



For the Year Ended December 31, 2022

2022 ANNUAL REPORT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF **SIoux FALLS**, SOUTH DAKOTA

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Annual Comprehensive Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2022

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

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Letter of Transmittal



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

May 17, 2023

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

I am pleased to submit to you the Annual Comprehensive Financial Report of the City of Sioux Falls, South Dakota, (the "City") for the fiscal year ended December 31, 2022.

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

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

The City's financial statements have been audited by Eide Bailly, LLP, a firm of certified public accountants authorized to conduct the City's audit by the State of South Dakota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sioux Falls for the fiscal year ended December 31, 2022, 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, 2022, and that the financial statements are fairly presented in conformity with

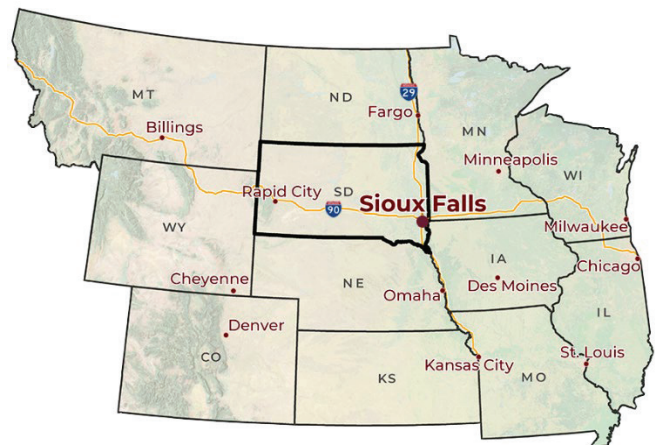
GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Sioux Falls was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. The Single Audit reports begin on page 153.

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

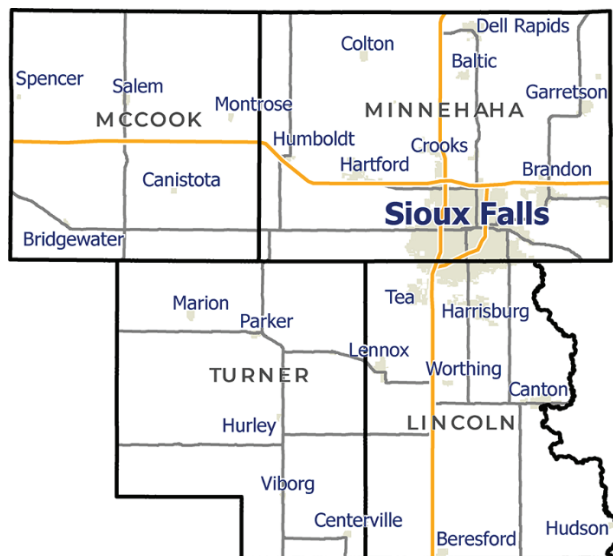
Profile of the City of Sioux Falls

Located on the Big Sioux River in southeastern South Dakota, Sioux Falls is the largest city in the four northern states of Wyoming, Montana, North Dakota, and South Dakota, with 208,900 residents. Sioux Falls is a crossroads city, lying strategically at the junction of Interstate 90, connecting Boston to Seattle, and Interstate 29, joining Winnipeg and Kansas City. It sits on the border of the states of South Dakota, Minnesota, and Iowa, serving as a primary market area for over 750,000 consumers.



Letter of Transmittal

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



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

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

The City has established the Housing and Redevelopment Commission and Metro Communications Agency as legally distinct authorities which are reported separately within the City's financial statements. Additional information on these component units can be found in Note 1 on page 49.

Sioux Falls is home to more than 80 neighborhood and regional parks, along with numerous gyms, community centers, indoor and outdoor aquatic facilities, three golf courses, outdoor snow skiing, arboretum, zoo, and one of the best bike trail systems for a community of our size in the nation.

The City continues to invest in quality of life amenities including maintaining and overseeing a 10,600 fixed seat events center, as well as an adjacent convention center and 7,200 fixed seat legacy arena. The City's Washington Pavilion of Arts and Sciences includes a large 1,800 fixed seat state-of-the-art performance hall hosting first class Broadway performance series, a children's science discovery museum, and a visual arts center. In the last five years, the City also constructed the Levitt Pavilion that hosts 50 outdoor concerts annually. In addition, the City participated in a public-private partnership to complete the restoration and re-opening of the Sioux Falls State Theatre in downtown Sioux Falls.

The City has a long-standing history of maintaining balance in taking care of today while investing in the future. Couple this with the values of being conservative, sensible, and responsible, the City's financials remained strong in 2022 and the fund balance and reserves of the City continued to increase and remain above target levels.

Transparent, accurate, and timely financial information is a cornerstone to a well-run city. Generating the annual financial information in a timely manner allows the City to make prudent financial decisions and accelerate investment of remaining funds for infrastructure and quality of life projects.

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

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

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

Letter of Transmittal

Factors Affecting Economic Condition

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

Local Economy - General

The Sioux Falls economy experienced a period of significant growth in 2022 as evidenced by the record pace of building permit values issued, solid taxable sales, and strong population growth. Even though the City experienced a robust local economic environment, it was not immune to the various challenges facing the rest of the nation including the impacts of employment, inflation, cost escalation, and product and material shortages.

The labor market continues to be extremely tight, with the City experiencing an average unemployment rate of 2.0 percent in 2022, even lower than the national average of 3.7 percent. Difficulties in recruiting labor and securing needed supplies and materials required many local businesses to adapt the way they did business in 2022 in order to continue to maintain and grow.

Record-setting permit values were led by the New Commercial sector, which was up \$751 million, or more than 160 percent over the prior year. Growth was experienced across this entire category which includes manufacturing, office and institutional, apartments, and in particular, other commercial such as strip malls, hotels and restaurants.

In terms of housing development permits, new single-family homes lagged the previous two years due in part to cost escalation, supply and labor shortages, and increased mortgage financing costs. However, construction of new multi-family units grew substantially with a total of 3,343 units permitted, up nearly 85 percent from the prior year which was also a record.

Economic growth was robust across all industry sectors. Total taxable sales were up nearly \$1 billion in 2022, led by \$171 million from wholesale trade of durable and non-durable goods, \$104 million from department and general merchandise stores, and \$91 million from manufacturing. Remote retailer sales remained strong growing with nearly \$83 million in year over year growth.

Sales tax revenue for the City remained strong across the board, with the City experiencing a 12.3 percent increase in the City's largest source of revenue. While down from the 18.6 percent increase achieved in 2021, the growth in 2022 is still far above the ten-year historical average rate of increase of four to five percent prior to the pandemic impact in 2020.

Hospitality continued to perform well with occupancy rates up about 4 percent for the year with average daily rates up nearly 14 percent, resulting in stronger overall revenues for the hotel sector. Restaurants, bars, and other entertainment industries continue to be strong, resulting in 13 percent growth in the City's entertainment tax, which

supports the City-owned entertainment venues. These venues help foster a strong local economy, engage residents, and bring the community together.

Forward Looking Investments

The City recognized strong financial performance for various municipal-owned facilities primarily due to solid third-party management and strong cooperative partnerships. The City's Events Center Complex generated over \$16.6 million in total revenues and over \$2.5M in profits, both records for the facility since the Denny Sanford PREMIER Center opened in 2014. With significant revenue growth, the Washington Pavilion for Arts and Sciences is in a stronger financial condition than any other time since it opened in 1999. The City's three public golf courses also had a strong and profitable year in large part to solid management and complementary weather conditions.

The City continues to partner with local developers, entrepreneurs, and philanthropists in visioning, planning, and working together to make transformative investments that will benefit the community for years.

The most visible sign of Sioux Falls' vibrant economic growth has been the Cherapa II development and Steel District development, both downtown. These developments will add hundreds of residential units, thousands of square feet in office and retail space, hotel, conference center, and other amenities. Together, they continue to transform and expand the City's downtown as the "go to" place for entertainment, and a highly sought after place to live.

Planning continued for several other transformative investments in 2022 with the design details being finalized for Jacobson Plaza and the River Greenway Phase III expansion, both which will complement and support the new development downtown. Work on Veteran's Parkway also continues, representing a nearly \$200 million investment in road infrastructure, finishing a key transportation corridor, and providing additional capacity for moving traffic from I29 southwest of Sioux Falls to I90 in the northeast. Construction is set to begin in 2023 and continue for at least four years.

Sioux Falls continues to garner national attention based on its continued economic strength and quality of life including:

- SmartAsset named Sioux Falls as #2 for best City for young professionals
- Forbes named Sioux Falls one of the top 25 Best Places to Retire In 2022.
- GoodHire ranked Sioux Falls #1 for 2022's Most Affordable Places to Live & Work In The US.
- Policom.com ranked Sioux Falls #8 in economic strength out of 384 MSA's.
- WalletHub #17 Best Run City in America in 2022
- Livability.com #38 best places to live.

Letter of Transmittal

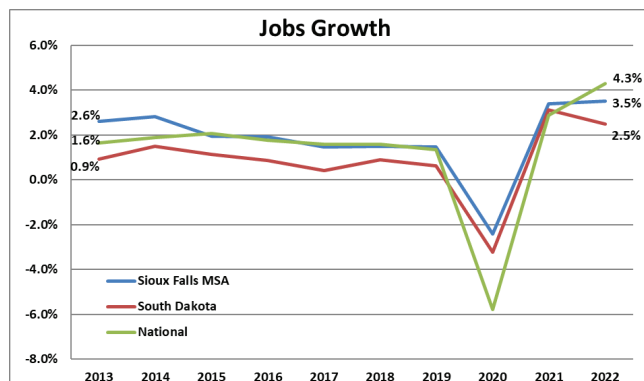
Population

The City's population increased by 3.1 percent in 2022 as the estimated population grew from 202,600 in 2021 to 208,900 in 2022. With a 2022 statewide population of 909,824, the City accounts for 23.0 percent of the State's population. The population of the Sioux Falls MSA is 291,300.

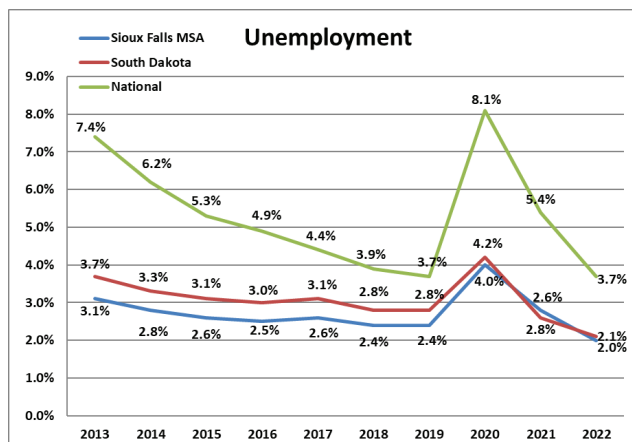
City projections indicate continuing population growth through 2040 and at a more accelerated rate than in previous year projections. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

Employment

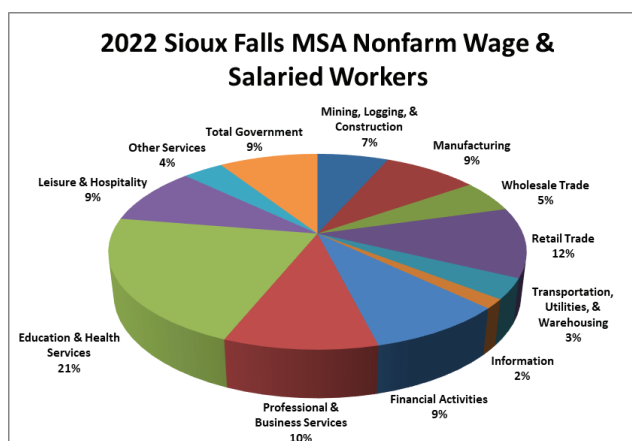
In 2022, the number of jobs in the Sioux Falls MSA increased by 5,700 as measured by the annual average of nonfarm wage and salaried workers' statistics. The MSA saw an increase of 1,500 jobs in education and health services. Other industries experiencing significant job growth included both professional services and hospitality, adding 900 jobs each. Additionally, both construction and retail trade added 800 jobs each. The following chart shows the job growth of both the Sioux Falls MSA and State of South Dakota when compared on a national basis.



The annual average resident labor force of the Sioux Falls MSA increased by 4,301 or 2.7 percent from 158,800 in 2021 to 163,101 in 2022. The Sioux Falls MSA annual average unemployment rate decreased from 2.8 percent in 2021 to 2.0 percent in 2022. After experiencing record-high unemployment rates in 2020, due to the COVID-19 pandemic, unemployment has decreased significantly and is now below pre-pandemic rates. The City and State unemployment rates compare very favorably to the national unemployment rate as shown in the following chart.

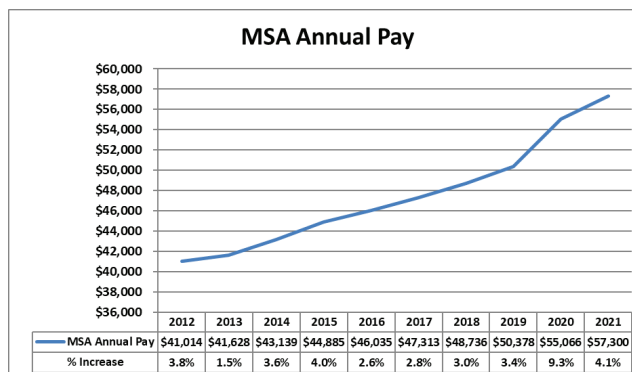


The diversity of the Sioux Falls jobs market results in a stronger employment market compared to the national average as indicated on the following chart.



Wages and Income

As shown in the following chart, annual pay of workers covered by unemployment insurance in the MSA increased to \$57,300 in 2021, the most recent year available. From 2012 to 2021, pay rose by 39.7 percent or by a compound annual growth rate of 3.4 percent. Over the past ten years, the MSA annual pay grew at a rate in excess of the national average, which was 37.2 percent or a compound annual growth rate of 3.2 percent.

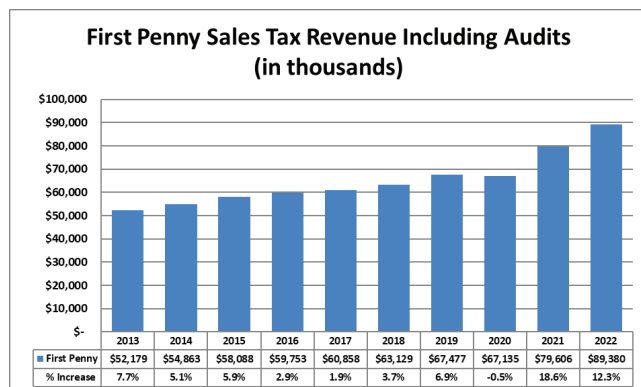


Letter of Transmittal

Gross and Taxable Sales

Gross sales were \$19.7 billion in 2022, up 15.5 percent over the prior year. Taxable sales were \$9.0 billion in 2022, an increase of 12.3 percent. These sales figures for Sioux Falls comprised 19.1 percent of gross sales and 28.6 percent of taxable sales statewide.

The increase in taxable sales translated into the City realizing a significant increase in net sales and use tax revenue of 12.3 percent. Revenue growth from sales tax over the last ten years has ranged from a high of 18.6 percent in 2021 to a low of -0.5 percent in 2020.

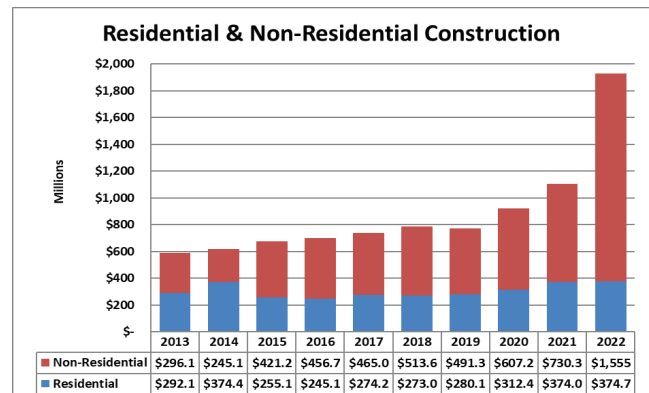


In addition to reviewing long-term annual trends, the City utilizes a cumulative 12-month rolling sales and use tax growth as a sound and reliable method of measuring growth.

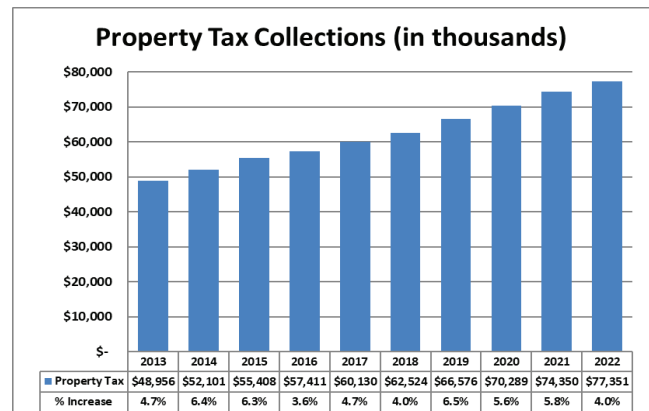
Construction Activity

The City added a record 3,343 new multiple family dwellings in 2022, 1,522 more than the previous year. While both single-family dwellings and town house units were slightly down compared to 2021, the cumulative number of dwelling units added in 2022 was 4,384, about 40 percent more than the previous year.

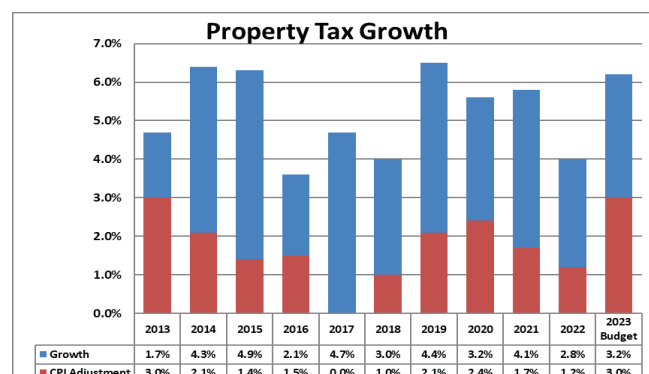
During 2022, the City approved 320 subdivision plats totaling 991 lots and 1,631 acres. 81 percent of the City's total construction value was related to nonresidential development. The largest single project permitted in Sioux Falls during the past year was the Water Reclamation Facility Expansion, which had a construction value of \$170.5 million. The Cherapa Place development expansion came in second at \$160.9 million, with the Sanford Surgical Tower Expansion coming in third at \$90.1 million. The fourth and fifth largest projects were the Airport Parking Ramp at \$62.6 million and Augustana Midco Ice Arena at \$60.0 million.



The City grew in area, adding 1.96 square miles within its borders to equal 83.34 square miles total. The City has added 72 new and annexed centerline miles of roads, 12 miles of storm sewer, 17 miles of sanitary sewer, and 26 miles of water mains to its infrastructure (excluding construction-in-progress). Infrastructure and capital contributions added \$114.0 million to the City's capital assets in 2022.



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



Letter of Transmittal

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

Major Initiatives

The City embarked on several capital and operational initiatives including:

- **Public Safety and Health** – The Health and well-being of our residents is always top of mind. During 2022 the City continued to show commitment in this key area by adding additional funding for front-line public safety services personnel. The city also continued to invest in The Link community Triage Center to help support people in our community living with mental health and substance abuse challenges.
- **Innovation and Foundational Growth** – The City invested over \$84 million in capital improvements to our highways and streets system. Along with these street investments, vital utility infrastructure projects totaling more than \$69 million were invested into essential services such as water, water reclamation, sanitary landfill, and power and distribution. Some of these key projects are listed in the column to the right.
- **Workforce Development** – The City continues to make intentional and strategic investments in economic development and workforce initiatives. During 2022, the city invested \$14.0 million of one-time infrastructure investments in partnership with the State of South Dakota university system. These funds will help spearhead the creation of new jobs in the biomedical, scientific, and cybersecurity fields.

Ensuring the City continues to provide an excellent quality of life is a priority. In 2022 the City invested over \$7 million in capital projects in the parks systems, entertainment venues, and libraries. These investments will ensure the City of Sioux Falls remains a very attractive community for residents and one of the best places to live, work, and play.
- **Accessible Housing** – While we celebrate our many recent economic development announcements and workforce initiatives, the need for intentional focus and investment into housing becomes even more important. This commitment is shown with an annual transfer of \$1.4 million, an increase of almost 40 percent, from the General Fund to the Housing Fund in 2022. The City also made a one-time commitment of \$5.5 million from general reserves and ARPA grant sources to support the need for strategic housing investments.
- **Engaging People** – Growth in population and geographic footprint requires the City to continue to add personnel to support the high-quality services provided throughout the community. In 2022, the City placed even more emphasis on making intentional and strategic investments in keeping up with growth. The city initiated the first phases of its employer-of-choice plan to ensure the City remains market competitive in both wages and benefits.

Major Capital Projects completed in 2022 were:

- Construction of 49th Street from Western Avenue to West Avenue;
- Cliff Avenue from 49th Street to 57th Street Expansion;
- Overlay of 209 blocks, 14 blocks of concrete rehab, 17 blocks of core neighborhood reconstruction/water main replacement, and 390 blocks of slurry seal in various locations;
- Construction of the Cherry Creek Corridor bike trail from 12th Street to Family Park;
- Hayward Park Master Plan Improvements;
- Tomar Park Tennis Complex;

Major projects in progress in 2022 include:

- Water Reclamation Facility Expansion;
- Construction of the Public Safety Training Facility;
- Reconstruction of Minnesota Avenue from Russell Street to 2nd Street;
- Reconstruction of 57th Street from Veterans Parkway to Six Mile Road; and
- Construction of Basin 17 Sanitary Sewer

Major projects in design in 2022 include:

- 6th Street Bridge Reconstruction;
- Expansion of the Downtown River Greenway;
- Construction of Barb Iverson Skate Park;
- Expansion of the Great Plains Zoo African Exhibit;
- Jacobson Plaza Ice Ribbon and Inclusive Playground;
- Improvements to 85th Street and Cliff Avenue Intersection;
- Basin 15 Sanitary Sewer Improvements;
- Construction of 6th Street from Foss Avenue to Veterans Parkway; and
- Replacement of the Cornice Parapet at the Washington Pavilion.

In total, the City invested \$332.5 million (\$349.5 million with equipment) in capital improvement projects in 2022, continuing to focus on rebuilding, repairing, and replacing the City's critical core infrastructure. Accounting for year-end construction-in-progress, the City reported additional capital assets of \$250.8 million, ending the year with net capital assets of \$2.1 billion (see the capital note beginning on page 60 for more details on the City's capital assets).

Letter of Transmittal

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)

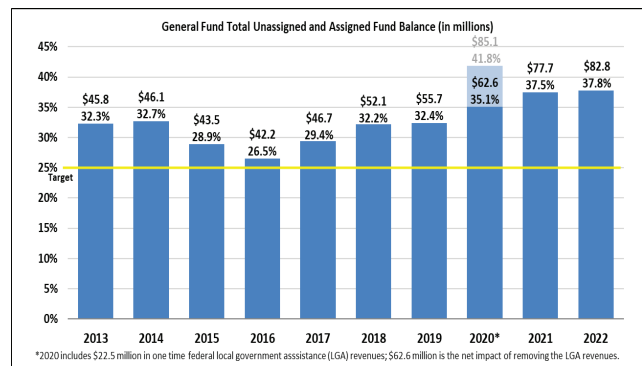
The City Council has established the following financial and budgetary policies regarding the City's primary operating account, the General Fund:

- 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

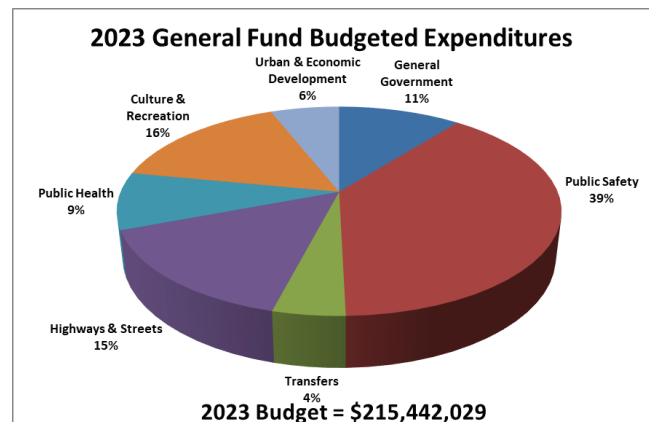
a statement of the reasons which the Mayor believes justify the use of the General Fund unassigned funds.

- 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 2022 General Fund total unassigned and assigned fund balance combined was \$82.8 million, an increase of \$5.1 million. The increase in fund balance was primarily due to higher than anticipated sales tax revenues, a larger than anticipated allotment of on-sale liquor licenses made available for sale, and a significant increase in licenses and permit revenues due to strong building growth. This fund balance represents 37.8 percent of the 2022 final budget against a reserve policy target of 25 percent (assigned and unassigned fund balance). The following chart shows the history of the General Fund total unassigned and assigned fund balance.



The following chart shows the general operating priorities of the City, excluding public utilities, for the 2023 General Fund budget.



Sales and Use Tax Fund (2nd Penny)

The Sales and Use Tax Fund is funded by the second penny sales and use tax and is the City's primary capital account excluding public utilities. The City Council has adopted a formal policy for the second penny sales and use

Letter of Transmittal

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 143, the second penny sales tax currently has revenues of 4.16 times the pledged debt service of the second penny and 5.55 times debt service for those issues being repaid by the second penny. The only issues remaining with a pledge of the second penny sales tax that are not being repaid by the tax are the bonds issued for the Lewis & Clark Regional Water System and the bonds issued for a downtown parking ramp constructed in 2020.

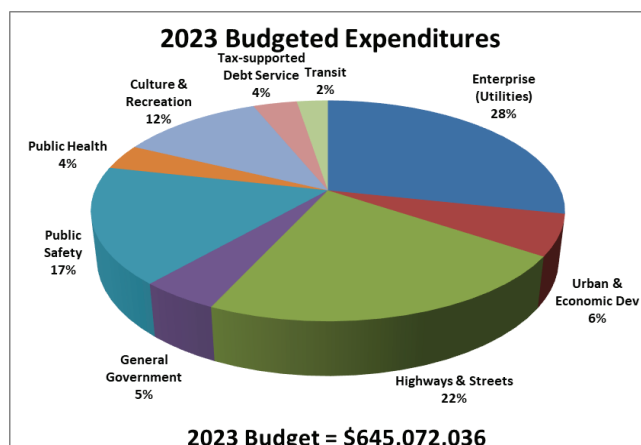
Future projections continue to show that the City will maintain coverage well in excess of the policy target and the coverage requirements established within the bond indenture.

Enterprise Funds

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

All Funds – Citywide Investment in Services

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



Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sioux Falls for its annual comprehensive financial report (Annual Report) for the fiscal year ended December 31, 2021. This was the 42nd consecutive year that the City of Sioux Falls has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Report. This report satisfied both GAAP and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,

Shawn Pritchett
Director of Finance

Certificate of Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sioux Falls
South Dakota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO

City Elected Officials and City Appointive Officers

City Elected Officials

Mayor Paul TenHaken	2022-2026
Council Members:	
David Barranco—Southeast District	2022-2026
Sarah Cole—At Large	2022-2026
Rich Merkouris—At Large	2022-2026
Curt Soehl—Central District	2022-2026
Alex Jensen—At Large	2020-2024
Marshall Selberg—Southwest District	2020-2024
Pat Starr—Northeast District	2020-2024
Greg Neitzert—Northwest District	2020-2024

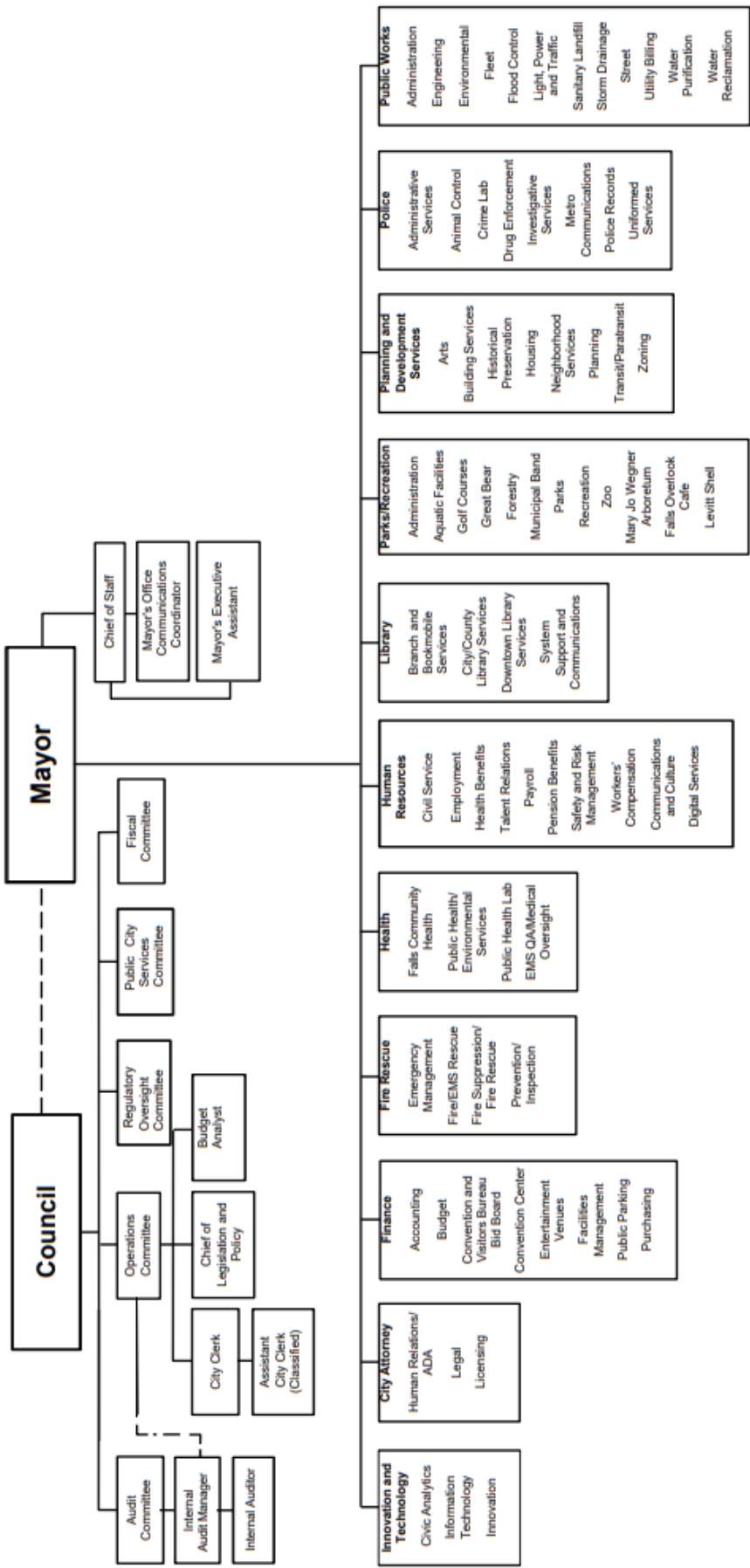
City Appointive Officials

As of December 31, 2022

Public Relations and Communications Officer	Vanessa Gomez
Policy Advisor	Jenna Harris
Chief of Staff	Erica Beck
Communications and Culture Officer	Allie Hartzler
Chief Medical Officer	Jennifer Tinguely
City Attorney	Stacy Kooistra
City Clerk	Tom Greco
City Council Budget Analyst	David Bixler
Director of Finance/Director of Innovation and Technology	Shawn Pritchett
Director of Human Resources	Bill O'Toole
Director of Parks and Recreation	Don Kearney
Director of Planning and Development Services	Jeff Eckhoff
Director of Public Works	Mark Cotter
Director of Siouxland Libraries	Jodi Fick
Mayor's Executive Assistant	Julie Wilson
Fire Chief	Matt McAreavey
Chief of Legislation and Policy (City Council)	Jim David
Internal Auditor	Ryan Lauseng
Police Chief	Jon Thum
Public Health Director	Charles Chima
Chief Dental Officer	Susan Olson

Departmental Organization Chart

City of Sioux Falls Organization Chart





Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Housing and Redevelopment Commission, which represent 74 percent, 62 percent, and 99 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing and Redevelopment Commission, is based solely on the report of the other auditors.

Basis for Opinions

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

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Adoption of New Accounting Standard

As discussed in Note 13 to the financial statements, the City has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended December 31, 2022. Accordingly, a restatement has been made to the governmental activities, business-type activities, Power and Distribution Fund, Public Parking Fund, Sanitary Landfill Fund, Water Fund, Water Reclamation Fund, Fleet Revolving Fund, Technology Revolving Fund, and Centralized Facilities Fund net position, and the General Fund and Sales and Use Tax Fund fund balance, as of January 1, 2022, to restate beginning net position and beginning fund balance. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Sioux Falls, South Dakota
April 25, 2023

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Management's Discussion and Analysis

This discussion and analysis present an overview of the financial activities and financial position for the City of Sioux Falls (the "City") for the year ended December 31, 2022. 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 2022 fiscal year by \$2.3 billion (net position). Of this amount, \$313.0 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Fund Financial Statements

- As of the close of the 2022 fiscal year, the City's governmental funds reported combined ending fund balances of \$264.3 million, an increase of \$3.8 million in comparison with the prior year balance. Of this balance, \$81.2 million constitutes unassigned fund balance, \$13.5 million assigned, \$86.5 million committed, \$76.1 million restricted, and \$7.0 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$692.8 million, an increase of \$56.3 million from the prior year fund balance. Net cash flows from operations were \$35.2 million while net cash used by capital and financing activities was \$98.1 million.
- At the end of the 2022 fiscal year, the General Fund assigned and unassigned fund balance was \$82.8 million, an increase of \$5.1 million. This balance represents 37.8 percent of the final 2022 General Fund expenditure and transfers out (financial uses) budget of \$219.2 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 power and distribution, public parking, sanitary landfill, water, and water reclamation operations.

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

The government-wide financial statements can be found on pages 30-32 of this report.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at 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

Management's Discussion and Analysis

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

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

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

The basic governmental fund financial statements can be found beginning on page 33 of this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 121-126 of this report.

The basic proprietary fund financial statements can be found beginning on page 41 of this report.

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

The City's fiduciary funds consist of the City's two pension funds, the Employee's Retirement System, the Firefighters' Pension Fund, one post-employment trust fund, the retiree health OPEB (Other Post-Employment Benefits) Trust as well as the Police Custodial Trust for funds held by the Police Department on behalf of others. The basic fiduciary fund financial statements for these funds can be found on pages 47 and 48 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the general fund and each major special revenue, as well as information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 89-101 of this report.

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

Management's Discussion and Analysis

Government-wide Financial Analysis

Net position. As presented in the following table, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.3 billion at the close of the fiscal year ending December 31, 2022.

	Governmental Activities		Business-type Activities		Total	
	2021*	2022	2021*	2022	2021*	2022
Current and Other Assets	\$ 461,303,543	\$ 364,402,257	\$ 136,771,220	\$ 94,440,583	\$ 598,074,763	\$ 458,842,840
Capital Assets	1,325,293,455	1,399,660,419	670,571,017	748,194,502	1,995,864,472	2,147,854,921
Total Assets	1,786,596,998	1,764,062,676	807,342,237	842,635,085	2,593,939,235	2,606,697,761
Deferred Outflows of Resources	32,864,081	100,953,503	4,390,715	10,621,813	37,254,796	111,575,316
Long-term Liabilities	191,896,792	207,647,370	141,586,596	119,794,515	333,483,388	327,441,885
Other Liabilities	27,218,167	49,479,440	17,466,483	31,371,761	44,684,650	80,851,201
Total Liabilities	219,114,959	257,126,810	159,053,079	151,166,276	378,168,038	408,293,086
Deferred Inflows of Resources	100,294,167	21,131,986	11,482,787	4,018,919	111,776,954	25,150,905
Net Position:						
Net Investment in Capital Assets	1,185,537,873	1,243,066,720	534,322,603	617,383,847	1,719,860,476	1,860,450,567
Restricted	96,723,009	101,702,482	5,254,070	9,718,628	101,977,079	111,421,110
Unrestricted	217,791,071	241,988,181	101,620,413	70,969,228	319,411,484	312,957,409
Total Net Position	\$ 1,500,051,953	\$ 1,586,757,383	\$ 641,197,086	\$ 698,071,703	\$ 2,141,249,039	\$ 2,284,829,086

*The City elected not to restate 2021 Financial Statements for GASB 87, as such the statements may not be comparable

By far the largest portion of the City's net position, 81.4 percent, is investments in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position, which comprises 4.9 percent of total net position, increased from \$102.0 million in 2021 to

\$111.4 million in 2022. This is primarily due to the \$6 million increase in restricted net position for pensions.

The remaining balance of \$313.0 million, 13.7 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 63.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$143.6 million as revenues exceeded expenses during the current fiscal year for both governmental and enterprise funds. Much of this is committed to current and future capital infrastructure.

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

	Governmental Activities		Business-type Activities		Total	
	2021*	2022	2021*	2022	2021*	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,038,134	\$ 25,874,680	\$ 101,623,718	\$ 105,739,138	\$ 116,661,852	\$ 131,613,818
Operating Grants and Contributions	19,566,692	18,147,797	40,408	260,000	19,607,100	18,407,797
Capital Grants and Contributions	65,006,346	39,378,506	12,100,727	33,418,736	77,107,073	72,797,242
General Revenues:						
Property Taxes	74,268,771	77,477,025	-	-	74,268,771	77,477,025
Sales Taxes	174,351,412	191,842,140	-	-	174,351,412	191,842,140
Other Taxes	16,327,351	16,946,752	-	-	16,327,351	16,946,752
Other	3,657,752	2,825,788	6,265,831	2,383,948	9,923,583	5,209,736
Grants and Contributions not Restricted to Specific Programs	7,385,678	10,958,647	-	-	7,385,678	10,958,647
Total Revenues	375,602,136	383,451,335	120,030,684	141,801,822	495,632,820	525,253,157
Expenses:						
General Government	16,056,067	19,876,258	-	-	16,056,067	19,876,258
Public Safety	52,839,934	79,572,596	-	-	52,839,934	79,572,596
Highways & Streets	67,513,954	79,768,892	-	-	67,513,954	79,768,892
Public Health	12,711,057	16,235,562	-	-	12,711,057	16,235,562
Culture & Recreation	45,281,285	51,926,933	-	-	45,281,285	51,926,933
Urban & Economic Development	26,200,336	44,429,875	-	-	26,200,336	44,429,875
Interest on Long-term Debt	5,963,138	5,379,052	-	-	5,963,138	5,379,052
Electric Light	-	-	10,011,887	9,417,813	10,011,887	9,417,813
Public Parking	-	-	2,945,638	3,379,597	2,945,638	3,379,597
Sanitary Landfill	-	-	10,051,934	11,614,441	10,051,934	11,614,441
Water	-	-	26,505,185	29,564,158	26,505,185	29,564,158
Water Reclamation	-	-	26,185,994	29,733,235	26,185,994	29,733,235
Total Expenses	226,565,771	297,189,168	75,700,638	83,709,244	302,266,409	380,898,412
Excess before Transfers	149,036,365	86,262,167	44,330,046	58,092,578	193,366,411	144,354,745
Change in Accounting Estimates	(2,086,979)	-	-	-	(2,086,979)	-
Impairment of Land Held for Resale	-	(774,698)	-	-	-	(774,698)
Transfers	(883,433)	1,217,961	883,433	(1,217,961)	-	-
Change in Net Position	146,065,953	86,705,430	45,213,479	56,874,617	191,279,432	143,580,047
Net Position - Beginning	1,353,986,000	1,500,051,953	595,983,607	641,197,086	1,949,969,607	2,141,249,039
Net Position - Ending	\$ 1,500,051,953	\$ 1,586,757,383	\$ 641,197,086	\$ 698,071,703	\$ 2,141,249,039	\$ 2,284,829,086

*The City elected not to restate 2021 Financial Statements for GASB 87, as such the statements may not be comparable

Governmental activities. Governmental activities increased the City's net position by \$86.7 million, thereby accounting for 60.4 percent of the total growth in the net position of the City.

Revenues increased by a net of \$7.8 million or 2.1 percent. However, after removing one-time capital grants and contributions, total revenues increased by 9.6 percent. This increase was driven by robust economic activity which led to an increase in sales tax revenues of \$17.5 million and a \$10.8 million increase in charges for services, primarily building permits and additional liquor licenses.

Expenses increased \$70.6 million or 31.2 percent in comparison to the previous year. This was due to increases in Public Safety, Highways and Streets, and Urban and Economic Development of \$26.7 million, \$12.3 million, and

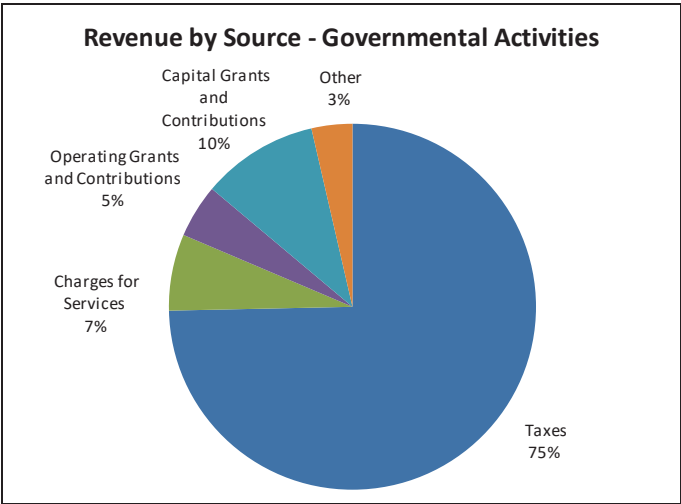
18.2 million, respectively. Capital construction expenses were the main drivers for the increase in Public Safety and Highways and Streets, involving the Public Safety Training Center and general street construction and reconstruction projects. Urban and Economic Development experienced a large increase in expenses due to a rise in community partnerships to drive workforce and technology.

Business-type activities. Business-type activities increased the City's net position by \$56.9 million, accounting for 39.6 percent of the total growth in the government's net position. This growth is due to increased revenue over expenses as the City continues to plan for both current and future infrastructure investment.

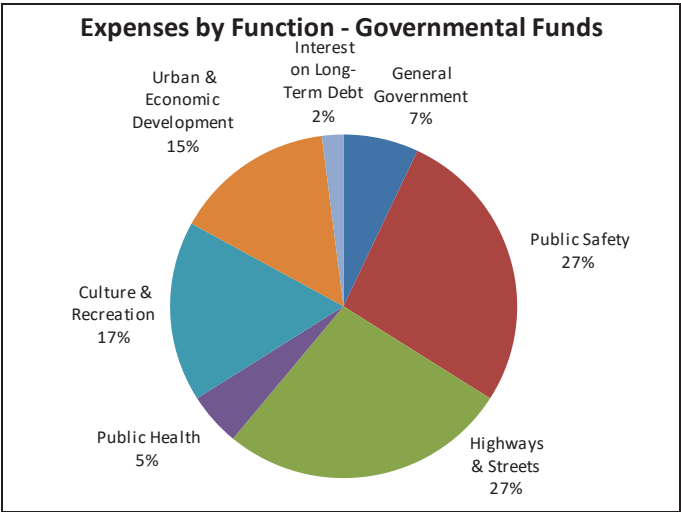
Management’s Discussion and Analysis

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

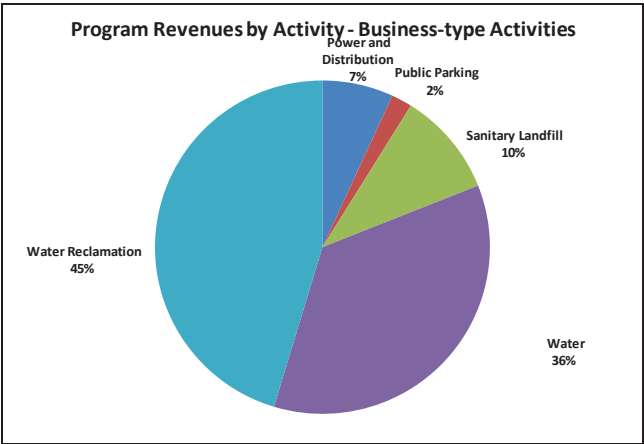
Taxes account for 75 percent of total governmental revenues. Of this, sales tax comprises 67 percent of total taxes collected, followed by property taxes at 27 percent, and the remainder is frontage and other taxes.



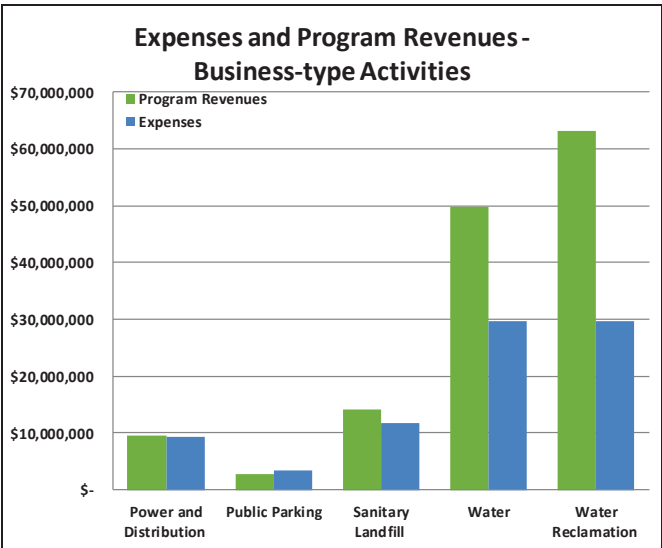
Public Safety and Highways and Streets expenses comprise over half of the total governmental expenses.



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



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



Management's Discussion and Analysis

Financial Analysis of the City's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$264.3 million.

Approximately 30.7 percent, or \$81.2 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$13.5 million, 5.1 percent), committed (\$86.5 million, 32.7 percent), restricted (\$76.1 million, 28.8 percent), or nonspendable (\$7.0 million, 2.7 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 \$82.8 million, a increase of \$5.1 million. This fund balance represents 37.8 percent of the 2022 final budget against a reserve policy target of 25 percent (assigned and unassigned fund balance).

The City strategically manages reserves above the policy target of 25 percent 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. The current reserve will also support the City's Employer of Choice initiative to ensure market competitiveness in both pay and benefits.

Year-over-year, total revenues increased by \$25.5 million. The major contributing factor to this increase was an increase in sales tax revenue of \$9.8 million or 12.3 percent, and an increase in property tax revenue of \$2.8 million or 3.9 percent. These tax increases are mainly a result of population growth and rising inflation rates during 2022. Licenses and permits also increased by \$8.9 million or 125 percent, primarily driven by a rise in new liquor licenses due to the 2020 census.

Operating expenditures increased by \$28.7 million, or 16.7 percent, in 2022. Most of the operating expenditure increases were attributable to increases in personnel costs combined with large, one-time investments in economic development activity and community partnerships to drive workforce and technology. The City continues to carefully prioritize its resources in order to keep up with the fast pace of growth and providing quality services.

Changes within the various service areas are shown in the following table. Expenditures were on track with year-over-year expectations, aligning with expected service levels. Culture and Recreation increased 9.5 percent, primarily due to part-time wages increases due to the current economic

development and a tight labor market. Public Safety increased 6.1 percent, primarily due to increased personnel costs. Public Health expenditures increased 10.8 percent, which is attributable to increased services provided and increased personnel costs. Urban and economic development was up the most at 134.1 percent. This increase was attributable to a large, one-time donation partnering with the State of South Dakota local university-affiliated organizations to help drive economic growth and development. Below is a snapshot of the operating expenditures for the General Fund. These do not include capital outlay and principal and interest payments as a result of the GASB 87 implementation in 2022.

	Operating Expenditures			
	2021	2022	Increase(Decrease)	
General Government	\$ 18,013,384	\$ 19,111,341	\$ 1,097,957	6.1%
Public Safety	73,616,786	78,071,143	4,454,357	6.1%
Highways & Streets	25,433,789	29,266,886	3,833,097	15.1%
Public Health	14,441,751	16,001,401	1,559,650	10.8%
Culture & Recreation	29,310,928	32,109,468	2,798,540	9.5%
Urban & Econ Development	11,166,783	26,141,612	14,974,829	134.1%
	<u>\$ 171,983,421</u>	<u>\$ 200,701,851</u>	<u>\$ 28,718,430</u>	<u>16.7%</u>

The **Entertainment Tax Fund** recognized a \$7.4 million increase in fund balance. Entertainment tax revenue experienced an increase of \$2.7 million or 26.8 percent year-over-year. Fund balance also increased due to \$2.5 million in net profits from operations of the Events Center Complex. The Entertainment Tax is derived primarily from a third penny tax on hospitality and entertainment related services.

Total expenditures decreased slightly by \$0.6 million in 2022 primarily due to the timing of cyclic capital expenditures.

The Fund, which is used to operate and maintain the Sioux Falls Convention Center and entertainment venues (Denny Sanford PREMIER Center, Sioux Falls Arena, Orpheum Theater, Washington Pavilion and Sioux Falls Stadium), has a committed fund balance of \$22.6 million committed to supporting the infrastructure and long-term viability of the City's entertainment venues.

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

Due to increased economic activity and high inflation, the fund experienced a \$7.9 million increase in fund balance, ending with a balance of \$82.7 million. Adding back \$18.0 million of unearned revenues for committed projects being carryforward to 2023, less \$4.5 million in nonspendable, and less \$16.7 million in restricted balances, a balance of \$79.5 million remains committed for future capital spending. Of this, \$61.7 is encumbered for outstanding contracts or budget authority being carried forward for projects to be completed in 2023, \$4.9 million is dedicated as an internal reserve, leaving \$12.9 million available for additional capital investments.

The **Housing Fund** realized a \$1.0 million increase in fund balance during 2022. This increase is primarily due to a General Fund transfer, ending with a balance of \$28.1 million. Expenditures exceeded revenues by \$0.6 million

Management's Discussion and Analysis

and a \$1.6 million transfer was made from the General Fund.

The **Storm Drainage Fund** experienced a \$1.6 million increase in fund balance, ending with a balance of \$11.3 million primarily due to timing of large capital and maintenance projects.

The **General Government Construction Fund**, established in 2016 to account for \$22.2 million of revenue bond proceeds for the new City Center office building, experienced a small increase of \$0.1 million in 2022, ending at \$0.3 million. This fund will be closed in 2023.

The **Public Safety Facility Construction Fund** was established in 2020 to account for the \$50.0 million in revenue bond proceeds for the Public Safety Training and 911 (PSAP) Communications facility. This fund experienced a \$22.6 million decrease in fund balance in the current year. The decrease in fund balance is a result of building construction funds expensed during the year.

Proprietary (business-type) Funds

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

	Unrestricted Net Position			Increase (Decrease)
	2021	2022		
Power and Distribution	\$ 9,707,833	\$ 10,145,300		\$ 437,467
Public Parking Facilities	1,349,693	1,310,016		(39,677)
Sanitary Landfill	15,805,506	11,962,122		(3,843,384)
Water	24,600,194	11,191,265		(13,408,929)
Water Reclamation	45,468,049	31,107,694		(14,360,355)
	<u>\$ 96,931,275</u>	<u>\$ 65,716,397</u>		<u>\$ (31,214,878)</u>

The changes within the unrestricted net position of the proprietary (enterprise) funds are related to the use of accumulated cash assets to invest in capital infrastructure. The City continues to make rate adjustments driven by detailed rate models, which include both current and future operating costs and 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 \$61.4 million, a decrease of \$45.4 million. Net cash flows from operations ended with a combined positive cash flow of \$35.2 million.

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

The **Power and Distribution Fund** generated a positive net cash flow from operations of \$2.1 million in 2022, ending the year with a cash balance of \$9.1 million and an unrestricted net position of \$10.1 million.

The Power and Distribution Fund is currently in the process of completing a comprehensive rate study. The study will identify both operation and capital infrastructure costs that will need to be added or replaced in the near future. The City has adopted rates through 2023 and is currently in the process of evaluating another multi-year rate adjustment.

The **Public Parking Fund** generated \$1.2 million in cash flow from operating activities. After accounting for \$1.0 million in cash outflows for capital and financing activities, the fund ended the year with a net cash increase of \$0.2 million, a cash balance of \$3.3 million and an unrestricted net position of \$1.3 million.

The City adopted a new parking rate structure in 2016, which allows for annual rate adjustments up to established maximums. As rates are nearing the maximum allowed by ordinance, the City will be evaluating future allowable rates.

The **Sanitary Landfill Fund** ended the year with an unrestricted net position of \$12.0 million and a cash balance of \$22.9 million. A substantial portion of the cash balance, or \$11.3 million, has been restricted to meet the City's future landfill closure and post-closure obligations.

The City annually reviews the landfill's rate analysis with the assistance of a consulting engineering firm. The study evaluates ongoing operating and capital equipment costs, cell expansion, as well as costs associated with closure and post-closure care. The City has adopted rates through 2023 and is currently in the process of evaluating another multi-year rate adjustment.

The **Water Fund** generated \$22.3 million in cash flow from operating activities. After accounting for \$34.4 million in cash outflows from capital and related financing activities, the fund recognized a net cash decrease of \$11.9 million and an unrestricted net position of \$11.2 million.

The water rate is currently in review 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. The City has adopted rates through 2023 and is currently in the process of evaluating another multi-year rate adjustment.

The **Water Reclamation Fund** recognized an increase in cash from operations of \$4.6 million and a total decrease of cash flows in the amount of \$32.0 million for an ending cash balance of \$16.2 million and unrestricted net position of \$31.1 million. This decrease in cash was the result of expenditures related to the continuing water reclamation facility expansion.

Currently, an engineering firm is reviewing 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.

The City has adopted rates through 2023 and is currently in the process of evaluating another multi-year rate adjustment.

Management's Discussion and Analysis

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

Pension and Other Post-Employment Benefit (OPEB) Funds

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

On a market value basis, the Employees' Retirement System is funded at 95.24 percent and the Firefighter's Pension Fund is funded at 93.42 percent. For future contribution rates, the funds use an investment return assumption of 7.0 percent, a 4.25 percent wage inflation assumption, and a 17 year amortization on unfunded liabilities. Both plans have substantial unallocated income reserves to buffer against contribution increases should investment markets or other economic or non-economic assumptions not perform as assumed.

The City's OPEB Trust closed to new members as of January 1, 2014. The trust is 384.9 percent funded on a market value basis as of December 31, 2022, with \$3.6 million in assets available to meet a \$1.0 million estimated liability.

General Fund Budgetary Highlights

The City's low annual average unemployment rate of 2.0 percent, record setting construction activity of \$1.9 billion in valuations, and 3.1 percent population growth evidence of a rapidly growing economy.

The General Fund has two primary revenue sources, sales tax and property tax, which combined account for around 77 percent of the budgeted revenues. Sales tax collections experienced a positive 12.3 percent growth rate as the local economy saw some continued growth from pandemic-related economic impacts experienced in 2020 as well inflationary impacts experienced all year. Total sales tax receipts were \$12.8 million above the original budget projection, which estimated 4.0 percent growth for sales taxes in 2022. Population growth and record construction activity continue to drive growing property tax collections.

The City's property tax collections were 3.9 percent above last year's collections and on pace with budget expectations. Total revenues and other financing sources exceeded initial budget projections by \$20.1 million primarily due to strong sales tax revenues as well as an increase in liquor licenses allowed as determined by South Dakota Codified Law.

The City expenditures ended the year at \$7.1 million or 3.4 percent below final budget. Outside of normal unspent budgetary balances, expense savings were primarily driven by higher than normal fulltime vacancies, most notably in the health and innovation and technology departments.

The 2022 budget anticipated the use \$4.8 million in operating reserves (assigned and unassigned fund balances). The City actually ended the year adding \$5.0 million in reserves due to the increased revenue against lower than anticipated expenses.

Capital Assets and Debt Administration

Capital assets. Total capital assets for the governmental and business-type activities as of December 31, 2022, amounted to \$2.1 billion (net of accumulated depreciation). This investment in capital assets include land, buildings, improvements, machinery and equipment, infrastructure, intangibles, and construction in progress.

	Governmental Activities		Business-type Activities		Total	
	2021*	2022	2021*	2022	2021*	2022
Land	\$ 183,260,643	\$ 190,289,197	\$ 20,791,748	\$ 20,615,851	\$ 204,052,391	\$ 210,905,048
Buildings	229,231,506	224,223,370	52,094,763	55,739,728	281,326,269	279,963,098
Improvements Other Than Buildings	54,025,943	56,992,069	24,623,979	22,784,279	78,649,922	79,776,348
Machinery and Equipment	47,714,783	50,092,675	18,142,368	18,923,487	65,857,151	69,016,162
Infrastructure	786,849,179	819,011,423	444,899,386	460,446,463	1,231,748,565	1,279,457,886
Intangibles	5,542,337	5,542,337	75,701,718	75,701,718	81,244,055	81,244,055
Construction in Progress	18,669,064	50,638,487	34,317,055	93,926,016	52,986,119	144,564,503
Right to Use Leased Assets	-	2,870,861	-	56,960	-	2,927,821
Total Assets	\$ 1,325,293,455	\$ 1,399,660,419	\$ 670,571,017	\$ 748,194,502	\$ 1,995,864,472	\$ 2,147,854,921

*The City elected not to restate 2021 Financial Statements for GASB 87, as such the statements may not be comparable

The City's total capital assets, net of accumulated depreciation, increased by \$152.0 million in the current fiscal year compared to the prior year restated capital assets. This increase was due in large part to the addition of the following capital assets:

- The completion of a variety of street construction and reconstruction projects (including donated and annexed streets) totaling \$61.9 million, including the overlay and

concrete restoration of several city streets for \$14.0 million.

- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$63.5 million.
- The construction of Hayward Park Master Plan Improvements, totaling million \$2.2 million.
- The construction of the Cherry Creek Corridor bike trail from 12th Street to Family Park, totaling \$1.7 million

Management's Discussion and Analysis

- The construction of the Tomar Park Tennis Complex, totaling \$2.6 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 \$268.6 million. The City made regularly scheduled principal payments of \$27.5 million. The

overall debt of the City, including enterprise fund infrastructure activity, decreased \$15.1 million from 2021 as shown below. The City has very favorable per capita debt ratios and solid debt service coverage across all funds. Although the City anticipates continued near-term borrowing for water reclamation plant expansion and additional long-term borrowing for upcoming quality of life investments, favorable per capita debt ratios are expected to continue into the foreseeable future.

Outstanding Debt by Type						
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Bonds	\$ 149,350,000	\$ 139,295,000	\$ 36,595,000	\$ 32,760,000	\$ 185,945,000	\$ 172,055,000
Notes	10,045,016	10,590,367	87,705,329	85,938,064	97,750,345	96,528,431
Total	\$ 159,395,016	\$ 149,885,367	\$ 124,300,329	\$ 118,698,064	\$ 283,695,345	\$ 268,583,431

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

The bonds issued to fund the City's investment in the Lewis & Clark Regional Water System and the new downtown parking ramp used the pledge of the second penny sales tax, but are being repaid by the Water Fund and Public Parking Fund, respectively. Note this table includes unamortized premiums the previous table does not.

Outstanding Debt by Pledge and Repayment				
	Pledged		Repayment	
	2021	2022	2021	2022
Governmental Activities				
Sales and Use Tax Fund	\$ 208,331,708	\$ 193,229,393	\$ 167,095,440	\$ 156,293,821
Housing Fund	600,000	600,000	600,000	600,000
Storm Drainage Fund	9,445,016	9,990,367	9,445,016	9,990,367
Total Governmental Activities	218,376,724	203,819,760	177,140,456	166,884,188
Business-type Activities				
Public Parking Fund	-	-	15,245,000	14,210,000
Water Fund	-	-	25,991,268	22,725,572
Water Reclamation Fund	87,705,329	85,938,064	87,705,329	85,938,064
Total Business-type Activities	87,705,329	85,938,064	128,941,597	122,873,636
Total	\$ 306,082,053	\$ 289,757,824	\$ 306,082,053	\$ 289,757,824

As of the last bond rating in 2020, the City carries an 'Aa2' sales tax bond rating from Moody's. Although the City does not have any general obligation debt outstanding, the City does carry an 'Aa1' issuer rating. The State Constitution limits the amount of debt a governmental entity may issue based upon three categories as described in the notes to the financial statements. Currently, all of the City's debt is classified under the category of general-purpose debt, which is limited to 5.0 percent of assessed valuation of the taxable property. The current general-purpose debt limitation for the City is \$936.5 million, which is \$680.3 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 64 of this report.

Economic Outlook and Next Year's Budget

General (Primary Operating) Fund:

Financial responsibility over the past decades has positioned the City well to move community investments forward.

The 2023 budget is guided by the four core tenants of the One Sioux Falls framework including safety and health, accessible housing, workforce and new focus area, kids and families. When we make decisions and invest in being a great place for kids and families, our whole community benefits.

In preparing the 2023 budget, we have been mindful of the tightening monetary policies and economic climate. As

Management's Discussion and Analysis

residents and businesses across the community experience the impact of inflation in areas such as fuel and food costs, the City is similarly impacted by recent cost escalation. It is even more imperative today that we, as a City, continue to plan ahead, make strategic investments, and build on our foundation of fiscal stewardship to mitigate the impacts of these economic changes. This budget is also prepared using conservative revenue forecasts to ensure the City maintains its solid financial position.

The largest portion of the 2023 Budget is designated for infrastructure. We continue to invest in maintaining our city's roadway network, delaying some previously planned building expansion projects. This budget reflects the intentional investments to maintain our current assets while planning for the new infrastructure demands of our growing community. That includes taking a coordinated approach to make efficient use of City owned facilities and prioritizing investments in the City's utility infrastructure for water, water reclamation, landfill, and power and distribution. This approach will allow our City team to continue delivering essential services to the community and retain Sioux Falls' excellent quality of life.

With the rapid growth we are experiencing as a community, it is even more imperative that we are intentional in identifying locations for future City facilities. To guide our strategic planning efforts, we have formed an internal Strategic Land Acquisition Team to help identify future locations for parks, fire stations, libraries, pools, and other City services. Through the 2023 budget and capital program, we are working to align additional resources for the City to be coordinated across departments and proactive in identifying and acquiring land for these future facility needs.

With the new emphasis on Kids and Families and Engaging People, the proposed 2023 budget has strategic investments that will positively impact quality of life for kids, families, and our entire community. We will be exploring options for the future of the City's aquatics system, including replacements for the aging pools. The 2023 Capital Program proposes a quality-of-life bond to fund these investments and upgrades, with additional funds budgeted in 2023 to support initial design services.

Accessible housing along with workforce continues to be a pressing need for our community. These focus areas are

	2021	2022	Change	% Change
Population	202,600	208,900	6,300	3.11%
Employment	154,428	159,830	5,402	3.50%
Per Capita Personal Income (trailing year)	67,117	71,570	4,453	6.63%
Taxable Sales (\$ in thousands)	8,038,504	9,026,410	987,906	12.29%
First Penny Net Sales Tax Collections (\$ in thousands)	79,606	89,380	9,774	12.28%
Total Construction (\$ in thousands)	1,104,252	1,930,004	825,751	74.78%

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

Recognizing the City's economic turnaround from the pandemic, the 2023 budget projections for sales tax

guided by the 2026 Housing Action Plan to ensure we are aligned as a community in the areas Land, Workforce, Public Incentives and Partnerships, Design and Building Standards, and Infrastructure. During the past year, we have been able to make significant investments to support the implementation of new housing initiatives, and this 2023 Budget continues to increase the City's annual investment. We will continue to collaborate with the private and non-profit sectors to work together with a "One Sioux Falls" mindset to address housing challenges.

The City must also plan ahead to meet the workforce needs of our growing community and ensure our city's team is equipped to continue providing quality services to the community. The 2023 Budget contains investments in our city's workforce. Public service is both rewarding and challenging work, and we need to continue to invest in and care for our employees. During the past year those investments have included rolling out the Employer of Choice Plan, which included our retention initiative for all fulltime employees and additional investments including engaging in a compensation and benefits study process to be completed in January of 2023. The 2023 Budget has strategic additions to our department staffing, including 25 new fulltime positions and 4 fulltime police officers. Recognizing the importance of our part-time employees, the 2023 Budget has an increase for part-time wage adjustments to account for market competitiveness and to allow the City to continue delivering quality services that residents expect in our community.

Public Safety and Health is another area of continued focus within the One Sioux Falls Framework that directly impacts quality of life. The goal of this tenant is to provide a safe community for the health and wellbeing of our residents. In the 2023 Budget, the goal is reflected in part by our investment in seven additional fulltime employees between the Sioux Falls Police Department and Sioux Falls Fire Rescue.

Due to the bustling local economy in 2022, the City recognized strong construction permits finishing just shy of 2.0 billion dollars in valuation, the highest in recorded history. Solid growth in both employment and personal income continue to be strong economic indicators. The following outlines the economic climate in 2022:

revenues were built upon a revised projection of 8 percent sales tax growth for 2022 (actual results were 12.3 percent) with an estimated additional growth of 4 percent growth for 2023.

Property tax, a less variable revenue source, continues to reflect the City's strong building environment. The 2023

Management's Discussion and Analysis

budget includes a 6.2 percent increase, 3.2 percent for new growth and a 3.0 percent inflationary adjustment. Total General Fund revenue growth for 2023 is budgeted at 9.4 percent.

The 2023 General Fund expenditure budget increased by 7.6 percent. The budget provides for the use of reserves of \$1.6 million of the combined assigned and unassigned fund balance. Accounting for normal unspent budget balances, the 2023 budget anticipates using fund balance, ending the year with reserves around 33 percent of the expenditure budget, well above the 25 percent fund balance reserve target. This reserve will be drawn down in 2023 and future years as the City adapts to wage and other inflationary pressures and the operating costs associated with growth and adding new facilities and services.

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

Sales and Use Tax (Primary Capital) Fund: As this fund, supported by the City's second penny sales tax, is used to finance capital investments and not ongoing operating costs, the City maintains a strategic reserve of \$4.9 million, of which \$3.0 million has been committed to offsetting capital program cost increases in 2023. The City utilizes a five-year capital program to plan and prioritize capital investments. The first year of the capital program, 2023, focuses on replacement, rehabilitation, and expansion of streets, and investing in quality-of-life projects of river greenway and trail improvements. Strong growth in construction activity and population will require careful prioritization of City infrastructure and quality-of-life projects in line with available revenues.

Entertainment Tax Fund: This fund, supported by the City's one percent entertainment tax, funds the City's entertainment venues (Washington Pavilion, Orpheum Theatre, Denny Sanford PREMIER Center, Sioux Falls Convention Center, and the Sioux Falls Baseball Stadium). In 2022, the City's entertainment venues experienced very strong attendance resulting in excellent financial results. The outlook for 2023 remains optimistic. The City continues to leverage these strong results to focus on the user experience by investing in and maintaining these facilities in order to position our entertainment venues and convention center as a leading entertainment complex and cultural destination in the Midwest.

Enterprise Funds: These business-type funds rely solely on user fee revenues to support the costs of operations and necessary capital expansions to support growth. The City annually reviews cash flows and along with rate model

projections to ensure adequate resources to meet the demands of today, support capital expansion, and to build reserves to meet unanticipated capital outlays or shortfalls in operating revenues.

Growth and inflationary pressures require the City to constantly plan ahead and balance building new versus replacing aging infrastructure. These pressures require us to closely monitor future rates and prioritize capital investments.

Summary: Sioux Falls is a vibrant and growing City, encompassing a dynamic and diversified business economy. As the City grows in size and population, the needs of our community continue to expand.

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

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

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

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

Requests for Information

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

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

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	\$ 293,276,279	\$ 50,125,833	343,402,112	\$ 3,577,697	\$ 1,270,680
Assets Held for Management Agreements	8,572,924	-	8,572,924	-	-
Investments	-	-	-	25,341	-
Receivables, net	27,307,701	9,444,507	36,752,208	425,504	21,744
Lease	281,587	1,440,777	1,722,364	-	-
Prepaid Items	727,507	-	727,507	73,524	54,079
Internal Balances	(5,286,812)	5,286,812	-	-	-
Due From Other Governments	28,527,222	12,365,696	40,892,918	325,299	1,197,347
Inventory of Supplies and Stores	8,133,931	4,459,245	12,593,176	1,250,775	-
Restricted Assets:					
Cash and Cash Equivalents	-	11,296,552	11,296,552	-	-
Net Pension Asset	168,377	21,161	189,538	-	13,640
Net OPEB Asset	2,693,541	-	2,693,541	-	-
Capital Assets:					
Land	190,289,197	20,615,851	210,905,048	776,184	-
Buildings, net	224,223,370	55,739,728	279,963,098	2,972,958	-
Improvements Other Than Buildings, net	56,992,069	22,784,279	79,776,348	199,742	-
Machinery and Equipment, net	50,092,675	18,923,487	69,016,162	162,946	154,428
Infrastructure, net	819,011,423	460,446,463	1,279,457,886	-	-
Intangibles, net	5,542,337	75,701,718	81,244,055	-	-
Construction in Progress	50,638,487	93,926,016	144,564,503	-	663,161
Right to Use Leased Assets, net	2,870,861	56,960	2,927,821	-	10,179
Total Assets	1,764,062,676	842,635,085	2,606,697,761	9,789,970	3,385,258
Deferred Outflow of Resources					
OPEB Trust	198,726	-	198,726	-	-
City Employee's Retirement System	62,246,649	8,680,161	70,926,810	-	-
City Firefighters' Pension Fund	23,029,850	-	23,029,850	-	-
South Dakota Retirement System	15,478,278	1,941,652	17,419,930	-	1,244,273
Total Deferred Outflow of Resources	100,953,503	10,621,813	111,575,316	-	1,244,273
Liabilities					
Accounts Payable and Other Current Liabilities	15,447,300	10,428,719	25,876,019	797,777	823,210
Interest Payable	730,271	506,630	1,236,901	3,335	-
Deposits	132,190	681,453	813,643	18,351	-
Unearned Revenue	17,671,112	148,014	17,819,126	-	-
Unearned Revenue-Other	-	-	-	326,744	-
Loss Reserve on Workers' Comp Claims					
Due Within One Year	9,533	-	9,533	-	-
Due In More Than One Year	2,292,761	-	2,292,761	-	-
Long-term Liabilities:					
Due Within One Year	14,666,651	16,314,696	30,981,347	978,787	159,903
Due Within One Year - Leases	822,383	18,909	841,292	-	4,439
Net Pension Liability Due In More Than One Year	36,838,563	3,254,119	40,092,682	-	-
Due In More Than One Year	165,970,000	119,775,606	285,745,606	3,186,532	166,250
Due In More Than One Year - Leases	2,546,046	38,130	2,584,176	-	5,989
Total Liabilities	257,126,810	151,166,276	408,293,086	5,311,526	1,159,791
Deferred Inflow of Resources					
Lease Related	279,506	1,459,802	1,739,308	-	-
City Employee's Retirement System	9,051,747	1,262,246	10,313,993	-	-
City Firefighters' Pension Fund	1,480,511	-	1,480,511	-	-
South Dakota Retirement System	10,320,222	1,296,871	11,617,093	-	801,264
Total Deferred Inflow of Resources	21,131,986	4,018,919	25,150,905	-	801,264
Net Position					
Net Investment in Capital Assets	1,243,066,720	617,383,847	1,860,450,567	872,821	817,340
Restricted for:					
Debt Service	16,128,150	4,888,890	21,017,040	-	-
Park and Recreation	653,175	-	653,175	-	-
Police	43,873	-	43,873	-	-
Health	111,829	-	111,829	-	-
Community Development	27,961,091	-	27,961,091	-	-
Library:					
Expendable	48,243	-	48,243	-	-
Nonexpendable	24,767	-	24,767	-	-
Heroic Awards:					
Expendable	3,592	-	3,592	-	-
Nonexpendable	2,000	-	2,000	-	-
Pension	42,552,004	4,829,738	47,381,742	-	456,649
OPEB	2,892,267	-	2,892,267	-	-
Storm Drainage	8,140,590	-	8,140,590	-	-
Construction Projects	3,140,901	-	3,140,901	-	-
Other Purposes	-	-	-	465,277	-
Unrestricted	241,988,181	70,969,228	312,957,409	3,140,346	1,394,487
Total Net Position	\$ 1,586,757,383	\$ 698,071,703	2,284,829,086	\$ 4,478,444	\$ 2,668,476

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

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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	\$ 19,876,258	\$ 6,829,319	\$ 61,109	\$ -
Public Safety:				
Fire Protection	34,337,771	423,496	1,006,835	12,909
Police Protection	45,234,825	184,611	1,216,536	-
Highways and Streets	79,768,892	1,893,485	1,896,172	39,088,574
Public Health	16,235,562	4,230,973	6,181,079	44,406
Culture and Recreation:				
Libraries	10,157,558	86,093	84,975	50,000
Museum	3,361	-	-	-
Parks & Recreation	31,692,510	2,150,910	2,059,107	182,617
Entertainment Venues	10,073,504	-	100,000	-
Urban and Economic Development:				
Affordable Housing	3,703,196	31,310	2,385,962	-
Transit	9,983,812	-	-	-
TIF	3,346,430	-	-	-
Planning and Development Services	27,396,437	10,044,483	3,156,022	-
Interest on Long-Term Debt	5,379,052	-	-	-
Total Governmental Activities	297,189,168	25,874,680	18,147,797	39,378,506
Business-type Activities:				
Power and Distribution	9,417,813	9,555,448	-	-
Public Parking	3,379,597	2,805,290	-	-
Sanitary Landfill	11,614,441	13,847,807	260,000	-
Water	29,564,158	41,029,032	-	8,730,586
Water Reclamation	29,733,235	38,501,561	-	24,688,150
Total Business-type Activities	83,709,244	105,739,138	260,000	33,418,736
Total Government	\$ 380,898,412	\$ 131,613,818	\$ 18,407,797	\$ 72,797,242
Component Units:				
Housing & Redevelopment Commission	\$ 15,698,957	\$ 1,044,792	\$ 14,884,237	\$ 44,314
Metro Communications Agency	5,291,563	194,551	3,334,328	-
	\$ 20,990,520	\$ 1,239,343	\$ 18,218,565	\$ 44,314
General Revenues:				
Taxes:				
Property Tax				
Sales Tax				
Frontage Tax				
E-911 Surcharges				
Unrestricted State and County Shared Revenues				
Unrestricted Investment Earnings				
Miscellaneous Revenue, Net				
Lease (lessor)				
Impairment of Land Held for Resale				
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
Annual Comprehensive Financial Report
Year Ended December 31, 2022

Statement of Activities (cont)

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission	Metro Communications Agency
\$ (12,985,830)	\$ -	\$ (12,985,830)		
(32,894,531)	-	(32,894,531)		
(43,833,678)	-	(43,833,678)		
(36,890,661)	-	(36,890,661)		
(5,779,104)	-	(5,779,104)		
(9,936,490)	-	(9,936,490)		
(3,361)	-	(3,361)		
(27,299,876)	-	(27,299,876)		
(9,973,504)	-	(9,973,504)		
(1,285,924)	-	(1,285,924)		
(9,983,812)	-	(9,983,812)		
(3,346,430)	-	(3,346,430)		
(14,195,932)	-	(14,195,932)		
(5,379,052)	-	(5,379,052)		
(213,788,185)	-	(213,788,185)		
-	137,635	137,635		
-	(574,307)	(574,307)		
-	2,493,366	2,493,366		
-	20,195,460	20,195,460		
-	33,456,476	33,456,476		
-	55,708,630	55,708,630		
(213,788,185)	55,708,630	(158,079,555)		
			\$ 274,386	\$ -
			-	(1,762,684)
			274,386	(1,762,684)
77,477,025	-	77,477,025	-	-
191,842,140	-	191,842,140	-	-
16,946,752	-	16,946,752	-	-
-	-	-	-	2,783,656
10,958,647	-	10,958,647	-	-
(1,717,960)	(1,181,158)	(2,899,118)	5,826	24,810
4,523,883	3,471,093	7,994,976	-	-
19,865	94,013	113,878		
(774,698)	-	(774,698)		
1,217,961	(1,217,961)	-	-	-
300,493,615	1,165,987	301,659,602	5,826	2,808,466
86,705,430	56,874,617	143,580,047	280,212	1,045,782
1,500,051,953	641,197,086	2,141,249,039	4,198,232	1,622,694
\$ 1,586,757,383	\$ 698,071,703	\$ 2,284,829,086	\$ 4,478,444	\$ 2,668,476

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Balance Sheet - Governmental Funds

	General	Entertainment Tax	Sales and Use Tax	Housing
Assets				
Cash and Cash Equivalents	\$ 85,036,086	\$ 18,736,348	\$ 93,686,088	\$ 9,137,105
Assets Held for Management Agreements	2,017,777	6,196,303	-	-
Receivables:				
Taxes-Delinquent	1,339,761	-	-	-
Accounts (net of allowance for uncollectibles)	2,950,350	-	32,534	-
Interest and Penalty	220,312	41,848	222,215	10,321
Special Assessments	637	-	490,300	-
Rehabilitation Loans and Grants	-	-	-	21,180,996
Leases	201,773	-	79,814	-
Due from Other Funds	450,394	-	-	-
Due from Other Governments	9,973,239	779,370	15,493,773	44,887
Inventory of Supplies and Stores	2,373,125	-	4,494,610	100,494
Notes Receivable	-	-	-	69,081
Prepaid Expenses	82,794	-	-	-
Total Assets	<u>\$ 104,646,248</u>	<u>\$ 25,753,869</u>	<u>\$ 114,499,334</u>	<u>\$ 30,542,884</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ 2,750,559	\$ 252,665	\$ 5,537,973	\$ 88,167
Due to Other Funds	40,000	-	-	-
Accrued Wages	2,069,518	-	-	11,122
Deposits	131,731	-	459	-
Unearned Revenue	3,233,573	2,200,000	17,950,445	2,382,010
Total Liabilities	<u>8,225,381</u>	<u>2,452,665</u>	<u>23,488,877</u>	<u>2,481,299</u>
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	989,032	-	-	-
Unavailable Revenue-Sales Tax	7,749,528	690,660	7,696,196	-
Unavailable Revenue-Special Assessments	604	-	507,002	-
Lease Related	200,075	-	79,431	-
Long-Term Receivables	4,363	-	-	-
Total Deferred Inflows of Resources	<u>8,943,602</u>	<u>690,660</u>	<u>8,282,629</u>	<u>-</u>
Fund Balances				
Nonspendable	2,373,125	-	4,494,610	100,494
Restricted	269,406	-	16,699,320	27,961,091
Committed	2,017,777	22,610,544	61,533,898	-
Assigned	1,631,843	-	-	-
Unassigned	81,185,114	-	-	-
Total Fund Balances	<u>87,477,265</u>	<u>22,610,544</u>	<u>82,727,828</u>	<u>28,061,585</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 104,646,248</u>	<u>\$ 25,753,869</u>	<u>\$ 114,499,334</u>	<u>\$ 30,542,884</u>

City of Sioux Falls
Annual Comprehensive Financial Report
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Balance Sheet - Governmental Funds (cont)

<u>Storm Drainage</u>	<u>General Government Construction</u>	<u>Public Safety Facility Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 12,571,357	\$ 275,351	\$ 19,507,182	\$ 10,164,094	\$ 249,113,611
-	-	-	358,844	8,572,924
-	-	-	-	1,339,761
-	-	-	-	2,982,884
27,825	-	79,176	108	601,805
-	-	-	-	490,937
-	-	-	-	21,180,996
-	-	-	-	281,587
-	-	-	-	450,394
102,034	-	-	1,973,856	28,367,159
-	-	-	-	6,968,229
-	-	-	-	69,081
-	-	-	-	82,794
<u>\$ 12,701,216</u>	<u>\$ 275,351</u>	<u>\$ 19,586,358</u>	<u>\$ 12,496,902</u>	<u>\$ 320,502,162</u>
\$ 986,746	\$ -	\$ 3,092	\$ 122,502	\$ 9,741,704
394,375	-	-	50,000	484,375
34,263	-	-	-	2,114,903
-	-	-	-	132,190
4,341	-	-	-	25,770,369
<u>1,419,725</u>	<u>-</u>	<u>3,092</u>	<u>172,502</u>	<u>38,243,541</u>
-	-	-	-	989,032
-	-	-	-	16,136,384
-	-	-	-	507,606
-	-	-	-	279,506
-	-	-	-	4,363
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,916,891</u>
-	-	-	26,767	6,994,996
11,281,491	275,351	19,583,266	20,136	76,090,061
-	-	-	358,844	86,521,063
-	-	-	11,918,653	13,550,496
-	-	-	-	81,185,114
<u>11,281,491</u>	<u>275,351</u>	<u>19,583,266</u>	<u>12,324,400</u>	<u>264,341,730</u>
<u>\$ 12,701,216</u>	<u>\$ 275,351</u>	<u>\$ 19,586,358</u>	<u>\$ 12,496,902</u>	<u>\$ 320,502,162</u>

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

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

Total Fund Balances for Governmental Funds		\$ 264,341,730
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$ 2,274,212,305	
Accumulated Depreciation	(901,397,662)	1,372,814,643
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Right to Use Assets	2,784,658	
Accumulated Amortization	(1,250,439)	1,534,219
Deferred inflows of resources and certain unearned revenues are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		25,736,642
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	65,702,856	
Business-Type Activities	(5,252,831)	60,450,025
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable - Bonds	(724,142)	
Accrued Interest Payable - Leases	(1,495)	
Notes Payable-Revenue	(10,590,367)	
Unamortized Bond Premium	(16,998,821)	
Bonds Payable-Revenue	(139,295,000)	
Lease Liability	(1,660,829)	
Accrued Compensated Absences	(13,511,369)	(182,782,023)
Net OPEB asset and OPEB deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net OPEB Asset	2,693,541	
Deferred Outflows of Resources	198,726	2,892,267
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	161,860	
Deferred Outflows of Resources	97,530,105	
Net Pension Liability	(35,851,729)	
Deferred Inflows of Resources	(20,070,356)	41,769,880
Net Position of Governmental Activities		<u>\$ 1,586,757,383</u>

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City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

	General	Entertainment Tax	Sales and Use Tax	Housing
Revenues				
Taxes:				
Property	\$ 74,004,197	\$ -	\$ -	\$ -
Sales	89,379,982	10,584,396	89,379,981	-
Frontage	4,895,785	-	-	-
Lodging (includes Business Improvement District)	3,489,855	-	-	-
Penalties and Interest	99,564	-	-	-
Special Assessments	209,035	-	4,332,396	-
Licenses and Permits	16,135,111	-	154,941	-
Intergovernmental	18,356,117	-	799,555	3,103,333
Charges for Goods and Services	8,572,791	-	151,285	31,310
Fines and Forfeitures	698,003	-	-	-
Investment Revenue	(881,581)	(216,959)	(387,278)	(43,937)
Rentals/Operating Leases	42,855	-	88,384	-
Contributions	166,166	100,000	1,971,454	-
Miscellaneous Revenue	999,510	2,463,175	-	-
Total Revenues	216,167,390	12,930,612	96,490,718	3,090,706
Expenditures				
Current:				
General Government	19,111,341	-	-	-
Public Safety	78,071,143	-	-	-
Highways and Streets	29,266,886	-	3,030,785	-
Public Health	16,001,401	-	-	-
Culture and Recreation	32,109,468	4,120,724	17,101	-
Urban and Economic Development	26,141,612	-	-	3,729,015
Debt Service:				
Principal - Bonds	-	-	10,055,000	-
Principal - Right to Use Leases	1,123,665	-	-	163
Interest and Fiscal Charges	5,975	-	6,061,983	3
Capital Outlay				
General Government	-	-	288,559	-
Public Safety	-	-	5,908,102	-
Highways and Streets	781,230	-	52,595,429	-
Public Health	-	-	77,228	-
Culture and Recreation	-	1,526,466	8,310,028	-
Urban and Economic Development	-	-	48,000	-
Total Expenditures	202,612,721	5,647,190	86,392,215	3,729,181
Revenues Over (Under) Expenditures	13,554,669	7,283,422	10,098,503	(638,475)
Other Financing Sources (Uses)				
Sale of Surplus Property	39,543	72,383	108,044	-
Impairment of Land Held for Resale	-	-	(774,698)	-
Damage Recovery	71,681	-	-	-
Loan Proceeds	-	-	-	-
Leases (lessee)	781,229	-	-	-
Leases (lessor)	11,607	-	8,258	-
Transfers In	-	-	285,628	1,648,000
Transfers Out	(9,466,047)	-	(1,851,949)	-
Total Other Financing Sources (Uses)	(8,561,987)	72,383	(2,224,717)	1,648,000
Net Change in Fund Balances	4,992,682	7,355,805	7,873,786	1,009,525
Fund Balance - Beginning	82,484,583	15,254,739	74,854,042	27,052,060
Fund Balance Ending	\$ 87,477,265	\$ 22,610,544	\$ 82,727,828	\$ 28,061,585

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

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

Storm Drainage	General Government Construction	Public Safety Facility Construction	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 3,346,430	\$ 77,350,627
-	-	-	-	189,344,359
12,050,967	-	-	-	16,946,752
-	-	-	-	3,489,855
-	-	-	-	99,564
2,262,761	-	-	-	6,804,192
-	-	-	-	16,290,052
-	-	-	6,929,676	29,188,681
-	-	-	-	8,755,386
-	-	-	-	698,003
(155,666)	1,571	460,263	(693)	(1,224,280)
-	-	-	-	131,239
-	-	-	-	2,237,620
-	220,000	-	-	3,682,685
<u>14,158,062</u>	<u>221,571</u>	<u>460,263</u>	<u>10,275,413</u>	<u>353,794,735</u>
-	-	-	-	19,111,341
-	-	-	-	78,071,143
3,774,454	-	-	-	36,072,125
-	-	-	-	16,001,401
-	-	-	-	36,247,293
-	-	-	13,331,250	43,201,877
862,738	-	-	-	10,917,738
-	-	-	-	1,123,828
92,570	-	-	-	6,160,531
-	79,356	-	-	367,915
-	-	23,069,398	-	28,977,500
9,969,353	-	-	-	63,346,012
-	-	-	-	77,228
-	-	-	-	9,836,494
-	-	-	546,597	594,597
<u>14,699,115</u>	<u>79,356</u>	<u>23,069,398</u>	<u>13,877,847</u>	<u>350,107,023</u>
<u>(541,053)</u>	<u>142,215</u>	<u>(22,609,135)</u>	<u>(3,602,434)</u>	<u>3,687,712</u>
-	-	-	-	219,970
-	-	-	-	(774,698)
-	-	-	-	71,681
1,408,089	-	-	-	1,408,089
-	-	-	-	781,229
-	-	-	-	19,865
685,950	-	-	7,035,047	9,654,625
-	-	-	-	(11,317,996)
<u>2,094,039</u>	<u>-</u>	<u>-</u>	<u>7,035,047</u>	<u>62,765</u>
1,552,986	142,215	(22,609,135)	3,432,613	3,750,477
9,728,505	133,136	42,192,401	8,891,787	260,591,253
<u>\$ 11,281,491</u>	<u>\$ 275,351</u>	<u>\$ 19,583,266</u>	<u>\$ 12,324,400</u>	<u>\$ 264,341,730</u>

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 \$ 3,750,477

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	\$ 102,418,516	
Loss on Capital Assets	(3,223,415)	
Capital Assets transferred from (to) Business-type Activities	1,631,261	
Less Current Year Depreciation	<u>(62,657,748)</u>	38,168,614

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

Expenditures for Right to Use Asset Additions	781,230	
Less Current Year Amortization	<u>(1,250,439)</u>	(469,209)

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	7,788,914	
Infrastructure Contributions from Other Governments	23,990,635	
Property taxes and special assessments	(1,611,129)	
Due From Other Governments - Taxes	<u>(992,074)</u>	29,176,346

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 and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Payments of Bonds	10,917,738	
Principal Payments of Leases	1,123,828	
Amortization of Bond Premium	746,619	
Revenue Bond Proceeds	(1,408,089)	
Lease Proceeds	<u>(781,229)</u>	10,598,867

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	(1,041,172)	
Accrued Interest	<u>44,474</u>	(996,698)

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.

1,268,579

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.

335,440

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.

4,873,014

Change in Net Position of Governmental Activities

\$ 86,705,430

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Statement of Net Position - Proprietary Funds

	Power and Distribution	Enterprise Funds	
		Public Parking	Sanitary Landfill
Assets			
Current:			
Cash and Cash Equivalents	\$ 9,087,659	\$ 3,331,187	\$ 11,588,355
Receivables, net:			
Accounts	269,635	154,792	878,240
Interest	20,685	9,484	55,144
Special Assessments	-	-	-
Unbilled	533,266	-	-
Arbitrage Refund	-	-	-
Lease	-	498,850	-
Lease Accrued Interest	-	19	-
Prepaid Expense	-	-	-
Due From Other Funds	-	-	40,000
Due From Other Governments	-	-	80,000
Inventory of Supplies and Stores	1,172,130	-	-
Total Current Assets	11,083,375	3,994,332	12,641,739
Noncurrent:			
Restricted Cash and Cash Equivalents	-	-	11,296,552
Net Pension Asset	1,543	768	2,259
Capital Assets:			
Land	613,935	4,503,577	3,597,946
Buildings	503,583	468,856	9,859,339
Improvements Other Than Buildings	9,248	37,009,851	35,027,807
Machinery and Equipment	1,067,326	349,871	2,329,615
Infrastructure	43,720,483	-	4,916,480
Intangibles	-	-	-
Construction in Progress	1,991,243	-	5,659,008
Less: Accumulated Depreciation	(26,169,293)	(18,086,762)	(37,869,914)
Right to Use Leased Assets	5,771	5,662	18,784
Less: Accumulated Amortization	(1,443)	(1,416)	(4,696)
Total Noncurrent Assets	21,742,396	24,250,407	34,833,180
Total Assets	32,825,771	28,244,739	47,474,919
Deferred Outflow of Resources			
City Employee's Retirement System	448,234	390,923	1,426,912
South Dakota Retirement System	131,415	68,843	208,051
Total Deferred Outflow of Resources	579,649	459,766	1,634,963
Liabilities			
Current:			
Accounts Payable	1,467,772	85,579	354,817
Accrued Wages	11,987	11,438	37,845
Loss Reserve on Workers' Comp Claims	-	-	-
Accrued Compensated Absences	30,000	5,000	30,000
Accrued Interest Payable	-	61,279	-
Incurred But Not Reported Claims	-	-	-
Due To Other Funds	-	-	6,019
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	1,085,000	-
Deposits	112,720	16,352	13,805
Unearned Revenue	-	148,014	-
Lease	1,437	1,409	4,677
Lease Interest Payable	6	6	19
Total Current Liabilities	1,623,922	1,414,077	447,182
Noncurrent:			
Accrued Compensated Absences	209,236	37,802	300,819
Loss Reserve on Workers' Comp Claims	-	-	-
Net Pension Liability	168,039	146,554	534,937
Closure & Postclosure Care Costs	-	-	11,296,552
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	13,125,000	-
Lease	2,897	2,844	9,430
Total Noncurrent Liabilities	380,172	13,312,200	12,141,738
Total Liabilities	2,004,094	14,726,277	12,588,920
Deferred Inflow of Resources			
City Employee's Retirement System	65,181	56,847	207,498
South Dakota Retirement System	94,573	47,079	138,463
Lease Related	-	492,046	-
Total Deferred Inflow of Resources	159,754	595,972	345,961
Net Position:			
Net Investment in Capital Assets	20,842,873	10,035,386	23,456,555
Restricted for Debt Service	-	1,826,800	-
Restricted for Pension	253,399	210,054	756,324
Unrestricted	10,145,300	1,310,016	11,962,122
Total Net Position	\$ 31,241,572	\$ 13,382,256	\$ 36,175,001
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.

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Statement of Net Position - Proprietary Funds (cont.)

Enterprise Funds (cont.)			Internal
Water	Water Reclamation	Total	Service Funds
\$ 9,962,636	\$ 16,155,996	\$ 50,125,833	\$ 44,162,668
1,348,259	1,189,909	3,840,835	548,839
24,936	53,839	164,088	93,398
212,582	-	212,582	-
1,953,887	2,716,859	5,204,012	-
17,089	-	17,089	-
941,927	-	1,440,777	-
5,882	-	5,901	-
-	-	-	644,713
-	-	40,000	-
3,857	12,281,839	12,365,696	160,063
3,178,224	108,891	4,459,245	1,165,702
17,649,279	32,507,333	77,876,058	46,775,383
-	-	11,296,552	-
8,926	7,665	21,161	6,517
9,230,558	2,669,835	20,615,851	-
34,649,029	39,951,034	85,431,841	2,705,385
98,932	287,906	72,433,744	1,019,810
35,351,536	14,846,682	53,945,030	55,779,093
349,824,038	421,911,139	820,372,140	-
75,701,718	-	75,701,718	-
15,090,070	71,185,695	93,926,016	1,628,806
(162,568,281)	(229,594,548)	(474,288,798)	(37,158,179)
23,416	22,315	75,948	1,782,189
(5,854)	(5,579)	(18,988)	(445,547)
357,404,088	321,282,144	759,512,215	25,318,074
375,053,367	353,789,477	837,388,273	72,093,457
3,173,432	3,240,660	8,680,161	2,632,321
826,852	706,491	1,941,652	592,351
4,000,284	3,947,151	10,621,813	3,224,672
1,508,975	6,751,138	10,168,281	1,528,866
109,878	89,290	260,438	83,851
-	-	-	700,000
80,000	40,000	185,000	15,000
115,938	329,335	506,552	-
-	-	-	2,000,000
-	-	6,019	-
-	11,354,053	11,354,053	-
3,690,643	-	4,775,643	-
538,576	-	681,453	-
-	-	148,014	-
5,830	5,556	18,909	70,188
24	23	78	4,634
6,049,864	18,569,395	28,104,440	4,402,539
572,682	614,575	1,735,114	204,070
-	-	-	1,602,294
1,189,693	1,214,896	3,254,119	986,834
-	-	11,296,552	-
-	74,584,011	74,584,011	-
19,034,929	-	32,159,929	-
11,756	11,203	38,130	1,637,412
20,809,060	76,424,685	123,067,855	4,430,610
26,858,924	94,994,080	151,172,295	8,833,149
461,472	471,248	1,262,246	382,786
547,074	469,682	1,296,871	399,338
967,756	-	1,459,802	-
1,976,302	940,930	4,018,919	782,124
334,154,099	228,894,934	617,383,847	23,499,762
3,062,090	-	4,888,890	-
1,810,971	1,798,990	4,829,738	1,462,231
11,191,265	31,107,694	65,716,397	40,740,863
\$ 350,218,425	\$ 261,801,618	692,818,872	\$ 65,702,856
		5,252,831	
		\$ 698,071,703	

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

	Enterprise Funds		
	Power and Distribution	Public Parking	Sanitary Landfill
Operating Revenues:			
Charges for Goods and Services	\$ 9,555,088	\$ 2,354,913	\$ 13,847,787
Fines and Forfeitures	360	450,377	20
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	-
Fines and Forfeitures	-	-	-
Total Operating Revenues	9,555,448	2,805,290	13,847,807
Operating Expenses:			
Personnel Services	1,135,273	668,183	2,579,418
Casualty Loss	-	-	-
Insurance	14,406	26,922	17,585
Professional Services	17,035	316,958	2,059,048
Rent	154,017	33,607	1,941,901
Repairs and Maintenance	379,779	380,866	986,603
Supplies and Materials	224,529	84,726	997,561
Utilities and Bulk Energy	5,664,604	115,114	355,130
Depreciation	1,820,206	1,247,539	2,918,684
Amortization - Lease	1,443	1,416	4,696
Other Current Expenses	18,160	695	23,702
Total Operating Expenses	9,429,452	2,876,026	11,884,328
Operating Income (Loss)	125,996	(70,736)	1,963,479
Nonoperating Revenues (Expenses):			
Investment Revenue	(110,633)	28,724	(391,929)
Gain (Loss) on Capital Assets	11,876	266,933	2,004
Rent/Operating Leases	37,435	2,750	100,234
Cost Recovery & Special Assessments	-	-	-
Miscellaneous	(9,601)	(370)	(460,977)
Federal and State Grants	-	-	260,000
Interest Expense and Fiscal Agent Charges	-	(516,677)	-
Lease Financing	-	47,422	-
Lease Interest Revenue	-	5,518	-
Lease Interest Expense	(27)	(26)	(87)
Total Nonoperating Revenues (Expenses)	(70,950)	(165,726)	(490,755)
Income (Loss) Before Contributions and Transfers	55,046	(236,462)	1,472,724
Capital Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	(16,633)	-	-
Change in Net Position	38,413	(236,462)	1,472,724
Net Position - Beginning	31,203,159	13,618,718	34,702,277
Net Position - Ending	\$ 31,241,572	\$ 13,382,256	\$ 36,175,001

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

Change in Net Position of Business-type Activities

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

Enterprise Funds			Internal Service Funds
Water	Water Reclamation	Total	
\$ -	\$ -	\$ 25,757,788	\$ 54,822,480
-	-	450,757	-
41,023,272	38,501,561	79,524,833	-
5,760	-	5,760	-
41,029,032	38,501,561	105,739,138	54,822,480
6,664,008	6,208,380	17,255,262	5,127,859
-	-	-	19,783,411
144,091	158,421	361,425	2,337,641
1,072,278	759,757	4,225,076	2,414,338
535,560	1,023,952	3,689,037	343,088
1,549,993	1,325,493	4,622,734	3,864,393
8,647,458	1,856,498	11,810,772	10,544,895
1,119,922	1,669,405	8,924,175	1,394,072
9,314,485	15,320,623	30,621,537	4,495,098
5,854	5,579	18,988	445,547
40,225	52,513	135,295	44,625
29,093,874	28,380,621	81,664,301	50,794,967
11,935,158	10,120,940	24,074,837	4,027,513
(16,302)	(691,018)	(1,181,158)	(593,244)
17,332	(1,177,511)	(879,366)	464,617
229,192	-	369,611	-
1,583,434	2,982,584	4,566,018	-
52,247	(166,469)	(585,170)	84,655
-	19,078,065	19,338,065	212,710
(588,804)	(1,502,802)	(2,608,283)	-
34,560	-	81,982	-
6,513	-	12,031	-
(109)	(104)	(353)	(9,614)
1,318,063	18,522,745	19,113,377	159,124
13,253,221	28,643,685	43,188,214	4,186,637
8,730,586	5,610,085	14,340,671	-
-	-	-	2,648,183
(12,529)	(1,188,799)	(1,217,961)	(1,398,112)
21,971,278	33,064,971	56,310,924	5,436,708
328,247,147	228,736,647		60,266,148
\$ 350,218,425	\$ 261,801,618		\$ 65,702,856
		563,693	
		\$ 56,874,617	

City of Sioux Falls
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Statement of Cash Flows - Proprietary Funds

	Enterprise Funds	
	Power and Distribution	Public Parking
Cash Flows Provided by Operating Activities:		
Receipts from Customers	\$ 7,836,491	\$ 1,501,888
Cash Receipts from Interfund Services Provided	1,836,717	285,565
Payments to Suppliers	(6,755,445)	(807,114)
Payment for Interfund Services Used	(5,339)	(106,139)
Payments to Employees	(847,535)	(173,646)
Claims Paid	-	-
Other Receipts (Payments)	14,838	458,151
Net Cash Provided by Operating Activities	2,079,727	1,158,705
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	22,926	544,044
Purchase of Capital Assets	(1,192,753)	(65,453)
Interest Payments and Fiscal Charges	-	(520,455)
Proceeds from Revenue Notes	-	-
Principal Payments-Revenue Notes	-	-
Principal Payments-Revenue Bonds	-	(1,035,000)
Interest Payments - Lease Liabilities	(21)	(20)
Cash Received on Lease Receivables	-	47,422
Cash Received for Interest on Lease Receivables	-	5,499
Net Cash Flows (Used) By Capital and Related Financing Activities	(1,169,848)	(1,023,963)
Cash Flows Provided (Used) By Investing Activities:		
Rent Received	37,435	2,750
Investment Revenue Received	(125,216)	20,301
Net Cash Flows Provided (Used) By Investing Activities	(87,781)	23,051
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	822,098	157,793
Cash and Cash Equivalents, January 1	8,265,561	3,173,394
Cash and Cash Equivalents, December 31	\$ 9,087,659	\$ 3,331,187
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ 125,996	\$ (70,736)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,820,206	1,247,539
Amortization	1,443	1,416
(Increase) Decrease in-Receivables	77,198	(567,460)
-Inventory	(352,400)	-
-Prepaid Expense	-	-
-Due From Other Funds	40,922	-
-Due From Other Governments	-	-
-Net Pension Asset	1,245,572	573,888
-Pension Related Deferred Outflows	(134,047)	(259,594)
Increase (Decrease) in-Accounts Payable	64,146	45,635
-Accrued Wages	1,667	1,734
-Compensated Absences	16,020	(29,742)
-Net Pension Liability	168,039	146,554
-Pension Related Deferred Inflows	(1,009,513)	61,697
-Loss Reserve on Workers' Comp Claims	-	-
-Deposits	1,273	840
-Unearned Revenue	-	9,903
-Due To Other Funds	-	-
-Closure/Post closure Cost	-	-
-Lease Liability	(1,437)	(1,409)
Other Revenue Sources (Uses)	14,642	(1,560)
Net Cash Provided By Operating Activities	\$ 2,079,727	\$ 1,158,705
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ -	\$ -
Capital Asset Purchases in Accounts Payable	893,646	-
Net Interfund Transfers of Capital Assets	(16,633)	-
Disposal of Items Previously Classified as Construction in Progress	-	-
Capital Asset Purchases from Prior Year Expense	-	-

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

City of Sioux Falls
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Statement of Cash Flows - Proprietary Funds (cont)

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 13,961,491	\$ 39,821,913	\$ 25,764,424	\$ 88,886,207	\$ 12,217,023
98,223	683,009	216,974	3,120,488	42,132,521
(6,168,606)	(14,230,619)	(12,082,567)	(40,044,351)	(21,740,408)
(20,488)	(981,169)	(205,895)	(1,319,030)	(11,874)
(2,552,698)	(5,640,978)	(6,166,828)	(15,381,685)	(5,255,998)
-	-	-	-	(20,360,702)
(212,028)	2,619,756	(2,936,968)	(56,251)	237,485
5,105,894	22,271,912	4,589,140	35,205,378	7,218,047
260,000	-	19,078,065	19,338,065	-
-	-	-	-	2,601,949
-	-	(938,578)	(938,578)	-
260,000	-	18,139,487	18,399,487	2,601,949
3,025	28,925	15,488	614,408	512,347
(7,470,517)	(30,577,155)	(50,725,618)	(90,031,496)	(7,338,451)
-	(1,072,000)	(1,570,946)	(3,163,401)	-
-	-	10,955,720	10,955,720	-
-	-	(12,722,984)	(12,722,984)	-
-	(2,800,000)	-	(3,835,000)	-
(68)	(85)	(81)	(275)	(4,980)
-	34,560	-	81,982	-
-	631	-	6,130	-
(7,467,560)	(34,385,124)	(54,048,421)	(98,094,916)	(6,831,084)
100,234	229,192	-	369,611	-
(428,533)	(27,013)	(709,454)	(1,269,915)	(658,098)
(328,299)	202,179	(709,454)	(900,304)	(658,098)
(2,429,965)	(11,911,033)	(32,029,248)	(45,390,355)	2,330,814
25,314,872	21,873,669	48,185,244	106,812,740	41,831,854
\$ 22,884,907	\$ 9,962,636	\$ 16,155,996	\$ 61,422,385	\$ 44,162,668
\$ 1,963,479	\$ 11,935,158	\$ 10,120,940	\$ 24,074,837	\$ 4,027,513
2,918,684	9,314,485	15,320,623	30,621,537	4,495,098
4,696	5,854	5,579	18,988	445,547
291,927	(951,274)	(238,324)	(1,387,933)	(434,809)
-	(613,985)	2,193	(964,192)	(197,200)
-	-	-	-	(318,813)
-	-	-	40,922	-
(80,000)	(3,857)	(12,281,839)	(12,365,696)	(97,806)
1,736,891	4,447,067	4,213,888	12,217,306	3,092,851
(1,047,912)	(2,341,221)	(2,448,325)	(6,231,099)	(2,075,996)
(325,201)	(1,051,495)	(5,444,616)	(6,711,531)	(278,508)
6,582	20,380	12,725	43,088	39,173
44,924	(22,033)	44,861	54,030	34,541
534,937	1,189,693	1,214,896	3,254,119	986,834
(1,248,702)	(2,270,856)	(2,996,493)	(7,463,867)	(2,145,863)
-	-	-	-	(577,291)
-	(35,875)	-	(33,762)	-
-	-	(6,800,000)	(6,790,097)	-
6,019	-	-	6,019	-
517,637	-	-	517,637	-
(4,677)	(5,830)	(5,556)	(18,909)	(74,589)
(213,390)	2,655,701	3,868,588	6,323,981	297,365
\$ 5,105,894	\$ 22,271,912	\$ 4,589,140	\$ 35,205,378	\$ 7,218,047
\$ -	\$ 7,743,066	\$ 4,622,565	\$ 12,365,631	\$ -
63,707	497,905	6,424,722	7,879,980	104,195
-	12,529	(250,221)	(254,325)	(1,351,878)
253,642	-	62,247	315,889	-
-	-	-	-	75

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Statement of Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds	Police Custodial Fund
Assets		
Cash and Cash Equivalents	\$ 12,858,074	\$ 450,754
Receivables:		
Contribution	282,038	-
Interest	690,797	-
Total Receivables	972,835	-
Investments at Fair Value:		
US Government	56,703,369	-
Corporate Obligations	42,641,450	-
Foreign Obligations	27,160,779	-
Domestic Stocks	50,015,240	-
Foreign Stocks	4,029,547	-
Index Funds:		
Equity	237,612,945	-
Government / Corporate Bonds	50,652,608	-
Mutual Funds:		
Foreign Equity	153,469,532	-
Domestic Equity	19,519,785	-
Real Estate	71,559,595	-
Total Investments	713,364,850	-
Total Assets	727,195,759	450,754
Liabilities		
Accounts Payable	79,448	-
Accrued Wages	4,220	-
Total Liabilities	83,668	-
Net Position		
Restricted for Pension Benefits	723,473,025	-
Restricted for Post Employment Health Care Benefits	3,639,066	-
Restricted for Police Evidence and Found Property	-	450,754
Total Net Position	\$ 727,112,091	\$ 450,754

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

	Pension and Health Care Trust Funds	Police Custodial Fund
Additions		
Contributions		
Employer	\$ 14,348,135	\$ -
Plan Members	3,802,439	-
Total Contributions	<u>18,150,574</u>	<u>-</u>
Investment Income	(118,243,113)	-
Less Investment Expense	1,460,085	-
Net Investment Income	<u>(119,703,198)</u>	<u>-</u>
Police Funds Received into Custody	-	333,057
Total Additions	<u>(101,552,624)</u>	<u>333,057</u>
Deductions		
Benefit Payments		
Pension	38,875,969	-
Health Premiums	240,357	-
Total Benefit Payments	<u>39,116,326</u>	<u>-</u>
Police Funds Released from Custody	-	243,423
Refunds	359,050	-
Administrative Expense	<u>336,811</u>	<u>-</u>
Total Deductions	39,812,187	243,423
Change in Net Position	(141,364,811)	89,634
Restricted Net Position, January 1	<u>868,476,902</u>	<u>361,120</u>
Restricted Net Position, December 31	<u><u>\$ 727,112,091</u></u>	<u><u>\$ 450,754</u></u>

Notes to Financial Statements

Note 1—Summary of Significant Accounting Policies

A. BASIS OF PRESENTATION

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

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

The second statement issued but not yet implemented that will affect the City is statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based informational technology arrangements (SBITAs). Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset and a corresponding liability. This statement will be implemented at the City in the year ended December 31, 2023.

The third statement issued but not yet implemented that will affect the City is statement No. 99 *Omnibus 2022*. The objective of this Statement is to help communicate requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and clarifications of other certain provisions from GASB 34 as amended. As well as communicate clarifications related to leases, PPPs and SBITAs. This statement will be implemented at the City in the year ended December 31, 2023.

The fourth statement issued but not yet implemented that will affect the City is statement No. 100 *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement will be implemented at the City in the year ended December 31, 2024.

The fifth statement issued but not yet implemented that will affect the City is statement No. 101 *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for

compensated absences. This statement will be implemented at the City in the year ended December 31, 2024.

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

B. REPORTING ENTITY

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

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

Discretely Presented Component Units

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

The agency is governed by a five-member Council which includes the Mayor, two members of the City Council, appointed by the Mayor, and two county commissioners. The agency is responsible for city and county-wide public safety dispatch, maintenance of centralized dispatch records, and the maintenance and purchasing of related communication equipment. In 2022, the City provided \$1,963,955 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, 2022. Complete financial statements are available at the administrative offices located at 500 North Dakota Avenue in Sioux Falls, South Dakota.

Notes to Financial Statements

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 2022, the Housing Fund did not provide any federal grant proceeds to the Housing Commission for housing assistance. The Housing Commission's fiscal year-end presented in this report is September 30, 2022. 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, report information on all 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 City legally adopts an annual budget for all of the governmental funds. The Budgetary Comparison Schedules present comparisons of the original and legally amended budget with actual amounts on a departmental level for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Housing Fund, General Government Construction Fund, the Public Safety Facility Construction Fund, and the Storm Drainage Fund. In addition to the required General Fund presentation, the four special revenue funds and two capital project funds presented have a legally adopted annual budget and are reported as major funds in the financial statements.

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

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

Summary of Significant Budget Policies

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

The budget is adopted and appropriated by fund on a service function (i.e., general government, public safety, etc.) and departmental basis for all governmental funds, the

Notes to Financial Statements

legal level of control. The City adopts an annual budget for all of the governmental funds.

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 \$85.2 million during 2022. A majority of the supplemental appropriations were funded by increases in the General Fund's unassigned balance carried forward from 2021 as well as local government assistance funds received from federal sources in 2021 and 2022.

Within the \$85.2 million supplemented, \$41.9 million was for additional American Rescue Plan funds for the continued Water Reclamation Facility Expansion. The City also had a department-wide supplement of \$2.4 million for employee retention pay from unassigned fund balance in the General Fund. This supplement affected all City departments and is not included in the figures in the next few paragraphs.

Planning and Development Services had the largest number of supplements for 2022, totaling \$13.9 million. These supplements included an appropriation of \$10.0 million from unassigned fund balance for construction and operation of the South Dakota State University Applied Cyber Research Lab, a supplement of \$3.5 million from unassigned fund balance for the University of South Dakota's Discovery District Research Park, and a \$0.4 million supplement for increased lodging tax sent to Experience Sioux Falls.

Highways and Streets was supplemented for \$9.4 million. These supplements included \$2.0 million designated to the Arterial Streets Expansion program, \$1.4 million from General Fund unassigned fund balance for sidewalk improvements, and \$6.0 million from Sales Tax Fund available fund balance for Americans with Disabilities Acts improvements, street reconstruction and equipment.

Parks and Recreation had supplements totaling \$8.3 million. These supplements included \$3.9 million in Sales Tax available fund balance for improvements to the River Greenway, Bike Trail, Great Plains Zoo, and park equipment. The City also supplemented \$3.5 million in contributions for the upcoming Jacobson Plaza project. The City supplemented in assigned balance \$0.50 million in unassigned fund balance for fuel and emergency repairs of equipment. Finally, the City supplemented contributions in the amount of \$0.4 million for the construction of a skate park, \$0.1 million for community engagement in aquatics, and \$37,000 for a naming opportunity study.

Other supplements made in 2022 include:

- \$2.7 million for Fire equipment with an additional \$100,000 for fuel (General Fund unassigned balance);
- \$2.3 million for a tractor dozer and landfill compactor (Fleet Fund unassigned balance);
- \$1.0 million to both the Water and Water Reclamation funds for 41st Street Improvements (State contributions);
- \$1.0 million for opportune land acquisition (Facilities Management Fund unassigned balance);
- \$0.4 million for Eat Well Sioux Falls initiative with the use of ARPA funds (General fund unassigned balance);
- \$0.2 million to refund municipal property taxes for the elderly (General Fund unassigned fund balance with a transfer to the Housing Fund) and;
- Additional supplements in the amount totaling \$0.3 million to the health, police, and library departments.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2022.

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, Culture and Recreation, and Urban and Economic Development.

Notes to Financial Statements

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

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

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

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

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

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

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

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

The **Power and Distribution Fund** accounts for the activities of the City's electric distribution operations.

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

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

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

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

Additionally, the government reports the following fund types:

The **internal service funds** account for health, workers' compensation, liability insurance, technology equipment/software, facilities, and fleet management services provided to other departments of the

government, or to other governments, on a cost reimbursement basis.

The **pension trust funds** account for the activities of the City Employee's Retirement System and the City Firefighters' Pension Fund, which accumulates resources for pension to qualified City employees. These funds were closed to new entrants as of July 1, 2013.

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

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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.

Notes to Financial Statements

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

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

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

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

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

Cash and Cash Equivalents—

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

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

Investments—

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

Receivables and Payables—

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

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 assets that applies to future periods 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 assets that applies to future periods 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. The City also has deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease.

Notes to Financial Statements

Capital Assets—

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

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

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

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

Primary Government:

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

Component Units:

Housing Commission:

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

Metro Communications Agency:

Equipment	10–50 years
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Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measure at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

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

Notes to Financial Statements

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.

Lessee—

The City is a lessee for noncancellable leases. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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

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

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor—

The City is also a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Notes to Financial Statements

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

As of January 1, 2022, the City adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. The effect of the implement of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard are included in Notes 3G, 3H, and 3I.

G. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences—

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

Grant Revenue—

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

Retirement and Other Post-Employment Benefits—

The City has two separate retirement plans covering 43 percent of all full-time and regular part-time employees. The City is required by statute to fund the normal costs and amortization of the unfunded prior service costs and to account for such costs on the accrual basis (see Note 12).

Self-Insurance—

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

H. ACCOUNTING ESTIMATES

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

I. PENSIONS

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

Note 2—Stewardship, Compliance, and Accountability

A. Compliance with Finance-Related Legal and Contractual Provisions

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

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

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

C. Net Position/Fund Balance Deficits

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

Note 3—Detailed Notes On All Funds

A. Deposits and Investments

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

Notes to Financial Statements

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).

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

the portfolio. The next chart summarizes the credit quality of the City's investment holdings.

Custodial Credit Risk. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or investments or will not be able to recover collateral securities that are in the possession of an outside party. City deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of December 31, 2022, the deposits of the City were \$10.4 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2022. 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, 2022.

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

Deposit/Investment Type	Credit Rating	Fair Value	Less Than	1-3 Years	3-5 Years	5 or more
			1 Year			Years
(a) U.S. Treasury Notes & Bills	N/A	\$ 266,455,099	\$ 107,598,068	\$ 146,508,140	\$ 12,194,047	\$ 154,844
(c) Money Market Funds	AAA	88,243,565	88,243,565	-	-	-
Total		\$ 354,698,664	\$ 195,841,633	\$ 146,508,140	\$ 12,194,047	\$ 154,844

* 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, 2022, the deposits of the authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2022, are in certificates of deposit.

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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 2022 is included in the

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

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

The combined tax rate to finance municipal services for year-ended December 31, 2022, was \$4.230 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, 2022:

	Taxes	Accounts	Interest	Lease	Special Assessments	Notes Receivable	Loans Receivable	Unbilled	Arbitrage Refund	Allowance for Uncollectibles	Total
Primary Government											
Governmental Activities											
General	\$ 1,339,761	\$ 4,221,122	\$ 220,312	\$ 201,773	\$ 637	\$ -	\$ -	\$ -	\$ -	\$ (1,270,772)	\$ 4,712,833
Entertainment Tax	-	-	41,848	-	-	-	-	-	-	-	41,848
Sales/Use Tax	-	32,534	222,215	79,814	490,300	-	-	-	-	-	824,863
Housing	-	-	10,321	-	-	69,081	21,507,749	-	-	(326,753)	21,260,398
Storm Drainage	-	-	27,825	-	-	-	-	-	-	-	27,825
Public Safety Facility	-	-	79,176	-	-	-	-	-	-	-	79,176
Nonmajor Funds	-	-	108	-	-	-	-	-	-	-	108
Internal Service Funds	-	670,427	93,398	-	-	-	-	-	-	(121,588)	642,237
Total Governmental Activities	1,339,761	4,924,083	695,203	281,587	490,937	69,081	21,507,749	-	-	(1,719,113)	27,589,288
Business-type Activities											
Power and Distribution	-	386,142	20,685	-	-	-	-	533,266	-	(116,507)	823,586
Public Parking Facilities	-	160,638	9,503	498,850	-	-	-	-	-	(5,846)	663,145
Sanitary Landfill	-	895,740	55,144	-	-	-	-	-	-	(17,500)	933,384
Water	-	1,452,700	30,818	941,927	212,582	-	-	1,953,887	17,089	(104,441)	4,504,562
Water Reclamation	-	1,228,298	53,839	-	-	-	-	2,716,859	-	(38,389)	3,960,607
Total Business-type Activities	-	4,123,518	169,989	1,440,777	212,582	-	-	5,204,012	17,089	(282,683)	10,885,284
Total Primary Government	\$ 1,339,761	\$ 9,047,601	\$ 865,192	\$ 1,722,364	\$ 703,519	\$ 69,081	\$ 21,507,749	\$ 5,204,012	\$ 17,089	\$ (2,001,796)	\$ 38,474,572
Non current portion	\$ -	\$ -	\$ -	\$ -	\$ 700,583	\$ 60,761	\$ 21,140,721	\$ -	\$ -	\$ -	\$ 21,902,065
Fiduciary Funds											
Employee's Retirement	\$ -	\$ 213,978	\$ 503,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 717,768
Firefighters' Pension	-	68,060	178,619	-	-	-	-	-	-	-	246,679
OPEB Trust	-	-	8,388	-	-	-	-	-	-	-	8,388
Total Fiduciary Funds	\$ -	\$ 282,038	\$ 690,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972,835
Component Units											
Housing Commission	\$ -	\$ 39,664	\$ 2,077	\$ -	\$ -	\$ 383,763	\$ -	\$ -	\$ -	\$ -	\$ 425,504
Metro Communications Agency	\$ -	\$ 21,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,744

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.

Notes to Financial Statements

An additional \$5,286,812 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, 2022, was as follows:

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General	T.I.F. District	\$ 50,000
General	Storm Drainage	394,375
Landfill	General	40,000
General	Landfill	6,019

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2022:

	Due from			
	Federal	State	Local	Total
Primary Government:				
Governmental Activities				
General Fund	\$ 640,230	\$ 9,100,583	\$ 232,426	\$ 9,973,239
Entertainment Tax	-	779,370	-	779,370
Sales/Use Tax	432,557	15,061,216	-	15,493,773
Housing	13,577	-	31,310	44,887
Storm Drainage	-	4,341	97,693	102,034
Nonmajor Funds	1,900,000	73,856	-	1,973,856
Internal Service Funds	20,652	2,754	136,657	160,063
Total Governmental Activities	\$ 3,007,016	\$ 25,022,120	\$ 498,086	\$ 28,527,222
Component Units				
Housing Commission	\$ 325,299	\$ -	\$ -	\$ 325,299
Metro Communications Agency	\$ -	\$ 223,683	\$ 973,664	\$ 1,197,347
Business-type Activities				
Enterprise Funds				
Landfill	\$ -	\$ 80,000	\$ -	\$ 80,000
Water	-	3,857	-	3,857
Water Reclamation	-	12,281,839	-	12,281,839
Total Enterprise Funds	-	12,365,696	-	12,365,696
Total Primary Government	\$ 3,007,016	\$ 37,387,816	\$ 498,086	\$ 40,892,918

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	Housing	Storm Drainage	Nonmajor Governmental Funds	Fleet Revolving	Technology Revolving	Centralized Facilities	General Fixed Assets	Total
Transfers out:									
General Fund	\$ -	\$ 1,648,000	\$ 33,000	\$ 6,285,047	\$ -	\$ 500,000	\$ 1,000,000	\$ -	\$ 9,466,047
Sales and Use Tax	-	-	-	750,000	-	-	1,101,949	-	1,851,949
Power and Distribution	-	-	-	-	-	-	-	16,633	16,633
Water	-	-	-	-	-	-	-	12,529	12,529
Water Reclamation	285,628	-	652,950	-	-	-	-	250,221	1,188,799
Centralized Facilities	-	-	-	-	-	-	-	1,398,112	1,398,112
General Fixed Assets	-	-	-	-	46,234	-	-	-	46,234
Total	\$ 285,628	\$ 1,648,000	\$ 685,950	\$ 7,035,047	\$ 46,234	\$ 500,000	\$ 2,101,949	\$ 1,677,495	\$ 13,980,303

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G. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

Primary Government:	Beginning Balance (Restated)	Additions	Transfers & Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 183,260,643	\$ 7,406,600	\$ (378,046)	\$ 190,289,197
Intangibles (Rights)	5,542,337	-	-	5,542,337
Construction in Progress	18,669,064	95,282,420	(63,312,997)	50,638,487
Depreciable Assets:				
Buildings	381,137,090	4,667,310	-	385,804,400
Improvements other than Buildings	176,521,772	8,865,604	(1,142,304)	184,245,072
Equipment	141,207,564	13,768,720	(3,710,694)	151,265,590
Infrastructure	1,300,580,128	75,631,991	(8,651,803)	1,367,560,316
Totals at Historical Cost	2,206,918,598	205,622,645	(77,195,844)	2,335,345,399
Accumulated Depreciation:				
Buildings	(151,905,584)	(9,675,446)	-	(161,581,030)
Improvements other than Buildings	(122,495,829)	(5,521,551)	764,377	(127,253,003)
Equipment	(93,492,781)	(11,108,267)	3,428,133	(101,172,915)
Infrastructure	(513,730,949)	(40,847,581)	6,029,637	(548,548,893)
Total Accumulated Depreciation	(881,625,143)	(67,152,845)	10,222,147	(938,555,841)
Net Capital Assets	1,325,293,455	138,469,800	(66,973,697)	1,396,789,558
Right to Use Leased Assets Being Amortized				
Right to Use Leased Buildings	1,933,190	-	-	1,933,190
Right to Use Leased Equipment	1,852,428	781,230	-	2,633,658
Totals at Historical Cost	3,785,618	781,230	-	4,566,848
Accumulated Amortization:				
Right to Use Leased Buildings	-	(472,039)	-	(472,039)
Right to Use Leased Equipment	-	(1,223,948)	-	(1,223,948)
Total Accumulated Amortization	-	(1,695,987)	-	(1,695,987)
Net Right to Use Leased Assets	3,785,618	(914,757)	-	2,870,861
Governmental Activities Capital Assets, net	\$ 1,329,079,073	\$ 137,555,043	\$ (66,973,697)	\$ 1,399,660,419

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Primary Government:	Beginning Balance (Restated)	Additions	Transfers & Retirements	Ending Balance
Business-type Activities:				
Non-Depreciable Assets:				
Land	\$ 20,791,748	\$ 113,742	\$ (289,639)	\$ 20,615,851
Intangibles (Rights)	75,701,718	-	-	75,701,718
Construction in Progress	34,317,055	93,820,524	(34,211,563)	93,926,016
Depreciable Assets:				
Buildings	79,105,318	6,334,373	(7,850)	85,431,841
Improvements other than Buildings	70,801,349	1,632,395	-	72,433,744
Equipment	52,763,955	3,263,252	(2,082,177)	53,945,030
Infrastructure	784,612,529	38,741,641	(2,982,030)	820,372,140
Totals at Historical Cost	1,118,093,672	143,905,927	(39,573,259)	1,222,426,340
Accumulated Depreciation				
Buildings	(27,010,555)	(2,688,385)	6,827	(29,692,113)
Improvements other than Buildings	(46,177,369)	(3,472,096)	-	(49,649,465)
Equipment	(34,621,585)	(1,992,360)	1,592,402	(35,021,543)
Infrastructure	(339,713,144)	(22,468,696)	2,256,163	(359,925,677)
Total Accumulated Depreciation	(447,522,653)	(30,621,537)	3,855,392	(474,288,798)
Net Capital Assets	670,571,019	113,284,390	(35,717,867)	748,137,542
Right to Use Leased Assets Being Amortized				
Right to Use Leased Equipments	75,948	-	-	75,948
Totals at Historical Cost	75,948	-	-	75,948
Accumulated Depreciation:				
Right to Use Leased Equipments	-	(18,988)	-	(18,988)
Total Accumulated Depreciation	-	(18,988)	-	(18,988)
Net Right to Use Leased Assets	75,948	(18,988)	-	56,960
Business Activities Capital Assets, net	670,646,967	113,265,402	(35,717,867)	748,194,502
Total Primary Government Capital Assets, net	\$ 1,999,726,040	\$ 250,820,445	\$ (102,691,564)	\$ 2,147,854,921
* 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.				

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

Governmental Activities:	Amount
General Government	\$ 1,422,831
Public Safety	3,391,076
Highways & Streets	42,248,142
Health	335,962
Culture & Recreation	15,525,801
Urban & Economic Development	984,376
Capital Assets Held by the Government's Internal Service Funds	4,940,644
Total Depreciation and Amortization Expense - Governmental Activities	\$68,848,832
Business-type Activities:	
Electric Light	\$ 1,821,649
Public Parking Facilities	1,248,955
Sanitary Landfill	2,923,380
Water	9,320,339
Water Reclamation	15,326,202
Total Depreciation and Amortization Expense - Governmental Activities	\$30,640,525

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Component Units	Beginning Balance (Restated)	Additions	Retirements	Reclassified to Held for Resale	Ending Balance
Housing Commission					
Non-Depreciable Assets:					
Land	\$ 894,251	\$ -	\$ -	\$ (118,067)	\$ 776,184
Construction in Progress	34,500	-	-	(34,500)	-
Depreciable Assets:					
Buildings	6,746,383	90,697	-	-	6,837,080
Improvements other than Buildings	445,040	-	-	-	445,040
Equipment	293,714	183,712	-	-	477,426
Totals at Historical Cost	8,413,888	274,409	-	(152,567)	8,535,730
Less Accumulated Depreciation:					
Buildings	(3,722,772)	(141,350)	-	-	(3,864,122)
Improvements other than Buildings	(217,195)	(28,103)	-	-	(245,298)
Equipment	(270,183)	(44,297)	-	-	(314,480)
Total Accumulated Depreciation	(4,210,150)	(213,750)	-	-	(4,423,900)
Total Housing Commission Capital Assets, net	\$ 4,203,738	\$ 60,659	\$ -	\$ (152,567)	\$ 4,111,830
Metro Communications Agency					
Construction in Progress	\$ -	\$ 663,161	\$ -	\$ -	\$ 663,161
Depreciable Assets:					
Equipment	2,462,296	-	(9,179)	-	2,453,117
Totals at Historical Cost	2,462,296	663,161	(9,179)	-	3,116,278
Less Accumulated Depreciation:					
Equipment	(2,284,343)	(23,525)	9,179	-	(2,298,689)
Total Accumulated Depreciation	(2,284,343)	(23,525)	9,179	-	(2,298,689)
Net Capital Assets	177,953	639,636	-	-	817,589
Right to Use Leased Assets Being Amortized					
Right to Use Leased Equipment	17,031	-	-	-	17,031
Total at Historical Cost	17,031	-	-	-	17,031
Less Accumulated Amortization:					
Equipment	-	(6,852)	-	-	(6,852)
Total Accumulated Amortization	-	(6,852)	-	-	(6,852)
Net Right to Use Leased Assets	17,031	(6,852)	-	-	10,179
Total Metro Communications Capital Assets, Net	\$ 194,984	\$ 632,784	\$ -	\$ -	\$ 827,768

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

Projects-in-Progress	Project Authorization	Expended to 12/31/2022	Committed
Centralized Facilities Improvements	\$ 3,236,120	\$ 335,865	\$ 2,900,255
Law Enforcement Center Chiller	127,060	-	127,060
Centralized Facilities Land Acquisition	1,000,000	-	1,000,000
Engineering Infrastructure Projects	57,416,305	13,192,653	44,223,652
Salt Storage Facility	32,504	32,504	-
Railroad Development	83,893	-	83,893
Land Acquisition for Future Fire Stations	464,610	-	464,610
Public Safety Training Center	53,015,456	30,935,775	22,079,681
Fire Digital Signage	82,086	24,626	57,460
Fire Truck	171,251	171,251	-
Police Patrol Vehicles	196,469	196,469	-
Core Façade Revitalization	120,000	-	120,000
Library Automated Material Handlers	142,987	142,987	-
Street Lights	1,081,505	1,004,664	76,841
Light and Power Facility Improvements	450,794	116,085	334,709
Electric Light Projects	899,450	-	899,450
Circuit Improvements	6,536,852	1,918,482	4,618,370
Electronic Automated Meter Reading	10,321	-	10,321
Arrowhead Park Development	19,976	13,623	6,353
Arboretum Park Improvements	168,955	138,350	30,605
Bike Trail Construction/Reconstruction	2,235,810	177,517	2,058,293
Cyclical Park Infrastructure Improvements	264,334	-	264,334
Skate Park Improvements	62,350	26,850	35,500
Falls Park Improvements	11,387,629	83,690	11,303,939
Family Park Improvements	31,785	31,785	-
Greenway and Trail Improvements	364,180	-	364,180
Harmodon Park Improvements	21,276	-	21,276
Jacobson Plaza Development	319,814	319,814	-
Neighborhood Park Improvements	197,955	-	197,955
Parks System Master Plan	158,585	158,585	-
Parks ADA Transistion Plan Improvements	378,000	-	378,000
Aquatics Facilities Development	99,640	52,640	47,000
Park Land Acquisition	1,523,741	3,450	1,520,291
Park Roads and Parking Lots Improvements	55,610	55,610	-
River Greenway	16,096,638	725,541	15,371,097
Tomar Park Tennis Courts	74,402	74,402	-
Tuthill Park Development	70,000	70,000	-
Zoo Master Plan Improvements	8,371,205	389,445	7,981,760
Fleet Chamber Fuel Site Improvements	126,000	-	126,000
Fleet Underground Storage Tanks	534,990	-	534,990
Fleet Maintenance Shop Improvements	298,000	-	298,000
Fleet Sanders	1,578,795	1,578,795	-
Fleet Storage Tanks	50,010	50,010	-
Landfill Closure	70,000	-	70,000
Landfill Scalehouse	1,077,535	1,077,535	-
Landfill Expansion	5,443,310	4,581,473	861,837
Landfill Building Improvements	1,617,510	-	1,617,510
Landfill Leachate Recirculation Infrastructure	116,140	-	116,140
Arena Building Improvements	200,000	-	200,000
Convention Center Building Improvements	496,718	39,000	457,718
Sioux Falls Stadium Improvements	50,000	-	50,000
Events Center Building Improvements	597,095	53,355	543,740
Washington Pavilion Building Improvements	6,615,968	287,935	6,328,033
Orpheum Building Improvements	365,000	181,860	183,140
Transit Office Remodel	2,520,000	12,298	2,507,702
Storm Sewer Projects	7,687,218	33,815	7,653,403
Water Projects	16,679,701	15,090,069	1,589,632
Water Reclamation Projects	288,718,612	71,185,695	217,532,917
	\$ 501,812,150	\$ 144,564,503	\$ 357,247,647

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:

Notes to Financial Statements

Capital Outlay	\$ 103,199,746
Plus: assets contributed from outside sources	32,601,196
Plus: assets added by Internal Service Funds	23,974,915
Plus: construction in progress added as an asset in current year	45,846,788
Capital asset increase per footnote	205,622,645
Plus: loss on sale of assets	(3,223,415)
Plus: assets contributed to enterprise funds	1,664,965
Less: assets contributed from outside sources	(32,601,196)
Plus: assets added by Internal Service Funds	(23,974,915)
Plus: assets transferred from enterprise funds	(33,704)
Less: construction in progress added as an asset in current year	(45,846,788)
Depreciation expense	(63,908,187)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 37,699,405</u>

H. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities, including the current portion, of the City of Sioux Falls for the year ended December 31, 2022.

	Balance Beginning (Restated)	Additions	Deletions	Balance Ending	Due Within One Year
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 149,350,000	\$ -	\$ 10,055,000	\$ 139,295,000	\$ 11,660,000
Notes Payable	10,045,016	1,408,089	862,738	10,590,367	1,145,015
Total Debt	159,395,016	1,408,089	10,917,738	149,885,367	12,805,015
Unamortized Bond Premium	17,745,440	-	746,619	16,998,821	839,636
Rebatable Arbitrage	22,024	-	-	22,024	n/a
Right To Use Leases					
Governmental Funds *	2,003,428	781,229	1,123,828	1,660,829	752,195
Internal Service Funds	1,782,189	-	74,589	1,707,600	70,188
Accrued Compensated Absences					
Governmental Funds *	12,470,196	7,401,544	6,360,371	13,511,369	1,000,000
Internal Service Funds	184,530	233,344	198,804	219,070	22,000
Total Governmental Activities	193,602,823	9,824,206	19,421,949	184,005,080	15,489,034
Business-type Activities:					
Bonds Payable:					
Revenue	36,595,000	-	3,835,000	32,760,000	4,185,000
Revenue Notes Payable	87,705,329	10,955,720	12,722,985	85,938,064	11,354,053
Total Debt	124,300,329	10,955,720	16,557,985	118,698,064	15,539,053
Unamortized Bond Premium	4,641,268	-	465,696	4,175,572	590,643
Right To Use Leases	75,948	-	18,909	57,039	18,909
Closure & Postclosure Care Costs *	10,778,915	517,637	-	11,296,552	n/a
Accrued Compensated Absences	1,866,084	1,121,165	1,067,134	1,920,115	185,000
Total Business-type Activities	141,662,544	12,594,522	18,109,724	136,147,342	16,333,605
Total Primary Government	<u>\$ 335,265,367</u>	<u>\$ 22,418,728</u>	<u>\$ 37,531,673</u>	<u>\$ 320,152,422</u>	<u>\$ 31,822,639</u>
* See Note 6B for further information on Closure and Postclosure Care Costs					

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Component Units

Housing Commission					
Revenue Notes Payable	\$ 210,473	\$ -	\$ 31,345	\$ 179,128	\$ 31,345
Line of Credit	82,528	1,113,198	711,041	484,685	484,685
Mortgages Payable	3,102,423	351,922	42,543	3,411,802	395,247
Accrued Compensated Absences	90,649	104,492	105,437	89,704	67,510
Total Housing Commission	\$ 3,486,073	\$ 1,569,612	\$ 890,366	\$ 4,165,319	\$ 978,787
Metro Communications Agency					
Right To Use Leases	\$ 17,031	\$ -	\$ 6,603	\$ 10,428	\$ 4,439
Accrued Compensated Absences	304,706	329,380	307,933	326,153	159,903
Total Metro Communications Agency	\$ 321,737	\$ 329,380	\$ 314,536	\$ 336,581	\$ 164,342

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

Individual Debt Issues and Other Long-Term Liabilities by Fund—The following is a summary of the individual debt issues, as of the year ended December 31, 2022.

	Purpose	Interest Rates***	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
PRIMARY GOVERNMENT							
Governmental Activities							
Revenue Bonds & Notes							
Sales & Use Tax Fund							
Series 2012A Sales Tax	* Events Center	3.21%	2033	\$ -	\$ 108,440,000	\$ 74,685,000	\$ 8,205,378
Series 2012B Sales Tax	* Events Center	1.87%	2023	-	13,705,000	2,000,000	2,052,000
Series 2016A Sales Tax	* City Center Office Building	3.09%	2036	-	20,260,000	17,910,000	1,805,500
Series 2018A Sales Tax	* Library & Parks (I) Refunding	2.14%	2025	-	10,635,000	4,995,000	1,840,500
Series 2020A Sales Tax	* Public Safety Facility	2.42%	2040	-	42,315,000	39,705,000	3,399,750
Total Sales & Use Tax				-	195,355,000	139,295,000	17,303,128
Housing Fund							
State Flex Funds	Rental Rehab Loans	0.00%	2023	-	600,000	600,000	600,000
Storm Drainage Fund							
State Revolving Note #39	System Construction	1.00%	2030	-	8,829,000	6,334,004	931,477
State Revolving Note #42	System Construction	1.00%	2032	5,801,037	3,656,363	3,656,363	301,224
Total Storm Drainage				5,801,037		9,990,367	1,232,701
Total Revenue Bonds & Notes				5,801,037		149,885,367	19,135,829
Other Long-Term Liabilities							
Right to Use Leases - Governmental	Right to Use Assets	2383%-3.1440%	2027	-	1,660,829	1,660,829	775,442
Right to Use Leases - Internal Service	Right to Use Assets	0.55%	2025	-	1,707,600	1,707,600	1,579,735
Unamortized Bond Premium	Bond Issue	n/a	2040	n/a	n/a	16,998,821	n/a
Total Debt				5,801,037		170,252,617	21,491,006
Vested Compensated Absences							
Governmental Funds	Compensated Absences	n/a	n/a	n/a	n/a	13,511,369	n/a
Internal Service Funds	Compensated Absences	n/a	n/a	n/a	n/a	219,070	n/a
Total Governmental Activities				\$ 5,801,037		\$ 183,983,056	\$ 21,491,006
Business-type Activities							
Revenue Bonds & Notes							
Water							
Series 2017A Sales Tax	* Lewis & Clark Refunding	1.80%	2026	\$ -	\$ 31,045,000	\$ 18,550,000	\$ 7,770,000
Total Water				-		18,550,000	7,770,000
Water Reclamation							
State Revolving Note #21	System Construction	2.25%	2027	-	34,813,977	9,657,467	2,262,608
State Revolving Note #32	System Construction	1.25%	2023	-	23,037,837	681,122	683,565
State Revolving Note #33	System Construction	1.25%	2023	-	13,657,053	1,105,848	1,112,768
State Revolving Note #34	System Construction	2.25%	2024	-	12,040,836	2,631,669	1,349,359
State Revolving Note #35	System Construction	1.25%	2027	1,189,232	10,790,225	5,574,552	1,151,855
State Revolving Note #36	System Construction	1.25%	2028	-	16,550,544	10,192,966	1,765,982
State Revolving Note #37	System Construction	1.25%	2029	-	7,350,585	4,576,023	788,992
State Revolving Note #38	System Construction	1.00%	2029	-	9,515,974	6,599,905	1,012,355
State Revolving Note #40	System Construction	1.50%	2041	1,105,975	25,702,825	24,468,022	1,469,351
State Revolving Note #41	System Construction	2.50%	2042	21,009,912	20,615,088	20,450,490	1,083,818
State Revolving Note #43	System Construction	2.00%	n/a	18,500,000	-	-	n/a
State Revolving Note #44	System Construction	2.00%	n/a	123,000,000	-	-	n/a
Total Water Reclamation				164,805,119		85,938,064	12,680,653
Public Parking							
Series 2018B Sales Tax	Parking Ramp Construction	3.51%	2032	-	18,540,000	14,210,000	1,877,774
Total Debt				164,805,119		118,698,064	22,328,427
Other Long-Term Liabilities							
Right to Use Leases - Business Type	Right to Use Assets	0.55%	2025	-	57,039	57,039	19,185
Unamortized Bond Premium	Bond Issue	n/a	n/a	n/a	n/a	4,175,572	n/a
Total Debt						122,930,675	22,347,612
Vested Compensated Absences							
Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	1,920,115	n/a
Total Business-type Activities				\$ 164,805,119		\$ 124,850,790	\$ 22,347,612

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

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

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Individual Debt Issues and Long-Term Liabilities by Component Unit—The following is a summary of the individual debt issues, as of the year ended December 31, 2022.

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	\$ 179,128	\$ 31,345
Line of Credit	First Premier Bank	4.00%	2023	-	1,349,000	484,685	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	94,592	5,358
SD Housing Development Authority	Affordable Housing	0.00%	2046	-	100,000	100,000	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2044	-	171,162	126,057	5,820
Sioux Falls Community Development	Affordable Housing	0.00%	2044	-	179,550	86,667	3,333
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	23,223	2,983
Sioux Falls Community Development	Affordable Housing	0.00%	2032	-	360,771	359,222	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2035	-	161,880	137,920	90,000
SD Housing Development Authority	Affordable Housing	0.00%	2034	-	697,234	689,590	n/a
SD Housing Development Authority	Affordable Housing	2.00%	2024	-	124,027	124,027	124,027
SD Housing Development Authority	Affordable Housing	2.00%	2024	-	49,278	49,278	49,278
SD Housing Development Authority	Affordable Housing	2.00%	2024	-	49,279	49,279	49,278
SD Housing Development Authority	Affordable Housing	2.00%	2024	-	129,337	129,337	129,337
First Interstate Bank	Affordable Housing	4.95%	2027	-	40,000	23,958	3,132
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	31,281	6,952
Sioux Falls Community Development	Affordable Housing	0.00%	n/a	-	200,000	200,000	200,000
Sioux Falls Community Development	Affordable Housing	0.00%	n/a	-	371,000	351,000	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	91,282	12,172
SD Housing Development Authority	Affordable Housing	0.00%	2041	-	200,000	176,000	4,000
Total Mortgages				-		3,411,802	697,430
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	89,704	60,493
Total Housing Commission				\$ -		\$ 4,165,319	\$ 789,268
Metro Communications Agency							
Right to Use Leases - Governmental	Right to Use Assets	3.37%	2025	-	17,031	1,660,829	4,713
Total Debt				-		1,660,829	4,713
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	326,153	159,903
Total Metro Communications Agency				\$ -		\$ 1,986,982	\$ 164,616

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, 2022, are as follows:

PRIMARY GOVERNMENT	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2022 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, Public Safety Facility	Sales and Use Taxes	24%	2040	\$ 244,940,000	\$ 21,497,624	\$ 89,379,981	\$ 222,604,940
Housing Fund								
State Flex Funds	Rental Rehab Loans	Housing Revenues	0%	2023	600,000	-	3,090,706	600,000
Storm Drainage Fund								
State Revolving Notes	System Construction	Storm Drainage Revenues	11%	2032	12,485,363	862,738	8,120,847	9,580,311
Business-type Activities								
Revenue Bonds & Notes								
Water Reclamation								
State Revolving Notes	System Construction	Water Reclamation Revenues	44%	2027	146,734,175	10,023,408	22,943,970	75,223,799

Revenue Bonds Payable

Bonds payable at December 31, 2022, consist of five issues backed and serviced solely by the second penny sales tax (Sales and Use Tax Fund), one issue backed by the second penny sales tax and serviced by the Water Fund as shown above, and one issue backed by the second penny sales tax and serviced by the Public Parking Fund as shown above.

Debt service requirements for the revenue bonds at December 31, 2022, are as follows:

Sales and Use Tax			
Year	Principal	Interest	Total
2023	\$ 11,660,000	\$ 5,631,828	\$ 17,291,828
2024	10,070,000	5,172,878	15,242,878
2025	10,490,000	4,738,578	15,228,578
2026	9,055,000	4,347,828	13,402,828
2027	9,380,000	4,022,378	13,402,378
2028-2032	52,365,000	14,641,163	67,006,163
2033-2037	27,025,000	5,375,875	32,400,875
2038-2040	9,250,000	939,997	10,189,997
Totals	\$ 139,295,000	\$ 44,870,525	\$ 184,165,525

Notes to Financial Statements

Water			
Year	Principal	Interest	Total
2023	\$ 3,100,000	\$ 927,500	\$ 4,027,500
2024	3,950,000	772,500	4,722,500
2025	4,100,000	575,000	4,675,000
2026	7,400,000	370,000	7,770,000
Totals	\$ 18,550,000	\$ 2,645,000	\$ 21,195,000

Public Parking			
Year	Principal	Interest	Total
2023	\$ 1,085,000	\$ 490,232	\$ 1,575,232
2024	1,195,000	457,465	1,652,465
2025	1,090,000	420,301	1,510,301
2026	1,255,000	385,312	1,640,312
2027	1,450,000	344,524	1,794,524
2028-2032	8,135,000	936,581	9,071,581
Totals	\$ 14,210,000	\$ 3,034,415	\$ 17,244,415

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, 2022, the City had a rebatable arbitrage liability of \$22,024, which was payable from the Capital Improvements Special Revenue Fund.

Tax Increment Financing (TIF) Districts

The City has 14 active TIF districts. For each of these 14 districts, the City has entered into an agreement with the developer of the TIF district. Under each agreement, tax increments received by the City are paid over to the project sponsor as a grant to cover initial eligible project expenses as allowed by South Dakota state statutes. The project sponsor bears the risk that increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses; the City bears no responsibility to make up any shortfall. Increments totaling \$3,346,430 were received by the City and paid to project sponsors during 2022.

Notes Payable

The City has entered into several notes payable with the South Dakota Conservancy District, which have provided funds for construction and maintenance of the storm drainage, water, and water reclamation systems. These funds are drawn as construction progresses. Several notes have balances available that have not been drawn and are so noted on the individual debt table on page 64. A complete amortization schedule will be provided upon completion or partial completion of the draw term. Thus, future debt service cannot be accurately determined until all projects for each note are completed.

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

Storm Drainage			
Year	Principal	Interest	Total
2023	\$ 1,145,015	\$ 87,686	\$ 1,232,701
2024	1,156,508	76,193	1,232,701
2025	1,168,117	64,585	1,232,702
2026	1,179,842	52,860	1,232,702
2027	1,191,684	41,017	1,232,701
2028-2032	3,355,963	60,841	3,416,804
Totals	\$ 9,197,129	\$ 383,182	\$ 9,580,311
Issues With No Estimate Available	793,238		
Total	\$ 9,990,367		

The Storm Drainage Fund currently has \$5,801,037 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
2023	\$ 11,354,054	\$ 1,326,599	\$ 12,680,653
2024	9,730,216	1,154,104	10,884,320
2025	8,535,615	999,346	9,534,961
2026	8,674,041	860,920	9,534,961
2027	7,680,460	723,198	8,403,658
2028-2032	14,493,934	2,622,426	17,116,360
2033-2037	11,191,659	1,574,188	12,765,847
2038-2042	10,188,208	470,000	10,658,208
Totals	\$ 81,848,187	\$ 9,730,781	\$ 91,578,968
Issues With No Estimate Available	4,089,877		
Total	\$ 85,938,064		

The Water Reclamation Fund has \$164,805,119 available and undrawn notes payable from the South Dakota Conservancy District which includes State Revolving Note 43 of \$18,500,000 and Note 44 of \$123,000,000 which have not been drawn on as of year-end December 31, 2022.

Right to Use Leases

Remaining principal and interest payments on right to use leases are as follows:

Governmental Funds (Includes Internal Service Funds)			
Year	Principal	Interest	Total
2023	\$ 822,383	\$ 32,629	\$ 855,012
2024	363,022	25,801	388,823
2025	1,864,771	24,053	1,888,824
2026	207,158	5,878	213,036
2027	111,095	729	111,824
Totals	\$ 3,368,429	\$ 89,090	\$ 3,457,519
Enterprise Funds			
Year	Principal	Interest	Total
2023	\$ 18,909	\$ 276	\$ 19,185
2024	19,013	171	19,184
2025	19,117	66	19,183
Totals	\$ 57,039	\$ 513	\$ 57,552

Further information on these leases can be found in Note 31.

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State Flex Funds

The City has entered into an agreement with the state of South Dakota whereby the state has lent the City \$600,000 interest free for five years with the option to negotiate the refinancing for up to three additional five-year terms for a total of 20 years. The funds were used for rental rehabilitation projects.

Component Units

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

Housing Commission			
Year	Principal	Interest	Total
2023	\$ 426,592	\$ 8,819	\$ 435,411
2024	75,338	8,021	83,359
2025	77,189	7,170	84,359
2026	78,064	6,295	84,359
2027	90,137	5,174	95,311
2028-2032	616,502	13,443	629,945
2033-2037	997,552	4,805	1,002,357
2038-2042	278,754	2,516	281,270
2043-2047	181,713	312	182,025
Thereafter	769,089	-	769,089
Totals	\$ 3,590,930	\$ 56,555	\$ 3,647,485

During 2022, the Housing Commission issued a line of credit agreement with First Premier Bank for \$1.349 million with a carrying interest rate of 4 percent and a maturity date of July 1, 2023. The outstanding balance as of September 30, 2022 is \$484,685.

Remaining principal and interest payments on right to use leases for Metro Communications are as follows:

Year	Principal	Interest	Payment
2023	\$ 4,439	\$ 274	\$ 4,713
2024	2,898	166	3,064
2025	3,091	66	3,157
Total	\$ 10,428	\$ 506	\$ 10,934

Accordingly, at December 31, 2022, the City has an available legal debt limit as follows:

2022 Assessed Actual Value Subject to Taxation:				\$ 18,729,969,975
Category	Legal Debt Limit		Net Bonded Debt Outstanding	Available Legal Debt Margin
	Percent	Amount		
General Purpose 1	5.0%	\$ 936,498,499	\$ 256,241,381	\$ 680,257,118
Special Purpose 2	10.0%	1,872,996,998	-	1,872,996,998
Special Purpose 3	8.0%	1,498,397,598	-	1,498,397,598
		<u>\$4,307,893,095</u>	<u>\$ 256,241,381</u>	<u>\$ 4,051,651,714</u>
Surcharge Debt Not Included in Legal Debt Limit			<u>3,737,517</u>	
Total Debt			<u>\$ 259,978,898</u>	

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.

Notes to Financial Statements

I. Leases -

Lessee

On July 30, 2020, the City entered into a 60 month lease as Lessee for copier equipment for the dates of January 1, 2021 – December 31, 2025. A initial lease liability was recorded in the amount of \$531,051 across multiple funds within the City. The value of the right-to-use copier assets as of December 31, 2022 is \$531,051 which encompasses both governmental and business type funds, with accumulated amortization of \$132,762. These copiers are included with Equipment on the Lease Class activities table found in note 3H. Minimum future rentals do not include contingent rentals, which may be received during the lease period as stipulated in the various lease contracts.

On June 19, 2020, City entered into a 66 month lease as Lessee for the use of a property for the Right to Work Station. An initial lease liability was recorded in the amount of \$1,708,012. As of December 31, 2022, the value of the lease liability is \$1,651,890. The City is required to make annual fixed payments of \$60,833. The lease has an interest rate of 0.5517 percent. The building's estimated useful life was 40 years as of the contract commencement. The value of the right to use asset as of December 31, 2022 of \$1,708,012 with accumulated amortization of \$427,003 is included with building on the Lease Class activities table found in Note 3H. City of Sioux Falls, SD has the option to purchase the building for \$1.5 million. The City has one extension option, for 60 months.

On October 15, 2018, the City entered into a five year lease as Lessee for the use of motor graders ending April 15, 2023. An initial lease liability was recorded in the amount of \$1,397,245. As of December 31, 2022, the value of the lease liability is \$465,079. The City is required to make annual fixed payments of \$932,375 for the first four years of this lease with a final payment amount of \$466,188. The lease has an interest rate of 0.2383 percent. The Vehicles estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of December 31, 2022 of \$1,397,325 with accumulated amortization of \$1,084,131 is included with equipment on the Lease Class activities table found in Note 3H. The City has the option to purchase the equipment for \$8,080,497 which it does not intend to exercise.

On November 1, 2022, the City entered into a 60 month lease as Lessee for the use of Front-End Loaders. An initial lease liability was recorded in the amount of \$781,229. As of December 31, 2022, the value of the lease liability is \$729,343. The City is required to make monthly fixed payments of \$27,956. The lease has an interest rate of 3.1440 percent. The equipment estimated useful life was five years as of the contract commencement. The value of the right to use asset as of December 31, 2022 of \$781,229 with accumulated amortization of \$26,041 is included with equipment on the Lease Class activities table found in Note 3H. The 60 month period includes has four extension options, each for 12 months which are reasonably certain to be used.

On January 1, 2022, the City entered into a 60 month lease as Lessee for the use of the Vector Control Building. An initial lease liability was recorded in the amount of \$225,178. As of December 31, 2022, the value of the lease liability is \$180,321. The City is required to make monthly fixed payments of \$3,775. The lease has an interest rate of 0.2383 percent. The building's estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of December 31, 2022 of \$225,178 with accumulated amortization of \$45,036 is included with Buildings on the Lease Class activities table found in Note 3H. City of Sioux Falls, SD has 4 extension options, each for 12 months, which the City will exercise with reasonable certainty.

Component Unit – Metro Communications

On June 1, 2008, the Agency entered into a 180-month lease as Lessee for a building lease for the dates of June 1, 2008 – May 31, 2023. An initial lease liability was recorded in the amount of \$5,351. As of December 31, 2022, the value of the lease liability is \$1,724. The Agency is required to make fixed monthly payments of \$340. The lease has an interest rate 3.37 percent. The building's estimated useful life was 40 years as of the contract commencement. The value of this right-to-use asset as of December 31, 2022, is \$5,691, with accumulated amortization of \$4,017. This building on the Lease Class activities table found above. There are no future purchase or renewal options for this lease.

On January 1, 2021, the Agency entered into a 60-month lease as Lessee for a building leases. An initial lease liability was recorded in the amount of \$10,618. As of December 31, 2022, the value of the lease liability is \$8,704. The Agency is required to make variable quarterly payments which are \$744 for 2022. The lease has an interest rate of 3.37 percent. The building's estimated useful life was 40 years as of the contract commencement. The value of the right to use asset as of December 31, 2022 of \$11,340 with accumulated amortization of \$2,835. This building on the Lease Class activities table found above. There are no future purchase or renewal options for this lease.

Lessor

On November 6, 2020, the City acquired a 168 month lease as Lessor for the use of 41st & Marion Lamar Sign. An initial lease receivable was recorded on January 1, 2022 in the amount of \$76,790 as of January 1, 2022. As of December 31, 2022, the value of the lease receivable is \$70,897. The lessee is required to make annual fixed payments of \$6,000.00. The lease has an interest rate of 0.2383 percent. The Infrastructure estimated useful life was 240 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$70,705, and the City recognized lease revenue of \$6,085 during the fiscal year. The lessee has one extension option(s), each for 240 months, which the City believes it will not exercise with reasonable certainty.

Notes to Financial Statements

On September 22, 2022, the City entered into a 63 month lease, of which 15 months are noncancelable, as Lessor for the use of 521 North Main Avenue. An initial lease receivable was recorded on January 1, 2022 in the amount of \$204,011. As of December 31, 2022, the value of the lease receivable is \$195,066. The lessee is required to make monthly fixed payments of \$3,200. The lease has an interest rate of 1.7103 percent. The value of the deferred inflow of resources as of December 31, 2022 was \$193,324, and the City recognized lease revenue of \$10,686 during the fiscal year. The lessee has 4 extension option(s), each for 12 months, which the City believes it will exercise with reasonable certainty.

On July 19, 2019, the City acquired a 72 month lease as Lessor for the use of Arrowhead Pkwy - 19 Township 101N. An initial lease receivable was recorded on January 1, 2022 in the amount of \$3,954. As of December 31, 2022, the value of the lease receivable is \$2,967. The lessee is required to make annual fixed payments of \$1,000. The lease has an interest rate of 0.5517 percent. The infrastructure estimated useful life was 72 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$2,876, and the City recognized lease revenue of \$1,078 during the fiscal year. The lessee has one extension option, each for 240 months, which the City believes it will not exercise with reasonable certainty.

On March 17, 2017, the City entered into a 240 month lease, of which 60 months are noncancelable, as Lessor for the use of a water tower for communication equipment. An initial lease receivable was recorded on January 1, 2022, in the amount of \$435,950. As of December 31, 2022, the value of the lease receivable is \$408,861. The lessee is required to make annual fixed payments of \$27,720. The lease has an interest rate of 0.6857 percent. The infrastructure estimated useful life was 60 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$407,290, and the City recognized lease revenue of \$28,660 during the fiscal year. The lessee exercised an extension option for 60 months in 2022. The lessee has two additional extension options, each for 60 months, which the City believes it will exercise with reasonable certainty.

On October 16, 2017, the City entered into a 240 month lease, of which 60 months are noncancelable, as Lessor for the use of a water tower for communication equipment. An initial lease receivable was recorded on January 1, 2022, in the amount of \$566,366. As of December 31, 2022, the value of the lease receivable is \$533,066. The lessee is required to make annual fixed payments of \$33,300, increasing 10 percent at the start of each renewal term. The lease has an interest rate of 3.3050 percent. The infrastructure estimated useful life was 60 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$560,466, and the City recognized lease revenue of \$5,899.64 during the fiscal year. The lessee has three extension options, each for 60 months, which the City believes it will exercise with reasonable certainty. The lessee had a termination period of

four months as of the lease commencement, which the City believes it will not exercise with reasonable certainty.

On August 1, 2020, the City entered into a 240 month lease, of which 120 months is noncancelable, as Lessor for the use of Parking Lot D2. An initial lease receivable was recorded on January 1, 2022 in the amount of \$464,760. As of December 31, 2022, the value of the lease receivable is \$446,142. The lessee is required to make monthly fixed payments of \$1,989, increasing 10 percent every 60 months. The lease has an interest rate of 1.1607 percent. The value of the deferred inflow of resources as of December 31, 2022 was \$439,750, and the City recognized lease revenue of \$25,009 during the fiscal year. The lessee has one extension option, for 120 months, which the City believes it will exercise with reasonable certainty. The lessee had a termination period of two months as of the lease commencement, which the City believes it will not exercise with reasonable certainty.

On July 19, 2019, the City acquired a 36 month lease as Lessor for the use of Rich Bros Lamar Sign. An initial lease receivable was recorded on January 1, 2022 in the amount of \$6,945. As of December 31, 2022, the value of the lease receivable is \$5,950. The lessee is required to make annual fixed payments of \$1,000. The lease has an interest rate of 0.2383 percent. The infrastructure estimated useful life was 60 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$5,851, and the City recognized lease revenue of \$1,094 during the fiscal year. The lessee has 1 extension options, for 60 months, which the City believes it will not exercise with reasonable certainty.

On April 12, 2010, the City entered into a 240 month lease as Lessor for the use of Kelly's Subdivision. An initial lease receivable was recorded on January 1, 2022 in the amount of \$7,671. As of December 31, 2022, the value of the lease receivable is \$6,707. The lessee is required to make annual fixed payments of \$1,000. The lease has an interest rate of 1.0840 percent. The Land Improvements estimated useful life was 60 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$6,750, and City of Sioux Falls, SD recognized lease revenue of \$921 during the fiscal year.

On March 17, 2005, the City entered into a 240 month lease, of which 180 months is noncancelable, as Lessor for the use of Phillips Ave Diner Lot. An initial lease receivable was recorded on January 1, 2022 in the amount of \$74,709. As of December 31, 2022, the value of the lease receivable is \$52,708. The lessee is required to make monthly fixed payments of \$1,854, increasing 2.5 percent on the anniversary date of the commencement of the lease in each odd-numbered year. The lease has an interest rate of 0.4257 percent. The lot's estimated useful life was 60 months as of the contract commencement. The value of the deferred inflow of resources as of December 31, 2022 was \$52,296, and the City recognized lease revenue of \$22,413 during the fiscal year. The lessee exercised a 60 month extension option in 2020.

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Notes to Financial Statements

J. Fund balances

The City-classified fund balances within the governmental funds are as follows at December 31, 2022:

	General	Entertainment Tax	Sales and Use Tax	Housing	Storm Drainage	General Government Construction	Public Safety Facility Construction	Other Governmental Funds	Total
Fund balances:									
Nonspendable:									
Inventory	\$ 2,373,125	\$ -	\$ 4,494,610	\$ 100,494	\$ -	\$ -	\$ -	\$ -	\$ 6,968,229
Permanent Fund Principal	-	-	-	-	-	-	-	26,767	26,767
Total Nonspendable	2,373,125	-	4,494,610	100,494	-	-	-	26,767	6,994,996
Restricted for:									
Debt Service	-	-	16,128,128	-	-	-	-	22	16,128,150
Park and Recreation	120,687	-	532,488	-	-	-	-	-	653,175
Police	5,169	-	38,704	-	-	-	-	-	43,873
Health	111,829	-	-	-	-	-	-	-	111,829
Library	31,721	-	-	-	-	-	-	16,522	48,243
Community Development	-	-	-	27,961,091	-	-	-	-	27,961,091
Heroic Awards	-	-	-	-	-	-	-	3,592	3,592
City Center Office Building	-	-	-	-	-	275,351	-	-	275,351
Public Safety Facility Building	-	-	-	-	-	-	19,583,266	-	19,583,266
Storm Drainage	-	-	-	-	8,140,590	-	-	-	8,140,590
Other Capital Projects	-	-	-	-	3,140,901	-	-	-	3,140,901
Total Restricted	269,406	-	16,699,320	27,961,091	11,281,491	275,351	19,583,266	20,136	76,090,061
Committed to:									
Operating Agreements	2,017,777	6,196,303	-	-	-	-	-	358,844	8,572,924
Entertainment Venues	-	16,414,241	-	-	-	-	-	-	16,414,241
Other Capital Projects	-	-	61,533,898	-	-	-	-	-	61,533,898
Total Committed	2,017,777	22,610,544	61,533,898	-	-	-	-	358,844	86,521,063
Assigned to:									
Transit System	-	-	-	-	-	-	-	11,918,653	11,918,653
2023 Budget	1,631,843	-	-	-	-	-	-	-	1,631,843
Total Assigned	1,631,843	-	-	-	-	-	-	11,918,653	13,550,496
Unassigned:	81,185,114	-	-	-	-	-	-	-	81,185,114
Total Fund Balances	\$ 87,477,265	\$ 22,610,544	\$ 82,727,828	\$28,061,585	\$11,281,491	\$ 275,351	\$ 19,583,266	\$ 12,324,400	\$264,341,730

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, 2022, was \$732,715 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 \$1,330,000 from the county for operations during 2022. All

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

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

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

The City is contractually obligated to provide financial support to the following entities: **Washington Pavilion Management Inc., Zoological Society, and Great Bear Recreation Park**; however, the City is not financially accountable for these organizations because the City does not have the ability to impose its will on these organizations, and these organizations are not fiscally dependent on the City. The City provided the Washington Pavilion Management Inc. and the Zoological society operational support in the amounts of \$2,383,625 and \$1,548,665, respectively.

Notes to Financial Statements

Note 5—Jointly Governed Organizations

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

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

Note 6—Commitments and Contingencies

A. Commitments

At December 31, 2022, the City has commitments on construction projects totaling \$357,247,647 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 (MGD) to ensure the future supplemental water supply needs of the City will be met.

In 2022 the City entered into commitments to pay the City's portion of a 15.81 MGD Expansion. This secures an additional 6.4 MGD per day to supplement water supply needs of the City.

The City's investment to date of \$75.7 million is recorded in the Water enterprise fund as an intangible asset. Of this investment, the City made prepayments equal to \$64.3 million for the City's share of the estimated project costs associated with the City's portion of base capacity and additional capacity. An interim true-up conducted between Lewis and Clark and the City shows that the City holds a credit with Lewis and Clark of \$12,318,043 (in 2014 dollars). Of that sum, \$2,866,329 has been applied to the Sioux Falls share of the 85th Street Tower and \$3,706,881 has been applied to the Sioux Falls share of two wells designated as wells "A" and "B." The Sioux Falls costs, as that term is defined in contracts between Lewis and Clark and the City, have been fully paid. The net interim credit to the City is \$6,182,121 (in 2016 dollars). This credit is indexed annually according to the Bureau of Reclamation construction cost index. Any remaining surplus or deficiency will be calculated for base system costs in a final true-up upon completion of the project. Construction of the overall system is 77 percent complete with authorized funding to complete 82 percent.

The final commitment costs for Sioux Falls share of base system costs may be higher or lower due to cost indexing, construction over-runs, changes in federal funding, and the final number of wells actually constructed. The City is projected to owe Lewis and Clark from \$1,105,195 to \$11,669,619, depending on these various factors. The City began receiving water from the System on July 30, 2012. The City is committed to the purchase of a minimum of 2.75 million gallons of water per day.

The City pays a capacity charge of \$0.57/1000 gallons of available capacity and a volumetric charge of \$0.70/1000 gallons for water purchased. If the City uses 100 percent of their capacity, the effective rate is \$1.27/1000 gallons. Sioux Falls effective rate varied from \$1.01/1000 gallons in June 2022 to \$1.36/1000 gallon in November 2022 and a yearly average of \$1.17/1000 gallons for 2022.

For the year 2022 the city received a daily average of 12.587 million gallons per day with a peak day of 20.549 million gallons which occurred on June 15, 2022. A total of 4,594,100,000 gallons of water was purchased for the year ending December 31, 2022.

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

B. Contingent Liabilities

Litigation

The City is a defendant in various lawsuits. The City's legal counsel estimates that there is a wide-range of potential claims against the City that may or may not be covered by insurance. The results from such litigation could possibly have a material effect upon some areas of the financial statements of the City. However, there is no indication at the time of publication that these claims will be incurred, and the potential losses cannot be reasonably estimated at this time. Although the City does carry adequate reserve balances within the funds to address unforeseen circumstances and events, no reserve has been recorded for any such liability arising out of the current pending litigation.

Solid Waste Landfill Closure and Post-Closure Care Costs

The City owns and operates a landfill site located west of the city. State and federal laws will require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The City recognizes a portion of the closure and post-closure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of December 31. The change in the liability for the year ended December 31, 2022, is as follows:

Notes to Financial Statements

CHANGE IN LIABILITY	
	Amount
Balance at January 1	\$ 10,778,915
Change in liability due to usage and revision of estimates	517,637
Balance at December 31	<u>\$ 11,296,552</u>

As of December 31, 2022, the City estimate is as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Sioux Falls Regional Sanitary Landfill	45.9%	\$ 11,296,552	\$ 13,290,583	55.0
Totals		\$ 11,296,552	\$ 13,290,583	

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

By local ordinance as well as state and federal laws, the City is required to establish a restricted financial assurance cash fund to accumulate assets needed for the actual payment of closure and post-closure care costs. Currently, assets reported as restricted cash and cash equivalents on the combined balance sheet include \$11.3 million held for this purpose.

Note 7—Risk Management

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

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

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

SDPAA member, based on their exposure or type of coverage

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

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

	2021	2022
Balance January 1	\$ 2,200,000	\$ 2,000,000
Claims incurred during the year	16,946,043	17,604,254
Payments on claims during the year	(17,146,043)	(17,604,254)
Balance December 31	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

The Workers' Compensation Fund has total assets and total deferred outflows of resources of \$5,953,443 at December 31, 2022, which will be used to pay current expenses of the fund. The fund has total liabilities and deferred inflows of resources of \$2,399,510 which includes a loss reserve liability of \$2,302,294 for those claims incurred as of December 31, 2022, where it is probable that a liability has been incurred and for which the amount of loss could reasonably be estimated. The City purchases commercial insurance coverage for claims in excess of coverage provided by the Fund.

Component Units

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

Note 8—Conduit Debt Obligations

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

Notes to Financial Statements

As of December 31, 2022, there were two series of Industrial Revenue/Economic Development Bonds outstanding with an aggregate principal amount payable of \$47.8 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, 2022:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Pooled Cash				
Money Market Mutual Funds	\$ 45,132,351	\$ -	\$ -	\$ 45,132,351
U.S. Treasury Securities	-	265,799,854	-	265,799,854
Total Debt Service Trust Investments	<u>\$ 45,132,351</u>	<u>\$ 265,799,854</u>	<u>\$ -</u>	<u>\$ 310,932,205</u>
Debt Service Trust				
Money Market Mutual Funds	\$ 43,493,939	\$ -	\$ -	\$ 43,493,939
U.S. Treasury Securities	-	655,244	-	655,244
Total Debt Service Trust Investments	<u>\$ 43,493,939</u>	<u>\$ 655,244</u>	<u>\$ -</u>	<u>\$ 44,149,183</u>
Pension Investments				
Money Market Mutual Funds	\$ 2,490,028	\$ -	\$ -	\$ 2,490,028
Domestic Stocks	50,015,240	-	-	50,015,240
Foreign Stocks	4,029,547	-	-	4,029,547
U.S. Treasury Securities	-	56,703,369	-	56,703,369
Corporate Obligations	-	42,641,450	-	42,641,450
Foreign Obligations	-	27,160,779	-	27,160,779
Equity Funds	-	172,989,316	-	172,989,316
Partnership/Joint Ventures	-	-	71,559,595	71,559,595
Collective Investment Funds	-	-	288,265,553	288,265,553
	<u>\$ 56,534,815</u>	<u>\$ 299,494,914</u>	<u>\$ 359,825,148</u>	<u>\$ 715,854,877</u>
Investments measured at the net asset value (NAV)				
Pooled Cash Account				
South Dakota FIT	<u>\$ 17,287,131</u>			

Notes to Financial Statements

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

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

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

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

Investments measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Cash Account				
South Dakota FIT	\$ 17,287,131	-	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 14 active tax increment districts in which taxes are passed directly to developers. Because the general property taxes on tax increment districts are allocated to the districts, these taxes are not available to the City during the life of the tax increment district. The portion of general property taxes levied for these tax increment districts during

the calendar year ended December 31, 2022, that was not available to the City was \$3,346,430.

Note 11—Service Concession Arrangement

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

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

Event Complex and Orpheum Theater

On November 2, 2012, the City entered into a five-year agreement with ASM Global, to provide professional management of the City's event complex consisting of the T. Denny Sanford PREMIER Center, legacy arena, and convention center, and the Orpheum Theater. This contract was renewed for another five years starting with 2018 and ending in 2022 which now includes the City's baseball stadium. As compensation for managing the event complex, ASM Global receives a base fee with annual increases and may earn additional performance incentives.

The City holds an asset for this management agreement in the amount of \$6,196,303, as well as, unearned revenue of \$100,000 related to the capital contribution by ASM Global that will be amortized over the remaining of the five-year agreement.

Municipal Golf Courses

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

The City holds an asset for this management agreement in the amount of \$2,017,777.

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 \$358,844.

Notes to Financial Statements

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, 2022, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	770	190
Vested former members not yet receiving benefits	88	7
Active plan members	<u>458</u>	<u>109</u>
Total	<u>1,316</u>	<u>306</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 2022, the CERS general division member employees contributed 5 percent of their gross earnings and police division member employees contributed 10 percent of their gross earnings. CFPF member employees contributed 10 percent of their gross earnings. The employee contribution rates are established by City ordinance. Employer contributions are made throughout the year in order to aggregate the total established by actuarial valuations determined necessary to cover: 1) all administrative costs; 2) the actuarially determined cost of future benefits accruing to members during the year; and 3) an amount sufficient to amortize any unfunded liability of the system through year 2039.

CERS			
	Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
2015	\$ 11,397,261	\$ 11,417,873	100%
2016	11,417,873	11,417,873	100%
2017	11,610,968	11,623,730	100%
2018	10,623,760	11,166,523	105%
2019	10,011,563	10,213,721	102%
2020	10,045,628	10,045,628	100%
2021	10,712,257	10,712,257	100%
2022	9,997,846	10,313,219	103%

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CFPF			
	Computed		
	Annual Required	Actual	Percentage
	Contributions	Contributions	Contributed
2015	\$ 4,484,256	\$ 4,484,256	100%
2016	4,407,249	4,407,249	100%
2017	4,663,612	4,663,612	100%
2018	4,270,282	4,443,152	104%
2019	3,991,024	3,991,024	100%
2020	3,965,830	3,965,830	100%
2021	4,099,545	4,176,197	102%
2022	4,034,916	4,034,916	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, 2022:

December 31, 2022	
Asset Class	Target Allocation
Domestic Equity	45%
International Equity	21%
Equity Real Estate	10%
Domestic Bonds	24%
Total	100%

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -14.10 percent for the CERS and -14.17 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, 2022, were as follows:

	CERS	CFPF
Total Pension Liability	\$58,265,975	\$205,299,732
Plan Fiduciary Net Position	(531,676,114)	(191,796,911)
Net Pension Liability (Asset)	\$ 26,589,861	\$ 13,502,821
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.24%	93.42%
Net Pension Liability (Asset) as a percentage of Covered Payroll	67.80%	118.84%

Changes in the Net Pension Liability (Asset) at December 31, 2022, are as follows:

Total Pension Liability (TPL)	CERS	CFPF
Service Cost	\$ 6,689	\$ 3,065
Interest on the Total Pension Liability (TPL)	38,159	13,743
Benefit Changes	-	-
Actual versus expected TPL #	(13,769)	(1,280)
Assumption Changes	-	-
Benefit Payments and Refunds	(29,192)	(10,043)
Net Change in Total Pension Liability	1,887	5,485
Total Pension Liability - Beginning	\$ 556,379	\$ 199,815
Total Pension Liability - Ending (a)	\$ 558,266	\$ 205,300
Plan Fiduciary Net Position		
Employer Contributions	\$ 10,313	\$ 4,035
Employee Contributions	2,656	1,146
Pension Plan Net Investment Income	(87,826)	(31,820)
Benefit Payments and Refunds	(29,193)	(10,042)
Pension Plan Administrative Expense	(205)	(131)
Other	-	-
Net Change in Plan Fiduciary Net Position	(104,255)	(36,812)
Plan Fiduciary Net Position - Beginning	635,931	228,609
Plan Fiduciary Net Position - Ending (b)	\$ 531,676	\$ 191,797
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 26,590	\$ 13,503
# Experience gain made negative to facilitate addition		
Dollar amounts above are in thousands		

For the year ended December 31, 2022, the City recognized pension expense of \$0.5 million, which included total pension expense of \$10.8 net of contributions totaling \$10.3 million for the CERS plan. The City recognized pension expense of \$300,000, which included total pension expense of \$4.07 million net of contributions totaling \$4.04 million for the CFPF plan. At December 31, 2022, 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	\$ 3,047,428	\$ 9,948,858	\$ 1,217,601	\$ 897,635
Changes of Assumptions	8,388,812	365,135	-	582,876
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	59,490,570	-	21,812,249	-
Total	\$ 70,926,810	\$ 10,313,993	\$ 23,029,850	\$ 1,480,511

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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:		
2023	\$ 2,830,451	\$ 873,197
2024	13,910,878	4,587,359
2025	17,518,144	6,559,329
2026	26,353,344	9,529,454
Thereafter	-	-
Total	\$ 60,612,817	\$ 21,549,339

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, 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, 2022, these best estimates of geometric returns are summarized in the following table:

2022	
Asset Class	Long-Term Expected Real Rate of Return*
Domestic Stocks	7.50%
International Stocks	8.50%
Real Estate Equity	4.50%
Domestic Bonds	2.50%
International Bonds	3.50%
* Real rate of return is net of administrative and investment expenses.	

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was

based on the expected rate of return on pension plan investments.

The next table presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percent lower or 1 percent higher.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption Results as of December 31, 2022			
CERS	6.00%	7.00%	8.00%
Total Pension Liability	\$ 628,774,027	\$ 558,265,975	\$ 499,415,479
Plan Fiduciary Net Position	(531,676,114)	(531,676,114)	(531,676,114)
Net Pension Liability (Asset)	\$ 97,097,913	\$ 26,589,861	\$ (32,260,635)
CFPF			
Total Pension Liability	\$ 230,963,191	\$ 205,299,732	\$ 183,863,264
Plan Fiduciary Net Position	(191,796,911)	(191,796,911)	(191,796,911)
Net Pension Liability (Asset)	\$ 39,166,280	\$ 13,502,821	\$ (7,933,647)

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

Notes to Financial Statements

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

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

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

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

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0 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,

2022, 2021, and 2020, the cost to the City was \$3,137,645, \$2,614,874, and \$2,232,547, respectively.

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

At June 30, 2022, SDRS is 100.1 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, 2022, and reported by the City as of December 31, 2022, are as follows:

Proportionate Share of Net Pension Liability	\$ 283,111,763
Less Proportionate Share of Net Pension Restricted for Pension Benefits	(283,301,301)
Proportionate Share of Net Pension Liability (Asset)	\$ (189,538)

On December 31, 2022, the City reported an asset of \$189,538 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was 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, 2022, the City's proportion was 2.00552100 percent, which was an increase of 0.2709850 percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized a reduction of pension expense of \$1,660,688. On December 31, 2022, 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	\$ 3,607,930	\$ 12,304
Changes of Assumptions	12,046,221	10,556,901
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		454,213
Changes in proportion and difference between City contributions and proportionate share of contributions	3,051	593,675
City contributions subsequent to the measurement date	1,762,728	-
Total	\$ 17,419,930	\$ 11,617,093

There is \$1,762,728 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction to the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized

Notes to Financial Statements

in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2023	\$ 965,189
2024	2,488,283
2025	(3,121,598)
2026	3,708,235
Total	<u>\$ 4,040,109</u>

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

Actuarial Assumptions

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

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

Mortality Rates

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020.

Active and Terminated Vested Members

- Teachers, Certified Regents, and Judicial: PubT-2010
- Other Class A Members: PubG-2010
- Public Safety Members: PubS-2010

Retired Members:

- Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108 percent of rates above age 65
- Other Class A Retirees: PubG-2010, 93 percent of rates through age 74, increasing by 2 percent per year until 111 percent of rates at 83 and above
- Public Safety Retirees: PubS-2010, 102 percent of rates at all ages

Beneficiaries:

- PubG-2010 contingent survivor mortality table

Disabled Members

- Public Safety: PubS-2010 disable member mortality table

- Others: PubG-2010 disabled member mortality table

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

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

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

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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 Liability/(Asset)	\$39,355,057	\$ (189,538)	\$ (32,507,914)

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, 2022, the City reported the following aggregate totals for all pension plans:

Accumulated Totals for SDRS, CERS and CFPF Plans	
Total Net Pension Asset (Liability)	\$ (39,903,144)
Total Deferred Outflows of Resources	111,376,590
Total Deferred Inflows of Resources	23,411,597
Total Pension Expense	13,254,043

B. Post-Employment Health Care Benefits (OPEB)

Plan Description and Administration

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

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

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

Benefits Provided

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

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

Plan Membership

Membership of the plans consisted of 43 inactive employees as of December 31, 2022, 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 2022 the amount of the stipend was \$50.67 per month per year of service, an inflationary adjustment of 3 percent is applied each year.

Funding Policy and Contributions

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

Net OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to December 31, 2022.

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

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2022 valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified.

Notes to Financial Statements

Healthcare cost trend rate	7.50 percent graded down to 3.50 percent in twelve years
Investment Rate of Return	2.25 percent, net of OPEB plan investment expense
Discount Rate	2.25 percent, 20-year municipal bond rate of December 31, 2022

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

OPEB Plan Investments

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

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

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

Changes in the Net OPEB Liability (Asset)

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at December 31, 2021	\$ 1,519,562	\$ 3,936,700	\$ (2,417,138)
Changes for the Year			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability (TPL)	31,485	-	31,485
Benefit Clarification	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	(365,085)	-	(365,085)
Contributions Employer	-	80	(80)
Assumption Changes	-	-	-
OPEB Plan Net Investment Income	-	(57,277)	57,277
Benefit Payments and Refunds	(240,437)	(240,437)	-
Net Change in Total OPEB Liability	(574,037)	(297,634)	(276,403)
Balance at December 31, 2022	\$ 945,525	\$ 3,639,066	\$ (2,693,541)

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

The following presents the net OPEB (asset) liability, calculated using the discount rate of 2.25 percent, as well as what the net OPEB (asset) liability would be if it were

calculated using a discount rate that is one percentage point lower (1.25 percent) or one percentage point higher (3.25 percent) than the current rate:

	1.25%	2.25%	3.25%
Net OPEB liability (asset)	\$ (2,678,556)	\$ (2,693,541)	\$ (2,707,982)

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

The following presents the net OPEB (asset) liability, calculated using the healthcare cost trend rate of 7.5 percent gradually decreasing to an ultimate trend rate of 3.5 percent in 12 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 (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	\$ (2,720,578)	\$ (2,693,541)	\$ (2,665,830)

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

For the year ended December 31, 2022, the City recognized a reduction in OPEB expense of \$335,360. At the December 31, 2022, 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	198,726	-
Total	\$ 198,726	\$ -

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:	
2023	\$ 64,282
2024	57,200
2025	48,615
2026	28,629
2027	-
Thereafter	-
Total	\$ 198,726

Notes to Financial Statements

Component Units

Housing Commission Retirement Plan

All eligible employees of the Housing Commission participate in the Housing Renewal and Local Agency Retirement Plan, a cost sharing, multiple-employer public employee retirement system to provide retirement benefits for employees of local or regional housing authorities and commissions, urban renewal agencies, and other organizations that are eligible to participate in this plan subject to the approval of the agreement. Eligible employees are defined as staff scheduled to work 20 or more hours per week after attaining age 18 and completing one year of continuous and uninterrupted employment. The right to receive retirement benefits is 20 percent vested after one year credited service up to 100 percent vested after five years credited service. Authority for establishing, administering, and amending plan provisions is found in Internal Revenue Code Section 401(a). The Automated Data Processing (ADP) Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ADP Retirement Services, 462 South 4th Avenue, Suite 900, Louisville, KY 40202, or by calling (502) 561-4550. On June 24, 2002, the Housing Commission adopted Resolution No. 268-06-02 effective July 1, 2002, which implemented a mandatory after-tax employee contribution to the plan of 1 percent of basic compensation and a corresponding employer contribution of 4 percent of basic compensation addition. The resolution permitted employees to voluntarily contribute additional after-tax amounts in excess of the 1 percent mandatory amount, which would be treated as voluntary contributions, and for which the employer would contribute additional corresponding amounts up to a maximum of 7 percent. Beginning July 1, 2002, the full amount of the employer's contributions will be subject to the plan's vesting schedule of 20 percent for each year of the employee's participation in the plan. During the years ended September 30, 2022, 2021, and 2020, the cost to the Commission was \$58,938, \$53,417, and \$49,557, respectively.

Metro Communications Agency Retirement Plan

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

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

the SDRS, P.O. Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

Benefits Provided

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

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

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

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:

Notes to Financial Statements

- 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.

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0 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, 2022, 2021, and 2020 were \$216,542, \$195,815, and \$197,046, 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, 2022, SDRS is 100.1 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, 2022, are as follows:

Proportionate Share of Net Pension Liability	\$	20,373,528
Less Proportionate Share of Net Pension Restricted for Pension Benefits		(20,387,168)
Proportionate Share of Net Pension Liability (Asset)	\$	(13,640)

At December 31, 2022, the Agency reported an asset of \$13,640 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension asset used to calculate the net pension asset was based on a projection of the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Agency's proportion was .14432300 percent, which is a increase of .0035820 percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Agency recognized a reduction of pension expense of \$82,314. At December 31, 2022, 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	\$ 259,637	\$ 885
Changes of Assumptions	866,880	759,705
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	32,686
Changes in proportion and difference between Agency contributions and proportionate share of contributions	320	7,988
Agency contributions subsequent to the measurement date	117,436	-
Total	\$ 1,244,273	\$ 801,264

\$117,436 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, 2023. 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:	
2023	\$ 86,406
2024	187,171
2025	(217,610)
2026	269,606
Total	\$ 325,573

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

Inflation	2.50 percent
Salary increases	Graded by years of service, from 7.66 percent at entry to 3.15 percent after 25 years of service
Investment rate of return	6.50 percent net of plan investment expense This is composed of an average inflation rate of 2.50 percent and real returns of 4 percent
Future COLAs	2.10 percent

Mortality Rates

All mortality rates base don Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020.

Notes to Financial Statements

Active and Terminated Vested Members

- Teachers, Certified Regents, and Judicial: PubT-2010
- Other Class A Members: PubG-2010
- Public Safety Members: PubS-2010

Retired Members:

- Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108 percent of rates above age 65
- Other Class A Retirees: PubG-2010, 93 percent of rates through age 74, increasing by 2 percent per year until 111 percent of rates at 83 and above
- Public Safety Retirees: PubS-2010, 102 percent of rates at all ages

Beneficiaries:

- PubG-2010 contingent survivor mortality table

Disabled Members

- Public Safety: PubS-2010 disable member mortality table
- Others: PubG-2010 disabled member mortality table

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

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

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

	5.50%	6.50%	7.50%
The City's proportionate Share of the Net Pension (Asset)/Liability	\$ 2,832,102	\$ (13,640)	\$ (2,339,362)

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

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Notes to Financial Statements

Note 13 —Adoption of New Standard

As of January 1, 2022, the City adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the

inflows and resources based on payment provisions of the contract. Beginning net position and fund balance was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Government-Wide Activities:		Sanitary Landfill	
Net Position - December 31, 2021, as previously reported	\$ 1,500,051,953	Net Position - December 31, 2021, as previously reported	\$ 34,702,277
Add Right to Use Assets as of January 1, 2022	3,785,617	Add Right to Use Assets as of January 1, 2022	18,784
Add lease liabilities as of January 1, 2022	(3,785,617)	Add lease liabilities as of January 1, 2022	(18,784)
Add lease receivable as of January 1, 2022	95,360		
Add deferred inflow of resources for leases as of January 1, 2022	(95,360)	Net Position - January 1, 2022, as restated	\$ 34,702,277
Net Position - January 1, 2022, as restated	\$ 1,500,051,953		
Business-Type Activities:		Centralized Facilities	
Net Position - December 31, 2021, as previously reported	\$ 641,197,086	Net Position - December 31, 2021, as previously reported	\$ 5,592,991
Add Right to Use Assets as of January 1, 2022	75,948	Add Right to Use Assets as of January 1, 2022	1,714,893
Add lease liabilities as of January 1, 2022	(75,948)	Add lease liabilities as of January 1, 2022	(1,714,893)
Add lease receivable as of January 1, 2022	975,418		
Add deferred inflow of resources for leases as of January 1, 2022	(975,418)	Net Position - January 1, 2022, as restated	\$ 5,592,991
Net Position - January 1, 2022, as restated	\$ 641,197,086		
General Fund		Public Parking:	
Net Position - December 31, 2021, as previously reported	\$ 82,484,583	Net Position - December 31, 2021, as previously reported	\$ 13,618,718
Add lease receivable as of January 1, 2022	211,682	Add Right to Use Assets as of January 1, 2022	5,662
Add deferred inflow of resources for leases as of January 1, 2022	(211,682)	Add lease liabilities as of January 1, 2022	(5,662)
		Add lease receivable as of January 1, 2022	539,468
		Add deferred inflow of resources for leases as of January 1, 2022	(539,468)
Net Position - January 1, 2022, as restated	\$ 82,484,583	Net Position - January 1, 2022, as restated	\$ 13,618,718
Community Development Fund		Power and Distribution	
Net Position - December 31, 2021, as previously reported	\$ 27,052,060	Net Position - December 31, 2021, as previously reported	\$ 31,203,159
Add lease receivable as of January 1, 2022	87,689	Add Right to Use Assets as of January 1, 2022	5,771
Add deferred inflow of resources for leases as of January 1, 2022	(87,689)	Add lease liabilities as of January 1, 2022	(5,771)
Net Position - January 1, 2022, as restated	\$ 27,052,060	Net Position - January 1, 2022, as restated	\$ 31,203,159
Water Fund		Fleet Revolving	
Net Position - December 31, 2021, as previously reported	\$ 328,247,147	Net Position - December 31, 2021, as previously reported	\$ 28,986,011
Add Right to Use Assets as of January 1, 2022	23,416	Add Right to Use Assets as of January 1, 2022	8,213
Add lease liabilities as of January 1, 2022	(23,416)	Add lease liabilities as of January 1, 2022	(8,213)
Add lease receivable as of January 1, 2022	435,950		
Add deferred inflow of resources for leases as of January 1, 2022	(435,950)	Net Position - January 1, 2022, as restated	\$ 28,986,011
Net Position - January 1, 2022, as restated	\$ 328,247,147		
Water Rec Fund		Technology Revolving	
Net Position - December 31, 2021, as previously reported	\$ 228,736,647	Net Position - December 31, 2021, as previously reported	\$ 5,614,032
Add Right to Use Assets as of January 1, 2022	22,315	Add Right to Use Assets as of January 1, 2022	59,083
Add lease liabilities as of January 1, 2022	(22,315)	Add lease liabilities as of January 1, 2022	(59,083)
		Net Position - January 1, 2022, as restated	\$ 5,614,032
Net Position - January 1, 2022, as restated	\$ 228,736,647		
		Component Unit - Metro Communications	
		Net Position - December 31, 2021, as previously reported	\$ 1,622,694
		Add Right to Use Assets as of January 1, 2022	17,031
		Add lease liabilities as of January 1, 2022	(17,031)
		Net Position - January 1, 2022, as restated	\$ 1,622,694

Note 14 —Impairment of Land Held for Resale

The City holds Land Available for Resale in Inventory in the Sales and Use Tax Fund. Based on the sale of previous property held by the City in a similar location, the City has determined that a market value adjustment is merited to better reflect the anticipated true market value of the asset. The land value was adjusted downward by \$774,698. The City will continue to assess this value in future years.

Note 15 – Subsequent Events

The City is required to disclose certain material events entered into after year-end as follows.

The City entered into a contract for the construction of the 6th Street bridge in the amount of \$21.8 million. Construction is set to begin in the spring of 2023.

The City also entered into a Water State Revolving Loan with the State of South Dakota in the amount of \$12.5 million for water system upgrades. No funds were drawn on this note as of the report date. The note is a 10 year note, has an interest rate of 1.65% with a final maturity date pending the date of the last draw.

Finally, the City entered into leasing commitments as of January 2023 in the amount of \$7.2 million for motor graders for 54 months with varying annual payments of up to \$2.2 million per year.

Notes to Financial Statements - Fiduciary Funds Statement of Net Position

	Employee's Retirement System	Firefighters' Pension Fund	City of Sioux Falls OPEB Trust	Total Pension and Health Care Trust Funds	Police Custodial Fund
Assets					
Cash and Cash Equivalents	\$ 6,769,067	\$ 2,458,329	\$ 3,630,678	\$ 12,858,074	\$ 450,754
Receivables:					
Contribution	213,978	68,060	-	282,038	-
Interest	503,790	178,619	8,388	690,797	-
Total Receivables	717,768	246,679	8,388	972,835	-
Investments at Fair Value:					
US Government	41,408,777	15,294,592	-	56,703,369	-
Corporate Obligations	31,510,605	11,130,845	-	42,641,450	-
Foreign Obligations	20,243,610	6,917,169	-	27,160,779	-
Domestic Stocks	36,584,629	13,430,611	-	50,015,240	-
Foreign Stocks	2,946,192	1,083,355	-	4,029,547	-
Index Funds:					
Equity	174,268,903	63,344,042	-	237,612,945	-
Government / Corporate Bonds	37,443,818	13,208,790	-	50,652,608	-
Mutual Funds:					
Foreign Equity	113,086,068	40,383,464	-	153,469,532	-
Domestic Equity	14,149,218	5,370,567	-	19,519,785	-
Real Estate	52,614,984	18,944,611	-	71,559,595	-
Total Investments	524,256,804	189,108,046	-	713,364,850	-
Total Assets	531,743,639	191,813,054	3,639,066	727,195,759	450,754
Liabilities					
Accounts Payable	64,951	14,497	-	79,448	-
Accrued Wages	2,574	1,646	-	4,220	-
Total Liabilities	67,525	16,143	-	83,668	-
Net Position					
Restricted for Pension	\$ 531,676,114	\$ 191,796,911	\$ -	\$ 723,473,025	\$ -
Restricted for Post Employment Health Care Benefits	-	-	3,639,066	3,639,066	-
Restricted for Police Evidence and Found Property	-	-	-	-	450,754
Total Net Position	\$ 531,676,114	\$ 191,796,911	\$ 3,639,066	\$ 727,112,091	\$ 450,754

City of Sioux Falls
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Notes to Financial Statements - Fiduciary Funds Changes in Net Position

	Employees' Retirement Pension	Firefighters' Pension	City of Sioux Falls OPEB Trust	Total Pension and Health Care Trust Funds	Police Custodial Fund
Additions					
Contributions					
Employer	\$ 10,313,219	\$ 4,034,916	\$ -	\$ 14,348,135	\$ -
Plan Members	2,655,920	1,146,519	-	3,802,439	-
Total Contributions	12,969,139	5,181,435	-	18,150,574	-
Investment Income (Loss)	(86,786,433)	(31,399,403)	(57,277)	(118,243,113)	-
Less Investment Expense	1,040,061	420,024	-	1,460,085	-
Net Investment Income (Loss)	(87,826,494)	(31,819,427)	(57,277)	(119,703,198)	-
Police Funds Received into Custody	-	-	-	-	333,057
Total Additions	(74,857,355)	(26,637,992)	(57,277)	(101,552,624)	333,057
Deductions					
Benefit Payments					
Pension	28,833,782	10,042,187	-	38,875,969	-
Health Premiums	-	-	240,357	240,357	-
Total Benefit Payments	28,833,782	10,042,187	240,357	39,116,326	-
Police Funds Released from Custody	-	-	-	-	243,423
Refunds	359,050	-	-	359,050	-
Administrative Expense	205,913	130,898	-	336,811	-
Total Deductions	29,398,745	10,173,085	240,357	39,812,187	243,423
Change in Net Position	(104,256,100)	(36,811,077)	(297,634)	(141,364,811)	89,634
Total Net Position, January 1	635,932,214	228,607,988	3,936,700	868,476,902	361,120
Total Net Position, December 31	<u>\$ 531,676,114</u>	<u>\$ 191,796,911</u>	<u>\$ 3,639,066</u>	<u>\$ 727,112,091</u>	<u>\$ 450,754</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 73,883,165	\$ 73,883,165	\$ 74,004,197	\$ 121,032
Sales	76,536,148	76,536,148	89,379,982	12,843,834
Frontage	5,035,877	5,035,877	4,895,785	(140,092)
Lodging (Includes BID)	3,218,593	3,618,593	3,489,855	(128,738)
Amusement	13,500	13,500	-	(13,500)
Penalties and Interest	100,000	100,000	99,564	(436)
Total Taxes	158,787,283	159,187,283	171,869,383	12,682,100
Licenses and Permits	6,424,667	6,424,667	16,135,111	9,710,444
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	8,656,270	9,056,270	7,641,941	(1,414,329)
State Shared Revenues:				
Motor Vehicle Licenses	3,250,000	3,250,000	1,010,518	(2,239,482)
Bank Franchise Tax	1,500,000	1,500,000	2,507,527	1,007,527
Liquor Tax Reversion	1,000,046	1,000,046	1,338,101	338,055
Health License Reversion	159,000	159,000	171,579	12,579
Fire Insurance Premium Reversion	650,000	650,000	857,655	207,655
Local Government Highway Bridge Fund	-	-	2,118,671	2,118,671
Port of Entry Fees	75,000	75,000	104,573	29,573
Total State Shared Revenues	6,634,046	6,634,046	8,108,624	1,474,578
State Grants	1,625,000	1,625,000	1,127,117	(497,883)
County Shared Revenues:				
Wheel Tax	201,759	201,759	198,435	(3,324)
Contributions	1,280,000	1,280,000	1,280,000	-
Total County Shared Revenues	1,481,759	1,481,759	1,478,435	(3,324)
Total Intergovernmental Revenues	18,397,075	18,797,075	18,356,117	(440,958)
Special Assessments	203,000	203,000	209,035	6,035
Charges for Goods and Services	8,960,429	8,960,429	8,572,791	(387,638)
Fines and Forfeitures	629,000	629,000	698,003	69,003
Investment Revenue	550,000	550,000	(881,581)	(1,431,581)
Rentals/Operating Leases	56,300	56,300	42,855	(13,445)
Contributions	517,000	554,000	166,166	(387,834)
Miscellaneous Revenue	761,500	761,500	999,510	238,010
Total Revenues	195,286,254	196,123,254	216,167,390	20,044,136

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government:				
Mayor	\$ 876,841	\$ 883,841	\$ 771,446	\$ 112,395
City Council	1,840,145	1,875,145	1,624,898	250,247
Attorney	2,282,632	2,317,632	2,292,788	24,844
Human Resources	2,069,089	2,204,089	1,956,376	247,713
Finance	3,510,926	3,573,926	3,557,383	16,543
Facilities Management	2,646,395	2,705,395	1,946,395	759,000
Innovation & Technology	5,498,612	5,581,612	4,845,044	736,568
Communications	2,630,526	2,676,526	2,117,011	559,515
Total General Government	21,355,166	21,818,166	19,111,341	2,706,825
Public Safety:				
Fire	32,629,080	33,189,080	33,047,888	141,192
Police	45,102,045	45,760,045	45,023,255	736,790
Total Public Safety	77,731,125	78,949,125	78,071,143	877,982
Highways and Streets:				
Total Highways and Streets	29,385,194	31,045,194	30,048,116	997,078
Public Health:				
Total Health	17,355,293	17,936,293	16,001,401	1,934,892
Culture and Recreation:				
Parks and Recreation	23,093,260	23,801,260	23,131,394	669,866
Libraries	9,285,799	9,420,799	8,978,074	442,725
Total Culture and Recreation	32,379,059	33,222,059	32,109,468	1,112,591
Urban and Economic Development:				
Total Urban and Economic Development	12,734,539	26,750,539	26,141,612	608,927
Debt Service	-	-	1,129,640	(1,129,640)
Total Expenditures	190,940,376	209,721,376	202,612,721	7,108,655
Revenues Over (Under) Expenditures	4,345,878	(13,598,122)	13,554,669	27,152,791
Other Financing Sources (Uses)				
Sale of Surplus Property	36,000	36,000	39,543	3,543
Lease (lessee)	-	-	781,229	781,229
Lease (lessor)	-	-	11,607	11,607
Damage Recovery	45,000	45,000	71,681	26,681
Transfers Out	(9,220,047)	(9,466,047)	(9,466,047)	-
Total Other Financing Sources (Uses)	(9,139,047)	(9,385,047)	(8,561,987)	823,060
Net Change in Fund Balances	(4,793,169)	(22,983,169)	4,992,682	27,975,851
Fund Balance - Beginning	82,484,583	82,484,583	82,484,583	-
Fund Balance Ending	<u>\$ 77,691,414</u>	<u>\$ 59,501,414</u>	<u>\$ 87,477,265</u>	<u>\$ 27,975,851</u>

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 8,575,853	\$ 8,575,853	\$ 10,584,396	\$ 2,008,543
Intergovernmental	-	2,600,000	-	(2,600,000)
Investment Revenue	50,000	50,000	(216,959)	(266,959)
Contributions	-	-	100,000	100,000
Miscellaneous Revenue	-	-	2,463,175	2,463,175
Total Revenues	8,625,853	11,225,853	12,930,612	1,704,759
Expenditures				
Culture and Recreation:				
Entertainment Venues	8,187,114	16,446,434	5,647,190	10,799,244
Total Culture and Recreation	8,187,114	16,446,434	5,647,190	10,799,244
Total Expenditures	8,187,114	16,446,434	5,647,190	10,799,244
Revenues Over (Under) Expenditures	438,739	(5,220,581)	7,283,422	12,504,003
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	72,383	72,383
Total Other Financing Sources (Uses)	-	-	72,383	72,383
Net Change in Fund Balances	438,739	(5,220,581)	7,355,805	12,576,386
Fund Balances, January 1	15,254,739	15,254,739	15,254,739	-
Fund Balances, December 31	<u>\$ 15,693,478</u>	<u>\$ 10,034,158</u>	<u>\$ 22,610,544</u>	<u>\$ 12,576,386</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 76,536,148	\$ 76,536,148	\$ 89,379,981	\$ 12,843,833
Special Assessments	3,130,000	5,130,000	4,332,396	(797,604)
Licenses and Permits	150,000	150,000	154,941	4,941
Intergovernmental	9,664,200	14,307,283	799,555	(13,507,728)
Charges for Goods and Services	-	-	151,285	151,285
Investment Revenue	250,000	250,000	(387,278)	(637,278)
Rentals/Operating Leases	-	-	88,384	88,384
Contributions	7,150,000	27,226,112	1,971,454	(25,254,658)
Total Revenues	96,880,348	123,599,543	96,490,718	(27,108,825)
Expenditures				
General Government:				
Facilities Management	-	1,478,498	274,227	1,204,271
Communications	37,500	37,641	14,332	23,309
Total General Government	37,500	1,516,139	288,559	1,227,580
Public Safety:				
Fire	3,987,000	9,047,147	4,343,512	4,703,635
Police	1,535,000	3,047,155	1,564,590	1,482,565
Total Public Safety	5,522,000	12,094,302	5,908,102	6,186,200
Highways and Streets:				
Total Highways and Streets	60,210,851	99,184,890	55,626,214	43,558,676
Public Health:				
Total Health	49,000	448,910	77,228	371,682
Culture and Recreation:				
Parks and Recreation	11,219,500	47,892,629	7,359,566	40,533,063
Library	1,763,600	1,863,357	967,563	895,794
Total Culture and Recreation	12,983,100	49,755,986	8,327,129	41,428,857
Urban and Economic Development:				
Total Urban and Economic Development	30,000	168,000	48,000	120,000
Debt Service	16,195,948	16,195,948	16,116,983	78,965
Total Expenditures	95,028,399	179,364,175	86,392,215	92,971,960
Revenues Over (Under) Expenditures	1,851,949	(55,764,632)	10,098,503	65,863,135
Other Financing Sources (Uses)				
Impairment of Land Held for Resale	-	-	(774,698)	(774,698)
Sale of Surplus Property	-	-	108,044	108,044
Lease (lessor)	-	-	8,258	8,258
Transfers In	-	-	285,628	285,628
Transfers Out	(1,851,949)	(1,851,949)	(1,851,949)	-
Total Other Financing Sources (Uses)	(1,851,949)	(1,851,949)	(2,224,717)	(372,768)
Net Change in Fund Balances	-	(57,616,581)	7,873,786	65,490,367
Fund Balances, January 1	74,854,042	74,854,042	74,854,042	-
Fund Balances, December 31	\$ 74,854,042	\$ 17,237,461	\$ 82,727,828	\$ 65,490,367

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**Budgetary Comparison Schedule -
Budgetary Basis - Housing Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 5,845,803	\$ 5,845,803	\$ 3,103,333	\$ (2,742,470)
Charges	-	-	31,310	31,310
Investment Revenue	39,100	39,100	(43,937)	(83,037)
Rentals/Operating Leases	1,129,597	1,129,597	-	(1,129,597)
Contributions	1,000,000	1,000,000	-	(1,000,000)
Total Revenues	8,014,500	8,014,500	3,090,706	(4,923,794)
Expenditures				
Urban and Economic Development:				
Affordable Housing	10,062,669	10,927,292	3,729,015	7,198,277
Debt Service	-	-	166	(166)
Total Expenditures	10,062,669	10,927,292	3,729,181	7,198,277
Revenues Over (Under) Expenditures	(2,048,169)	(2,912,792)	(638,475)	2,274,483
Other Financing Sources (Uses)				
Transfers In	1,435,000	1,635,000	1,648,000	13,000
Total Other Financing Sources (Uses)	1,435,000	1,635,000	1,648,000	13,000
Net Change in Fund Balances	(613,169)	(1,277,792)	1,009,525	2,287,483
Fund Balances, January 1	27,052,060	27,052,060	27,052,060	-
Fund Balances, December 31	\$ 26,438,891	\$ 25,774,268	\$ 28,061,585	\$ 2,287,483

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,126,053	\$ 12,126,053	\$ 12,050,967	\$ (75,086)
Special Assessments	1,330,582	1,330,582	2,262,761	932,179
Licenses and Permits	100	100	-	(100)
Investment Revenue	40,000	40,000	(155,666)	(195,666)
Total Revenues	13,496,735	13,496,735	14,158,062	661,327
Expenditures				
Highways and Streets:				
Total Highways and Streets	13,317,965	29,717,082	13,743,807	15,973,275
Debt Service	1,940,919	1,940,919	955,308	985,611
Total Expenditures	15,258,884	31,658,001	14,699,115	16,958,886
Revenues Over (Under) Expenditures	(1,762,149)	(18,161,266)	(541,053)	17,620,213
Other Financing Sources (Uses)				
Long-Term Debt Issued	325,000	9,046,281	1,408,089	(7,638,192)
Transfers In	-	-	685,950	685,950
Total Other Funding Sources (Uses)	325,000	9,046,281	2,094,039	(6,952,242)
Net Change in Fund Balances	(1,437,149)	(9,114,985)	1,552,986	10,667,971
Fund Balances, January 1	9,728,505	9,728,505	9,728,505	-
Fund Balances, December 31	<u>\$ 8,291,356</u>	<u>\$ 613,520</u>	<u>\$ 11,281,491</u>	<u>\$ 10,667,971</u>

Required Supplementary Information

Notes to Required Supplementary Information—Budgetary Reporting

The Schedule

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

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

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

Summary of Significant Budget Policies

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

The budget is adopted and appropriated by fund on a service function (i.e. general government, public safety, etc.) and departmental basis for all governmental funds, the legal level of control. Proprietary (enterprise and internal service), trust, and agency funds are not appropriated

unless they are supported or subsidized by revenue derived from the annual appropriated tax levy. Although non-appropriated, an annual budget for these funds must be published no later than the last day of December.

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

The City Council approved supplemental appropriations of \$85.2 million during 2022. A majority of the supplemental appropriations were funded by increases in the General Fund's unassigned balance carried forward from 2021 as well as local government assistance funds received from federal sources in 2021 and 2022.

Within the \$85.2 million supplemented, \$41.9 million was for additional American Rescue Plan funds for the continued Water Reclamation Facility Expansion. The City also had a department-wide supplement of \$2.4 million for employee retention pay from unassigned fund balance in the General Fund. This supplement affected all City departments.

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

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

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2022.

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)								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)									
Service Cost	\$ 6,689	\$ 7,976	\$ 7,898	\$ 8,222	\$ 8,060	\$ 8,142	\$ 8,510	\$ 8,300	\$ 8,593
Interest on the total Pension Liability	38,159	37,264	35,602	34,343	33,560	33,140	31,878	30,431	28,266
Actual versus expected TPL#	-	2,156	5,823	-	(2,569)	(7,243)	(2,996)	(192)	6,785
Assumption Changes	(13,769)	16,127	-	-	(5,000)	5,546	-	7,740	2,210
Benefit Payments and Refunds	(29,192)	(27,250)	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)
Net Change in Total Pension Liability	1,887	36,273	23,400	18,163	11,628	18,662	17,558	27,838	29,470
Total Pension Liability - Beginning	556,379	520,106	496,706	478,543	466,915	448,253	430,695	402,857	373,387
Total Pension Liability - Ending (a)	\$ 558,266	\$ 556,379	\$ 520,106	\$ 496,706	\$ 478,543	\$ 466,915	\$ 448,253	\$ 430,695	\$ 402,857
Plan Fiduciary Net Position									
Employer Contributions	\$ 10,313	\$ 10,712	\$ 10,046	\$ 10,214	\$ 11,166	\$ 11,624	\$ 11,418	\$ 11,418	\$ 10,670
Employee Contributions	2,656	2,724	2,923	2,943	3,026	3,113	3,237	3,331	2,966
Pension Plan Net Investment Income	(87,826)	80,216	65,402	87,784	(19,794)	68,398	30,218	60	24,406
Benefit Payments and Refunds	(29,193)	(27,250)	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)	(18,441)	(16,384)
Pension Plan Administrative Expense	(205)	(227)	(191)	(214)	(203)	(232)	(228)	(182)	(164)
Other	-	-	-	-	-	21,965	-	-	-
Net Change in Plan Fiduciary Net Position	(104,255)	66,175	52,257	76,325	(28,228)	83,945	24,811	(3,814)	21,494
Plan Fiduciary Net Position - Beginning	635,931	569,756	517,499	441,174	469,402	385,457	360,646	364,460	342,966
Plan Fiduciary Net Position - Ending (b)	\$ 531,676	\$ 635,931	\$ 569,756	\$ 517,499	\$ 441,174	\$ 469,402	\$ 385,457	\$ 360,646	\$ 364,460
Net Pension Liability - Ending (a) - (b)	\$ 26,590	\$ (79,552)	\$ (49,650)	\$ (20,793)	\$ 37,369	\$ (2,487)	\$ 62,796	\$ 70,049	\$ 38,397
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.24%	114.30%	109.55%	104.19%	92.19%	100.53%	85.99%	83.74%	90.47%
Covered Payroll *	\$ 39,219	\$ 44,182	\$ 43,712	\$ 45,329	\$ 44,454	\$ 46,306	\$ 48,755	\$ 49,318	\$ 51,347
Net Pension Liability as a Percentage of Covered Payroll	67.80%	-180.06%	-113.58%	-45.87%	84.06%	-5.37%	128.80%	142.04%	74.78%
Fiscal Year Ending December 31,	City Firefighters' Pension Fund (CFPF)								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability (TPL)									
Service Cost	\$ 3,065	\$ 3,506	\$ 3,418	\$ 3,445	\$ 3,375	\$ 3,205	\$ 3,223	\$ 3,051	\$ 2,891
Interest on the total Pension Liability	13,743	13,702	13,119	12,553	12,160	12,083	11,662	11,177	10,499
Actual versus expected TPL#	(1,280)	2,498	229	-	(2,365)	(2,091)	(1,965)	(723)	(73)
Assumption Changes	-	(1,262)	-	-	-	(237)	-	2,814	2,188
Benefit Payments and Refunds	(10,043)	(9,141)	(8,510)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,542)
Net Change in Total Pension Liability	5,485	9,303	8,256	8,047	5,475	5,500	5,797	9,405	8,963
Total Pension Liability - Beginning	199,815	190,512	182,256	174,209	168,734	163,234	157,437	148,032	139,069
Total Pension Liability - Ending (a)	\$ 205,300	\$ 199,815	\$ 190,512	\$ 182,256	\$ 174,209	\$ 168,734	\$ 163,234	\$ 157,437	\$ 148,032
Plan Fiduciary Net Position									
Employer Contributions	\$ 4,035	\$ 4,176	\$ 3,966	\$ 3,991	\$ 4,443	\$ 4,664	\$ 4,407	\$ 4,425	\$ 4,089
Employee Contributions	1,146	1,222	1,271	1,203	1,182	1,188	1,169	1,150	1,057
Pension Plan Net Investment Income	(31,820)	28,909	23,132	30,551	(6,743)	23,857	10,749	31	8,701
Benefit Payments and Refunds	(10,042)	(9,141)	(8,510)	(7,951)	(7,695)	(7,460)	(7,123)	(6,914)	(6,541)
Pension Plan Administrative Expense	(131)	(144)	(124)	(137)	(117)	(143)	(160)	(110)	(99)
Other	-	-	250	-	-	4,947	-	-	-
Net Change in Plan Fiduciary Net Position	(36,812)	25,022	19,985	27,657	(8,930)	27,053	9,042	(1,418)	7,207
Plan Fiduciary Net Position - Beginning	228,609	203,587	183,602	155,945	164,875	137,822	128,780	130,198	122,991
Plan Fiduciary Net Position - Ending (b)	\$ 191,797	\$ 228,609	\$ 203,587	\$ 183,602	\$ 155,945	\$ 164,875	\$ 137,822	\$ 128,780	\$ 130,198
Net Pension Liability - Ending (a) - (b)	\$ 13,503	\$ (28,794)	\$ (13,075)	\$ (1,346)	\$ 18,264	\$ 3,859	\$ 25,412	\$ 28,657	\$ 17,834
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.42%	114.41%	106.86%	100.74%	89.52%	97.71%	84.43%	81.80%	87.95%
Covered Payroll *	\$ 11,362	\$ 12,212	\$ 11,831	\$ 11,948	\$ 11,710	\$ 11,407	\$ 11,479	\$ 11,230	\$ 10,910
Net Pension Liability as a Percentage of Covered Payroll	118.84%	-235.79%	-110.52%	-11.27%	155.97%	33.83%	221.38%	255.18%	163.46%
* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year. # Experience gain made negative to facilitate addition. These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.									

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer's Net Pension Liability (\$Thousands)						
Year Ended December 31	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability (Asset)	Covered Payroll *	Net Pension Liability (Asset) as a % of Covered Payroll
City Employee's Retirement System (CERS)						
2014	\$ 402,857	\$ 364,460	\$ 38,397	90.47%	\$ 51,347	74.78%
2015	430,695	360,647	70,048	83.74%	49,318	142.03%
2016	448,253	385,457	62,796	85.99%	48,755	128.80%
2017	466,915	469,402	(2,487)	100.53%	46,306	-5.37%
2018	478,543	441,174	37,369	92.19%	44,454	84.06%
2019	496,706	517,499	(20,793)	104.19%	45,329	-45.87%
2020	520,106	569,756	(49,650)	109.55%	43,712	-113.58%
2021	556,380	635,932	(79,552)	114.30%	44,182	-180.06%
2022	558,266	531,676	26,590	95.24%	39,219	67.80%
City Firefighters' Pension Fund (CFPF)						
2014	\$ 148,032	\$ 130,198	\$ 17,834	87.95%	\$ 10,910	163.46%
2015	157,437	128,780	28,657	81.80%	11,230	255.18%
2016	163,235	137,823	25,412	84.43%	11,479	221.38%
2017	168,734	164,875	3,859	97.71%	11,407	33.83%
2018	174,209	155,945	18,264	89.52%	11,710	155.97%
2019	182,256	183,602	(1,346)	100.74%	11,948	-11.27%
2020	190,512	203,587	(13,075)	106.86%	11,831	-110.52%
2021	199,814	228,608	(28,794)	114.41%	12,212	-235.79%
2022	205,300	191,797	13,503	93.42%	11,362	118.84%
<p>* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year. These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</p>						
Notes to Schedule						
Methods and Assumptions Used to Determine Total Pension Liability (Asset) for the Fiscal Year Ending December 31, 2022						
Inflation	2.50%					
Salary Increases	3.50% to 8.50% (CERS) 8.00% (CFPF) including inflation.					
Investment Rate of Return	7.0% net of expenses					
Post-Retirement Cost of Living Adjustments	Annual increases equal to 100% of the June CPI of each year with a cap of 3% applied to the member's current benefit. The first increase will be granted after 36 months of retirement.					

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer Contributions (\$Thousands)							
Year Ended December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll**	Actual Contribution as a % of Covered Payroll		
City Employee's Retirement System (CERS)							
2014	\$ 11,563	\$ 11,563	\$ -	\$ 51,347	22.52%		
2015	11,397	11,418	(21)	49,318	23.15%		
2016	11,417	11,417	-	48,754	23.42%		
2017	11,610	11,624	(14)	46,306	25.10%		
2018	10,624	11,166	(542)	44,454	25.12%		
2019	10,012	10,214	(202)	45,329	22.53%		
2020	10,046	10,046	-	43,712	22.98%		
2021	10,712	10,712	-	44,182	24.25%		
2022	9,998	10,313	(315)	39,219	26.30%		
City Firefighters' Pension Fund (CFPF)							
2014	\$ 4,484	\$ 4,484	\$ -	\$ 10,910	41.10%		
2015	4,425	4,425	-	11,230	39.40%		
2016	4,407	4,407	-	11,479	38.39%		
2017	4,664	4,664	-	11,407	40.89%		
2018	4,270	4,443	(173)	11,710	37.94%		
2019	3,991	3,991	-	11,948	33.40%		
2020	3,966	3,966	-	11,831	33.52%		
2021	4,100	4,176	(76)	12,212	34.20%		
2022	4,035	4,035	-	11,362	35.51%		
<i>* Includes contributions transferred from the Unallocated Income Reserve</i>							
<i>** Payroll is pay provided in connection with the valuation as of December 31, of the applicable year.</i>							
<i>These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</i>							
Schedule of Investment Returns							
	CERS	CFPF					
2014	6.90%	6.88%					
2015	-0.20%	-0.12%					
2016	8.42%	8.43%					
2017	16.68%	16.80%					
2018	-4.30%	-4.19%					
2019	20.11%	19.68%					
2020	12.76%	12.64%					
2021	14.21%	14.26%					
2022	-14.10%	-14.17%					
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, 2022							
Actuarial Cost Method	Entry-Age Normal						
Amortization Method	Level Dollar, Closed						
Remaining Amortization Period	17 Years						
Asset Valuation Method	5-Year smoothed market						
Inflation	4.25%						
Salary Increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.						
Investment Rate of Return	7.30% net of expenses						
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2007-2011.						
Mortality	RP-2000 Combined Healthy Mortality table projected 2020 using Projection Scale BB was used for both men and women with 100% of the table rates used for both men and women.						
Other Information	Assumption changes as a result of an experience study for the period January 1, 2016-December 2020 have been adopted by the Retirement System for use of beginning with the December 31, 2021 valuation. These assumptions reflected in the December 31, 2021 Total Pension Liability shown in this report.						

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedule of City's Proportionate Share of the Net Pension Liability/(Asset)								
South Dakota Retirement System	As of June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability/(Asset)	2.0055210%	1.7345360%	1.5475804%	1.3411151%	1.1161784%	0.9423174%	0.7554055%	0.4407703%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ (189,534)	\$ (13,283,577)	\$ (67,211)	\$ (142,121)	\$ (26,031)	\$ (85,516)	\$ 2,551,686	\$ (1,869,433)
City's Covered Payroll	991,200	34,998,103	30,436,218	25,405,447	20,566,446	16,977,713	12,701,513	7,176,243
City's Proportionate share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	-19.12%	-37.96%	-0.22%	-0.56%	-0.13%	-0.50%	20.09%	-26.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1%	105.5%	100.0%	100.1%	100.0%	100.1%	96.9%	104.1%
Schedule of City Contributions								
South Dakota Retirement System	As of December 31							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	3,137,645	2,614,874	2,232,547	1,889,387	\$ 1,558,009	\$ 1,275,856	\$ 1,038,645	\$ 686,864
Contributions in Relation to the Contractually Required Contribution	(3,137,645)	(2,614,874)	(2,232,547)	(1,889,387)	(1,558,009)	(1,275,856)	(1,038,645)	(686,864)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 45,858,665	\$ 38,439,816	\$ 34,180,820	\$ 27,954,227	\$ 22,714,519	\$ 18,676,953	\$ 15,153,220	\$ 9,953,235
Contributions as a Percentage of Covered Payroll	6.84%	6.80%	6.53%	6.76%	6.86%	6.83%	6.85%	6.90%
These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.								

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Changes in the Employer's Net OPEB Liabilities (Assets)						
Fiscal Year Ending December 31,	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the total OPEB Liability	31,485	35,375	59,174	125,926	148,241	123,986
Benefit Changes	-	-	-	-	2,565	-
Actual versus expected experience	(365,085)	55,333	(304,644)	(1,027,562)	(639,812)	(364,194)
Assumption Changes	-	13,963	16,555	103,378	(34,571)	(135,976)
Benefit Payments	(240,437)	(314,655)	(386,671)	(501,667)	(619,906)	(1,055,768)
Net Change in Total OPEB Liability	(574,037)	(209,984)	(615,586)	(1,299,925)	(1,143,483)	(1,431,952)
Total OPEB Liability - Beginning	1,519,562	1,729,546	2,345,132	3,645,057	4,788,540	6,220,492
Total OPEB Liability - Ending (a)	\$ 945,525	\$ 1,519,562	\$ 1,729,546	\$ 2,345,132	\$ 3,645,057	\$ 4,788,540
Plan Fiduciary Net Position						
Employer Contributions	\$ 80	\$ 110	\$ 227	\$ 339	\$ -	\$ 301,178
Employee Contributions	-	-	-	-	-	-
OPEB Plan Net Investment Income	(57,277)	(7,631)	77,362	138,246	71,934	13,111
Employer Paid Benefit Payments	(240,437)	(314,655)	(386,671)	(501,668)	(619,906)	(1,055,768)
Other	-	-	-	-	-	6,220,492
Net Change in Plan Fiduciary Net Position	(297,634)	(322,176)	(309,082)	(363,083)	(547,972)	5,479,013
Plan Fiduciary Net Position - Beginning	3,936,700	4,258,876	4,567,958	4,931,041	5,479,013	-
Plan Fiduciary Net Position - Ending (b)	\$ 3,639,066	\$ 3,936,700	\$ 4,258,876	\$ 4,567,958	\$ 4,931,041	\$ 5,479,013
Net OPEB Liability (Asset) - Ending (a) - (b)	\$ (2,693,541)	\$ (2,417,138)	\$ (2,529,330)	\$ (2,222,826)	\$ (1,285,984)	\$ (690,473)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	384.87%	259.07%	246.24%	194.78%	135.28%	114.42%
Covered Payroll *	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
<p>* GASB Statement No. 74/75 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation. These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</p>						

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Employer OPEB 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					
2022	\$ -	\$ -	\$ -	N/A	N/A
2021	-	-	-	N/A	N/A
2020	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2017	-	301,178	(301,178)	N/A	N/A

* Includes contributions and paid outside of the trust

These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.

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, 2022

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar
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 mortality and medical/Rx trend assumptions have been updated and are reflected in the December 31, 2022 Total OPEB Liability shown in this report. The mortality tables are described in the attachment to this document.

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment Revenue	\$ -	\$ -	\$ 1,571	\$ 1,571
Miscellaneous Revenue	-	-	220,000	(220,000)
Total Revenues	-	-	221,571	(218,429)
Expenditures				
General Government:				
Facilities Management	-	98,448	79,356	19,092
Total Expenditures	-	98,448	79,356	19,092
Revenues Over (Under) Expenditures	-	(98,448)	142,215	(199,337)
Net Change in Fund Balances	-	(98,448)	142,215	(199,337)
Fund Balances, January 1	133,136	133,136	133,136	-
Fund Balances, December 31	<u>\$ 133,136</u>	<u>\$ 34,688</u>	<u>\$ 275,351</u>	<u>\$ (199,337)</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 460,263	\$ 460,263
Total Revenues	-	-	460,263	460,263
Expenditures				
Public Safety:				
Fire	-	42,181,578	23,069,398	19,112,180
Total Expenditures	-	42,181,578	23,069,398	19,112,180
Revenues Over (Under) Expenditures	-	(42,181,578)	(22,609,135)	19,572,443
Net Change in Fund Balances	-	(42,181,578)	(22,609,135)	19,572,443
Fund Balances, January 1	42,192,401	42,192,401	42,192,401	-
Fund Balances, December 31	<u>\$ 42,192,401</u>	<u>\$ 10,823</u>	<u>\$ 19,583,266</u>	<u>\$ 19,572,443</u>

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Combining Statements

A. Nonmajor Special Revenue Funds

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

B. Nonmajor Debt Service Funds

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

C. Nonmajor Permanent Funds

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

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

D. Internal Service Funds

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

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

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

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

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

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

City of Sioux Falls
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Combining Balance Sheet
Nonmajor Governmental Funds

	Special Revenue	Debt Service	Permanent	Total
Assets				
Cash and Cash Equivalents	\$ 10,032,993	\$ 84,328	\$ 46,773	\$ 10,164,094
Assets Held for Management Agreements	358,844	-	-	358,844
Receivables:				
Interest and Penalty	-	-	108	108
Due from Other Governments	1,973,856	-	-	1,973,856
Total Assets	<u>\$ 12,365,693</u>	<u>\$ 84,328</u>	<u>\$ 46,881</u>	<u>\$ 12,496,902</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 88,196	\$ 34,306	\$ -	\$ 122,502
Due to Other Funds	-	50,000	-	50,000
Total Liabilities	<u>88,196</u>	<u>84,306</u>	<u>-</u>	<u>172,502</u>
Fund Balances				
Nonspendable	-	-	26,767	26,767
Restricted	-	22	20,114	20,136
Committed	358,844	-	-	358,844
Assigned	11,918,653	-	-	11,918,653
Total Fund Balances	<u>12,277,497</u>	<u>22</u>	<u>46,881</u>	<u>12,324,400</u>
Total Liabilities and Fund Balances	<u>\$ 12,365,693</u>	<u>\$ 84,328</u>	<u>\$ 46,881</u>	<u>\$ 12,496,902</u>

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

	Special Revenue	Debt Service	Permanent	Total
Revenues				
Taxes	\$ -	\$ 3,346,430	\$ -	\$ 3,346,430
Intergovernmental	6,929,676	-	-	6,929,676
Investment Revenue	-	-	(693)	(693)
Total Revenues	6,929,676	3,346,430	(693)	10,275,413
Expenditures				
Current:				
Urban and Economic Development	9,984,820	3,346,430	-	13,331,250
Capital Outlay:				
Urban and Economic Development	546,597	-	-	546,597
Total Expenditures	10,531,417	3,346,430	-	13,877,847
Revenues Over (Under) Expenditures	(3,601,741)	-	(693)	(3,602,434)
Other Financing Sources (Uses)				
Transfers In	7,035,047	-	-	7,035,047
Total Other Financing Sources (Uses)	7,035,047	-	-	7,035,047
Net Change in Fund Balances	3,433,306	-	(693)	3,432,613
Fund Balances, January 1	8,844,191	22	47,574	8,891,787
Fund Balances, December 31	\$ 12,277,497	\$ 22	\$ 46,881	\$ 12,324,400

City of Sioux Falls
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Combining Balance Sheet
Nonmajor Special Revenue Funds

	<u>Transit</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 10,032,993	\$ 10,032,993
Assets Held for Management Agreements	358,844	358,844
Due from Other Governments	<u>1,973,856</u>	<u>1,973,856</u>
Total Assets	<u>\$ 12,365,693</u>	<u>\$ 12,365,693</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	<u>\$ 88,196</u>	<u>\$ 88,196</u>
Total Liabilities	<u>88,196</u>	<u>88,196</u>
Fund Balances		
Committed	358,844	358,844
Assigned	<u>11,918,653</u>	<u>11,918,653</u>
Total Fund Balances	<u>12,277,497</u>	<u>12,277,497</u>
Total Liabilities and Fund Balances	<u>\$ 12,365,693</u>	<u>\$ 12,365,693</u>

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

	Transit	Total
Revenues		
Intergovernmental	\$ 6,929,676	\$ 6,929,676
Total Revenues	6,929,676	6,929,676
Expenditures		
Current:		
Urban and Economic Development	9,984,820	9,984,820
Capital Outlay:		
Urban and Economic Development	546,597	546,597
Total Expenditures	10,531,417	10,531,417
Revenues Over (Under) Expenditures	(3,601,741)	(3,601,741)
Other Financing Sources (Uses)		
Transfers In	7,035,047	7,035,047
Total Other Financing Sources (Uses)	7,035,047	7,035,047
Net Change in Fund Balances	3,433,306	3,433,306
Fund Balances, January 1	8,844,191	8,844,191
Fund Balances, December 31	\$ 12,277,497	\$ 12,277,497

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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	\$ 12,775,368	\$ 12,775,368	\$ 6,929,676	\$ (5,845,692)
Total Revenues	12,775,368	12,775,368	6,929,676	(5,845,692)
Expenditures				
Urban and Economic Development				
Transit	16,892,100	24,443,961	10,531,417	13,912,544
Total Expenditures	16,892,100	24,443,961	10,531,417	13,912,544
Revenues Over (Under) Expenditures	(4,116,732)	(11,668,593)	(3,601,741)	8,066,852
Other Financing Sources (Uses)				
Transfers In	7,035,047	7,035,047	7,035,047	-
Total Other Financing Sources (Uses)	7,035,047	7,035,047	7,035,047	-
Net Change in Fund Balances	2,918,315	(4,633,546)	3,433,306	8,066,852
Fund Balances, January 1	8,844,191	8,844,191	8,844,191	-
Fund Balances, December 31	<u>\$ 11,762,506</u>	<u>\$ 4,210,645</u>	<u>\$ 12,277,497</u>	<u>\$ 8,066,852</u>

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City of Sioux Falls
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December 31, 2022

Combining Balance Sheet
Nonmajor Debt Service Funds

	T.I.F. District	Total
Assets		
Cash and Cash Equivalents	\$ 84,328	\$ 84,328
Total Assets	<u>\$ 84,328</u>	<u>\$ 84,328</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 34,306	\$ 34,306
Due to Other Funds	<u>50,000</u>	<u>50,000</u>
Total Liabilities	<u>84,306</u>	<u>84,306</u>
Fund Balances		
Restricted	<u>22</u>	<u>22</u>
Total Fund Balances	<u>22</u>	<u>22</u>
Total Liabilities and Fund Balances	<u>\$ 84,328</u>	<u>\$ 84,328</u>

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

	T.I.F. District	Total
Revenues		
Taxes	\$ 3,346,430	\$ 3,346,430
Total Revenues	3,346,430	3,346,430
Expenditures		
Current:		
Urban and Economic Development	3,346,430	3,346,430
Total Expenditures	3,346,430	3,346,430
Revenues Over (Under) Expenditures	-	-
Net Change in Fund Balances	-	-
Fund Balances, January 1	22	22
Fund Balances, December 31	\$ 22	\$ 22

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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	\$ 3,744,000	\$ 3,744,000	\$ 3,346,430	\$ (397,570)
Total Revenues	3,744,000	3,744,000	3,346,430	(397,570)
Expenditures				
Urban and Economic Development				
T.I.F. District	3,744,000	3,744,000	3,346,430	397,570
Total Expenditures	3,744,000	3,744,000	3,346,430	397,570
Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, January 1	22	22	22	-
Fund Balances, December 31	\$ 22	\$ 22	\$ 22	\$ -

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City of Sioux Falls
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Combining Balance Sheet
Nonmajor Permanent Funds

	Cottam Memorial	Library Memorial	Total
Assets			
Cash and Cash Equivalents	\$ 5,579	\$ 41,194	\$ 46,773
Receivables:			
Interest	13	95	108
Total Assets	<u>\$ 5,592</u>	<u>\$ 41,289</u>	<u>\$ 46,881</u>
Fund Balances			
Nonspendable	\$ 2,000	\$ 24,767	\$ 26,767
Restricted	3,592	16,522	20,114
Total Fund Balances	<u>\$ 5,592</u>	<u>\$ 41,289</u>	<u>\$ 46,881</u>

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

	Cottam Memorial	Library Memorial	Total
Revenues			
Investment Revenue	\$ (83)	\$ (610)	\$ (693)
Total Revenues	(83)	(610)	(693)
Expenditures			
Culture and Recreation:			
Library Memorial	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	(83)	(610)	(693)
Fund Balances, January 1	5,675	41,899	47,574
Fund Balances, December 31	\$ 5,592	\$ 41,289	\$ 46,881

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ 50	\$ 50	\$ (83)	\$ (133)
Total Revenues	50	50	(83)	(133)
Expenditures				
Public Safety:				
Cottam Memorial	2,000	2,000	-	2,000
Total Expenditures	2,000	2,000	-	2,000
Revenues Over (Under) Expenditures	(1,950)	(1,950)	(83)	1,867
Net Change in Fund Balance	(1,950)	(1,950)	(83)	1,867
Fund Balances, January 1	5,675	5,675	5,675	-
Fund Balances, December 31	<u>\$ 3,725</u>	<u>\$ 3,725</u>	<u>\$ 5,592</u>	<u>\$ 1,867</u>

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ 300	\$ 300	\$ (610)	\$ (910)
Contributions	-	-	-	-
Total Revenues	300	300	(610)	(910)
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)	(610)	4,090
Net Change in Fund Balance	(4,700)	(4,700)	(610)	4,090
Fund Balances, January 1	41,899	41,899	41,899	-
Fund Balances, December 31	\$ 37,199	\$ 37,199	\$ 41,289	\$ 4,090

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Combining Statement of Net Position
Internal Service Funds

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Assets			
Current:			
Cash and Cash Equivalents	\$ 7,218,454	\$ 17,322,698	\$ 5,469,661
Receivables, net:			
Accounts	100,300	448,539	-
Interest	12,880	38,898	12,737
Prepaid Expense	-	310,900	322,295
Due from Other Governments	38,602	-	-
Inventory of Supplies	1,165,702	-	-
Total Current Assets	8,535,938	18,121,035	5,804,693
Noncurrent:			
Net Pension Asset	3,095	136	353
Buildings	2,705,385	-	-
Improvements Other Than Buildings	769,515	-	-
Machinery and Equipment	50,322,201	-	-
Construction in Progress	1,628,806	-	-
Less Accumulated Depreciation	(33,552,964)	-	-
Right to Use Leased Assets	8,213	-	-
Less: Accumulated Amortization	(2,053)	-	-
Total Noncurrent Assets	21,882,198	136	353
Total Assets	30,418,136	18,121,171	5,805,046
Deferred Outflow of Resources			
City Employee's Retirement System	1,499,845	131,450	119,566
South Dakota Retirement System	282,589	12,238	28,831
Total Deferred Outflow of Resources	1,782,434	143,688	148,397
Liabilities			
Current:			
Accounts Payable	293,084	54,485	9,533
Accrued Wages	74,453	2,834	3,793
Loss Reserve on Workers' Comp Claims	-	-	700,000
Accrued Compensated Absences	15,000	-	-
Incurred But Not Reported Claims	-	2,000,000	-
Lease	2,045	-	-
Lease Interest Payable	9	-	-
Total Current Liabilities	384,591	2,057,319	713,326
Noncurrent:			
Loss Reserve on Workers' Comp Claims	-	-	1,602,294
Net Pension Liability	562,279	49,278	44,825
Accrued Compensated Absences	204,070	-	-
Lease	4,123	-	-
Total Noncurrent Liabilities	770,472	49,278	1,647,119
Total Liabilities	1,155,063	2,106,597	2,360,445
Deferred Inflow of Resources			
City Employee's Retirement System	218,104	19,115	17,387
South Dakota Retirement System	189,616	8,231	21,678
Total Deferred Inflow of Resources	407,720	27,346	39,065
Net Position			
Net Investment in Capital Assets	21,768,740	-	-
Restricted for Pension	815,530	67,200	64,860
Unrestricted	8,053,517	16,063,716	3,489,073
Total Net Position	\$ 30,637,787	\$ 16,130,916	\$ 3,553,933

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

Combining Statement of Net Position
Internal Service Funds (cont)

Technology Revolving	Property Liability and Risk	Centralized Facilities	Total
\$ 3,526,246	\$ 3,375,333	\$ 7,250,276	\$ 44,162,668
-	-	-	548,839
8,379	6,473	14,031	93,398
-	-	11,518	644,713
-	23,406	98,055	160,063
-	-	-	1,165,702
3,534,625	3,405,212	7,373,880	46,775,383
-	426	2,507	6,517
-	-	-	2,705,385
250,295	-	-	1,019,810
5,456,892	-	-	55,779,093
-	-	-	1,628,806
(3,605,215)	-	-	(37,158,179)
59,083	-	1,714,893	1,782,189
(14,771)	-	(428,723)	(445,547)
2,146,284	426	1,288,677	25,318,074
5,680,909	3,405,638	8,662,557	72,093,457
-	-	881,460	2,632,321
-	38,765	229,928	592,351
-	38,765	1,111,388	3,224,672
832,794	7,857	331,113	1,528,866
-	2,771	-	83,851
-	-	-	700,000
-	-	-	15,000
-	-	-	2,000,000
14,710	-	53,433	70,188
61	-	4,564	4,634
847,565	10,628	389,110	4,402,539
-	-	-	1,602,294
-	-	330,452	986,834
-	-	-	204,070
29,664	-	1,603,625	1,637,412
29,664	-	1,934,077	4,430,610
877,229	10,628	2,323,187	8,833,149
-	-	128,180	382,786
-	26,127	153,686	399,338
-	26,127	281,866	782,124
2,101,910	-	(370,888)	23,499,762
-	13,064	501,577	1,462,231
2,701,770	3,394,584	7,038,203	40,740,863
\$ 4,803,680	\$ 3,407,648	\$ 7,168,892	\$ 65,702,856

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Operating Revenues:			
Charges for Goods and Services - Internal	\$ 14,926,806	\$ 11,826,170	\$ 1,563,365
Charges for Goods and Services - Other	457,642	12,184,479	-
Total Operating Revenues	15,384,448	24,010,649	1,563,365
Operating Expenses:			
Personnel Services	2,805,276	171,882	173,923
Casualty Loss	-	19,160,452	449,757
Insurance	114,805	171,635	255,955
Professional Services	25,450	1,684,234	97,825
Rent	90,735	-	388
Repairs and Maintenance	1,767,521	-	-
Supplies and Materials	5,547,607	-	95,474
Utilities and Bulk Energy	41,023	-	-
Depreciation	3,841,009	-	-
Amortization	2,053	-	-
Other Current Expenses	10,955	9,667	3,736
Total Operating Expenses	14,246,434	21,197,870	1,077,058
Operating Income (Loss)	1,138,014	2,812,779	486,307
Nonoperating Revenues (Expenses):			
Investment Revenue	(81,706)	(221,851)	(92,032)
Lease Interest Expense	(38)	-	-
Gain (Loss) on Capital Assets	464,617	-	-
Operating Grant	-	-	-
Miscellaneous	84,655	-	-
Total Nonoperating Revenues (Expenses)	467,528	(221,851)	(92,032)
Income (Loss) Before Transfers	1,605,542	2,590,928	394,275
Transfers In	46,234	-	-
Transfers Out	-	-	-
Change in Net Position	1,651,776	2,590,928	394,275
Net Position - Beginning	28,986,011	13,539,988	3,159,658
Net Position - Ending	\$ 30,637,787	\$ 16,130,916	\$ 3,553,933

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

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

Technology Revolving	Property Liability and Risk	Centralized Facilities	Total
\$ 4,819,952	\$ 2,298,883	\$ 6,745,183	\$ 42,180,359
-	-	-	12,642,121
4,819,952	2,298,883	6,745,183	54,822,480
-	168,930	1,807,848	5,127,859
-	173,202	-	19,783,411
-	1,795,246	-	2,337,641
520,151	35,443	51,235	2,414,338
30,670	-	221,295	343,088
3,220	50,227	2,043,425	3,864,393
4,645,565	20,765	235,484	10,544,895
162,151	1,202	1,189,696	1,394,072
654,089	-	-	4,495,098
14,771	-	428,723	445,547
16,215	982	3,070	44,625
6,046,832	2,245,997	5,980,776	50,794,967
(1,226,880)	52,886	764,407	4,027,513
(83,196)	(42,112)	(72,347)	(593,244)
(276)	-	(9,300)	(9,614)
-	-	-	464,617
-	23,406	189,304	212,710
-	-	-	84,655
(83,472)	(18,706)	107,657	159,124
(1,310,352)	34,180	872,064	4,186,637
500,000	-	2,101,949	2,648,183
-	-	(1,398,112)	(1,398,112)
(810,352)	34,180	1,575,901	5,436,708
5,614,032	3,373,468	5,592,991	60,266,148
\$ 4,803,680	\$ 3,407,648	\$ 7,168,892	\$ 65,702,856

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

Combining Statement of Cash Flows
Internal Service Funds

	Fleet Revolving	City Health/Life Benefit	Workers' Compensation
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 442,921	\$ 11,774,102	\$ -
Cash Receipts from Interfund Services Provided	14,902,374	11,826,170	1,563,365
Payments to Suppliers	(8,446,974)	(1,853,521)	(760,757)
Payment for Interfund Services Used	(11,874)	-	-
Payments to Employees	(2,788,557)	(174,337)	(165,182)
Claims Paid	-	(19,160,452)	(1,027,048)
Other Receipts/Payments	82,610	-	-
Net Cash Provided (Used) by Operating Activities	4,180,500	2,411,962	(389,622)
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	512,347	-	-
Purchase of Capital Assets	(4,090,319)	-	-
Interest Payments - Lease Liabilities	(29)	-	-
Net Cash Flows Used by Capital and Related Financing Activities	(3,578,001)	-	-
Cash Flows from Investing Activities:			
Investment Revenue Received	(90,013)	(249,437)	(100,489)
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	512,486	2,162,525	(490,111)
Cash and Cash Equivalents, January 1	6,705,968	15,160,173	5,959,772
Cash and Cash Equivalents, December 31	<u>\$ 7,218,454</u>	<u>\$ 17,322,698</u>	<u>\$ 5,469,661</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 1,138,014	\$ 2,812,779	\$ 486,307
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,841,009	-	-
Amortization	2,053	-	-
(Increase) Decrease in - Receivables	(24,432)	(410,377)	-
- Inventory	(197,200)	-	-
- Prepaid Expense	-	-	(307,295)
- Due From Other Governments	(14,721)	-	-
- Net Pension Asset	1,804,493	150,844	178,088
- Pension Related Deferred Outflows	(1,119,650)	(98,025)	(71,457)
Increase (Decrease) in - Accounts Payable	(663,552)	12,015	(84)
- Accrued Wages	38,948	553	(720)
- Compensated Absences	34,541	-	-
- Net Pension Liability	562,279	49,278	44,825
- Pension Related Deferred Inflows	(1,303,892)	(105,105)	(141,995)
- Loss Reserve on Workers' Comp Claims	-	-	(577,291)
- Lease Liability	(2,045)	-	-
Other Revenue Sources (Uses)	84,655	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,180,500</u>	<u>\$ 2,411,962</u>	<u>\$ (389,622)</u>
Noncash Investing, Capital and Financing Activities:			
Capital Asset Purchases in Accounts Payable	\$ 104,195	\$ -	\$ -
Net Interfund Transfers of Capital Assets	46,234	-	-
Capital Asset Purchases from Prior Year Expense	75	-	-

City of Sioux Falls
Annual Comprehensive Financial Report
Year Ended December 31, 2022

Combining Statement of Cash Flows
Internal Service Funds (cont)

Technology Revolving	Property Liability and Risk	Centralized Facilities	Total
\$ -	\$ -	\$ -	\$ 12,217,023
4,819,952	2,275,477	6,745,183	42,132,521
(4,664,707)	(2,403,137)	(3,611,312)	(21,740,408)
-	-	-	(11,874)
-	(162,830)	(1,965,092)	(5,255,998)
-	(173,202)	-	(20,360,702)
-	23,406	131,469	237,485
155,245	(440,286)	1,300,248	7,218,047
500,000	-	2,101,949	2,601,949
500,000	-	2,101,949	2,601,949
-	-	-	512,347
(1,850,020)	-	(1,398,112)	(7,338,451)
(215)	-	(4,736)	(4,980)
(1,850,235)	-	(1,402,848)	(6,831,084)
(88,425)	(46,187)	(83,547)	(658,098)
(1,283,415)	(486,473)	1,915,802	2,330,814
4,809,661	3,861,806	5,334,474	41,831,854
<u>\$ 3,526,246</u>	<u>\$ 3,375,333</u>	<u>\$ 7,250,276</u>	<u>\$ 44,162,668</u>
\$ (1,226,880)	\$ 52,886	\$ 764,407	\$ 4,027,513
654,089	-	-	4,495,098
14,771	-	428,723	445,547
-	-	-	(434,809)
-	-	-	(197,200)
-	-	(11,518)	(318,813)
-	(23,406)	(59,679)	(97,806)
-	52,170	907,256	3,092,851
-	8,853	(795,717)	(2,075,996)
727,974	(499,272)	144,411	(278,508)
-	392	-	39,173
-	-	-	34,541
-	-	330,452	986,834
-	(55,315)	(539,556)	(2,145,863)
-	-	-	(577,291)
(14,709)	-	(57,835)	(74,589)
-	23,406	189,304	297,365
<u>\$ 155,245</u>	<u>\$ (440,286)</u>	<u>\$ 1,300,248</u>	<u>\$ 7,218,047</u>
\$ -	\$ -	\$ -	\$ 104,195
-	-	(1,398,112)	(1,351,878)
-	-	-	75

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Statistical Section

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

Contents	Page
Financial Trends	129
<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	139
<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	142
<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	146
<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	149
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Statistics (Unaudited)

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

	2013	2014	2015	2016
Governmental Activities				
Net Investment in Capital Assets	\$ 786,631,533	\$ 874,352,925	\$ 918,392,160	\$ 949,588,727
Restricted	82,716,805	27,054,480	45,769,849	66,444,710
Unrestricted	73,999,636	98,987,086	47,230,423	10,622,500
Total Governmental Activities Net Position	943,347,974	1,000,394,491	1,011,392,432	1,026,655,937
Business-type Activities				
Net Investment in Capital Assets	338,184,588	355,182,015	373,898,313	398,711,113
Restricted	7,185,954	7,221,556	7,420,528	6,990,751
Unrestricted	58,689,906	62,902,134	60,840,349	63,253,372
Total Business-type Activities Net Position	404,060,448	425,305,705	442,159,190	468,955,236
Primary Government				
Net Investment in Capital Assets	1,124,816,121	1,229,534,940	1,292,290,473	1,348,299,840
Restricted	89,902,759	34,276,036	53,190,377	73,435,461
Unrestricted	132,689,542	161,889,220	108,070,772	73,875,872
Total Primary Government Net Position	\$ 1,347,408,422	\$ 1,425,700,196	\$ 1,453,551,622	\$ 1,495,611,173

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

	2013	2014	2015	2016
Expenses				
Governmental Activities:				
General Government	\$ 22,764,225	\$ 16,348,473	\$ 16,186,279	\$ 16,556,020
Fire Protection	23,171,607	23,480,779	28,909,163	31,223,012
Police Protection	31,278,051	30,078,133	34,995,848	37,065,313
Highways and Streets	54,540,686	50,977,392	56,489,047	58,516,026
Public Health	10,595,323	10,437,257	11,506,819	12,326,094
Culture and Recreation:				
Arena	1,777,882	-	-	-
Libraries	7,499,168	7,418,069	8,202,420	9,220,828
Museum	500,311	546,495	539,345	574,510
Parks and Recreation	21,946,413	22,364,841	23,198,516	25,301,964
Pavilion	4,473,733	-	-	-
Entertainment Venues	-	8,023,559	7,434,826	9,763,936
Urban and Economic Development:				
Convention Center/CVB	3,278,830	7,347,986	-	-
Affordable Housing	2,108,614	3,547,380	2,759,033	5,759,679
Economic Development	1,372,882	4,169,374	6,539,607	6,209,883
Transit	-	-	-	-
TIF	138,618	731,370	6,971,201	7,155,112
Planning and Development Services	4,905,606	5,965,110	6,086,958	6,617,020
Interest on Long-Term Debt	8,130,846	6,790,233	6,626,453	6,684,824
Total Governmental Activities Expenses	198,482,795	198,226,451	216,445,515	232,974,221
Business-type Activities:				
Power and Distribution	7,853,329	8,481,793	8,808,582	9,066,599
Public Parking	2,180,294	2,117,596	2,418,497	2,239,595
Sanitary Landfill	8,371,394	10,866,177	8,664,217	11,499,421
Water	26,132,387	25,121,815	26,828,879	27,523,869
Water Reclamation	18,703,702	21,064,041	22,186,415	22,462,997
Total Business-type Activities Expenses	63,241,106	67,651,422	68,906,590	72,792,481
Total Primary Government Expenses	\$ 261,723,901	\$ 265,877,873	\$ 285,352,105	\$ 305,766,702

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Statistics (Unaudited)

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

2017	2018	2019	2020	2021	2022
\$ 994,726,890	\$ 1,021,045,334	\$ 1,049,886,149	\$ 1,127,131,127	\$ 1,185,537,873	\$ 1,243,066,720
62,906,294	59,535,309	57,891,297	57,034,868	96,723,009	101,702,482
70,158,874	89,007,611	116,803,795	169,820,005	217,791,071	241,988,181
1,127,792,058	1,169,588,254	1,224,581,241	1,353,986,000	1,500,051,953	1,586,757,383
441,954,230	460,700,572	483,654,265	507,724,678	534,322,603	617,383,847
3,442,244	5,201,229	5,420,269	4,929,108	5,254,070	9,718,628
55,829,094	66,130,912	76,246,911	83,329,821	101,620,413	70,969,228
501,225,568	532,032,713	565,321,445	595,983,607	641,197,086	698,071,703
1,436,681,120	1,481,745,906	1,533,540,414	1,634,855,805	1,719,860,476	1,860,450,567
66,348,538	64,736,538	63,311,566	61,963,976	101,977,079	111,421,110
125,987,968	155,138,523	193,050,706	253,149,826	319,411,484	312,957,409
\$ 1,629,017,626	\$ 1,701,620,967	\$ 1,789,902,686	\$ 1,949,969,607	\$ 2,141,249,039	\$ 2,284,829,086

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

2017	2018	2019	2020	2021	2022
\$ 13,766,907	\$ 17,310,632	\$ 15,753,554	\$ 16,368,596	\$ 16,056,067	\$ 19,876,258
20,119,516	27,829,382	26,925,310	22,163,779	21,325,245	34,337,771
25,225,870	36,740,314	35,383,827	30,595,771	31,514,689	45,234,825
52,617,614	68,023,930	64,083,924	63,559,050	67,513,954	79,768,892
10,426,180	12,032,129	12,727,539	11,767,581	12,711,057	16,235,562
-	-	-	-	-	-
6,273,321	8,139,253	8,454,201	8,032,897	8,379,016	10,157,558
587,155	601,386	633,560	688,099	3,361	3,361
24,930,414	25,799,818	27,720,537	25,691,770	27,056,634	31,692,510
-	-	-	-	-	-
8,467,290	9,176,901	11,083,954	12,026,835	9,842,274	10,073,504
-	-	-	-	-	-
1,599,111	1,758,721	2,346,464	3,539,815	3,123,059	3,703,196
6,346,062	6,379,016	-	-	-	-
-	-	-	8,562,349	9,198,977	9,983,812
7,767,376	7,903,235	8,528,728	2,854,070	3,111,217	3,346,430
4,881,994	7,077,539	13,964,699	10,887,445	10,767,083	27,396,437
6,693,992	6,343,156	5,911,897	5,846,714	5,963,138	5,379,052
189,702,802	235,115,412	233,518,194	222,584,771	226,565,771	297,189,168
8,803,782	9,562,823	9,273,379	9,170,719	10,011,887	9,417,813
1,897,465	2,741,375	2,601,031	3,191,297	2,945,638	3,379,597
10,686,231	10,216,724	9,690,174	8,960,066	10,051,934	11,614,441
26,305,766	27,002,192	25,573,099	26,617,691	26,505,185	29,564,158
21,218,037	25,132,533	25,401,970	25,725,220	26,185,994	29,733,235
68,911,281	74,655,647	72,539,653	73,664,993	75,700,638	83,709,244
\$ 258,614,083	\$ 309,771,059	\$ 306,057,847	\$ 296,249,764	\$ 302,266,409	\$ 380,898,412

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Statistics (Unaudited)

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

	2013	2014	2015	2016
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 4,020,960	\$ 1,637,130	\$ 1,990,147	\$ 2,301,159
Public Health	4,952,848	5,504,651	5,186,248	4,763,133
Urban and Economic Development	4,626,018	3,681,729	5,700,195	6,075,495
Other Activities	2,370,135	3,212,995	2,701,709	3,255,196
Operating Grants and Contributions	28,641,839	11,485,092	12,499,343	16,792,102
Capital Grants and Contributions	30,764,844	37,557,562	19,365,839	28,342,191
Total Governmental Activities Program Revenues	75,376,644	63,079,159	47,443,481	61,529,276
Business-type Activities:				
Charges for Services				
Water	33,204,763	31,959,833	32,610,302	35,061,789
Water Reclamation	21,845,217	23,654,728	25,474,334	28,488,007
Other Activities	20,135,243	20,858,949	21,513,114	21,575,174
Operating Grants and Contributions	286,087	52,779	69,765	95,253
Capital Grants and Contributions	8,826,946	10,856,245	8,983,113	11,488,226
Total Business-Type Activities Program Revenues	84,298,256	87,382,534	88,650,628	96,708,449
Total Primary Government Program Revenues	159,674,900	150,461,693	136,094,109	158,237,725
Net (Expense)/Revenue				
Governmental Activities	(122,774,454)	63,079,159	(169,002,034)	(171,444,945)
Business-type Activities	16,646,834	87,382,534	19,744,038	23,915,968
Total Primary Government Net Expense	(106,127,620)	150,461,693	(149,257,996)	(147,528,977)
General Revenue and Transfers				
Governmental Activities:				
Taxes				
Property Tax	48,955,618	52,100,987	55,360,779	57,526,833
Sales Tax	113,150,525	119,621,476	126,603,392	129,901,666
Frontage Tax	10,341,052	10,615,052	11,064,584	11,977,806
Amusement Tax	12,246	13,092	10,164	10,248
Unrestricted State and County Shared Revenues	5,279,833	4,978,793	33,104,745	5,313,720
Unrestricted Investment Earnings	394,536	1,367,872	736,628	1,119,262
Miscellaneous Revenue, Net	635,748	424,909	1,601,309	965,526
Lease (lessor)	-	-	-	-
Market Value Adjustment to Land Held for Resale	-	-	-	(20,523,616)
Impairment of Land Held for Resale	-	-	-	-
Change in Accounting Estimates	-	-	-	-
Transfers	565,805	336,380	373,312	417,005
Total Governmental Activities General Revenues	179,335,363	189,458,561	228,854,913	186,708,450
Business-type Activities:				
Unrestricted Investment Earnings	301,309	57,232	702,138	622,327
Miscellaneous Revenue, Net	1,897,762	1,793,293	2,422,923	2,674,756
Lease (lessor)	-	-	-	-
Transfers	(565,805)	(336,380)	(373,312)	(417,005)
Total Business-type Activities General Revenues	1,633,266	1,514,145	2,751,749	2,880,078
Total Primary Government General Revenues	180,968,629	190,972,706	231,606,662	189,588,528
Change in Net Position				
Governmental Activities	56,560,909	252,537,720	59,852,879	15,263,505
Business-type Activities	18,280,100	88,896,679	22,495,787	26,796,046
Total Primary Government	\$ 74,841,009	\$ 341,434,399	\$ 82,348,666	\$ 42,059,551

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

2017	2018	2019	2020	2021	2022
\$ 2,322,206	\$ 2,685,163	\$ 2,921,525	\$ 1,992,317	\$ 2,133,231	\$ 6,829,319
4,604,936	4,446,066	3,922,843	4,232,830	3,150,472	4,230,973
4,478,990	4,344,827	4,591,793	5,121,323	5,693,465	10,075,793
3,880,707	3,558,292	3,163,729	2,752,919	4,060,966	4,738,595
16,081,817	14,222,835	13,353,539	60,862,777	19,566,692	18,147,797
18,666,162	21,112,481	14,584,653	30,964,335	65,006,346	39,378,506
50,034,818	50,369,664	42,538,082	105,926,501	99,611,172	83,400,983
35,680,449	34,480,725	33,393,265	39,680,667	40,588,378	41,029,032
29,233,798	31,282,531	33,339,627	35,166,721	36,374,385	38,501,561
22,368,836	23,704,610	23,832,273	23,245,937	24,660,955	26,208,545
181,301	75,559	145,976	356,932	40,408	260,000
11,623,136	11,766,244	10,300,249	13,572,824	12,100,727	33,418,736
99,087,520	101,309,669	101,011,390	112,023,081	113,764,853	139,417,874
149,122,338	151,679,333	143,549,472	217,949,582	213,376,025	222,818,857
(139,667,984)	(184,745,748)	(190,980,112)	(116,658,270)	(126,954,599)	(213,788,185)
30,176,239	26,654,022	28,471,737	38,358,088	38,064,215	55,708,630
(109,491,745)	(158,091,726)	(162,508,375)	(78,300,182)	(88,890,384)	(158,079,555)
60,115,348	62,653,215	66,606,043	70,347,223	74,268,771	77,477,025
132,448,059	137,004,842	150,230,509	145,208,619	174,351,412	191,842,140
12,852,386	13,907,487	14,738,508	15,362,566	16,327,123	16,946,752
10,800	9,768	9,948	10,332	228	-
5,886,719	6,070,876	6,657,602	12,010,898	7,385,678	10,958,647
1,580,596	2,845,228	4,784,546	2,798,038	2,041	(1,717,960)
2,276,359	3,856,605	2,688,629	1,707,136	3,655,711	4,523,883
-	-	-	-	-	19,865
-	-	-	-	-	-
-	-	-	-	-	(774,698)
-	-	-	-	(2,086,979)	-
2,001,008	193,923	257,314	781,450	(883,433)	1,217,961
217,171,275	226,541,944	245,973,099	248,226,262	273,020,552	300,493,615
736,462	1,679,659	2,744,970	1,675,369	(11,953)	(1,181,158)
3,358,639	2,667,387	2,329,339	9,307,233	6,277,784	3,471,093
-	-	-	-	-	94,013
(2,001,008)	(193,923)	(257,314)	(781,450)	883,433	(1,217,961)
2,094,093	4,153,123	4,816,995	10,201,152	7,149,264	1,165,987
219,265,368	230,695,067	250,790,094	258,427,414	280,169,816	301,659,602
77,503,291	41,796,196	54,992,987	131,567,992	146,065,953	86,705,430
32,270,332	30,807,145	33,288,732	48,559,240	45,213,479	56,874,617
\$ 109,773,623	\$ 72,603,341	\$ 88,281,719	\$ 180,127,232	\$ 191,279,432	\$ 143,580,047

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Statistics (Unaudited)

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

	2013	2014	2015	2016
General Fund				
Nondisposable	\$ 1,595,933	\$ 1,457,649	\$ 1,500,337	\$ 1,900,996
Restricted	683,099	679,076	482,427	244,518
Committed	-	-	-	-
Assigned	3,812,788	5,348,104	5,414,824	2,156,362
Unassigned	42,029,944	40,739,706	38,129,793	40,025,896
Total General Fund	\$ 48,121,764	\$ 48,224,535	\$ 45,527,381	\$ 44,327,772
Sales/Use Tax Fund				
Nondisposable	\$ 285,145	\$ 144,993	\$ -	\$ 6,725,070
Restricted	23,257,209	23,301,917	22,333,307	25,758,873
Committed	26,054,182	32,569,698	27,198,260	14,208,698
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Sales/Use Tax Fund	\$ 49,596,536	\$ 56,016,608	\$ 49,531,567	\$ 46,692,641
All Other Governmental Funds				
Nondisposable	\$ 357,059	\$ 362,475	\$ 27,624,149	\$ 449,872
Restricted	66,122,618	21,676,958	20,758,622	38,027,058
Committed	2,869,083	4,155,859	6,503,267	7,209,231
Assigned	1,265,043	1,472,322	2,596,844	6,870,924
Unassigned	(157,799)	(55,192)	(2,379)	-
Total All Other Governmental Funds	\$ 70,456,004	\$ 27,612,422	\$ 57,480,503	\$ 52,557,085

City of Sioux Falls
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Statistics (Unaudited)

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

2017	2018	2019	2020	2021	2022
\$ 1,874,905	\$ 1,412,454	\$ 1,624,447	\$ 2,059,101	\$ 2,874,421	\$ 2,373,125
133,904	124,675	185,877	445,312	350,899	269,406
459,992	587,967	689,246	990,427	1,585,708	2,017,777
3,922,353	3,748,292	3,273,637	5,415,925	4,793,169	1,631,843
42,771,535	48,307,674	52,430,111	79,692,536	72,880,386	81,185,114
\$ 49,162,689	\$ 54,181,062	\$ 58,203,318	\$ 88,603,301	\$ 82,484,583	\$ 87,477,265
\$ 6,725,070	\$ 6,725,070	\$ 6,725,070	\$ 5,960,780	\$ 4,808,186	\$ 4,494,610
24,458,155	21,591,279	21,482,589	17,043,609	16,437,284	16,699,320
18,466,766	25,600,285	32,728,604	21,868,150	53,608,572	61,533,898
-	-	-	-	-	-
-	-	-	-	-	-
\$ 49,649,991	\$ 53,916,634	\$ 60,936,263	\$ 44,872,539	\$ 74,854,042	\$ 82,727,828
\$ 26,767	\$ 57,332	\$ 57,332	\$ 127,261	\$ 127,261	\$ 127,261
46,100,244	32,947,590	30,600,887	78,429,095	79,026,437	59,121,335
10,600,236	13,283,731	14,330,127	11,986,573	15,692,992	22,969,388
5,142,548	3,894,960	4,865,199	5,973,504	8,405,938	11,918,653
-	-	-	-	-	-
\$ 61,869,795	\$ 50,183,613	\$ 49,853,545	\$ 96,516,433	\$ 103,252,628	\$ 94,136,637

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Statistics (Unaudited)

Table IV

Changes in Fund Balances of Governmental Funds (modified accrual and budget basis of accounting)

Last Ten Fiscal Years

	2013	2014	2015	2016
Revenues				
Taxes	\$ 172,280,837	\$ 181,681,808	\$ 192,686,024	\$ 199,433,538
Licenses and Permits	6,512,105	5,201,772	5,984,144	6,454,811
Intergovernmental	31,623,322	16,304,696	44,640,901	17,931,385
Charges for Goods and Services	7,352,652	7,208,017	7,057,084	7,593,729
Fines and Forfeitures	704,678	572,024	653,200	603,324
Investment Revenue	228,324	1,158,275	482,795	891,242
Miscellaneous Revenue	7,833,232	3,011,667	4,612,269	9,885,564
Total Revenues	226,535,150	215,138,259	256,116,417	242,793,593
Expenditures				
General Government	20,787,239	14,452,567	15,217,034	14,671,542
Public Safety	51,520,665	52,592,613	57,246,696	58,992,557
Highways and Streets	30,826,489	25,975,498	26,526,746	26,378,226
Public Health	10,232,689	10,146,920	10,662,930	11,444,358
Culture and Recreation	24,635,024	25,903,109	25,226,642	28,675,260
Urban and Economic Development	10,803,811	20,663,276	21,336,137	24,463,096
Capital Outlay	108,296,798	83,016,103	62,055,526	71,276,140
Debt Service:				
Principal	11,596,998	11,682,203	10,683,225	12,552,939
Principal - Right to Use Leases	-	-	-	-
Interest and Fiscal Charges	7,581,748	7,262,401	6,947,931	6,673,616
Total Expenditures	276,281,461	251,694,690	235,902,867	255,127,734
Revenues Over (Under) Expenditures	(49,746,311)	(36,556,431)	20,213,550	(12,334,141)
Other Financing Sources (Uses)				
Sale of Surplus Property	42,993	66,963	91,122	544,874
Impairment of Land Held for Resale	-	-	-	-
Loss on Sale of Land Held for Resale	-	-	-	(20,523,616)
Damage Recovery	213,379	311,798	807,902	62,013
Revenue Note Proceeds	161,000	339,000	-	-
Revenue Bonds Issued	-	-	-	20,260,000
Revenue Bond Premiums	-	-	-	3,734,423
Loan Proceeds	-	-	-	-
Leases (lessee)	-	-	-	-
Leases (lessor)	-	-	-	-
Cost of Issuance	-	-	-	(110,000)
Underwriter Discount	-	-	-	(145,699)
Transfers In	6,477,228	8,042,446	7,049,671	18,425,374
Transfers Out	(6,928,953)	(8,524,515)	(7,476,359)	(18,875,181)
Total Other Financing Sources (Uses)	(34,353)	235,692	472,336	3,372,188
Net Change in Fund Balances	\$ (49,780,664)	\$ (36,320,739)	\$ 20,685,886	\$ (8,961,953)
Debt service as a percentage of noncapital expenditures	11.42%	11.23%	10.14%	10.46%

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Table IV (cont)

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

2017	2018	2019	2020	2021	2022
\$ 205,299,070	\$ 213,646,562	\$ 227,694,022	\$ 229,392,793	\$ 262,506,977	\$ 287,231,157
6,341,922	6,686,566	7,222,519	6,675,773	7,350,385	16,290,052
18,604,384	20,653,942	18,544,630	71,585,043	24,363,428	29,188,681
8,197,334	7,625,412	6,707,246	6,745,535	6,813,302	8,755,386
675,779	643,186	608,262	624,945	617,266	698,003
1,352,449	2,438,863	4,098,656	2,250,791	(74,731)	(1,224,280)
8,657,161	7,673,483	7,149,296	8,017,038	16,988,142	12,855,736
<u>249,128,099</u>	<u>259,368,014</u>	<u>272,024,631</u>	<u>325,291,918</u>	<u>318,564,769</u>	<u>353,794,735</u>
15,116,233	17,118,939	16,051,289	17,157,976	18,013,384	19,111,341
60,009,602	62,576,455	65,210,253	68,324,683	73,811,670	78,071,143
24,941,562	27,869,307	30,077,674	27,624,064	29,727,408	36,072,125
11,991,217	11,777,284	12,722,437	12,798,311	14,441,751	16,001,401
28,296,000	27,827,396	32,626,555	32,615,794	33,082,743	36,247,293
21,543,950	21,656,795	23,617,920	25,550,223	26,726,280	43,201,877
75,557,810	80,333,818	65,406,226	88,007,834	74,552,688	103,199,746
11,548,174	24,606,227	10,163,450	39,962,243	10,369,505	10,917,738
-	-	-	-	-	1,123,828
<u>7,203,378</u>	<u>6,845,551</u>	<u>6,531,959</u>	<u>6,388,421</u>	<u>6,768,427</u>	<u>6,160,531</u>
<u>256,207,926</u>	<u>280,611,772</u>	<u>262,407,763</u>	<u>318,429,549</u>	<u>287,493,856</u>	<u>350,107,023</u>
(7,079,827)	(21,243,758)	9,616,868	6,862,369	31,070,913	3,687,712
929,322	328,304	50,768	25,515	150,771	219,970
-	-	-	-	-	(774,698)
-	-	-	(178,609)	-	-
65,648	239,198	75,735	77,653	98,377	71,681
-	-	-	-	-	-
-	17,523,868	1,511,132	42,315,000	-	-
-	1,388,307	-	11,613,131	-	-
-	-	-	302,638	2,474,636	1,408,089
-	-	-	-	-	781,229
-	-	-	-	-	19,865
-	-	-	-	-	-
-	-	-	-	-	-
7,782,375	9,090,213	7,569,232	34,346,677	24,816,683	9,654,625
<u>(8,225,371)</u>	<u>(9,727,298)</u>	<u>(8,111,918)</u>	<u>(34,365,227)</u>	<u>(28,012,400)</u>	<u>(11,317,996)</u>
<u>551,974</u>	<u>18,842,592</u>	<u>1,094,949</u>	<u>54,136,778</u>	<u>(471,933)</u>	<u>62,765</u>
<u>\$ (6,527,853)</u>	<u>\$ (2,401,166)</u>	<u>\$ 10,711,817</u>	<u>\$ 60,999,147</u>	<u>\$ 30,598,980</u>	<u>\$ 3,750,477</u>
<u>10.38%</u>	<u>15.70%</u>	<u>8.47%</u>	<u>20.12%</u>	<u>8.05%</u>	<u>7.37%</u>

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Statistics (Unaudited)

Table V

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

Revenues	2013	2014	2015	2016
Taxes				
Property	\$ 48,547,852	\$ 51,025,183	\$ 53,344,081	\$ 55,003,521
Sales	52,178,569	54,863,132	58,087,990	59,752,884
Other	7,103,162	7,453,511	7,611,387	7,819,721
Total Taxes	107,829,583	113,341,826	119,043,458	122,576,126
Licenses and Permits	6,423,094	5,113,607	5,891,551	6,358,512
Intergovernmental (Federal/State/County)	17,362,249	11,257,014	11,861,325	12,520,695
Charges for Goods and Services	6,415,678	7,208,017	6,820,346	7,352,332
Fines and Forfeitures	704,498	572,024	653,200	603,246
Investment Revenue	250,368	287,741	416,004	506,557
Miscellaneous Revenue	701,851	(41,859)	(751,315)	966,278
Total Revenues	139,687,321	137,738,370	143,934,569	150,883,746
Expenditures				
General Government				
Mayor	468,731	486,805	529,895	491,501
City Council	1,176,930	1,432,756	1,248,982	1,564,985
Attorney	1,525,591	1,514,218	1,611,802	1,652,169
Human Resources	1,160,908	1,400,287	1,462,764	1,368,656
Finance	2,103,038	2,300,092	2,600,444	2,685,762
Facilities Management	1,563,602	2,629,310	2,732,090	1,645,147
Innovation and Technology	2,796,073	2,945,098	3,263,792	3,464,036
Communications	1,468,512	1,680,651	1,740,244	1,797,448
Total General Government	12,263,385	14,389,217	15,190,013	14,669,704
Public Safety				
Fire	21,636,701	22,524,449	25,558,281	26,075,093
Police	29,883,964	30,031,803	31,572,267	32,917,464
Total Public Safety	51,520,665	52,556,252	57,130,548	58,992,557
Highways and Streets	-	23,420,694	24,407,469	23,686,638
Total Highways and Streets	28,636,472	23,420,694	24,407,469	23,686,638
Health				
Health	10,232,689	10,146,920	10,662,930	11,444,358
Total Health	10,232,689	10,146,920	10,662,930	11,444,358
Culture and Recreation				
Parks and Recreation	14,752,548	14,857,493	15,635,862	16,966,026
Libraries	6,131,686	6,301,074	6,611,144	7,439,872
Museum	500,311	524,813	518,610	552,936
Total Culture and Recreation	21,384,545	21,683,380	22,765,616	24,958,834
Urban and Economic Development				
Planning and Development Services	4,776,886	4,914,879	5,070,746	5,427,327
Economic Development	1,372,882	4,135,110	4,806,417	4,632,115
Total Urban and Economic Development	8,563,633	9,049,989	9,877,163	10,059,442
Debt Service				
Debt Service	-	-	-	-
Total Debt Service	-	-	-	-
Total Expenditures	132,601,389	131,246,452	140,033,739	143,811,533
Revenues Over (Under) Expenditures	7,085,932	6,491,918	3,900,830	7,072,213
Other Financing Sources (Uses)				
Sale of Surplus Property	37,917	52,052	54,524	84,443
Lease (lessee)	-	-	-	-
Lease (lessor)	-	-	-	-
Damage Recovery	184,417	184,248	73,851	62,013
Transfers Out	(6,928,953)	(6,625,447)	(6,726,359)	(8,418,278)
Total Other Financing Sources (Uses)	(6,706,619)	(6,389,147)	(6,597,984)	(8,271,822)
Net Change in Fund Balances	\$ 379,313	\$ 102,771	\$ (2,697,154)	\$ (1,199,609)

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

2019 - Economic Development combined into Planning and Development Services

2021 - Museum combined into Libraries

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Table V (cont)

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

Last Ten Fiscal Years

2017	2018	2019	2020	2021	2022
\$ 57,591,924	\$ 60,238,488	\$ 63,876,772	\$ 67,680,168	\$ 71,238,553	\$ 74,004,197
60,858,378	63,129,282	67,476,813	67,135,048	79,605,916	89,379,982
7,840,216	7,623,778	7,951,750	7,190,129	8,200,710	8,485,204
126,290,518	130,991,548	139,305,335	142,005,345	159,045,179	171,869,383
6,244,892	6,592,722	7,134,410	6,502,389	7,186,778	16,135,111
12,861,715	13,156,642	13,883,537	65,040,580	16,381,687	18,356,117
7,901,982	7,505,118	6,611,258	6,468,305	6,509,776	8,572,791
675,779	643,186	608,262	624,945	617,246	698,003
624,818	1,525,462	1,805,304	1,115,743	(13,202)	(881,581)
998,820	1,074,787	1,073,872	1,433,859	1,729,022	1,417,566
155,598,524	161,489,465	170,421,978	223,191,166	191,456,486	216,167,390
380,368	438,090	694,804	787,202	780,093	771,446
1,336,895	1,541,964	1,252,717	1,559,494	1,453,236	1,624,898
1,721,801	1,695,939	1,844,077	1,848,104	1,974,899	2,292,788
1,341,094	1,445,483	1,534,973	1,518,889	1,767,622	1,956,376
3,056,468	3,081,463	3,053,437	3,203,946	3,203,263	3,557,383
1,773,706	1,782,463	1,710,712	1,850,791	1,978,474	1,946,395
3,636,253	3,949,079	4,110,842	4,278,188	4,702,385	4,845,044
1,865,398	1,923,443	1,843,762	1,733,322	2,153,412	2,117,011
15,111,983	15,857,924	16,045,324	16,779,936	18,013,384	19,111,341
26,208,602	27,037,032	28,372,246	29,533,311	31,720,669	33,047,888
33,784,986	35,539,023	36,838,007	38,748,970	41,896,117	45,023,255
59,993,588	62,576,055	65,210,253	68,282,281	73,616,786	78,071,143
21,776,451	24,677,397	27,019,132	24,485,075	25,433,789	30,048,116
21,776,451	24,677,397	27,019,132	24,485,075	25,433,789	30,048,116
11,991,217	11,777,284	12,722,437	12,798,311	14,441,751	16,001,401
11,991,217	11,777,284	12,722,437	12,798,311	14,441,751	16,001,401
17,969,194	17,197,750	19,666,616	18,172,878	20,596,649	23,131,394
6,818,309	6,869,696	7,366,182	7,611,264	8,714,279	8,978,074
575,582	582,848	630,199	684,738	-	-
25,363,085	24,650,294	27,662,997	26,468,880	29,310,928	32,109,468
5,443,391	5,572,369	10,481,748	10,463,726	11,166,783	26,141,612
4,760,818	4,373,239	-	-	-	-
10,204,209	9,945,608	10,481,748	10,463,726	11,166,783	26,141,612
-	-	-	-	-	1,129,640
-	-	-	-	-	1,129,640
144,440,533	149,484,562	159,141,891	159,278,209	171,983,421	202,612,721
11,157,991	12,004,903	11,280,087	63,912,957	19,473,065	13,554,669
36,952	39,857	32,052	24,600	12,240	39,543
-	-	-	-	-	781,229
-	-	-	-	-	11,607
60,577	72,220	72,035	77,653	98,377	71,681
(7,160,607)	(7,098,607)	(7,361,918)	(33,615,227)	(25,702,400)	(9,466,047)
(7,063,078)	(6,986,530)	(7,257,831)	(33,512,974)	(25,591,783)	(8,561,987)
\$ 4,094,913	\$ 5,018,373	\$ 4,022,256	\$ 30,399,983	\$ (6,118,718)	\$ 4,992,682

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

Fiscal Year	General Property Tax	General Sales Tax 1st Penny	Capital Improvement Sales Tax 2nd Penny	Entertainment Tax	Lodging Tax	Hotel BID Tax	Frontage Taxes	Other Taxes	Total Taxes
2013	\$ 48,955,618	\$ 52,178,569	\$ 52,167,149	\$ 6,079,136	\$ 755,119	\$ 1,683,799	\$ 10,341,052	\$ 120,395	\$ 172,280,837
2014	52,100,987	54,863,132	54,860,726	6,417,220	847,049	1,851,167	10,615,052	126,475	181,681,808
2015	55,407,666	58,087,990	58,087,425	7,027,300	955,585	1,955,180	11,064,584	100,294	192,686,024
2016	57,411,400	59,752,884	59,752,704	7,374,191	1,023,271	2,043,914	11,977,806	97,368	199,433,538
2017	60,129,933	60,858,378	60,857,879	7,463,517	1,125,751	1,909,540	12,852,386	101,686	205,299,070
2018	62,523,959	63,129,282	63,129,280	8,048,978	788,997	2,032,009	13,907,487	86,570	213,646,562
2019	66,576,460	67,476,813	67,476,813	8,294,905	956,580	2,059,028	14,738,508	114,915	227,694,022
2020	70,288,580	67,135,048	67,135,016	7,170,446	681,346	1,492,011	15,362,566	127,780	229,392,793
2021	74,349,770	79,605,916	79,605,916	9,368,174	1,100,744	2,018,919	16,327,123	130,415	262,506,977
2022	77,350,627	89,379,982	89,379,981	10,584,396	1,319,748	2,170,107	16,946,752	99,564	287,231,157

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

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

	City Direct	Overlapping Rates ¹				
Fiscal	Operating	COUNTYS		SCHOOL DISTRICTS		Total
Year	Rate ²	Minnehaha	Lincoln	Sioux Falls	Others	Rate
2013	4.95	3.57	2.48	8.48	8.74-12.38	15.91-20.90
2014	5.04	3.54	2.44	8.94	10.62-13.03	16.42-21.64
2015	4.96	3.42	2.31	8.88	10.6-13.11	16.15-21.49
2016	4.88	3.47	2.31	8.97	9.50-12.60	16.16-20.95
2017	4.71	3.34	2.25	8.44	8.84-11.10	15.40-19.07
2018	4.65	3.33	2.15	8.28	8.89-11.23	15.08-19.21
2019	4.46	3.38	2.20	8.44	8.55-10.90	15.10-18.74
2020	4.40	3.32	2.13	8.39	8.90-11.00	14.92-18.72
2021	4.29	3.25	2.04	8.28	8.36-10.46	14.61-18.00
2022	4.23	3.07	1.86	8.15	8.29-10.66	14.24-17.96

Source: Minnehaha and Lincoln Counties

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

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

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Table VIII
Assessed Value and Estimated Actual Value of Taxable Property ¹
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			
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%	4.92	15,258,202,518
2019	14,135,506,224	15,593,580,381	168,056,198	168,056,198	14,303,562,422	15,761,636,579	90.7%	4.46	16,827,720,496
2020	15,168,793,753	16,166,530,005	166,353,280	166,353,280	15,335,147,033	16,332,883,285	93.9%	4.40	18,041,349,451
2021	16,569,903,868	17,836,523,788	293,883,376	293,883,376	16,863,787,244	18,130,407,164	93.0%	4.29	19,839,749,699
2022	17,355,742,391	18,564,497,948	165,472,027	165,472,027	17,521,214,418	18,729,969,975	93.5%	4.23	20,613,193,433

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 Collections ¹
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
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%	4.92
2019	63,851,103	63,277,470	99.10%	522,076	63,799,546	99.92%	4.46
2020	67,657,791	66,993,824	99.02%	618,847	67,612,671	99.93%	4.40
2021	71,108,045	70,800,001	99.57%	631,876	71,431,877	100.46%	4.29
2022	74,200,403	73,567,743	99.15%	512,303	74,080,046	99.84%	4.23

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

² Total Tax Levy divided by Total Assessed Taxable Value

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Table X
Principal Property Taxpayers
Current Year and Ten Years Ago

2022 TOTAL ASSESSED TAXABLE VALUATION		\$ 17,521,214,418					
Taxpayer	Type of Business	2022			2013		
		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	\$ 265,296,915	1	1.51%	\$ 144,138,620	1	1.29%
Sanford Health (Sioux Valley Hospital)	Medical	204,272,646	2	1.17%	106,010,719	3	0.95%
USRE Stampede LLC	Warehouse/Shopping	125,226,810	3	0.71%	-	-	n/a
Tzadik Sioux Falls LLC	Property Mgmt	78,985,920	4	0.45%	-	-	n/a
SM Empire Mall LLC	Shopping Malls	66,690,315	5	0.38%	110,070,923	2	0.98%
Cherepa II QOZB LLC	Real Estate	47,648,770	6	0.27%	-	-	n/a
Ronning Enterprises	Real Estate	45,315,230	7	0.26%	38,774,176	6	0.35%
Foxmoor Development LLC	Property Mgmt	45,095,680	8	0.26%	-	-	n/a
Six Mile Partnership LLP	Real Estate	37,690,360	9	0.22%	-	-	n/a
Autum Park Aparatments LLC	Real Estate	35,806,200	10	0.20%	-	-	n/a
Dunham Homes LLC	Real Estate	-	-	n/a	67,828,883	4	0.61%
Avera Health (Presentation Sisters)	Medical	-	-	n/a	56,162,142	5	0.50%
Billion Family	Auto Dealer	-	-	n/a	37,411,556	7	0.33%
Wells Fargo Bank	Financial	-	-	n/a	37,268,330	8	0.33%
First National Bank	Financial	-	-	n/a	35,947,462	9	0.32%
123 Sioux Falls LLC (Citibank)	Financial	-	-	n/a	35,191,340	10	0.31%
Totals		\$ 952,028,846		5.43%	\$ 668,804,151		5.98%

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, Forestry, & Fishing	\$ 47,412	\$ 40,346	\$ 52,794	\$ 58,605	\$ 63,483	\$ 72,087	\$ 80,676	\$ 79,753	\$ 90,563	\$ 103,776
Mining & Construction	118,073	115,797	113,977	122,760	130,855	130,587	133,185	121,444	142,582	225,058
Manufacturing	184,485	189,881	189,362	208,465	208,963	206,269	234,957	237,203	317,832	410,220
Transportation & Public Utilities	570,470	603,805	609,153	617,413	634,813	650,263	689,143	625,617	620,313	696,517
Wholesale Trade	342,703	355,854	371,604	390,562	378,277	422,672	482,900	465,150	580,612	750,398
Retail Trade	2,816,150	2,980,629	3,155,507	3,199,944	3,231,286	3,339,745	3,537,812	3,688,235	4,424,382	4,867,661
Finance, Insurance, & Real Estate	147,735	148,218	171,440	196,085	202,994	225,700	227,432	222,615	265,061	276,312
Services	1,037,637	1,095,413	1,188,977	1,234,127	1,278,421	1,334,234	1,426,328	1,324,875	1,596,408	1,696,067
Public Administration	362	399	390	953	445	414	319	417	541	239
Other	-	-	92	1	-	33	24	37	210	162
Total	\$ 5,265,027	\$ 5,530,342	\$ 5,853,296	\$ 6,028,915	\$ 6,129,537	\$ 6,382,004	\$ 6,812,776	\$ 6,765,346	\$ 8,038,504	\$ 9,026,410

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

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

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percent of Personal Income ¹	Per Capita ¹
	Sales Tax Revenue Bonds	Tax Increment Financing District Bonds	State Revolving Fund Notes	State Flex Notes	Capital Leases	Right to Use Leases	Revenue Bonds	Solid Waste Management Program	State Revolving Fund Notes	Right to Use Leases			
2013	\$ 192,398,979	\$ 2,225,000	\$ 16,065,849	\$ 161,000	\$ 209,860	\$ -	\$ 68,245,000	\$ 296,191	\$ 110,068,515	\$ -	\$ 389,670,394	3.35%	\$ 2,350
2014	184,695,392	2,165,000	11,933,506	500,000	-	-	66,430,000	-	100,706,937	-	366,430,835	3.04%	2,158
2015	177,986,405	2,060,000	7,785,280	500,000	-	-	64,545,000	-	-	-	429,805,839	3.17%	2,480
2016	194,050,721	1,335,000	3,577,342	500,000	-	-	62,585,000	-	-	-	438,500,127	3.15%	2,457
2017	185,410,013	810,000	729,168	500,000	-	-	36,602,380	-	-	-	409,048,261	2.82%	2,233
2018	173,032,612	425,000	7,331,809	500,000	-	-	52,230,717	-	-	-	414,395,530	2.62%	2,214
2019	162,880,690	170,000	8,549,491	500,000	-	-	49,302,803	-	80,230,517	-	301,633,501	1.81%	1,581
2020	177,386,774	-	7,799,885	600,000	-	-	45,300,105	-	81,223,600	-	312,310,364	1.70%	1,595
2021	167,095,440	-	9,445,016	600,000	-	-	41,236,268	-	87,705,329	-	306,082,053	1.52%	1,511
2022	156,293,821	-	9,990,367	600,000	-	3,368,429	36,935,572	-	85,938,064	57,039	293,183,292	n/a	1,403

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
2013	\$ 558,825,994	\$ 389,670,394	\$ 169,155,600	69.73%
2014	563,851,959	366,046,341	197,805,618	64.92%
2015	719,709,875	340,420,898	379,288,977	47.30%
2016	624,401,691	329,399,883	295,001,808	52.75%
2017	667,781,991	276,105,831	391,676,160	41.35%
2018	701,791,695	284,178,868	417,612,827	40.49%
2019	788,081,829	265,101,846	522,979,983	33.64%
2020	816,644,164	287,849,999	528,794,165	35.25%
2021	906,520,385	282,973,690	623,546,695	31.22%
2022	936,498,499	256,241,381	680,257,118	27.36%

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

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Table XIV
Computation of Direct and Overlapping Debt

Government	Debt Outstanding	City's Share of Debt	
		Percentage ¹	Total
City of Sioux Falls	\$ 170,252,617	100.00%	\$ 170,252,617
Total Direct Debt			170,252,617
Sioux Falls School District	282,567,150	99.02%	279,797,992
Tri-Valley School District	60,360,000	37.24%	22,478,064
Brandon Valley School District	32,085,000	29.30%	9,400,905
Harrisburg School District	203,123,330	73.87%	150,047,204
Tea Area School District	87,006,588	94.23%	81,986,308
West Central	14,595,000	0.61%	89,030
Lennox School District	12,665,000	14.15%	1,792,098
Minnehaha County	60,255,000	84.12%	50,684,040
Lincoln County	6,941,997	55.60%	3,859,750
Total Overlapping Debt			600,135,391
Total Direct and Overlapping Debt			\$ 770,388,008

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
2013	\$ 52,167,149	\$10,240,497	\$ 10,289,485	\$ 20,529,982	2.54	\$ 7,902,141	\$ 7,188,313	\$ 15,090,454	3.46
2014	54,860,726	10,187,385	9,956,727	20,144,112	2.72	9,043,727	6,994,127	16,037,854	3.42
2015	58,087,425	9,434,952	9,644,950	19,079,902	3.04	10,261,589	6,770,714	17,032,303	3.41
2016	59,752,704	10,728,214	9,342,255	20,070,469	2.98	11,520,756	6,500,648	18,021,404	3.32
2017	60,857,879	11,387,190	10,161,146	21,548,336	2.82	10,743,992	7,097,700	17,841,692	3.41
2018	63,129,280	12,510,000	8,699,717	21,209,717	2.98	9,680,000	6,766,142	16,446,142	3.84
2019	67,476,813	12,370,000	8,424,797	20,794,797	3.24	9,615,000	6,404,629	16,019,629	4.21
2020	67,135,016	13,660,000	7,977,984	21,637,984	3.10	9,940,000	6,087,729	16,027,729	4.19
2021	79,605,916	13,225,000	8,176,645	21,401,645	3.72	9,540,000	6,446,261	15,986,261	4.98
2022	89,379,981	13,890,000	7,607,624	21,497,624	4.16	10,055,000	6,040,948	16,095,948	5.55

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

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

³ The repayment of the second penny shows actual debt service paid by the City's second penny sales and use tax (Sales and Use Tax Fund). This differs from the pledged as the second penny is pledged as security on issues that are being repaid by other sources.

⁴ Amounts calculated using required annual bond payments and do not include prepayments for bond refundings.

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Table XVI
Revenue Note Coverage-Storm Drainage
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
2013	\$ 6,845,852	\$ 22,577	\$ 6,868,429	\$ 1,893,678	\$ 4,974,751	\$ 358,909	\$ 56,565	\$ 415,474	11.97
2014	6,731,634	34,731	6,766,365	2,275,140	4,491,225	368,616	46,858	415,474	10.81
2015	7,400,595	35,325	7,435,920	2,118,527	5,317,393	316,636	37,702	354,338	15.01
2016	8,536,236	54,774	8,591,010	2,683,830	5,907,180	307,183	29,871	337,054	17.53
2017	9,510,704	66,886	9,577,590	3,165,111	6,412,479	279,182	22,605	301,787	21.25
2018	10,280,808	120,280	10,401,088	3,191,910	7,209,178	286,227	15,560	301,787	23.89
2019	11,122,896	218,229	11,341,125	3,058,542	8,282,583	293,450	89,408	382,858	21.63
2020	12,214,239	92,666	12,306,905	3,138,989	9,167,916	952,243	82,666	1,034,909	8.86
2021	11,376,491	(12,467)	11,364,024	3,092,839	8,271,185	829,505	76,462	905,968	9.13
2022	12,050,967	(155,666)	11,895,301	3,774,454	8,120,847	862,738	92,570	955,308	8.50

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

Table XVII
Revenue Note Coverage-Water
Last Ten Fiscal Years

Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				
						Principal		Interest	Total	Coverage
						Revenue Bonds	State Revolving Fund			
2013	\$ 33,204,763	\$ 765,829	\$33,970,592	\$ 14,482,224	\$ 19,488,368	\$ 1,755,000	\$ 4,616,176	\$ 3,783,801	\$10,154,977	1.92
2014	31,959,833	475,930	32,435,763	14,644,709	17,791,054	1,815,000	4,285,188	3,517,751	9,617,939	1.85
2015	32,745,819	1,104,389	33,850,208	15,827,688	18,022,520	1,885,000	3,890,932	3,356,111	9,132,043	1.97
2016	35,061,789	1,032,509	36,094,298	16,000,976	20,093,322	1,960,000	3,655,509	3,189,064	8,804,573	2.28
2017	35,680,449	1,378,125	37,058,574	16,659,216	20,399,358	2,085,000	2,765,783	3,139,036	7,989,818	2.55
2018	34,480,725	1,242,717	35,723,442	17,229,226	18,494,216	2,095,000	2,832,576	1,696,593	6,624,169	2.79
2019	33,393,265	1,435,605	34,828,870	15,953,676	18,875,194	2,300,000	3,537,352	1,506,627	7,343,979	2.57
2020	39,680,667	1,732,224	41,412,891	18,216,121	23,196,770	2,600,000	1,143,541	1,352,555	5,096,096	4.55
2021	40,588,378	2,399,767	42,988,145	18,469,305	24,518,840	2,700,000	979,799	1,190,987	4,870,786	5.03
2022	41,029,032	1,567,132	42,596,164	19,716,607	22,879,557	2,800,000	-	1,050,000	3,850,000	5.94

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Table XVIII
Revenue Note Coverage-Water Reclamation
Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
						Principal	Interest	Total	Coverage
2013	\$ 21,845,217	\$ 1,036,183	\$ 22,881,400	\$ 8,061,001	\$ 14,820,399	\$ 6,640,379	\$ 1,767,973	\$ 8,408,352	1.76
2014	23,654,728	1,455,887	25,110,615	8,699,908	16,410,707	8,235,758	1,563,189	9,798,947	1.67
2015	25,474,334	1,892,830	27,367,164	9,320,423	18,046,741	9,202,746	1,458,251	10,660,997	1.69
2016	23,926,310	1,887,529	25,813,839	9,249,831	16,564,008	9,351,715	1,267,455	10,619,170	1.56
2017	24,559,960	2,054,034	26,613,994	9,721,395	16,892,599	9,252,159	1,265,966	10,518,125	1.61
2018	26,607,934	2,173,639	28,781,573	10,500,011	18,281,562	9,137,643	1,023,389	10,161,032	1.80
2019	28,590,693	2,678,939	31,269,632	11,056,234	20,213,398	10,806,527	906,073	11,712,600	1.73
2020	30,453,984	8,008,185	38,462,169	11,594,661	26,867,508	8,501,779	931,626	9,433,405	2.85
2021	31,673,156	4,301,302	35,974,458	11,786,413	24,188,045	8,930,900	1,021,871	9,952,771	2.43
2022	33,722,856	2,291,566	36,014,422	13,070,452	22,943,970	10,023,408	1,291,611	11,315,018	2.03

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
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	3,043,277	310,716	3,353,993	1,874,046	1,479,947	735,000	397,653	1,132,653	1.31
2019	3,171,168	281,409	3,452,577	1,660,202	1,792,375	455,000	587,043	1,042,043	1.72
2020	2,585,491	86,409	2,671,900	1,377,086	1,294,814	1,120,000	574,005	1,694,005	0.76
2021	2,692,493	(2,555)	2,689,938	1,358,593	1,331,345	985,000	544,759	1,529,759	0.87
2022	2,805,290	28,724	2,834,014	#REF!	#REF!	1,035,000	516,676	1,551,676	#REF!

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Table XX
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population ¹	MSA Population ²	Personal Income (in thousands) ³	Per Capita Personal Income ³	Annual Pay for Workers Covered by Unemployment ⁴	Annual Average Labor Force ⁴	Annual Average Employment ⁴	Annual Average Unemployment Rate ⁴	School Enrollment ⁵
2013	165,800	235,878	\$ 11,643,004	\$ 47,791	\$ 41,628	139,231	134,817	3.2%	22,602
2014	169,800	240,202	12,067,800	48,592	43,139	141,677	137,641	2.9%	23,954
2015	173,300	247,800	13,541,813	53,769	44,885	145,453	141,742	2.6%	23,281
2016	178,500	256,250	13,925,347	54,454	46,035	147,694	143,992	2.5%	23,679
2017	183,200	259,094	14,495,500	55,947	47,313	150,227	146,317	2.6%	24,866
2018	187,200	267,293	15,811,766	59,250	48,736	152,136	148,418	2.5%	24,987
2019	190,750	272,500	16,631,099	62,003	50,378	155,553	151,574	2.5%	25,167
2020	195,850	276,730	18,360,818	67,117	55,066	156,271	149,984	4.3%	24,856
2021	202,600	284,800	20,179,679	71,570	57,299	158,800	154,428	2.8%	24,949
2022	208,900	291,300	n/a	n/a	n/a	163,101	159,830	2.0%	25,124

¹ Source: City Planning Department end of year estimates

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

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

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

⁵ Source: South Dakota Department of Education fall enrollment (for Sioux Falls Public Schools)

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

Table XXI
Major Employers
Current Year and Ten Years Ago

Employer	Type of Business	2022			2013		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Health Care	11,010	1	6.9%	8,420	1	6.2%
Avera Health	Health Care	7,888	2	4.9%	6,343	2	4.7%
Sioux Falls School District	Education	3,688	3	2.1%	3,000	3	2.2%
Smithfield Foods (John Morrell)	Meat Processing	3,400	4	2.3%	3,300	4	2.4%
Hy-Vee Food Stores	Retail Grocery	2,806	5	1.8%	2,723	6	2.0%
Wells Fargo	Financial	2,035	6	1.3%	2,858	5	2.1%
Walmart/Sam's Club	Retail	1,547	7	1.0%	1,106	10	0.8%
City of Sioux Falls	Government	1,477	8	0.9%	1,133	9	0.8%
Citigroup	Financial	1,400	9	0.8%	2,700	7	2.0%
Dept of Veterans Affairs Medical & Regional Office	Medical	1,214	10	0.9%	-	-	-
Evangelical Lutheran Good Samaritan Society	Medical	-	-	-	1,559	8	1.2%
Totals		36,465		22.8%	33,142		24.6%

Source: Sioux Falls Development Foundation

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

Industry	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Natural Resources, Mining & Construction	7,200	7,500	7,900	8,200	8,500	8,700	9,300	9,400	10,200	11,000
Manufacturing	13,300	13,600	13,600	13,500	13,900	14,500	14,400	14,000	14,400	14,600
Wholesale Trade	7,600	8,000	8,200	8,300	8,200	8,300	8,500	8,500	8,700	8,900
Retail Trade	17,500	18,100	18,400	18,900	18,400	17,800	18,500	17,800	18,500	19,300
Transportation, Warehousing & Utilities	5,100	5,400	5,600	5,500	5,500	5,600	5,800	5,600	5,700	5,700
Information	2,700	2,700	2,700	2,600	2,600	2,500	2,600	2,500	2,600	2,600
Financial Activities	16,300	16,100	16,200	15,800	15,700	15,800	15,800	15,400	15,200	15,000
Professional & Business Services	13,400	14,000	14,200	14,700	14,900	15,700	15,700	15,300	15,900	16,800
Educational & Health Services	29,100	29,600	30,400	31,100	32,000	32,400	33,200	33,800	34,400	35,900
Leisure & Hospitality	13,500	14,200	14,600	15,100	15,400	15,600	15,600	13,300	15,000	15,900
Other Services	4,800	4,800	4,900	5,100	5,900	6,100	5,900	5,800	6,000	6,300
Total Government	13,000	13,300	13,500	13,800	14,400	14,700	14,600	14,400	14,900	15,300
Total	143,500	147,300	150,200	152,600	155,400	157,700	159,900	155,800	161,500	167,300

Source: South Dakota Department of Labor, Labor Market Information Center, produced in cooperation with the U.S. Bureau of Labor Statistics

Note: Totals may not sum due to rounding.

Table XXIII
Building Permit and Construction Values
Last Ten Fiscal Years

Fiscal Year	New Non-Residential		New Residential		Existing		Total			City Square Miles
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	New Residential Units	Value	
2013	53	\$ 157,682,198	1,069	\$ 245,696,454	6,831	\$184,879,209	7,953	2,039	\$ 588,248,861	74.80
2014	53	81,452,946	897	254,463,649	13,995	283,585,645	14,945	2,056	619,502,240	75.58
2015	156	250,760,624	933	171,611,176	11,002	253,920,491	12,091	1,738	676,292,291	76.04
2016	121	303,066,532	1,060	198,625,903	6,208	200,159,054	7,389	2,647	701,851,489	77.80
2017	173	268,943,178	1,191	231,818,332	5,391	238,563,308	6,755	2,410	739,324,818	78.21
2018	128	302,273,068	1,077	221,750,033	5,668	262,576,554	6,873	2,202	786,599,655	78.94
2019	96	317,691,673	1,000	215,865,900	6,259	237,926,025	7,355	1,642	771,483,598	79.81
2020	137	488,361,738	1,146	248,917,623	5,939	182,322,751	7,222	2,717	919,602,112	80.12
2021	390	536,856,433	1,311	300,325,906	5,521	268,997,406	7,222	3,132	1,104,252,391	81.38
2022	480	1,215,430,436	1,079	234,006,901	9,612	480,556,470	11,171	4,384	1,930,003,807	83.34

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

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

	Year-end Authorized Positions									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Mayor	4	4	7	7	3	5	4	5	5	4
Finance	22	24	25	26	32	28	28	28	28	29
Attorney	11	13	14	15	15	15	15	15	15	16
Human Resources	12	13	13	13	13	14	14	16	16	16
City Council	16	16	16	16	16	16	16	16	16	16
Facilities Management	17	18	19	20	21	21	26	26	27	27
Innovation and Technology	28	26	26	26	32	34	36	37	38	40
Communications	14	14	14	15	15	15	19	20	19	21
Total General Government	124	128	134	138	147	148	158	163	164	169
Public Safety										
Fire	194	195	210	210	208	208	208	211	226	226
Police	266	269	282	289	296	300	306	311	316	321
Total Public Safety	460	464	492	499	504	508	514	522	542	547
Highways and Streets										
Public Works										
Administration	6	6	4	4	4	5	5	5	5	8
Engineering	66	67	70	70	63	52	52	53	53	52
Street Maintenance	50	50	50	50	50	50	50	50	47	49
Street Lights and Traffic	0	0	0	0	0	10	10	10	10	10
Storm Drainage	0	0	0	0	8	8	8	9	13	15
Total Highways and Streets	122	123	124	124	125	125	125	127	128	134
Public Health	64	71	73	78	78	80	82	83	84	84
Culture and Recreation										
Libraries	64	63	63	63	63	63	63	62	62	62
Parks and Recreation	71	70	72	76	74	75	75	78	78	78
Total Culture and Recreation	135	133	135	139	137	138	138	140	140	140
Urban and Economic Development										
Planning and Development Services	42	42	43	45	46	50	49	50	51	53
Economic Development	5	5	6	6	6	0	0	0	0	0
Affordable Housing	11	11	13	13	6	6	6	6	6	6
Total Urban and Economic Development	58	58	62	64	58	56	55	56	57	59
Enterprise										
Fleet	18	20	22	24	27	27	27	25	26	26
Power and Distribution	12	12	12	12	12	12	12	12	12	14
Public Parking	12	12	11	11	11	11	11	11	10	9
Sanitary Landfill	28	28	28	28	28	28	28	27	25	26
Water	62	63	63	63	63	63	63	63	64	67
Water Reclamation	51	52	51	54	47	47	47	51	54	55
Total Enterprise	183	187	187	192	188	188	188	189	191	197
Total	1146	1164	1207	1234	1237	1243	1260	1280	1306	1330

Source: City Human Resources Department

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Table XXV

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire										
Number of Employees (Uniformed)	186	184	195	195	195	195	195	195	209	209
Number of Employees (Non-Uniform)	8	15	15	15	13	13	13	14	17	17
Total Responses	11,049	11,635	12,608	12,924	12,830	12,854	13,606	14,345	14,509	15,554
Structure Fires	133	136	134	139	166	149	162	209	176	194
Vehicle Fires	79	82	16	67	88	88	50	76	59	59
EMS Calls	5,814	6,227	6,793	6,821	6,760	6,487	6,487	7,276	7,487	8,045
Water Hydrants	7,772	7,986	8,209	8,343	8,513	8,734	8,865	9,089	9,349	9,636
Fire Insurance Rating	3	3	1	1	1	1	1	1	1	1
Police										
Number of Sworn Officers	232	244	247	247	256	263	269	274	280	284
Number of Civilian Employees	38	33	35	37	37	37	37	37	36	37
Aggravated Assaults	461	507	584	621	562	600	722	1017	961	1031
Arsons	28	27	28	48	47	41	31	47	40	43
Auto Thefts	322	346	472	697	544	638	759	1,121	1,337	1,361
Burglaries	881	846	973	896	667	682	718	775	819	858
Drunk Driving Arrests	1,072	1,106	1,128	1,152	1,220	1,009	904	862	870	769
Homicides	3	6	3	6	10	8	8	13	5	7
Larcenies	4,438	4,242	4,885	4,822	4,545	5,049	5,321	5,333	5,427	5,847
Rapes	142	148	138	160	122	128	121	116	119	90
Robberies	80	98	110	132	103	119	98	136	113	169
Traffic Citations Issued	26,718	28,613	27,386	29,491	32,283	24,607	24,322	25,282	25,741	23,015
Highways and Streets										
Snow Events	3	5	6	3	5	7	7	2	3	2
Pothole Patching (Tons)	619	479	645	906	704	749	1,587	1,095	956	597
Street Sweeping (Curb Miles)	5,227	9,922	5,572	9,098	9,660	9,500	7,900	10,354	9,135	10,845
Library										
Number of Items Borrowed	2,209,687	2,150,983	2,140,127	2,345,779	2,366,356	2,225,400	2,114,823	1,381,668	1,725,946	1,798,496
Number of Active Library Cardholders	100,392	101,452	94,997	94,515	93,356	97,122	103,840	96,842	89,354	87,386
Power and Distribution										
Private Accounts	2,161	2,308	2,242	2,308	2,316	2,319	2,407	2,506	2,504	2,522
Governmental Accounts	428	332	429	420	403	396	512	464	412	409
Kilowatt Hours Sold	79,030,369	84,929,000	85,075,089	83,566,165	84,529,684	84,859,014	83,669,155	82,285,608	83,870,145	83,556,619
Capacity (KVA)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	25,000

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Parks and Recreation										
Rounds of Golf Played (all courses)	105,016	93,252	91,412	85,719	92,081	75,850	84,401	97,351	105,400	105,998
Special Events	429,540	379,110	450,074	402,223	306,840	276,845	294,686	58,549	155,729	189,245
Pool Attendance (indoor pool added in 2016)	258,650	226,445	265,733	299,344	394,348	409,195	386,848	93,006	350,497	418,355
Public Parking										
Parking Ramps-Parking Spaces	1,633	1,621	1,621	1,621	1,611	1,608	1,796	2,326	2,326	2,326
Surface Parking Lots-Parking Spaces	893	900	900	804	726	580	604	643	641	591
Total Spaces Available for Lease	2,362	2,381	2,381	2,327	2,337	2,188	2,400	2,969	2,967	2,917
On Street Parking Meters	920	899	899	899	855	866	866	967	960	866
On Street Handicapped Spaces	37	37	37	37	37	37	37	37	37	37
Total Number of Parking Spaces	3,497	3,487	3,487	3,391	3,391	3,091	3,303	3,973	3,994	3,944
Lease Rate	79%	83%	90%	100%	98%	98%	94%	66%	65%	71%
Transit										
Ridership-Transit	1,023,089	955,357	885,143	802,575	796,663	782,129	769,437	445,205	400,692	385,565
Ridership-Paratransit	142,672	132,387	121,398	113,377	101,046	91,407	82,636	38,288	50,022	54,388
Regular Routes	12	12	12	12	12	12	12	12	12	12
Seasonal Routes	5	4	4	-	-	-	-	-	-	-
Miles Driven-Transit	732,524	758,385	776,323	763,809	759,595	747,922	746,493	660,906	667,702	536,316
Miles Driven-Paratransit	652,089	634,745	603,599	559,209	533,605	497,412	470,058	277,513	331,757	372,310
Sanitary Landfill										
MSW Landfill Closure Year	2081	2076	2082	2076	2075	2076	2075	2075	2075	2075
MSW Tons Received	166,330	172,388	161,116	174,109	181,795	184,996	205,957	198,496	211,669	211,251
C&D Landfill Closure Year	2044	2044	2058	2058	2058	2059	2061	2027	2027	2026
C&D Tons Received	53,712	69,953	66,003	66,138	59,992	60,807	68,255	68,349	77,500	118,290
Cubic Feed of Landfill Gas Sold	969,764,156	978,306,173	919,412,596	867,693,000	809,219,262	720,781,000	602,435,000	358,552,817	524,208,000	536,991,000
Water										
Customers	50,436	51,380	52,622	53,145	54,095	56,500	57,359	58,563	59,763	61,910
Daily Plant Capacity (thousands of gallons)	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	76,000
Average Daily Consumption (thousands of gallon	19,393	19,994	19,406	20,850	21,167	19,769	18,826	21,891	22,259	22,421
Wastewater										
Customers	49,526	50,496	51,813	52,606	53,750	54,979	56,365	57,198	58,409	59,681
Daily Plant Capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Average Daily Flow-Domestic (thousands)	10,906	11,235	11,137	12,639	12,460	12,476	12,679	12,612	12,578	12,789
Average Daily Flow-Industrial (thousands)	748	659	754	678	694	766	768	626	682	605
Average Daily Flow-Extraneous (thousands)	4,462	3,182	1,534	4,836	3,241	7,672	9,789	4,608	3,320	3,256

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Statistics (Unaudited)

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire										
Fire Stations	10	10	11	11	11	11	11	11	12	12
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	19	19	20	20	20	20	20	20	22	22
Emergency Management										
Emergency Warning Sirens	75	75	75	77	77	78	79	79	80	80
Police										
Patrol Units (marked)	71	72	68	68	68	72	72	72	80	82
Highways and Streets										
Streets paved (centerline miles)	907	921	928	946	959	977	995	1,010	1,028	1,100
Street Lights	17,836	18,450	19,006	19,447	20,121	19,652	20,642	21,550	21,871	22,480
Traffic Signals	256	258	266	267	270	272	278	280	290	296
Library										
Books	272,785	250,879	245,372	230,312	231,442	228,571	222,982	223,734	221,377	225,579
eMaterials	15,548	23,646	23,406	19,771	23,518	28,915	32,509	31,078	35,623	38,682
Audio/Visual Items	50,865	50,426	52,337	51,555	49,352	50,141	48,597	47,674	45,340	46,016
Decrease due to removal of old, outdated, and unused books and audio/visual items.										
Power and Distribution										
Primary three-phase distribution lines (miles)	92	92	93	96	96	95	95	83	82	81
Underground distribution lines (miles)	59	60	60	60	65	65	63	65	68	69
Parks and Recreation										
Acreage	3,154	3,161	3,178	3,178	3,178	3,349	3,346	3,367	3,392	3,393
Parks	78	78	80	80	80	80	80	80	81	81
Swimming Pools	6	6	5	6	6	6	6	6	6	6
Wading Pools	3	3	3	3	3	3	3	3	3	3
Spray Pools	1	1	1	1	2	2	2	2	2	3
Soccer Fields	60	60	60	60	60	60	60	60	61	61
Tennis Courts	41	41	41	40	40	40	40	40	40	48
Golf Courses	3	3	3	3	3	3	3	3	3	3
Football Stadium (school owned)	1	1	1	1	1	1	1	1	1	1
Football Fields	13	13	13	13	13	13	14	14	14	14

City of Sioux Falls
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Statistics (Unaudited)

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Parks and Recreation (cont)										
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Baseball Fields	34	34	34	34	33	33	33	33	35	35
Softball Fields	74	74	74	73	73	73	73	73	70	70
Zoo	1	1	1	1	1	1	1	1	1	1
Park Bandshells	2	2	2	2	2	2	2	2	2	2
Moveable Bandshell	1	1	1	1	1	1	1	1	1	1
Greenway Recreation Trail (Miles)	27.95	27.95	27.95	28.95	28.95	30.20	36.87	36.87	36.87	36.87
Winter Recreation/Ski Area	1	1	1	1	1	1	1	1	1	1
Skate Park	2	2	2	2	2	2	2	2	2	2
Outdoor Ice Rinks (Seasonal)	6	6	6	6	6	6	6	6	6	6
Volleyball Courts (Sand)	18	18	18	17	16	16	18	18	18	15
Basketball Courts (Outdoor, City-Owned)	23	23	23	24	24	24	24	24	25	26
Community Centers (School Owned)	5	5	5	5	5	5	5	5	5	5
Public Parking										
Parking Ramps	4	4	4	4	4	4	5	6	6	6
Surface Parking Lots	14	14	14	14	13	11	11	11	11	10
Sanitary Landfill										
Landfill area (acres)	706	706	706	706	783	783	783	783	783	783
Transit										
Fixed Route Buses	31	31	31	29	25	26	26	26	26	26
Paratransit Buses	23	23	23	23	27	25	25	25	23	21
Water										
Water Mains (miles)	981	1,000	1,020	1,036	1,055	1,077	1,091	1,100	1,146	1,172
Wellfield (miles)	57	57	57	57	57	57	61	61	61	62
Wastewater										
Storm Sewer (miles)	410	419	428	449	459	470	485	596	614	626
Sanitary Sewer (miles)	844	860	870	886	899	917	927	941	954	971



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Sioux Falls, as of and for the year then ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Sioux Falls' basic financial statements and have issued our report thereon dated April 25, 2023. Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Commission, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Sioux Falls, South Dakota
April 25, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Sioux Falls' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of the Housing and Redevelopment Commission (discretely presented component unit), which expended \$14,777,658 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended December 31, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program" does not include the operations of the Housing and Redevelopment Commission because the component unit has a separately issued audit in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002 to be a significant deficiency.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 25, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Sioux Falls, South Dakota
April 25, 2023

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Sub-recipients
<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		\$1,909,746	\$ 780,724
COVID-19-Community Development Block Grants/Entitlement Grants	14.218		560,072	557,143
			2,469,818	
HOME Investment Partnership Program	14.239		641,314	331,210
Total Department of Housing and Urban Development			3,111,132	1,669,077
<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-21-10028	10,498	-
<u>Department of Justice</u>				
<i>Direct Federal Funding:</i>				
<i>Edward Byrne Memorial Justice Assistance Grant</i>				
Edward Byrne Memorial Justice Assistance Grant - 2018 Revenue	16.738		\$ 63,271	10,326
Edward Byrne Memorial Justice Assistance Grant - 2020 Revenue	16.738		140,349	49,122
Total 16.738			203,620	59,448
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		197,806	-
<i>Public Safety Partnership & Community Policing Grant</i>				
Cops Hiring Program (CHP)	16.710		22,448	-
Cops Hiring Program (CHP)	16.710		103,912	-
Total 16.710			126,359	-
Equitable Sharing Program	16.922		57,532	-
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
Domestic Violence Grant	16.590	2016-WE-AX-0003	88,839	-
Total Department of Justice			674,156	59,448
<u>Department of Transportation</u>				
<i>Direct Federal Funding:</i>				
Federal Transit Formula Grants	20.507		2,267,914	-
COVID-19 - CARES Act - Federal Transit Formula Grants	20.507		3,955,820	-
COVID-19 - American Recovery Plan - Federal Transit Formula Grants	20.507		1,000,000	-
Total Federal Transit cluster			7,223,734	-
<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	311509	886,699	-
<i>National Highway Traffic Safety Administration</i>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	2022-00-41	298,808	-
State and Community Highway Safety	20.600	2023-00-54	62,739	-
			361,547	
<i>State of South Dakota</i>				
HAZMAT Public Sector Training and Planning Grant	20.703	693JK322NF0011HMEP	40,949	-
Total Department of Transportation			8,512,928	-
<u>Department of Treasury</u>				
<i>Direct Federal Funding:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		8,045,305	852,436
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Agriculture and Natural Resources</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	*	12,278,065	-
Total Department of Treasury			20,323,370	

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

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2022

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Sub-recipients
<u>Equal Employment Opportunity Commission</u>				
<i>Direct Federal Funding:</i>				
Clearinghouse Services, Civil Rights Discrimination Complaints	29.001		8,090	-
<u>Environmental Protection Agency</u>				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Agriculture and Natural Resources</i>				
Clean Water State Revolving Fund Cluster				
Clean Water State Revolving Fund	66.458	*	8,998,938	
<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-CHC22	93.224		757,635	-
COVID-19-Health Center Program-ARP21	93.224		932,548	-
Total 93.224			1,690,183	
Grants for New and Expanded Services under HCP-CHC22	93.527		2,290,569	-
COVID-19-ACA Grants for New and Expanded Services-ECT20	93.527		127,871	-
Total 93.527			2,418,440	
Total Health Center Cluster			4,108,623	
Ryan White Part C Outpatient EIS Program	93.918		105,596	-
Ryan White Part C Outpatient EIS Program	93.918		245,927	-
Total 93.918			351,523	
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Office of Child and Family Services</i>				
Title X Family Planning	93.217	*	12,344	-
Title X Family Planning	93.217	*	7,725	-
Total 93.217			20,069	
<i>South Dakota Office of Public Health Preparedness and Response</i>				
Public Health Emergency Preparedness-21PHP/CRI	93.069	*	24,867	-
Public Health Emergency Preparedness-22PHP/CRI	93.069	*	64,204	-
Total 93.069			89,071	-
Public Health Crisis Response	93.354	*	224,541	-
<i>South Dakota Office of Chronic Disease Prevention and Health Promotion</i>				
Chronic Disease Prevention-Opioid	93.136	*	14,000	-
Community Health Worker Program	93.391	*	10,620	-
Community Health Worker Program	93.391	*	48,952	-
Total 93.391			59,571	-
Prevention and Management of Diabetes, Heart Disease, and Stroke	93.426	*	1,440	-
Prevention and Management of Diabetes, Heart Disease, and Stroke	93.426	*	1,994	-
Total 93.426			3,434	-
Chronic Heart Disease and Stroke Prevention-PHHS Block Grant-	93.758	*	14	-
HIV Prevention Activities-Health Department Based	93.940	*	37,099	11,970
HIV Prevention Activities-Health Department Based	93.940	*	57,636	23,730
Total 93.940			94,735	35,700
Colorectal Cancer Control Program	93.800	*	12,203	-
Colorectal Cancer Control Program	93.800	*	22,222	-
Colorectal Cancer Control Program-Follow-up After Positive CRC Test	93.800	*	2,165	-
Total 93.800			36,590	
<i>Lutheran Social Services of South Dakota</i>				
Refugee and Entrant Assistance Discretionary Grants	93.576	*	4,224	-
Refugee and Entrant Assistance Discretionary Grants	93.576	*	12,614	-
Total 93.576			16,838	-
Total Department of Health and Human Services			5,019,008	35,700

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

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed-Through to Sub-recipients
<u>Department of Homeland Security</u>				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Public Safety</i>				
Homeland Security Grant Program-SHSP Local Regional Response	97.067	GY21-9438	52,715	-
Hazard Mitigation Grant	97.039	DR-4440-HMGP	18,535	-
Disaster Grants-Public Assistance (Presidentially Declared Disaster)	97.036	DR-4656-SD	10,611	-
Total Department of Homeland Security			81,861	-
<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	G21MW0004A	185,581	
<u>General Services Administration</u>				
<i>Direct Federal Funding</i>				
Donation of Federal Service Personal Property	39.003		125,639	
<u>Federal Communications Commission</u>				
<i>Indirect Federal Funding</i>				
<i>Universal Service Administrative Co.</i>				
Universal Service Fund - Schools and Libraries	32.004	*	1,002	-
Total Federal Financial Assistance			\$47,052,203	\$2,616,661

* 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, 2022. 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, 2022 was \$92,272,068.

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	Yes
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	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Federal Transit Cluster	20.507
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	\$1,409,621
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2022-001 Recording of Retainage Payable
Significant Deficiency**

Criteria: The City should report retainage withheld on a construction contract as a liability at year-end.

Condition: The City has a construction project in progress at December 31, 2022, and the retainage portion of the contract was not recorded as a liability at year-end.

Cause: Management was not accruing the liability for the retainage payable.

Effect: The City recorded an adjustment to the financial statements of \$875,238 to properly record the retainage payable.

Recommendation: The City should monitor all construction projects and identify and record all retainage payable through the date of the financial statements.

Views of Responsible Officials: Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

2022-002	<p>Department of Treasury, Passed Through the South Dakota Department of Agriculture and Natural Resources, FFAL Number 21.027, COVID-19 Coronavirus State and Local Fiscal Recovery Funds</p> <p>Procurement, Suspension, Debarment Significant Deficiency in Internal Control over Compliance and Noncompliance</p> <p><i>Criteria:</i> A good system of internal controls requires that a review of contracts to ensure all required contract provisions required under 2 CFR 200 Subpart D Appendix II - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards are included.</p> <p><i>Condition:</i> The City did not include all required contract provisions in a Construction Manager at Risk contract.</p> <p><i>Cause:</i> The City does not have an internal control system designed to identify missing contract provisions.</p> <p><i>Effect:</i> The results in the City potentially failing to detect or prevent four missing contract provisions out of the ten required.</p> <p><i>Questioned Costs:</i> None reported.</p> <p><i>Context/Sampling:</i> One instance of noncompliance out two contracts tested. Population of two contracts.</p> <p><i>Repeat Finding from Prior Year(s):</i> Yes, 2021-003.</p> <p><i>Recommendation:</i> It is the responsibility management and those charged with governance to develop a system of internal control that will ensure all required contract provisions are included in all contracts.</p> <p><i>Views of Responsible Officials:</i> There is no disagreement with the audit finding.</p>
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Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings
and Corrective Action Plan
December 31, 2022 and 2021

Prepared by Management of
City of Sioux Falls

Finding 2021-001 Reporting*Initial Fiscal Year Finding Occurred: 2021*

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

Status: Corrected

Finding 2021-002 Other*Initial Fiscal Year Finding Occurred: 2020*

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

Status: Corrected

Finding 2021-003 Procurement, Suspension, Debarment*Initial Fiscal Year Finding Occurred: 2020*

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

Status: Ongoing as Finding 2022-002

Finding 2022-001 Recording of Retainage Payable

Finding Summary: The City has a construction in progress at December 31, 2022 and the retainage portion of the contract was not recorded as a liability at year-end.

Responsible Individuals: Shawn Pritchett, Director of Finance

Corrective Action Plan: The City is in agreement to the above finding. The City will implement additional monitoring and control procedures over the reporting of year-end liabilities. This will include reviewing all year-end construction projects and submissions for payments for possible retainage payable liabilities.

Anticipated Completion Date: June 30, 2023

Finding 2022-002 Procurement, Suspension, Debarment

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

Program Name: COVID-19 Coronavirus State and Local Fiscal Recovery Funds

FFAL #: 21.027

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

Responsible Individuals: Shawn Pritchett, Director of Finance/Mark Cotter, Director of
Public Works

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

Anticipated Completion Date: June 30, 2023

