





Comprehensive Annual Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2018

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	10
City Elected Officials and City Appointive Officers	11
Departmental Organization Chart	12

II. Financial Section

A. Independent Auditor's Report	13
B. Management's Discussion and Analysis	16
C. Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	29
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Fund Financial Statements	
Statement of Net Position	37
Statement of Revenues, Expenses, and Changes in Net Position	39
Statement of Cash Flows	41
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	43
Statement of Changes in Fiduciary Net Position	44
Notes to Financial Statements	45
D. Required Supplementary Information	
Budget Comparison Schedule – General Fund	81
Budget Comparison Schedule – Major Special Revenue Funds	
Entertainment Tax Fund	83
Sales and Use Tax Fund	84
Community Development Fund	85
Storm Drainage Fund	86
Notes to Required Supplementary Information—Budgetary Reporting	87
Schedules of Changes in the Net Pension Liability and Related Ratios	88
Schedules of Employer's Net Pension Liability	89
Schedules of Employer Contributions	90
Schedule of City's proportionate share of the Net Pension Liability/(Asset)	91
Schedule of City Contributions	91
Schedule of Changes in the Employer's Net OPEB Liabilities (Assets)	92
Schedule of Employer OPEB Contributions	93
E. Supplementary Information—	
Budget Comparison Schedule – General Government Construction Fund	95
Combining Financial Statements	
Nonmajor Governmental Funds	
Balance Sheet	97
Statement of Revenues, Expenditures, and Changes in Fund Balances	98
Nonmajor Special Revenue Funds	
Balance Sheet	99
Statement of Revenues, Expenditures, and Changes in Fund Balances	100
Budget Comparison Schedules	101
Nonmajor Debt Service Funds	
Balance Sheet	103
Statement of Revenues, Expenditures, and Changes in Fund Balances	104
Budget Comparison Schedules	105

Table of Contents (cont)

Nonmajor Capital Project Funds	
Balance Sheet.....	107
Statement of Revenues, Expenditures, and Changes in Fund Balances	108
Budget Comparison Schedules.....	109
Nonmajor Permanent Funds	
Balance Sheet.....	111
Statement of Revenues, Expenditures, and Changes in Fund Balances	112
Budget Comparison Schedules.....	113
Internal Service Funds	
Statement of Net Position	115
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	117
Statement of Cash Flows.....	119
III. Statistical Section	
A. Financial Trends	
Table I—Net Position by Component	123
Table II—Changes in Net Position.....	123
Table III—Fund Balances of Governmental Funds	127
Table IV—Changes in Fund Balances of Governmental Funds.....	129
Table V—Changes in Fund Balance of General Fund	131
Table VI—General Governmental Tax Revenues by Source.....	133
B. Revenue Capacity	
Table VII—Direct and Overlapping Property Tax Rates.....	133
Table VIII—Assessed Value and Estimated Actual Value of Taxable Property.....	134
Table IX—Property Tax Levies and Collections.....	134
Table X—Principal Property Taxpayers	135
Table XI—Taxable Sales by Category	135
C. Debt Capacity	
Table XII—Ratios of Outstanding Debt by Type.....	136
Table XIII—Legal Debt Margin Information	136
Table XIV—Computation of Direct and Overlapping Debt	137
Table XV—Revenue Bond/Note Coverage – Sales and Use Tax	137
Table XVI—Revenue Note Coverage – Storm Drainage	138
Table XVII—Revenue Note Coverage – Water	138
Table XVIII—Revenue Note Coverage – Water Reclamation.....	139
Table XIX—Revenue Note Coverage – Landfill	139
D. Demographic and Economic Information	
Table XX—Demographic and Economic Statistics.....	140
Table XXI—Major Employers	140
Table XXII—Nonfarm Wage and Salaried Workers	141
Table XXIII—Building Permit and Construction Values.....	141
E. Operating Information	
Table XXIV—City Government Employees by Function/Program	142
Table XXV—Operating Indicators by Function/Program.....	143
Table XXVI—Capital Asset and Infrastructure Statistics by Function/Program	145
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	147
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	149
Schedule of Expenditures of Federal Awards.....	152
Notes to Schedule of Expenditures of Federal Awards	154
Schedule of Findings and Questioned Costs.....	155

Letter of Transmittal



City of Sioux Falls
SOUTH DAKOTA

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

April 22, 2019

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, 2018.

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, 2018, 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, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is

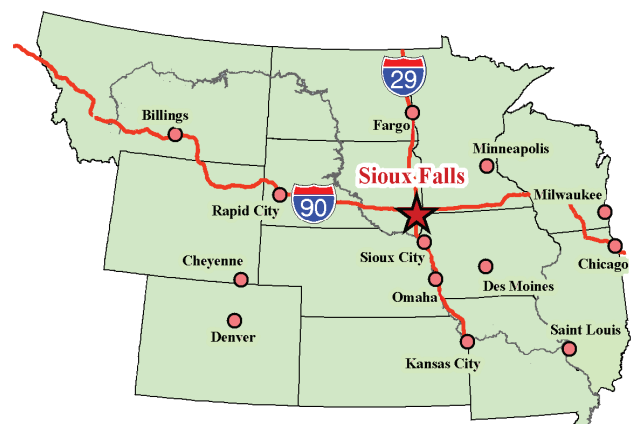
presented as the first component of the financial section of this report.

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 147.

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

Profile of the City of Sioux Falls

Located on the banks of the Big Sioux River in the fertile, gently rolling countryside of southeastern South Dakota, Sioux Falls is the largest city in the four northern states of Wyoming, Montana, North Dakota, and South Dakota, with 187,200 residents. Sioux Falls is a crossroads city, lying strategically at the junction of Interstate 90, connecting Boston to Seattle, and Interstate 29, joining Winnipeg and Kansas City. It sits on the border of the states of South Dakota, Minnesota, and Iowa, serving as a primary market area for over 750,000 consumers.



Sioux Falls has ranked in the top 5 each of the last 16 years on the Forbes' list of Best Small Places for Business and Careers. In 11 of those years, including this past year, Sioux Falls ranked number one.

It's easy to see why. Sioux Falls is home to two top ranked hospital systems, Sanford Health and Avera Health. Both have major research programs in a variety of areas that have expanded rapidly over the past several years. Energy research and development is carried out at the corporate headquarters of POET, the largest ethanol producer in the

Letter of Transmittal

world. Combined with the well-established financial services, advanced manufacturing, and, of course, agricultural industries, these and other research and information technology industries are finding Sioux Falls the right place to call home. It helps explain why SmartAsset.com named Sioux Falls the best city in the country for young professionals.

Better yet, Sioux Falls is much more than a great place to do business. Sioux Falls was recently rated in the top ten best places to live by livability.com for cities with populations between 20,000 and 1,000,000 citing that "these cities are not just fantastic places to live in terms of amenities, education, health care and infrastructure, they are places where young people can build amazing careers and communities."

Sioux Falls was listed as the seventh happiest city in the nation according to WalletHub in 2018 based on 28 metrics. SmartAsset.com named Sioux Falls one of the top 25 best cities for living the American Dream. A relatively low cost of living, access to great healthcare, high quality educational options, a variety of cultural and recreational amenities, low crime rates, and desirable four-season climate are just some of the factors that make Sioux Falls such a great place to live.

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

The Washington Pavilion, along with the smaller historic Orpheum Theater, anchor a vibrant and expanding arts and entertainment district in downtown Sioux Falls. In the summer of 2019, a new Levitt Pavilion will open in downtown's Falls Park and host 50 free outdoor concerts each year. In 2018, The Sioux Falls SculptureWalk also celebrated its 15th year, which annually features over 50 sculptures placed throughout downtown. Complemented by the new Levitt Pavilion, these amenities enhance free public access to arts and culture in the community, in addition to serving as an economic development tool attracting people from throughout the region.

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

WalletHub also ranked Sioux Falls the sixth best-run city in the nation based on 35 different metrics. This financial report supports why Sioux Falls has become nationally

recognized in this area. The City has a long-standing history of wisely investing in the future, providing great value for each taxpayer dollar, and being fiscally responsible.

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 45.

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

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

Factors Affecting Economic Condition

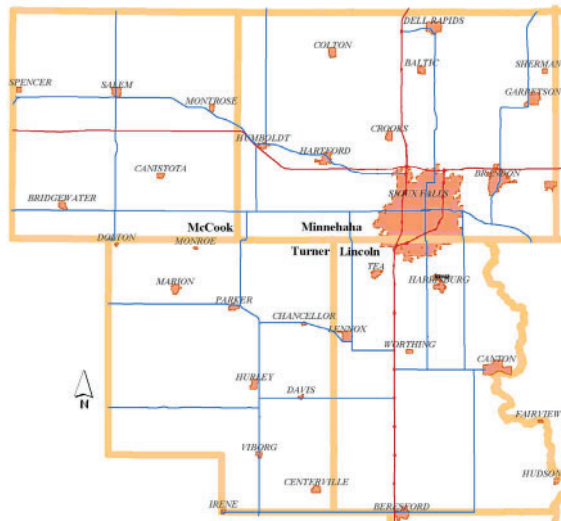
The information presented in these financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy in General

The City experienced strengthening economic growth in 2018 due in large part to a dynamic retail and business environment, and a strong healthcare presence. Strong Midwestern values and fiscal discipline allow the City to prosper, evidenced by a growing population, a low unemployment rate, growing annual pay, strong construction activity, and an increased consumer spending.

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.



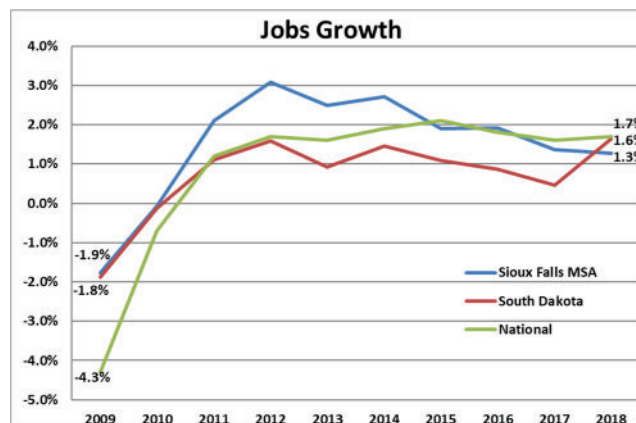
Population

The City's population increased by 2.2 percent in 2018 as the estimated population grew from 183,200 in 2017 to 187,200 in 2018. With a 2018 statewide population of 882,235, the City accounts for 21.1 percent of the state's population. The population of the Sioux Falls MSA is 266,700.

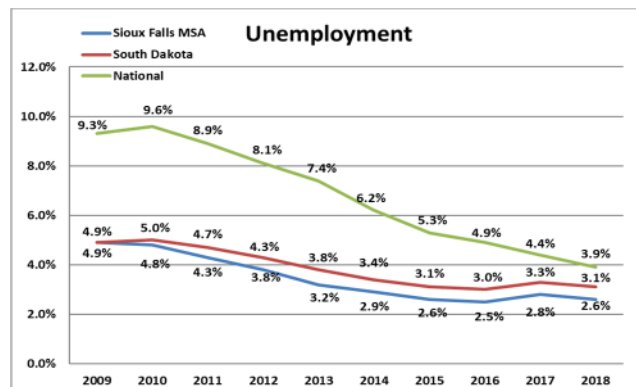
City projections indicate continuing population growth through 2040. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

Employment

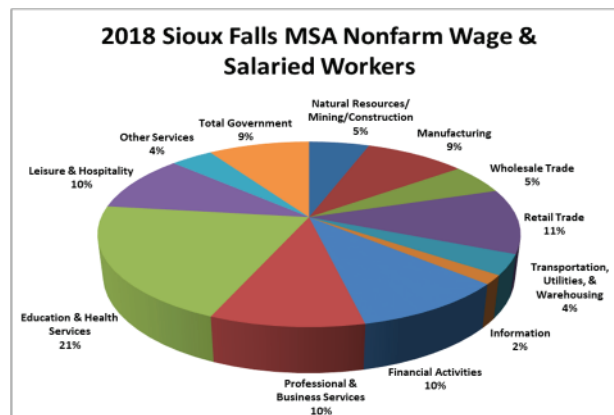
In 2018, the number of jobs in the Sioux Falls MSA increased by 2,000 as measured by the annual average of nonfarm wage and salaried workers statistics. The Sioux Falls MSA saw an increase of 800 jobs in professional and business services. Other industries experiencing significant job growth included manufacturing, adding 600 jobs, and education and health services, adding 400 jobs. The following chart shows the strength of both the Sioux Falls MSA and state of South Dakota local and regional economies when compared on a national basis.



The resident labor force of the Sioux Falls MSA increased by 2,182 or 1.5 percent from 149,333 in 2017 to 151,515 in 2018. The Sioux Falls MSA annual average unemployment rate decreased slightly from 2.8 percent in 2017 to 2.6 percent in 2018. The City and state unemployment rates compare very favorably to the national unemployment rate as shown below.



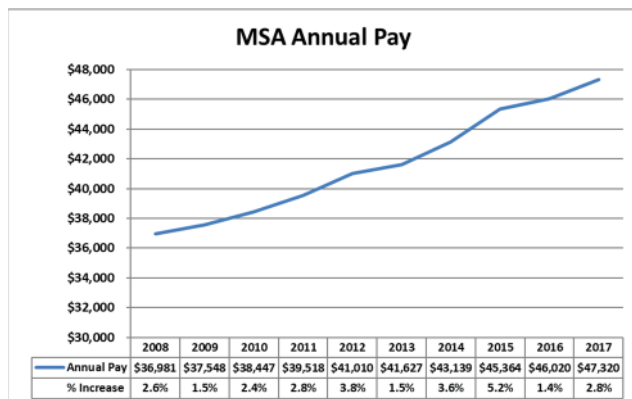
Aiding the strong employment market is the diversity of the Sioux Falls job market as indicated on the following chart.



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Wages and Income

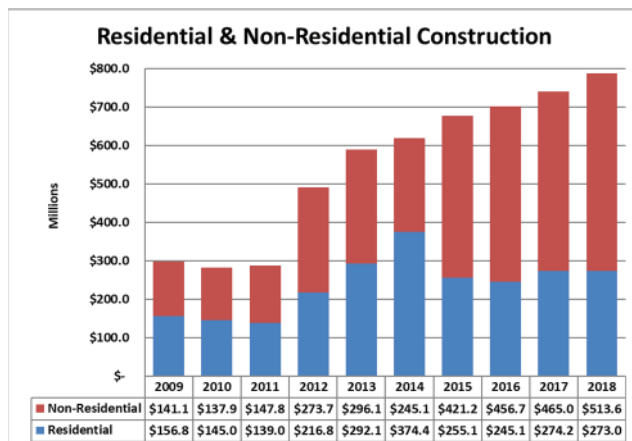
As shown in the following chart, annual pay of workers covered by unemployment insurance in the MSA increased to \$47,320 in 2017, the most recent year available. From 2008 to 2017, pay rose by 28 percent or by an average annual growth rate of 2.5 percent. Both income and pay outpaced the average annual growth of the national rate of inflation.



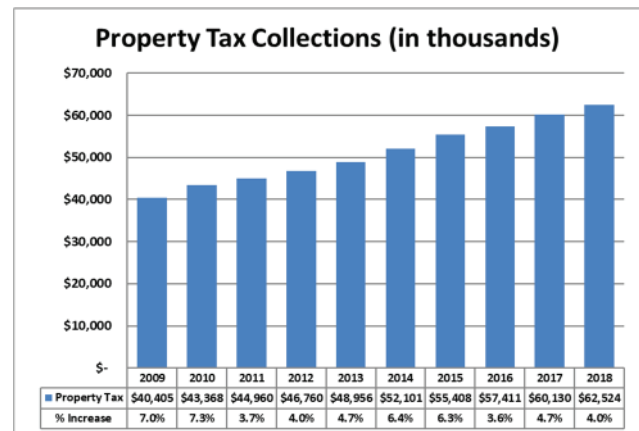
Construction Activity

During 2018, the City approved 275 subdivision plats totaling 1,071 lots and 1,201 acres. Sixty-five 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 Avera on Louise Specialty Campus, which had a construction value of \$54.5 million. The Minnehaha Jail project came in second at \$40.7 million, with the Citi project coming in third at \$26.8 million. The fourth largest project in Sioux Falls was the Cascade Lofts at \$23.8 million and rounding out the top five was the Village on the River project at \$18.2 million.

In 2018, the City recorded the highest building permit valuations in City history. Construction value, measured by permits issued, equaled \$786.6 million in 2018, which is a \$47.4 million increase in value over permits issued in 2017. The following chart shows total construction permit values for the last ten years for both residential and nonresidential projects.



The City grew in area, adding 0.73 square miles within its borders to equal 78.94 square miles. The City has added 18 new and annexed centerline miles of roads, 11 miles of storm sewer, 17 miles of sanitary sewer, and 22 miles of water mains to its infrastructure (excluding construction-in-progress). Infrastructure and capital contributions added \$64.4 million to the City's capital assets in 2018.



The rise in previous year's construction activity has resulted in steadily increasing property tax collections for the City, as shown in the previous graph. This growth in property tax collections has been well above regular inflationary growth, as outlined in the graph below.



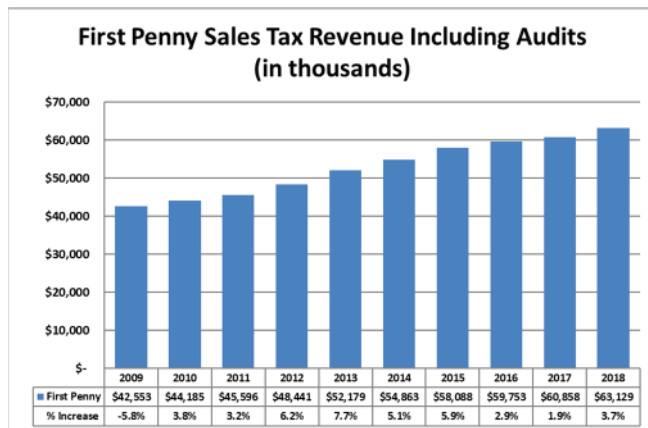
Gross and Taxable Sales

Gross sales were \$16.8 billion in 2018, up by 12.75 percent over the prior year. Taxable sales were \$6.4 billion in 2018, an increase of 4.1 percent. These sales figures for Sioux Falls comprised 22.2 percent of gross sales and 28.6 percent of taxable sales statewide.

The increase in taxable sales translated into the City realizing an increase in net sales and use tax revenue of 3.7 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 negative 5.8 percent in 2009.

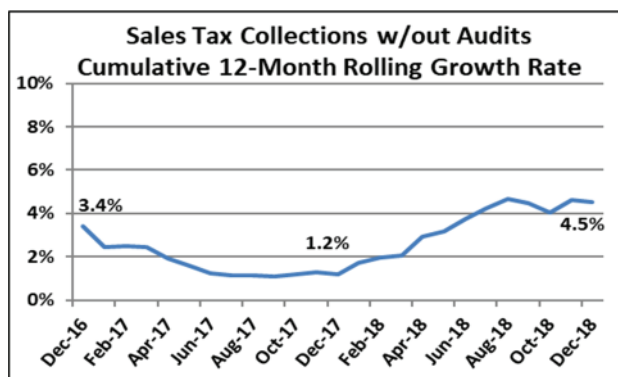
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The following chart shows the growth in sales tax on a dollar basis, indicating a steady upward trend in actual tax dollars collected since 2010.



As the sales and use tax is the largest revenue source, the City constantly monitors its growth rate in order to recognize changing economic conditions. The City utilizes a cumulative 12-month rolling sales and use tax growth without audits as a sound and reliable method of measuring growth.

The City ended the year on a steady growth rate, consistently increasing from just under 2 percent at the start of the year to 4.5 percent at the end of the year.



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

Major Initiatives

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

- Improving public safety by hiring additional police officers;
- Focusing on improved productivity and efficiency;
- Investing in City personnel;
- Taking care of what we have by repairing, rebuilding, and replacing public facilities and infrastructure; and

- Evaluating user fees to ensure a proper balance between user and public-supported services.

The major capital projects completed in 2018 were:

- Construction of the City Center office building;
- Renovation of the Great Plains Zoo Brown Bear Exhibit;
- Construction of bike trail from Marion Road to the Big Sioux River;
- Convention Center kitchen remodel;
- ADA Accessibility improvements on 41st Street and Minnesota Avenue;
- Rehabilitation of Minnesota Avenue from 22nd to 33rd Street and reconstruction of 26th Street and Minnesota Avenue Intersection;
- Construction of Brandon Road Parallel Force Main;
- Construction of 85th Street from Tallgrass Avenue to Hughes Avenue; and
- Overlay of 186 blocks, 35 blocks of concrete rehab, 50 blocks of core neighborhood reconstruction, and 397 blocks of micro-surfacing in various locations.

Major projects in progress in 2018 include:

- Construction of the Levitt Pavilion at Falls Park;
- Construction of Veterans' Parkway from Rice Street to Interstate 90;
- Reconstruction of Arrowhead Parkway from Sycamore Avenue to Highline Avenue;
- Reconstruction of Ellis Road from 12th Street to 41st Street;
- Terry Avenue & 43rd Street drainage improvements; and
- Construction of the downtown parking ramp.

Major projects in design in 2018 include:

- Reconstruction of 69th Street from Louise Avenue to Tallgrass Avenue;
- 8th Street Bridge Rehabilitation;
- 26th Street and Southeastern Avenue Expansion;
- Reconstruction of 41st Street and Western Avenue; and
- Reconstruction of the bike trail from Fawick Park to Cherry Rock Park.

The City invested \$204.2 million (\$221.5 million with equipment) in capital improvement projects in 2018, 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 \$137.9 million, ending the year with net capital assets of \$1.8 billion (see the capital note beginning on page 55 for more details on the City's capital assets).

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Relevant Financial Policies

City Charter

The City Charter includes the following financial provisions:

1. No personal or corporate income tax will be levied, nor additional debt incurred, except to the extent authorized by state law for SDCL Title 9 cities. (§1.04)
2. The City Council shall provide for an independent annual audit of all City accounts. (§2.10)
3. For any fund, the total of proposed expenditures shall not exceed the total of estimated income plus the fund balance carried forward, exclusive of reserves (a balanced budget). (§5.04)
4. If the Mayor certifies there are available for appropriation revenues in excess of those estimated in the budget, the Council may make supplemental appropriations up to the amount of such excess. (§5.07)
5. To meet a public emergency, the Council or Mayor may make emergency appropriations. The Council may issue emergency notes if there are no available unappropriated revenues or a sufficient fund balance to meet such appropriations. (§5.07)
6. No payment may be made or obligation incurred unless there is a sufficient unencumbered balance in such allotment or appropriation and sufficient funds are or will be available to cover the claim or meet the obligation when it becomes due and payable. (§5.10)

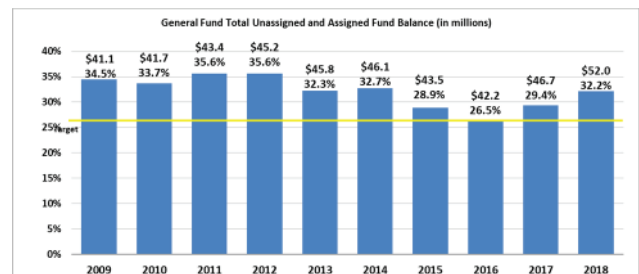
General Fund (Primary Operating Account)

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

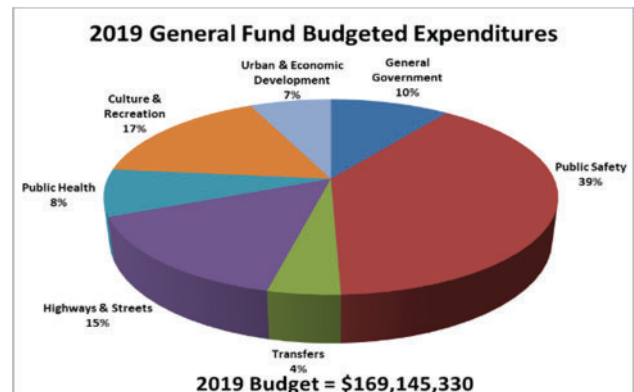
- A goal that the City maintain a General Fund unassigned fund balance as of December 31 of each fiscal year equal to 25 percent of the General Fund expenditure budget for that year and a minimum unrestricted cash balance at the end of each calendar month equal to 11 percent of the General Fund budget for that year. If the General Fund unassigned fund balance as of December 31 or the unrestricted cash reserves at any month-end fall below these thresholds, the Mayor shall present the Council with an explanation and plan for replenishing the unrestricted cash balance or General Fund unassigned fund balance to the targeted level.
- A goal that the Mayor's proposed General Fund budget for each fiscal year provide for balance between projected revenues and expected expenditures without the use of the General Fund unassigned fund balance, and that the elected and appointed officials of the City use their best efforts and mutual cooperation to accomplish that goal. If the Mayor believes that the financial condition or needs of the City require the use of funds from the General Fund unassigned fund balance in the proposed budget, such budget proposal shall include a statement of the reasons which the Mayor believes justify the use of the General Fund unassigned funds.

- A policy that if the Mayor's proposed General Fund budget includes projected revenues from increases in fees, charges, taxes, or other similar sources that require Council approval, the ordinance or ordinance amendment authorizing such increase should be presented to and approved by the Council prior to the submission of the proposed budget.

The General Fund total unassigned and assigned fund balance ended 2018 at \$52.1M or 32.2 percent of budgeted expenditures – above the 25 percent policy target. The following chart shows the history of the General Fund total unassigned and assigned fund balance.



To show the general operating priorities of the City, excluding public utilities, the following chart shows the General Fund budget for 2018.



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 137, the second penny sales tax currently has revenues of 2.98 times the pledged debt service of the second penny and 3.84 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

Letter of Transmittal

the tax are the bonds issued for the Lewis & Clark Regional Water System and the bonds issued for a new public parking ramp.

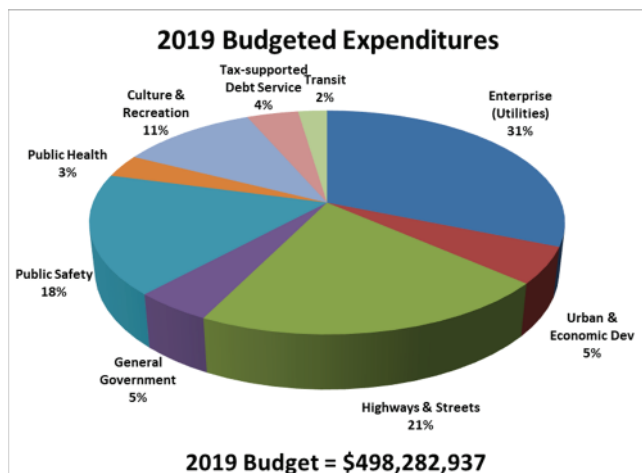
In combination with refinancing of debt, the City prepaid \$25 million of the Lewis and Clark sales tax bonds from water funds in 2017 and \$1.5 million in sales tax bonds from excess sales tax funds in 2018. Future projections continue to show that the City will maintain coverage well in excess of the policy target, which self-imposed coverage is greater than the coverage requirements established within the bond indenture.

Enterprise Funds

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

All Funds – Citywide Investment in Services

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



Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sioux Falls for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This was the 38th consecutive year that the City of Sioux Falls has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

Acknowledgments

The preparation of audited statements in a timely manner after year-end was accomplished by the dedicated services of the entire staff of the Finance department. The timely completion of this report ensures that decision-makers have access to audited year-end information prior to entering the formal budget cycle, making the report much more valuable. The Finance staff, along with the help of each department, has put forth an 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, 2017

Christopher P. Morill

Executive Director/CEO

City Elected Officials and City Appointive Officers

City Elected Officials

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

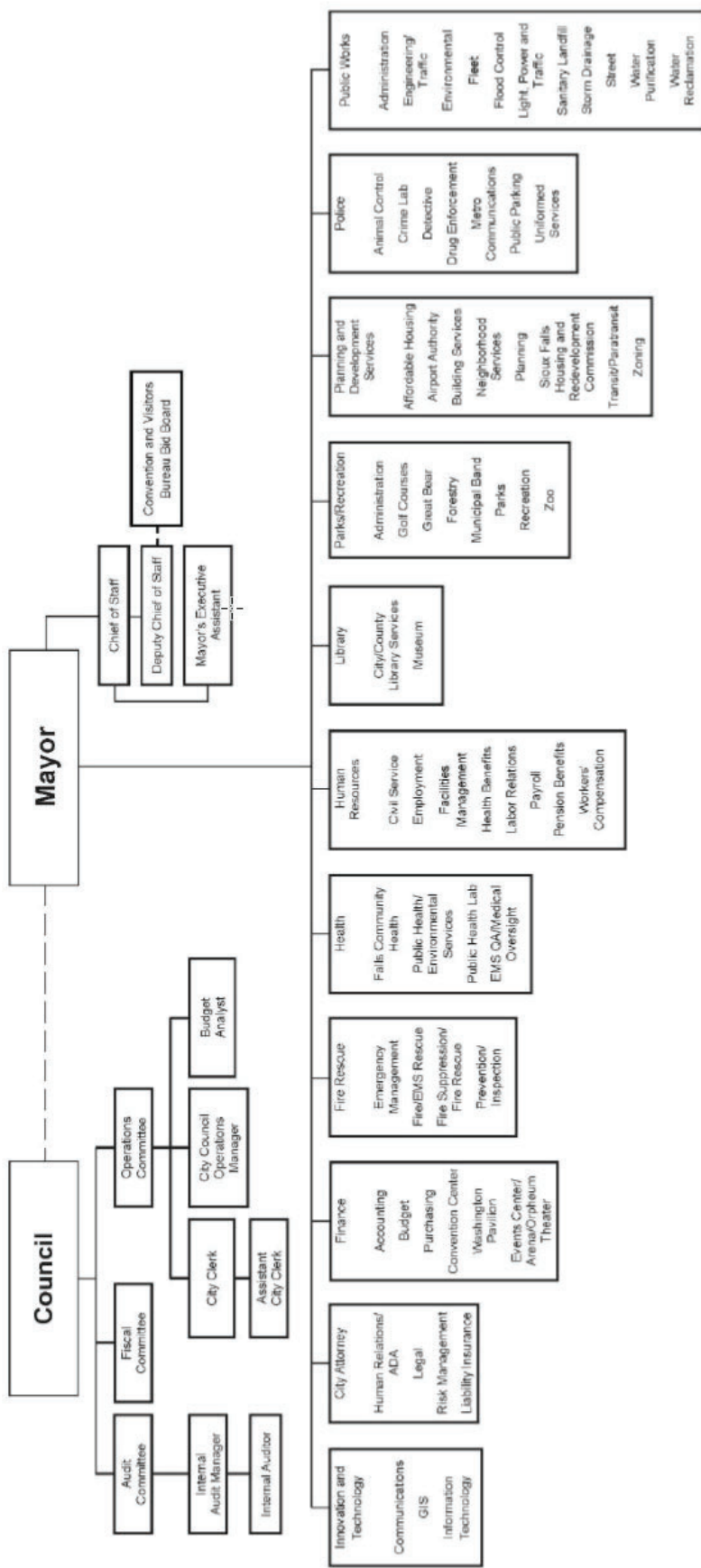
City Appointive Officials

As of December 31, 2018

Deputy Chief of Staff	TJ Nelson
Chief of Staff	Erica Beck
City Attorney	Stacy Kooistra
City Clerk	Tom Greco
City Council Budget Analyst	David Bixler
Director of Finance	Shawn Pritchett
Director of Human Resources	Bill O'Toole
Director of Innovation and Technology	Jason Reisdorfer
Director of Parks and Recreation	Don Kearney
Director of Planning and Development Services	Mike Cooper
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 Auditor	Abby Vandelanotte
Police Chief	Matthew Burns
Public Health Director	Jill Franken

Departmental Organization Chart

City of Sioux Falls Organization Chart





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2018, 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 81 percent, 58 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison schedule for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019 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 29, 2019

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, 2018. 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 2018 fiscal year by \$1.7 billion (net position). Of this amount, \$155.1 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 2018 fiscal year, the City's governmental funds reported combined ending fund balances of \$158.3 million, a decrease of \$2.4 million in comparison with the prior year balance. Of this balance, \$48.3 million constitutes unassigned fund balance, \$7.6 million assigned, \$39.5 million committed, \$54.7 million restricted, and \$8.2 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$529.1 million, an increase of \$30.6 million. Net cash flows from operations were \$47.6 million while net cash used by capital and financing activities was \$24.4 million.
- At the end of the 2018 fiscal year, the General Fund assigned and unassigned fund balance was \$52.1 million, an increase of \$5.4 million. This balance represents 32.2 percent of the final 2018 General Fund expenditure budget of \$161.7 million.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Management's Discussion and Analysis

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

The City maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, Storm Drainage Fund, and General Construction Fund, all of which are considered to be major funds. Data from the other six 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. As of year-end December 31, 2018, the two non-major capital project funds have been closed.

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 115-120 of this report.

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

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

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

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

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

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

Management's Discussion and Analysis

Government-wide Financial Analysis

Net position. As presented in the following table, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.7 billion at the close of the fiscal year ending December 31, 2018.

Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and Other Assets	\$ 209,900,249	\$ 207,839,154	\$ 86,490,802	\$ 111,796,079	\$ 296,391,051	\$ 319,635,233
Capital Assets	1,166,885,715	1,200,572,460	563,402,580	584,196,189	1,730,288,295	1,784,768,649
Total Assets	1,376,785,964	1,408,411,614	649,893,382	695,992,268	2,026,679,346	2,104,403,882
Deferred Outflows of Resources	16,559,224	72,901,720	2,404,868	8,775,327	18,964,092	81,677,047
Long-term Liabilities	194,843,761	234,948,464	125,534,930	142,533,906	320,378,691	377,482,370
Other Liabilities	30,145,864	27,935,214	20,695,303	24,364,397	50,841,167	52,299,611
Total Liabilities	224,989,625	262,883,678	146,230,233	166,898,303	371,219,858	429,781,981
Deferred Inflows of Resources	40,563,505	48,841,402	4,842,449	5,836,579	45,405,954	54,677,981
Net Position:						
Net Investment in Capital Assets	994,726,890	1,021,045,334	441,954,230	460,700,572	1,436,681,120	1,481,745,906
Restricted	62,906,294	59,535,309	3,442,244	5,201,229	66,348,538	64,736,538
Unrestricted	70,158,874	89,007,611	55,829,094	66,130,912	125,987,968	155,138,523
Total Net Position	\$ 1,127,792,058	\$ 1,169,588,254	\$ 501,225,568	\$ 532,032,713	\$ 1,629,017,626	\$ 1,701,620,967

By far the largest portion of the City's net position, 87.1 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 3.8 percent of total net position, decreased from \$66.3 million in 2017 to \$64.7 million in 2018. This decrease is primarily due to the

decrease in governmental debt which decreased debt reserve requirements.

The remaining balance of \$155.1 million, 9.1 percent, in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within unrestricted net position have internally imposed designations or limitations which may further limit the purpose for which such net position may be used. For example, a portion of the unrestricted net position within the City's Sales and Use Tax Fund has been set aside to provide for capital projects that are carried forward from the previous year's capital program but do not have outstanding contracts or encumbrances as outlined on page 57.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$72.6 million as revenues exceeded expenses during the current fiscal year.

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		
	2017	2018	2017	2018	2017	2018	
Revenues:							
Program Revenues:							
Charges for Services	\$ 15,286,839	\$ 15,034,348	\$ 87,283,083	\$ 89,467,866	\$ 102,569,922	\$ 104,502,214	
Operating Grants and Contributions	16,081,817	14,222,835	181,301	75,559	16,263,118	14,298,394	
Capital Grants and Contributions	18,666,162	21,112,481	11,623,136	11,766,244	30,289,298	32,878,725	
General Revenues:							
Property Taxes	60,115,348	62,653,215	-	-	60,115,348	62,653,215	
Sales Taxes	132,448,059	137,004,842	-	-	132,448,059	137,004,842	
Other Taxes	12,863,186	13,917,255	-	-	12,863,186	13,917,255	
Other	3,856,955	6,701,833	4,095,101	4,347,046	7,952,056	11,048,879	
Grants and Contributions not Restricted to Specific Programs	5,886,719	6,070,876	-	-	5,886,719	6,070,876	
Total Revenues	265,205,085	276,717,685	103,182,621	105,656,715	368,387,706	382,374,400	
Expenses:							
General Government	13,766,907	17,310,632	-	-	13,766,907	17,310,632	
Public Safety	45,345,386	64,569,696	-	-	45,345,386	64,569,696	
Highways & Streets	52,617,614	68,023,930	-	-	52,617,614	68,023,930	
Public Health	10,426,180	12,032,129	-	-	10,426,180	12,032,129	
Culture & Recreation	40,258,180	43,717,358	-	-	40,258,180	43,717,358	
Urban & Economic Development	20,594,543	23,118,511	-	-	20,594,543	23,118,511	
Interest on Long-term Debt	6,693,992	6,343,156	-	-	6,693,992	6,343,156	
Electric Light	-	-	8,803,782	9,562,823	8,803,782	9,562,823	
Public Parking	-	-	1,897,465	2,741,375	1,897,465	2,741,375	
Sanitary Landfill	-	-	10,686,231	10,216,724	10,686,231	10,216,724	
Water	-	-	26,305,766	27,002,192	26,305,766	27,002,192	
Water Reclamation	-	-	21,218,037	25,132,533	21,218,037	25,132,533	
Total Expenses	189,702,802	235,115,412	68,911,281	74,655,647	258,614,083	309,771,059	
Excess before Transfers	75,502,283	41,602,273	34,271,340	31,001,068	109,773,623	72,603,341	
Transfers	2,001,008	193,923	(2,001,008)	(193,923)	-	-	
Change in Net Position	77,503,291	41,796,196	32,270,332	30,807,145	109,773,623	72,603,341	
Net Position - Beginning	1,050,288,767	1,127,792,058	468,955,236	501,225,568	1,519,244,003	1,629,017,626	
Net Position - Ending	\$ 1,127,792,058	\$ 1,169,588,254	\$ 501,225,568	\$ 532,032,713	\$ 1,629,017,626	\$ 1,701,620,967	

Governmental activities. Governmental activities increased the City's net position by \$41.8 million, thereby accounting for 57.6 percent of the total growth in the net position of the City.

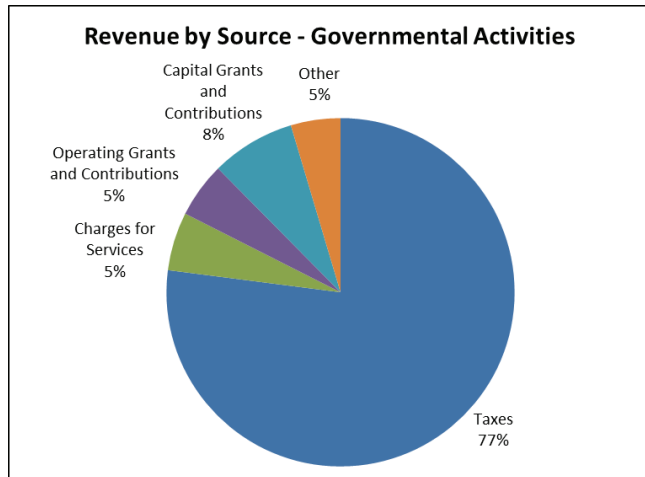
Revenues increased \$11.5 million or 4.3 percent. This increase was primarily the result of an increase in sales tax revenue and property tax revenue of \$4.6 million and \$2.5 million respectively, as well as an increase in investment income. Expenses increased \$45.4 million or 23.9 percent in comparison to the previous year.

Business-type activities. Business-type activities increased the City's net position by \$30.8 million, accounting for 42.4 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.

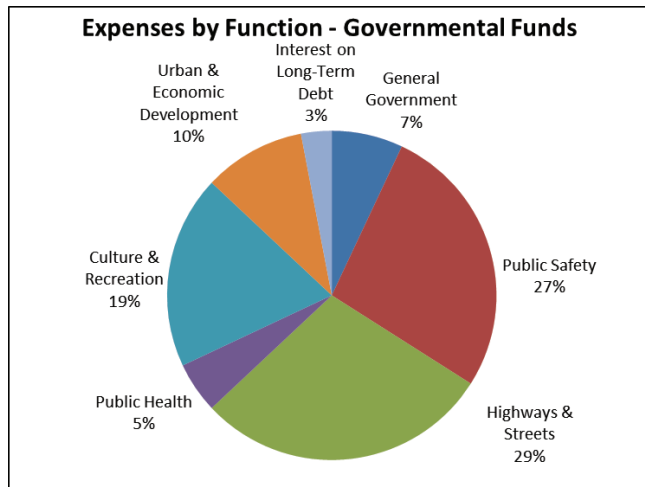
Management's Discussion and Analysis

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

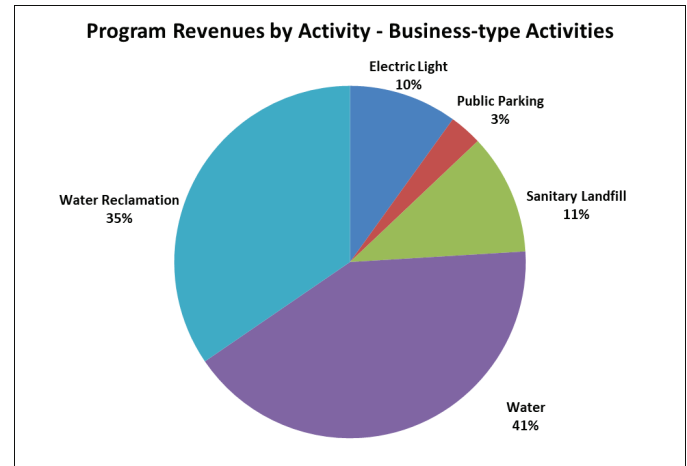
Taxes account for 77 percent of total governmental revenues. Of this, sales tax comprises 64 percent of total taxes collected, followed by property taxes at 29 percent, and the remainder is frontage and other taxes.



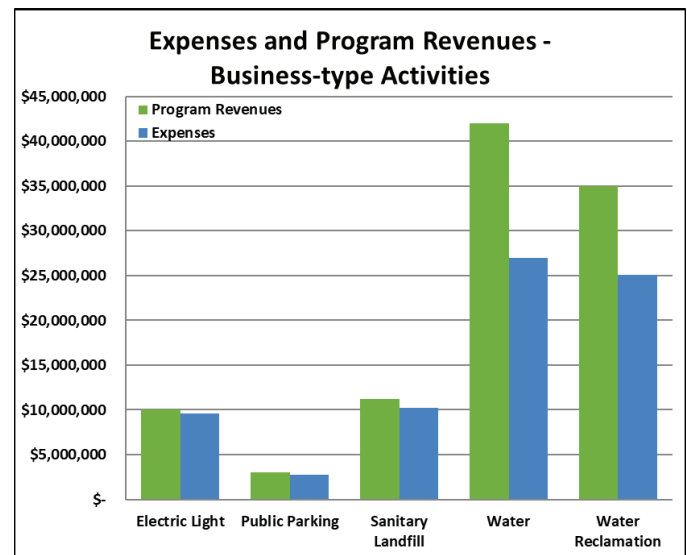
Public Safety and Highways and Streets comprise over half of the total governmental expenses.



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



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



Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial needs.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$158.3 million.

Approximately 30.5 percent, or \$48.3 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$7.6 million, 4.8 percent), committed (\$39.5 million, 25.0 percent), restricted (\$54.7 million, 34.6 percent), or nonspendable (\$8.2 million, 5.1 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 \$52.1 million. This balance increased in 2018 by \$5.4 million, representing 32.2 percent of the final 2018 General Fund expenditure budget of \$161.7 million. The City has a reserve policy target of 25 percent (assigned and unassigned fund balance). The City strategically manages reserves above this target to plan for the operating impacts resulting from future growth, including the ability to operate and maintain new capital infrastructure such as fire stations, libraries, and other new facilities.

Year-over-year, total revenues increased by \$5.9 million. A major contributing factor to this increase was an increase in sales tax revenue of \$2.3 million or 3.7 percent, and an increase in property tax revenue of \$2.6 million or 4.6 percent.

Operating expenditures increased by \$5.0 million, or 3.5 percent, in 2018. Most of the operating expenditure increases were attributable to increases in personnel costs. The City continues to carefully prioritize its resources in order to keep up with the fast pace of growth and providing quality services.

Changes within the various service areas are shown in the following table. Highways and Streets incurred the largest increase in expenditures at \$2.9 million or 13.3 percent, which is primarily the result of increased snow removal expense due to unfavorable weather conditions early in the year. Public Safety also experienced an increase in expenditures of \$2.6 million or 4.3 percent, which is primarily the result of an increased number of public safety employees and inflationary personnel costs.

	Operating Expenditures		
	2017	2018	Increase (Decrease)
General Government	\$ 15,111,983	\$ 15,857,924	\$ 745,941 4.9%
Public Safety	59,993,588	62,576,055	2,582,467 4.3%
Highways & Streets	21,776,451	24,677,397	2,900,946 13.3%
Public Health	11,991,217	11,777,284	(213,933) -1.8%
Culture & Recreation	25,363,085	24,650,294	(712,791) -2.8%
Urban & Econ Development	10,204,209	9,945,608	(258,601) -2.5%
	<u>144,440,533</u>	<u>149,484,562</u>	<u>5,044,029</u> 3.5%

The **Entertainment Tax Fund** recognized a \$3.0 million increase in fund balance. Entertainment tax revenue experienced growth of 7.8 percent year-over-year. There was a decrease of \$1.7 million in expenses due to a decrease in capital spending. The Fund, which is used to operate and maintain the Sioux Falls Convention Center and entertainment venues (Events Center, Arena, Orpheum Theater, Washington Pavilion and Sioux Falls Stadium), has a committed fund balance of \$12.9 million.

The **Sales and Use Tax Fund** accounts for the second penny sales and use tax, which is used to fund general capital projects including Highways and Streets, Parks and Recreation, and other capital infrastructure and equipment needs of the City.

The Fund experienced a \$4.3 million increase in fund balance, ending with a balance of \$53.9 million. Of this balance, \$21.6 million is restricted and \$12.2 million is committed for debt service. In addition, \$13.4 million is committed for current and future capital projects, of which \$4.6 million is available for new spending.

The **Community Development Fund** realized a small increase in fund balance during 2018 as federal and local funding was programmed for expenditure based upon project timing and availability.

The **Storm Drainage Fund** experienced a \$0.9 million reduction in fund balance, ending with a balance of \$6.9 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 \$9.8 million reduction in fund balance, ending at \$1.8 million, due to the building being substantially completed.

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		
	2017	2018	Increase (Decrease)
Electric Light	\$ 4,071,963	\$ 5,015,854	\$ 943,891
Public Parking Facilities	5,125,892	321,092	(4,804,800)
Sanitary Landfill	13,145,884	15,725,442	2,579,558
Water	7,238,891	13,164,215	5,925,324
Water Reclamation	23,564,263	29,007,919	5,443,656
	<u>\$ 53,146,893</u>	<u>\$ 63,234,522</u>	<u>\$ 10,087,629</u>

Management's Discussion and Analysis

The changes within the unrestricted net position of the proprietary (enterprise) funds are generally related to changes in rate structure and investments in capital 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 \$96.0 million, an increase of \$25.0 million, primarily due to the debt proceeds received for the new public parking facility. Net cash flows from operations ended with a positive cash flow of \$47.6 million.

The City continues to conduct rate reviews for each enterprise fund to ensure the self-sufficiency and sustainability of each fund.

The **Electric Light Fund** generated a positive net cash flow from operations of \$1.1 million in 2018, ending the year with a cash balance of \$3.8 million and an unrestricted net position of \$5.0 million.

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

The **Public Parking Fund** generated \$3.0 million in cash flow from operating activities, ending the year with a cash balance of \$21.0 million and unrestricted net position of \$0.3 million.

The City adopted a new parking rate structure in 2016, which allows for annual rate adjustments. The City began construction of a new multi-use parking structure in 2018. This structure is being funded through the use of cash and bonds.

The **Sanitary Landfill Fund** ended the year with an unrestricted net position of \$15.7 million and a cash balance of \$25.8 million. A substantial portion of the cash balance, or \$10.2 million, has been restricted to meet the City's future landfill closure and post-closure obligations.

In 2018, the City updated the rate analysis with the assistance of a consulting engineering firm, which 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 tipping fees.

The **Water Fund** generated \$19.0 million in cash flow from operating activities. After accounting for \$18.1 million in cash outflows from capital and relating financing activities, the fund recognized a net cash increase of \$1.6 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 \$20.8 million and a total increase of cash flows in the amount of \$4.3 million for an ending cash balance of \$27.7 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.

Both City pension plans are funded at 90 percent or better on a market value basis. In addition, the funds have been lowering the investment return expectations over the past several years. The return assumption used for 2018 is 7.3 percent. In addition, both plans currently have unallocated income reserves to buffer against contribution increases should investment markets substantially underperform the investment return assumption.

The City's OPEB Trust closed to new members as of January 1, 2014. The trust is 135 percent funded on a market value basis as of December 31, 2018, with \$4.9 million in assets available to meet a \$3.6 million estimated liability.

General Fund Budgetary Highlights

The City's low annual average unemployment rate of 2.6 percent, record construction activity of \$786.6 million in valuations, and 2.2 percent population growth all point to a growing economy and increased consumer spending.

With a growing economy, revenues and other financing sources exceeded initial budget projections by \$3.8 million. This surplus was primarily due to sales tax growth that exceeded budget projections. The City experienced a growth of 3.7 percent in net sales tax collections, which was \$2.6 million above the initial budget projection of 1.0 percent.

The City expenditures and other financing uses ended the year \$5.1 million or 3.2 percent below final budget. This budgetary expense savings is consistent with past years and is primarily accounted for within personnel savings due to position vacancies.

Management's Discussion and Analysis

Although originally budgeting to use \$3.9 million in operating reserves in 2018, \$5.0 million was added to reserves (assigned and unassigned fund balances).

Capital Assets and Debt Administration

Capital assets. Total capital assets for the governmental and business-type activities as of December 31, 2018, amounted to \$1.8 billion (net of accumulated depreciation). This investment in capital assets include land, buildings, improvements, machinery and equipment, infrastructure, intangibles, and construction in progress.

Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 152,082,306	\$ 157,016,426	\$ 16,845,178	\$ 17,199,395	\$ 168,927,484	\$ 174,215,821
Buildings	218,477,627	\$ 239,074,965	25,562,016	\$ 26,926,601	244,039,643	266,001,566
Improvements Other Than Buildings	64,996,291	\$ 60,661,877	4,166,353	\$ 3,220,077	69,162,644	63,881,954
Machinery and Equipment	41,986,989	\$ 46,283,494	15,266,044	\$ 15,445,065	57,253,033	61,728,559
Infrastructure	656,604,734	\$ 648,405,660	410,845,366	\$ 423,573,840	1,067,450,100	1,071,979,500
Intangibles	5,251,930	\$ 5,437,441	75,611,537	\$ 75,612,550	80,863,467	81,049,991
Construction in Progress	27,485,838	\$ 43,692,597	15,106,086	\$ 22,218,661	42,591,924	65,911,258
Total Assets	\$ 1,166,885,715	\$ 1,200,572,460	\$ 563,402,580	\$ 584,196,189	\$ 1,730,288,295	\$ 1,784,768,649

The City's total capital assets net of accumulated depreciation, increased by \$54.5 million in the current fiscal year. This increase was due in large part to the addition of the following capital assets:

- The completion of a variety of street construction and reconstruction projects (including donated and annexed streets) totaling \$25.5 million, including the overlay and concrete restoration of several city streets for \$11 million.
- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$38.2 million.
- The construction of the City Center office building, totaling \$19.3 million.
- The upgrades at the Sioux Falls Convention Center, totaling \$4.8 million.

- The renovation of the Great Plains Zoo brown bear exhibit, totaling \$2.5 million.
- The construction of the main bike trail loop from Marion Road to the Big Sioux River, totaling \$0.6 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 \$310.5 million. The City made regularly scheduled principal payments of \$24.7 million and a payment of \$15.7 million while refunding the 2007B bonds. The overall debt of the City, including enterprise fund infrastructure activity, increased \$6.6 million from 2017 as shown below.

Outstanding Debt by Type						
	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Bonds	\$ 179,140,000	\$ 165,455,000	\$ 31,045,000	\$ 46,755,000	\$210,185,000	\$212,210,000
Notes	1,229,168	7,831,809	92,498,350	90,437,696	93,727,518	98,269,505
Total	\$ 180,369,168	\$ 173,286,809	\$ 123,543,350	\$ 137,192,696	\$303,912,518	\$310,479,505

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

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

Management's Discussion and Analysis

Outstanding Debt by Pledge and Repayment				
	Pledged		Repayment	
	2017	2018	2017	2018
Governmental Activities				
Sales and Use Tax Fund	\$ 222,012,393	\$ 225,263,329	\$ 185,410,013	\$ 173,032,612
Community Development	500,000	500,000	500,000	500,000
Storm Drainage Fund	729,168	7,331,809	729,168	7,331,809
Nonmajor Governmental Funds	810,000	425,000	810,000	425,000
Total Governmental Activities	224,051,561	233,520,138	187,449,181	181,289,421
Business-type Activities				
Public Parking Fund	-	-	-	17,805,000
Water Fund	8,493,268	5,660,692	45,095,648	40,086,409
Water Reclamation Fund	84,005,082	84,777,004	84,005,082	84,777,004
Total Business-type Activities	92,498,350	90,437,696	129,100,730	142,668,413
Total	\$ 316,549,911	\$ 323,957,834	\$ 316,549,911	\$ 323,957,834

As of the 2018 rating, 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. These ratings reflect the City's growing population and economy, ongoing development, role as the economic and retail hub for the tri-state region, historically stable sales tax collections, positive demographic trends and strong labor market; healthy financial position, ample financial flexibility, and manageable debt and pension burdens.

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 \$701.8 million, which is \$417.7 million in excess of the City's outstanding bonded debt.

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

Economic Outlook and Next Year's Budget

General (Primary Operating) Fund: The basis for the City's 2019 budget is fiscal stewardship for a growing community. The budget focused on investing in City personnel, public safety, sustainable growth, community collaboration, and implementing a balanced approach to capital investments by maintaining existing infrastructure while accommodating growth.

The local economy continued to strengthen throughout the year as evidenced by improving growth in taxable sales, solid employment growth, and construction posting another record year. The following outlines the economic growth in 2018:

	2017	2018	Change	% Change
Population	183,200	187,200	4,000	2.20%
Employment	144,933	148,590	3,657	2.50%
Per Capita Personal Income (trailing year)	46,020	47,320	1,300	2.80%
Taxable Sales (\$ in thousands)	6,129,537	6,382,004	252,467	4.10%
First Penny Net Sales Tax Collections (\$ in thousands)	60,858	63,129	2,270	3.70%
Total Construction (\$ in thousands)	739,325	786,560	47,235	6.40%

Although variable depending on consumer and business spending, the City's sales tax is broad based with very few exclusions, providing more stability from year-to-year as both discretionary and non-discretionary spending is taxed. The steady improvement in sales tax collections throughout the year in 2018, ending at a net (including audits and excluding tax rebates) growth rate of 3.7 percent, puts the City in a strong position to meet or exceed General Fund revenue estimates in 2019. The 2019 budget anticipated a net growth rate of 3 percent for sales tax, the City's number one revenue source.

Property tax growth, a less variable revenue source, continues to reflect the City's strong building climate. The

2019 budget includes a 5.8 percent increase which includes 3.7 percent for new growth and a 2.1 percent inflationary adjustment. Total General Fund revenue growth for 2019 is budgeted at 4.9 percent.

The 2019 General Fund expenditure budget increased by 4.7 percent. The budget provides for the use of a small portion, \$3.8 million, of the combined assigned and unassigned fund balance. Accounting for normal estimated unspent budget balances, the budget projection estimates use of less than \$0.5 million in fund balance. This use of fund balance would leave the City a 30.5 percent fund balance to the 2019 expenditure budget at year-end versus the 25 percent policy target.

Management's Discussion and Analysis

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 is used to finance capital investments and not ongoing operating costs, the City only maintains a small revenue stabilization reserve. The City utilizes a five-year capital program to strategically plan and prioritize capital investments. The first year of the capital program, 2019, focuses on replacement, rehabilitation, and expansion of streets, strengthening infrastructure and facilities, and improving quality of life. Strong growth in construction activity and population will require careful prioritization of City infrastructure and quality-of-life projects in line with available revenues.

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

Financial results continue to perform at or above expectations, providing additional assurance that these funds will remain self-sustaining well into the future.

Summary: Sioux Falls is a vibrant and growing City offering a dynamic business environment anchored by healthcare, retail trade, agriculture, and financial services.

The City continues to experience growth and is committed to maintaining its strong financial position. This commitment will require the City to prudently plan, prepare, and prioritize the use of its resources in order to maintain the high-quality services the citizens desire.

The City is a proven leader when it comes to fiscal responsibility, with City leaders who are committed to making wise investments of public resources. This leadership provides the backdrop for continued success in providing the public 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, 2018

Statement of Net Position

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing & Redevelopment Commission	Metro Communications Agency
Assets					
Cash and Cash Equivalents	\$ 153,381,641	\$ 69,055,575	\$ 222,437,216	\$ 2,391,993	\$ 1,356,067
Assets Held for Management Agreements	4,671,634	-	4,671,634	-	-
Investments	-	-	-	25,331	-
Receivables, net	26,188,909	9,257,802	35,446,711	53,741	23,286
Prepaid Items	325,900	-	325,900	46,820	24,215
Internal Balances	(3,160,676)	3,160,676	-	-	-
Due From Other Governments	14,981,306	1,640	14,982,946	176,475	408,482
Inventory of Supplies and Stores	8,999,842	3,402,213	12,402,055	3,085,341	-
Restricted Assets:					
Cash and Cash Equivalents	-	26,915,397	26,915,397	-	-
Deposits	1,141,359	-	1,141,359	-	17,432
Net Pension Asset	23,256	2,776	26,032	-	3,194
Net OPEB Asset	1,285,983	-	1,285,983	-	-
Capital Assets:					
Land	157,016,426	17,199,395	174,215,821	906,031	-
Buildings, net	239,074,965	26,926,601	266,001,566	3,446,157	-
Improvements Other Than Buildings, net	60,661,877	3,220,077	63,881,954	328,580	-
Machinery and Equipment, net	46,283,494	15,445,065	61,728,559	57,601	582,322
Infrastructure, net	648,405,660	423,573,840	1,071,979,500	-	-
Intangibles, net	5,437,441	75,612,550	81,049,991	-	-
Construction in Progress	43,692,597	22,218,661	65,911,258	34,500	-
Total Assets	1,408,411,614	695,992,268	2,104,403,882	10,552,570	2,414,998
Deferred Outflow of Resources					
OPEB Trust	79,330	-	79,330	-	-
City Employee's Retirement System	47,386,157	7,873,649	55,259,806	-	-
City Firefighters' Pension Fund	17,868,129	-	17,868,129	-	-
South Dakota Retirement System	7,568,104	901,678	8,469,782	-	1,019,141
Total Deferred Outflow of Resources	72,901,720	8,775,327	81,677,047	-	1,019,141
Liabilities					
Accounts Payable and Other Current Liabilities	13,034,102	5,707,221	18,741,323	1,712,412	258,656
Interest Payable	866,864	585,836	1,452,700	1,945	-
Deposits	91,682	598,560	690,242	23,239	-
Unearned Revenue	1,655,444	-	1,655,444	-	-
Unearned Revenue-Other	-	-	-	14,184	-
Loss Reserve on Workers' Comp Claims					
Due Within One Year	765,000	-	765,000	-	-
Due In More Than One Year	2,683,504	-	2,683,504	-	-
Long-term Liabilities:					
Due Within One Year	11,522,122	17,472,780	28,994,902	1,499,368	124,309
Net Pension Liability Due In More Than One Year	50,479,402	5,153,920	55,633,322	-	-
Due In More Than One Year	181,785,558	137,379,986	319,165,544	3,648,718	134,823
Total Liabilities	262,883,678	166,898,303	429,781,981	6,899,866	517,788
Deferred Inflow of Resources					
City Employee's Retirement System	32,310,617	5,425,400	37,736,017	-	-
City Firefighters' Pension Fund	13,085,510	-	13,085,510	-	-
South Dakota Retirement System	3,445,275	411,179	3,856,454	-	274,887
Total Deferred Inflow of Resources	48,841,402	5,836,579	54,677,981	-	274,887
Net Position					
Net Investment in Capital Assets	1,021,045,334	460,700,572	1,481,745,906	1,233,801	582,322
Restricted for:					
Debt Service	21,300,604	4,708,254	26,008,858	-	-
Park and Recreation	555,120	-	555,120	-	-
Police	66,777	-	66,777	-	-
Community Development	24,047,960	-	24,047,960	-	-
Library:					
Expendable	47,395	-	47,395	-	-
Nonexpendable	24,767	-	24,767	-	-
Heroic Awards:					
Expendable	3,414	-	3,414	-	-
Nonexpendable	2,000	-	2,000	-	-
Pension	4,146,085	492,975	4,639,060	-	747,448
OPEB	1,285,983	-	1,285,983	-	-
Storm Drainage	6,889,572	-	6,889,572	-	-
Other Purposes	24,273	-	24,273	484,500	24
Liability Insurance Pool	1,141,359	-	1,141,359	-	17,432
Unrestricted	89,007,611	66,130,912	155,138,523	1,934,403	1,294,238
Total Net Position	\$ 1,169,588,254	\$ 532,032,713	\$ 1,701,620,967	\$ 3,652,704	\$ 2,641,464

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, 2018

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	\$ 17,310,632	\$ 2,685,163	\$ 38,000	\$ -
Public Safety:				
Fire Protection	27,829,382	692,064	742,845	152,000
Police Protection	36,740,314	198,935	769,913	145,350
Highways and Streets	68,023,930	490,642	725,333	19,446,986
Public Health	12,032,129	4,446,066	3,951,925	-
Culture and Recreation:				
Libraries	8,139,253	112,634	1,137,124	53,145
Museum	601,386	-	-	-
Parks & Recreation	25,799,818	2,064,017	1,796,028	1,315,000
Entertainment Venues	9,176,901	-	100,000	-
Urban and Economic Development:				
Community Development	1,758,721	8,742	889,262	-
Economic Development	6,379,016	784	-	-
TIF	7,903,235	-	-	-
Urban Management	7,077,539	4,335,301	4,072,405	-
Interest on Long-Term Debt	6,343,156	-	-	-
Total Governmental Activities	235,115,412	15,034,348	14,222,835	21,112,481
Business-type Activities:				
Electric Light	9,562,823	9,509,545	-	571,712
Public Parking	2,741,375	3,043,277	-	-
Sanitary Landfill	10,216,724	11,151,788	75,559	-
Water	27,002,192	34,480,725	-	7,486,888
Water Reclamation	25,132,533	31,282,531	-	3,707,644
Total Business-type Activities	74,655,647	89,467,866	75,559	11,766,244
Total Government	\$ 309,771,059	\$ 104,502,214	\$ 14,298,394	\$ 32,878,725
Component Units:				
Housing & Redevelopment Commission	\$ 14,817,848	\$ 1,073,259	\$ 13,992,001	\$ -
Metro Communications Agency	4,801,314	122,660	1,334,022	-
	\$ 19,619,162	\$ 1,195,919	\$ 15,326,023	\$ -
General Revenues:				
Taxes:				
Property Tax				
Sales Tax				
Frontage Tax				
Amusement Tax				
E-911 Surcharges				
Unrestricted State and County Shared Revenues				
Unrestricted Investment Earnings				
Miscellaneous Revenue, Net				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

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, 2018

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
\$ (14,587,469)	\$ -	\$ (14,587,469)		
(26,242,473)	-	(26,242,473)		
(35,626,116)	-	(35,626,116)		
(47,360,969)	-	(47,360,969)		
(3,634,138)	-	(3,634,138)		
(6,836,350)	-	(6,836,350)		
(601,386)	-	(601,386)		
(20,624,773)	-	(20,624,773)		
(9,076,901)	-	(9,076,901)		
(860,717)	-	(860,717)		
(6,378,232)	-	(6,378,232)		
(7,903,235)	-	(7,903,235)		
1,330,167	-	1,330,167		
(6,343,156)	-	(6,343,156)		
(184,745,748)	-	(184,745,748)		
-	518,434	518,434		
-	301,902	301,902		
-	1,010,623	1,010,623		
-	14,965,421	14,965,421		
-	9,857,642	9,857,642		
-	26,654,022	26,654,022		
(184,745,748)	26,654,022	(158,091,726)		
			\$ 247,412	\$ -
			-	(3,344,632)
			247,412	(3,344,632)
62,653,215	-	62,653,215	-	-
137,004,842	-	137,004,842	-	-
13,907,487	-	13,907,487	-	-
9,768	-	9,768	-	-
-	-	-	-	2,578,045
6,070,876	-	6,070,876	-	-
2,845,228	1,679,659	4,524,887	5,563	29,768
3,856,605	2,667,387	6,523,992	-	292,948
193,923	(193,923)	-	-	-
226,541,944	4,153,123	230,695,067	5,563	2,900,761
41,796,196	30,807,145	72,603,341	252,975	(443,871)
1,127,792,058	501,225,568	1,629,017,626	3,399,729	3,085,335
\$ 1,169,588,254	\$ 532,032,713	\$ 1,701,620,967	\$ 3,652,704	\$ 2,641,464

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Balance Sheet - Governmental Funds

	General	Entertainment Tax	Sales and Use Tax
Assets			
Cash and Cash Equivalents	\$ 54,448,931	\$ 9,724,372	\$ 46,768,805
Assets Held for Management Agreements	587,967	3,655,231	-
Receivables:			
Taxes-Delinquent	1,281,786	-	-
Accounts (net of allowance for uncollectibles)	977,734	920	153,915
Interest and Penalty	329,631	45,379	49,928
Special Assessments	324,458	-	673,362
Rehabilitation Loans and Grants	-	-	-
Due from Other Funds	50,000	-	-
Due from Other Governments	6,789,983	661,393	7,437,958
Inventory of Supplies and Stores	1,412,454	-	6,725,070
Notes Receivable	-	-	-
Total Assets	\$ 66,202,944	\$ 14,087,295	\$ 61,809,038
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable	\$ 1,969,309	\$ 420,819	\$ 1,931,452
Due to Other Funds	264,286	-	-
Accrued Wages	4,330,397	-	-
Deposits	91,223	-	459
Unearned Revenue	109,714	400,000	1,045,730
Total Liabilities	6,764,929	820,819	2,977,641
Deferred Inflows of Resources			
Unavailable Revenue-Property Taxes	855,401	-	-
Unavailable Revenue-Sales Tax	4,261,677	411,181	4,242,735
Unavailable Revenue-Special Assessments	139,466	-	672,028
Long-Term Receivables	409	-	-
Total Deferred Inflows of Resources	5,256,953	411,181	4,914,763
Fund Balances			
Nonspendable	1,412,454	-	6,725,070
Restricted	124,675	-	21,591,279
Committed	587,967	12,855,295	25,600,285
Assigned	3,748,292	-	-
Unassigned	48,307,674	-	-
Total Fund Balances	54,181,062	12,855,295	53,916,634
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 66,202,944	\$ 14,087,295	\$ 61,809,038

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

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Balance Sheet - Governmental Funds (cont)

Community Development	Storm Drainage	General Government Construction	Other Governmental Funds	Total Governmental Funds
\$ 2,115,831	\$ 8,039,105	\$ 1,762,294	\$ 4,280,446	\$ 127,139,784
-	-	-	428,436	4,671,634
-	-	-	-	-
-	-	-	-	1,281,786
-	-	-	57	1,132,626
6,216	35,150	5,014	2,008	473,326
-	-	-	-	997,820
21,704,363	-	-	-	21,704,363
-	-	-	-	50,000
-	91,972	-	-	14,981,306
30,565	-	-	-	8,168,089
307,599	-	-	-	307,599
<u>\$ 24,164,574</u>	<u>\$ 8,166,227</u>	<u>\$ 1,767,308</u>	<u>\$ 4,710,947</u>	<u>\$ 180,908,333</u>
\$ 88,117	\$ 1,219,544	\$ 8,314	\$ 29,155	\$ 5,666,710
-	-	-	50,000	314,286
28,497	57,111	-	-	4,416,005
-	-	-	-	91,682
-	-	-	-	1,555,444
<u>116,614</u>	<u>1,276,655</u>	<u>8,314</u>	<u>79,155</u>	<u>12,044,127</u>
-	-	-	-	855,401
-	-	-	-	8,915,593
-	-	-	-	811,494
-	-	-	-	409
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,582,897</u>
30,565	-	-	26,767	8,194,856
24,017,395	6,889,572	1,758,994	281,629	54,663,544
-	-	-	428,436	39,471,983
-	-	-	3,894,960	7,643,252
-	-	-	-	48,307,674
<u>24,047,960</u>	<u>6,889,572</u>	<u>1,758,994</u>	<u>4,631,792</u>	<u>158,281,309</u>
<u>\$ 24,164,574</u>	<u>\$ 8,166,227</u>	<u>\$ 1,767,308</u>	<u>\$ 4,710,947</u>	<u>\$ 180,908,333</u>

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

Total Fund Balances for Governmental Funds \$ 158,281,309

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	\$ 1,875,378,231	
Accumulated Depreciation	(695,395,392)	1,179,982,839

Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		10,582,897
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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	42,143,710	
Business-Type Activities	(2,896,390)	39,247,320

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued Interest Payable	(866,864)	
Notes Payable-Revenue	(7,831,809)	
Unamortized Bond Premium	(8,002,612)	
Bonds Payable-Revenue	(165,455,000)	
Accrued Compensated Absences	(11,772,945)	(193,929,230)

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	1,285,983	
Deferred Outflows of Resources	79,330	1,365,313

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	22,767	
Deferred Outflows of Resources	71,200,942	
Net Pension Liability	(49,420,730)	
Deferred Inflows of Resources	(47,745,173)	(25,942,194)

Net Position of Governmental Activities		<u>\$ 1,169,588,254</u>
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City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	General	Entertainment Tax	Sales and Use Tax
Revenues			
Taxes:			
Property	\$ 60,238,488	\$ -	\$ -
Sales	63,129,282	8,048,978	63,129,280
Frontage	4,716,202	-	-
Lodging (includes Business Improvement District)	2,821,006	-	-
Amusement	9,768	-	-
Penalties and Interest	76,802	-	-
Special Assessments	183,178	-	2,786,893
Licenses and Permits	6,592,722	-	93,844
Intergovernmental	13,156,642	-	2,826,976
Charges for Goods and Services	7,505,118	-	120,294
Fines and Forfeitures	643,186	-	-
Investment Revenue	1,525,462	159,658	464,435
Rentals/Operating Leases	70,442	-	-
Contributions	160,354	100,000	1,886,257
Miscellaneous Revenue	660,813	721,687	3,999
Total Revenues	161,489,465	9,030,323	71,311,978
Expenditures			
Current:			
General Government	15,857,924	-	129,889
Public Safety	62,576,055	-	-
Highways and Streets	24,677,397	-	-
Public Health	11,777,284	-	-
Culture and Recreation	24,650,294	3,089,361	-
Urban and Economic Development	9,945,608	-	-
Debt Service:			
Principal	-	-	23,935,000
Interest and Fiscal Charges	-	-	6,791,497
Capital Outlay			
General Government	-	-	1,766,110
Public Safety	-	-	4,181,574
Highways and Streets	-	-	33,041,498
Public Health	-	-	89,570
Culture and Recreation	-	3,082,910	10,358,011
Urban and Economic Development	-	-	292,615
Total Expenditures	149,484,562	6,172,271	80,585,764
Revenues Over (Under) Expenditures	12,004,903	2,858,052	(9,273,786)
Other Financing Sources (Uses)			
Sale of Surplus Property	39,857	4,742	263,590
Damage Recovery	72,220	147,766	19,212
Long-Term Debt and Bonds Issued	-	-	10,635,000
Revenue Bond Premium	-	-	1,388,307
Transfers In	-	-	1,984,320
Transfers Out	(7,098,607)	-	(750,000)
Total Other Financing Sources (Uses)	(6,986,530)	152,508	13,540,429
Net Change in Fund Balances	5,018,373	3,010,560	4,266,643
Fund Balance - Beginning	49,162,689	9,844,735	49,649,991
Fund Balance Ending	\$ 54,181,062	\$ 12,855,295	\$ 53,916,634

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, 2018

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

Community Development	Storm Drainage	General Government Construction	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 2,285,471	\$ 62,523,959
-	-	-	-	134,307,540
-	9,191,285	-	-	13,907,487
-	-	-	-	2,821,006
-	-	-	-	9,768
-	-	-	-	76,802
-	1,089,523	-	-	4,059,594
-	-	-	-	6,686,566
889,262	-	-	3,781,062	20,653,942
-	-	-	-	7,625,412
-	-	-	-	643,186
55,101	120,280	109,435	4,492	2,438,863
8,742	-	-	-	79,184
-	-	-	-	2,146,611
58	1,537	-	-	1,388,094
953,163	10,402,625	109,435	6,071,025	259,368,014
-	-	1,131,126	-	17,118,939
-	-	-	400	62,576,455
-	3,191,910	-	-	27,869,307
-	-	-	-	11,777,284
-	-	-	87,741	27,827,396
1,759,046	-	-	9,952,141	21,656,795
-	286,227	-	385,000	24,606,227
-	15,560	-	38,494	6,845,551
-	-	8,820,850	-	10,586,960
-	-	-	-	4,181,574
-	14,733,934	-	899,825	48,675,257
-	-	-	-	89,570
-	-	-	391,619	13,832,540
-	-	-	2,675,302	2,967,917
1,759,046	18,227,631	9,951,976	14,430,522	280,611,772
(805,883)	(7,825,006)	(9,842,541)	(8,359,497)	(21,243,758)
-	-	-	20,115	328,304
-	-	-	-	239,198
-	6,888,868	-	-	17,523,868
-	-	-	-	1,388,307
886,740	57,286	-	6,161,867	9,090,213
-	-	-	(1,878,691)	(9,727,298)
886,740	6,946,154	-	4,303,291	18,842,592
80,857	(878,852)	(9,842,541)	(4,056,206)	(2,401,166)
23,967,103	7,768,424	11,601,535	8,687,998	160,682,475
\$ 24,047,960	\$ 6,889,572	\$ 1,758,994	\$ 4,631,792	\$ 158,281,309

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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 \$ (2,401,166)

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	\$ 80,333,818	
Loss on Capital Assets	(7,383,796)	
Capital Assets transferred from (to) Business-type Activities	(11,267)	
Less Current Year Depreciation	<u>(54,907,158)</u>	18,031,597

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	14,711,031	
Property taxes and special assessments	(44,132)	
Due From Other Governments - Taxes	<u>(123,699)</u>	14,543,200

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	24,606,227	
Amortization of Bond Premium	465,708	
Revenue Bond Proceeds	(17,523,868)	
Premium received on Revenue Bonds	<u>(1,388,307)</u>	6,159,760

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	(119,579)	
Accrued Interest	<u>36,686</u>	(82,893)

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.	(803,855)
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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.	1,365,313
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported within governmental activities.	4,984,240
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Change in Net Position of Governmental Activities	<u><u>\$ 41,796,196</u></u>
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City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statement of Net Position - Proprietary Funds

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Assets			
Current:			
Cash and Cash Equivalents	\$ 3,834,939	\$ 4,310,963	\$ 15,617,253
Receivables, net:			
Accounts	337,819	81,874	1,002,047
Interest	16,997	32,279	115,385
Special Assessments	-	-	-
Unbilled	389,119	-	-
Arbitrage Refund	-	-	-
Prepaid Expense	-	-	-
Due From Other Funds	264,286	-	-
Due From Other Governments	-	-	1,640
Inventory of Supplies and Stores	1,266,063	-	-
Total Current Assets	<u>6,109,223</u>	<u>4,425,116</u>	<u>16,736,325</u>
Noncurrent:			
Restricted Cash and Cash Equivalents	-	16,699,882	10,215,515
Deposits	-	-	-
Net Pension Asset	243	105	380
Capital Assets:			
Land	613,935	4,644,187	2,586,475
Buildings	503,584	468,856	6,260,631
Improvements Other Than Buildings	9,246	14,944,471	27,438,320
Machinery and Equipment	534,358	434,569	1,218,594
Infrastructure	36,777,691	-	4,598,917
Intangibles	-	-	-
Construction in Progress	605,336	5,832,360	470,386
Less: Accumulated Depreciation	(21,254,934)	(13,907,557)	(30,281,607)
Total Noncurrent Assets	<u>17,789,459</u>	<u>29,116,873</u>	<u>22,507,611</u>
Total Assets	<u>23,898,682</u>	<u>33,541,989</u>	<u>39,243,936</u>
Deferred Outflow of Resources			
City Employee's Retirement System	801,757	393,417	1,178,440
South Dakota Retirement System	78,065	34,479	123,093
Total Deferred Outflow of Resources	<u>879,822</u>	<u>427,896</u>	<u>1,301,533</u>
Liabilities			
Current:			
Accounts Payable	444,667	1,910,205	340,421
Accrued Wages	60,376	31,265	85,421
Loss Reserve on Workers' Comp Claims	-	-	-
Accrued Compensated Absences	20,000	6,000	20,000
Accrued Interest Payable	-	73,547	-
Incurred But Not Reported Claims	-	-	-
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	455,000	-
Deposits	87,649	24,895	13,805
Total Current Liabilities	<u>612,692</u>	<u>2,500,912</u>	<u>459,647</u>
Noncurrent:			
Accrued Compensated Absences	206,681	51,941	251,322
Loss Reserve on Workers' Comp Claims	-	-	-
Net Pension Liability	539,684	241,646	746,781
Closure & Postclosure Care Costs	-	-	10,215,515
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	17,350,000	-
Total Noncurrent Liabilities	<u>746,365</u>	<u>17,643,587</u>	<u>11,213,618</u>
Total Liabilities	<u>1,359,057</u>	<u>20,144,499</u>	<u>11,673,265</u>
Deferred Inflow of Resources			
City Employee's Retirement System	536,069	338,838	731,573
South Dakota Retirement System	35,971	15,540	56,287
Total Deferred Inflow of Resources	<u>572,040</u>	<u>354,378</u>	<u>787,860</u>
Net Position:			
Net Investment in Capital Assets	17,789,216	11,311,768	12,291,716
Restricted for Liability Insurance Pool	-	-	-
Restricted for Debt Service	-	1,819,104	-
Restricted for Pension	42,337	19,044	67,186
Unrestricted	5,015,854	321,092	15,725,442
Total Net Position	<u>\$ 22,847,407</u>	<u>\$ 13,471,008</u>	<u>\$ 28,084,344</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Net Position of business-type activities			

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

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statement of Net Position - Proprietary Funds (cont.)

Enterprise Funds (cont.)		Internal	
Water	Water Reclamation	Total	Service Funds
\$ 17,584,091	\$ 27,708,329	\$ 69,055,575	\$ 26,241,857
1,402,909	1,511,833	4,336,482	204,781
71,606	119,572	355,839	86,608
217,260	-	217,260	-
1,719,508	2,020,070	4,128,697	-
219,524	-	219,524	-
-	-	-	325,900
-	-	264,286	-
-	-	1,640	-
1,672,535	463,615	3,402,213	831,753
<u>22,887,433</u>	<u>31,823,419</u>	<u>81,981,516</u>	<u>27,690,899</u>
-	-	26,915,397	-
-	-	-	1,141,359
1,252	796	2,776	489
7,593,606	1,761,192	17,199,395	-
31,512,713	9,327,788	48,073,572	2,680,047
98,932	287,906	42,778,875	569,509
29,112,914	14,809,734	46,110,169	43,170,165
294,499,889	371,168,185	707,044,682	-
75,612,550	-	75,612,550	-
1,472,992	13,837,587	22,218,661	-
(131,537,557)	(177,860,060)	(374,841,715)	(25,830,100)
<u>308,367,291</u>	<u>233,333,128</u>	<u>611,114,362</u>	<u>21,731,469</u>
<u>331,254,724</u>	<u>265,156,547</u>	<u>693,095,878</u>	<u>49,422,368</u>
2,808,668	2,691,367	7,873,649	1,454,768
408,743	257,298	901,678	166,680
<u>3,217,411</u>	<u>2,948,665</u>	<u>8,775,327</u>	<u>1,621,448</u>
1,544,128	855,174	5,094,595	843,622
245,260	190,304	612,626	129,789
			765,000
75,000	25,000	146,000	6,750
208,499	303,790	585,836	-
-	-	-	2,100,000
2,841,799	11,557,067	14,398,866	-
2,472,914	-	2,927,914	-
472,211	-	598,560	-
<u>7,859,811</u>	<u>12,931,335</u>	<u>24,364,397</u>	<u>3,845,161</u>
711,611	601,283	1,822,838	216,540
-	-	-	2,683,504
1,872,382	1,753,427	5,153,920	1,058,672
-	-	10,215,515	-
2,818,893	73,219,937	76,038,830	-
31,952,803	-	49,302,803	-
<u>37,355,689</u>	<u>75,574,647</u>	<u>142,533,906</u>	<u>3,958,716</u>
<u>45,215,500</u>	<u>88,505,982</u>	<u>166,898,303</u>	<u>7,803,877</u>
2,040,731	1,778,189	5,425,400	1,023,807
185,521	117,860	411,179	72,422
<u>2,226,252</u>	<u>1,896,049</u>	<u>5,836,579</u>	<u>1,096,229</u>
270,752,544	148,555,328	460,700,572	20,589,621
-	-	-	1,141,359
2,889,150	-	4,708,254	-
224,474	139,934	492,975	94,747
13,164,215	29,007,919	63,234,522	20,317,983
<u>\$ 287,030,383</u>	<u>\$ 177,703,181</u>	<u>529,136,323</u>	<u>\$ 42,143,710</u>
		<u>2,896,390</u>	
		<u>\$ 532,032,713</u>	

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Operating Revenues:			
Charges for Goods and Services	\$ 9,509,325	\$ 2,433,067	\$ 11,151,708
Fines and Forfeitures	220	610,210	80
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	-
Contributions and Donations	-	-	-
Fines and Forfeitures	-	-	-
Total Operating Revenues	9,509,545	3,043,277	11,151,788
Operating Expenses:			
Personnel Services	1,585,265	769,119	2,316,060
Casualty Loss	-	-	-
Insurance	15,306	32,084	20,006
Professional Services	95,287	406,005	1,698,205
Rent	242,664	17,897	1,706,794
Repairs and Maintenance	676,611	427,951	986,006
Supplies and Materials	93,408	145,083	718,545
Utilities and Bulk Energy	5,275,694	88,422	318,030
Depreciation	1,473,897	465,460	2,000,182
Other Current Expenses	14,650	1,376	412,022
Total Operating Expenses	9,472,782	2,353,397	10,175,850
Operating Income (Loss)	36,763	689,880	975,938
Nonoperating Revenues (Expenses):			
Investment Revenue	75,190	300,153	434,186
Gain (Loss) on Capital Assets	(105,797)	486	(125,089)
Rent/Operating Leases	4,796	3,000	40,999
Cost Recovery & Special Assessments	6,866	10,563	2,080
Miscellaneous	(29,618)	(9,020)	181,583
Federal and State Grants	-	-	75,559
Interest Expense and Fiscal Agent Charges	-	(397,653)	-
Total Nonoperating Revenues (Expenses)	(48,563)	(92,471)	609,318
Income (Loss) Before Contributions and Transfers	(11,800)	597,409	1,585,256
Capital Contributions	571,712	-	-
Transfers In	-	-	7,712
Transfers Out	-	-	-
Change in Net Position	559,912	597,409	1,592,968
Net Position - Beginning	22,287,495	12,873,599	26,491,376
Net Position - Ending	\$ 22,847,407	\$ 13,471,008	\$ 28,084,344

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, 2018

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

Enterprise Funds			Internal Service Funds
Water	Water Reclamation	Total	
\$ -	\$ -	\$ 23,094,100	\$ 39,815,787
-	-	610,510	-
34,477,165	31,085,229	65,562,394	-
-	197,302	197,302	-
3,560	-	3,560	-
34,480,725	31,282,531	89,467,866	39,815,787
5,990,531	5,027,545	15,688,520	2,943,829
-	-	-	18,817,369
153,506	200,231	421,133	2,341,317
1,005,869	457,148	3,662,514	1,382,515
524,240	803,116	3,294,711	114,200
2,182,012	1,406,883	5,679,463	1,825,000
6,460,186	850,097	8,267,319	6,687,577
918,975	1,775,012	8,376,133	35,424
8,143,873	13,100,567	25,183,979	3,525,160
52,376	23,871	504,295	26,212
25,431,568	23,644,470	71,078,067	37,698,603
9,049,157	7,638,061	18,389,799	2,117,184
365,169	504,961	1,679,659	329,563
(7,572)	(34,805)	(272,777)	303,887
325,570	10,209	384,574	-
877,548	1,668,678	2,565,735	-
8,678	(434,545)	(282,922)	1,597,800
-	-	75,559	-
(1,618,930)	(1,502,409)	(3,518,992)	-
(49,537)	212,089	630,836	2,231,250
8,999,620	7,850,150	19,020,635	4,348,434
7,486,888	3,707,644	11,766,244	7,720
-	-	7,712	843,652
(38,720)	(162,915)	(201,635)	(1,377)
16,447,788	11,394,879	30,592,956	5,198,429
270,582,595	166,308,302		36,945,281
\$ 287,030,383	\$ 177,703,181		\$ 42,143,710
		214,189	
		\$ 30,807,145	

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Statement of Cash Flows - Proprietary Funds

	Enterprise Funds	
	Electric Light	Public Parking
Cash Flows Provided by Operating Activities:		
Receipts from Customers	\$ 7,471,073	\$ 2,230,754
Cash Receipts from Interfund Services Provided	1,764,127	208,753
Payments to Suppliers	(6,641,973)	777,137
Payment for Interfund Services Used	(4,833)	(78,813)
Payments to Employees	(1,507,231)	(758,808)
Claims Paid	-	-
Other Receipts	(25,885)	612,537
Net Cash Provided by Operating Activities	1,055,278	2,991,560
Cash Flows Provided (Used) By Noncapital Financing Activities:		
Subsidy from Federal Grants	-	-
Transfers In	-	-
Transfers Out	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	-	-
Cash Flows Provided (Used) By Capital and Related Financing Activities:		
Sale of Capital Assets	650	486
Purchase of Capital Assets	(633,169)	(5,158,037)
Interest Payments	-	(324,106)
Proceeds from Revenue Notes	-	-
Proceeds from Revenue Bonds	-	18,540,000
Principal Payments-Revenue Notes	-	-
Principal Payments-Revenue Bonds	-	(735,000)
Net Cash Flows (Used) By Capital and Related Financing Activities	(632,519)	12,323,343
Cash Flows Provided (Used) By Investing Activities:		
Rent Received	4,796	3,000
Investment Revenue Received	67,257	282,196
Net Cash Flows Provided By Investing Activities	72,053	285,196
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	494,812	15,600,099
Cash and Cash Equivalents, January 1	3,340,127	5,410,746
Cash and Cash Equivalents, December 31	\$ 3,834,939	\$ 21,010,845
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ 36,763	\$ 689,880
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,473,897	465,460
(Increase) Decrease in-Receivables	(66,766)	6,440
-Inventory	(161,024)	-
-Due From Other Funds	(207,359)	-
-Due From Other Governments	-	-
-Net Pension Asset	35,504	23,937
-Pension Related Deferred Outflows	(666,625)	(297,869)
Increase (Decrease) in-Accounts Payable	(72,162)	1,817,142
-Accrued Wages	1,336	847
-Compensated Absences	64,859	(4,426)
-Net Pension Liability	539,684	241,646
-Pension Related Deferred Inflows	103,276	46,176
-Loss Reserve on Workers' Comp Claims	-	-
-Incurred But Not Reported Claims	-	-
-Deposits	(3,353)	785
-Due To Other Funds	-	-
-Closure/Post closure Cost	-	-
Other Revenue Sources (Uses)	(22,752)	1,542
Net Cash Provided By Operating Activities	\$ 1,055,278	\$ 2,991,560
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 571,712	\$ -
Net Interfund Transfers of Capital Assets	-	-

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

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Statement of Cash Flows - Proprietary Funds (cont)

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 11,075,213	\$ 34,266,672	\$ 30,643,530	\$ 85,687,242	\$ 11,386,947
254,570	495,399	113,691	2,836,540	28,266,100
(5,528,323)	(10,048,756)	(6,126,192)	(27,568,107)	(11,635,079)
(21,000)	(655,211)	(261,087)	(1,020,944)	11,022
(2,300,584)	(5,889,443)	(4,975,184)	(15,431,250)	(2,997,302)
-	-	-	-	(19,031,678)
183,743	877,686	1,431,436	3,079,517	1,597,800
3,663,619	19,046,347	20,826,194	47,582,998	7,597,810
75,559	-	-	75,559	-
7,712	-	-	7,712	800,000
-	-	(162,915)	(162,915)	-
83,271	-	(162,915)	(79,644)	800,000
841	18,179	1,907	22,063	902,611
(1,149,983)	(11,420,333)	(16,183,381)	(34,544,903)	(5,018,006)
-	(1,726,733)	(1,439,296)	(3,490,135)	-
-	-	10,916,374	10,916,374	-
-	-	-	18,540,000	-
-	(2,832,577)	(10,144,452)	(12,977,029)	-
-	(2,095,000)	-	(2,830,000)	-
(1,149,142)	(18,056,464)	(16,848,848)	(24,363,630)	(4,115,395)
40,999	325,570	10,209	384,574	-
382,842	327,967	445,868	1,506,130	288,915
423,841	653,537	456,077	1,890,704	288,915
3,021,589	1,643,420	4,270,508	25,030,428	4,571,330
22,811,179	15,940,671	23,437,821	70,940,544	21,670,527
<u>\$ 25,832,768</u>	<u>\$ 17,584,091</u>	<u>\$ 27,708,329</u>	<u>\$ 95,970,972</u>	<u>\$ 26,241,857</u>
\$ 975,938	\$ 9,049,157	\$ 7,638,061	\$ 18,389,799	\$ 2,117,184
2,000,182	8,143,873	13,100,567	25,183,979	3,525,160
88,918	(100,889)	(328,008)	(400,305)	(162,740)
-	424,368	5,281	268,625	17,775
-	-	-	(207,359)	-
89,157	-	-	89,157	-
48,852	138,726	118,162	365,181	70,134
(924,613)	(2,317,996)	(2,163,356)	(6,370,459)	(1,319,353)
(69,616)	554,624	(876,202)	1,353,786	770,413
2,607	21,611	13,877	40,278	12,160
(1,815)	21,009	(5,407)	74,220	(77,894)
746,781	1,872,382	1,753,427	5,153,920	1,058,672
143,664	365,356	335,658	994,130	202,808
-	-	-	-	(714,309)
-	-	-	-	500,000
-	(9,670)	-	(12,238)	-
-	(2,430)	-	(2,430)	-
379,901	-	-	379,901	-
183,663	886,226	1,234,134	2,282,813	1,597,800
<u>\$ 3,663,619</u>	<u>\$ 19,046,347</u>	<u>\$ 20,826,194</u>	<u>\$ 47,582,998</u>	<u>\$ 7,597,810</u>
\$ -	\$ 7,486,888	\$ 3,707,644	\$ 11,766,244	\$ 7,720
7,712	(38,720)	-	-	42,275

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statement of Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds
Assets	
Cash and Cash Equivalents	\$ 18,097,177
Receivables:	
Contribution	737,097
Interest	1,002,363
Total Receivables	<u>1,739,460</u>
Investments at Fair Value:	
US Government	53,078,455
Corporate Obligations	52,532,922
Foreign Obligations	6,634,952
Domestic Stocks	136,614,186
Foreign Stocks	22,414,447
Index Funds:	
Equity	85,571,953
Government / Corporate Bonds	38,737,999
Mutual Funds:	
Foreign Equity	124,102,363
Domestic Equity	16,531,511
Real Estate	46,005,147
Total Investments	<u>582,223,935</u>
Total Assets	<u>602,060,572</u>
Liabilities	
Total Liabilities	<u>10,268</u>
Net Position	
Restricted for Pension Benefits	597,119,263
Restricted for Post Employment Health Care Benefits	<u>4,931,041</u>
Total Net Position	<u><u>\$ 602,050,304</u></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, 2018

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds
Additions	
Contributions	
Employer	\$ 15,609,675
Plan Members	4,208,145
Total Contributions	<u>19,817,820</u>
Investment Income	(24,474,778)
Less Investment Expense	1,990,569
Net Investment Income	<u>(26,465,347)</u>
Total Additions	<u>(6,647,527)</u>
Deductions	
Benefit Payments	
Pension	29,917,785
Health Premiums	619,906
Total Benefit Payments	<u>30,537,691</u>
Refunds	200,644
Administrative Expense	<u>320,125</u>
Total Deductions	<u>31,058,460</u>
Change in Net Position	(37,705,987)
Restricted Net Position, January 1	<u>639,756,291</u>
Restricted Net Position, December 31	<u><u>\$ 602,050,304</u></u>

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

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. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. This statement will be implemented at the City in the year ended December 31, 2019.

The second statement issued but not yet implemented that will affect the City is statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity which meets the criteria outlined in this statement should be reported in a fiduciary fund in the basic financial statements. This statement also outlines and describes the types of fiduciary funds that should be reported. This statement will be implemented at the City in the year ended December 31, 2019.

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

The fourth statement issued but not yet implemented that will affect the City is statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement requires that essential information related to debt be disclosed in notes to the financial statements including unused lines of credit or assets pledged as collateral for debt. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This statement will be implemented at the City in the year ended December 31, 2019.

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

The sixth statement issued but not yet implemented that will affect the City is statement No. 90, *Major Equity Interests—An Amendment of GASB Statements No. 41 and No. 61*. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This statement will be implemented at the City in the year ended December 31, 2019.

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

B. REPORTING ENTITY

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

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

Discretely Presented Component Units

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

Notes to Financial Statements

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 2018, the City provided \$999,017 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, 2018. 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 2018, the Community Development Special Revenue Fund provided \$296,272 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, 2018. Complete financial statements are available at the administrative offices located at 630 South Minnesota Avenue in Sioux Falls, South Dakota.

C. BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Budgetary Reporting

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

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

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

Notes to Financial Statements

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 \$21,445,242 during 2018. The largest share of the supplement was \$14,581,080 for the refunding of the 2007 B Sales Tax bonds. An additional \$3,138,849 was supplemented for public parking and affordable housing projects. The remaining \$3,725,313 was for grants for police, insurance proceeds for the fleet revolving fund, and the use of unobligated fund balance for the transit fund, water fund, fleet revolving fund, entertainment tax fund, and sales tax 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, 2018.

D. FINANCIAL STATEMENT PRESENTATION

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

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

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

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

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

The **Sales and Use Tax Fund** accounts for capital improvement projects (and other related costs) and debt service funded primarily by the second cent of City sales tax.

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** accounts for the activities financed by drainage and storm sewer fees/taxes as well as expenditures of state revolving loans used to make capital improvements (and other related costs) to the storm drainage system.

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

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

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

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

Notes to Financial Statements

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

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

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

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

Additionally, the government reports the following fund types:

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

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

be collected within 30 days of the end of the current reporting period.

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

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

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

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

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

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

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

Cash and Cash Equivalents—

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

Notes to Financial Statements

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.

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

Notes to Financial Statements

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.

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.

Notes to Financial Statements

Vacation, comp time, and sick leave accruals are recognized as a long-term liability which will generally be liquidated from the General Fund. Thus, the governmental fund financial statements accrue vacation and comp time benefits only to the extent that they have matured due to retirement or separation from the City.

Grant Revenue—

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

Retirement and Other Post-Employment Benefits—

The City has two separate retirement plans covering 75 percent of all full-time and regular part-time employees. The City is required by statute to fund the normal costs and amortization of the unfunded prior service costs and to account for such costs on the accrual basis (see Note 10).

Self-Insurance—

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

H. ACCOUNTING ESTIMATES

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

I. PENSIONS

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

Note 2—Stewardship, Compliance, and Accountability

A. Compliance with Finance-Related Legal and Contractual Provisions

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

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

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

C. Net Position/Fund Balance Deficits

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

Note 3—Detailed Notes On All Funds

A. Deposits and Investments

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

Governmental and Business-Type Funds

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

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

Allowable deposits and investments include:

- Securities issued by the United States Treasury.
- 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).
- Mutual and money market funds that invest in (a) or (b).
- Repurchase agreements fully collateralized by (a) or (b).
- Certificates of deposits (100 percent collateralized).
- Deposit and savings accounts (100 percent collateralized).

Notes to Financial Statements

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

Custodial Credit Risk. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or investments or will not be able to recover collateral securities that are in the possession of an outside party. City deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled 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, 2018, the deposits of the City were \$32.2 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2018. 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, 2018.

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

Deposit/Investment Type	Credit Rating	Fair Value	Less Than				5 or more Years
			1 Year	1-3 Years	3-5 Years		
(a) U.S. Treasury Notes & Bills	N/A	\$ 180,319,787	\$ 73,205,746	\$ 102,936,997	\$ 4,177,044	\$ -	
(b) U.S. Agency Securities*	AAA	2,323,758	-	-	-	2,323,758	
(c) Money Market Funds	AAA	38,124,419	38,124,419	-	-	-	
(e) Certificates of Deposit	N/A	24,000,000	21,000,000	3,000,000	-	-	
(f) Cash	N/A	4,584,650	4,584,650	-	-	-	
Total		\$ 249,352,613	\$ 136,914,815	\$ 105,936,997	\$ 4,177,044	\$ 2,323,758	

* 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, 2018, the deposits of the authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2018, 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 2019 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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018**

Notes to Financial Statements

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, 2018, was \$4.646 per \$1,000 of taxable valuation.

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, 2018:

	Taxes	Accounts	Interest	Special Assessments	Notes Receivable	Loans Receivable	Unbilled	Arbitrage Refund	Allowance for Uncollectibles	Total
Primary Government										
Governmental Activities										
General	\$ 1,281,786	\$ 2,593,008	\$ 329,631	\$ 324,458	\$ -	\$ -	\$ -	\$ -	\$ (1,615,274)	\$ 2,913,609
Entertainment Tax	-	920	45,379	-	-	-	-	-	-	46,299
Sales/Use Tax	-	153,915	49,928	673,362	-	-	-	-	-	877,205
Community Development	-	-	6,216	-	307,599	21,836,680	-	-	(132,317)	22,018,178
Storm Drainage	-	-	35,150	-	-	-	-	-	-	35,150
General Construction	-	-	5,014	-	-	-	-	-	-	5,014
Nonmajor Funds	-	57	2,008	-	-	-	-	-	-	2,065
Internal Service Funds	-	204,981	86,608	-	-	-	-	-	(200)	291,389
Total Governmental Activities	1,281,786	2,952,881	559,934	997,820	307,599	21,836,680	-	-	(1,747,791)	26,188,909
Business-type Activities										
Electric Light	-	426,951	16,997	-	-	-	389,119	-	(89,132)	743,935
Public Parking Facilities	-	83,161	32,279	-	-	-	-	-	(1,287)	114,153
Sanitary Landfill	-	1,021,740	115,385	-	-	-	-	-	(19,693)	1,117,432
Water	-	1,464,992	71,606	217,260	-	-	1,719,508	219,524	(62,083)	3,630,807
Water Reclamation	-	1,539,872	119,572	-	-	-	2,020,070	-	(28,039)	3,651,475
Total Business-type Activities	-	4,536,716	355,839	217,260	-	-	4,128,697	219,524	(200,234)	9,257,802
Total Primary Government	\$ 1,281,786	\$ 7,489,597	\$ 915,773	\$ 1,215,080	\$ 307,599	\$ 21,836,680	\$ 4,128,697	\$ 219,524	\$ (1,948,025)	\$ 35,446,711
Non current portion	\$ -	\$ -	\$ -	\$ 1,061,147	\$ 244,510	\$ 21,575,779	\$ -	\$ -	\$ -	\$ 22,881,436
Fiduciary Funds										
Employee's Retirement	\$ -	\$ 522,832	\$ 722,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,245,568
Firefighters' Pension	-	214,265	257,629	-	-	-	-	-	-	471,894
OPEB Trust	-	-	21,998	-	-	-	-	-	-	21,998
Total Fiduciary Funds	\$ -	\$ 737,097	\$ 1,002,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,739,460
Component Units										
Housing Commission	\$ -	\$ 30,214	\$ 1,624	\$ -	\$ 21,903	\$ -	\$ -	\$ -	\$ -	\$ 53,741
Metro Communications Agency	\$ -	\$ 23,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,286

D. Interfund Receivables and Payables

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

An additional \$2,898,714 is included in the internal balances of the governmental funds and business-type funds on the

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

The composition of individual interfund receivable and payable balances at December 31, 2018, was as follows:

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General Fund	T.I.F. District	\$ 50,000
Electric Light Fund	General Fund	264,286

Notes to Financial Statements

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2018:

	Due from			
	Federal	State	Local	Total
Primary Government:				
Governmental Activities				
General Fund	\$ 187,773	\$ 6,561,936	\$ 40,274	\$ 6,789,983
Entertainment Tax	-	661,393	-	661,393
Sales/Use Tax	-	7,437,958	-	7,437,958
Storm Drainage	-	23,010	68,962	91,972
Total Governmental Activities	\$ 187,773	\$ 14,684,297	\$ 109,236	\$ 14,981,306
Component Units				
Housing Commission	\$ 176,475	\$ -	\$ -	\$ 176,475
Metro Communications Agency	\$ -	\$ 50,398	\$ 358,084	\$ 408,482
Business-type Activities				
Enterprise Funds				
Landfill	\$ 1,640	\$ -	\$ -	\$ 1,640
Total Primary Government	\$ 189,413	\$ 14,684,297	\$ 109,236	\$ 14,982,946

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:							
	Sales and Use Tax	Community Development	Storm Drainage	Nonmajor Governmental Funds	Landfill	Technology Services Revolving	Fleet Revolving	General Fixed Assets
Transfers out:								
General Fund	\$ -	\$ 886,740	\$ -	\$ 5,411,867	\$ -	\$ 800,000	\$ -	\$ -
Sales and Use Tax	-	-	-	750,000	-	-	-	-
Water	-	-	-	-	-	-	38,720	-
Water Reclamation	162,915	-	-	-	-	-	-	-
Fleet Revolving	-	-	-	-	-	-	-	1,377
General Fixed Assets	-	-	-	-	7,712	-	4,932	-
Nonmajor Governmental Funds	1,821,405	-	57,286	-	-	-	-	-
Total	\$ 1,984,320	\$ 886,740	\$ 57,286	\$ 6,161,867	\$ 7,712	\$ 800,000	\$ 43,652	\$ 1,377

Notes to Financial Statements

G. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

Primary Government:	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 152,082,306	\$ 4,991,740	\$ (57,620)	\$ 157,016,426
Intangibles (Rights)	5,251,930	185,511	-	5,437,441
Construction in Progress	27,485,838	66,256,659	(50,049,900)	43,692,597
Depreciable Assets:				
Buildings	335,269,932	30,099,019	(1,843,135)	363,525,816
Improvements other than Buildings	165,606,800	1,703,543	(194,636)	167,115,707
Equipment	113,882,746	15,026,885	(6,729,874)	122,179,757
Infrastructure	1,039,479,013	32,023,806	(8,672,611)	1,062,830,208
Totals at Historical Cost	1,839,058,565	150,287,163	(67,547,776)	1,921,797,952
Accumulated Depreciation:				
Buildings	(116,792,305)	(8,676,728)	1,018,182	(124,450,851)
Improvements other than Buildings	(100,610,509)	(5,984,383)	141,062	(106,453,830)
Equipment	(71,895,757)	(10,025,341)	6,024,835	(75,896,263)
Infrastructure	(382,874,279)	(33,745,866)	2,195,597	(414,424,548)
Total Accumulated Depreciation	(672,172,850)	(58,432,318)	9,379,676	(721,225,492)
Governmental Activities Capital Assets, net	\$ 1,166,885,715	\$ 91,854,845	\$ (58,168,100)	\$ 1,200,572,460
Business-type Activities:				
Non-Depreciable Assets:				
Land	\$ 16,845,178	\$ 354,217	\$ -	\$ 17,199,395
Intangibles (Rights)	75,611,537	1,013	-	75,612,550
Construction in Progress	15,106,086	31,999,504	(24,886,929)	22,218,661
Depreciable Assets:				
Buildings	44,991,471	3,152,436	(70,335)	48,073,572
Improvements other than Buildings	41,745,171	1,076,599	(42,895)	42,778,875
Equipment	45,150,346	2,314,454	(1,354,631)	46,110,169
Infrastructure	675,094,107	32,344,662	(394,087)	707,044,682
Totals at Historical Cost	914,543,896	71,242,885	(26,748,877)	959,037,904
Accumulated Depreciation				
Buildings	(19,429,455)	(1,737,306)	19,790	(21,146,971)
Improvements other than Buildings	(37,578,818)	(1,982,125)	2,145	(39,558,798)
Equipment	(29,884,302)	(1,847,333)	1,066,531	(30,665,104)
Infrastructure	(264,248,741)	(19,617,216)	395,115	(283,470,842)
Total Accumulated Depreciation	(351,141,316)	(25,183,980)	1,483,581	(374,841,715)
Business-type Activities Capital Assets, net	\$ 563,402,580	\$ 46,058,905	\$ (25,265,296)	\$ 584,196,189
Total Primary Government Capital Assets, net	\$ 1,730,288,295	\$ 137,913,750	\$ (83,433,396)	\$ 1,784,768,649

* The decrease in accumulated depreciation for any given class of assets may exceed the decrease reported in those assets due to asset transfers from the business-type funds to the governmental funds.

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Notes to Financial Statements

Component Units	Beginning Balance	Additions	Retirements	Reclassified to Held for Resale	Ending Balance
Housing Commission					
Non-Depreciable Assets:					
Land	\$ 1,050,898	\$ -	\$ (144,867)	\$ -	\$ 906,031
Construction in Progress	1,099,398	671,948	-	(1,736,846)	34,500
Depreciable Assets:					
Buildings	7,431,400	11,922	-	-	7,443,322
Improvements other than Buildings	445,040	-	-	-	445,040
Equipment	267,475	18,624	(11,593)	-	274,506
Totals at Historical Cost	10,294,211	702,494	(156,460)	(1,736,846)	9,103,399
Less Accumulated Depreciation:					
Buildings	(3,826,797)	(170,368)	-	-	(3,997,165)
Improvements other than Buildings	(96,877)	(19,583)	-	-	(116,460)
Equipment	(202,531)	(25,108)	10,734	-	(216,905)
Total Accumulated Depreciation	(4,126,205)	(215,059)	10,734	-	(4,330,530)
Total Housing Commission Capital Assets, net	\$ 6,168,006	\$ 487,435	\$ (145,726)	\$ (1,736,846)	\$ 4,772,869
Metro Communications Agency					
Depreciable Assets:					
Equipment	\$ 2,218,662	\$ 200,000	\$ -	\$ -	\$ 2,418,662
Totals at Historical Cost	2,218,662	200,000	-	-	2,418,662
Less Accumulated Depreciation:					
Equipment	(1,633,757)	(202,583)	-	-	(1,836,340)
Total Accumulated Depreciation	(1,633,757)	(202,583)	-	-	(1,836,340)
Total Metro Communications Agency Capital Assets, net	\$ 584,905	\$ (2,583)	\$ -	\$ -	\$ 582,322

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

Governmental Activities:	Amount
General Government	\$ 1,436,264
Public Safety	2,787,815
Highways & Streets	33,932,423
Health	228,361
Culture & Recreation	15,084,850
Urban & Economic Development	1,437,445
Capital Assets Held by the Government's Internal Service Funds	3,525,160
Total Depreciation Expense - Governmental Activities	\$ 58,432,318
Business-type Activities:	
Electric Light	\$ 1,473,897
Public Parking Facilities	465,460
Sanitary Landfill	2,000,182
Water	8,143,873
Water Reclamation	13,100,568
Total Depreciation Expense - Business-type Activities	\$ 25,183,980

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

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	Project Authorization	Expended to 12/31/2018	Committed
City Center Office Building	\$ 1,467,664	\$ -	\$ 1,467,664
Centralized Facilities Improvements	208,608	-	208,608
Engineering Infrastructure Projects	34,521,020	18,045,506	16,475,514
Railroad Development	1,874,153	527,042	1,347,111
Street Sand/Salt Storage Structure	28,439	28,439	-
Fire Station Parking Lot Replacements	25,050	-	25,050
Fire Wildland Brush Truck	56,560	56,560	-
Land Acquisition for Future Fire Stations	220,000	-	220,000
Fire Standby Generator	6,067	6,067	-
Fire Stations Light Fixture Upgrades	20,000	-	20,000
Station #9 Front Redesign, Window & Siding	21,535	-	21,535
Construction of Fire Station #12	51,400	-	51,400
Public Safety Facility Study	310,000	203,492	106,508
Fire Ladder Truck	305,089	305,089	-
Core Façade Revitalization	104,897	-	104,897
Prairie West Branch Library Improvements	71,500	2,282	69,218
Museum Archive Building	1,300,000	1,135,809	164,191
Fleet/Street Building Improvements	14,241	-	14,241
Light and Power Facility Improvements	50,795	17,450	33,345
Electric Light Projects	400,344	26,745	373,599
Circuit Improvements	3,617,343	448,166	3,169,177
Electronic Automated Meter Reading	644,948	98,523	546,425
Picnic Shelter Improvements	5,922	-	5,922
Arrowhead Park Development	20,000	-	20,000
Arboretum Park	136,000	-	136,000
Memorial Park Development	5,343	-	5,343
Bike Trail Construction/Reconstruction	269,552	127,100	142,452
Skate Park Improvements	35,500	-	35,500
Disc Golf Course Development	9,639	-	9,639
Development of Play Structures	93,637	-	93,637
Dunham Park	9,850	9,850	-
Falls Park West	1,886,747	48,084	1,838,663
Falls Park Viewing Platforms	48,400	48,400	-
Great Bear Master Plan Improvements	184,557	166,217	18,340
Judee Estates Development	16,200	16,200	-
Parks System Master Plan	7,213	7,213	-
Levitt Shell	3,138,493	3,138,493	-
Parks ADA Transition Plan Improvements	56,000	4,480	51,520
Aquatics Facilities Development	254,248	6,715	247,533
Northeast Brandon Park/School Site Development	111,680	111,680	-
Outdoor Ice Rink Improvements	14,566	14,566	-
Park Land Acquisition	13,106	-	13,106
Park Roads and Parking Lots Improvements	653,639	495,315	158,324
Park Internal Trails Improvements	33,990	15,150	18,840
Playcourt Cyclic Improvements	73,395	31,340	42,055
River Greenway	150,001	42,194	107,807
Spencer Park Improvements	345,001	31,679	313,322
Terrace Park Development	85,938	72,828	13,110
Tuthill Park Development	337,173	278,739	58,434
Zoo Master Plan Improvements	46,422	19,887	26,535
Farm Field Park Improvements	17,000	5,720	11,280
Cherry Rock Park Improvements	16,300	13,450	2,850
Parking Facility	21,354,348	5,832,360	15,521,988
Yankton Park Improvements	35,000	31,730	3,270

Continued on next page

Notes to Financial Statements

Continued from previous page			
Projects-in-Progress	Project Authorization	Expended to 12/31/2018	Committed
Fleet Fueling Site Security Enhancements	29,364	-	29,364
Fleet Maintenance Buildings Concrete Rehabilitation	8,191	-	8,191
Fleet Washbay Addition	10,912	-	10,912
Landfill Land Acquisition	308,163	-	308,163
Landfill Building Improvements	521,136	-	521,136
Landfill Leachate Recirculation Infrastructure	908,322	-	908,322
Landfill Composting Facilities Expansion	76,000	56,015	19,985
Landfill Solid Waste Plan	284,900	249,314	35,586
Landfill Wetland Mitigation	165,057	165,057	-
Arena Building Improvements	62,000	62,000	-
Convention Center Building Improvements	286,738	286,738	-
Events Center	1,028,481	197,365	831,116
Orpheum Building Improvements	58,138	-	58,138
Washington Pavilion Building Improvements	1,084,855	126,565	958,290
Washington Pavilion Kirby Science Discovery Center Exhibit	45,000	45,000	-
Sioux Falls Stadium Improvements	79,992	14,000	65,992
Transit Bus Storage/Maintenance Expansion Study	100,000	32,707	67,293
Storm Sewer Projects	32,542,012	17,895,311	14,646,701
Water Projects	6,748,570	1,473,044	5,275,526
Water Reclamation Projects	31,855,371	13,837,582	18,017,789
	\$ 150,987,715	\$ 65,911,258	\$ 85,076,457

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	\$ 80,333,818
Plus: assets contributed from outside sources	17,752,368
Plus: assets added by Internal Service Funds	20,589,622
Plus: construction in progress added as an asset in current year	31,623,999
Plus: assets contributed to enterprise funds	(12,644)
Capital asset increase per footnote	150,287,163
Plus: loss on sale of assets	(7,383,796)
Plus: assets contributed to enterprise funds	12,644
Less: assets contributed from outside sources	(17,752,368)
Plus: assets added by Internal Service Funds	(20,589,622)
Plus: assets transferred from enterprise funds	(11,267)
Less: construction in progress added as an asset in current year	(31,623,999)
Depreciation expense	(54,907,158)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	\$ 18,031,597

Notes to Financial Statements

H. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities, including the current portion, of the City of Sioux Falls for the year ended December 31, 2018.

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 179,140,000	\$ 10,635,000	\$ 24,320,000	\$ 165,455,000	\$ 9,735,000
Notes Payable	1,229,168	6,888,868	286,227	7,831,809	293,450
Total Debt	180,369,168	17,523,868	24,606,227	173,286,809	10,028,450
Unamortized Bond Premium	7,080,013	1,388,307	465,708	8,002,612	536,922
Rebatable Arbitrage	22,024	-	-	22,024	n/a
Accrued Compensated Absences					
Governmental Funds *	11,653,369	5,069,263	4,949,687	11,772,945	950,000
Internal Service Funds	301,184	123,506	201,400	223,290	6,750
Total Governmental Activities	199,425,758	24,104,944	30,223,022	193,307,680	11,522,122
Business-type Activities:					
Bonds Payable:					
Revenue	31,045,000	18,540,000	2,830,000	46,755,000	2,755,000
Revenue Notes Payable	92,498,350	10,916,374	12,977,028	90,437,696	14,398,866
Total Debt	123,543,350	29,456,374	15,807,028	137,192,696	17,153,866
Unamortized Bond Premium	5,557,380	-	81,663	5,475,717	172,914
Closure & Postclosure Care Costs	9,835,614	379,901	-	10,215,515	n/a
Accrued Compensated Absences	1,894,618	1,042,233	968,012	1,968,839	146,000
Total Business-type Activities	140,830,962	30,878,508	16,856,703	154,852,767	17,472,780
Total Primary Government	\$ 340,256,720	\$ 54,983,452	\$ 47,079,725	\$ 348,160,447	\$ 28,994,902
Component Units					
Housing Commission					
Revenue Notes Payable	\$ 335,853	\$ -	\$ 31,345	\$ 304,508	\$ 31,345
Line of Credit	857,598	397,130	-	1,254,728	1,254,728
Mortgages Payable	3,573,151	-	63,591	3,509,560	163,127
Accrued Compensated Absences	94,462	87,516	102,688	79,290	50,168
Total Housing Commission	\$ 4,861,064	\$ 484,646	\$ 197,624	\$ 5,148,086	\$ 1,499,368
Metro Communications Agency					
Other Post Employment Benefits	\$ 292,948	\$ -	\$ 292,948	\$ -	n/a
Accrued Compensated Absences	215,295	307,798	263,961	259,132	124,309
Total Metro Communications Agency	\$ 508,243	\$ 307,798	\$ 556,909	\$ 259,132	\$ 124,309

* 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, 2018

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, 2018.

PRIMARY GOVERNMENT	Purpose	Outstanding Interest Rates***	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
Governmental Activities							
Revenue Bonds & Notes							
Sales & Use Tax Fund							
Series 2009A Sales Tax	* Library & Park Projects (II)	4.13%	2028	\$ -	\$ 20,265,000	\$ 12,920,000	\$ 1,619,750
Series 2009B Sales Tax	* Flood Control	3.14%	2029	-	31,540,000	21,160,000	2,688,180
Series 2012A Sales Tax	* Events Center	3.21%	2033	-	108,440,000	95,475,000	8,205,378
Series 2012B Sales Tax	* Events Center	1.87%	2023	-	13,705,000	4,755,000	2,052,000
Series 2016A Sales Tax	* City Center Office Building	3.09%	2036	-	20,260,000	20,085,000	1,805,500
Series 2018A Sales Tax	* Library & Parks (I) Refunding	2.14%	2025	-	10,635,000	10,635,000	1,842,750
Total Sales & Use Tax				-	-	165,030,000	18,213,558
Community Development Fund							
State Flex Funds	Rental Rehab Loans	0.00%	2016	-	500,000	500,000	500,000
Storm Drainage Fund							
State Revolving Note #27	System Construction	2.50%	2020	-	2,621,000	442,941	301,787
State Revolving Note #39	System Construction	1.00%	n/a	1,940,132	6,888,868	6,888,868	n/a
Total Storm Drainage				1,940,132	-	7,331,809	301,787
Tax Increment Financing Fund							
2008A Tax Increment	Cherapa Place (TIF #5)	4.20-5.75%	2028	-	2,290,000	425,000	140,268
Total Revenue Bonds & Notes				1,940,132	-	173,286,809	19,155,613
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2033	n/a	n/a	8,002,612	n/a
Total Debt				1,940,132	-	181,289,421	19,155,613
Vested Compensated Absences							
Governmental Funds	Compensated Absences	n/a	n/a	n/a	n/a	11,772,945	n/a
Internal Service Funds	Compensated Absences	n/a	n/a	n/a	n/a	223,290	n/a
Total Governmental Activities				\$ 1,940,132	-	\$ 193,285,656	\$ 19,155,613
Business-type Activities							
Revenue Bonds & Notes							
Water							
Series 2017A Sales Tax	* Lewis & Clark Refunding	1.80%	2026	-	\$ 31,045,000	\$ 28,950,000	\$ 7,770,000
2008 State Revolving Note DW #6	System Improvements	2.50%	2020	-	9,938,849	1,490,415	1,214,781
2008 State Revolving Note DW #7	System Improvements	2.50%	2020	-	2,200,000	305,900	249,328
2008 State Revolving Note DW #8	System Improvements	2.50%	2019	-	2,088,645	175,368	177,565
2009 State Revolving Note DW #9	System Improvements	2.25%	2021	-	2,678,738	590,621	269,936
2009 State Revolving Note DW #10	System Improvements	2.25%	2021	-	5,819,138	1,288,225	588,768
2011 State Revolving Note DW #11	System Improvements	2.25%	2023	-	4,000,000	1,810,163	447,805
Total Water				-	-	34,610,692	10,718,183
Water Reclamation							
State Revolving Note #21	System Construction	2.25%	2027	-	34,813,977	17,460,416	2,262,608
State Revolving Note #23	System Construction	2.50%	2018	-	10,309,144	-	876,728
State Revolving Note #25	System Construction	2.50%	2020	-	3,508,134	503,846	410,666
State Revolving Note #26	System Construction	2.50%	2020	-	3,744,000	636,397	433,593
State Revolving Note #28	System Construction	2.25%	2021	-	1,803,000	410,933	187,812
State Revolving Note #29	System Construction	2.25%	2021	-	1,211,097	267,312	122,171
State Revolving Note #30	System Construction	2.25%	2021	-	4,974,661	1,335,953	502,350
State Revolving Note #32	System Construction	1.25%	2023	-	23,037,837	10,248,175	2,464,304
State Revolving Note #33	System Construction	1.25%	2023	-	13,657,053	6,832,030	1,483,691
State Revolving Note #34	System Construction	2.25%	2024	-	12,040,836	7,553,625	1,349,359
State Revolving Note #35	System Construction	1.25%	n/a	1,222,555	10,756,902	9,750,093	1,155,235
State Revolving Note #36	System Construction	1.25%	n/a	9,509,456	16,550,544	16,550,544	n/a
State Revolving Note #37	System Construction	1.25%	n/a	2,623,016	6,663,984	6,663,984	n/a
State Revolving Note #38	System Construction	1.00%	n/a	4,995,430	6,563,695	6,563,696	n/a
Total Water Reclamation				18,350,457	-	84,777,004	11,248,517
Public Parking							
Series 2018B Sales Tax	Parking Ramp Construction	3.51%	2,032	-	18,540,000	17,805,000	1,877,774
Total Debt				18,350,457	-	137,192,696	23,844,474
Other Long-Term Liabilities							
Unamortized Bond Premium	Bond Issue	n/a	2026	n/a	n/a	5,475,717	n/a
Total Debt				-	-	142,668,413	23,844,474
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	1,968,839	n/a
Total Business-type Activities				\$ 18,350,457	-	\$ 144,637,252	\$ 23,844,474

* Secured by pledge of the second pennysales and use tax.

***For bonds secured by the second pennysales 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, 2018

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, 2018.

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	\$ 304,508	\$ 31,345
Line of Credit	First Premier Bank	4.50%	2019	-	1,254,728	1,254,728	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	107,808	5,358
SD Housing Development Authority	Affordable Housing	0.00%	2044	-	100,000	100,000	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2044	-	171,162	149,337	5,820
Sioux Falls Community Development	Affordable Housing	0.00%	2044	-	179,550	100,000	3,333
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	31,723	2,983
Sioux Falls Community Development	Affordable Housing	0.00%	2032	-	360,771	360,771	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2035	-	161,880	151,611	90,000
SD Housing Development Authority	Affordable Housing	0.00%	2033	-	697,234	697,234	n/a
Home Federal Bank	Affordable Housing	4.65%	2022	-	40,000	31,280	3,095
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	53,915	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	371,000	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	118,792	12,172
SD Housing Development Authority	Affordable Housing	0.00%	2042	-	200,000	192,000	4,000
Total Mortgages				-		3,509,560	620,473
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	79,290	50,164
Total Housing Commission				\$ -		\$ 5,148,086	\$ 701,982
Metro Communications Agency							
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	\$ 259,132	n/a

Pledged Revenue—The City has pledged future revenues, net of specified operating expenses, to repay various debt issues of the City. The debt and information relating to the pledged revenues at December 31, 2018, are as follows:

PRIMARY GOVERNMENT	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2018 Principal and Interest Paid	Net Revenues	Total Principal and Interest Remaining
Governmental Activities								
Revenue Bonds & Notes								
Sales & Use Tax Fund								
Sales Tax Revenue Bonds	Libraries, Parks, Flood Control, Water System & Events Center	Sales and Use Taxes	56%	2036	\$ 254,430,000	\$ 35,464,717	\$ 63,129,280	\$ 278,192,634
Community Development Fund								
State Flex Funds	Rental Rehab Loans	Community Development Revenues	0%	2019	500,000	-	953,163	500,000
Storm Drainage Fund								
State Revolving Notes	System Construction	Storm Drainage Revenues	4%	2028	9,509,868	301,787	7,209,178	7,341,549
Tax Increment Financing Fund								
Tax Increment Bonds	Cherapa Place	Tax Increment Revenue	123%	2022	2,290,000	423,494	344,616	497,880
Business-type Activities								
Revenue Bonds & Notes								
Water								
State Revolving Notes	System Construction	Water Revenues	24%	2023	26,725,370	4,529,169	18,494,215	5,842,958
Water Reclamation								
State Revolving Notes	System Construction	Water Reclamation Revenues	56%	2027	122,327,418	10,161,033	18,281,562	54,799,392

Bond Refunding

In March 2018, the City issued \$10.6 million in 2018A sales tax revenue refunding bonds with an average interest rate of 2.1 percent. The bonds were sold at a \$1.4 million premium which resulted in total proceeds of the new bonds of \$12.0 million which was applied toward a current refunding of the \$15.8 million that remained outstanding from the 2007B Series Sales Tax bonds.

The \$12.0 in proceeds from the refunding bonds were combined with \$1.5 million in Sales Tax Fund pooled cash and \$3.7 million cash and trust to make an early redemption of the \$15.8 million in outstanding 2007B bonds. As a result, the refunded bonds were paid off as of December 31, 2018, and these bonds were no longer a liability. The \$1.4 million balance of proceeds was used to pay the cost of issuance and fund a new debt service reserve account.

By refunding the 2007B bonds, the City will reduce its total debt service payments over the next ten years by \$4.0 million, and obtain an economic gain of \$2.0 million on a present value basis.

Revenue Bonds Payable

Bonds payable at December 31, 2018, consist of six issues backed and serviced solely by the second penny sales tax (Sales and Use Tax Fund), one issue backed by the second penny sales tax and serviced by the Water Fund as shown above, one issue backed by the second penny sales tax and serviced by the Public Parking Fund as shown above and one issue backed and serviced by Tax Increment District #5 in the T.I.F. District Fund

Notes to Financial Statements

Debt service requirements for the revenue bonds at December 31, 2018, are as follows:

Sales and Use Tax			
Year	Principal	Interest	Total
2019	\$ 9,615,000	\$ 6,404,629	\$ 16,019,629
2020	9,940,000	6,087,729	16,027,729
2021	11,005,000	5,704,779	16,709,779
2022	11,540,000	5,278,996	16,818,996
2023	13,190,000	4,832,051	18,022,051
2024-2028	58,385,000	16,817,535	75,202,535
2029-2033	46,445,000	6,271,060	52,716,060
2034-2036	4,910,000	498,751	5,408,751
Totals	\$ 165,030,000	\$ 51,895,530	\$ 216,925,530

Tax Increment			
Year	Principal	Interest	Total
2019	\$ 120,000	\$ 20,268	\$ 140,268
2020	125,000	17,538	142,538
2021	135,000	17,538	152,538
2022	45,000	17,536	62,536
Totals	\$ 425,000	\$ 72,880	\$ 497,880

Water			
Year	Principal	Interest	Total
2019	\$ 2,300,000	\$ 1,547,938	\$ 3,847,938
2020	2,600,000	1,447,500	4,047,500
2021	2,700,000	1,332,500	4,032,500
2022	2,800,000	1,202,500	4,002,500
2023	3,100,000	1,067,500	4,167,500
2024-2028	15,450,000	2,645,000	18,095,000
Totals	\$ 28,950,000	\$ 9,242,938	\$ 38,192,938

Public Parking			
Year	Principal	Interest	Total
2019	\$ 455,000	\$ 588,380	\$ 1,043,380
2020	1,120,000	577,687	1,697,687
2021	985,000	548,231	1,533,231
2022	1,035,000	520,454	1,555,454
2023	1,085,000	490,232	1,575,232
2024-2028	6,430,000	1,903,550	8,333,550
2029-2032	6,695,000	640,632	7,335,632
Totals	\$ 17,805,000	\$ 5,269,166	\$ 23,074,166

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, 2018, the City had a rebatable arbitrage liability of \$22,024, which was payable from the Capital Improvements Special Revenue Fund.

Recovery Zone Economic Development Bonds

The City has elected to receive refundable tax credits from the United States Treasury under Section 54AA(g) of the Internal Revenue Code of 1986, as amended, for the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable tax credits are required to be deposited into the Bond Fund and can be used for the payment of interest

on the bonds. The refundable credit of 41.8 percent of the interest payment is reported as Federal Grants in the Statement of Revenues, Expenses, and Changes in Net Position.

Tax Increment Financing (TIF) Districts

The City has 11 active TIF districts in addition to TIF District #5 listed above. For each of these 12 districts, the City has entered into an agreement with the developer of the TIF district. Under each agreement, tax increments received by the City are paid over to the project sponsor as a grant to cover initial eligible project expenses as allowed by South Dakota state statutes. The project sponsor bears the risk that increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses; the City bears no responsibility to make up any shortfall. Increments totaling \$2,285,471 were received by the City and paid to project sponsors during 2018.

Notes Payable

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

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

Storm Drainage			
Year	Principal	Interest	Total
2019	\$ 293,450	\$ 8,337	\$ 301,787
2020	149,491	1,403	150,894
Totals	\$ 442,941	\$ 9,740	\$ 452,681
Issues With No Estimate Available	6,888,868		
Total	\$ 7,331,809		

The Storm Drainage Fund currently has \$1,940,132 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
2019	\$ 2,841,799	\$ 106,385	\$ 2,948,184
2020	1,625,620	46,917	1,672,537
2021	642,841	19,640	662,481
2022	439,108	8,697	447,805
2023	111,324	626	111,950
Totals	\$ 5,660,692	\$ 182,265	\$ 5,842,957

Notes to Financial Statements

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

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

Water Reclamation			
Year	Principal	Interest	Total
2019	\$ 11,557,067	\$ 1,178,095	\$ 12,735,162
2020	11,224,237	986,129	12,210,366
2021	10,724,901	807,925	11,532,826
2022	10,436,905	641,664	11,078,569
2023	8,444,176	482,730	8,926,906
2024-2028	24,872,323	843,072	25,715,395
Totals	\$ 77,259,609	\$ 4,939,615	\$ 82,199,224
Issues With No Estimate Available	7,517,395		
Total	\$ 84,777,004		

The Water Reclamation Fund has \$18,350,457 available and undrawn notes payable from the South Dakota Conservancy District.

State Flex Funds

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

Component Units

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

Housing Commission			
Year	Principal	Interest	Total
2019	\$ 194,472	\$ 11,686	\$ 206,158
2020	72,308	11,014	83,322
2021	73,035	10,287	83,322
2022	97,823	9,317	107,140
2023	72,525	7,702	80,227
2024-2028	360,580	27,501	388,081
2029-2033	1,296,747	10,552	1,307,299
2034-2038	301,039	4,365	305,404
2039-2043	262,699	2,030	264,729
Thereafter	1,082,840	105	1,082,945
Totals	\$ 3,814,068	\$ 94,559	\$ 3,908,627

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, 2018**

Notes to Financial Statements

Accordingly, at December 31, 2018, the City has an available legal debt limit as follows:

2018 Assessed Actual Value Subject to Taxation:				\$ 14,035,833,895
Category	Legal Debt Limit		Net Bonded Debt Outstanding	Available Legal Debt Margin
	Percent	Amount		
General Purpose 1	5.0%	\$ 701,791,695	\$ 284,178,868	\$ 417,612,827
Special Purpose 2	10.0%	1,403,583,390	-	1,403,583,390
Special Purpose 3	8.0%	1,122,866,712	-	1,122,866,712
		<u>\$ 3,228,241,796</u>	<u>\$ 284,178,868</u>	<u>\$ 2,944,062,928</u>
Surcharge Debt Not Included in Legal Debt Limit			<u>26,300,637</u>	
Total Debt			<u>\$ 310,479,505</u>	

I. Operating Leases

The City is a party to several operating leases for equipment and office space. The City has not entered into any operating leases with noncancelable terms as of December 31, 2018. The total rental expense for operating leases for the year ended December 31, 2018, was approximately \$1,570,987.

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, 2018:

	General	Entertainment Tax	Sales and Use Tax	Community Development	Storm Drainage	General Government Construction	Other Governmental Funds	Total
Fund balances:								
Nonspendable:								
Inventory	\$ 1,412,454	\$ -	\$ 6,725,070	\$ 30,565	\$ -	\$ -	\$ -	\$ 8,168,089
Permanent Fund Principal	-	-	-	-	-	-	26,767	26,767
Total Nonspendable	<u>1,412,454</u>	<u>-</u>	<u>6,725,070</u>	<u>30,565</u>	<u>-</u>	<u>-</u>	<u>26,767</u>	<u>8,194,856</u>
Restricted for:								
Debt Service	-	-	21,038,063	-	-	-	262,541	21,300,604
Park and Recreation	87,278	-	467,842	-	-	-	-	555,120
Police	5,676	-	61,101	-	-	-	-	66,777
Library	31,721	-	-	-	-	-	15,674	47,395
Community Development	-	-	-	24,017,395	-	-	-	24,017,395
Heroic Awards	-	-	-	-	-	-	3,414	3,414
City Center Office Building	-	-	-	-	-	1,758,994	-	1,758,994
Storm Drainage	-	-	-	-	2,369,824	-	-	2,369,824
Railroad Relocation	-	-	24,273	-	-	-	-	24,273
Other Capital Projects	-	-	-	-	4,519,748	-	-	4,519,748
Total Restricted	<u>124,675</u>	<u>-</u>	<u>21,591,279</u>	<u>24,017,395</u>	<u>6,889,572</u>	<u>1,758,994</u>	<u>281,629</u>	<u>54,663,544</u>
Committed to:								
Operating Agreements	587,967	3,655,231	-	-	-	-	428,436	4,671,634
Entertainment Venues	-	9,200,064	-	-	-	-	-	9,200,064
Debt Service	-	-	12,245,172	-	-	-	-	12,245,172
Other Capital Projects	-	-	13,355,113	-	-	-	-	13,355,113
Total Committed	<u>587,967</u>	<u>12,855,295</u>	<u>25,600,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,436</u>	<u>39,471,983</u>
Assigned to:								
Transit System	-	-	-	-	-	-	3,894,960	3,894,960
2019 Budget	3,748,292	-	-	-	-	-	-	3,748,292
Total Assigned	<u>3,748,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,894,960</u>	<u>7,643,252</u>
Unassigned:	<u>48,307,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,307,674</u>
Total Fund Balances	<u>\$ 54,181,062</u>	<u>\$ 12,855,295</u>	<u>\$ 53,916,634</u>	<u>\$ 24,047,960</u>	<u>\$ 6,889,572</u>	<u>\$ 1,758,994</u>	<u>\$ 4,631,792</u>	<u>\$ 158,281,309</u>

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, 2018, was \$580,722 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 \$1,126,460 from the county for operations during 2018. 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.

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, 2018, the City has commitments on construction projects totaling \$85,076,457 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 & Clark and the City shows the City holds a credit with Lewis & Clark of \$12.3 million (in 2014 dollars). Of that sum, \$2.9 million has been applied to the Sioux Falls share of the 85th Street Tower and \$3.7 million 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 & Clark and the City, have been fully paid. The net interim credit to the City is \$6.2 million (in 2016 dollars). This credit is indexed annually according to the Bureau of Reclamation construction cost index. Any remaining surplus or deficiency will be calculated for base system costs in a final true-up upon completion of the project. Construction of the overall system is 77 percent complete. 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 & Clark from \$1.1 million to \$11.7 million, depending on these various factors. The City began receiving water from the System on July 30, 2012. The City is committed to the purchase of a minimum of 2.75 million gallons of water per day. For the year 2018, the City received a daily average of 10.7 million gallon per day with a peak day of 16.9 million gallons which occurred on June 15, 2018. A total of 3.9 million gallons of water was purchased for the year ending 2018.

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.

Notes to Financial Statements

The City has entered into an agreement with the Department of the Army to construct a flood control structure in three phases to protect the city from future flooding of the Big Sioux River and Skunk Creek. On October 15, 2009, the City and Corps of Engineers amended the Project Cooperation Agreement to allow the City to accelerate Non-Federal Sponsor funding and advance sufficient funds in order to expedite the completion of the project.

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, 2018, is as follows:

CHANGE IN LIABILITY		Amount
Balance at January 1		\$ 9,835,614
Change in liability due to usage and revision of estimates		379,901
Balance at December 31		<u>\$ 10,215,515</u>

As of December 31, 2018, the City estimate is as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Sioux Falls Regional Sanitary Landfill	37.6%	\$ 10,215,515	\$ 11,819,121	57.0
Totals		<u>\$ 10,215,515</u>	<u>\$ 11,819,121</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 \$10.2 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.

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

	2017	2018
Balance January 1	\$ 1,600,000	\$ 1,600,000
Claims incurred during the year	18,894,061	17,377,265
Payments on claims during the year	(18,894,061)	(16,877,265)
Balance December 31	<u>\$ 1,600,000</u>	<u>\$ 2,100,000</u>

The Workers' Compensation Fund has total assets and total deferred outflows of resources of \$5,119,811 at December 31, 2018, which will be used to pay current expenses of the fund. The fund has total liabilities and deferred inflows of resources of \$3,621,312 which includes a loss reserve liability of \$3,448,504 for those claims incurred as of December 31, 2018, 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.

Notes to Financial Statements

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, 2018, there were two series of Industrial Revenue/Economic Development Bonds outstanding with an aggregate principal amount payable of \$51.1 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, 2018:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Pooled Cash				
U.S. Treasury Securities	\$ 154,717,520	\$ -	\$ -	\$ 154,717,520
Money Market Mutual Funds	17,240,735	-	-	17,240,735
Total Debt Service Trust Investments	<u>\$ 171,958,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,958,255</u>
Debt Service Trust				
U.S. Treasury Securities	\$ 25,602,267	\$ -	\$ -	\$ 25,602,267
Money Market Mutual Funds	17,779,483	-	-	17,779,483
Fixed Income Investments	-	2,323,758	-	2,323,758
Total Debt Service Trust Investments	<u>\$ 43,381,750</u>	<u>\$ 2,323,758</u>	<u>\$ -</u>	<u>\$ 45,705,508</u>
Pension Investments				
U.S. Treasury Securities	\$ 53,078,455	\$ -	\$ -	\$ 53,078,455
Money Market Mutual Funds	14,516,359	-	-	14,516,359
Domestic Stocks	136,614,185	-	-	136,614,185
Foreign Stocks	22,414,447	-	-	22,414,447
Corporate Obligations	-	52,532,922	-	52,532,922
Foreign Obligations	-	6,634,952	-	6,634,952
Equity Funds	-	140,633,873	-	140,633,873
Partnership/Joint Ventures	-	-	46,005,147	46,005,147
Collective Investment Funds	-	-	124,309,952	124,309,952
	<u>\$ 226,623,446</u>	<u>\$ 199,801,748</u>	<u>\$ 170,315,099</u>	<u>\$ 596,740,293</u>
Investments measured at the net asset value (NAV)				
Pooled Cash Account				
South Dakota FIT	<u>\$ 3,104,201</u>			

Notes to Financial Statements

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

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

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

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	\$ 3,104,201	-	1 day	1 day

Note 10 – Tax Abatements

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

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

The City has 12 active tax increment districts in which taxes are passed directly to developers. Because the general property taxes on tax increment districts are allocated to the districts, these taxes are not available to the City during the life of the tax increment district. The portion of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2018, that was not available to the City was \$2,285,471.

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

The City holds an asset for this management agreement in the amount of \$3,655,231, as well as, unearned revenue of \$400,000 related to the capital contribution by SMG that will be amortized over the four years remaining of the five-year agreement.

Municipal Golf Courses

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

The City holds an asset for this management agreement in the amount of \$587,967.

Notes to Financial Statements

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 \$428,436.

Note 12—Defined Benefit Pension and Other Post-Employment Benefit Plans

A. Defined Benefit Pension Plans

Plan Description

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

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

The Board of Trustees of the CFPF consists of five members including the Mayor or his designee, one member who may or may not be a member of the Council appointed by the Mayor with advice and consent of the Council to 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, 2018, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	674	168
Vested former members not yet receiving benefits	82	4
Active plan members	<u>626</u>	<u>146</u>
Total	<u>1,382</u>	<u>318</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 2018, the CERS general division member employees contributed 5 percent of their gross earnings and police division member employees contributed 10 percent of their gross earnings. CFPF member employees contributed 10 percent of their gross earnings. The employee contribution rates are established by City ordinance. Employer contributions are made throughout the year in order to aggregate the total established by actuarial valuations determined necessary to cover: 1) all administrative costs; 2) the actuarially determined cost of future benefits accruing to members during the year; and 3) an amount sufficient to amortize any unfunded liability of the system through year 2039.

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

Notes to Financial Statements

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

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, 2018:

December 31, 2018	
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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -4.30 percent for the CERS and -4.19 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, 2018, were as follows:

	CERS	CFPF
Total Pension Liability	\$ 478,543,350	\$ 174,209,235
Plan Fiduciary Net Position	(441,174,430)	(155,944,833)
Net Pension Liability (Asset)	\$ 37,368,920	\$ 18,264,402
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.19%	89.52%
Net Pension Liability (Asset) as a percentage of Covered Payroll	84.06%	155.97%

Changes in the Net Pension Liability (Asset) at December 31, 2018, are as follows:

	CERS	CFPF
Total Pension Liability (TPL)		
Service Cost	\$ 8,060	\$ 3,375
Interest on the Total Pension Liability (TPL)	33,560	12,160
Actual versus expected TPL #	(2,569)	(2,365)
Assumption Changes	(5,000)	-
Benefit Payments and Refunds	(22,423)	(7,695)
Net Change in Total Pension Liability	11,628	5,475
Total Pension Liability - Beginning	\$ 466,915	\$ 168,734
Total Pension Liability - Ending (a)	\$ 478,543	\$ 174,209
Plan Fiduciary Net Position		
Employer Contributions	\$ 11,166	\$ 4,443
Employee Contributions	3,026	1,182
Pension Plan Net Investment Income	(19,794)	(6,743)
Benefit Payments and Refunds	(22,423)	(7,695)
Pension Plan Administrative Expense	(203)	(117)
Other	-	-
Net Change in Plan Fiduciary Net Position	(28,228)	(8,930)
Plan Fiduciary Net Position - Beginning	469,402	164,875
Plan Fiduciary Net Position - Ending (b)	\$ 441,174	\$ 155,945
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 37,369	\$ 18,264

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

For the year ended December 31, 2018, the City recognized an increase of pension expense of \$296,772, which included total pension expense of \$11,463,245 net of contributions totaling \$11,166,253 for the CERS plan. The City recognized a decrease in pension expense of \$95,921, which included total pension expense of \$4,347,231 net of contributions totaling \$4,443,152 for the CFPF plan. At December 31, 2018, 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	\$ -	\$ 8,476,727	\$ -	\$ 4,325,883
Changes of Assumptions	6,722,977	4,073,027	934,199	146,118
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	48,536,829	25,186,263	16,933,930	8,613,509
Total	\$ 55,259,806	\$ 37,736,017	\$ 17,868,129	\$ 13,085,510

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:		
2019	6,624,755	1,833,172
2020	1,090,145	(145,922)
2021	1,356,730	(135,960)
2022	9,004,919	3,231,329
2023	(552,760)	-
Thereafter	-	-
Total	\$ 17,523,789	\$ 4,782,619

Notes to Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2018, 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, 2018, these best estimates of geometric returns are summarized in the following table:

2018	
Asset Class	Long-Term Expected Real Rate of Return*
Domestic Stocks	7.50%
International Stocks	8.50%
Real Estate Equity	4.50%
Domestic Bonds	2.50%
International Bonds	3.50%
* Real rate of return is net of administrative and investment expenses.	

Discount Rate

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption Results as of December 31, 2018			
CERS	6.30%	7.30%	8.30%
Total Pension Liability	\$ 540,733,123	\$ 478,543,350	\$ 426,736,874
Plan Fiduciary Net Position	(441,174,429)	(441,174,429)	(441,174,429)
Net Pension Liability (Asset)	\$ 99,558,694	\$ 37,368,921	\$ (14,437,555)
CFPF			
Total Pension Liability	\$ 196,813,453	\$ 174,209,235	\$ 155,399,916
Plan Fiduciary Net Position	(155,944,833)	(155,944,833)	(155,944,833)
Net Pension Liability (Asset)	\$ 40,868,620	\$ 18,264,402	\$ (544,917)

Plan Closure – Membership in the South Dakota Retirement System

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

Benefits Provided

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled

Notes to Financial Statements

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, 2018, 2017, and 2016, the cost to the City was \$1,558,009, \$1,275,856, and \$1,038,645, respectively.

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

At June 30, 2018, SDRS is 100.2 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, 2018, and reported by the City as of December 31, 2018, are as follows:

Proportionate Share of Net Pension Liability	\$	136,546,424
Less Proportionate Share of Net Pension Restricted for Pension Benefits		(136,572,456)
Proportionate Share of Net Pension Liability (Asset)	\$	(26,032)

On December 31, 2018, the City reported an asset of \$26,032 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, 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, 2018, the City's proportion was 1.11617840 percent, which was an increase of 0.1738610 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2018, the City recognized an increase of pension expense of \$758,087. On December 31, 2018, 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	\$ 983,909	\$ -
Changes of Assumptions	6,609,034	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	1,967,402
Changes in proportion and difference between City contributions and proportionate share of contributions	-	1,889,052
City contributions subsequent to the measurement date	876,839	-
Total	\$ 8,469,782	\$ 3,856,454

There is \$876,939 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended	
December 31:	
2019	2,648,606
2020	2,083,241
2021	(691,499)
2022	(303,859)
Total	\$ 3,736,489

Notes to Financial Statements

Actuarial Assumptions

The total pension asset in the June 30, 2018, 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

Mortality rates were based on 97 percent of the RP-2014 Mortality Table, 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, projected generationally with Scale MP-2016.

Investments

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table using geometric means:

2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.8%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	2.0%	0.7%
	<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)	\$ 19,661,357	\$ (26,032)	\$ (16,040,654)

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, 2018, the City reported the following aggregate totals for all pension plans:

Accumulated Totals for SDRS, CERS and CFPF Plans	
Total Net Pension Asset	\$ 26,032
Total Deferred Outflows of Resources	81,597,717
Total Net Pension Liability	55,633,322
Total Deferred Inflows of Resources	54,677,981
Total Pension Expense	16,568,563

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

Notes to Financial Statements

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 109 retired members and beneficiaries as of December 31, 2018, 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 2018 the amount of the stipend was \$43.71 per month per year of service, an inflationary adjustment of 3 percent is applied each year.

Funding Policy and Contributions

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

Net OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2018.

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2018 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	3.71 percent, 20-year municipal bond rate of December 31, 2018

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

OPEB Plan Investments

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

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

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

Notes to Financial Statements

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, 2017	\$ 4,788,540	\$ 5,479,013	\$ (690,473)
Changes for the Year			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability (TPL)	148,241	-	148,241
Benefit Clarification	2,565	-	2,565
Difference between expected and actual experience of the Total OPEB Liability	(639,812)	-	(639,812)
Contributions Employer			
Assumption Changes	(34,571)	-	(34,571)
OPEB Plan Net Investment Income	-	71,934	(71,934)
Benefit Payments and Refunds	(619,906)	(619,906)	-
Net Change in Total Pension Liability	(1,143,483)	(547,972)	(595,511)
Balance at December 31, 2018	\$ 3,645,057	\$ 4,931,041	\$ (1,285,984)

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 3.71 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 (2.71 percent) or one percentage point higher (4.71 percent) than the current rate:

	2.71%	3.71%	4.71%
Net OPEB liability (asset)	\$ (1,198,240)	\$ (1,285,983)	\$ (1,369,609)

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

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

	Current Healthcare Cost Trend Rate Assumption		
	1% Decrease	Current Assumption	1% Increase
Net OPEB liability	\$ (1,418,036)	\$ (1,285,983)	\$ (1,149,080)

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$79,330. At the December 31, 2018, 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	79,330	-
Total	\$ 79,330	\$ -

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:	
2019	19,833
2020	19,833
2021	19,833
2022	19,831
2023	-
Thereafter	-
Total	\$ 79,330

Component Units

Housing Commission Retirement Plan

All eligible employees of the Housing Commission participate in the Housing Renewal and Local Agency Retirement Plan, a cost sharing, multiple-employer public employee retirement system to provide retirement benefits for employees of local or regional housing authorities and commissions, urban renewal agencies, and other organizations that are eligible to participate in this plan subject to the approval of the agreement. Eligible employees are defined as staff scheduled to work 20 or more hours per week after attaining age 18 and completing one year of continuous and uninterrupted employment. The right to receive retirement benefits is 20 percent vested after one year credited service up to 100 percent vested after five years credited service. Authority for establishing, administering, and amending plan provisions is found in Internal Revenue Code Section 401(a). The Automated Data Processing (ADP) Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ADP Retirement Services, 462 South 4th Avenue, Suite 900, Louisville, KY 40202, or by calling (502) 561-4550. On June 24, 2002, the Housing Commission adopted Resolution No. 268-06-02 effective July 1, 2002, which implemented a mandatory after-tax employee contribution to the plan of 1 percent of basic compensation and a corresponding employer contribution of 4 percent of basic compensation addition. The resolution permitted employees to voluntarily contribute additional after-tax amounts in excess of the 1 percent mandatory amount, which would be treated as voluntary contributions, and for which the employer would contribute additional corresponding amounts up to a maximum of 7 percent. Beginning July 1, 2002, the full amount of the employer's contributions will be subject to the plan's vesting schedule of 20 percent for each year of the employee's participation in the plan. During the years ended

Notes to Financial Statements

September 30, 2018, 2017, and 2016, the cost to the Commission was \$47,877, \$48,042, and \$53,558, 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.

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.

Benefits Provided

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, 2018, 2017, and 2016 were \$174,988, \$165,742, and \$153,960, 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, 2018, SDRS is 100.02 percent funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Agency as of this measurement period and reported by the Agency as of December 31, 2018, are as follows:

Notes to Financial Statements

Proportionate share of net position restricted for pension benefits	\$ 16,755,532
Less proportionate share of total pension liability	(16,758,726)
Proportionate share of net pension liability (asset)	\$ 3,194

At December 31, 2018, the Agency reported an asset of \$3,194 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, 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, 2018, the Agency's proportion was .13696560 percent, which is an increase of .0051716 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Agency recognized a reduction of pension expense of \$227,245. At December 31, 2018, 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	\$ 120,735	\$ -
Changes of Assumptions	810,991	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	241,419
Changes in proportion and difference between Agency contributions and proportionate share of contributions	-	33,469
Agency contributions subsequent to the measurement date	87,416	-
Total	\$ 1,019,141	\$ 274,887

\$87,416 reported as deferred outflow of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
December 31:	
2019	423,318
2020	313,938
2021	(51,090)
2022	(29,329)
Total	\$ 656,838

Actuarial Assumptions—The total pension asset in the June 30, 2018, 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

Mortality rates were based on 97 percent of the RP-2014 Mortality Table, 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, projected generationally with Scale MP-2016.

Investments

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table using geometric means:

2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.8%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	2.0%	0.7%
	100.0%	

Discount Rate

The discount rate used to measure the total pension asset was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at equal rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Notes to Financial Statements

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	\$ 2,412,634	\$ (3,194)	\$ (1,968,339)

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

	Employee's Retirement System	Firefighters' Pension Fund	City of Sioux Falls OPEB Trust	Total
Assets				
Cash and Cash Equivalents	\$ 7,911,913	\$ 5,276,221	\$4,909,043	\$ 18,097,177
Receivables:				
Contribution	522,832	214,265	-	737,097
Interest	722,736	257,629	21,998	1,002,363
Total Receivables	1,245,568	471,894	21,998	1,739,460
Investments at Fair Value:				
US Government	37,392,573	15,685,882	-	53,078,455
Corporate Obligations	40,337,420	12,195,502	-	52,532,922
Foreign Obligations	5,442,980	1,191,972	-	6,634,952
State and Local Obligations	-	-	-	-
Domestic Stocks	101,454,754	35,159,432	-	136,614,186
Foreign Stocks	16,671,086	5,743,361	-	22,414,447
Index Funds:				
Equity	63,479,985	22,091,968	-	85,571,953
Government / Corporate Bonds	28,571,924	10,166,075	-	38,737,999
Mutual Funds:				
Foreign Equity	92,533,843	31,568,520	-	124,102,363
Domestic Equity	12,249,011	4,282,500	-	16,531,511
Real Estate	33,889,753	12,115,394	-	46,005,147
Total Investments	432,023,329	150,200,606	-	582,223,935
Total Assets	441,180,810	155,948,721	4,931,041	602,060,572
Liabilities				
Total Liabilities	6,380	3,888	-	10,268
Net Position				
Restricted for Pension and Post Employment Health Care Benefits	\$ 441,174,430	\$ 155,944,833	\$4,931,041	602,050,304

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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
Additions				
Contributions				
Employer	\$ 11,166,523	\$ 4,443,152	\$ -	\$ 15,609,675
Plan Members	3,026,165	1,181,980	-	4,208,145
Total Contributions	14,192,688	5,625,132	-	19,817,820
Investment Income (Loss)	(18,354,336)	(6,192,376)	71,934	(24,474,778)
Less Investment Expense	1,439,906	550,663	-	1,990,569
Net Investment Income (Loss)	(19,794,242)	(6,743,039)	71,934	(26,465,347)
Total Additions	(5,601,554)	(1,117,907)	71,934	(6,647,527)
Deductions				
Benefit Payments				
Pension	22,222,590	7,695,195	-	29,917,785
Health Premiums	-	-	619,906	619,906
Total Benefit Payments	22,222,590	7,695,195	619,906	30,537,691
Refunds	200,644	-	-	200,644
Administrative Expense	202,788	117,337	-	320,125
Total Deductions	22,626,022	7,812,532	619,906	31,058,460
Change in Net Position	(28,227,576)	(8,930,439)	(547,972)	(37,705,987)
Total Net Position, January 1	469,402,006	164,875,272	5,479,013	639,756,291
Total Net Position, December 31	<u>\$ 441,174,430</u>	<u>\$ 155,944,833</u>	<u>\$ 4,931,041</u>	<u>\$ 602,050,304</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

**Required Supplementary Information - Statement of Revenues, Expenditures
and Changes in Fund Balances Budget and Actual - General Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 60,316,144	\$ 60,316,144	\$ 60,238,488	\$ (77,656)
Sales	60,485,135	60,485,135	63,129,282	2,644,147
Frontage	4,703,650	4,703,650	4,716,202	12,552
Lodging (Includes BID)	3,574,442	3,574,442	2,821,006	(753,436)
Amusement	13,500	13,500	9,768	(3,732)
Penalties and Interest	100,000	100,000	76,802	(23,198)
Total Taxes	129,192,871	129,192,871	130,991,548	1,798,677
Licenses and Permits	4,966,708	4,966,708	6,592,722	1,626,014
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	5,302,169	5,427,419	5,431,076	3,657
State Shared Revenues:				
Motor Vehicle Licenses	3,000,000	3,000,000	2,931,550	(68,450)
Bank Franchise Tax	700,000	700,000	1,544,119	844,119
Liquor Tax Reversion	992,581	992,581	940,740	(51,841)
Health License Reversion	159,000	159,000	163,652	4,652
Fire Insurance Premium Reversion	561,000	561,000	579,712	18,712
Port of Entry Fees	75,000	75,000	76,385	1,385
Total State Shared Revenues	5,487,581	5,487,581	6,236,158	748,577
State Grants	123,330	123,330	140,000	16,670
County Shared Revenues:				
Wheel Tax	182,956	182,956	179,745	(3,211)
Contributions	1,180,460	1,180,460	1,169,663	(10,797)
Total County Shared Revenues	1,363,416	1,363,416	1,349,408	(14,008)
Total Intergovernmental Revenues	12,276,496	12,401,746	13,156,642	754,896
Special Assessments	180,000	180,000	183,178	3,178
Charges for Goods and Services	9,275,629	9,275,629	7,505,118	(1,770,511)
Fines and Forfeitures	628,500	628,500	643,186	14,686
Investment Revenue	385,500	385,500	1,525,462	1,139,962
Rentals/Operating Leases	57,926	57,926	70,442	12,516
Contributions	220,000	220,000	160,354	(59,646)
Miscellaneous Revenue	368,750	368,750	660,813	292,063
Total Revenues	157,552,380	157,677,630	161,489,465	3,811,835

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund (cont)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government:				
Mayor	457,088	457,088	438,090	18,998
City Council	1,576,454	1,576,454	1,541,964	34,490
Attorney	1,867,404	1,867,404	1,695,939	171,465
Human Resources	1,527,054	1,527,054	1,445,483	81,571
Finance	3,434,089	3,434,089	3,081,463	352,626
Facilities Management	1,904,965	1,904,965	1,782,463	122,502
Technology	4,173,552	4,173,552	3,949,079	224,473
Multimedia Support	2,029,054	2,029,054	1,923,443	105,611
Total General Government	16,969,660	16,969,660	15,857,924	1,111,736
Public Safety:				
Fire	27,077,707	27,077,707	27,037,032	40,675
Police	35,452,649	35,619,649	35,539,023	80,626
Total Public Safety	62,530,356	62,697,356	62,576,055	121,301
Highways and Streets:				
Total Highways and Streets	25,031,446	25,031,446	24,677,397	354,049
Public Health:				
Health	12,637,512	12,637,512	11,777,284	860,228
Culture and Recreation:				
Parks and Recreation	17,989,803	17,989,803	17,197,750	792,053
Libraries	7,300,266	7,300,266	6,869,696	430,570
Siouxland Museum	609,030	609,030	582,848	26,182
Total Culture and Recreation	25,899,099	25,899,099	24,650,294	1,248,805
Urban and Economic Development:				
Urban Management	5,957,912	5,957,912	5,572,369	385,543
Economic Development	5,416,641	5,416,641	4,373,239	1,043,402
Total Urban and Economic Development	11,374,553	11,374,553	9,945,608	1,428,945
Total Expenditures	154,442,626	154,609,626	149,484,562	5,125,064
Revenues Over (Under) Expenditures	3,109,754	3,068,004	12,004,903	8,936,899
Other Financing Sources (Uses)				
Sale of Surplus Property	36,000	36,000	39,857	3,857
Damage Recovery	30,500	30,500	72,220	41,720
Transfers Out	(7,098,607)	(7,098,607)	(7,098,607)	-
Total Other Financing Sources (Uses)	(7,032,107)	(7,032,107)	(6,986,530)	45,577
Net Change in Fund Balances	(3,922,353)	(3,964,103)	5,018,373	8,982,476
Fund Balance - Beginning	49,162,689	49,162,689	49,162,689	-
Fund Balance Ending	\$ 45,240,336	\$ 45,198,586	\$ 54,181,062	\$ 8,982,476

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Entertainment Tax Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 7,447,933	\$ 7,447,933	\$ 8,048,978	\$ 601,045
Charges for Goods and Services	100,000	100,000	-	(100,000)
Investment Revenue	41,395	41,395	159,658	118,263
Contributions	-	-	100,000	100,000
Miscellaneous Revenue	-	-	721,687	721,687
Total Revenues	7,589,328	7,589,328	9,030,323	1,440,995
Expenditures				
Culture and Recreation:				
Entertainment Venues	9,354,257	11,374,275	6,172,271	5,202,004
Total Culture and Recreation	9,354,257	11,374,275	6,172,271	5,202,004
Total Expenditures	9,354,257	11,374,275	6,172,271	5,202,004
Revenues Over (Under) Expenditures	(1,764,929)	(3,784,947)	2,858,052	6,642,999
Other Financing Sources (Uses)				
Damage Recovery	-	-	147,766	147,766
Sale of Surplus Property	-	-	4,742	4,742
Total Other Financing Sources (Uses)	-	-	152,508	152,508
Net Change in Fund Balances	(1,764,929)	(3,784,947)	3,010,560	6,795,507
Fund Balances, January 1	9,844,735	9,844,735	9,844,735	-
Fund Balances, December 31	\$ 8,079,806	\$ 6,059,788	\$ 12,855,295	\$ 6,795,507

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Sales and Use Tax Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 60,485,135	\$ 60,485,135	63,129,280	\$ 2,644,145
Special Assessments	1,918,000	2,898,000	2,786,893	(111,107)
Licenses and Permits	100,000	100,000	93,844	(6,156)
Intergovernmental	3,055,350	3,210,350	2,826,976	(383,374)
Charges for Goods and Services	-	-	120,294	120,294
Investment Revenue	-	-	464,435	464,435
Contributions	2,412,000	3,176,197	1,886,257	(1,289,940)
Miscellaneous Revenue	-	-	3,999	3,999
Total Revenues	67,970,485	69,869,682	71,311,978	1,442,296
Expenditures				
General Government:				
Facilities Management	1,117,900	1,150,150	883,792	266,358
Sales and Use Tax	16,453,224	31,034,304	30,856,386	177,918
Technology	377,500	1,040,788	581,534	459,254
Multimedia Support	288,200	322,441	300,784	21,657
Total General Government	18,236,824	33,547,683	32,622,496	925,187
Public Safety:				
Fire	2,121,060	3,999,681	2,042,133	1,957,548
Police	1,982,499	2,538,081	2,139,441	398,640
Total Public Safety	4,103,559	6,537,762	4,181,574	2,356,188
Highways and Streets:				
Highways and Streets	36,318,309	46,253,289	33,041,498	13,211,791
Public Health:				
Health	88,000	128,916	89,570	39,346
Culture and Recreation:				
Parks and Recreation	7,833,500	12,289,884	8,276,299	4,013,585
Library	892,000	1,016,686	945,902	70,784
Museum	1,300,000	1,300,000	1,135,810	164,190
Total Culture and Recreation	10,025,500	14,606,570	10,358,011	4,248,559
Urban and Economic Development:				
Urban Management	131,000	162,497	107,105	55,392
Economic Development	-	290,407	185,510	104,897
Total Urban and Economic Development	131,000	452,904	292,615	160,289
Total Expenditures	68,903,192	101,527,124	80,585,764	20,941,360
Revenues Over (Under) Expenditures	(932,707)	(31,657,442)	(9,273,786)	22,383,656
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	263,590	263,590
Damage Recovery	-	-	19,212	19,212
Revenue Bond Issuance	-	10,635,000	10,635,000	-
Revenue Bond Premium	-	1,388,307	1,388,307	-
Transfers In	1,300,000	1,300,000	1,984,320	684,320
Transfers Out	(750,000)	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	550,000	12,573,307	13,540,429	967,122
Net Change in Fund Balances	(382,707)	(19,084,135)	4,266,643	23,350,778
Fund Balances, January 1	49,649,991	49,649,991	49,649,991	-
Fund Balances, December 31	<u>\$ 49,267,284</u>	<u>\$ 30,565,856</u>	<u>53,916,634</u>	<u>\$ 23,350,778</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,179,000	\$ 1,311,000	\$ 889,262	\$ (421,738)
Investment Revenue	42,005	42,005	55,101	13,096
Rentals/Operating Leases	2,772,050	3,976,950	8,742	(3,968,208)
Miscellaneous	-	-	58	58
Total Revenues	3,993,055	5,329,955	953,163	(4,376,792)
Expenditures				
Urban and Economic Development:				
Affordable Housing	4,297,639	9,169,959	1,759,046	7,410,913
Total Expenditures	4,297,639	9,169,959	1,759,046	7,410,913
Revenues Over (Under) Expenditures	(304,584)	(3,840,004)	(805,883)	3,034,121
Other Financing Sources (Uses)				
Transfers In	886,740	886,740	886,740	-
Total Other Financing Sources (Uses)	886,740	886,740	886,740	-
Net Change in Fund Balances	582,156	(2,953,264)	80,857	3,034,121
Fund Balances, January 1	23,967,103	23,967,103	23,967,103	-
Fund Balances, December 31	<u>\$24,549,259</u>	<u>\$21,013,839</u>	<u>\$ 24,047,960</u>	<u>\$ 3,034,121</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Storm Drainage Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,408,630	\$ 9,408,630	\$ 9,191,285	\$ (217,345)
Special Assesments	1,118,291	1,118,291	1,089,523	(28,768)
Licenses and Permits	100	100	-	(100)
Investment Revenue	40,000	40,000	120,280	80,280
Contributions	1,500,000	1,500,000	-	(1,500,000)
Miscellaneous Revenue	-	-	1,537	1,537
Total Revenues	12,067,021	12,067,021	10,402,625	(1,664,396)
Expenditures				
Highways and Streets	22,915,490	32,854,247	18,227,631	14,626,616
Total Expenditures	22,915,490	32,854,247	18,227,631	14,626,616
Revenues Over (Under) Expenditures	(10,848,469)	(20,787,226)	(7,825,006)	12,962,220
Other Financing Sources (Uses)				
Long-Term Debt Issued	7,850,000	15,413,257	6,888,868	(8,524,389)
Transfers In	100,000	100,000	57,286	(42,714)
Total Other Funding Sources (Uses)	7,950,000	15,513,257	6,946,154	(8,567,103)
Net Change in Fund Balances	(2,898,469)	(5,273,969)	(878,852)	4,395,117
Fund Balances, January 1	7,768,424	7,768,424	7,768,424	-
Fund Balances, December 31	<u>\$ 4,869,955</u>	<u>\$ 2,494,455</u>	<u>\$ 6,889,572</u>	<u>\$ 4,395,117</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 \$21,445,242 during 2018. The largest share of the supplement was \$14,581,080 for the refunding of the 2007 B Sales Tax bonds. An additional \$3,138,849 was supplemented for public parking and affordable housing projects. The remaining \$3,725,313 was for grants for police, insurance proceeds for the fleet revolving fund, and the use of unobligated fund balance for the transit fund, water fund, fleet revolving fund, entertainment tax fund and sales tax fund.

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, 2018.

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

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

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%
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%
* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year.						
Notes to Schedule						
Methods and Assumptions Used to Determine Total Pension Liability (Asset) for the Fiscal Year Ending December 31, 2018						
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%	
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%	
* Includes contributions transferred from the Unallocated Income Reserve						
** Payroll is pay provided in connection with the valuation as of December 31, of the applicable year.						
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%				
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, 2018						
Actuarial Cost Method	Entry-Age Normal					
Amortization Method	Level Dollar, Closed					
Remaining Amortization Period	21 Years					
Asset Valuation Method	5-Year smoothed market					
Inflation	4.25%					
Salary Increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.					
Investment Rate of Return	7.50% 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, 2018, 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			
	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)	1.1161784%	0.9423174%	0.7554055%	0.4407703%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ (26,031)	\$ (85,516)	\$ 2,551,686	\$ (1,869,433)
City's Covered Payroll	\$ 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	-0.13%	-0.50%	20.09%	-26.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%	100.1%	96.9%	104.1%
Schedule of City Contributions				
South Dakota Retirement System	As of December 31			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,558,009	\$ 1,275,856	\$ 1,038,645	\$ 686,864
Contributions in Relation to the Contractually Required Contribution	(1,558,009)	(1,275,856)	(1,038,645)	(686,864)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	22,714,519	18,676,953	15,153,220	9,953,235
Contributions as a Percentage of Covered Payroll	6.86%	6.83%	6.85%	6.90%

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Changes in the Employer's Net OPEB Liabilities (Assets)		
Fiscal Year Ending December 31,	2018	2017
Total OPEB Liability		
Service Cost	\$ -	\$ -
Interest on the total OPEB Liability	148,241	123,986
Benefit Changes	2,565	-
Actual versus expected experience	(639,812)	(364,194)
Assumption Changes	(34,571)	(135,976)
Benefit Payments	(619,906)	(1,055,768)
Net Change in Total OPEB Liability	(1,143,483)	(1,431,952)
Total OPEB Liability - Beginning	4,788,540	6,220,492
Total OPEB Liability - Ending (a)	\$ 3,645,057	\$ 4,788,540
Plan Fiduciary Net Position		
Employer Contributions	\$ -	\$ 301,178
Employee Contributions	-	-
OPEB Plan Net Investment Income	71,934	13,111
Employer Paid Benefit Payments	(619,906)	(1,055,768)
OPEB Plan Administrative Expense	-	-
Other	-	6,220,492
Net Change in Plan Fiduciary Net Position	(547,972)	5,479,013
Plan Fiduciary Net Position - Beginning	5,479,013	-
Plan Fiduciary Net Position - Ending (b)	\$ 4,931,041	\$ 5,479,013
Net OPEB Liability (Asset) - Ending (a) - (b)	\$ (1,285,984)	\$ (690,473)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	135.28%	114.42%
Covered Payroll *	N/A	N/A
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A
<p>* 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.</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					
2018	\$ -	\$ -	\$ -	N/A	N/A
2017	\$ -	\$ 301,178	\$ (301,178)	N/A	N/A
* Includes contributions and paid outside of the trust					

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, 2018

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	11 years for police and 16 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, 2018, was based on a discount rate of the municipal bond rate of December 31, 2018. Please refer to the 2016 valuation report for additional information.

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City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

**Supplementary Information - Statement of Revenues, Expenditures
and Changes in Fund Balances Budget and Actual - General Government Construction Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 109,435	\$ 109,435
Total Revenues	-	-	109,435	109,435
Expenditures				
General Government:				
Facilities Management	-	11,419,641	9,951,976	1,467,665
Total Expenditures	-	11,419,641	9,951,976	1,467,665
Revenues Over (Under) Expenditures	-	(11,419,641)	(9,842,541)	1,577,100
Net Change in Fund Balances	-	(11,419,641)	(9,842,541)	1,577,100
Fund Balances, January 1	11,601,535	11,601,535	11,601,535	-
Fund Balances, December 31	<u>\$ 11,601,535</u>	<u>\$ 181,894</u>	<u>\$ 1,758,994</u>	<u>\$ 1,577,100</u>

Combining Statements

A. Nonmajor Special Revenue Funds

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

B. Nonmajor Debt Funds

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

C. Nonmajor Capital Projects Funds

Sioux Falls Flood Control Fund—to account for the upgrading of the flood control system around the city of Sioux Falls.

Events Center Construction Fund—to account for the construction proceeds of Sales/Use Tax Revenue Bonds (2012A and 2012B). The proceeds are dedicated to the construction of the Denny Sanford PREMIER Center.

D. 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.

E. 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, 2018

Combining Balance Sheet
Nonmajor Governmental Funds

	Special Revenue	Debt Service	Capital Project	Permanent Funds	Total
Assets					
Cash and Cash Equivalents	\$ 3,924,058	\$ 310,735	\$ -	\$ 45,653	\$ 4,280,446
Cash Held for Management Agreements	428,436	-	-	-	428,436
Receivables:					
Accounts (net of allowance for uncollectibles)	57	-	-	-	57
Interest and Penalty	-	1,806	-	202	2,008
Total Assets	<u>\$ 4,352,551</u>	<u>\$ 312,541</u>	<u>\$ -</u>	<u>\$ 45,855</u>	<u>\$ 4,710,947</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 29,155	\$ -	\$ -	\$ -	\$ 29,155
Due to Other Funds	-	50,000	-	-	50,000
Total Liabilities	<u>29,155</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>79,155</u>
Fund Balances					
Nonspendable	-	-	-	26,767	26,767
Restricted	-	262,541	-	19,088	281,629
Committed	428,436	-	-	-	428,436
Assigned	3,894,960	-	-	-	3,894,960
Total Fund Balances	<u>4,323,396</u>	<u>262,541</u>	<u>-</u>	<u>45,855</u>	<u>4,631,792</u>
Total Liabilities and Fund Balances	<u>\$ 4,352,551</u>	<u>\$ 312,541</u>	<u>\$ -</u>	<u>\$ 45,855</u>	<u>\$ 4,710,947</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Special Revenue	Debt	Capital Project	Permanent Funds	Total
Revenues					
Taxes	\$ -	\$ 2,285,471	\$ -	\$ -	\$ 2,285,471
Intergovernmental	3,781,062	-	-	-	3,781,062
Investment Revenue	-	5,801	(2,050)	741	4,492
Total Revenues	<u>3,781,062</u>	<u>2,291,272</u>	<u>(2,050)</u>	<u>741</u>	<u>6,071,025</u>
Expenditures					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	400	400
Culture and Recreation	-	-	87,741	-	87,741
Urban and Economic Development	7,903,234	2,048,907	-	-	9,952,141
Debt Service					
Principal	-	385,000	-	-	385,000
Interest and Fiscal Charges	-	38,494	-	-	38,494
Capital Outlay					
Highways and Streets	-	-	899,825	-	899,825
Culture and Recreation	-	-	391,619	-	391,619
Urban and Economic Development	2,675,302	-	-	-	2,675,302
Total Expenditures	<u>10,578,536</u>	<u>2,472,401</u>	<u>1,379,185</u>	<u>400</u>	<u>14,430,522</u>
Revenues Over (Under) Expenditures	<u>(6,797,474)</u>	<u>(181,129)</u>	<u>(1,381,235)</u>	<u>341</u>	<u>(8,359,497)</u>
Other Financing Sources (Uses)					
Sale of Surplus Property	20,115	-	-	-	20,115
Transfers In	6,161,867	-	-	-	6,161,867
Transfers Out	-	(129,951)	(1,748,740)	-	(1,878,691)
Total Other Financing Sources (Uses)	<u>6,181,982</u>	<u>(129,951)</u>	<u>(1,748,740)</u>	<u>-</u>	<u>4,303,291</u>
Net Change in Fund Balances	<u>(615,492)</u>	<u>(311,080)</u>	<u>(3,129,975)</u>	<u>341</u>	<u>(4,056,206)</u>
Fund Balances, January 1	<u>4,938,888</u>	<u>573,621</u>	<u>3,129,975</u>	<u>45,514</u>	<u>8,687,998</u>
Fund Balances, December 31	<u>\$ 4,323,396</u>	<u>\$ 262,541</u>	<u>\$ -</u>	<u>\$ 45,855</u>	<u>\$ 4,631,792</u>

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Combining Balance Sheet
Nonmajor Special Revenue Funds

	<u>Transit</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 3,924,058	\$ 3,924,058
Assets Held for Management Agreements	428,436	428,436
Receivables:		
Accounts (net of allowance for uncollectibles)	<u>57</u>	<u>57</u>
Total Assets	<u><u>\$ 4,352,551</u></u>	<u><u>\$ 4,352,551</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	<u>\$ 29,155</u>	<u>\$ 29,155</u>
Total Liabilities	<u>29,155</u>	<u>29,155</u>
Fund Balances		
Committed	428,436	428,436
Assigned	<u>3,894,960</u>	<u>3,894,960</u>
Total Fund Balances	<u>4,323,396</u>	<u>4,323,396</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,352,551</u></u>	<u><u>\$ 4,352,551</u></u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Transit	Total
Revenues		
Intergovernmental	\$ 3,781,062	\$ 3,781,062
Total Revenues	<u>3,781,062</u>	<u>3,781,062</u>
Expenditures		
Current:		
Urban and Economic Development	7,903,234	7,903,234
Capital Outlay		
Urban and Economic Development	<u>2,675,302</u>	<u>2,675,302</u>
Total Expenditures	<u>10,578,536</u>	<u>10,578,536</u>
Revenues Over (Under)		
Expenditures	<u>(6,797,474)</u>	<u>(6,797,474)</u>
Other Financing Sources (Uses)		
Sale of Surplus Property	20,115	20,115
Transfers In	<u>6,161,867</u>	<u>6,161,867</u>
Total Other Financing Sources (Uses)	<u>6,181,982</u>	<u>6,181,982</u>
Net Change in Fund Balances	(615,492)	(615,492)
Fund Balances, January 1	<u>4,938,888</u>	<u>4,938,888</u>
Fund Balances, December 31	<u><u>\$ 4,323,396</u></u>	<u><u>\$ 4,323,396</u></u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,340,000	\$ 3,340,000	\$ 3,781,062	\$ 441,062
Total Revenues	3,340,000	3,340,000	3,781,062	441,062
Expenditures				
Urban and Economic Development				
Transit	8,210,908	11,578,182	10,578,536	999,646
Total Expenditures	8,210,908	11,578,182	10,578,536	999,646
Revenues Over (Under) Expenditures	(4,870,908)	(8,238,182)	(6,797,474)	1,440,708
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	20,115	20,115
Transfers In	6,161,867	6,161,867	6,161,867	-
Total Other Financing Sources (Uses)	6,161,867	6,161,867	6,181,982	20,115
Net Change in Fund Balances	1,290,959	(2,076,315)	(615,492)	1,460,823
Fund Balances, January 1	4,938,888	4,938,888	4,938,888	-
Fund Balances, December 31	<u>\$ 6,229,847</u>	<u>\$ 2,862,573</u>	<u>\$ 4,323,396</u>	<u>\$ 1,460,823</u>

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City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Combining Balance Sheet
Nonmajor Debt Funds

	<u>T.I.F. District</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 310,735	\$ 310,735
Receivables:		
Interest and Penalty	<u>1,806</u>	<u>1,806</u>
Total Assets	<u>\$ 312,541</u>	<u>\$ 312,541</u>
Liabilities and Fund Balances		
Liabilities		
Due to Other Funds	<u>50,000</u>	<u>50,000</u>
Total Liabilities	50,000	50,000
Fund Balances		
Restricted	<u>262,541</u>	<u>262,541</u>
Total Fund Balances	<u>262,541</u>	<u>262,541</u>
Total Liabilities and Fund Balances	<u>\$ 312,541</u>	<u>\$ 312,541</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	T.I.F. District	Total
Revenues		
Taxes	\$ 2,285,471	\$ 2,285,471
Investment Revenue	5,801	5,801
Total Revenues	<u>2,291,272</u>	<u>2,291,272</u>
Expenditures		
Current:		
Urban and Economic Development	2,048,907	2,048,907
Debt:		
Principal	385,000	385,000
Interest and Fiscal Charges	38,494	38,494
Total Expenditures	<u>2,472,401</u>	<u>2,472,401</u>
Revenues Over (Under) Expenditures	<u>(181,129)</u>	<u>(181,129)</u>
Other Financing Sources (Uses)		
Transfer Out	(129,951)	(129,951)
Total Other Financing Sources (Uses)	<u>(129,951)</u>	<u>(129,951)</u>
Net Change in Fund Balances	(311,080)	(311,080)
Fund Balances, January 1	<u>573,621</u>	<u>573,621</u>
Fund Balances, December 31	<u><u>\$ 262,541</u></u>	<u><u>\$ 262,541</u></u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,040,100	\$ 3,040,100	\$ 2,285,471	\$ (754,629)
Investment Revenue	13	13	5,801	5,788
Charges for Goods and Services	20,000	20,000	-	(20,000)
Total Revenues	<u>3,060,113</u>	<u>3,060,113</u>	<u>2,291,272</u>	<u>(768,841)</u>
Expenditures				
Urban and Economic Development T.I.F. District	<u>3,060,100</u>	<u>3,060,100</u>	<u>2,472,401</u>	<u>587,699</u>
Total Expenditures	<u>3,060,100</u>	<u>3,060,100</u>	<u>2,472,401</u>	<u>587,699</u>
Revenues Over (Under) Expenditures	<u>13</u>	<u>13</u>	<u>(181,129)</u>	<u>(181,142)</u>
Other Financing Sources (Uses)				
Transfer Out	<u>-</u>	<u>-</u>	<u>(129,951)</u>	<u>(129,951)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(129,951)</u>	<u>(129,951)</u>
Net Change in Fund Balances	<u>13</u>	<u>13</u>	<u>(311,080)</u>	<u>(311,093)</u>
Fund Balances, January 1	<u>573,621</u>	<u>573,621</u>	<u>573,621</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 573,634</u></u>	<u><u>\$ 573,634</u></u>	<u><u>\$ 262,541</u></u>	<u><u>\$ (311,093)</u></u>

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City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Combining Balance Sheet
Nonmajor Capital Project Funds

	Events Center Construction	Sioux Falls Flood Control	Total
Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Receivables:			
Interest and Penalty	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Assigned	-	-	-
Total Fund Balances	-	-	-
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Events Center Construction	Sioux Falls Flood Control	Total
Revenues			
Investment Revenue	\$ -	\$ (2,050)	\$ (2,050)
Total Revenues	-	(2,050)	(2,050)
Expenditures			
Current:			
Culture and Recreation	87,741	-	87,741
Capital			
Highways and Streets	-	899,825	899,825
Culture and Recreation	391,619	-	391,619
Total Expenditures	479,360	899,825	1,379,185
Revenues Over (Under) Expenditures	(479,360)	(901,875)	(1,381,235)
Other Financing Sources (Uses)			
Transfers Out	(1,691,454)	(57,286)	(1,748,740)
Total Other Financing Sources (Uses)	(1,691,454)	(57,286)	(1,748,740)
Net Change in Fund Balances	(2,170,814)	(959,161)	(3,129,975)
Fund Balances, January 1	2,170,814	959,161	3,129,975
Fund Balances, December 31	\$ -	\$ -	\$ -

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Events Center Construction Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Culture and Recreation:				
Events Center	-	856,019	479,360	376,659
Total Expenditures	-	856,019	479,360	376,659
Revenues Over (Under) Expenditures	-	(856,019)	(479,360)	376,659
Other Financing Sources (Uses)				
Transfers Out	(1,600,000)	(1,600,000)	(1,691,454)	(91,454)
Total Other Financing Sources (Uses)	(1,600,000)	(1,600,000)	(1,691,454)	(91,454)
Net Change in Fund Balances	(1,600,000)	(2,456,019)	(2,170,814)	285,205
Fund Balances, January 1	2,170,814	2,170,814	2,170,814	-
Fund Balances, December 31	<u>\$ 570,814</u>	<u>\$ (285,205)</u>	<u>\$ -</u>	<u>\$ 285,205</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Sioux Falls Flood Control Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ (2,050)	\$ (2,050)
Total Revenues	-	-	(2,050)	(2,050)
Expenditures				
Highways and Streets:				
Flood Control	-	913,097	899,825	13,272
Total Expenditures	-	913,097	899,825	13,272
Revenues Over (Under) Expenditures	-	(913,097)	(901,875)	11,222
Other Financing Sources (Uses)				
Transfers Out	(100,000)	(100,000)	(57,286)	42,714
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(57,286)	42,714
Net Change in Fund Balances	(100,000)	(1,013,097)	(959,161)	53,936
Fund Balances, January 1	959,161	959,161	959,161	-
Fund Balances, December 31	<u>\$ 859,161</u>	<u>\$ (53,936)</u>	<u>\$ -</u>	<u>\$ 53,936</u>

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Combining Balance Sheet
Nonmajor Permanent Funds

	Cottam Memorial	Library Memorial	Total
Assets			
Cash and Cash Equivalents	\$ 5,391	\$ 40,262	\$ 45,653
Receivables:			
Interest	23	179	202
Total Assets	<u>\$ 5,414</u>	<u>\$ 40,441</u>	<u>\$ 45,855</u>
Fund Balances			
Nonspendable	\$ 2,000	\$ 24,767	\$ 26,767
Restricted	3,414	15,674	19,088
Total Fund Balances	<u>\$ 5,414</u>	<u>\$ 40,441</u>	<u>\$ 45,855</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Cottam Memorial	Library Memorial	Total
Revenues			
Investment Revenue	\$ 85	\$ 656	\$ 741
Total Revenues	85	656	741
Expenditures			
Public Safety:			
Cottam Memorial	400	-	400
Total Expenditures	400	-	400
Net Change in Fund Balance	(315)	656	341
Fund Balances, January 1	5,729	39,785	45,514
Fund Balances, December 31	\$ 5,414	\$ 40,441	\$ 45,855

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment Revenue	\$ 50	\$ 50	\$ 85	\$ 35
Total Revenues	50	50	85	35
Expenditures				
Public Safety:				
Cottam Memorial	400	400	400	-
Total Expenditures	400	400	400	-
Revenues Over (Under) Expenditures	(350)	(350)	(315)	35
Net Change in Fund Balance	(350)	(350)	(315)	35
Fund Balances, January 1	5,729	5,729	5,729	-
Fund Balances, December 31	<u>\$ 5,379</u>	<u>\$ 5,379</u>	<u>\$ 5,414</u>	<u>\$ 35</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment Revenue	\$ 300	\$ 300	\$ 656	\$ 356
Total Revenues	300	300	656	356
Expenditures				
Culture and Recreation:				
Library Memorial	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	-	5,000
Revenues Over (Under) Expenditures	(4,700)	(4,700)	656	5,356
Net Change in Fund Balance	(4,700)	(4,700)	656	5,356
Fund Balances, January 1	39,785	39,785	39,785	-
Fund Balances, December 31	<u>\$ 35,085</u>	<u>\$ 35,085</u>	<u>\$ 40,441</u>	<u>\$ 5,356</u>

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

	Fleet Revolving	City Health/Life Benefit
Assets		
Current:		
Cash and Cash Equivalents	\$ 5,048,857	\$ 6,488,101
Receivables, net:		
Accounts	145,835	58,946
Interest	17,408	32,172
Prepaid Expense	-	310,900
Inventory of Supplies	831,753	-
Total Current Assets	<u>6,043,853</u>	<u>6,890,119</u>
Noncurrent:		
Deposits	-	-
Net Pension Asset	452	37
Buildings	2,680,047	-
Improvements Other Than Buildings	319,214	-
Machinery and Equipment	40,767,526	-
Less Accumulated Depreciation	(23,786,951)	-
Total Noncurrent Assets	<u>19,980,288</u>	<u>37</u>
Total Assets	<u>26,024,141</u>	<u>6,890,156</u>
Deferred Outflow of Resources		
City Employee's Retirement System	1,137,629	77,762
South Dakota Retirement System	153,927	11,807
Total Deferred Outflow of Resources	<u>1,291,556</u>	<u>89,569</u>
Liabilities		
Current:		
Accounts Payable	354,830	2,500
Accrued Wages	108,010	6,675
Loss Reserve on Workers' Comp Claims	-	-
Accrued Compensated Absences	5,000	-
Incurred But Not Reported Claims	-	2,100,000
Total Current Liabilities	<u>467,840</u>	<u>2,109,175</u>
Noncurrent:		
Loss Reserve on Workers' Comp Claims	-	-
Net Pension Liability	832,207	51,012
Accrued Compensated Absences	199,638	-
Total Noncurrent Liabilities	<u>1,031,845</u>	<u>51,012</u>
Total Liabilities	<u>1,499,685</u>	<u>2,160,187</u>
Deferred Inflow of Resources		
City Employee's Retirement System	821,755	48,831
South Dakota Retirement System	66,965	5,457
Total Deferred Inflow of Resources	<u>888,720</u>	<u>54,288</u>
Net Position		
Net Investment in Capital Assets	19,979,836	-
Restricted for Liability Insurance Pool	-	-
Restricted for Pension	87,414	6,387
Unrestricted	4,860,042	4,758,863
Total Net Position	<u>\$ 24,927,292</u>	<u>\$ 4,765,250</u>

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Combining Statement of Net Position
Internal Service Funds (cont)

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ 5,005,902	\$ 5,958,450	\$ 3,740,547	\$ 26,241,857
-	-	-	204,781
-	22,843	14,185	86,608
15,000	-	-	325,900
-	-	-	831,753
5,020,902	5,981,293	3,754,732	27,690,899
-	-	1,141,359	1,141,359
-	-	-	489
-	-	-	2,680,047
-	250,295	-	569,509
-	2,402,639	-	43,170,165
-	(2,043,149)	-	(25,830,100)
-	609,785	1,141,359	21,731,469
5,020,902	6,591,078	4,896,091	49,422,368
98,197	-	141,180	1,454,768
712	-	234	166,680
98,909	-	141,414	1,621,448
9,547	355,431	121,314	843,622
9,253	-	5,851	129,789
765,000	-	-	765,000
1,750	-	-	6,750
-	-	-	2,100,000
785,550	355,431	127,165	3,845,161
2,683,504	-	-	2,683,504
68,772	-	106,681	1,058,672
16,902	-	-	216,540
2,769,178	-	106,681	3,958,716
3,554,728	355,431	233,846	7,803,877
66,584	-	86,637	1,023,807
-	-	-	72,422
66,584	-	86,637	1,096,229
-	609,785	-	20,589,621
-	-	1,141,359	1,141,359
712	-	234	94,747
1,497,787	5,625,862	3,575,429	20,317,983
\$ 1,498,499	\$ 6,235,647	\$ 4,717,022	\$ 42,143,710

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

	Fleet Revolving	City Health/Life Benefit
Operating Revenues:		
Charges for Goods and Services - Internal	\$ 11,418,397	\$ 10,002,654
Charges for Goods and Services - Other	295,132	11,150,761
Total Operating Revenues	11,713,529	21,153,415
Operating Expenses:		
Personal Services	2,490,441	147,688
Casualty Loss	-	18,737,617
Insurance	135,756	902,881
Professional Services	17,891	753,799
Rent	67,941	-
Repairs and Maintenance	1,356,356	-
Supplies and Materials	4,034,752	82
Utilities and Bulk Energy	34,414	-
Depreciation	3,311,563	-
Other Current Expenses	13,480	8,067
Total Operating Expenses	11,462,594	20,550,134
Operating Income (Loss)	250,935	603,281
Nonoperating Revenues (Expenses):		
Investment Revenue	73,752	122,624
Gain (Loss) on Capital Assets	303,887	-
Miscellaneous	97,800	-
Total Nonoperating Revenues (Expenses)	475,439	122,624
Income (Loss) Before Transfers	726,374	725,905
Capital Contributions	2,640	-
Transfers In	43,652	-
Transfers Out	(1,377)	-
Change in Net Position	771,289	725,905
Net Position - Beginning	24,156,003	4,039,345
Net Position - Ending	<u>\$ 24,927,292</u>	<u>\$ 4,765,250</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ 1,918,415	\$ 2,930,407	\$ 2,100,021	\$ 28,369,894
-	-	-	11,445,893
1,918,415	2,930,407	2,100,021	39,815,787
153,742	-	151,958	2,943,829
(97,505)	-	177,257	18,817,369
-	-	1,302,680	2,341,317
356,657	244,567	9,601	1,382,515
1,834	42,655	1,770	114,200
-	2,536	466,108	1,825,000
15,764	2,635,457	1,522	6,687,577
8	980	22	35,424
-	213,597	-	3,525,160
3,971	-	694	26,212
434,471	3,139,792	2,111,612	37,698,603
1,483,944	(209,385)	(11,591)	2,117,184
-	80,761	52,426	329,563
-	-	-	303,887
-	-	1,500,000	1,597,800
-	80,761	1,552,426	2,231,250
1,483,944	(128,624)	1,540,835	4,348,434
-	5,080	-	7,720
-	800,000	-	843,652
-	-	-	(1,377)
1,483,944	676,456	1,540,835	5,198,429
14,555	5,559,191	3,176,187	36,945,281
\$ 1,498,499	\$ 6,235,647	\$ 4,717,022	\$ 42,143,710

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Combining Statement of Cash Flows
Internal Service Funds

	Fleet Revolving	City Health/Life Benefit
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 295,132	\$ 11,091,815
Cash Receipts from Interfund Services Provided	11,314,603	10,002,654
Payments to Suppliers	(5,322,867)	(1,662,329)
Payment for Interfund Services Used	11,022	-
Payments to Employees	(2,495,980)	(145,179)
Claims Paid	-	(18,237,617)
Other Receipts/Payments	97,800	-
Net Cash Provided (Used) by Operating Activities	3,899,710	1,049,344
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	902,611	-
Purchase of Capital Assets	(4,916,986)	-
Net Cash Flows Used by Capital and Related Financing Activities	(4,014,375)	-
Cash Flows from Investing Activities:		
Investment Revenue Received	67,524	107,545
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	(47,141)	1,156,889
Cash and Cash Equivalents, January 1	5,095,998	5,331,212
Cash and Cash Equivalents, December 31	\$ 5,048,857	\$ 6,488,101
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 250,935	\$ 603,281
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	3,311,563	-
(Increase) Decrease in - Receivables	(103,794)	(58,946)
- Inventory	17,775	-
- Net Pension Asset	57,153	3,265
- Pension Related Deferred Outflows	(1,037,493)	(62,963)
Increase (Decrease) in - Accounts Payable	330,970	2,500
- Accrued Wages	9,765	1,194
- Compensated Absences	(27,761)	-
- Net Pension Liability	832,207	51,012
- Pension Related Deferred Inflows	160,590	10,001
- Loss Reserve on Workers' Comp Claims	-	-
- Incurred But Not Reported Claims	-	500,000
Other Revenue Sources (Uses)	97,800	-
Net Cash Provided (Used) by Operating Activities	\$ 3,899,710	\$ 1,049,344
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 2,640	\$ -
Net Interfund Transfers of Capital Assets	42,275	-

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2018

Combining Statement of Cash Flows
Internal Service Funds (cont)

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ -	\$ -	\$ -	\$ 11,386,947
1,918,415	2,930,407	2,100,021	28,266,100
(375,309)	(2,601,226)	(1,673,348)	(11,635,079)
-	-	-	11,022
(150,337)	-	(205,806)	(2,997,302)
(616,804)	-	(177,257)	(19,031,678)
-	-	1,500,000	1,597,800
775,965	329,181	1,543,610	7,597,810
-	800,000	-	800,000
-	800,000	-	800,000
-	-	-	902,611
-	(101,020)	-	(5,018,006)
-	(101,020)	-	(4,115,395)
-	69,822	44,024	288,915
775,965	1,097,983	1,587,634	4,571,330
4,229,937	4,860,467	2,152,913	21,670,527
<u>\$ 5,005,902</u>	<u>\$ 5,958,450</u>	<u>\$ 3,740,547</u>	<u>\$ 26,241,857</u>
\$ 1,483,944	\$ (209,385)	\$ (11,591)	\$ 2,117,184
-	213,597	-	3,525,160
-	-	-	(162,740)
-	-	-	17,775
4,386	-	5,330	70,134
(86,141)	-	(132,756)	(1,319,353)
2,925	324,969	109,049	770,413
1,553	-	(352)	12,160
2,207	-	(52,340)	(77,894)
68,772	-	106,681	1,058,672
12,628	-	19,589	202,808
(714,309)	-	-	(714,309)
-	-	-	500,000
-	-	1,500,000	1,597,800
<u>\$ 775,965</u>	<u>\$ 329,181</u>	<u>\$ 1,543,610</u>	<u>\$ 7,597,810</u>
\$ -	\$ 5,080	\$ -	\$ 7,720
-	-	-	42,275

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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	123
<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	133
<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	136
<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	140
<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	142
<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, 2018

Statistics (Unaudited)

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

	2009	2010	2011	2012
Governmental Activities				
Net Investment in Capital Assets	\$ 673,277,985	\$ 691,873,817	\$ 733,682,722	\$ 678,849,535
Restricted	17,966,676	18,586,803	50,184,507	146,088,172
Unrestricted	87,265,537	91,720,406	58,553,701	62,181,055
Total Governmental Activities Net Position	778,510,198	802,181,026	842,420,930	887,118,762
Business-type Activities				
Net Investment in Capital Assets	309,430,296	310,357,701	306,222,298	313,422,448
Restricted	10,241,959	9,536,161	10,194,319	12,013,161
Unrestricted	20,964,162	29,621,665	44,783,731	55,934,423
Total Business-type Activities Net Position	340,636,417	349,515,527	361,200,348	381,370,032
Primary Government				
Net Investment in Capital Assets	982,708,281	1,002,231,518	1,039,905,020	992,271,983
Restricted	28,208,635	28,122,964	60,378,826	158,101,333
Unrestricted	108,229,699	121,342,071	103,337,432	118,115,478
Total Primary Government Net Position	\$ 1,119,146,615	\$ 1,151,696,553	\$ 1,203,621,278	\$ 1,268,488,794

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

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
General Government	\$ 19,671,778	\$ 19,698,094	\$ 18,925,343	\$ 23,646,857
Public Safety:				
Fire Protection	19,813,792	20,696,459	22,561,310	22,623,215
Police Protection	26,880,685	27,773,190	28,140,528	29,700,193
Highways and Streets	40,253,534	38,319,417	36,280,119	43,039,557
Public Health	8,522,189	8,798,356	9,557,232	9,564,179
Culture and Recreation:				
Arena	1,479,416	1,380,994	967,075	1,211,388
Libraries	7,300,760	7,296,865	7,078,205	6,754,319
Museum	-	-	-	405,904
Parks and Recreation	18,677,737	17,222,508	18,701,967	21,450,372
Pavilion	4,067,254	4,214,023	4,116,408	4,306,766
Entertainment Venues	-	-	-	-
Urban and Economic Development:				
Convention Center/CVB	2,878,609	790,914	3,500,377	3,981,211
Community Development	3,383,795	2,575,758	2,218,910	2,053,509
Economic Development	-	-	721,274	1,121,581
Urban Conservation	230	183	927,142	-
TIF	24,804	1,894,387	44,109	76,407
Urban Management	4,597,850	3,381,835	4,202,759	4,583,659
Interest on Long-Term Debt	3,669,719	4,779,272	3,991,584	5,349,209
Total Governmental Activities Expenses	161,222,152	158,822,255	161,934,342	179,868,326
Business-type Activities:				
Electric Light	6,344,724	6,876,603	7,488,338	7,671,179
Public Parking	2,097,512	1,843,744	2,058,951	2,368,883
Sanitary Landfill	5,301,488	9,073,990	10,846,466	9,271,369
Water	21,210,264	20,422,425	21,878,919	24,445,511
Water Reclamation	15,706,439	17,350,325	18,184,423	18,604,090
Total Business-type Activities Expenses	50,660,427	55,567,087	60,457,097	62,361,032
Total Primary Government Expenses	\$ 211,882,579	\$ 214,389,342	\$ 222,391,439	\$ 242,229,358

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

2013	2014	2015	2016	2017	2018
\$ 786,631,533	\$ 874,352,925	\$ 918,392,160	\$ 949,588,727	\$ 994,726,890	\$ 1,021,045,334
82,716,805	27,054,480	45,769,849	66,444,710	62,906,294	59,535,309
73,999,636	98,987,086	47,230,423	10,622,500	70,158,874	89,007,611
943,347,974	1,000,394,491	1,011,392,432	1,026,655,937	1,127,792,058	1,169,588,254
338,184,588	355,182,015	373,898,313	398,711,113	441,954,230	460,700,572
7,185,954	7,221,556	7,420,528	6,990,751	3,442,244	5,201,229
58,689,906	62,902,134	60,840,349	63,253,372	55,829,094	66,130,912
404,060,448	425,305,705	442,159,190	468,955,236	501,225,568	532,032,713
1,124,816,121	1,229,534,940	1,292,290,473	1,348,299,840	1,436,681,120	1,481,745,906
89,902,759	34,276,036	53,190,377	73,435,461	66,348,538	64,736,538
132,689,542	161,889,220	108,070,772	73,875,872	125,987,968	155,138,523
\$ 1,347,408,422	\$ 1,425,700,196	\$ 1,453,551,622	\$ 1,495,611,173	\$ 1,629,017,626	\$ 1,701,620,967

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

2013	2014	2015	2016	2017	2018
\$ 22,764,225	\$ 16,348,473	\$ 16,186,279	\$ 16,556,020	\$ 13,766,907	\$ 17,310,632
23,171,607	23,480,779	28,909,163	31,223,012	20,119,516	27,829,382
31,278,051	30,078,133	34,995,848	37,065,313	25,225,870	36,740,314
54,540,686	50,977,392	56,489,047	58,516,026	52,617,614	68,023,930
10,595,323	10,437,257	11,506,819	12,326,094	10,426,180	12,032,129
1,777,882	-	-	-	-	-
7,499,168	7,418,069	8,202,420	9,220,828	6,273,321	8,139,253
500,311	546,495	539,345	574,510	587,155	601,386
21,946,413	22,364,841	23,198,516	25,301,964	24,930,414	25,799,818
4,473,733	-	-	-	-	-
-	8,023,559	7,434,826	9,763,936	8,467,290	9,176,901
3,278,830	7,347,986	-	-	-	-
2,108,614	3,547,380	2,759,033	5,759,679	1,599,111	1,758,721
1,372,882	4,169,374	6,539,607	6,209,883	6,346,062	6,379,016
-	-	-	-	-	-
138,618	731,370	6,971,201	7,155,112	7,767,376	7,903,235
4,905,606	5,965,110	6,086,958	6,617,020	4,881,994	7,077,539
8,130,846	6,790,233	6,626,453	6,684,824	6,693,992	6,343,156
198,482,795	198,226,451	216,445,515	232,974,221	189,702,802	235,115,412
7,853,329	8,481,793	8,808,582	9,066,599	8,803,782	9,562,823
2,180,294	2,117,596	2,418,497	2,239,595	1,897,465	2,741,375
8,371,394	10,866,177	8,664,217	11,499,421	10,686,231	10,216,724
26,132,387	25,121,815	26,828,879	27,523,869	26,305,766	27,002,192
18,703,702	21,064,041	22,186,415	22,462,997	21,218,037	25,132,533
63,241,106	67,651,422	68,906,590	72,792,481	68,911,281	74,655,647
\$ 261,723,901	\$ 265,877,873	\$ 285,352,105	\$ 305,766,702	\$ 258,614,083	\$ 309,771,059

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

Table II (cont)

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

	2009	2010	2011	2012
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 2,791,359	\$ 2,884,707	\$ 2,850,456	\$ 3,003,165
Public Health	4,004,617	4,637,330	4,862,265	4,518,363
Urban and Economic Development	3,948,676	2,954,201	2,743,178	3,966,631
Other Activities	2,437,934	2,524,051	2,368,410	2,652,009
Operating Grants and Contributions	11,476,676	11,176,428	12,622,108	12,549,063
Capital Grants and Contributions	18,077,122	6,070,410	14,614,690	27,734,005
Total Governmental Activities Program Revenues	42,736,384	30,247,127	40,061,107	54,423,236
Business-type Activities:				
Charges for Services				
Water	20,980,694	22,064,401	26,836,570	34,515,284
Water Reclamation	14,371,411	16,581,957	18,173,936	20,082,561
Other Activities	17,875,020	19,106,903	19,529,981	19,513,349
Operating Grants and Contributions	16,500	183,152	3,139,429	96,678
Capital Grants and Contributions	3,864,064	1,130,057	129,364	5,616,165
Total Business-Type Activities Program Revenues	57,107,689	59,066,470	67,809,280	79,824,037
Total Primary Government Program Revenues	99,844,073	89,313,597	107,870,387	134,247,273
Net (Expense)/Revenue				
Governmental Activities	(116,085,871)	(131,687,215)	(139,807,219)	(144,059,559)
Business-type Activities	1,540,602	(1,390,627)	5,448,248	16,582,931
Total Primary Government Net Expense	(114,545,269)	(133,077,842)	(134,358,971)	(127,476,628)
General Revenue and Transfers				
Governmental Activities:				
Taxes				
Property Tax	40,405,348	43,367,740	44,960,402	46,760,366
Sales Tax	90,768,780	93,667,937	100,083,396	104,885,378
Frontage Tax	9,776,145	9,977,720	9,936,174	10,404,355
Amusement Tax	13,122	14,509	14,191	13,005
Unrestricted State and County Shared Revenues	5,421,627	5,518,952	8,406,127	5,687,154
Unrestricted Investment Earnings	1,865,406	1,867,418	1,211,979	1,218,828
Miscellaneous Revenue, Net	304,614	37,504	501,232	1,645,898
Market Value Adjustment to Land Held for Resale	-	-	-	-
Transfers	286,875	(2,205,824)	(3,000,362)	(472,062)
Total Governmental Activities General Revenues	148,841,917	152,245,956	162,113,139	170,142,922
Business-type Activities:				
Unrestricted Investment Earnings	215,305	1,368,569	795,673	513,138
Miscellaneous Revenue, Net	2,155,706	1,805,334	536,603	1,721,479
Transfers	(286,875)	2,205,824	3,000,362	472,062
Total Business-type Activities General Revenues	2,084,136	5,379,727	4,332,638	2,706,679
Total Primary Government General Revenues	150,926,053	157,625,683	166,445,777	172,849,601
Change in Net Position				
Governmental Activities	32,756,046	20,558,741	22,305,920	26,083,363
Business-type Activities	3,624,738	3,989,100	9,780,886	19,289,610
Total Primary Government	\$ 36,380,784	\$ 24,547,841	\$ 32,086,806	\$ 45,372,973

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

2013	2014	2015	2016	2017	2018
\$ 4,020,960	\$ 1,637,130	\$ 1,990,147	\$ 2,301,159	\$ 2,322,206	\$ 2,685,163
4,952,848	5,504,651	5,186,248	4,763,133	4,604,936	4,446,066
4,626,018	3,681,729	5,700,195	6,075,495	4,478,990	4,344,827
2,370,135	3,212,995	2,701,709	3,255,196	3,880,707	3,558,292
28,641,839	11,485,092	12,499,343	16,792,102	16,081,817	14,222,835
30,764,844	37,557,562	19,365,839	28,342,191	18,666,162	21,112,481
<u>75,376,644</u>	<u>63,079,159</u>	<u>47,443,481</u>	<u>61,529,276</u>	<u>50,034,818</u>	<u>50,369,664</u>
33,204,763	31,959,833	32,610,302	35,061,789	35,680,449	34,480,725
21,845,217	23,654,728	25,474,334	28,488,007	29,233,798	31,282,531
20,135,243	20,858,949	21,513,114	21,575,174	22,368,836	23,704,610
286,087	52,779	69,765	95,253	181,301	75,559
8,826,946	10,856,245	8,983,113	11,488,226	11,623,136	11,766,244
<u>84,298,256</u>	<u>87,382,534</u>	<u>88,650,628</u>	<u>96,708,449</u>	<u>99,087,520</u>	<u>101,309,669</u>
<u>159,674,900</u>	<u>150,461,693</u>	<u>136,094,109</u>	<u>158,237,725</u>	<u>149,122,338</u>	<u>151,679,333</u>
(122,774,454)	63,079,159	(169,002,034)	(171,444,945)	(139,667,984)	(184,745,748)
<u>16,646,834</u>	<u>87,382,534</u>	<u>19,744,038</u>	<u>23,915,968</u>	<u>30,176,239</u>	<u>26,654,022</u>
<u>(106,127,620)</u>	<u>150,461,693</u>	<u>(149,257,996)</u>	<u>(147,528,977)</u>	<u>(109,491,745)</u>	<u>(158,091,726)</u>
48,955,618	52,100,987	55,360,779	57,526,833	60,115,348	62,653,215
113,150,525	119,621,476	126,603,392	129,901,666	132,448,059	137,004,842
10,341,052	10,615,052	11,064,584	11,977,806	12,852,386	13,907,487
12,246	13,092	10,164	10,248	10,800	9,768
5,279,833	4,978,793	33,104,745	5,313,720	5,886,719	6,070,876
394,536	1,367,872	736,628	1,119,262	1,580,596	2,845,228
635,748	424,909	1,601,309	965,526	2,276,359	3,856,605
-	-	-	(20,523,616)	-	-
<u>565,805</u>	<u>336,380</u>	<u>373,312</u>	<u>417,005</u>	<u>2,001,008</u>	<u>193,923</u>
<u>179,335,363</u>	<u>189,458,561</u>	<u>228,854,913</u>	<u>186,708,450</u>	<u>217,171,275</u>	<u>226,541,944</u>
301,309	57,232	702,138	622,327	736,462	1,679,659
1,897,762	1,793,293	2,422,923	2,674,756	3,358,639	2,667,387
(565,805)	(336,380)	(373,312)	(417,005)	(2,001,008)	(193,923)
<u>1,633,266</u>	<u>1,514,145</u>	<u>2,751,749</u>	<u>2,880,078</u>	<u>2,094,093</u>	<u>4,153,123</u>
<u>180,968,629</u>	<u>190,972,706</u>	<u>231,606,662</u>	<u>189,588,528</u>	<u>219,265,368</u>	<u>230,695,067</u>
56,560,909	252,537,720	59,852,879	15,263,505	77,503,291	41,796,196
18,280,100	88,896,679	22,495,787	26,796,046	32,270,332	30,807,145
<u>\$ 74,841,009</u>	<u>\$ 341,434,399</u>	<u>\$ 82,348,666</u>	<u>\$ 42,059,551</u>	<u>\$ 109,773,623</u>	<u>\$ 72,603,341</u>

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

	2009	2010	2011	2012
General Fund				
Reserved	\$ 2,554,861	\$ 2,608,443	\$ -	\$ -
Unreserved Designated	5,328,959	4,200,651	-	-
Unreserved Undesignated	35,808,242	37,505,330	-	-
Nonspendable	-	-	1,937,901	1,891,787
Restricted	-	-	829,586	660,347
Committed	-	-	-	-
Assigned	-	-	3,878,616	3,802,375
Unassigned	-	-	39,547,718	41,387,942
Total General Fund	\$ 43,692,062	\$ 44,314,424	\$ 46,193,821	\$ 47,742,451
Sales/Use Tax Fund				
Reserved	\$ 19,100,806	\$ 18,586,275	\$ -	\$ -
Unreserved Designated	5,750,340	4,624,565	-	-
Unreserved Undesignated	1,274,156	3,761,378	-	-
Nonspendable	-	-	551,571	420,619
Restricted	-	-	13,952,873	24,946,781
Committed	-	-	14,899,823	12,788,630
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Sales/Use Tax Fund	\$ 26,125,302	\$ 26,972,218	\$ 29,404,267	\$ 38,156,030
All Other Governmental Funds				
Reserved	\$ 8,474,865	\$ 12,587,214	\$ -	\$ -
Unreserved Designated	4,664,447	6,709,516	-	-
Unreserved Undesignated, Reported in				
Other Special Revenue Funds	3,947,911	6,068,794	-	-
Capital Projects Funds	47,658,156	17,499,548	-	-
Permanent Funds	77,488	55,079	-	-
Nonspendable	-	-	684,040	612,906
Restricted	-	-	34,986,572	129,162,652
Committed	-	-	2,168,215	1,852,886
Assigned	-	-	1,271,807	877,595
Unassigned	-	-	(163,291)	(449,552)
Total All Other Governmental Funds	\$ 64,822,867	\$ 42,920,151	\$ 38,947,343	\$ 132,056,487

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

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,595,933	1,457,649	1,500,337	1,900,996	1,874,905	1,412,454
683,099	679,076	482,427	244,518	133,904	124,675
-	-	-	-	459,992	587,967
3,812,788	5,348,104	5,414,824	2,156,362	3,922,353	3,748,292
42,029,944	40,739,706	38,129,793	40,025,896	42,771,535	48,307,674
\$ 48,121,764	\$ 48,224,535	\$ 45,527,381	\$ 44,327,772	\$ 49,162,689	\$ 54,181,062
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
285,145	144,993	-	6,725,070	6,725,070	6,725,070
23,257,209	23,301,917	22,333,307	25,758,873	24,458,155	21,591,279
26,054,182	32,569,698	27,198,260	14,208,698	18,466,766	25,600,285
-	-	-	-	-	-
-	-	-	-	-	-
\$ 49,596,536	\$ 56,016,608	\$ 49,531,567	\$ 46,692,641	\$ 49,649,991	\$ 53,916,634
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
357,059	362,475	27,624,149	449,872	26,767	57,332
66,122,618	21,676,958	20,758,622	38,027,058	46,100,244	32,947,590
2,869,083	4,155,859	6,503,267	7,209,231	10,600,236	13,283,731
1,265,043	1,472,322	2,596,844	6,870,924	5,142,548	3,894,960
(157,799)	(55,192)	(2,379)	-	-	-
\$ 70,456,004	\$ 27,612,422	\$ 57,480,503	\$ 52,557,085	\$ 61,869,795	\$ 50,183,613

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

	2009	2010	2011	2012
Revenues				
Taxes	\$ 140,673,212	\$ 147,540,040	\$ 153,664,809	\$ 162,162,262
Licenses and Permits	3,539,554	3,815,042	3,850,330	4,728,556
Intergovernmental	19,446,146	17,471,105	19,409,318	15,120,477
Charges for Goods and Services	6,454,626	7,105,551	7,230,413	7,144,723
Fines and Forfeitures	1,085,482	881,888	702,752	714,023
Investment Revenue	1,383,341	1,442,577	934,139	1,070,144
Miscellaneous Revenue	5,675,751	4,190,847	4,205,420	7,231,142
Total Revenues	178,258,112	182,447,050	189,997,181	198,171,327
Expenditures				
General Government	17,773,201	18,004,633	17,921,999	21,612,706
Public Safety	44,280,248	46,407,723	48,072,844	49,510,099
Highways and Streets	22,252,260	22,169,072	20,424,966	22,680,005
Health	8,266,169	8,620,518	9,358,568	9,244,495
Culture and Recreation	21,432,196	20,965,099	21,157,732	21,940,762
Urban and Economic Development	9,984,869	9,048,244	10,793,599	10,848,808
Capital Outlay	56,928,185	65,534,796	46,455,185	68,211,982
Debt Service:				
Principal	9,438,935	21,135,030	11,293,473	12,494,028
Interest and Fiscal Charges	3,668,192	4,878,135	4,169,210	5,651,169
Total Expenditures	194,024,255	216,763,250	189,647,576	222,194,054
Revenues Over (Under) Expenditures	(15,766,143)	(34,316,200)	349,605	(24,022,727)
Other Financing Sources (Uses)				
Sale of Surplus Property	405,971	502,223	76,344	1,169,154
Damage Recovery	60,545	44,742	76,424	72,997
Market Value Adjustment to Land Held for Resale	-	-	-	-
Revenue Note Proceeds	1,157,796	444,298	42,438	-
Revenue Bond Issuance	51,805,000	12,060,000	-	122,145,000
Revenue Bond Premiums	611,784	650,701	-	4,617,175
Cost of Issuance	-	-	-	-
Underwriter Discount	-	-	-	-
Transfers In	5,869,611	4,550,672	5,018,331	5,129,447
Transfers Out	(5,650,761)	(4,369,874)	(5,224,504)	(5,701,509)
Total Other Financing Sources (Uses)	54,259,946	13,882,762	(10,967)	127,432,264
Net Change in Fund Balances	\$ 38,493,803	\$ (20,433,438)	\$ 338,638	\$ 103,409,537
Debt service as a percentage of noncapital expenditures	9.56%	17.20%	10.80%	11.78%

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

Table IV (cont)

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 172,280,837	\$ 181,681,808	\$ 192,686,024	\$ 199,433,538	\$ 205,299,070	\$ 213,646,562
6,512,105	5,201,772	5,984,144	6,454,811	6,341,922	6,686,566
31,623,322	16,304,696	44,640,901	17,931,385	18,604,384	20,653,942
7,352,652	7,208,017	7,057,084	7,593,729	8,197,334	7,625,412
704,678	572,024	653,200	603,324	675,779	643,186
228,324	1,158,275	482,795	891,242	1,352,449	2,438,863
7,833,232	3,011,667	4,612,269	9,885,564	8,657,161	7,673,483
<u>226,535,150</u>	<u>215,138,259</u>	<u>256,116,417</u>	<u>242,793,593</u>	<u>249,128,099</u>	<u>259,368,014</u>
20,787,239	14,452,567	15,217,034	14,671,542	15,116,233	17,118,939
51,520,665	52,592,613	57,246,696	58,992,557	60,009,602	62,576,455
30,826,489	25,975,498	26,526,746	26,378,226	24,941,562	27,869,307
10,232,689	10,146,920	10,662,930	11,444,358	11,991,217	11,777,284
24,635,024	25,903,109	25,226,642	28,675,260	28,296,000	27,827,396
10,803,811	20,663,276	21,336,137	24,463,096	21,543,950	21,656,795
108,296,798	83,016,103	62,055,526	71,276,140	75,557,810	80,333,818
11,596,998	11,682,203	10,683,225	12,552,939	11,548,174	24,606,227
7,581,748	7,262,401	6,947,931	6,673,616	7,203,378	6,845,551
<u>276,281,461</u>	<u>251,694,690</u>	<u>235,902,867</u>	<u>255,127,734</u>	<u>256,207,926</u>	<u>280,611,772</u>
(49,746,311)	(36,556,431)	20,213,550	(12,334,141)	(7,079,827)	(21,243,758)
42,993	66,963	91,122	544,874	929,322	328,304
213,379	311,798	807,902	62,013	65,648	239,198
-	-	-	(20,523,616)	-	-
161,000	339,000	-	-	-	-
-	-	-	20,260,000	-	17,523,868
-	-	-	3,734,423	-	1,388,307
-	-	-	(110,000)	-	-
-	-	-	(145,699)	-	-
6,477,228	8,042,446	7,049,671	18,425,374	7,782,375	9,090,213
(6,928,953)	(8,524,515)	(7,476,359)	(18,875,181)	(8,225,371)	(9,727,298)
<u>(34,353)</u>	<u>235,692</u>	<u>472,336</u>	<u>3,372,188</u>	<u>551,974</u>	<u>18,842,592</u>
<u>\$ (49,780,664)</u>	<u>\$ (36,320,739)</u>	<u>\$ 20,685,886</u>	<u>\$ (8,961,953)</u>	<u>\$ (6,527,853)</u>	<u>\$ (2,401,166)</u>
<u>11.42%</u>	<u>11.23%</u>	<u>10.14%</u>	<u>10.46%</u>	<u>10.38%</u>	<u>15.70%</u>

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

Revenues	2009	2010	2011	2012
Taxes				
Property	\$ 40,358,347	\$ 43,285,448	\$ 44,794,010	\$ 46,479,615
Sales	42,553,435	44,185,430	45,595,567	48,440,527
Other	4,976,406	5,147,690	6,676,312	6,998,774
Total Taxes	87,888,188	92,618,568	97,065,889	101,918,916
Licenses and Permits	3,539,554	3,815,042	3,763,867	4,641,986
Intergovernmental (Federal/State/County)	10,970,956	10,202,261	9,814,327	10,880,892
Charges for Goods and Services	5,634,877	6,201,681	6,289,241	6,191,797
Fines and Forfeitures	1,085,442	881,688	689,632	713,903
Investment Revenue	846,766	806,670	354,009	240,101
Miscellaneous Revenue	866,295	753,663	778,646	622,844
Total Revenues	110,832,078	115,279,573	118,755,611	125,210,439
Expenditures				
General Government				
Mayor	552,909	531,333	443,749	473,597
City Council	911,259	989,622	1,086,030	1,128,872
Attorney	1,280,165	1,351,325	1,320,480	1,391,259
Human Resources	974,435	957,127	997,934	1,085,707
Finance	1,809,256	1,801,664	1,840,322	1,930,484
Facilities Management	1,138,947	1,162,025	1,046,649	1,251,256
Technology	2,307,844	2,603,369	2,520,429	2,478,745
Multimedia Support	1,453,607	1,395,922	1,369,715	1,437,298
General Government Services	-	-	-	-
Total General Government	10,428,422	10,792,387	10,625,308	11,177,218
Public Safety				
Fire	18,690,779	19,491,168	20,750,996	21,001,392
Police	25,584,887	26,916,555	27,321,848	28,508,707
Total Public Safety	44,275,666	46,407,723	48,072,844	49,510,099
Highways and Streets				
Highways and Streets	-	-	-	-
Engineering	4,168,845	4,020,082	4,036,602	6,645,450
Public Works Administration	591,377	610,943	608,936	121,547
Streets	15,189,084	15,759,767	13,218,199	13,281,917
Total Highways and Streets	19,949,306	20,390,792	17,863,737	20,048,914
Health				
Health	8,266,169	8,613,334	8,970,053	9,244,495
Total Health	8,266,169	8,613,334	8,970,053	9,244,495
Culture and Recreation				
Arena	994,336	851,594	482,396	738,271
Parks and Recreation	12,865,181	12,054,837	13,123,012	13,394,238
Libraries	5,825,832	5,999,393	5,995,092	5,670,724
Museum	-	-	-	405,904
Total Culture and Recreation	19,685,349	18,905,824	19,600,500	20,209,137
Urban and Economic Development				
Urban Management	4,483,698	4,611,536	4,139,373	4,488,083
Economic Development	-	-	721,274	1,121,581
Convention and Visitors Bureau	920,464	898,967	2,000,697	2,229,291
Total Urban and Economic Development	5,404,162	5,510,503	6,861,344	7,838,955
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	108,009,074	110,620,563	111,993,786	118,028,818
Revenues Over (Under) Expenditures	2,823,004	4,659,010	6,761,825	7,181,621
Other Financing Sources (Uses)				
Sale of Surplus Property	63,132	38,484	69,171	37,760
Damage Recovery	53,289	44,742	29,680	30,758
Transfers In	-	-	-	-
Transfers Out	(4,004,184)	(4,119,874)	(4,981,279)	(5,701,509)
Total Other Financing Sources (Uses)	(3,887,763)	(4,036,648)	(4,882,428)	(5,632,991)
Net Change in Fund Balances	\$ (1,064,759)	\$ 622,362	\$ 1,879,397	\$ 1,548,630

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

Table V (cont)

Changes in Fund Balance of General Fund (modified accrual and budget basis of accounting)

Last Ten Fiscal Years

2013	2014	2015	2016	2017	2018
\$ 48,547,852	\$ 51,025,183	\$ 53,344,081	\$ 55,003,521	\$ 57,591,924	\$ 60,238,488
52,178,569	54,863,132	58,087,990	59,752,884	60,858,378	63,129,282
7,103,162	7,453,511	7,611,387	7,819,721	7,840,216	7,623,778
107,829,583	113,341,826	119,043,458	122,576,126	126,290,518	130,991,548
6,423,094	5,113,607	5,891,551	6,358,512	6,441,843	6,775,900
17,362,249	11,257,014	11,861,325	12,520,695	12,861,715	13,156,642
6,415,678	7,208,017	6,820,346	7,352,332	7,901,982	7,505,118
704,498	572,024	653,200	603,246	675,779	643,186
250,368	287,741	416,004	506,557	624,818	1,525,462
701,851	(41,859)	(751,315)	966,278	801,869	891,609
139,687,321	137,738,370	143,934,569	150,883,746	155,598,524	161,489,465
468,731	486,805	529,895	491,501	380,368	438,090
1,176,930	1,432,756	1,248,982	1,564,985	1,336,895	1,541,964
1,525,591	1,514,218	1,611,802	1,652,169	1,721,801	1,695,939
1,160,908	1,400,287	1,462,764	1,368,656	1,341,094	1,445,483
2,103,038	2,300,092	2,600,444	2,685,762	3,056,468	3,081,463
1,563,602	2,629,310	2,732,090	1,645,147	1,773,706	1,782,463
2,796,073	2,945,098	3,263,792	3,464,036	3,636,253	3,949,079
1,468,512	1,680,651	1,740,244	1,797,448	1,865,398	1,923,443
-	-	-	-	-	-
12,263,385	14,389,217	15,190,013	14,669,704	15,111,983	15,857,924
21,636,701	22,524,449	25,558,281	26,075,093	26,208,602	27,037,032
29,883,964	30,031,803	31,572,267	32,917,464	33,784,986	35,539,023
51,520,665	52,556,252	57,130,548	58,992,557	59,993,588	62,576,055
-	23,420,694	24,407,469	23,686,638	21,776,451	24,677,397
6,786,725	-	-	-	-	-
127,132	-	-	-	-	-
21,722,615	-	-	-	-	-
28,636,472	23,420,694	24,407,469	23,686,638	21,776,451	24,677,397
10,232,689	10,146,920	10,662,930	11,444,358	11,991,217	11,777,284
10,232,689	10,146,920	10,662,930	11,444,358	11,991,217	11,777,284
-	-	-	-	-	-
14,752,548	14,857,493	15,635,862	16,966,026	17,969,194	17,197,750
6,131,686	6,301,074	6,611,144	7,439,872	6,818,309	6,869,696
500,311	524,813	518,610	552,936	575,582	582,848
21,384,545	21,683,380	22,765,616	24,958,834	25,363,085	24,650,294
4,776,886	4,914,879	5,070,746	5,427,327	5,443,391	5,572,369
1,372,882	4,135,110	4,806,417	4,632,115	4,760,818	4,373,239
2,413,865	-	-	-	-	-
8,563,633	9,049,989	9,877,163	10,059,442	10,204,209	9,945,608
-	-	-	-	-	-
-	-	-	-	-	-
132,601,389	131,246,452	140,033,739	143,811,533	144,440,533	149,484,562
7,085,932	6,491,918	3,900,830	7,072,213	11,157,991	12,004,903
37,917	52,052	54,524	84,443	36,952	39,857
184,417	184,248	73,851	62,013	60,577	72,220
-	-	-	-	-	-
(6,928,953)	(6,625,447)	(6,726,359)	(8,418,278)	(7,160,607)	(7,098,607)
(6,706,619)	(6,389,147)	(6,597,984)	(8,271,822)	(7,063,078)	(6,986,530)
\$ 379,313	\$ 102,771	\$ (2,697,154)	\$ (1,199,609)	\$ 4,094,913	\$ 5,018,373

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

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 ³	Capital Improvement Sales Tax 2nd Penny ²	Entertainment Tax	Lodging Tax	Hotel BID Tax	Frontage Taxes	Other Taxes	Total Taxes
2009	\$ 40,405,348	\$ 42,553,435	\$ 42,166,089	\$ 5,075,988	\$ 575,752	\$ -	\$ 9,776,145	\$ 120,455	\$ 140,673,212
2010	43,367,740	44,185,430	44,117,913	5,161,263	586,679	-	9,977,720	143,295	147,540,040
2011	44,960,402	45,595,567	45,590,313	5,355,242	631,663	1,408,076	9,936,174	187,372	153,664,809
2012	46,760,366	48,440,527	48,424,657	5,747,678	675,164	1,560,033	10,404,355	149,482	162,162,262
2013	48,955,618	52,178,569	52,167,149	6,079,136	755,119	1,683,799	10,341,052	120,395	172,280,837
2014	52,100,987	54,863,132	54,860,726	6,417,220	847,049	1,851,167	10,615,052	126,475	181,681,808
2015	55,407,666	58,087,990	58,087,425	7,027,300	955,585	1,955,180	11,064,584	100,294	192,686,024
2016	57,411,400	59,752,884	59,752,704	7,374,191	1,023,271	2,043,914	11,977,806	97,368	199,433,538
2017	60,129,933	60,858,378	60,857,879	7,463,517	1,125,751	1,909,540	12,852,386	101,686	205,299,070
2018	62,523,959	63,129,282	63,129,280	8,048,978	788,997	2,032,009	13,907,487	86,570	213,646,562

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

² Prior to 2009 the rate of the second penny was .92

³ Prior to 2009 the rate of the second penny was .92

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	
2009	\$ 4.36	\$ 2.87	\$ 2.30	\$ 8.51	\$8.58-\$12.01	\$15.17-\$19.24
2010	4.47	2.96	2.24	8.46	8.75-12.65	15.17-20.08
2011	4.50	2.95	2.36	8.37	8.75-12.59	15.23-20.04
2012	4.68	3.08	2.51	8.39	8.75-11.78	15.58-19.54
2013	4.95	3.57	2.48	8.48	8.74-12.38	15.91-20.90
2014	5.04	3.54	2.44	8.94	10.62-13.03	16.42-21.64
2015	4.96	3.42	2.31	8.88	10.6-13.11	16.15-21.49
2016	4.88	3.47	2.31	8.97	9.50-12.60	16.16-20.95
2017	4.71	3.34	2.25	8.44	8.84-11.10	15.40-19.07
2018	4.65	3.33	2.15	8.28	8.89-11.23	15.08-19.21

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, 2018

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			
2009	9,175,055,869	12,060,497,777	162,602,022	196,984,662	9,337,657,891	12,257,482,439	76.2%	4.36	10,985,479,872
2010	9,558,700,595	12,696,353,605	155,886,943	189,249,116	9,714,587,538	12,885,602,721	75.4%	4.47	11,428,926,515
2011	9,774,481,787	12,857,060,903	112,385,245	136,627,925	9,886,867,032	12,993,688,828	76.1%	4.50	11,631,608,273
2012	9,771,039,956	13,315,777,927	111,237,720	135,362,032	9,882,277,676	13,451,139,959	73.5%	4.68	11,626,209,031
2013	9,671,376,920	13,173,811,509	116,229,089	142,203,190	9,787,606,009	13,316,014,699	73.5%	4.95	11,514,830,599
2014	9,924,745,622	13,499,646,427	119,935,862	146,673,900	10,044,681,484	13,646,320,327	73.6%	5.04	11,817,272,334
2015	10,543,239,769	11,647,031,391	131,847,637	153,676,531	10,675,087,406	11,800,707,922	90.5%	4.96	12,558,926,360
2016	11,228,332,224	12,348,858,266	139,175,098	139,175,556	11,367,507,322	12,488,033,822	91.0%	4.88	13,373,538,026
2017	12,067,961,831	13,209,559,260	146,080,552	146,080,552	12,214,042,383	13,355,639,812	91.5%	4.71	14,369,461,627
2018	12,808,865,205	13,875,226,960	160,606,935	160,606,935	12,969,472,140	14,035,833,895	92.4%	4.65	15,258,202,518

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
2009	40,701,216	39,541,018	97.15%	997,879	40,538,897	99.60%	4.36
2010	43,460,122	42,212,148	97.13%	615,271	42,827,419	98.54%	4.47
2011	44,468,887	43,492,915	97.81%	870,726	44,363,641	99.76%	4.50
2012	46,275,785	45,509,306	98.34%	628,639	46,137,945	99.70%	4.68
2013	48,578,743	47,633,072	98.05%	410,090	48,043,162	98.90%	4.95
2014	50,690,690	49,972,765	98.58%	593,436	50,566,201	99.75%	5.04
2015	53,102,806	52,500,037	98.86%	515,165	53,015,202	99.84%	4.96
2016	55,490,728	54,945,198	99.02%	529,710	55,474,908	99.97%	4.88
2017	57,561,503	57,058,986	99.13%	544,126	57,603,112	100.07%	4.71
2018	60,256,166	59,628,143	98.96%	422,408	60,050,551	99.66%	4.65

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, 2018

Statistics (Unaudited)

Table X
Principal Property Taxpayers
Current Year and Ten Years Ago

2018 TOTAL ASSESSED TAXABLE VALUATION		\$ 12,969,472,140					
Taxpayer	Type of Business	2018			2009		
		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	\$ 198,552,178	1	1.53%	\$ -	-	n/a
Sanford Health (Sioux Valley Hospital)	Medical	164,755,910	2	1.27%	69,653,423	3	0.67%
SM Empire Mall LLC	Shopping Malls	98,047,956	3	0.76%	118,442,418	1	1.14%
Van Buskirk Companies	Real Estate	55,029,208	4	0.42%	-	-	n/a
Billion Family Limited	Auto Dealer	48,903,276	5	0.38%	-	-	n/a
Ronning Enterprises	Real Estate	42,317,086	6	0.33%	-	-	n/a
Dunham Homes LLC	Real Estate	41,809,427	7	0.32%	70,646,741	2	0.68%
Costello Realty	Real Estate	40,182,005	8	0.31%	-	-	n/a
Hubbell Realty Company	Real Estate	38,558,641	9	0.30%	-	-	n/a
123 Sioux Falls LLC (Citibank)	Financial	36,037,498	10	0.28%	37,329,788	6	0.36%
Wal-Mart (Wal-Mart & Sams)	Retail	-	-	n/a	36,073,020	7	0.35%
Avera Health (Presentation Sisters)	Medical	-	-	n/a	48,764,700	4	0.47%
Donald Babinski	Real Estate	-	-	n/a	24,792,525	10	0.24%
Wells Fargo Bank	Financial	-	-	n/a	39,616,383	5	0.38%
John Morrell & Company	Meat Processing	-	-	n/a	28,735,573	8	0.28%
Menards	Building Centers	-	-	n/a	26,716,455	9	0.26%
Totals		\$ 764,193,185		5.89%	\$ 500,771,026		4.83%

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture, Forestry, & Fishing	\$ 30,109	\$ 34,217	\$ 34,398	\$ 32,140	\$ 47,412	\$ 40,346	\$ 52,794	\$ 58,605	\$ 63,483	\$ 72,087
Mining & Construction	5,900	72,059	83,920	91,603	118,073	115,797	113,977	122,760	130,855	130,587
Manufacturing	122,441	153,925	156,037	163,755	184,485	189,881	189,362	208,465	208,963	206,269
Transportation & Public Utilities	190,471	535,418	465,213	513,651	570,470	603,805	609,153	617,413	634,813	650,263
Wholesale Trade	271,275	282,323	318,290	307,140	342,703	355,854	371,604	390,562	378,277	422,672
Retail Trade	2,217,304	2,396,416	2,519,526	2,690,145	2,816,150	2,980,629	3,155,507	3,199,944	3,231,286	3,339,745
Finance, Insurance, & Realestate	140,461	110,884	102,645	132,323	147,735	148,218	171,440	196,085	202,994	225,700
Services	679,137	861,798	914,367	950,807	1,037,637	1,095,413	1,188,977	1,234,127	1,278,421	1,334,234
Public Administration	347	108	313	424	362	399	390	953	445	414
Other	-	21	393	2,108	-	-	92	1	-	33
Total	\$ 3,657,445	\$ 4,447,169	\$ 4,595,102	\$ 4,884,096	\$ 5,265,027	\$ 5,530,342	\$ 5,853,296	\$ 6,028,915	\$ 6,129,537	\$ 6,382,004

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, 2018**

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				
2009	93,844,260	2,290,000	31,202,120	-	1,123,535	70,000,000	1,395,499	-	77,430,319	\$ 277,285,733	2.93%	1,773	
2010	89,668,892	2,290,000	27,949,710	-	866,187	70,000,000	1,066,607	1,141,862	85,183,251	278,166,509	3.64%	1,758	
2011	82,186,334	2,265,000	24,103,169	-	595,556	70,000,000	723,323	866,945	99,127,657	279,867,984	3.88%	1,751	
2012	200,242,566	2,245,000	20,121,899	-	310,809	70,000,000	-	585,113	110,610,843	404,116,230	2.88%	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	2.99%	2,350	
2014	184,695,392	2,165,000	11,933,506	500,000	-	66,430,000	-	-	100,706,937	366,430,835	3.29%	2,158	
2015	177,986,405	2,060,000	7,785,280	500,000	-	64,545,000	-	-	88,464,577	341,341,262	3.97%	1,970	
2016	194,050,721	1,335,000	3,577,342	500,000	-	62,585,000	-	-	88,226,032	350,274,095	3.98%	1,962	
2017	185,410,013	810,000	729,168	500,000	-	36,602,380	-	-	92,498,350	316,549,911	4.58%	1,728	
2018	173,032,612	425,000	7,331,809	500,000	-	52,230,717	-	-	90,437,696	323,957,834	n/a	1,731	

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
2009	\$ 519,839,269	\$ 277,285,733	\$ 242,553,536	53.34%
2010	542,615,737	277,041,878	265,573,859	51.06%
2011	544,274,817	279,867,984	264,406,833	51.42%
2012	562,770,056	404,116,230	158,653,826	71.81%
2013	558,825,994	389,670,394	169,155,600	69.73%
2014	563,851,959	366,046,341	197,805,618	64.92%
2015	719,709,875	340,420,898	379,288,977	47.30%
2016	624,401,691	329,399,883	295,001,808	52.75%
2017	667,781,991	276,105,831	391,676,160	41.35%
2018	701,791,695	284,178,868	417,612,827	40.49%

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, 2018

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	\$ 181,289,421	100.00%	\$ 181,289,421
Total Direct Debt			181,289,421
Sioux Falls School District	251,500,000	98.66%	248,129,900
Tri-Valley School District	575,000	18.37%	105,628
Brandon Valley School District	31,265,000	19.96%	6,240,494
Harrisburg School District	120,127,839	60.17%	72,280,921
Tea Area School District	48,546,859	79.48%	38,585,044
West Central	13,460,000	0.05%	6,730
Lennox School District	24,875,000	2.38%	592,025
Minnehaha County	59,195,000	72.87%	43,135,397
Lincoln County	11,855,000	55.31%	6,557,001
Total Overlapping Debt			415,633,140
Total Direct and Overlapping Debt			\$ 596,922,561

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			
		Principal ⁴	Interest	Total Debt Service	Ratio of Sales Tax Revenues to Debt Service	Principal	Interest	Total Debt Service	Ratio of Sales Tax Revenues to Debt Service
2009	42,166,089	7,888,990	6,265,125	14,154,115	2.98	6,608,068	2,312,372	8,920,440	4.73
2010	44,117,913	5,154,684	6,905,644	12,060,328	3.66	6,544,796	3,808,843	10,353,639	4.26
2011	45,590,313	9,463,226	6,771,026	16,234,252	2.81	6,582,700	3,552,244	10,134,944	4.50
2012	48,424,657	9,439,270	8,424,753	17,864,023	2.71	8,681,807	5,248,487	13,930,294	3.48
2013	52,167,149	10,240,497	10,289,485	20,529,982	2.54	7,902,141	7,188,313	15,090,454	3.46
2014	54,860,726	10,187,385	9,956,727	20,144,112	2.72	9,043,727	6,994,127	16,037,854	3.42
2015	58,087,425	9,434,952	9,644,950	19,079,902	3.04	10,261,589	6,770,714	17,032,303	3.41
2016	59,752,704	10,728,214	9,342,255	20,070,469	2.98	11,520,756	6,500,648	18,021,404	3.32
2017	60,857,879	11,387,190	10,161,146	21,548,336	2.82	10,743,992	7,097,700	17,841,692	3.41
2018	63,129,280	12,510,000	8,699,717	21,209,717	2.98	9,680,000	6,766,142	16,446,142	3.84

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 Amount does not include Lewis & Clark Principal Prepayment amount of \$60.5 million.

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

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	
2009	\$ 6,548,800	\$ 79,151	\$ 6,627,951	\$ 2,144,513	\$ 4,483,438	\$ 93,899	\$ 57,033	\$ 150,932	29.71
2010	6,967,165	87,259	7,054,424	1,777,327	5,277,097	191,914	65,519	257,433	20.50
2011	7,049,031	34,434	7,083,465	2,238,183	4,845,282	321,278	78,951	400,229	12.11
2012	6,649,791	25,528	6,675,319	2,364,440	4,310,879	349,462	52,139	401,601	10.73
2013	6,845,852	22,577	6,868,429	1,893,678	4,974,751	358,909	56,565	415,474	11.97
2014	6,731,634	34,731	6,766,365	2,275,140	4,491,225	368,616	46,858	415,474	10.81
2015	7,400,595	35,325	7,435,920	2,118,527	5,317,393	316,636	37,702	354,338	15.01
2016	8,536,236	54,774	8,591,010	2,683,830	5,907,180	307,183	29,871	337,054	17.53
2017	9,510,704	66,886	9,577,590	3,165,111	6,412,479	279,182	22,605	301,787	21.25
2018	10,280,808	120,280	10,401,088	3,191,910	7,209,178	286,227	15,560	301,787	23.89

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

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				
						Principal		Interest	Total	Coverage
						Revenue Bonds	State Revolving Fund			
2009	\$ 20,980,694	\$ 147,323	\$ 21,128,017	\$11,406,759	\$ 9,721,258	\$ -	\$ 2,931,120	\$ 3,496,683	\$ 6,427,803	1.51
2010	22,064,401	1,093,659	23,158,060	10,595,293	12,562,767	-	3,384,219	3,391,042	6,775,261	1.86
2011	26,836,570	505,371	27,341,941	11,397,904	15,944,037	-	4,690,565	3,891,325	8,581,890	2.55
2012	34,515,284	362,912	34,878,196	13,440,730	21,437,466	-	4,425,515	3,984,899	8,410,414	1.92
2013	33,204,763	765,829	33,970,592	14,482,224	19,488,368	1,755,000	4,616,176	3,783,801	10,154,977	1.85
2014	31,959,833	475,930	32,435,763	14,644,709	17,791,054	1,815,000	4,285,188	3,517,751	9,617,939	1.97
2015	32,745,819	1,104,389	33,850,208	15,827,688	18,022,520	1,885,000	3,890,932	3,356,111	9,132,043	2.28
2016	35,061,789	1,032,509	36,094,298	16,000,976	20,093,322	1,960,000	3,655,509	3,189,064	8,804,573	2.28
2017	35,680,449	1,378,125	37,058,574	16,659,216	20,399,358	2,085,000	2,765,783	3,139,036	7,989,818	2.55
2018	34,480,725	1,242,717	35,723,442	17,229,226	18,494,216	2,095,000	2,832,576	1,696,593	6,624,169	2.79

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

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			
						Principal	Interest	Total	Coverage
2009	\$ 14,371,411	\$ 1,747,637	\$ 16,119,048	\$ 6,845,487	\$ 9,273,561	\$ 3,636,666	\$ 1,165,858	\$ 4,802,524	1.93
2010	16,581,957	1,801,997	18,383,954	8,594,706	9,789,248	4,087,257	1,279,032	5,366,289	1.82
2011	18,173,936	538,548	18,712,484	8,872,715	9,839,769	5,535,952	1,338,211	6,874,163	1.43
2012	20,082,561	621,430	20,703,991	7,827,937	12,876,054	5,072,878	1,538,493	6,611,371	1.95
2013	21,845,217	1,036,183	22,881,400	8,061,001	14,820,399	6,640,379	1,767,973	8,408,352	1.76
2014	23,654,728	1,455,887	25,110,615	8,699,908	16,410,707	8,235,758	1,563,189	9,798,947	1.67
2015	25,474,334	1,892,830	27,367,164	9,320,423	18,046,741	9,202,746	1,458,251	10,660,997	1.69
2016	23,926,310	1,887,529	25,813,839	9,249,831	16,564,008	9,351,715	1,267,455	10,619,170	1.56
2017	24,559,960	2,054,034	26,613,994	9,721,395	16,892,599	9,252,159	1,265,966	10,518,125	1.61
2018	26,607,934	2,173,639	28,781,573	10,500,011	18,281,562	9,137,643	1,023,389	10,161,032	1.80

Note: Pursuant to statutory changes, qualifying revenues were changed in 2005 to include investment revenue and cost recoveries.

Table XIX
Revenue Note Coverage-Public Parking
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
						Principal	Interest	Total	Coverage
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	3,043,277	310,716	3,353,993	1,874,046	1,479,947	735,000	397,653	1,132,653	1.31

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

Table XX
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population ¹	MSA Population ²	Personal Income 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
2008	154,100	233,503	\$ 9,644,388	\$ 43,465	\$ 36,981	130,079	126,428	2.8%	20,756
2009	156,400	238,122	9,544,238	42,247	37,548	129,544	123,156	4.9%	20,870
2010	158,200	239,000	10,127,285	44,205	38,447	133,560	127,212	4.8%	21,390
2011	159,800	228,261	10,845,087	46,615	39,518	134,181	128,417	4.3%	21,999
2012	162,300	230,847	11,626,017	48,901	41,010	136,520	131,344	3.8%	22,342
2013	165,800	235,878	11,643,004	47,791	41,627	139,231	134,817	3.2%	22,602
2014	169,800	240,202	12,067,800	48,592	43,139	141,677	137,641	2.8%	23,954
2015	173,300	247,800	13,541,813	53,769	45,364	144,746	140,630	2.9%	23,281
2016	178,500	256,250	13,925,347	54,454	46,020	146,409	142,977	2.3%	23,679
2017	183,200	259,094	14,495,500	55,947	47,320	148,933	144,958	2.7%	24,866
2018	187,200	266,700	n/a	n/a	n/a	152,386	148,590	2.5%	24,987

¹ Source: City Planning Department end of year estimates. April 2010 U.S. Census figure was 153,888.

² Source: South Dakota Department of Labor and U.S. Census Bureau mid-year population estimates (as of July 1st each year). 2011 MSA population estimate shows a decrease, this is due to realigning estimates with the 2010 census population.

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

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

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

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

Table XXI
Major Employers
Current Year and Ten Years Ago

Employer	Type of Business	2018			2009		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Health Care	9,260	1	6.2%	7,225	1	5.9%
Avera Health	Health Care	8,298	2	5.6%	4,884	2	4.0%
John Morrell & Company	Meat Processing	3,600	3	2.4%	3,200	5	2.6%
Sioux Falls School District	Education	3,400	4	2.3%	3,000	6	2.4%
Hy-Vee Food Stores	Retail Grocery	3,116	5	2.1%	2,102	7	1.7%
Wells Fargo	Financial	2,692	6	1.8%	3,615	3	2.9%
Citigroup	Financial	1,800	7	1.2%	3,000	4	2.4%
Evangelical Lutheran Good Samaritan Society	Health Care	1,500	8	1.0%	-	-	-
Walmart/Sam's Club	Retail	1,460	9	1.0%	1,211	9	1.0%
Department of Veterans Affairs Medical and Regional Office	Health Care	1,267	10	0.9%	-	-	-
City of Sioux Falls	Government	-	-	-	1,121	10	0.9%
First Premier Bank/Premier Bankcard	Financial	-	-	-	1,272	8	1.0%
Totals		36,393		24.5%	30,630		24.9%

Source: Sioux Falls Development Foundation

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

Industry	2009	2010	2011	2012	2013	2014	2015	2016	2017
Natural Resources, Mining & Construction	7,100	6,600	6,500	6,700	7,200	7,500	7,900	8,200	8,500
Manufacturing	12,300	11,900	12,500	13,000	13,300	13,600	13,600	13,500	13,900
Wholesale Trade	6,700	6,700	7,100	7,300	7,600	8,000	8,200	8,300	8,200
Retail Trade	16,400	16,500	17,000	17,400	17,500	18,100	18,400	18,900	18,400
Transportation, Warehousing & Utilities	5,000	4,900	4,900	4,900	5,100	5,400	5,600	5,500	5,500
Information	3,000	2,900	2,900	2,800	2,700	2,700	2,700	2,600	2,600
Financial Activities	16,300	15,500	15,200	15,800	16,300	16,100	16,200	15,800	15,700
Professional & Business Services	10,900	11,300	12,200	12,800	13,400	14,000	14,200	14,700	14,900
Educational & Health Services	25,500	26,500	27,300	28,600	29,100	29,600	30,400	31,100	32,000
Leisure & Hospitality	12,900	12,700	13,000	13,200	13,500	14,200	14,600	15,100	15,400
Other Services	4,700	4,800	4,700	4,700	4,800	4,800	4,900	5,100	5,900
Total Government	12,800	13,000	12,800	12,900	13,000	13,300	13,500	13,800	14,400
Total	133,600	133,400	136,100	140,200	143,500	147,200	149,900	152,700	155,600

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	
2009	35	\$ 62,796,269	653	120,987,734	5,646	\$ 114,124,166	6,334	1,149 \$ 297,908,169	73.57
2010	27	22,813,946	557	102,623,633	7,090	148,736,101	7,674	722 282,923,680	73.65
2011	32	41,628,412	532	144,590,392	7,259	100,656,588	7,823	827 286,875,392	73.89
2012	47	165,451,094	916	173,935,775	6,670	151,128,374	7,633	1,399 490,515,243	73.96
2013	53	157,682,198	1,069	245,696,454	6,831	184,879,209	7,953	2,039 588,248,861	74.80
2014	53	81,452,946	897	254,463,649	13,995	283,585,645	14,945	2,056 619,502,240	75.58
2015	156	250,760,624	933	171,611,176	11,002	253,920,491	12,091	1,738 676,292,291	76.04
2016	121	303,066,532	1,060	198,625,903	6,208	200,159,054	7,389	2,647 701,851,489	77.80
2017	173	268,943,178	1,191	231,818,332	5,391	238,563,308	6,755	2,410 739,324,818	78.21
2018	128	302,273,068	1,077	221,750,033	5,668	262,576,554	6,873	2,202 786,599,655	78.94

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

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

	Year-end Authorized Positions									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Mayor	4	4	4	4	4	4	7	7	3	5
Finance	21	21	21	21	22	24	25	26	32	28
Attorney	11	11	11	11	11	13	14	15	15	15
Human Resources	11	11	11	11	12	13	13	13	13	14
City Council	15	15	16	16	16	16	16	16	16	16
Facilities Management	11	11	11	15	17	18	19	20	21	26
Innovation and Technology	25	25	26	26	28	26	26	26	32	35
Communications	15	14	14	14	14	14	14	15	15	15
Total General Government	113	112	114	118	124	128	134	138	147	154
Public Safety										
Fire	194	194	194	194	194	195	210	210	208	208
Police	259	267	267	264	266	269	282	289	296	306
Total Public Safety	453	461	461	458	460	464	492	499	504	514
Highways and Streets										
Public Works										
Administration	11	10	5	5	6	6	4	4	4	5
Engineering	51	51	65	66	66	67	70	70	63	52
Street	78	78	50	50	50	50	50	50	50	50
Total Highways and Streets	140	139	120	121	122	123	124	124	117	107
Public Health	59	64	64	64	64	71	73	78	78	82
Culture and Recreation										
Libraries	62	62	62	62	64	63	63	63	63	63
Parks and Recreation	71	71	69	69	71	70	72	76	74	77
Total Culture and Recreation	133	133	131	131	135	133	135	139	137	140
Urban and Economic Development										
Planning and Building Services	43	43	42	42	42	42	43	45	46	50
Affordable Housing	9	9	11	11	11	11	13	13	12	6
Total Urban and Economic Development	52	52	53	53	53	53	56	58	58	56
Enterprise										
Fleet	19	19	18	18	18	20	22	24	27	27
Light Power and Traffic	12	12	12	12	12	12	12	12	12	22
Public Parking Facilities	15	15	13	13	12	12	11	11	11	11
Sanitary Landfill	25	27	28	27	28	28	28	28	28	29
Water	48	48	65	65	62	63	63	63	63	63
Water Reclamation	52	53	54	53	51	52	51	54	55	55
Total Enterprise	171	174	190	188	183	187	187	192	196	207
Total	1121	1135	1133	1133	1141	1159	1201	1228	1237	1260

2008 - Moved one position from Finance to City Council for internal auditor.

2009 - Transferred Human Relations from Human Resources to Attorneys, Moved Licensing Specialist from Finance to Attorneys.

2010 - Added new grant funded positions to Health's dental program, Added new grant funded Police Officers, Transferred Env. Analyst from PWA to Landfill Sustainability Tech, Transferred Application Support Analyst from Central Services to Police, Transferred Webmaster position from Media Services to Central Services IT Program Analyst

2011 - Transfer GIS from Public Works Administration to Engineering, Transferred Traffic from Street to Engineering, Transferred Street Utilities to Water, transfer utilities workers from Water to Water Rec, Transferred Engineering Tech from Landfill to Water Rec, Removed Parking Attendants, Added Central Services Analyst and Council Budget Analyst

2012- Transferred Custodial Workers from Police and Water Reclamation to Facilities Management, Transferred Engineering Tech from Water Reclamation to Engineering

Source: City Human Resources Department

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018**

Statistics (Unaudited)

Table XXV

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire										
Number of Employees (Uniformed)	186	186	186	186	186	184	195	195	195	195
Number of Employees (Non-Uniform)	8	8	8	9	8	15	15	15	13	13
Total Responses	9,206	9,917	9,809	10,342	11,049	11,635	12,608	12,924	12,830	12,854
Structure Fires	170	161	188	198	133	136	134	139	166	149
Vehicle Fires	73	66	93	77	79	82	16	67	88	88
EMS Calls	5,234	5,651	5,312	5,699	5,814	6,227	6,793	6,821	6,760	6,487
Water Hydrants	7,640	7,818	8,538	7,597	7,772	7,986	8,209	8,343	8,513	8,734
Fire Insurance Rating	3	3	3	3	3	3	1	1	1	1
Police										
Number of Sworn Officers	221	230	230	232	232	244	247	247	256	263
Number of Civilian Employees	38	38	38	38	38	33	35	37	37	37
Aggravated Assaults	178	294	253	392	461	507	584	621	562	600
Arsons	28	29	63	56	28	27	28	48	47	41
Auto Thefts	282	237	292	316	322	346	472	697	544	638
Burglaries	786	1,065	889	870	881	846	973	896	667	682
Drunk Driving Arrests	1,473	1,288	1,486	1,387	1,072	1,106	1,128	1,152	1,220	1,009
Homicides	1	5	6	3	3	6	3	6	10	8
Larcenies	3,837	3,885	3,959	4,269	4,438	4,242	4,885	4,822	4,545	5,049
Rapes	146	113	116	153	142	148	138	160	122	128
Robberies	73	60	101	83	80	98	110	132	103	119
Traffic Citations Issued	38,637	39,977	33,686	36,020	26,718	28,613	27,386	29,491	32,283	24,607
Highways and Streets										
Snow Events	3	7	3	3	3	5	6	3	5	7
Pothole Patching (Tons)	1,169	1,319	1,104	476	619	479	645	906	704	749
Street Sweeping (Curb Miles)	12,969	8,284	5,574	9,106	5,227	9,922	5,572	9,098	9,660	9,500
Library										
Number of Items Borrowed	1,835,501	1,906,372	1,963,918	2,024,141	2,209,687	2,150,983	2,140,127	2,345,779	2,366,882	2,225,400
Number of Active Library Cardholders	103,075	92,112	97,487	98,493	100,392	101,452	94,997	94,515	93,356	97,122
Lights										
Private Accounts	2,105	2,113	2,113	2,159	2,161	2,308	2,242	2,268	2,259	2,252
Governmental Accounts	415	422	421	423	428	332	429	426	429	428
Kilowatt Hours Sold	83,904,966		84,490,689	84,207,376	79,030,369	84,929,000	85,075,089	83,566,165	84,529,684	84,859,014
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, 2018

Statistics (Unaudited)

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parks and Recreation										
Rounds of Golf Played (all courses)	129,449	124,655	116,895	130,123	105,016	93,252	91,412	85,719	92,081	77,714
Special Events	438,805	321,471	351,075	300,733	429,540	379,110	450,074	402,223	306,840	276,845
Pool Attendance (indoor pool added in 2016)	332,377	319,769	314,823	355,903	258,650	226,445	265,733	299,344	394,348	409,195
Public Parking										
Parking Ramps-Parking Spaces	2,071	2,071	2,071	1,633	1,633	1,621	1,621	1,621	1,611	1,608
Surface Parking Lots-Parking Spaces	992	1,012	1,012	923	893	900	900	804	726	580
Total Spaces Available for Lease	2,917	2,911	2,911	2,371	2,362	2,381	2,381	2,327	2,337	2,188
On Street Parking Meters	948	915	915	949	920	899	899	899	855	866
On Street Handicapped Spaces	37	37	37	37	37	37	37	37	37	37
Total Number of Parking Spaces	4,048	4,028	4,028	3,542	3,497	3,487	3,487	3,391	3,391	3,091
Lease Rate	77%	73%	76%	73%	79%	83%	90%	100%	98%	98%
Transit										
Ridership-Transit	927,282	937,258	996,316	1,026,715	1,023,089	955,357	885,143	802,575	796,663	782,129
Ridership-Paratransit	127,075	133,736	141,323	146,290	142,672	132,387	121,398	113,377	101,046	91,407
Regular Routes	13	13	12	12	12	12	12	12	12	12
Seasonal Routes	4	4	5	5	5	4	4	-	-	-
Miles Driven-Transit	718,673	732,438	726,152	741,534	732,524	758,385	776,323	763,809	759,595	747,922
Miles Driven-Paratransit	604,836	646,820	651,007	653,723	652,089	634,745	603,599	559,209	533,605	497,412
Sanitary Landfill										
MSW Landfill Closure Year	2063	2071	2077	2078	2081	2076	2082	2076	2075	2076
MSW Tons Received	169,932	169,327	172,507	167,141	166,330	172,388	161,116	174,109	181,988	195,906
C&D Landfill Closure Year	2039	2039	2036	2048	2044	2044	2058	2058	2058	2059
C&D Tons Received	50,832	55,640	50,782	46,311	53,712	69,953	66,003	66,138	60,807	58,377
Cubic Feed of Landfill Gas Sold	-	-	955,748,919	979,249,548	969,764,156	978,306,173	919,412,596	867,693,000	809,219,262	720,781,000
Water										
Customers	47,431	47,714	48,509	49,358	50,436	51,380	52,622	53,628	54,854	56,723
Daily Plant Capacity (thousands of gallons)	53,500	53,500	53,500	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Average Daily Consumption (thousands of gallon	19,744	6,708	19,851	22,128	19,393	19,994	19,406	20,850	21,167	19,769
Wastewater										
Customers	46,556	47,270	48,094	48,815	49,526	50,496	51,813	52,981	54,163	55,350
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-Residential (thousands)	11,107	10,844	12,092	11,030	10,906	11,235	11,137	12,639	12,460	12,476
Average Daily Flow-Industrial (thousands)	976	1,050	125	875	748	659	754	678	694	766
Average Daily Flow-Extraneous (thousands)	2,390	6,113	5,182	2,042	4,462	3,182	1,534	4,836	3,241	7,672

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018**

Statistics (Unaudited)

Table XXVI

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire										
Fire Stations	10	10	10	10	10	10	11	11	11	11
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	17	17	17	20	19	19	20	20	20	20
Emergency Management										
Emergency Warning Sirens	69	71	71	73	75	75	75	77	77	78
Police										
Patrol Units (marked)	71	71	71	71	71	72	68	68	68	72
Highways and Streets										
Streets paved (centerline miles)	881	884	888	897	907	921	928	946	959	977
Street Lights	16,689	16,998	17,125	17,519	17,836	18,450	19,006	19,511	19,962	20,316
Traffic Signals	238	241	241	248	256	258	266	267	270	272
Library										
Books	276,640	277,985	272,013	271,215	272,785	250,879	245,372	230,312	231,442	228,571
eMaterials	-	2,612	6,192	10,946	15,548	23,646	23,406	19,771	23,518	28,915
Audio/Visual Items	52,819	51,664	51,941	53,656	50,865	50,426	52,337	51,555	49,352	50,141
Decrease due to removal of old, outdated, and unused books and audio/visual items.										
Lights										
Primary three-phase distribution lines (miles)	93	93	93	89	92	92	92	93	96	95
Underground distribution lines (miles)	57	57	57	60	59	60	60	60	65	65
Parks and Recreation										
Acreage	3,045	3,103	3,154	3,154	3,154	3,161	3,178	3,178	3,178	3,349
Parks	72	72	73	75	78	78	80	80	80	80
Swimming Pools	6	6	6	6	6	6	5	6	6	6
Wading Pools	1	1	1	1	1	1	1	1	1	1
Spray Pools	1	1	1	1	1	1	1	1	2	2
Soccer Fields	60	60	60	60	60	60	60	60	60	60
Tennis Courts	41	41	41	41	41	41	41	40	40	40
Golf Courses	3	3	3	3	3	3	3	3	3	3
Football Stadium (school owned)	1	1	1	1	1	1	1	1	1	1
Football Fields	4	4	12	13	13	13	13	13	13	13

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Statistics (Unaudited)

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parks and Recreation (cont)										
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Baseball Fields	34	34	34	34	34	34	34	34	33	33
Softball Fields	74	74	74	73	74	74	74	73	73	73
Zoo	1	1	1	1	1	1	1	1	1	1
Park Bandshells	2	2	2	2	2	2	2	2	2	2
Moveable Bandshell	1	1	1	1	1	1	1	1	1	1
Greenway Recreation Trail (Miles)	24.79	24.79	26.54	27.95	27.95	27.95	27.95	28.95	28.95	30.20
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	17	18	18	18	18	18	17	16	16
Basketball Courts (Outdoor)	23	23	23	24	23	23	23	24	24	24
Community Centers (School Owned)	5	5	5	5	5	5	5	5	5	5
Public Parking										
Parking Ramps	5	5	5	4	4	4	4	4	4	4
Surface Parking Lots	15	15	15	14	14	14	14	14	13	11
Sanitary Landfill										
Landfill area (acres)	706	706	706	706	706	706	706	706	783	783
Transit										
Fixed Route Buses	31	31	31	31	31	31	31	29	25	26
Paratransit Buses	22	22	22	23	23	23	23	26	27	25
Water										
Water Mains (miles)	953	964	997	962	981	1,000	1,020	1,036	1,055	1,077
Wellfield (miles)	57	57	57	57	57	57	57	57	57	57
Wastewater										
Storm Sewer (miles)	408	409	412	400	410	419	428	449	459	470
Sanitary Sewer (miles)	806	813	817	824	844	860	870	886	900	917



**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***

The Honorable Mayor and
Members of the City Council
City of 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 the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2019. Our report includes a reference to other auditors who audited the financial statements of The Housing and Redevelopment Commission, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota
March 29, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Sioux Falls, South Dakota's 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, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Housing and Redevelopment Commission (discretely presented component unit), which received \$13,992,001 in federal awards which are not included on the schedule of expenditures of federal awards for the year ended December 31, 2018. 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 the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 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 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 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, 2018.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11 Uniform Guidance, § __.320, this report is a matter of public record and its distribution is not limited.

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 29, 2019, 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 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 financial statements as a whole.

A handwritten signature in black ink that reads "Erik Bailly LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota
March 29, 2019

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2018

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
<u>Department of Housing and Urban Development</u>				
<i>Direct Federal Funding:</i>				
<i>Community Development Block Grants/Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		\$ 1,306,553	\$ 176,664
HOME Investment Partnership Program	14.239		<u>573,427</u>	<u>296,272</u>
Total Department of Housing and Urban Development			\$ 1,879,980	<u>472,936</u>
<u>Department of Interior</u>				
<i>Indirect Federal Funding passed through:</i>				
<i>State Historical Preservation Office</i>				
Historic Preservation Fund Grants-In-Aid	15.904	SD-17-028		<u>7,211</u> -
<u>Department of Justice</u>				
<i>Direct Federal Funding:</i>				
<i>Edward Byrne Memorial Justice Assistance Grant</i>				
Edward Byrne Memorial Justice Assistance Grant - 2016 Revenue	16.738		\$ 2,287	2,287
Edward Byrne Memorial Justice Assistance Grant - 2017 Revenue	16.738		<u>17,902</u>	<u>5,685</u>
Total 16.738			20,189	<u>7,972</u>
<i>Public Safety Partnership & Community Policing Grant</i>				
Cops Hiring Program (CHP)	16.710		17,968	-
Cops Hiring Program (CHP)	16.710		47,519	-
Cops Hiring Program (CHP)	16.710		70,700	-
Cops Hiring Program (CHP)	16.710		<u>120,417</u>	<u>-</u>
Total 16.710			256,604	<u>-</u>
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
Domestic Violence Grant	16.590	2016-WE-AX-0003	<u>92,933</u>	<u>-</u>
Total Department of Justice				<u>369,726</u> <u>7,972</u>
<u>Department of Transportation</u>				
<i>Direct Federal Funding:</i>				
Federal Transit Formula Grants	20.507		2,631,049	-
Bus and Bus Facilities Discretionary Program	20.526		<u>1,087,851</u>	<u>-</u>
Total Federal Transit cluster			3,718,900	<u>-</u>
<i>Indirect Federal Funding passed through:</i>				
<i>South Eastern Council of Governments</i>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction				
Federal Highway Grant	20.205	311333	886,699	-
<i>National Highway Traffic Safety Administration</i>				
<i>Highway Safety Cluster</i>				
Office of Highway Safety Grant	20.616	2018-00-30	188,143	-
<i>State of South Dakota</i>				
HAZMAT Public Sector Training and Planning Grant	20.703	HM-HMP-0523-16	<u>24,567</u>	<u>-</u>
Total Department of Transportation				<u>4,818,309</u> <u>-</u>
<u>Environmental Protection Agency</u>				
<i>Direct Federal Funding:</i>				
<i>Office of Solid Waste and Emergency Response</i>				
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818		75,559	-
<i>Indirect Federal Funding passed through:</i>				
<i>SD Department of Environment and Natural Resources:</i>				
<i>Clean Water State Revolving Fund Cluster</i>				
Capitalization Grants for Clean Water State Revolving Fund	66.458	*	<u>1,375,000</u>	<u>-</u>
Total Environmental Protection Agency				<u>1,450,559</u> <u>-</u>

* 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, 2018

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
<u>Department of Health and Human Services</u>				
<i>Direct Federal Funding:</i>				
US Dept of Health & Human Services				
<i>Health Center Cluster</i>				
Health Center Program	93.224		2,703,154	-
Health Center Program	93.224		175,700	-
Health Center Program - QIC17	93.224		38,924	-
Health Center Program - QIC18	93.224		1,736	-
Health Center Program - SUD18	93.224		14,585	-
Total 93.224			2,934,100	-
Ryan White Part C Outpatient EIS Program	93.918		98,734	-
Ryan White Part C Outpatient EIS Program	93.918		211,250	-
Total 93.918			309,984	-
<i>Indirect Federal Funding passed through:</i>				
<i>SD Department of Health</i>				
State Public Health Actions to Prevent and Control Diabetes,				
Heart Disease, Obesity and Associated Risk Factors	93.757	*	5,000	-
Public Health Emergency Preparedness - CRI	93.069	*	169,600	-
Colorectal Cancer Control Program	93.800	*	30,536	-
<i>Office of Population Affairs</i>				
Title X Family Planning	93.217	*	13,899	-
<i>Centers for Disease Control and Prevention</i>				
HIV Prevention Activities - Health Department Based	93.940	*	43,932	-
HIV Prevention Activities - Health Department Based	93.940	*	31,073	-
Total 93.940			75,005	-
<i>Lutheran Social Services of South Dakota</i>				
Refugee and Entrant Assistance Discretionary Grants	93.576	*	34,806	-
Refugee and Entrant Assistance Discretionary Grants	93.576	*	15,463	-
Total 93.576			50,269	-
Total Department of Health and Human Services				3,588,393
<u>Department of Homeland Security</u>				
<i>Direct Federal Funding:</i>				
Assistance to Firefighters Grant	97.044		225,653	-
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Public Safety</i>				
Homeland Security Grant Program - SHSP Local Regional Response	97.067	2017-SS-0001-S01	152,000	-
Homeland Security Grant Program	97.067	GY17-9438	35,258	-
Homeland Security Grant Program	97.067	GY16-9438	21,500	-
Total 97.067			208,758	-
Total Department of Homeland Security				434,411
<u>Executive Office of the President - Office of National Drug Control Policy</u>				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
High Intensity Drug Trafficking Areas Program	95.001	*	193,647	-
Total Executive Office of the President - Office of National Drug Control Policy				193,647
<u>Equal Employment Opportunity Commission</u>				
<i>Direct Federal Funding:</i>				
Clearinghouse Services, Civil Rights Discrimination Complaints	29.001		38,000	-
Total Expenditures of Federal Awards			\$ 12,780,236	\$ 480,908

* 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, 2018. 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, 2018 was \$97,769,505.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Development Block Grant	14.218
Federal Transit Cluster	20.507/20.526
Federal Highway Grant	20.205
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to the major federal award programs which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings
December 31, 2018

Prepared by Management of
City of Sioux Falls

Finding 2017-A Prior Period Restatements

Initial Fiscal Year Finding Occurred: 2017

Finding Summary: Management of the city determined that balances held on behalf of the City by third parties had become material and should be included within the financial statements of the City of Sioux Falls based on GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCA)*. Additional, based on GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has determined that revenue from exchange transactions be recognized at the time the transactions is completed on the government-wide financial statements, and that the offset to long-term receivables should be reported as a component of fund balance on the governmental fund financial statements.

Status: Corrected.