	457,465	1,652,465
2025	1,090,000	420,301	1,510,301
2026-2030	7,295,000	1,465,783	8,760,783
2031-2032	3,545,000	200,634	3,745,634
Totals	\$ 16,230,000	\$ 4,103,099	\$ 20,333,099

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, 2020, the City had a rebatable arbitrage liability of \$22,024, which was payable from the Capital Improvements Special Revenue Fund.

Recovery Zone Economic Development Bonds

The City has elected to receive refundable tax credits from the United States Treasury under Section 54AA(g) of the Internal Revenue Code of 1986, as amended, for the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable tax credits are required to be deposited into the Bond Fund and can be used for the payment of interest on the bonds. The refundable credit of 41.8 percent of the interest payment is reported as Federal Grants in the Statement of Revenues, Expenses, and Changes in Net Position. As of December 31, 2020, these bonds have been completely paid off, and the City will no longer receive this credit.

Tax Increment Financing (TIF) Districts

The City has 12 active TIF districts. For each of these 12 districts, the City has entered into an agreement with the developer of the TIF district. Under each agreement, tax increments received by the City are paid over to the project sponsor as a grant to cover initial eligible project expenses as allowed by South Dakota state statutes. The project sponsor bears the risk that increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses; the City bears no responsibility to make up any shortfall. Increments totaling \$3,028,958 were received by the City and paid to project sponsors during 2020.

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 62. 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
2021	821,244	73,991	895,235
2022	829,487	65,748	895,235
2023	837,813	57,422	895,235
2024	846,223	49,012	895,235
2025	854,717	40,518	895,235
2026-2030	3,516,939	75,485	3,592,424
Totals	\$ 7,706,423	\$ 362,176	\$ 8,068,599
Issues With No Estimate Available	93,462		
Total	\$ 7,799,885		

The Storm Drainage Fund currently has \$226,362 available and undrawn notes payable from the South Dakota Conservancy District.

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

Water			
Year	Principal	Interest	Total
2021	929,366	18,440	947,806
2022	50,433	8,697	59,130
Totals	\$ 979,799	\$ 27,137	\$ 1,006,936

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

Notes to Financial Statements

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
2021	11,362,275	900,393	12,262,668
2022	11,535,225	727,443	12,262,668
2023	9,553,936	557,069	10,111,005
2024	7,896,212	418,460	8,314,672
2025	6,667,044	298,270	6,965,314
2026-2030	16,801,800	326,099	17,127,899
Totals	\$ 63,816,492	\$ 3,227,734	\$ 67,044,226
Issues With No Estimate Available	16,427,309		
Total	\$ 80,243,801		

The Water Reclamation Fund has \$69,223,728 available and undrawn notes payable from the South Dakota Conservancy District.

State Flex Funds

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

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
2021	\$ 348,201	\$ 10,287	\$ 358,488
2022	97,823	9,317	107,140
2023	72,525	7,702	80,227
2024	73,221	7,006	80,227
2025	74,964	6,263	81,227
2026-2030	303,931	20,315	324,246
2031-2035	1,289,914	6,480	1,296,394
2036-2040	295,099	3,459	298,558
2041-2045	336,173	1,030	337,203
Thereafter	769,086	-	769,086
Totals	\$ 3,660,937	\$ 71,859	\$ 3,732,796

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.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Notes to Financial Statements

Accordingly, at December 31, 2020, the City has an available legal debt limit as follows:

2020 Assessed Actual Value Subject to Taxation:				\$ 16,332,883,285	
Category	Legal Debt Limit		Net Bonded Debt Outstanding	Available Legal Debt Margin	
	Percent	Amount			
General Purpose 1	5.0%	\$ 816,644,164	\$ 287,849,999	\$ 528,794,165	
Special Purpose 2	10.0%	1,633,288,329	-	1,633,288,329	
Special Purpose 3	8.0%	1,306,630,663	-	1,306,630,663	
		\$ 3,756,563,156	\$ 287,849,999	\$ 3,468,713,157	
Surcharge Debt Not Included in Legal Debt Limit			19,440,260		
Total Debt			\$ 307,290,259		

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, 2020. The total rental expense for operating leases for the year ended December 31, 2020, was approximately \$2,056,528.

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

J. Fund balances

The City-classified fund balances within the governmental funds as follows at December 31, 2020:

	General	Entertainment Tax	Sales and Use Tax	Community Development	Storm Drainage	General Government Construction	Public Safety Facility Construction	Other Governmental Funds	Total
Fund balances:									
Nonspendable:									
Inventory	\$ 2,059,101	\$ -	\$ 5,960,780	\$ 100,494	\$ -	\$ -	\$ -	\$ -	\$ 8,120,375
Permanent Fund Principal	-	-	-	-	-	-	-	26,767	26,767
Total Nonspendable	2,059,101	-	5,960,780	100,494	-	-	-	26,767	8,147,142
Restricted for:									
Debt Service	-	-	16,525,165	-	-	-	-	22	16,525,187
Park and Recreation	98,294	-	439,472	-	-	-	-	-	537,766
Police	315,297	-	78,972	-	-	-	-	-	394,269
Library	31,721	-	-	-	-	-	-	17,156	48,877
Community Development	-	-	-	24,509,024	-	-	-	-	24,509,024
Heroic Awards	-	-	-	-	-	-	-	3,685	3,685
City Center Office Building	-	-	-	-	-	133,136	-	-	133,136
Public Safety Facility Building	-	-	-	-	-	-	46,927,237	-	46,927,237
Storm Drainage	-	-	-	-	2,977,176	-	-	-	2,977,176
Other Capital Projects	-	-	-	-	3,861,659	-	-	-	3,861,659
Total Restricted	445,312	-	17,043,609	24,509,024	6,838,835	133,136	46,927,237	20,863	95,918,016
Committed to:									
Operating Agreements	990,427	2,931,972	-	-	-	-	-	701,036	4,623,435
Entertainment Venues	-	8,353,565	-	-	-	-	-	-	8,353,565
Other Capital Projects	-	-	21,868,150	-	-	-	-	-	21,868,150
Total Committed	990,427	11,285,537	21,868,150	-	-	-	-	701,036	34,845,150
Assigned to:									
Transit System	-	-	-	-	-	-	-	5,973,504	5,973,504
2021 Budget	5,415,925	-	-	-	-	-	-	-	5,415,925
Total Assigned	5,415,925	-	-	-	-	-	-	5,973,504	11,389,429
Unassigned:	79,692,536	-	-	-	-	-	-	-	79,692,536
Total Fund Balances	\$ 88,603,301	\$ 11,285,537	\$ 44,872,539	\$ 24,609,518	\$ 6,838,835	\$ 133,136	\$ 46,927,237	\$ 6,722,170	\$ 229,992,273

Notes to Financial Statements

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, 2020, was \$682,880 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 \$1,225,000 from the county for operations during 2020. 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 \$2,145,000 and \$1,489,091, 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 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, 2020, the City has commitments on construction projects totaling \$176,700,399 as detailed in Note 3 (G).

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

The City's investment to date of \$75.6 million is recorded in the Water enterprise fund as an intangible asset. Of this investment, the City made prepayments equal to \$64.3 million for the City's share of the estimated project costs associated with the City's portion of base capacity and additional capacity. An interim true-up conducted between Lewis and Clark and the City shows that the City holds a credit with Lewis and Clark of \$12,318,043 (in 2014 dollars). Of that sum, \$2,866,329 has been applied to the Sioux Falls share of the 85th Street Tower and \$3,706,881 has been applied to the Sioux Falls share of two wells designated as wells "A" and "B." The Sioux Falls costs, as that term is defined in contracts between Lewis and Clark and the City, have been fully paid. The net interim credit to the City is \$6,182,121 (in 2016 dollars). This credit is indexed annually according to the Bureau of Reclamation construction cost index. Any remaining surplus or deficiency will be calculated for base system costs in a final true-up upon completion of the project. Construction of the overall system is 84.3% complete and funding to complete 86%. 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 pays a capacity charge of \$0.44 per one thousand gallons of available capacity regardless of volume purchased and a volumetric charge of \$0.61 per one thousand gallons for gallons purchased monthly. If a system uses 100% of their capacity, the effective rate is \$1.05 per one thousand gallons. The Sioux Falls effective rate for 2020 ranged from \$1.03 in August to \$1.23 in October with an average effective rate of \$1.11 for 2020

Notes to Financial Statements

For the year 2020 the city received a daily average of 10.521 million gallons per day with a peak day of 14.439 million gallons which occurred on August 25, 2020. A total of 3,850,785,000 gallons of water was purchased for the year ending December 31, 2020 which is 48% of Sioux Falls total water.

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

B. Contingent Liabilities

Litigation

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

Solid Waste Landfill Closure and Post-closure Care Costs

The City owns and operates a landfill site located west of the city. State and federal laws will require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The City recognizes a portion of the closure and post-closure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of December 31. The change in the liability for the year ended December 31, 2020, is as follows:

CHANGE IN LIABILITY		Amount
Balance at January 1		\$ 10,781,049
Change in liability due to usage and revision of estimates		(348,248)
Balance at December 31		<u>\$ 10,432,801</u>

As of December 31, 2020, the City estimate is as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Sioux Falls Regional Sanitary Landfill	39.4%	\$ 10,432,801	\$ 13,099,180	55.0
Totals		<u>\$ 10,432,801</u>	<u>\$ 13,099,180</u>	

The future estimated liability for these costs will be recognized as the remaining capacity is used. The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

By local ordinance as well as state and federal laws, the City is required to establish a restricted financial assurance cash fund to accumulate assets needed for the actual payment of closure and postclosure care costs. Currently, assets reported as restricted cash and cash equivalents on the combined balance sheet include \$10.4 million held for this purpose.

Note 7—Risk Management

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

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

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

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

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

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

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

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

Notes to Financial Statements

As of December 31, 2020, the Municipality’s balance available to be refunded per the SDPAA was \$2,086,979, which was a decrease of \$125,264 from the previous year. The change in the amount available for refund was accounted for as a decrease in the insurance expense.

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

	2019	2020
Balance January 1	\$ 2,100,000	\$ 2,100,000
Claims incurred during the year	18,296,765	15,500,347
Payments on claims during the year	(18,296,765)	(15,400,347)
Balance December 31	<u>\$ 2,100,000</u>	<u>\$ 2,200,000</u>

The Workers’ Compensation Fund has total assets and total deferred outflows of resources of \$5,892,525 at December 31, 2020, which will be used to pay current expenses of the fund. The fund has total liabilities and deferred inflows of resources of \$2,252,921 which includes a loss reserve liability of \$2,133,157 for those claims incurred as of December 31, 2020, 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, 2020, there were two series of Industrial Revenue/Economic Development Bonds outstanding with an aggregate principal amount payable of \$49.9 million.

Note 9—Fair Value

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

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

Level 2 – Inputs to the valuation methodology include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in active markets;
3. Inputs other than quoted prices that are observable for the asset or liability;
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The following table presents the assets measured at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2020:

Notes to Financial Statements

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Pooled Cash				
Money Market Mutual Funds	\$ 30,564,967	\$ -	\$ -	\$ 30,564,967
U.S. Treasury Securities	-	194,711,394	-	194,711,394
Total Debt Service Trust Investments	<u>\$ 30,564,967</u>	<u>\$ 194,711,394</u>	<u>\$ -</u>	<u>\$ 225,276,361</u>
Debt Service Trust				
Money Market Mutual Funds	\$ 66,527,535	\$ -	\$ -	\$ 66,527,535
U.S. Treasury Securities	-	3,974,294	-	3,974,294
Fixed Income Investments	-	1,318,723	-	1,318,723
Total Debt Service Trust Investments	<u>\$ 66,527,535</u>	<u>\$ 5,293,017</u>	<u>\$ -</u>	<u>\$ 71,820,552</u>
Pension Investments				
Money Market Mutual Funds	\$ 3,928,013	\$ -	\$ -	\$ 3,928,013
Domestic Stocks	60,653,429	-	-	60,653,429
Foreign Stocks	3,745,103	-	-	3,745,103
U.S. Treasury Securities	-	19,223,925	-	19,223,925
Corporate Obligations	-	84,671,805	-	84,671,805
Foreign Obligations	-	17,541,462	-	17,541,462
Municipal Issues	-	2,914,469	-	2,914,469
Equity Funds	-	193,437,066	-	193,437,066
Partnership/Joint Ventures	-	-	47,829,770	47,829,770
Collective Investment Funds	-	-	328,903,969	328,903,969
	<u>\$ 68,326,545</u>	<u>\$ 317,788,727</u>	<u>\$ 376,733,739</u>	<u>\$ 762,849,011</u>
Investments measured at the net asset value (NAV)				
Pooled Cash Account				
South Dakota FIT	<u>\$ 11,130,998</u>			

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	\$ 11,130,998	-	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 12 active tax increment districts in which taxes are passed directly to developers. Because the general property taxes on tax increment districts are allocated to the districts, these taxes are not available to the City during the life of the tax increment district. The portion of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2020, that was not available to the City was \$2,608,412.

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 \$2,931,972, as well as, unearned revenue of \$200,000 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 \$990,427.

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 \$701,036.

Note 12—Restatement of Beginning Net Position

Management of the City has determined 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.

As a result of this conclusion, there has been a restatement of the beginning net position as well as a restatement of the beginning balance of both governmental and water capital assets and related accumulated depreciation. The adjustment to the beginning balances are as follows:

Governmental Activities:	
Net Position - December 31, 2019, as previously reported	\$ 1,224,581,241
Restatement to correct beginning capital asset costs	(3,317,742)
Restatement due to correcting beginning accumulated depreciation	1,154,509
	<u>1,222,418,008</u>
Net Position - January 1, 2020, as restated	<u>\$ 1,222,418,008</u>
Business-Type Activities:	
Net Position - December 31, 2019, as previously reported	\$ 565,321,445
Restatement to correct beginning capital asset costs	(21,558,556)
Restatement due to correcting beginning accumulated depreciation	3,661,478
	<u>547,424,367</u>
Net Position - January 1, 2020, as restated	<u>\$ 547,424,367</u>
Water Fund	
Net Position - December 31, 2019, as previously reported	\$ 301,161,576
Restatement to correct beginning capital asset costs	(21,558,556)
Restatement due to correcting beginning accumulated depreciation	3,661,478
	<u>283,264,498</u>
Net Position - January 1, 2020, as restated	<u>\$ 283,264,498</u>

Notes to Financial Statements

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

A. Defined Benefit Pension Plans

Plan Description

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

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

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

Plan Membership

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

Membership of the plans consisted of the following at December 31, 2020, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	714	175
Vested former members not yet receiving benefits	85	4
Active plan members	<u>545</u>	<u>131</u>
Total	<u>1,344</u>	<u>310</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 2020, 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%

Notes to Financial Statements

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%

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, 2020:

December 31, 2020	
Asset Class	Target Allocation
Domestic Equity	46%
International Equity	22%
Equity Real Estate	7%
Domestic Bonds	25%
Total	100%

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.76 percent for the CERS and 12.64 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, 2020, were as follows:

	CERS	CFPF
Total Pension Liability	\$ 520,106,495	\$ 190,511,690
Plan Fiduciary Net Position	(569,756,693)	(203,586,506)
Net Pension Liability (Asset)	\$ (49,650,198)	\$ (13,074,816)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.55%	106.86%
Net Pension Liability (Asset) as a percentage of Covered Payroll	-113.58%	-110.52%

Changes in the Net Pension Liability (Asset) at December 31, 2020, are as follows:

	CERS	CFPF
Total Pension Liability (TPL)		
Service Cost	\$ 7,899	\$ 3,418
Interest on the Total Pension Liability (TPL)	35,602	13,119
Benefit Changes	-	-
Actual versus expected TPL #	5,823	229
Assumption Changes	-	-
Benefit Payments and Refunds	(25,923)	(8,510)
Net Change in Total Pension Liability	23,401	8,256
Total Pension Liability - Beginning	\$ 496,705	\$ 182,256
Total Pension Liability - Ending (a)	\$ 520,106	\$ 190,512
Plan Fiduciary Net Position		
Employer Contributions	\$ 10,046	\$ 3,966
Employee Contributions	2,923	1,271
Pension Plan Net Investment Income	65,402	23,132
Benefit Payments and Refunds	(25,923)	(8,510)
Pension Plan Administrative Expense	(191)	(124)
Other	-	250
Net Change in Plan Fiduciary Net Position	52,257	19,985
Plan Fiduciary Net Position - Beginning	517,499	183,602
Plan Fiduciary Net Position - Ending (b)	\$ 569,756	\$ 203,587
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (49,650)	\$ (13,075)

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

For the year ended December 31, 2020, the City recognized a reduction of pension expense of \$21.0 million, which included total pension expense (reduction of pension expense) of (\$11.0 million) net of contributions totaling \$10.0 million for the CERS plan. The City recognized a reduction in pension expense of \$8.1 million, which included total pension expense (reduction of pension expense) of (\$4.1 million) net of contributions totaling \$4.0 million for the CFPF plan. At December 31, 2020, 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	\$ 4,523,828	\$ 4,018,045	\$ 173,717	\$ 1,611,840
Changes of Assumptions	2,490,723	2,219,081	-	55,134
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	42,526,491	-	14,676,968
Total	\$ 7,014,551	\$ 48,763,617	\$ 173,717	\$ 16,343,942

Notes to Financial Statements

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

	CERS	CFPF
Year Ended December 31:		
2021	(14,164,676)	(5,904,554)
2022	(6,516,487)	(2,537,265)
2023	(16,074,165)	(5,768,595)
2024	(4,993,738)	(1,959,811)
Thereafter	-	-
Total	<u>\$ (41,749,066)</u>	<u>\$ (16,170,225)</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, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2020, these best estimates of geometric returns are summarized in the following table:

	2020
Asset Class	Long-Term Expected Real Rate of Return*
Domestic Stocks	7.50%
International Stocks	8.50%
Real Estate Equity	4.50%
Domestic Bonds	2.50%
International Bonds	3.50%
* Real rate of return is net of administrative and investment expenses.	

Discount Rate

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption Results as of December 31, 2020			
	6.30%	7.30%	8.30%
CERS			
Total Pension Liability	\$ 586,107,012	\$ 520,106,495	\$ 464,987,265
Plan Fiduciary Net Position	(569,756,693)	(569,756,693)	(569,756,693)
Net Pension Liability (Asset)	<u>\$ 16,350,319</u>	<u>\$ (49,650,198)</u>	<u>\$ (104,769,428)</u>
CFPF			
Total Pension Liability	\$ 214,482,554	\$ 190,511,690	\$ 170,496,839
Plan Fiduciary Net Position	(203,586,506)	(203,586,506)	(203,586,506)
Net Pension Liability (Asset)	<u>\$ 10,896,048</u>	<u>\$ (13,074,816)</u>	<u>\$ (33,089,667)</u>

Plan Closure – Membership in the South Dakota Retirement System

Effective July 1, 2013, the CERS and CFPF were closed to new members. All full-time employees hired after this date will become members in the statewide South Dakota Retirement System (SDRS). All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provide retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

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

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

Notes to Financial Statements

Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level.

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

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

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

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

Contributions

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

2020, 2019, and 2018, the cost to the City was \$2,232,547, \$1,889,387, and \$1,558,009, respectively.

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

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

Proportionate Share of Net Pension Liability	\$ 190,243,985
Less Proportionate Share of Net Pension Restricted for Pension Benefits	(190,311,196)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (67,211)</u>

On December 31, 2020, the City reported an asset of \$67,211 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was 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, 2020, the City's proportion was 1.54758040 percent, which was an increase of 0.2064653 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized an increase of pension expense of \$2,057,132. On December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 257,119	\$ 52,651
Changes of Assumptions	2,164,923	8,731,256
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	6,246,944	-
Changes in proportion and difference between City contributions and proportionate share of contributions	-	1,163,054
City contributions subsequent to the measurement date	<u>1,245,665</u>	<u>-</u>
Total	<u>\$ 9,914,651</u>	<u>\$ 9,946,962</u>

There is \$1,245,665 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

Notes to Financial Statements

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:	
2021	(1,393,762)
2022	(956,614)
2023	(67,019)
2024	1,139,419
Total	<u>(1,277,976)</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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded by years of service, from 6.50 percent at entry to 3.00 percent after 25 years of service.
Discount Rate	6.50 percent net of plan investment expense
Future COLAs	1.41 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, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investments

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

rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (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%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%
	<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)	\$26,073,458	\$(67,211)	\$(21,449,763)

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, 2020, the City reported the following aggregate totals for all pension plans:

Accumulated Totals for SDRS, CERS and CFPF Plans	
Total Net Pension Asset	\$ 62,792,225
Total Deferred Outflows of Resources	17,102,919
Total Deferred Inflows of Resources	75,054,521
Total Reduction of Pension Expense	(12,770,627)

Notes to Financial Statements

B. Post-Employment Health Care Benefits (OPEB)

Plan Description and Administration

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

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

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

Benefits Provided

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

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

Plan Membership

Membership of the plans consisted of 79 inactive employees as of December 31, 2020, the date of the last actuarial valuation.

Change in Plan Design – OPEB

Effective January 1, 2014, access to the City’s health plan is no longer available to retiring employees. In its place, the City’s pension plan provides a flat dollar stipend to retirees to purchase their own health insurance. The stipend is a benefit to the employee/retiree only (no survivorship to spouse) and is given until the retiree reaches the Medicare eligible age (i.e., 65). In 2020 the amount of the stipend was \$47.76 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, 2020.

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, 2020 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	2.00 percent, 20-year municipal bond rate of December 31, 2020

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

OPEB Plan Investments

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

Notes to Financial Statements

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

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

Changes in the Net OPEB Liability (Asset)

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2019	\$ 2,345,132	\$ 4,567,958	\$(2,222,826)
Changes for the Year			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability (TPL)	59,174	-	59,174
Benefit Clarification	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	(304,644)	-	(304,644)
Contributions Employer	-	227	(227)
Assumption Changes	16,555	-	16,555
OPEB Plan Net Investment Income	-	77,362	(77,362)
Benefit Payments and Refunds	(386,671)	(386,671)	-
Net Change in Total Pension Liability	(615,586)	(309,082)	(306,504)
Balance at December 31, 2020	\$ 1,729,546	\$ 4,258,876	\$(2,529,330)

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)	\$ (2,495,153)	\$ (2,529,330)	\$ (2,562,100)

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

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

	Current Healthcare Cost Trend Rate Assumption		
	1% Decrease	Current Assumption	1% Increase
Net OPEB liability	\$ (2,584,755)	\$ (2,529,330)	\$ (2,472,233)

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$95,259. At the December 31, 2020, the City reported deferred outflows of resources and deferred

inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	95,256	-
Total	\$ 95,256	\$ -

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:	
2020	35,501
2021	35,499
2022	15,669
2023	8,587
2024	-
Thereafter	-
Total	\$ 95,256

Component Units

Housing Commission Retirement Plan

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

Notes to Financial Statements

7 percent. Beginning July 1, 2002, the full amount of the employer's contributions will be subject to the plan's vesting schedule of 20 percent for each year of the employee's participation in the plan. During the years ended September 30, 2020, 2019, and 2018, the cost to the Commission was \$49,557, \$50,686, and \$47,877, respectively.

Metro Communications Agency Retirement Plan

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

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

Benefits Provided

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married

Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0 percent of salary; Class B Judicial Members, 9.0 percent of salary; and Class B Public Safety Members, 8.0 percent of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Agency's share of contributions to the SDRS for the fiscal years ended December 31, 2020, 2019, and 2018 were \$197,046, \$177,520, and \$174,988, respectively, equal to the required contributions each year.

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

At June 30, 2020, SDRS is 100.04 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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Notes to Financial Statements

measurement period and reported by the Agency as of December 31, 2020, are as follows:

Proportionate Share of Net Pension Liability	\$ 17,251,387
Less Proportionate Share of Net Pension Restricted for Pension Benefits	(17,257,482)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (6,095)</u>

At December 31, 2020, the Agency reported an asset of \$6,095 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate the net pension asset was based on a projection of the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the Agency's proportion was .14033510 percent, which is a decrease of .00041762 percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Agency recognized a reduction of pension expense of \$264,628. At December 31, 2020, 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	\$ 23,316	\$ 4,774
Changes of Assumptions	196,316	791,753
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	566,475	-
Changes in proportion and difference between Agency contributions and proportionate share of contributions	1,739	17,639
Agency contributions subsequent to the measurement date	103,485	-
Total	<u>\$ 891,331</u>	<u>\$ 814,167</u>

\$103,485 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended December 31:	
2021	(80,175)
2022	(58,026)
2023	6,936
2024	104,944
Total	<u>\$ (26,321)</u>

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

Inflation	2.25 percent
Salary increases	Graded by years of service, from 6.50 percent at entry to 3.00 percent
Investment rate of return	6.50 percent net of plan investment expense
Future COLAs	1.41 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, 2020 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, 2020, are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%
	<u>100.0%</u>	

Notes to Financial Statements

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	\$ 2,364,350	\$ (6,095)	\$ (1,945,072)

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

Notes to Financial Statements - Fiduciary Funds Statement of Net Position

	<u>Employee's Retirement System</u>	<u>Firefighters' Pension Fund</u>	<u>City of Sioux Falls OPEB Trust</u>	<u>Total Pension and Health Care Trust Funds</u>	<u>Police Custodial Fund</u>
Assets					
Cash and Cash Equivalents	\$ 10,411,566	\$ 3,139,981	\$ 4,252,422	\$ 17,803,969	\$ 318,067
Receivables:					
Contribution	141,931	49,222	-	191,153	-
Interest	535,100	181,497	6,454	723,051	-
Total Receivables	<u>677,031</u>	<u>230,719</u>	<u>6,454</u>	<u>914,204</u>	<u>-</u>
Investments at Fair Value:					
US Government	13,839,093	5,384,832	-	19,223,925	-
Corporate Obligations	62,789,254	21,882,551	-	84,671,805	-
Foreign Obligations	13,346,658	4,194,804	-	17,541,462	-
State and Local Obligations	2,157,810	756,659	-	2,914,469	-
Domestic Stocks	44,266,329	16,387,100	-	60,653,429	-
Foreign Stocks	2,734,154	1,010,949	-	3,745,103	-
Index Funds:					
Equity	205,016,354	75,233,920	-	280,250,274	-
Government / Corporate Bonds	35,912,095	12,741,600	-	48,653,695	-
Mutual Funds:					
Foreign Equity	125,138,405	43,342,255	-	168,480,660	-
Domestic Equity	18,125,671	6,830,735	-	24,956,406	-
Real Estate	35,371,146	12,458,624	-	47,829,770	-
Total Investments	<u>558,696,969</u>	<u>200,224,029</u>	<u>-</u>	<u>758,920,998</u>	<u>-</u>
Total Assets	<u>569,785,566</u>	<u>203,594,729</u>	<u>4,258,876</u>	<u>777,639,171</u>	<u>318,067</u>
Liabilities					
Total Liabilities	<u>29,238</u>	<u>8,448</u>	<u>-</u>	<u>37,686</u>	<u>-</u>
Net Position					
Restricted for Pension and Post Employment Health Care Benefits	\$ 569,756,328	\$ 203,586,281	\$ 4,258,876	\$ 777,601,485	\$ -
Restricted for Police Evidence and Found Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,067</u>
Total Net Position	<u>\$ 569,756,328</u>	<u>\$ 203,586,281</u>	<u>\$ 4,258,876</u>	<u>\$ 777,601,485</u>	<u>\$ 318,067</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

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	\$ 10,045,628	3,965,830	\$ -	\$ 14,011,458	\$ -
Plan Members	2,923,284	1,270,599	-	4,193,883	-
Total Contributions	<u>12,968,912</u>	<u>5,236,429</u>	<u>-</u>	<u>18,205,341</u>	<u>-</u>
Investment Income (Loss)	66,716,871	23,638,139	77,362	90,432,372	-
Less Investment Expense	<u>1,314,429</u>	<u>505,724</u>	<u>-</u>	<u>1,820,153</u>	<u>-</u>
Net Investment Income (Loss)	65,402,442	23,132,415	77,362	88,612,219	-
Recovery of Prior Year Expense	-	250,211	-	250,211	-
Police Funds Received into Custody	-	-	-	-	207,436
Total Additions	<u>78,371,354</u>	<u>28,619,055</u>	<u>77,362</u>	<u>107,067,771</u>	<u>207,436</u>
Deductions					
Benefit Payments					
Pension	25,597,320	8,428,579	-	34,025,899	-
*Health Premiums	-	-	386,444	386,444	-
Total Benefit Payments	<u>25,597,320</u>	<u>8,428,579</u>	<u>386,444</u>	<u>34,412,343</u>	<u>-</u>
Police Funds Released from Custody	-	-	-	-	220,683
Refunds	325,410	81,477	-	406,887	-
Administrative Expense	<u>191,192</u>	<u>124,790</u>	<u>-</u>	<u>315,982</u>	<u>-</u>
Total Deductions	<u>26,113,922</u>	<u>8,634,846</u>	<u>386,444</u>	<u>35,135,212</u>	<u>220,683</u>
Change in Net Position	52,257,432	19,984,209	(309,082)	71,932,559	(13,247)
Total Net Position, January 1	<u>517,498,896</u>	<u>183,602,072</u>	<u>4,567,958</u>	<u>705,668,926</u>	<u>331,314</u>
Total Net Position, December 31	<u>\$ 569,756,328</u>	<u>203,586,281</u>	<u>\$ 4,258,876</u>	<u>\$ 777,601,485</u>	<u>\$ 318,067</u>

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City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 67,641,905	\$ 67,641,905	\$ 67,680,168	\$ 38,263
Sales	68,421,496	68,421,496	67,135,048	(1,286,448)
Frontage	4,818,650	4,818,650	4,888,992	70,342
Lodging (Includes BID)	3,130,923	3,130,923	2,173,357	(957,566)
Amusement	13,500	13,500	10,332	(3,168)
Penalties and Interest	100,000	100,000	117,448	17,448
Total Taxes	<u>144,126,474</u>	<u>144,126,474</u>	<u>142,005,345</u>	<u>(2,121,129)</u>
Licenses and Permits	<u>5,616,111</u>	<u>5,616,111</u>	<u>6,502,389</u>	<u>886,278</u>
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	<u>5,616,309</u>	<u>30,816,309</u>	<u>55,874,497</u>	<u>25,058,188</u>
State Shared Revenues:				
Motor Vehicle Licenses	3,100,000	3,100,000	3,254,037	154,037
Bank Franchise Tax	1,000,000	1,000,000	2,329,314	1,329,314
Liquor Tax Reversion	1,000,646	1,000,646	794,731	(205,915)
Health License Reversion	159,000	159,000	167,539	8,539
Fire Insurance Premium Reversion	561,000	561,000	692,611	131,611
Port of Entry Fees	75,000	75,000	77,459	2,459
Total State Shared Revenues	<u>5,895,646</u>	<u>5,895,646</u>	<u>7,315,691</u>	<u>1,420,045</u>
State Grants	<u>123,330</u>	<u>123,330</u>	<u>367,995</u>	<u>244,665</u>
County Shared Revenues:				
Wheel Tax	201,000	201,000	229,166	28,166
Contributions	1,269,000	1,269,000	1,253,231	(15,769)
Total County Shared Revenues	<u>1,470,000</u>	<u>1,470,000</u>	<u>1,482,397</u>	<u>12,397</u>
Total Intergovernmental Revenues	<u>13,105,285</u>	<u>38,305,285</u>	<u>65,040,580</u>	<u>26,735,295</u>
Special Assessments	260,670	260,670	203,863	(56,807)
Charges for Goods and Services	9,092,406	9,092,406	6,468,305	(2,624,101)
Fines and Forfeitures	639,000	639,000	624,945	(14,055)
Investment Revenue	550,000	550,000	1,115,743	565,743
Rentals/Operating Leases	56,295	56,295	53,136	(3,159)
Contributions	250,000	250,000	290,887	40,887
Miscellaneous Revenue	657,500	657,500	885,973	228,473
Total Revenues	<u>174,353,741</u>	<u>199,553,741</u>	<u>223,191,166</u>	<u>23,637,425</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government:				
Mayor	850,271	850,271	787,202	63,069
City Council	1,674,690	1,674,690	1,559,494	115,196
Attorney	1,966,703	1,966,703	1,848,104	118,599
Human Resources	1,689,983	1,689,983	1,518,889	171,094
Finance	3,291,481	3,291,481	3,203,946	87,535
Facilities Management	1,851,361	1,851,361	1,850,791	570
Innovation & Technology	4,854,440	4,854,440	4,278,188	576,252
Communications	2,245,411	2,245,411	1,733,322	512,089
Total General Government	18,424,340	18,424,340	16,779,936	1,644,404
Public Safety:				
Fire	29,540,603	29,540,603	29,533,311	7,292
Police	40,231,131	40,231,131	38,748,970	1,482,161
Total Public Safety	69,771,734	69,771,734	68,282,281	1,489,453
Highways and Streets:				
Total Highways and Streets	27,008,615	27,008,615	24,485,075	2,523,540
Public Health:				
Total Health	14,120,284	14,140,284	12,798,311	1,341,973
Culture and Recreation:				
Parks and Recreation	20,159,065	20,159,065	18,172,878	1,986,187
Libraries	7,917,162	7,917,162	7,611,264	305,898
Siouxland Museum	685,491	685,491	684,738	753
Total Culture and Recreation	28,761,718	28,761,718	26,468,880	2,292,838
Urban and Economic Development:				
Total Urban and Economic Development	11,955,460	11,955,460	10,463,726	1,491,734
Total Expenditures	170,042,151	170,062,151	159,278,209	10,783,942
Revenues Over (Under) Expenditures	4,311,590	29,491,590	63,912,957	34,421,367
Other Financing Sources (Uses)				
Sale of Surplus Property	36,000	36,000	24,600	(11,400)
Damage Recovery	44,000	44,000	77,653	33,653
Transfers Out	(7,665,227)	(33,615,227)	(33,615,227)	-
Total Other Financing Sources (Uses)	(7,585,227)	(33,535,227)	(33,512,974)	22,253
Net Change in Fund Balances	(3,273,637)	(4,043,637)	30,399,983	34,443,620
Fund Balance - Beginning	58,203,318	58,203,318	58,203,318	-
Fund Balance Ending	\$ 54,929,681	\$ 54,159,681	\$ 88,603,301	\$ 34,443,620

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 8,705,775	\$ 8,705,775	\$ 7,170,446	\$ (1,535,329)
Intergovernmental	-	-	28,079	28,079
Charges for Goods and Services	-	-	-	-
Investment Revenue	50,000	50,000	172,555	122,555
Contributions	-	-	100,000	100,000
Miscellaneous Revenue	-	-	4,840	4,840
Total Revenues	<u>8,755,775</u>	<u>8,755,775</u>	<u>7,475,920</u>	<u>(1,279,855)</u>
Expenditures				
Culture and Recreation:				
Entertainment Venues	<u>10,335,993</u>	<u>15,923,850</u>	<u>10,438,228</u>	<u>5,485,622</u>
Total Culture and Recreation	<u>10,335,993</u>	<u>15,923,850</u>	<u>10,438,228</u>	<u>5,485,622</u>
Total Expenditures	<u>10,335,993</u>	<u>15,923,850</u>	<u>10,438,228</u>	<u>5,485,622</u>
Revenues Over (Under) Expenditures	<u>(1,580,218)</u>	<u>(7,168,075)</u>	<u>(2,962,308)</u>	<u>4,205,767</u>
Net Change in Fund Balances	<u>(1,580,218)</u>	<u>(7,168,075)</u>	<u>(2,962,308)</u>	<u>4,205,767</u>
Fund Balances, January 1	<u>14,247,845</u>	<u>14,247,845</u>	<u>14,247,845</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 12,667,627</u>	<u>\$ 7,079,770</u>	<u>\$ 11,285,537</u>	<u>\$ 4,205,767</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2020

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 68,421,496	\$ 68,421,496	67,135,016	\$ (1,286,480)
Special Assessments	3,125,000	3,342,775	2,751,307	(591,468)
Licenses and Permits	100,000	100,000	173,384	73,384
Intergovernmental	3,925,526	3,381,636	1,208,061	(2,173,575)
Charges for Goods and Services	-	-	277,230	277,230
Investment Revenue	-	-	820,001	820,001
Contributions	1,250,000	14,948,908	1,308,720	(13,640,188)
Miscellaneous Revenue	-	-	88,225	88,225
Total Revenues	76,822,022	90,194,815	73,761,944	(16,432,871)
Expenditures				
General Government:				
Facilities Management	550,000	2,301,405	1,436,526	864,879
Innovation & Technology	260,000	434,516	222,019	212,497
Communications	49,000	240,944	220,406	20,538
Total General Government	859,000	2,976,865	1,878,951	1,097,914
Public Safety:				
Fire	1,357,000	6,775,127	4,979,263	1,795,864
Police	1,264,000	2,299,202	1,779,956	519,246
Total Public Safety	2,621,000	9,074,329	6,759,219	2,315,110
Highways and Streets:				
Total Highways and Streets	48,314,697	76,786,289	58,349,997	18,436,292
Public Health:				
Total Health	260,900	512,312	76,935	435,377
Culture and Recreation:				
Parks and Recreation	5,281,500	11,047,386	4,795,962	6,251,424
Library	885,500	1,201,191	899,666	301,525
Museum	-	-	-	-
Total Culture and Recreation	6,167,000	12,248,577	5,695,628	6,552,949
Urban and Economic Development:				
Total Urban and Economic Development	54,200	77,600	37,305	40,295
Debt Service	16,127,730	45,627,730	44,938,229	689,501
Total Expenditures	74,404,527	147,303,702	117,736,264	29,567,438
Revenues Over (Under) Expenditures	2,417,495	(57,108,887)	(43,974,320)	13,134,567
Other Financing Sources (Uses)				
Loss on Sale of Land Held for Resale	-	-	(178,609)	(178,609)
Revenue Bonds Issued	-	-	3,399,750	3,399,750
Transfers In	-	25,200,000	25,439,455	239,455
Transfers Out	(750,000)	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	(750,000)	24,450,000	27,910,596	3,460,596
Net Change in Fund Balances	1,667,495	(32,658,887)	(16,063,724)	16,595,163
Fund Balances, January 1	60,936,263	60,936,263	60,936,263	-
Fund Balances, December 31	\$ 62,603,758	\$ 28,277,376	44,872,539	\$ 16,595,163

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,730,368	\$ 3,403,431	\$ 2,189,252	\$ (1,214,179)
Investment Revenue	43,623	43,623	50,238	6,615
Rentals/Operating Leases	1,853,746	2,886,054	-	(2,886,054)
Total Revenues	3,627,737	6,333,108	2,239,490	(4,093,618)
Expenditures				
Urban and Economic Development: Affordable Housing	5,208,315	8,977,469	3,670,078	5,307,391
Total Expenditures	5,208,315	8,977,469	3,670,078	5,307,391
Revenues Over (Under) Expenditures	(1,580,578)	(2,644,361)	(1,430,588)	1,213,773
Other Financing Sources (Uses)				
Transfers In	1,035,227	1,785,227	1,785,227	-
Loan Proceeds	-	-	100,000	100,000
Total Other Financing Sources (Uses)	1,035,227	1,785,227	1,885,227	100,000
Net Change in Fund Balances	(545,351)	(859,134)	454,639	1,313,773
Fund Balances, January 1	24,154,879	24,154,879	24,154,879	-
Fund Balances, December 31	\$ 23,609,528	\$ 23,295,745	\$ 24,609,518	\$ 1,313,773

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

**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	\$ 10,818,822	\$ 10,818,822	\$ 10,473,574	\$ (345,248)
Special Assesments	1,087,181	1,087,181	1,711,332	624,151
Licenses and Permits	100	100	-	(100)
Intergovernmental	-	-	29,333	29,333
Investment Revenue	40,000	40,000	92,666	52,666
Contributions	458,000	6,695,440	-	(6,695,440)
Total Revenues	<u>12,404,103</u>	<u>18,641,543</u>	<u>12,306,905</u>	<u>(6,334,638)</u>
Expenditures				
Highways and Streets	<u>22,507,664</u>	<u>32,014,321</u>	<u>10,546,718</u>	<u>21,467,603</u>
Total Highways and Streets	<u>22,507,664</u>	<u>32,014,321</u>	<u>10,546,718</u>	<u>21,467,603</u>
Debt Service	<u>963,834</u>	<u>963,834</u>	<u>1,237,547</u>	<u>(273,713)</u>
Total Expenditures	<u>23,471,498</u>	<u>32,978,155</u>	<u>11,784,265</u>	<u>21,193,890</u>
Revenues Over (Under) Expenditures	<u>(11,067,395)</u>	<u>(14,336,612)</u>	<u>522,640</u>	<u>14,859,252</u>
Other Financing Sources (Uses)				
Long-Term Debt Issued	<u>9,000,000</u>	<u>9,000,000</u>	<u>202,638</u>	<u>(8,797,362)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>541,995</u>	<u>541,995</u>
Total Other Funding Sources (Uses)	<u>9,000,000</u>	<u>9,000,000</u>	<u>744,633</u>	<u>(8,255,367)</u>
Net Change in Fund Balances	<u>(2,067,395)</u>	<u>(5,336,612)</u>	<u>1,267,273</u>	<u>6,603,885</u>
Fund Balances, January 1	<u>5,571,562</u>	<u>5,571,562</u>	<u>5,571,562</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,504,167</u>	<u>\$ 234,950</u>	<u>\$ 6,838,835</u>	<u>\$ 6,603,885</u>

Required Supplementary Information Notes to Required Supplementary Information—Budgetary Reporting

The Schedule

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

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

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

Summary of Significant Budget Policies

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

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

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

The City Council approved supplemental appropriations of \$123,100,000 during 2020. The largest share of the supplement was \$50,500,000 for the bond proceeds and related project costs of the Public Safety Facility Construction Fund. The City also supplemented an additional \$25,200,000 for transfer from the General Fund to the Sales Tax Fund and subsequently supplemented the Sales Tax Fund for \$25,200,000 for the use of early debt retirement along with another \$4,300,000 supplement for the use of unobligated fund balance from the Sales Tax Fund.

Another \$4,000,000 was supplemented in the Sales Tax fund for the use of highways and street projects with the use of state contributions and another \$6.125 million was supplemented in the Sales and Use Tax Fund for the use of highways and streets, fire and parks projects.

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, 2020.

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Changes in the Net Pension Liability and Related Ratios (\$Thousand)

Fiscal Year Ending December 31,	City Employee's Retirement System (CERS)										City Firefighters' Pension Fund (CFPF)			
	2020	2019	2018	2017	2016	2015	2014	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)														
Service Cost	\$ 7,898	\$ 8,222	\$ 8,060	\$ 8,142	\$ 8,510	\$ 8,300	\$ 8,593	\$ 3,418	\$ 3,445	\$ 3,375	\$ 3,205	\$ 3,223	\$ 3,051	\$ 2,891
Interest on the total Pension Liability	35,602	34,343	33,560	33,140	31,878	30,431	28,266	13,119	12,553	12,160	12,063	11,662	11,177	10,499
Actual versus expected TPL#	5,823	-	(2,589)	(7,243)	(2,986)	(192)	6,765	229	-	(2,365)	(2,091)	(1,965)	(723)	(73)
Assumption Changes	-	(24,402)	(5,000)	5,546	-	7,740	2,210	(6,510)	-	(7,951)	(237)	-	2,814	2,188
Benefit Payments and Refunds	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)	(6,510)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,542)
Net Change in Total Pension Liability	23,400	18,163	11,628	18,662	17,558	27,838	29,470	8,256	8,047	5,475	5,500	5,797	9,405	8,963
Total Pension Liability - Beginning	496,706	478,543	466,915	448,253	430,695	402,857	373,387	182,256	174,209	168,734	163,234	157,437	148,032	139,069
Total Pension Liability - Ending (a)	\$ 520,106	\$ 496,706	\$ 478,543	\$ 466,915	\$ 448,253	\$ 430,695	\$ 402,857	\$ 190,512	\$ 182,256	\$ 174,209	\$ 168,734	\$ 163,234	\$ 157,437	\$ 148,032
Plan Fiduciary Net Position														
Employer Contributions	\$ 10,046	\$ 10,214	\$ 11,166	\$ 11,624	\$ 11,418	\$ 11,418	\$ 10,670	\$ 3,966	\$ 3,991	\$ 4,443	\$ 4,664	\$ 4,407	\$ 4,425	\$ 4,089
Employee Contributions	2,923	2,943	3,026	3,113	3,237	3,331	2,966	1,271	1,203	1,182	1,188	1,169	1,150	1,057
Pension Plan Net Investment Income	65,402	87,784	(19,794)	68,398	30,218	60	24,406	23,132	30,551	(6,743)	23,857	10,749	31	8,701
Benefit Payments and Refunds	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)	(8,510)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,541)
Pension Plan Administrative Expense	(191)	(214)	(203)	(232)	(228)	(182)	(164)	(124)	(137)	(117)	(143)	(160)	(110)	(99)
Other	-	-	-	21,965	-	-	250	-	-	-	4,947	-	-	-
Net Change in Plan Fiduciary Net Position	52,257	76,325	(28,228)	83,945	24,811	(3,814)	19,985	19,985	27,857	(6,930)	27,053	9,042	(1,418)	7,207
Plan Fiduciary Net Position - Beginning	517,499	441,174	469,402	385,457	360,646	364,460	342,966	183,602	155,945	164,875	137,822	128,780	130,198	122,991
Plan Fiduciary Net Position - Ending (b)	\$ 569,756	\$ 517,499	\$ 441,174	\$ 469,402	\$ 385,457	\$ 360,646	\$ 364,460	\$ 203,587	\$ 183,802	\$ 155,945	\$ 164,875	\$ 137,822	\$ 128,780	\$ 130,198
Net Pension Liability - Ending (a) - (b)	\$ (49,650)	\$ (20,793)	\$ 37,369	\$ (2,487)	\$ 62,796	\$ 70,049	\$ 38,397	\$ (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	109.55%	104.19%	92.19%	100.53%	85.99%	83.74%	90.47%	106.86%	100.74%	89.52%	97.71%	84.43%	81.80%	87.95%
Covered Payroll *	\$ 43,712	\$ 45,329	\$ 44,454	\$ 46,306	\$ 48,755	\$ 49,318	\$ 51,347	\$ 11,831	\$ 11,948	\$ 11,710	\$ 11,407	\$ 11,479	\$ 11,230	\$ 10,910
Net Pension Liability as a Percentage of Covered Payroll	-113.58%	-45.87%	84.06%	-5.37%	128.80%	142.04%	74.78%	-110.52%	-11.27%	155.97%	33.83%	221.38%	255.18%	163.46%

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

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer's Net Pension Liability (\$Thousands)						
Year Ended December 31	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability (Asset)	Covered Payroll *	Net Pension Liability (Asset) as a % of Covered Payroll
City Employee's Retirement System (CERS)						
2014	\$ 402,857	\$ 364,460	\$ 38,397	90.47%	\$ 51,347	74.78%
2015	430,695	360,647	70,048	83.74%	49,318	142.03%
2016	448,253	385,457	62,796	85.99%	48,755	128.80%
2017	466,915	469,402	(2,487)	100.53%	46,306	-5.37%
2018	478,543	441,174	37,369	92.19%	44,454	84.06%
2019	496,706	517,499	(20,793)	104.19%	45,329	-45.87%
2020	520,106	569,756	(49,650)	109.55%	43,712	-113.58%
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%
<p><i>* 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.</i></p>						
Notes to Schedule						
Methods and Assumptions Used to Determine Total Pension Liability (Asset) for the Fiscal Year Ending December 31, 2020						
Inflation	4.25%					
Salary Increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.					
Investment Rate of Return	7.30% net of expenses					
Post-Retirement Cost of Living Adjustments	Annual increases equal to 100% of the June CPI of each year with a cap of 3% applied to the member's current benefit. The first increase will be granted after 36 months of retirement.					

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer Contributions (\$Thousands)					
Year Ended December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll**	Actual Contribution as a % of Covered Payroll
City Employee's Retirement System (CERS)					
2014	\$ 11,563	\$ 11,563	\$ -	\$ 51,347	22.52%
2015	11,397	11,418	(21)	49,318	23.15%
2016	11,417	11,417	-	48,754	23.42%
2017	11,610	11,624	(14)	46,306	25.10%
2018	10,624	11,166	(542)	44,454	25.12%
2019	10,012	10,214	(202)	45,329	22.53%
2020	10,046	10,046	-	43,712	22.98%
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%
<p><small>* Includes contributions transferred from the Unallocated Income Reserve</small></p> <p><small>** Payroll is pay provided in connection with the valuation as of December 31, of the applicable year.</small></p> <p><small>These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</small></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%			
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, 2020					
Actuarial Cost Method	Entry-Age Normal				
Amortization Method	Level Dollar, Closed				
Remaining Amortization Period	19 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	The assumptions used to develop the current Total Pension Liability (TPL) as of December 31, 2020, differ from those noted above.				

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					
	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)	1.5475804%	1.3411151%	1.1161784%	0.9423174%	0.7554055%	0.4407703%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ (67,211)	\$ (142,121)	\$ (26,031)	\$ (85,516)	\$ 2,551,686	\$ (1,869,433)
City's Covered Payroll	\$ 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	-0.22%	-0.56%	-0.13%	-0.50%	20.09%	-26.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%	100.1%	100.0%	100.1%	96.9%	104.1%
Schedule of City Contributions						
South Dakota Retirement System	As of December 31					
	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	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	<u>(2,232,547)</u>	<u>(1,889,387)</u>	<u>(1,558,009)</u>	<u>(1,275,856)</u>	<u>(1,038,645)</u>	<u>(686,864)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	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	6.53%	6.76%	6.86%	6.83%	6.85%	6.90%
<small>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 Changes in the Employer's Net OPEB Liabilities (Assets)				
Fiscal Year Ending December 31,	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest on the total OPEB Liability	59,174	125,926	148,241	123,986
Benefit Changes	-	-	2,565	-
Actual versus expected experience	(304,644)	(1,027,562)	(639,812)	(364,194)
Assumption Changes	16,555	103,378	(34,571)	(135,976)
Benefit Payments	(386,671)	(501,667)	(619,906)	(1,055,768)
Net Change in Total OPEB Liability	(615,586)	(1,299,925)	(1,143,483)	(1,431,952)
Total OPEB Liability - Beginning	2,345,132	3,645,057	4,788,540	6,220,492
Total OPEB Liability - Ending (a)	\$ 1,729,546	\$ 2,345,132	\$ 3,645,057	\$ 4,788,540
Plan Fiduciary Net Position				
Employer Contributions	\$ 227	\$ 339	\$ -	\$ 301,178
Employee Contributions	-	-	-	-
OPEB Plan Net Investment Income	77,362	138,246	71,934	13,111
Employer Paid Benefit Payments	(386,671)	(501,668)	(619,906)	(1,055,768)
OPEB Plan Administrative Expense	-	-	-	-
Other	-	-	-	6,220,492
Net Change in Plan Fiduciary Net Position	(309,082)	(363,083)	(547,972)	5,479,013
Plan Fiduciary Net Position - Beginning	4,567,958	4,931,041	5,479,013	-
Plan Fiduciary Net Position - Ending (b)	\$ 4,258,876	\$ 4,567,958	\$ 4,931,041	\$ 5,479,013
Net OPEB Liability (Asset) - Ending (a) - (b)	\$ (2,529,330)	\$ (2,222,826)	\$ (1,285,984)	\$ (690,473)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	246.24%	194.78%	135.28%	114.42%
Covered Payroll *	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
<p><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></p>				

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						
2020	\$ -	\$ -	\$ -	N/A	N/A	
2019	\$ -	\$ -	\$ -	N/A	N/A	
2018	\$ -	\$ -	\$ -	N/A	N/A	
2017	\$ -	\$ 301,178	\$ (301,178)	N/A	N/A	
<p><i>* Includes contributions and paid outside of the trust</i></p> <p><i>These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</i></p>						
Notes to Schedule						
Valuation Date	Actuarially determined contribution amounts are calculated as of December 31 of each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. As the plan is fully funded, no actuarial contributions are required. The amortization method shown below is illustrative if contributions are required.					
Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending December 31, 2020						
Valuation Date	December 31, 2018					
Actuarial Cost Method	Entry-Age Normal					
Amortization Method	Level Dollar					
Remaining Amortization Period	9 years for police and 14 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, 2020, was based on a Please refer to the 2018 valuation report for additional information.					

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City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ (2,092)	\$ (2,092)
Total Revenues	-	-	(2,092)	(2,092)
Expenditures				
General Government:				
Facilities Management	-	427,290	328,842	98,448
Total Expenditures	-	427,290	328,842	98,448
Revenues Over (Under) Expenditures	-	(427,290)	(330,934)	96,356
Net Change in Fund Balances	-	(427,290)	(330,934)	96,356
Fund Balances, January 1	464,070	464,070	464,070	-
Fund Balances, December 31	\$ 464,070	\$ 36,780	\$ 133,136	\$ 96,356

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

**Supplementary Information - Budgetary Comparison Schedule -
 Budgetary Basis - Public Safety Facility Construction Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 685	\$ 685
Total Revenues	-	-	685	685
Expenditures				
Public Safety:				
Fire	-	50,528,381	3,601,829	46,926,552
Total Expenditures	-	50,528,381	3,601,829	46,926,552
Revenues Over (Under) Expenditures	-	(50,528,381)	(3,601,144)	46,927,237
Other Financing Sources (Uses)				
Revenue Bond Issuance	-	38,386,869	38,915,250	(528,381)
Revenue Bond Premium	-	11,613,131	11,613,131	-
Total Other Financing Sources (Uses)	-	50,000,000	50,528,381	(528,381)
Net Change in Fund Balances	-	(528,381)	46,927,237	46,398,856
Fund Balances, January 1	-	-	-	-
Fund Balances, December 31	\$ -	\$ (528,381)	\$ 46,927,237	\$ 46,398,856

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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 Funds

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

C. Nonmajor Permanent Funds

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

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

D. Internal Service Funds

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

administrative, equipment maintenance, and depreciation costs.

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

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

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

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

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

**Combining Balance Sheet
 Nonmajor Governmental Funds**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 5,692,513	\$ 50,022	\$ 47,536	\$ 5,790,071
Assets Held for Management Agreements	701,036	-	-	701,036
Receivables:				
Accounts (net of allowance for uncollectibles)	51	-	-	51
Interest and Penalty	-	-	72	72
Due from Other Governments	283,470	-	-	283,470
Total Assets	<u>\$ 6,677,070</u>	<u>\$ 50,022</u>	<u>\$ 47,608</u>	<u>\$ 6,774,700</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 2,530	\$ -	\$ -	\$ 2,530
Due to Other Funds	-	50,000	-	50,000
Total Liabilities	<u>2,530</u>	<u>50,000</u>	<u>-</u>	<u>52,530</u>
Fund Balances				
Nonspendable	-	-	26,767	26,767
Restricted	-	22	20,841	20,863
Committed	701,036	-	-	701,036
Assigned	5,973,504	-	-	5,973,504
Total Fund Balances	<u>6,674,540</u>	<u>22</u>	<u>47,608</u>	<u>6,722,170</u>
Total Liabilities and Fund Balances	<u>\$ 6,677,070</u>	<u>\$ 50,022</u>	<u>\$ 47,608</u>	<u>\$ 6,774,700</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

	<u>Special Revenue</u>	<u>Debt</u>	<u>Permanent Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ -	\$ 2,608,412	\$ -	\$ 2,608,412
Intergovernmental	3,089,738	-	-	3,089,738
Investment Revenue	-	86	909	995
Miscellaneous Revenue	618,755	-	-	618,755
Total Revenues	<u>3,708,493</u>	<u>2,608,498</u>	<u>909</u>	<u>6,317,900</u>
Expenditures				
Current:				
Culture and Recreation	-	-	527	527
Urban and Economic Development	8,562,349	2,854,070	-	11,416,419
Debt Service				
Principal	-	170,000	-	170,000
Interest and Fiscal Charges	-	4,888	-	4,888
Total Expenditures	<u>8,562,349</u>	<u>3,028,958</u>	<u>527</u>	<u>11,591,834</u>
Revenues Over (Under) Expenditures	<u>(4,853,856)</u>	<u>(420,460)</u>	<u>382</u>	<u>(5,273,934)</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	915	-	-	915
Transfers In	6,580,000	-	-	6,580,000
Total Other Financing Sources (Uses)	<u>6,580,915</u>	<u>-</u>	<u>-</u>	<u>6,580,915</u>
Net Change in Fund Balances	1,727,059	(420,460)	382	1,306,981
Fund Balances, January 1	<u>4,947,481</u>	<u>420,482</u>	<u>47,226</u>	<u>5,415,189</u>
Fund Balances, December 31	<u>\$ 6,674,540</u>	<u>\$ 22</u>	<u>\$ 47,608</u>	<u>\$ 6,722,170</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

**Combining Balance Sheet
 Nonmajor Special Revenue Funds**

	<u>Transit</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 5,692,513	\$ 5,692,513
Assets Held for Management Agreements	701,036	701,036
Receivables:		
Accounts (net of allowance for uncollectibles)	51	51
Due from Other Governments	<u>283,470</u>	<u>283,470</u>
Total Assets	<u>\$ 6,677,070</u>	<u>\$ 6,677,070</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	<u>\$ 2,530</u>	<u>\$ 2,530</u>
Total Liabilities	<u>2,530</u>	<u>2,530</u>
Fund Balances		
Committed	701,036	701,036
Assigned	<u>5,973,504</u>	<u>5,973,504</u>
Total Fund Balances	<u>6,674,540</u>	<u>6,674,540</u>
Total Liabilities and Fund Balances	<u>\$ 6,677,070</u>	<u>\$ 6,677,070</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

	<u>Transit</u>	<u>Total</u>
Revenues		
Intergovernmental	\$ 3,089,738	\$ 3,089,738
Miscellaneous Revenue	618,755	618,755
Total Revenues	<u>3,708,493</u>	<u>3,708,493</u>
Expenditures		
Current:		
Urban and Economic Development	<u>8,562,349</u>	<u>8,562,349</u>
Total Expenditures	<u>8,562,349</u>	<u>8,562,349</u>
Revenues Over (Under) Expenditures	<u>(4,853,856)</u>	<u>(4,853,856)</u>
Other Financing Sources (Uses)		
Sale of Surplus Property	915	915
Transfers In	<u>6,580,000</u>	<u>6,580,000</u>
Total Other Financing Sources (Uses)	<u>6,580,915</u>	<u>6,580,915</u>
Net Change in Fund Balances	1,727,059	1,727,059
Fund Balances, January 1	<u>4,947,481</u>	<u>4,947,481</u>
Fund Balances, December 31	<u>\$ 6,674,540</u>	<u>\$ 6,674,540</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

**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	\$ 4,047,934	\$ 4,047,934	\$ 3,089,738	\$ (958,196)
Miscellaneous Revenue	-	-	618,755	618,755
Total Revenues	<u>4,047,934</u>	<u>4,047,934</u>	<u>3,708,493</u>	<u>(339,441)</u>
Expenditures				
Urban and Economic Development Transit	<u>12,905,762</u>	<u>14,034,051</u>	<u>8,562,349</u>	<u>5,471,702</u>
Total Expenditures	<u>12,905,762</u>	<u>14,034,051</u>	<u>8,562,349</u>	<u>5,471,702</u>
Revenues Over (Under) Expenditures	<u>(8,857,828)</u>	<u>(9,986,117)</u>	<u>(4,853,856)</u>	<u>5,132,261</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	915	915
Transfers In	<u>6,580,000</u>	<u>6,580,000</u>	<u>6,580,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>6,580,000</u>	<u>6,580,000</u>	<u>6,580,915</u>	<u>915</u>
Net Change in Fund Balances	<u>(2,277,828)</u>	<u>(3,406,117)</u>	<u>1,727,059</u>	<u>5,133,176</u>
Fund Balances, January 1	<u>4,947,481</u>	<u>4,947,481</u>	<u>4,947,481</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,669,653</u>	<u>\$ 1,541,364</u>	<u>\$ 6,674,540</u>	<u>\$ 5,133,176</u>

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City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

**Combining Balance Sheet
 Nonmajor Debt Funds**

	<u>T.I.F. District</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 50,022	\$ 50,022
Receivables:		
Interest and Penalty	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 50,022</u>	<u>\$ 50,022</u>
Liabilities and Fund Balances		
Liabilities		
Due to Other Funds	<u>50,000</u>	<u>50,000</u>
Total Liabilities	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Fund Balances		
Restricted	<u>22</u>	<u>22</u>
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
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

	<u>T.I.F. District</u>	<u>Total</u>
Revenues		
Taxes	\$ 2,608,412	\$ 2,608,412
Investment Revenue	86	86
Total Revenues	<u>2,608,498</u>	<u>2,608,498</u>
Expenditures		
Current:		
Urban and Economic Development	2,854,070	2,854,070
Debt:		
Principal	170,000	170,000
Interest and Fiscal Charges	<u>4,888</u>	<u>4,888</u>
Total Expenditures	<u>3,028,958</u>	<u>3,028,958</u>
Revenues Over (Under) Expenditures	<u>(420,460)</u>	<u>(420,460)</u>
Net Change in Fund Balances	(420,460)	(420,460)
Fund Balances, January 1	<u>420,482</u>	<u>420,482</u>
Fund Balances, December 31	<u>\$ 22</u>	<u>\$ 22</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,712,000	\$ 3,057,000	\$ 2,608,412	\$ (448,588)
Investment Revenue	-	-	86	86
Charges for Goods and Services	20,000	20,000	-	(20,000)
Total Revenues	<u>2,732,000</u>	<u>3,077,000</u>	<u>2,608,498</u>	<u>(468,502)</u>
Expenditures				
Urban and Economic Development				
T.I.F. District	2,732,000	3,077,000	3,028,958	48,042
Total Expenditures	<u>2,732,000</u>	<u>3,077,000</u>	<u>3,028,958</u>	<u>48,042</u>
Revenues Over (Under) Expenditures	-	-	(420,460)	(420,460)
Net Change in Fund Balances	-	-	(420,460)	(420,460)
Fund Balances, January 1	<u>420,482</u>	<u>420,482</u>	<u>420,482</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 420,482</u>	<u>\$ 420,482</u>	<u>\$ 22</u>	<u>\$ (420,460)</u>

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City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

**Combining Balance Sheet
 Nonmajor Permanent Funds**

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 5,676	\$ 41,860	\$ 47,536
Receivables:			
Interest	9	63	72
Total Assets	<u>\$ 5,685</u>	<u>\$ 41,923</u>	<u>\$ 47,608</u>
Fund Balances			
Nonspendable	\$ 2,000	\$ 24,767	\$ 26,767
Restricted	3,685	17,156	20,841
Total Fund Balances	<u>\$ 5,685</u>	<u>\$ 41,923</u>	<u>\$ 47,608</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

**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	\$ 108	\$ 801	\$ 909
Total Revenues	<u>108</u>	<u>801</u>	<u>909</u>
Expenditures			
Culture and Recreation:			
Library Memorial	-	527	527
Total Expenditures	<u>-</u>	<u>527</u>	<u>527</u>
Net Change in Fund Balance	108	274	382
Fund Balances, January 1	<u>5,577</u>	<u>41,649</u>	<u>47,226</u>
Fund Balances, December 31	<u>\$ 5,685</u>	<u>\$ 41,923</u>	<u>\$ 47,608</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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	\$ 108	\$ 58
Total Revenues	50	50	108	58
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)	108	2,058
Net Change in Fund Balance	(1,950)	(1,950)	108	2,058
Fund Balances, January 1	5,577	5,577	5,577	-
Fund Balances, December 31	\$ 3,627	\$ 3,627	\$ 5,685	\$ 2,058

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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	\$ 801	\$ 501
Total Revenues	300	300	801	501
Expenditures				
Culture and Recreation:				
Library Memorial	5,000	5,000	527	4,473
Total Expenditures	5,000	5,000	527	4,473
Revenues Over (Under) Expenditures	(4,700)	(4,700)	274	4,974
Net Change in Fund Balance	(4,700)	(4,700)	274	4,974
Fund Balances, January 1	41,649	41,649	41,649	-
Fund Balances, December 31	\$ 36,949	\$ 36,949	\$ 41,923	\$ 4,974

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

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Assets			
Current:			
Cash and Cash Equivalents	\$ 4,271,152	\$ 12,794,751	\$ 5,762,466
Receivables, net:			
Accounts	4,028	121,151	-
Interest	5,512	19,801	-
Prepaid Expense	-	310,900	15,000
Due from Other Governments	14,647	-	-
Inventory of Supplies	838,026	-	-
Total Current Assets	<u>5,133,365</u>	<u>13,246,603</u>	<u>5,777,466</u>
Noncurrent:			
Deposits	-	-	-
Net Pension Asset	1,021,413	79,366	83,803
Buildings	2,705,385	-	-
Improvements Other Than Buildings	769,515	-	-
Machinery and Equipment	45,051,688	-	-
Construction in Progress	1,531,600	-	-
Less Accumulated Depreciation	<u>(27,488,063)</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>23,591,538</u>	<u>79,366</u>	<u>83,803</u>
Total Assets	<u>28,724,903</u>	<u>13,325,969</u>	<u>5,861,269</u>
Deferred Outflow of Resources			
City Employee's Retirement System	144,130	11,204	11,821
South Dakota Retirement System	<u>179,527</u>	<u>9,036</u>	<u>19,435</u>
Total Deferred Outflow of Resources	<u>323,657</u>	<u>20,240</u>	<u>31,256</u>
Liabilities			
Current:			
Accounts Payable	259,016	44,923	14,956
Accrued Wages	31,331	1,777	3,548
Loss Reserve on Workers' Comp Claims	-	-	765,000
Accrued Compensated Absences	20,000	-	-
Incurred But Not Reported Claims	<u>-</u>	<u>2,200,000</u>	<u>-</u>
Total Current Liabilities	<u>310,347</u>	<u>2,246,700</u>	<u>783,504</u>
Noncurrent:			
Loss Reserve on Workers' Comp Claims	-	-	1,368,157
Net Pension Liability	-	-	-
Accrued Compensated Absences	<u>139,930</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>139,930</u>	<u>-</u>	<u>1,368,157</u>
Total Liabilities	<u>450,277</u>	<u>2,246,700</u>	<u>2,151,661</u>
Deferred Inflow of Resources			
City Employee's Retirement System	1,001,960	77,887	82,180
South Dakota Retirement System	<u>182,101</u>	<u>9,160</u>	<u>19,080</u>
Total Deferred Inflow of Resources	<u>1,184,061</u>	<u>87,047</u>	<u>101,260</u>
Net Position			
Net Investment in Capital Assets	22,570,125	-	-
Restricted for Liability Insurance Pool	-	-	-
Restricted for Pension	-	-	484
Unrestricted	<u>4,844,097</u>	<u>11,012,462</u>	<u>3,639,120</u>
Total Net Position	<u>\$ 27,414,222</u>	<u>\$ 11,012,462</u>	<u>\$ 3,639,604</u>

**Combining Statement of Net Position
 Internal Service Funds (cont)**

<u>General Services Revolving</u>	<u>Insurance Liability Pool</u>	<u>Facilities</u>	<u>Total</u>
\$ 6,571,172	\$ 3,794,618	\$ 576,106	\$ 33,770,265
-	-	-	125,179
7,092	4,517	-	36,922
-	-	-	325,900
-	-	-	14,647
-	-	-	838,026
<u>6,578,264</u>	<u>3,799,135</u>	<u>576,106</u>	<u>35,110,939</u>
-	2,086,979	-	2,086,979
-	10,229	-	1,194,811
-	-	-	2,705,385
250,295	-	-	1,019,810
2,986,785	-	-	48,038,473
-	-	-	1,531,600
(2,554,288)	-	-	(30,042,351)
<u>682,792</u>	<u>2,097,208</u>	<u>-</u>	<u>26,534,707</u>
<u>7,261,056</u>	<u>5,896,343</u>	<u>576,106</u>	<u>61,645,646</u>
-	1,415	-	168,570
-	29,376	-	237,374
-	30,791	-	405,944
581,508	19,001	-	919,404
-	1,803	-	38,459
-	-	-	765,000
-	-	-	20,000
-	-	-	2,200,000
<u>581,508</u>	<u>20,804</u>	<u>-</u>	<u>3,942,863</u>
-	-	-	1,368,157
-	-	-	-
-	-	-	139,930
-	-	-	1,508,087
<u>581,508</u>	<u>20,804</u>	<u>-</u>	<u>5,450,950</u>
-	9,836	-	1,171,863
-	31,767	-	242,108
-	41,603	-	1,413,971
682,792	-	-	23,252,917
-	1,950,053	-	1,950,053
-	-	-	484
<u>5,996,756</u>	<u>3,914,674</u>	<u>576,106</u>	<u>29,983,215</u>
<u>\$ 6,679,548</u>	<u>\$ 5,864,727</u>	<u>\$ 576,106</u>	<u>\$ 55,186,669</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

**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	\$ 11,776,527	\$ 11,409,345	\$ 1,574,933
Charges for Goods and Services - Other	184,233	12,063,828	-
Total Operating Revenues	<u>11,960,760</u>	<u>23,473,173</u>	<u>1,574,933</u>
Operating Expenses:			
Personnel Services	2,216,356	126,217	180,468
Casualty Loss	-	16,919,108	167,464
Insurance	148,865	962,486	204,020
Professional Services	20,239	834,173	140,126
Rent	133,433	-	168
Repairs and Maintenance	1,552,957	-	-
Supplies and Materials	3,054,175	-	80,757
Utilities and Bulk Energy	37,728	-	-
Depreciation	3,766,325	-	-
Other Current Expenses	9,497	10,907	2,796
Total Operating Expenses	<u>10,939,575</u>	<u>18,852,891</u>	<u>775,799</u>
Operating Income (Loss)	<u>1,021,185</u>	<u>4,620,282</u>	<u>799,134</u>
Nonoperating Revenues (Expenses):			
Investment Revenue	89,329	201,667	-
Gain (Loss) on Capital Assets	119,931	-	-
Operating Grant	726	-	-
Miscellaneous	64,285	-	518
Total Nonoperating Revenues (Expenses)	<u>274,271</u>	<u>201,667</u>	<u>518</u>
Income (Loss) Before Transfers	<u>1,295,456</u>	<u>4,821,949</u>	<u>799,652</u>
Capital Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	<u>1,295,456</u>	<u>4,821,949</u>	<u>799,652</u>
Net Position - Beginning	<u>26,118,766</u>	<u>6,190,513</u>	<u>2,839,952</u>
Net Position - Ending	<u>\$ 27,414,222</u>	<u>\$ 11,012,462</u>	<u>\$ 3,639,604</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

General Services Revolving	Insurance Liability Pool	Facilities	Total
\$ 4,174,225	\$ 2,243,747	\$ 576,161	\$ 31,754,938
-	-	-	12,248,061
4,174,225	2,243,747	576,161	44,002,999
-	130,488	-	2,653,529
-	116,600	-	17,203,172
-	1,741,220	-	3,056,591
458,040	68,752	-	1,521,330
38,469	-	-	172,070
-	-	-	1,552,957
4,413,714	280,177	55	7,828,878
54,389	1,219	-	93,336
275,106	-	-	4,041,431
6,064	2,012	-	31,276
5,245,782	2,340,468	55	38,154,570
(1,071,557)	(96,721)	576,106	5,848,429
99,903	38,900	-	429,799
-	-	-	119,931
-	-	-	726
-	-	-	64,803
99,903	38,900	-	615,259
(971,654)	(57,821)	576,106	6,463,688
-	-	-	-
800,000	-	-	800,000
-	-	-	-
(171,654)	(57,821)	576,106	7,263,688
6,851,202	5,922,548	-	47,922,981
\$ 6,679,548	\$ 5,864,727	\$ 576,106	\$ 55,186,669

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

Combining Statement of Cash Flows
 Internal Service Funds

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 169,586	\$ 12,203,325	\$ -
Cash Receipts from Interfund Services Provided	12,045,304	11,409,345	1,574,933
Payments to Suppliers	(5,125,430)	(1,776,466)	(422,847)
Payment for Interfund Services Used	(14,576)	-	-
Payments to Employees	(2,726,730)	(169,616)	(230,071)
Claims Paid	-	(16,819,108)	(710,418)
Other Receipts/Payments	66,443	-	518
Net Cash Provided (Used) by Operating Activities	4,414,597	4,847,480	212,115
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	877,708	-	-
Purchase of Capital Assets	(5,373,742)	-	-
Net Cash Flows Used by Capital and Related Financing Activities	(4,496,034)	-	-
Cash Flows from Investing Activities:			
Investment Revenue Received	94,823	212,886	-
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	13,386	5,060,366	212,115
Cash and Cash Equivalents, January 1	4,257,766	7,734,385	5,550,351
Cash and Cash Equivalents, December 31	<u>\$ 4,271,152</u>	<u>\$ 12,794,751</u>	<u>\$ 5,762,466</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 1,021,185	\$ 4,620,282	\$ 799,134
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,766,325	-	-
(Increase) Decrease in - Receivables	268,777	139,497	-
- Inventory	130,490	-	-
- Due From Other Governments	(14,647)	-	-
- Deposits	-	-	-
- Net Pension Asset	(583,447)	(39,262)	(41,310)
- Pension Related Deferred Outflows	(92,623)	(4,725)	(11,555)
Increase (Decrease) in - Accounts Payable	(313,602)	31,100	5,020
- Accrued Wages	(91,943)	(7,692)	(13,220)
- Compensated Absences	(23,321)	-	-
- Pension Related Deferred Inflows	280,960	8,280	16,482
- Loss Reserve on Workers' Comp Claims	-	-	(542,954)
- Incurred But Not Reported Claims	-	100,000	-
Other Revenue Sources (Uses)	66,443	-	518
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,414,597</u>	<u>\$ 4,847,480</u>	<u>\$ 212,115</u>
Noncash Investing, Capital and Financing Activities:			
Capital Contributions	\$ -	\$ -	\$ -
Capital Asset Purchases in Accounts Payable	98,437	-	-

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2020

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

General Services Revolving	Insurance Liability Pool	Facilities	Total
\$ -	\$ -	\$ -	\$ 12,372,911
4,174,225	2,243,747	576,161	32,023,715
(4,800,435)	(1,970,793)	(55)	(14,096,026)
-	-	-	(14,576)
-	(122,986)	-	(3,249,403)
-	(116,600)	-	(17,646,126)
-	-	-	66,961
(626,210)	33,368	576,106	9,457,456
800,000	-	-	800,000
800,000	-	-	800,000
-	-	-	877,708
(176,993)	-	-	(5,550,735)
(176,993)	-	-	(4,673,027)
115,087	48,587	-	471,383
111,884	81,955	576,106	6,055,812
6,459,288	3,712,663	-	27,714,453
\$ 6,571,172	\$ 3,794,618	\$ 576,106	\$ 33,770,265
\$ (1,071,557)	\$ (96,721)	\$ 576,106	\$ 5,848,429
275,106	-	-	4,041,431
-	-	-	408,274
-	-	-	130,490
-	-	-	(14,647)
-	125,264	-	125,264
-	(9,579)	-	(673,598)
-	(11,684)	-	(120,587)
170,241	(2,677)	-	(109,918)
-	(1,675)	-	(114,530)
-	-	-	(23,321)
-	30,440	-	336,162
-	-	-	(542,954)
-	-	-	100,000
-	-	-	66,961
(626,210)	33,368	576,106	9,457,456
\$ -	\$ -	\$ -	\$ -
145,016	-	-	243,453

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Statistical Section

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

Contents	Page
Financial Trends	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 comprehensive annual financial reports for the relevant year.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 733,682,722	\$ 678,849,535	\$ 786,631,533	\$ 874,352,925
Restricted	50,184,507	146,088,172	82,716,805	27,054,480
Unrestricted	<u>58,553,701</u>	<u>62,181,055</u>	<u>73,999,636</u>	<u>98,987,086</u>
Total Governmental Activities Net Position	<u>842,420,930</u>	<u>887,118,762</u>	<u>943,347,974</u>	<u>1,000,394,491</u>
Business-type Activities				
Net Investment in Capital Assets	306,222,298	313,422,448	338,184,588	355,182,015
Restricted	10,194,319	12,013,161	7,185,954	7,221,556
Unrestricted	<u>44,783,731</u>	<u>55,934,423</u>	<u>58,689,906</u>	<u>62,902,134</u>
Total Business-type Activities Net Position	<u>361,200,348</u>	<u>381,370,032</u>	<u>404,060,448</u>	<u>425,305,705</u>
Primary Government				
Net Investment in Capital Assets	1,039,905,020	992,271,983	1,124,816,121	1,229,534,940
Restricted	60,378,826	158,101,333	89,902,759	34,276,036
Unrestricted	<u>103,337,432</u>	<u>118,115,478</u>	<u>132,689,542</u>	<u>161,889,220</u>
Total Primary Government Net Position	<u>\$ 1,203,621,278</u>	<u>\$ 1,268,488,794</u>	<u>\$ 1,347,408,422</u>	<u>\$ 1,425,700,196</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental Activities:				
General Government	\$ 18,925,343	\$ 23,646,857	\$ 22,764,225	\$ 16,348,473
Fire Protection	22,561,310	22,623,215	23,171,607	23,480,779
Police Protection	28,140,528	29,700,193	31,278,051	30,078,133
Highways and Streets	36,280,119	43,039,557	54,540,686	50,977,392
Public Health	9,557,232	9,564,179	10,595,323	10,437,257
Culture and Recreation:				
Arena	967,075	1,211,388	1,777,882	-
Libraries	7,078,205	6,754,319	7,499,168	7,418,069
Museum	-	405,904	500,311	546,495
Parks and Recreation	18,701,967	21,450,372	21,946,413	22,364,841
Pavilion	4,116,408	4,306,766	4,473,733	-
Entertainment Venues	-	-	-	8,023,559
Urban and Economic Development:				
Convention Center/CVB	3,500,377	3,981,211	3,278,830	7,347,986
Community Development	2,218,910	2,053,509	2,108,614	3,547,380
Economic Development	721,274	1,121,581	1,372,882	4,169,374
Urban Conservation	927,142	-	-	-
TIF	44,109	76,407	138,618	731,370
Planning and Development Services	4,202,759	4,583,659	4,905,606	5,965,110
Interest on Long-Term Debt	<u>3,991,584</u>	<u>5,349,209</u>	<u>8,130,846</u>	<u>6,790,233</u>
Total Governmental Activities Expenses	<u>161,934,342</u>	<u>179,868,326</u>	<u>198,482,795</u>	<u>198,226,451</u>
Business-type Activities:				
Electric Light	7,488,338	7,671,179	7,853,329	8,481,793
Public Parking	2,058,951	2,368,883	2,180,294	2,117,596
Sanitary Landfill	10,846,466	9,271,369	8,371,394	10,866,177
Water	21,878,919	24,445,511	26,132,387	25,121,815
Water Reclamation	<u>18,184,423</u>	<u>18,604,090</u>	<u>18,703,702</u>	<u>21,064,041</u>
Total Business-type Activities Expenses	<u>60,457,097</u>	<u>62,361,032</u>	<u>63,241,106</u>	<u>67,651,422</u>
Total Primary Government Expenses	<u>\$ 222,391,439</u>	<u>\$ 242,229,358</u>	<u>\$ 261,723,901</u>	<u>\$ 265,877,873</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

2015	2016	2017	2018	2019	2020
\$ 918,392,160	\$ 949,588,727	\$ 994,726,890	\$ 1,021,045,334	\$ 1,049,886,149	\$ 1,127,131,127
45,769,849	66,444,710	62,906,294	59,535,309	57,891,297	57,034,868
<u>47,230,423</u>	<u>10,622,500</u>	<u>70,158,874</u>	<u>89,007,611</u>	<u>116,803,795</u>	<u>169,820,005</u>
<u>1,011,392,432</u>	<u>1,026,655,937</u>	<u>1,127,792,058</u>	<u>1,169,588,254</u>	<u>1,224,581,241</u>	<u>1,353,986,000</u>
373,898,313	398,711,113	441,954,230	460,700,572	483,654,265	507,724,678
7,420,528	6,990,751	3,442,244	5,201,229	5,420,269	4,929,108
<u>60,840,349</u>	<u>63,253,372</u>	<u>55,829,094</u>	<u>66,130,912</u>	<u>76,246,911</u>	<u>83,329,821</u>
<u>442,159,190</u>	<u>468,955,236</u>	<u>501,225,568</u>	<u>532,032,713</u>	<u>565,321,445</u>	<u>595,983,607</u>
1,292,290,473	1,348,299,840	1,436,681,120	1,481,745,906	1,533,540,414	1,634,855,805
53,190,377	73,435,461	66,348,538	64,736,538	63,311,566	61,963,976
<u>108,070,772</u>	<u>73,875,872</u>	<u>125,987,968</u>	<u>155,138,523</u>	<u>193,050,706</u>	<u>253,149,826</u>
<u><u>\$ 1,453,551,622</u></u>	<u><u>\$ 1,495,611,173</u></u>	<u><u>\$ 1,629,017,626</u></u>	<u><u>\$ 1,701,620,967</u></u>	<u><u>\$ 1,789,902,686</u></u>	<u><u>\$ 1,949,969,607</u></u>

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

2015	2016	2017	2018	2019	2020
\$ 16,186,279	\$ 16,556,020	\$ 13,766,907	\$ 17,310,632	\$ 15,753,554	\$ 16,368,596
28,909,163	31,223,012	20,119,516	27,829,382	26,925,310	22,163,779
34,995,848	37,065,313	25,225,870	36,740,314	35,383,827	30,595,771
56,489,047	58,516,026	52,617,614	68,023,930	64,083,924	63,559,050
11,506,819	12,326,094	10,426,180	12,032,129	12,727,539	11,767,581
-	-	-	-	-	-
8,202,420	9,220,828	6,273,321	8,139,253	8,454,201	8,032,897
539,345	574,510	587,155	601,386	633,560	688,099
23,198,516	25,301,964	24,930,414	25,799,818	27,720,537	25,691,770
-	-	-	-	-	-
7,434,826	9,763,936	8,467,290	9,176,901	11,083,954	12,026,835
-	-	-	-	-	-
2,759,033	5,759,679	1,599,111	1,758,721	2,346,464	3,539,815
6,539,607	6,209,883	6,346,062	6,379,016	-	8,562,349
-	-	-	-	-	-
6,971,201	7,155,112	7,767,376	7,903,235	8,528,728	2,854,070
6,086,958	6,617,020	4,881,994	7,077,539	13,964,699	10,887,445
<u>6,626,453</u>	<u>6,684,824</u>	<u>6,693,992</u>	<u>6,343,156</u>	<u>5,911,897</u>	<u>5,846,714</u>
<u>216,445,515</u>	<u>232,974,221</u>	<u>189,702,802</u>	<u>235,115,412</u>	<u>233,518,194</u>	<u>222,584,771</u>
8,808,582	9,066,599	8,803,782	9,562,823	9,273,379	9,170,719
2,418,497	2,239,595	1,897,465	2,741,375	2,601,031	3,191,297
8,664,217	11,499,421	10,686,231	10,216,724	9,690,174	8,960,066
26,828,879	27,523,869	26,305,766	27,002,192	25,573,099	26,617,691
<u>22,186,415</u>	<u>22,462,997</u>	<u>21,218,037</u>	<u>25,132,533</u>	<u>25,401,970</u>	<u>25,725,220</u>
68,906,590	72,792,481	68,911,281	74,655,647	72,539,653	73,664,993
<u><u>\$ 285,352,105</u></u>	<u><u>\$ 305,766,702</u></u>	<u><u>\$ 258,614,083</u></u>	<u><u>\$ 309,771,059</u></u>	<u><u>\$ 306,057,847</u></u>	<u><u>\$ 296,249,764</u></u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 2,850,456	\$ 3,003,165	\$ 4,020,960	\$ 1,637,130
Public Health	4,862,265	4,518,363	4,952,848	5,504,651
Urban and Economic Development	2,743,178	3,966,631	4,626,018	3,681,729
Other Activities	2,368,410	2,652,009	2,370,135	3,212,995
Operating Grants and Contributions	12,622,108	12,549,063	28,641,839	11,485,092
Capital Grants and Contributions	14,614,690	27,734,005	30,764,844	37,557,562
Total Governmental Activities Program Revenues	<u>40,061,107</u>	<u>54,423,236</u>	<u>75,376,644</u>	<u>63,079,159</u>
Business-type Activities:				
Charges for Services				
Water	26,836,570	34,515,284	33,204,763	31,959,833
Water Reclamation	18,173,936	20,082,561	21,845,217	23,654,728
Other Activities	19,529,981	19,513,349	20,135,243	20,858,949
Operating Grants and Contributions	3,139,429	96,678	286,087	52,779
Capital Grants and Contributions	129,364	5,616,165	8,826,946	10,856,245
Total Business-Type Activities Program Revenues	<u>67,809,280</u>	<u>79,824,037</u>	<u>84,298,256</u>	<u>87,382,534</u>
Total Primary Government Program Revenues	<u>107,870,387</u>	<u>134,247,273</u>	<u>159,674,900</u>	<u>150,461,693</u>
Net (Expense)/Revenue				
Governmental Activities	(139,807,219)	(144,059,559)	(122,774,454)	63,079,159
Business-type Activities	5,448,248	16,582,931	16,646,834	87,382,534
Total Primary Government Net Expense	<u>(134,358,971)</u>	<u>(127,476,628)</u>	<u>(106,127,620)</u>	<u>150,461,693</u>
General Revenue and Transfers				
Governmental Activities:				
Taxes				
Property Tax	44,960,402	46,760,366	48,955,618	52,100,987
Sales Tax	100,083,396	104,885,378	113,150,525	119,621,476
Frontage Tax	9,936,174	10,404,355	10,341,052	10,615,052
Amusement Tax	14,191	13,005	12,246	13,092
Penalties and Interest	-	-	-	-
Unrestricted State and County Shared Revenues	8,406,127	5,687,154	5,279,833	4,978,793
Unrestricted Investment Earnings	1,211,979	1,218,828	394,536	1,367,872
Miscellaneous Revenue, Net	501,232	1,645,898	635,748	424,909
Market Value Adjustment to Land Held for Resale	-	-	-	-
Transfers	(3,000,362)	(472,062)	565,805	336,380
Total Governmental Activities General Revenues	<u>162,113,139</u>	<u>170,142,922</u>	<u>179,335,363</u>	<u>189,458,561</u>
Business-type Activities:				
Unrestricted Investment Earnings	795,673	513,138	301,309	57,232
Miscellaneous Revenue, Net	536,603	1,721,479	1,897,762	1,793,293
Transfers	3,000,362	472,062	(565,805)	(336,380)
Total Business-type Activities General Revenues	<u>4,332,638</u>	<u>2,706,679</u>	<u>1,633,266</u>	<u>1,514,145</u>
Total Primary Government General Revenues	<u>166,445,777</u>	<u>172,849,601</u>	<u>180,968,629</u>	<u>190,972,706</u>
Change in Net Position				
Governmental Activities	22,305,920	26,083,363	56,560,909	252,537,720
Business-type Activities	9,780,886	19,289,610	18,280,100	88,896,679
Total Primary Government	<u>\$ 32,086,806</u>	<u>\$ 45,372,973</u>	<u>\$ 74,841,009</u>	<u>\$ 341,434,399</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,990,147	\$ 2,301,159	\$ 2,322,206	\$ 2,685,163	\$ 2,921,525	\$ 1,992,317
5,186,248	4,763,133	4,604,936	4,446,066	3,922,843	4,232,830
5,700,195	6,075,495	4,478,990	4,344,827	4,591,793	5,121,323
2,701,709	3,255,196	3,880,707	3,558,292	3,163,729	2,752,919
12,499,343	16,792,102	16,081,817	14,222,835	13,353,539	60,862,777
19,365,839	28,342,191	18,666,162	21,112,481	14,584,653	30,964,335
<u>47,443,481</u>	<u>61,529,276</u>	<u>50,034,818</u>	<u>50,369,664</u>	<u>42,538,082</u>	<u>105,926,501</u>
32,610,302	35,061,789	35,680,449	34,480,725	33,393,265	39,680,667
25,474,334	28,488,007	29,233,798	31,282,531	33,339,627	35,166,721
21,513,114	21,575,174	22,368,836	23,704,610	23,832,273	23,245,937
69,765	95,253	181,301	75,559	145,976	356,932
8,983,113	11,488,226	11,623,136	11,766,244	10,300,249	13,572,824
<u>88,650,628</u>	<u>96,708,449</u>	<u>99,087,520</u>	<u>101,309,669</u>	<u>101,011,390</u>	<u>112,023,081</u>
136,094,109	158,237,725	149,122,338	151,679,333	143,549,472	217,949,582
(169,002,034)	(171,444,945)	(139,667,984)	(184,745,748)	(190,980,112)	(116,658,270)
19,744,038	23,915,968	30,176,239	26,654,022	28,471,737	38,358,088
<u>(149,257,996)</u>	<u>(147,528,977)</u>	<u>(109,491,745)</u>	<u>(158,091,726)</u>	<u>(162,508,375)</u>	<u>(78,300,182)</u>
55,360,779	57,526,833	60,115,348	62,653,215	66,606,043	70,347,223
126,603,392	129,901,666	132,448,059	137,004,842	150,230,509	145,208,619
11,064,584	11,977,806	12,852,386	13,907,487	14,738,508	15,362,566
10,164	10,248	10,800	9,768	9,948	10,332
33,104,745	5,313,720	5,886,719	6,070,876	6,657,602	12,010,898
736,628	1,119,262	1,580,596	2,845,228	4,784,546	2,798,038
1,601,309	965,526	2,276,359	3,856,605	2,688,629	1,707,136
-	(20,523,616)	-	-	-	-
373,312	417,005	2,001,008	193,923	257,314	781,450
<u>228,854,913</u>	<u>186,708,450</u>	<u>217,171,275</u>	<u>226,541,944</u>	<u>245,973,099</u>	<u>248,226,262</u>
702,138	622,327	736,462	1,679,659	2,744,970	1,675,369
2,422,923	2,674,756	3,358,639	2,667,387	2,329,339	9,307,233
(373,312)	(417,005)	(2,001,008)	(193,923)	(257,314)	(781,450)
<u>2,751,749</u>	<u>2,880,078</u>	<u>2,094,093</u>	<u>4,153,123</u>	<u>4,816,995</u>	<u>10,201,152</u>
<u>231,606,662</u>	<u>189,588,528</u>	<u>219,265,368</u>	<u>230,695,067</u>	<u>250,790,094</u>	<u>258,427,414</u>
59,852,879	15,263,505	77,503,291	41,796,196	54,992,987	131,567,992
22,495,787	26,796,046	32,270,332	30,807,145	33,288,732	48,559,240
<u>\$ 82,348,666</u>	<u>\$ 42,059,551</u>	<u>\$ 109,773,623</u>	<u>\$ 72,603,341</u>	<u>\$ 88,281,719</u>	<u>\$ 180,127,232</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 1,937,901	\$ 1,891,787	\$ 1,595,933	\$ 1,457,649
Restricted	829,586	660,347	683,099	679,076
Committed	-	-	-	-
Assigned	3,878,616	3,802,375	3,812,788	5,348,104
Unassigned	39,547,718	41,387,942	42,029,944	40,739,706
Total General Fund	<u>\$ 46,193,821</u>	<u>\$ 47,742,451</u>	<u>\$ 48,121,764</u>	<u>\$ 48,224,535</u>
Sales/Use Tax Fund				
Nonspendable	\$ 551,571	\$ 420,619	\$ 285,145	\$ 144,993
Restricted	13,952,873	24,946,781	23,257,209	23,301,917
Committed	14,899,823	12,788,630	26,054,182	32,569,698
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Sales/Use Tax Fund	<u>\$ 29,404,267</u>	<u>\$ 38,156,030</u>	<u>\$ 49,596,536</u>	<u>\$ 56,016,608</u>
All Other Governmental Funds				
Nonspendable	\$ 684,040	\$ 612,906	\$ 357,059	\$ 362,475
Restricted	34,986,572	129,162,652	66,122,618	21,676,958
Committed	2,168,215	1,852,886	2,869,083	4,155,859
Assigned	1,271,807	877,595	1,265,043	1,472,322
Unassigned	(163,291)	(449,552)	(157,799)	(55,192)
Total All Other Governmental Funds	<u>\$ 38,947,343</u>	<u>\$ 132,056,487</u>	<u>\$ 70,456,004</u>	<u>\$ 27,612,422</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

2015	2016	2017	2018	2019	2020
\$ 1,500,337	\$ 1,900,996	\$ 1,874,905	\$ 1,412,454	\$ 1,624,447	\$ 2,059,101
482,427	244,518	133,904	124,675	185,877	445,312
-	-	459,992	587,967	689,246	990,427
5,414,824	2,156,362	3,922,353	3,748,292	3,273,637	5,415,925
38,129,793	40,025,896	42,771,535	48,307,674	52,430,111	79,692,536
\$ 45,527,381	\$ 44,327,772	\$ 49,162,689	\$ 54,181,062	\$ 58,203,318	\$ 88,603,301
\$ -	\$ 6,725,070	\$ 6,725,070	\$ 6,725,070	\$ 6,725,070	\$ 5,960,780
22,333,307	25,758,873	24,458,155	21,591,279	21,482,589	17,043,609
27,198,260	14,208,698	18,466,766	25,600,285	32,728,604	21,868,150
-	-	-	-	-	-
-	-	-	-	-	-
\$ 49,531,567	\$ 46,692,641	\$ 49,649,991	\$ 53,916,634	\$ 60,936,263	\$ 44,872,539
\$ 27,624,149	\$ 449,872	\$ 26,767	\$ 57,332	\$ 57,332	\$ 127,261
20,758,622	38,027,058	46,100,244	32,947,590	30,600,887	78,429,095
6,503,267	7,209,231	10,600,236	13,283,731	14,330,127	11,986,573
2,596,844	6,870,924	5,142,548	3,894,960	4,865,199	5,973,504
(2,379)	-	-	-	-	-
\$ 57,480,503	\$ 52,557,085	\$ 61,869,795	\$ 50,183,613	\$ 49,853,545	\$ 96,516,433

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes	\$ 153,664,809	\$ 162,162,262	\$ 172,280,837	\$ 181,681,808
Licenses and Permits	3,850,330	4,728,556	6,512,105	5,201,772
Intergovernmental	19,409,318	15,120,477	31,623,322	16,304,696
Charges for Goods and Services	7,230,413	7,144,723	7,352,652	7,208,017
Fines and Forfeitures	702,752	714,023	704,678	572,024
Investment Revenue	934,139	1,070,144	228,324	1,158,275
Miscellaneous Revenue	4,205,420	7,231,142	7,833,232	3,011,667
Total Revenues	<u>189,997,181</u>	<u>198,171,327</u>	<u>226,535,150</u>	<u>215,138,259</u>
Expenditures				
General Government	17,921,999	21,612,706	20,787,239	14,452,567
Public Safety	48,072,844	49,510,099	51,520,665	52,592,613
Highways and Streets	20,424,966	22,680,005	30,826,489	25,975,498
Health	9,358,568	9,244,495	10,232,689	10,146,920
Culture and Recreation	21,157,732	21,940,762	24,635,024	25,903,109
Urban and Economic Development	10,793,599	10,848,808	10,803,811	20,663,276
Capital Outlay	46,455,185	68,211,982	108,296,798	83,016,103
Debt Service:				
Principal	11,293,473	12,494,028	11,596,998	11,682,203
Interest and Fiscal Charges	4,169,210	5,651,169	7,581,748	7,262,401
Total Expenditures	<u>189,647,576</u>	<u>222,194,054</u>	<u>276,281,461</u>	<u>251,694,690</u>
Revenues Over (Under) Expenditures	349,605	(24,022,727)	(49,746,311)	(36,556,431)
Other Financing Sources (Uses)				
Sale of Surplus Property	76,344	1,169,154	42,993	66,963
Loss on Sale of Land Held for Resale	-	-	-	-
Damage Recovery	76,424	72,997	213,379	311,798
Revenue Note Proceeds	42,438	-	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	5,018,331	5,129,447	6,477,228	8,042,446
Transfers Out	(5,224,504)	(5,701,509)	(6,928,953)	(8,524,515)
Total Other Financing Sources (Uses)	<u>(10,967)</u>	<u>127,432,264</u>	<u>(34,353)</u>	<u>235,692</u>
Net Change in Fund Balances	<u>\$ 338,638</u>	<u>\$ 103,409,537</u>	<u>\$ (49,780,664)</u>	<u>\$ (36,320,739)</u>
Debt service as a percentage of noncapital expenditures	<u>10.80%</u>	<u>11.78%</u>	<u>11.42%</u>	<u>11.23%</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

2015	2016	2017	2018	2019	2020
\$ 192,686,024	\$ 199,433,538	\$ 205,299,070	\$ 213,646,562	\$ 227,694,022	\$ 229,392,793
5,984,144	6,454,811	6,341,922	6,686,566	7,222,519	6,675,773
44,640,901	17,931,385	18,604,384	20,653,942	18,544,630	71,585,043
7,057,084	7,593,729	8,197,334	7,625,412	6,707,246	6,745,535
653,200	603,324	675,779	643,186	608,262	624,945
482,795	891,242	1,352,449	2,438,863	4,098,656	2,250,791
4,612,269	9,885,564	8,657,161	7,673,483	7,149,296	8,017,038
<u>256,116,417</u>	<u>242,793,593</u>	<u>249,128,099</u>	<u>259,368,014</u>	<u>272,024,631</u>	<u>325,291,918</u>
15,217,034	14,671,542	15,116,233	17,118,939	16,051,289	17,157,976
57,246,696	58,992,557	60,009,602	62,576,455	65,210,253	68,324,683
26,526,746	26,378,226	24,941,562	27,869,307	30,077,674	27,624,064
10,662,930	11,444,358	11,991,217	11,777,284	12,722,437	12,798,311
25,226,642	28,675,260	28,296,000	27,827,396	32,626,555	32,615,794
21,336,137	24,463,096	21,543,950	21,656,795	23,617,920	25,550,223
62,055,526	71,276,140	75,557,810	80,333,818	65,406,226	88,007,834
10,683,225	12,552,939	11,548,174	24,606,227	10,163,450	39,962,243
6,947,931	6,673,616	7,203,378	6,845,551	6,531,959	6,388,421
<u>235,902,867</u>	<u>255,127,734</u>	<u>256,207,926</u>	<u>280,611,772</u>	<u>262,407,763</u>	<u>318,429,549</u>
20,213,550	(12,334,141)	(7,079,827)	(21,243,758)	9,616,868	6,862,369
91,122	544,874	929,322	328,304	50,768	25,515
-	(20,523,616)	-	-	-	(178,609)
807,902	62,013	65,648	239,198	75,735	77,653
-	-	-	-	-	-
-	20,260,000	-	17,523,868	1,511,132	42,315,000
-	3,734,423	-	1,388,307	-	11,613,131
-	-	-	-	-	302,638
-	(110,000)	-	-	-	-
-	(145,699)	-	-	-	-
7,049,671	18,425,374	7,782,375	9,090,213	7,569,232	34,346,677
<u>(7,476,359)</u>	<u>(18,875,181)</u>	<u>(8,225,371)</u>	<u>(9,727,298)</u>	<u>(8,111,918)</u>	<u>(34,365,227)</u>
472,336	3,372,188	551,974	18,842,592	1,094,949	54,136,778
<u>\$ 20,685,886</u>	<u>\$ (8,961,953)</u>	<u>\$ (6,527,853)</u>	<u>\$ (2,401,166)</u>	<u>\$ 10,711,817</u>	<u>\$ 60,999,147</u>
<u>10.14%</u>	<u>10.46%</u>	<u>10.38%</u>	<u>15.70%</u>	<u>8.47%</u>	<u>20.12%</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

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

Revenues	2011	2012	2013	2014
Taxes				
Property	\$ 44,794,010	\$ 46,479,615	\$ 48,547,852	\$ 51,025,183
Sales	45,595,567	48,440,527	52,178,569	54,863,132
Other	6,676,312	6,998,774	7,103,162	7,453,511
Total Taxes	<u>97,065,889</u>	<u>101,918,916</u>	<u>107,829,583</u>	<u>113,341,826</u>
Licenses and Permits	3,763,867	4,641,986	6,423,094	5,113,607
Intergovernmental (Federal/State/County)	9,814,327	10,880,892	17,362,249	11,257,014
Charges for Goods and Services	6,289,241	6,191,797	6,415,678	7,208,017
Fines and Forfeitures	689,632	713,903	704,498	572,024
Investment Revenue	354,009	240,101	250,368	287,741
Miscellaneous Revenue	778,646	622,844	701,851	(41,859)
Total Revenues	<u>118,755,611</u>	<u>125,210,439</u>	<u>139,687,321</u>	<u>137,738,370</u>
Expenditures				
General Government				
Mayor	443,749	473,597	468,731	486,805
City Council	1,086,030	1,128,872	1,176,930	1,432,756
Attorney	1,320,480	1,391,259	1,525,591	1,514,218
Human Resources	997,934	1,085,707	1,160,908	1,400,287
Finance	1,840,322	1,930,484	2,103,038	2,300,092
Facilities Management	1,046,649	1,251,256	1,563,602	2,629,310
Innovation and Technology	2,520,429	2,478,745	2,796,073	2,945,098
Communications	1,369,715	1,437,298	1,468,512	1,680,651
General Government Services	-	-	-	-
Total General Government	<u>10,625,308</u>	<u>11,177,218</u>	<u>12,263,385</u>	<u>14,389,217</u>
Public Safety				
Fire	20,750,996	21,001,392	21,636,701	22,524,449
Police	27,321,848	28,508,707	29,883,964	30,031,803
Total Public Safety	<u>48,072,844</u>	<u>49,510,099</u>	<u>51,520,665</u>	<u>52,556,252</u>
Highways and Streets				
Engineering	4,036,602	6,645,450	6,786,725	-
Public Works Administration	608,936	121,547	127,132	-
Streets	13,218,199	13,281,917	21,722,615	-
Total Highways and Streets	<u>17,863,737</u>	<u>20,048,914</u>	<u>28,636,472</u>	<u>23,420,694</u>
Health				
Health	8,970,053	9,244,495	10,232,689	10,146,920
Total Health	<u>8,970,053</u>	<u>9,244,495</u>	<u>10,232,689</u>	<u>10,146,920</u>
Culture and Recreation				
Arena	482,396	738,271	-	-
Parks and Recreation	13,123,012	13,394,238	14,752,548	14,857,493
Libraries	5,995,092	5,670,724	6,131,686	6,301,074
Museum	-	405,904	500,311	524,813
Total Culture and Recreation	<u>19,600,500</u>	<u>20,209,137</u>	<u>21,384,545</u>	<u>21,683,380</u>
Urban and Economic Development				
Planning and Development Services	4,139,373	4,488,083	4,776,886	4,914,879
Economic Development	721,274	1,121,581	1,372,882	4,135,110
Convention and Visitors Bureau	2,000,697	2,229,291	2,413,865	-
Total Urban and Economic Development	<u>6,861,344</u>	<u>7,838,955</u>	<u>8,563,633</u>	<u>9,049,989</u>
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	<u>111,993,786</u>	<u>118,028,818</u>	<u>132,601,389</u>	<u>131,246,452</u>
Revenues Over (Under) Expenditures	6,761,825	7,181,621	7,085,932	6,491,918
Other Financing Sources (Uses)				
Sale of Surplus Property	69,171	37,760	37,917	52,052
Damage Recovery	29,680	30,758	184,417	184,248
Transfers In	-	-	-	-
Transfers Out	(4,981,279)	(5,701,509)	(6,928,953)	(6,625,447)
Total Other Financing Sources (Uses)	<u>(4,882,428)</u>	<u>(5,632,991)</u>	<u>(6,706,619)</u>	<u>(6,389,147)</u>
Net Change in Fund Balances	<u>\$ 1,879,397</u>	<u>\$ 1,548,630</u>	<u>\$ 379,313</u>	<u>\$ 102,771</u>

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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

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

2015	2016	2017	2018	2019	2020
\$ 53,344,081	\$ 55,003,521	\$ 57,591,924	\$ 60,238,488	\$ 63,876,772	\$ 67,680,168
58,087,990	59,752,884	60,858,378	63,129,282	67,476,813	67,135,048
7,611,387	7,819,721	7,840,216	7,623,778	7,951,750	7,190,129
<u>119,043,458</u>	<u>122,576,126</u>	<u>126,290,518</u>	<u>130,991,548</u>	<u>139,305,335</u>	<u>142,005,345</u>
5,891,551	6,358,512	6,244,892	6,592,722	7,134,410	6,502,389
11,861,325	12,520,695	12,861,715	13,156,642	13,883,537	65,040,580
6,820,346	7,352,332	7,901,982	7,505,118	6,611,258	6,468,305
653,200	603,246	675,779	643,186	608,262	624,945
416,004	506,557	624,818	1,525,462	1,805,304	1,115,743
(751,315)	966,278	998,820	1,074,787	1,073,872	1,433,859
<u>143,934,569</u>	<u>150,883,746</u>	<u>155,598,524</u>	<u>161,489,465</u>	<u>170,421,978</u>	<u>223,191,166</u>
529,895	491,501	380,368	438,090	694,804	787,202
1,248,982	1,564,985	1,336,895	1,541,964	1,252,717	1,559,494
1,611,802	1,652,169	1,721,801	1,695,939	1,844,077	1,848,104
1,462,764	1,368,656	1,341,094	1,445,483	1,534,973	1,518,889
2,600,444	2,685,762	3,056,468	3,081,463	3,053,437	3,203,946
2,732,090	1,645,147	1,773,706	1,782,463	1,710,712	1,850,791
3,263,792	3,464,036	3,636,253	3,949,079	4,110,842	4,278,188
1,740,244	1,797,448	1,865,398	1,923,443	1,843,762	1,733,322
-	-	-	-	-	-
<u>15,190,013</u>	<u>14,669,704</u>	<u>15,111,983</u>	<u>15,857,924</u>	<u>16,045,324</u>	<u>16,779,936</u>
25,558,281	26,075,093	26,208,602	27,037,032	28,372,246	29,533,311
31,572,267	32,917,464	33,784,986	35,539,023	36,838,007	38,748,970
<u>57,130,548</u>	<u>58,992,557</u>	<u>59,993,588</u>	<u>62,576,055</u>	<u>65,210,253</u>	<u>68,282,281</u>
24,407,469	23,686,638	21,776,451	24,677,397	27,019,132	24,485,075
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>24,407,469</u>	<u>23,686,638</u>	<u>21,776,451</u>	<u>24,677,397</u>	<u>27,019,132</u>	<u>24,485,075</u>
10,662,930	11,444,358	11,991,217	11,777,284	12,722,437	12,798,311
<u>10,662,930</u>	<u>11,444,358</u>	<u>11,991,217</u>	<u>11,777,284</u>	<u>12,722,437</u>	<u>12,798,311</u>
-	-	-	-	-	-
15,635,862	16,966,026	17,969,194	17,197,750	19,666,616	18,172,878
6,611,144	7,439,872	6,818,309	6,869,696	7,366,182	7,611,264
518,610	552,936	575,582	582,848	630,199	684,738
<u>22,765,616</u>	<u>24,958,834</u>	<u>25,363,085</u>	<u>24,650,294</u>	<u>27,662,997</u>	<u>26,468,880</u>
5,070,746	5,427,327	5,443,391	5,572,369	10,481,748	10,463,726
4,806,417	4,632,115	4,760,818	4,373,239	-	-
-	-	-	-	-	-
<u>9,877,163</u>	<u>10,059,442</u>	<u>10,204,209</u>	<u>9,945,608</u>	<u>10,481,748</u>	<u>10,463,726</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>140,033,739</u>	<u>143,811,533</u>	<u>144,440,533</u>	<u>149,484,562</u>	<u>159,141,891</u>	<u>159,278,209</u>
3,900,830	7,072,213	11,157,991	12,004,903	11,280,087	63,912,957
54,524	84,443	36,952	39,857	32,052	24,600
73,851	62,013	60,577	72,220	72,035	77,653
-	-	-	-	-	-
(6,726,359)	(8,418,278)	(7,160,607)	(7,098,607)	(7,361,918)	(33,615,227)
(6,597,984)	(8,271,822)	(7,063,078)	(6,986,530)	(7,257,831)	(33,512,974)
<u>\$ (2,697,154)</u>	<u>\$ (1,199,609)</u>	<u>\$ 4,094,913</u>	<u>\$ 5,018,373</u>	<u>\$ 4,022,256</u>	<u>\$ 30,399,983</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

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	
2011	\$ 4.50	\$ 2.95	\$ 2.36	\$ 8.37	\$8.75-\$12.59	\$15.23-\$20.04
2012	4.68	3.08	2.51	8.39	8.75-11.78	15.58-19.54
2013	4.95	3.57	2.48	8.48	8.74-12.38	15.91-20.90
2014	5.04	3.54	2.44	8.94	10.62-13.03	16.42-21.64
2015	4.96	3.42	2.31	8.88	10.6-13.11	16.15-21.49
2016	4.88	3.47	2.31	8.97	9.50-12.60	16.16-20.95
2017	4.71	3.34	2.25	8.44	8.84-11.10	15.40-19.07
2018	4.65	3.33	2.15	8.28	8.89-11.23	15.08-19.21
2019	4.46	3.38	2.20	8.44	8.55-10.90	15.10-18.74
2020	4.40	3.32	2.13	8.39	8.90-11.00	14.92-18.72

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.

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

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
2011	\$ 44,468,887	\$ 43,492,915	97.81%	\$ 870,726	\$ 44,363,641	99.76%	4.50
2012	46,275,785	45,509,306	98.34%	628,639	46,137,945	99.70%	4.68
2013	48,578,743	47,633,072	98.05%	410,090	48,043,162	98.90%	4.95
2014	50,690,690	49,972,765	98.58%	593,436	50,566,201	99.75%	5.04
2015	53,102,806	52,500,037	98.86%	515,165	53,015,202	99.84%	4.96
2016	55,490,728	54,945,198	99.02%	529,710	55,474,908	99.97%	4.88
2017	57,561,503	57,058,986	99.13%	544,126	57,603,112	100.07%	4.71
2018	60,256,166	59,628,143	98.96%	422,408	60,050,551	99.66%	4.65
2019	63,851,103	63,277,470	99.10%	522,076	63,799,546	99.92%	4.46
2020	67,657,791	66,993,824	99.02%	618,847	67,612,671	99.93%	4.40

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

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

Table X
 Principal Property Taxpayers
 Current Year and Ten Years Ago

2020 TOTAL ASSESSED TAXABLE VALUATION		\$ 15,335,147,033					
Taxpayer	Type of Business	2020			2011		
		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	\$ 203,525,200	1	1.33%	\$ 48,397,892	5	0.44%
Sanford Health (Sioux Valley Hospital)	Medical	177,983,119	2	1.16%	94,263,361	2	0.87%
SM Empire Mall LLC	Shopping Malls	82,232,600	3	0.54%	118,172,120	1	1.09%
Billion Family Limited	Auto Dealer	55,178,717	5	0.36%	37,211,195	7	0.34%
Van Buskirk Companies	Real Estate	52,009,800	4	0.34%	-	-	n/a
Tzadik Sioux Falls LLC	Property Mgmt	47,646,900	6	0.31%	-	-	n/a
Ronning Enterprises	Real Estate	42,925,300	7	0.28%	-	-	n/a
Western Mall Inc	Shopping Malls	42,459,500	8	0.28%	-	-	n/a
123 Sioux Falls LLC (Citibank)	Financial	40,033,600	9	0.26%	35,200,582	8	0.32%
Hubbell Realty Company	Real Estate	39,525,000	10	0.26%	-	-	n/a
Dunham Homes LLC	Real Estate	-	-	n/a	75,738,700	3	0.70%
Avera Health (Presentation Sisters)	Medical	-	-	n/a	58,947,493	4	0.54%
Wells Fargo Bank	Financial	-	-	n/a	39,059,037	6	0.36%
Wal-Mart (Wal-Mart & Sams)	Retail	-	-	n/a	34,883,753	9	0.32%
Costello Properties	Real Estate	-	-	n/a	33,229,835	10	0.31%
Totals		\$ 783,519,736		5.11%	\$ 575,103,968		5.29%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, Forestry, & Fishing	\$ 34,398	\$ 32,140	\$ 47,412	\$ 40,346	\$ 52,794	\$ 58,605	\$ 63,483	\$ 72,087	\$ 80,676	\$ 79,753
Mining & Construction	83,920	91,603	118,073	115,797	113,977	122,760	130,855	130,587	133,185	121,444
Manufacturing	156,037	163,755	184,485	189,881	189,362	208,465	208,963	206,269	234,957	237,203
Transportation & Public Utilities	465,213	513,651	570,470	603,805	609,153	617,413	634,813	650,263	689,143	625,617
Wholesale Trade	318,290	307,140	342,703	355,854	371,604	390,562	378,277	422,672	482,900	465,150
Retail Trade	2,519,526	2,690,145	2,816,150	2,980,629	3,155,507	3,199,944	3,231,286	3,339,745	3,537,812	3,688,235
Finance, Insurance, & Real Estate	102,645	132,323	147,735	148,218	171,440	196,085	202,994	225,700	227,432	222,615
Services	914,367	950,807	1,037,637	1,095,413	1,188,977	1,234,127	1,278,421	1,334,234	1,426,328	1,324,875
Public Administration	313	424	362	399	390	953	445	414	319	417
Other	393	2,108	-	-	92	1	-	33	24	37
Total	\$ 4,595,102	\$ 4,884,096	\$ 5,265,027	\$ 5,530,342	\$ 5,853,296	\$ 6,028,915	\$ 6,129,537	\$ 6,382,004	\$ 6,812,776	\$ 6,765,346

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.

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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			
2011	\$ 82,186,334	\$ 2,265,000	\$ 24,103,169	\$ -	\$ 595,556	\$ 70,000,000	\$ 723,323	\$ 866,945	\$ 99,127,657	\$ 279,867,984	2.58%	\$ 1,751
2012	200,242,566	2,245,000	20,121,899	-	310,809	70,000,000	-	585,113	-	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	n/a	1,595

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
2011	\$544,274,817	\$ 279,867,984	\$ 264,406,833	51.42%
2012	562,770,056	404,116,230	158,653,826	71.81%
2013	558,825,994	389,670,394	169,155,600	69.73%
2014	563,851,959	366,046,341	197,805,618	64.92%
2015	719,709,875	340,420,898	379,288,977	47.30%
2016	624,401,691	329,399,883	295,001,808	52.75%
2017	667,781,991	276,105,831	391,676,160	41.35%
2018	701,791,695	284,178,868	417,612,827	40.49%
2019	788,081,829	265,101,846	522,979,983	33.64%
2020	816,644,164	287,849,999	528,794,165	35.25%

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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

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

Government	Debt Outstanding	City's Share of Debt	
		Percentage ¹	Total
City of Sioux Falls	\$ 185,786,659	100.00%	\$ 185,786,659
Total Direct Debt			185,786,659
Sioux Falls School District	232,965,000	99.97%	232,895,111
Tri-Valley School District	8,650,000	22.63%	1,957,495
Brandon Valley School District	36,795,000	23.33%	8,584,274
Harrisburg School District	134,317,763	69.45%	93,283,686
Tea Area School District	48,412,966	84.34%	40,831,496
West Central	10,775,000	0.08%	8,620
Lennox School District	16,295,000	4.58%	746,311
Minnehaha County	61,350,000	72.76%	44,638,260
Lincoln County	10,681,197	56.56%	6,041,285
Total Overlapping Debt			428,986,538
Total Direct and Overlapping Debt			\$ 614,773,197

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

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.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

**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	
2011	\$ 7,049,031	\$ 34,434	\$ 7,083,465	\$ 2,238,183	\$ 4,845,282	\$ 321,278	\$ 78,951	\$ 400,229	12.11
2012	6,649,791	25,528	6,675,319	2,364,440	4,310,879	349,462	52,139	401,601	10.73
2013	6,845,852	22,577	6,868,429	1,893,678	4,974,751	358,909	56,565	415,474	11.97
2014	6,731,634	34,731	6,766,365	2,275,140	4,491,225	368,616	46,858	415,474	10.81
2015	7,400,595	35,325	7,435,920	2,118,527	5,317,393	316,636	37,702	354,338	15.01
2016	8,536,236	54,774	8,591,010	2,683,830	5,907,180	307,183	29,871	337,054	17.53
2017	9,510,704	66,886	9,577,590	3,165,111	6,412,479	279,182	22,605	301,787	21.25
2018	10,280,808	120,280	10,401,088	3,191,910	7,209,178	286,227	15,560	301,787	23.89
2019	11,122,896	218,229	11,341,125	3,058,542	8,282,583	293,450	89,408	382,858	21.63
2020	12,214,239	92,666	12,306,905	3,138,989	9,167,916	952,243	82,666	1,034,909	8.86

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				Coverage
						Principal		Interest	Total	
						Revenue Bonds	State Revolving Fund			
2011	\$ 26,836,570	\$ 505,371	\$ 27,341,941	\$ 11,397,904	\$ 15,944,037	\$ -	\$ 4,690,565	\$ 3,891,325	\$ 8,581,890	2.55
2012	34,515,284	362,912	34,878,196	13,440,730	21,437,466	-	4,425,515	3,984,899	8,410,414	1.92
2013	33,204,763	765,829	33,970,592	14,482,224	19,488,368	1,755,000	4,616,176	3,783,801	10,154,977	1.85
2014	31,959,833	475,930	32,435,763	14,644,709	17,791,054	1,815,000	4,285,188	3,517,751	9,617,939	1.97
2015	32,745,819	1,104,389	33,850,208	15,827,688	18,022,520	1,885,000	3,890,932	3,356,111	9,132,043	2.28
2016	35,061,789	1,032,509	36,094,298	16,000,976	20,093,322	1,960,000	3,655,509	3,189,064	8,804,573	2.28
2017	35,680,449	1,378,125	37,058,574	16,659,216	20,399,358	2,085,000	2,765,783	3,139,036	7,989,818	2.55
2018	34,480,725	1,242,717	35,723,442	17,229,226	18,494,216	2,095,000	2,832,576	1,696,593	6,624,169	2.79
2019	33,393,265	1,435,605	34,828,870	15,953,676	18,875,194	2,300,000	3,537,352	1,506,627	7,343,979	2.57
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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

**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	
2011	\$ 18,173,936	\$ 538,548	\$ 18,712,484	\$ 8,872,715	\$ 9,839,769	\$ 5,535,952	\$ 1,338,211	\$ 6,874,163	1.43
2012	20,082,561	621,430	20,703,991	7,827,937	12,876,054	5,072,878	1,538,493	6,611,371	1.95
2013	21,845,217	1,036,183	22,881,400	8,061,001	14,820,399	6,640,379	1,767,973	8,408,352	1.76
2014	23,654,728	1,455,887	25,110,615	8,699,908	16,410,707	8,235,758	1,563,189	9,798,947	1.67
2015	25,474,334	1,892,830	27,367,164	9,320,423	18,046,741	9,202,746	1,458,251	10,660,997	1.69
2016	23,926,310	1,887,529	25,813,839	9,249,831	16,564,008	9,351,715	1,267,455	10,619,170	1.56
2017	24,559,960	2,054,034	26,613,994	9,721,395	16,892,599	9,252,159	1,265,966	10,518,125	1.61
2018	26,607,934	2,173,639	28,781,573	10,500,011	18,281,562	9,137,643	1,023,389	10,161,032	1.80
2019	28,590,693	2,678,939	31,269,632	11,056,234	20,213,398	10,806,527	906,073	11,712,600	1.73
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

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	
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	3,043,277	310,716	3,353,993	1,874,046	1,479,947	735,000	397,653	1,132,653	1.31
2019	3,171,168	281,409	3,452,577	1,660,202	1,792,375	455,000	587,043	1,042,043	1.72
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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

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 ⁵	Annual Average Labor Force ⁵	Annual Average Employment ⁵	Annual Average Unemployment Rate ⁵	School Enrollment ⁶
2011	159,800	228,261	10,845,087	46,615	39,518	134,181	128,417	4.3%	21,999
2012	162,300	230,847	11,626,017	48,901	41,010	136,520	131,344	3.8%	22,342
2013	165,800	235,878	11,643,004	47,791	41,627	139,231	134,817	3.2%	22,602
2014	169,800	240,202	12,067,800	48,592	43,139	141,677	137,641	2.9%	23,954
2015	173,300	247,800	13,541,813	53,769	45,364	144,746	140,630	2.6%	23,281
2016	178,500	256,250	13,925,347	54,454	46,020	146,409	142,977	2.5%	23,679
2017	183,200	259,094	14,495,500	55,947	47,320	149,333	144,958	2.8%	24,866
2018	187,200	267,293	15,811,766	59,250	48,724	151,515	148,590	2.6%	24,987
2019	190,750	272,500	16,631,099	62,003	50,388	157,494	153,503	2.5%	25,167
2020	195,850	278,500	n/a	n/a	n/a	156,399	148,782	4.9%	24,856

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). 2011 MSA population estimate shows a decrease, this is due to realigning estimates with the 2010 census population.

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

⁵ Source: South Dakota Department of Labor (for the Sioux Falls Metropolitan Statistical Area)

⁶ Source: South Dakota Department of Education fall enrollment (for Sioux Falls Public Schools)

Note: n/a denotes that more recent data is not available as of the publication date of this report.

**Table XXI
Major Employers
Current Year and Ten Years Ago**

Employer	Type of Business	2020			2011		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Health Care	9,432	1	6.3%	7,643	1	6.0%
Avera Health	Health Care	8,880	2	6.0%	5,552	2	4.3%
John Morrell & Company	Meat Processing	3,700	3	2.5%	3,300	3	2.6%
Sioux Falls School District	Education	3,688	4	2.5%	3,000	5	2.3%
Hy-Vee Food Stores	Retail Grocery	3,009	5	2.0%	2,440	7	1.9%
Wells Fargo	Financial	2,616	6	1.8%	3,079	4	2.4%
Citigroup	Financial	1,586	7	1.1%	2,700	6	2.1%
Evangelical Lutheran Good Samaritan Society	Health Care	1,500	8	1.0%	1,323	8	1.0%
Walmart/Sam's Club	Retail	1,424	9	1.0%	1,170	9	0.9%
First Premier Bank/Premier Bankcard	Financial	1,269	10	0.9%	-	-	0.0%
City of Sioux Falls	Government				1,096	10	0.9%
Totals		37,104		24.9%	31,303		24.4%

Source: Sioux Falls Development Foundation

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

Statistics (Unaudited)

**Table XXII
Nonfarm Wage and Salaried Workers
Sioux Falls MSA Annual Averages
Last Ten Fiscal Years**

Industry	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Natural Resources, Mining & Construction	6,500	6,700	7,200	7,500	7,900	8,200	8,500	8,700	9,300	9,300
Manufacturing	12,500	13,000	13,300	13,600	13,600	13,500	13,900	14,500	14,400	14,100
Wholesale Trade	7,100	7,300	7,600	8,000	8,200	8,300	8,200	8,300	8,500	8,500
Retail Trade	17,000	17,400	17,500	18,100	18,400	18,900	18,400	17,800	18,500	17,600
Transportation, Warehousing & Utilities	4,900	4,900	5,100	5,400	5,600	5,500	5,500	5,600	5,800	5,600
Information	2,900	2,800	2,700	2,700	2,700	2,600	2,600	2,500	2,600	2,600
Financial Activities	15,200	15,800	16,300	16,100	16,200	15,800	15,700	15,800	15,800	15,800
Professional & Business Services	12,200	12,800	13,400	14,000	14,200	14,700	14,900	15,700	15,700	15,600
Educational & Health Services	27,300	28,600	29,100	29,600	30,400	31,100	32,000	32,400	33,200	32,100
Leisure & Hospitality	13,000	13,200	13,500	14,200	14,600	15,100	15,400	15,600	15,600	13,900
Other Services	4,700	4,700	4,800	4,800	4,900	5,100	5,900	6,100	5,900	5,600
Total Government	12,800	12,900	13,000	13,300	13,500	13,800	14,400	14,700	14,600	14,100
Total	136,100	140,100	143,500	147,300	150,200	152,600	155,400	157,700	159,900	154,800

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	
2011	32	\$ 41,628,412	532	\$144,590,392	7,259	\$ 100,656,588	7,823	827	\$ 286,875,392	73.89
2012	47	165,451,094	916	173,935,775	6,670	151,128,374	7,633	1,399	490,515,243	73.96
2013	53	157,682,198	1,069	245,696,454	6,831	184,879,209	7,953	2,039	588,248,861	74.80
2014	53	81,452,946	897	254,463,649	13,995	283,585,645	14,945	2,056	619,502,240	75.58
2015	156	250,760,624	933	171,611,176	11,002	253,920,491	12,091	1,738	676,292,291	76.04
2016	121	303,066,532	1,060	198,625,903	6,208	200,159,054	7,389	2,647	701,851,489	77.80
2017	173	268,943,178	1,191	231,818,332	5,391	238,563,308	6,755	2,410	739,324,818	78.21
2018	128	302,273,068	1,077	221,750,033	5,668	262,576,554	6,873	2,202	786,599,655	78.94
2019	96	317,691,673	1,000	215,865,900	6,259	237,926,025	7,355	1,642	771,483,598	79.81
2020	137	488,361,738	1,146	248,917,623	5,939	182,322,751	7,222	2,717	919,602,112	80.12

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Mayor	4	4	4	4	7	7	3	5	4	5
Finance	21	21	22	24	25	26	32	28	28	28
Attorney	11	11	11	13	14	15	15	15	15	15
Human Resources	11	11	12	13	13	13	13	14	14	16
City Council	16	16	16	16	16	16	16	16	16	16
Facilities Management	11	15	17	18	19	20	21	21	26	26
Innovation and Technology	26	26	28	26	26	26	32	34	36	37
Communications	14	14	14	14	14	15	15	15	19	20
Total General Government	114	118	124	128	134	138	147	148	158	163
Public Safety										
Fire	194	194	194	195	210	210	208	208	208	211
Police	267	264	266	269	282	289	296	300	306	311
Total Public Safety	461	458	460	464	492	499	504	508	514	522
Highways and Streets										
Public Works										
Administration	5	5	6	6	4	4	4	5	5	5
Engineering	65	66	66	67	70	70	63	52	52	53
Street Maintenance	50	50	50	50	50	50	50	50	50	50
Street Lights and Traffic	0	0	0	0	0	0	0	10	10	10
Storm Drainage	0	0	0	0	0	0	8	8	8	9
Total Highways and Streets	120	121	122	123	124	124	125	125	125	127
Public Health	64	64	64	71	73	78	78	80	82	83
Culture and Recreation										
Libraries	62	62	64	63	63	63	63	63	63	62
Parks and Recreation	69	69	71	70	72	76	74	75	75	78
Total Culture and Recreation	131	131	135	133	135	139	137	138	138	140
Urban and Economic Development										
Planning and Development Services	42	42	42	42	43	45	46	50	49	50
Economic Development	0	0	5	5	6	6	6	0	0	0
Affordable Housing	11	11	11	11	13	13	6	6	6	6
Total Urban and Economic Development	53	53	58	58	62	64	58	56	55	56
Enterprise										
Fleet	18	18	18	20	22	24	27	27	27	25
Power and Distribution	12	12	12	12	12	12	12	12	12	12
Public Parking	13	13	12	12	11	11	11	11	11	11
Sanitary Landfill	28	27	28	28	28	28	28	28	28	27
Water	65	65	62	63	63	63	63	63	63	63
Water Reclamation	54	53	51	52	51	54	47	47	47	51
Total Enterprise	190	188	183	187	187	192	188	188	188	189
Total	1133	1133	1146	1164	1207	1234	1237	1243	1260	1280

Source: City Human Resources Department

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire										
Number of Employees (Uniformed)	186	186	186	184	195	195	195	195	195	195
Number of Employees (Non-Uniform)	8	9	8	15	15	15	13	13	13	14
Total Responses	9,809	10,342	11,049	11,635	12,608	12,924	12,830	12,854	13,606	14,345
Structure Fires	188	198	133	136	134	139	166	149	162	209
Vehicle Fires	93	77	79	82	16	67	88	88	50	76
EMS Calls	5,312	5,699	5,814	6,227	6,793	6,821	6,760	6,487	6,487	7,276
Water Hydrants	8,538	7,597	7,772	7,986	8,209	8,343	8,513	8,734	8,865	9,089
Fire Insurance Rating	3	3	3	3	1	1	1	1	1	1
Police										
Number of Sworn Officers	230	232	232	244	247	247	256	263	269	274
Number of Civilian Employees	38	38	38	33	35	37	37	37	37	37
Aggravated Assaults	253	392	461	507	584	621	562	600	722	557
Arsons	63	56	28	27	28	48	47	41	31	47
Auto Thefts	292	316	322	346	472	697	544	638	759	1,121
Burglaries	889	870	881	846	973	896	667	682	718	775
Drunk Driving Arrests	1,486	1,387	1,072	1,106	1,128	1,152	1,220	1,009	904	862
Homicides	6	3	3	6	3	6	10	8	8	13
Larcenies	3,959	4,269	4,438	4,242	4,885	4,822	4,545	5,049	5,321	5,333
Rapes	116	153	142	148	138	160	122	128	121	116
Robberies	101	83	80	98	110	132	103	119	98	136
Traffic Citations Issued	33,686	36,020	26,718	28,613	27,386	29,491	32,283	24,607	24,322	25,282
Highways and Streets										
Snow Events	3	3	3	5	6	3	5	7	7	2
Pothole Patching (Tons)	1,104	476	619	479	645	906	704	749	1,587	1,095
Street Sweeping (Curb Miles)	5,574	9,106	5,227	9,922	5,572	9,098	9,660	9,500	7,900	10,354
Library										
Number of Items Borrowed	1,963,918	2,024,141	2,209,687	2,150,983	2,140,127	2,345,779	2,366,882	2,225,400	2,114,823	1,381,668
Number of Active Library Cardholders	97,487	98,493	100,392	101,452	94,997	94,515	93,356	97,122	103,840	96,842
Lights										
Private Accounts	2,113	2,159	2,161	2,308	2,242	2,268	2,259	2,252	2,469	2,506
Governmental Accounts	421	423	428	332	429	426	429	428	434	464
Kilowatt Hours Sold	84,490,689	84,207,376	79,030,369	84,929,000	85,075,089	83,566,165	84,529,684	84,859,014	83,669,155	82,285,608
Capacity (KVA)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020

Statistics (Unaudited)

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Parks and Recreation										
Rounds of Golf Played (all courses)	116,895	130,123	105,016	93,252	91,412	85,719	92,081	77,714	84,401	97,351
Special Events	351,075	300,733	429,540	379,110	450,074	402,223	306,840	276,845	294,686	58,549
Pool Attendance (indoor pool added in 2016)	314,823	355,903	258,650	226,445	265,733	299,344	394,348	409,195	386,848	93,006
Public Parking										
Parking Ramps-Parking Spaces	2,071	1,633	1,633	1,621	1,621	1,621	1,611	1,608	1,796	2,326
Surface Parking Lots-Parking Spaces	1,012	923	893	900	900	804	726	580	604	643
Total Spaces Available for Lease	2,911	2,371	2,362	2,381	2,381	2,327	2,337	2,188	2,400	2,969
On Street Parking Meters	915	949	920	899	899	899	855	866	866	967
On Street Handicapped Spaces	37	37	37	37	37	37	37	37	37	37
Total Number of Parking Spaces	4,028	3,542	3,497	3,487	3,487	3,391	3,391	3,091	3,303	3,973
Lease Rate	76%	73%	79%	83%	90%	100%	98%	98%	94%	66%
Transit										
Ridership-Transit	996,316	1,026,715	1,023,089	955,357	885,143	802,575	796,663	782,129	769,437	445,205
Ridership-Paratransit	141,323	146,290	142,672	132,387	121,398	113,377	101,046	91,407	82,636	38,288
Regular Routes	12	12	12	12	12	12	12	12	12	12
Seasonal Routes	5	5	5	4	4	-	-	-	-	-
Miles Driven-Transit	726,152	741,534	732,524	758,385	776,323	763,809	759,595	747,922	746,493	660,906
Miles Driven-Paratransit	651,007	663,723	652,089	634,745	603,599	559,209	533,605	497,412	470,058	277,513
Sanitary Landfill										
MSW Landfill Closure Year	2077	2078	2081	2076	2082	2076	2075	2076	2,075	2,075
MSW Tons Received	172,507	167,141	166,330	172,388	161,116	174,109	181,988	195,906	205,957	198,496
C&D Landfill Closure Year	2036	2048	2044	2044	2058	2058	2058	2059	2,061	2,027
C&D Tons Received	50,782	46,311	53,712	69,953	66,003	66,138	60,807	58,377	68,255	68,350
Cubic Feed of Landfill Gas Sold	955,748,919	979,549,584	969,764,156	978,306,173	919,412,596	867,693,000	809,219,262	720,781,000	602,435,000	358,552,817
Water										
Customers	48,509	49,358	50,436	51,380	52,622	53,628	54,854	56,273	57,359	58,564
Daily Plant Capacity (thousands of gallons)	53,500	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
	19,851	22,128	19,393	19,994	19,406	20,850	21,167	19,769	18,826	21,891
Wastewater										
Customers	48,094	48,815	49,526	50,496	51,813	52,981	54,163	55,350	56,365	57,634
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)	12,092	11,030	10,906	11,235	11,137	12,639	12,460	12,476	12,679	12,612
Average Daily Flow-Industrial (thousands)	125	875	748	659	754	678	694	766	768	626
Average Daily Flow-Extraneous (thousands)	5,182	2,042	4,462	3,182	1,534	4,836	3,241	7,672	9,789	4,608

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire										
Fire Stations	10	10	10	10	11	11	11	11	11	11
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	17	20	19	19	20	20	20	20	20	20
Emergency Management										
Emergency Warning Sirens	71	73	75	75	75	77	77	78	79	79
Police										
Patrol Units (marked)	71	71	71	72	68	68	68	72	72	72
Highways and Streets										
Streets paved (centerline miles)	888	897	907	921	928	946	959	977	995	1,010
Street Lights	17,125	17,519	17,836	18,450	19,006	19,511	19,962	20,316	20,512	21,459
Traffic Signals	241	248	256	258	266	267	270	272	278	280
Library										
Books	272,013	271,215	272,785	250,879	245,372	230,312	231,442	228,571	222,982	223,734
eMaterials	6,192	10,946	15,548	23,646	23,406	19,771	23,518	28,915	32,509	31,078
Audio/Visual Items	51,941	53,656	50,865	50,426	52,337	51,555	49,352	50,141	48,597	47,674
Decrease due to removal of old, outdated, and unused books and audio/visual items.										
Lights										
Primary three-phase distribution lines (miles)	93	89	92	92	92	93	96	95	95	83
Underground distribution lines (miles)	57	60	59	60	60	60	65	65	63	65
Parks and Recreation										
Acreage	3,154	3,154	3,154	3,161	3,178	3,178	3,178	3,349	3,346	3,367
Parks	73	75	78	78	80	80	80	80	80	80
Swimming Pools	6	6	6	6	5	6	6	6	6	6
Wading Pools	1	1	1	1	1	1	1	1	1	1
Spray Pools	1	1	1	1	1	1	2	2	2	2
Tennis Courts	60	60	60	60	60	60	60	60	60	60
Golf Courses	41	41	41	41	41	40	40	40	40	40
Football Stadium (school owned)	3	3	3	3	3	3	3	3	3	3
Football Fields	1	1	1	1	1	1	1	1	1	1
	12	13	13	13	13	13	13	13	14	14

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

Statistics (Unaudited)

Table XXVI (cont)
 Capital Asset and Infrastructure Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Parks and Recreation (cont)										
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Baseball Fields	34	34	34	34	34	34	33	33	33	33
Softball Fields	74	73	74	74	74	73	73	73	73	73
Zoo	1	1	1	1	1	1	1	1	14	14
Park Bandshells	2	2	2	2	2	2	2	2	2	2
Moveable Bandshell	1	1	1	1	1	1	1	1	1	1
Greenway Recreation Trail (Miles)	26.54	27.95	27.95	27.95	27.95	28.95	28.95	30.20	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	18	17	16	16	18	18
Basketball Courts (Outdoor)	23	24	23	23	23	24	24	24	41	41
Community Centers (School Owned)	5	5	5	5	5	5	5	5	5	5
Public Parking										
Parking Ramps	5	4	4	4	4	4	4	4	5	6
Surface Parking Lots	15	14	14	14	14	14	13	11	11	11
Sanitary Landfill										
Landfill area (acres)	706	706	706	706	706	706	783	783	783	783
Transit										
Fixed Route Buses	31	31	31	31	31	29	25	26	26	26
Paratransit Buses	22	23	23	23	23	26	27	25	25	25
Water										
Water Mains (miles)	997	962	981	1,000	1,020	1,036	1,055	1,077	1,091	1,100
Wellfield (miles)	57	57	57	57	57	57	57	57	61	61
Wastewater										
Storm Sewer (miles)	412	400	410	419	428	449	459	470	485	500
Sanitary Sewer (miles)	817	824	844	860	870	886	900	917	927	941



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, 2020, 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 19, 2021. Our report includes a reference to other auditors who audited the financial statements of The Housing and Redevelopment Commission, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the city's internal control over financial reporting (internal control) 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11 Uniform Guidance, §__.320, this report is a matter of public record and its distribution is not limited.



Sioux Falls, South Dakota
March 19, 2021



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

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

Report on Compliance for Each Major Federal Program

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

The City's basic financial statements include the operations of the Housing and Redevelopment Commission (discretely presented component unit), which received \$14,987,173 in federal awards which are not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2020. Our audit, described below, did not include the operations of the Housing and Redevelopment Commission because the component unit has a separately issued audit in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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 2020-003. Our opinion on each major federal program is not modified with respect to this matter.

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

As discussed in Note G to the Schedule of Expenditures of Federal Awards (SEFA), this report is replacing a previously issued report dated March 19, 2021. 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 \$68,830,052. 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, 2020.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-002 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-003 to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the 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 Uniform Guidance, §__.320, this report is a matter of public record and its distribution is not limited.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 19, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota

March 19, 2021, except for the Capitalization Grants for Clean Water State Revolving Fund, SEFA, Note G, Schedule of Findings and Questioned Costs, and findings 2020-002 and 2020-003 which are dated March 3, 2023

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2020

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		\$ 1,826,559	\$ 859,442
HOME Investment Partnership Program	14.239		1,013,861	542,159
			2,840,420	
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Housing Development Authority</i>				
COVID-19 -Emergency Solutions Grant Program	14.231		\$ 387,830	88,975
Total Department of Housing and Urban Development			\$ 3,228,250	1,490,576
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-19-10028	15,691	-
Department of Justice				
<i>Direct Federal Funding:</i>				
Edward Byrne Memorial Justice Assistance Grant				
Edward Byrne Memorial Justice Assistance Grant - 2017 Revenue	16.738		\$ 1,712	39,057
Edward Byrne Memorial Justice Assistance Grant - 2018 Revenue	16.738		51,988	47,069
Edward Byrne Memorial Justice Assistance Grant - 2019 Revenue	16.738		91,225	43,045
Total 16.738			144,925	129,171
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		37,930	
Public Safety Partnership & Community Policing Grant				
Cops Hiring Program (CHP)	16.710		7,463	-
Cops Hiring Program (CHP)	16.710		47,661	-
COPS Comp Grant	16.710		57,949	-
Total 16.710			113,072	-
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
Domestic Violence Grant	16.590	2016-WE-AX-0003	89,766	-
Total Department of Justice			385,693	129,171
Department of Transportation				
<i>Direct Federal Funding:</i>				
Federal Transit Formula Grants	20.507		2,732,053	-
COVID-19 - Federal Transit Formula Grants	20.507		283,469	-
Total Federal Transit cluster			3,015,522	-
<i>Indirect Federal Funding passed through:</i>				
<i>South Eastern Council of Governments</i>				
<i>Highway Planning and Construction Cluster</i>				
<i>Highway Planning and Construction</i>				
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	2020-00-06	358,516	-
<i>State of South Dakota</i>				
HAZMAT Public Sector Training and Planning Grant	20.703	693JK31940039HMEP	27,356	-
Total Department of Transportation			4,288,092	-
Environmental Protection Agency				
<i>Direct Federal Funding:</i>				
Office of Solid Waste and Emergency Response				
Brownfield Assessment and Cleanup Cooperative Agreements	66.818		45,359	-
<i>Indirect Federal Funding passed through:</i>				
<i>SD Department of Environment and Natural Resources:</i>				
<i>Clean Water State Revolving Fund Cluster</i>				
Capitalization Grants for Clean Water State Revolving Fund	66.458	*	5,598,755	-
Total Environmental Protection Agency			5,644,114	-

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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2020**

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		2,800,371	-
Health Center Program-QIC19	93.224		25,555	-
Health Center Program - QIC20	93.224		23,539	-
Health Center Program - SUD19	93.224		101,912	-
Health Center Program - IBH19	93.224		41,533	-
COVID-19 - Health Center Program	93.224		63,356	-
COVID-19 -Health Center Program - COV20	93.224		722,310	-
COVID-19 -Health Center Program - ECT20	93.224		34,467	-
Total 93.224			3,813,043	-
Ryan White Part C Outpatient EIS Program	93.918		78,592	-
Ryan White Part C Outpatient EIS Program	93.918		136,832	-
COVID-19 -Ryan White Part C Outpatient EIS Program	93.918		11,350	-
Total 93.918			226,774	-
<i>Indirect Federal Funding passed through:</i>				
<i>Community HealthCare Association of the Dakotas</i>				
HIV-Related Training and Technical Assistance	93.145	*	11,250	-
Colorectal Cancer Control Program	93.800	*	13,506	-
Colorectal Cancer Control Program	93.800	*	20,731	-
Total 93.800			34,237	-
<i>Office of Population Affairs</i>				
Title X Family Planning	93.217	*	5,241	-
Total 93.217			5,241	-
<i>Centers for Disease Control and Prevention</i>				
HIV Prevention Activities - Health Department Based	93.940	*	20,268	-
HIV Prevention Activities - Health Department Based	93.940	*	30,438	-
Total 93.940			50,706	-
<i>Lutheran Social Services of South Dakota</i>				
Refugee and Entrant Assistance Discretionary Grants	93.576	*	7,214	-
Total 93.576			7,214	-
Total Department of Health and Human Services			4,148,465	-
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	21,362	-
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	DR-4469-SD	1,544,949	-
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	DR-4440-SD	1,545,939	-
Total Department of Homeland Security			3,090,888	-
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	G20MW0004A	187,976	-
Total Executive Office of the President - Office of National Drug Control Policy			187,976	-
Department of Treasury				
<i>Indirect Federal Funding</i>				
<i>South Dakota Bureau of Finance and Management</i>				
COVID-19 -Coronavirus Relief Fund	21.019	*	47,734,939	-
Equal Employment Opportunity Commission				
<i>Direct Federal Funding:</i>				
Clearinghouse Services, Civil Rights Discrimination Complaints	29.001		9,420	-
Federal Communications Commission				
<i>Indirect Federal Funding</i>				
<i>Universal Service Administrative Co.</i>				
Universal Service Fund - Schools and Libraries	32.004		75,161	-
Total Expenditures of Federal Awards			<u>\$ 68,830,052</u>	<u>\$ 1,619,747</u>

* 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, 2020. 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, 2020 was \$88,043,686.

Note E - Donated Personal Protective Equipment (PPE) (unaudited)

The City did not receive any nonmonetary assistance of PPE during the emergency period of the CoVid-19 Pandemic.

Note F - Provider Relief Funds

The City did not receive any amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund (PRF) program (Federal Financial Assistance Listing/CFDA #93.498 during the year ended December 31, 2020 and did not incur any expenditures or lost revenue that would be required to be recognized on the Schedule of Expenditures of Federal Awards.

Note G - Reissuance of Single Audit Report

This report is replacing the report previously issued on March 19, 2021. 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, 2020.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	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:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
COVID-19 - Coronavirus Relief Fund	21.019
Clean Water State Revolving Fund	66.458
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036

Dollar threshold used to distinguish between type A and type B programs:	\$2,064,902
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2020-001 Prior Period Restatement
Material Weakness**

Criteria: The City should report capital assets only when it has responsibility for managing (often, primarily responsible for maintenance) that asset.

Condition: 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.

Cause: Management was incorrectly capitalizing infrastructure from private contributions when the City did not own, and is not required to maintain, such assets.

Effect: The City restated the beginning net position as follows:

Governmental Activities	\$ 2,163,233
Business-Type Activities	\$ 17,897,078
Water Fund	\$ 17,897,078

Recommendation: The City should continually monitor all private contributions for infrastructure and only capitalize the assets where the City has ownership and will be responsible for managing.

Views of Responsible Officials: Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

2020-002 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 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.

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 2020 Schedule.

Questioned Costs: None reported.

Context/Sampling: None.

Repeat Finding from Prior Year(s): No

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.

**2020-003 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 five contracts.

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 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:

Corrective Action Plan December 31,
2020

Prepared by Management of
City of Sioux Falls

Finding 2020-001 Prior Period Restatement

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.

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 fixed asset additions, specifically infrastructure contributions which include a review of these contributions from both engineering and finance departments to ensure proper inclusion of City assets and the proper exclusion of privately owned infrastructure.

Anticipated Completion Date: June 30, 2022

Finding 2020-002 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 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.

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 2020-003 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