

For the Year Ended December 31, 2025



2025

ANNUAL REPORT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF SIOUX FALLS, SOUTH DAKOTA



Annual Comprehensive Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2025

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

Table of Contents

I. Introductory Section

Title Page
Table of Contents 1
Letter of Transmittal..... 3
Certificate of Achievement..... 12
City Elected Officials and City Appointive Officers 13
Departmental Organization Chart..... 14

II. Financial Section

A. Independent Auditor’s Report..... 15

B. Management’s Discussion and Analysis 19

C. Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position..... 32
Statement of Activities..... 33

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet..... 35
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... 37
Statement of Revenues, Expenditures, and Changes in Fund Balances 39
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities 41

Proprietary Fund Financial Statements

Statement of Net Position 43
Statement of Revenues, Expenses, and Changes in Net Position 45
Statement of Cash Flows..... 47

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position 49
Statement of Changes in Fiduciary Net Position 50

Notes to Financial Statements 51

D. Required Supplementary Information

Budget Comparison Schedule – General Fund 87
Budget Comparison Schedule – Major Special Revenue Funds
Entertainment Tax Fund 90
Sales and Use Tax Fund 91
Housing Fund..... 92
Storm Drainage Fund 93
Notes to Required Supplementary Information—Budgetary Reporting 94
Schedules of Changes in the Net Pension Liability and Related Ratios 95
Schedules of Employer’s Net Pension Liability 96
Schedules of Employer Contributions 97
Schedule of City’s Proportionate Share of the Net Pension Liability/(Asset) 98
Schedule of City Contributions 98
Schedule of Changes in the Employer’s Net OPEB Liabilities (Assets)..... 99
Schedule of Employer OPEB Contributions 100

E. Supplementary Information—

Budget Comparison Schedule – Recreation and Aquatics Bond Fund 101

Combining Financial Statements

Nonmajor Governmental Funds

Balance Sheet..... 103
Statement of Revenues, Expenditures, and Changes in Fund Balances 104

Nonmajor Special Revenue Funds

Balance Sheet..... 105
Statement of Revenues, Expenditures, and Changes in Fund Balances 106
Budget Comparison Schedules..... 107

Nonmajor Debt Service Funds

Balance Sheet..... 110
Statement of Revenues, Expenditures, and Changes in Fund Balances 111
Budget Comparison Schedules..... 112

Nonmajor Capital Project Funds

Balance Sheet..... 113
Statement of Revenues, Expenditures, and Changes in Fund Balances 114

Table of Contents (cont)

Budget Comparison Schedules.....	115
Nonmajor Permanent Funds	
Balance Sheet.....	117
Statement of Revenues, Expenditures, and Changes in Fund Balances	118
Budget Comparison Schedules.....	119
Internal Service Funds	
Statement of Net Position.....	121
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	123
Statement of Cash Flows	125
III. Statistical Section	
A. Financial Trends	
Table I—Net Position by Component	129
Table II—Changes in Net Position	129
Table III—Fund Balances of Governmental Funds	133
Table IV—Changes in Fund Balances of Governmental Funds.....	135
Table V—Changes in Fund Balance of General Fund	137
Table VI—General Governmental Tax Revenues by Source	139
B. Revenue Capacity	
Table VII—Direct and Overlapping Property Tax Rates.....	139
Table VIII—Assessed Value and Estimated Actual Value of Taxable Property	140
Table IX—Property Tax Levies and Collections	140
Table X—Principal Property Taxpayers	141
Table XI—Taxable Sales by Category	141
C. Debt Capacity	
Table XII—Ratios of Outstanding Debt by Type.....	142
Table XIII—Legal Debt Margin Information	142
Table XIV—Computation of Direct and Overlapping Debt	143
Table XV—Revenue Bond/Note Coverage – Sales and Use Tax.....	143
Table XVI—Revenue Note Coverage – Storm Drainage	144
Table XVII—Revenue Note Coverage – Water	144
Table XVIII—Revenue Note Coverage – Water Reclamation	145
Table XIX—Revenue Note Coverage – Public Parking.....	145
D. Demographic and Economic Information	
Table XX—Demographic and Economic Statistics.....	146
Table XXI—Major Employers	146
Table XXII—Nonfarm Wage and Salaried Workers	147
Table XXIII—Building Permit and Construction Values.....	147
E. Operating Information	
Table XXIV—City Government Employees by Function/Program.....	148
Table XXV—Operating Indicators by Function/Program	149
Table XXVI—Capital Asset and Infrastructure Statistics by Function/Program.....	151
IV. Single Audit Section	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	153
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.....	155
Schedule of Expenditures of Federal Awards	159
Notes to Schedule of Expenditures of Federal Awards.....	161
Schedule of Findings and Questioned Costs	162

Letter of Transmittal



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

May 12, 2026

**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, 2025.

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). 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.

The Finance Department 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 provides 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, 2025, 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, 2025, and that the financial statements are 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.

Awards and Acknowledgements

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, 2024. This was the 45th consecutive year that the City of Sioux Falls has received this prestigious award. 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 for 2025.

Acknowledgments

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.

The preparation of audited statements in an expedient manner after year-end was accomplished by the dedicated services of the entire staff of the Finance Department. The prompt completion of this report with the overall goal of 90 days is an accomplishment on its own and ensures 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, have 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,

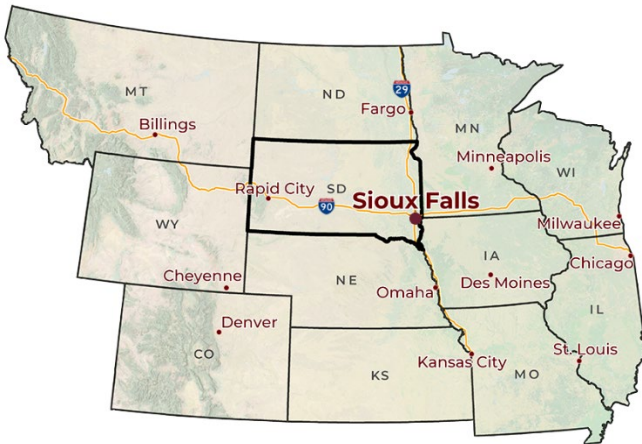
A handwritten signature in black ink, appearing to read 'Shawn Pritchett'.

Shawn Pritchett
Director of Finance

Letter of Transmittal

Profile of the City of Sioux Falls

Situated along the Big Sioux River in southeastern South Dakota, Sioux Falls has grown into the largest city across the four northern plains states of Wyoming, Montana, North Dakota, and South Dakota. With a population of 224,676, the City serves as a regional hub for commerce, healthcare, and culture. Its strategic location at the intersection of Interstate 90, linking Boston to Seattle, and Interstate 29 connecting Winnipeg to Kansas City positions Sioux Falls as a crossroads community with access to a primary market area of more than 800,000 consumers.



The Sioux Falls Metropolitan Statistical Area (MSA) includes Minnehaha, Lincoln, McCook, and Turner counties in South Dakota, along with Rock County in Minnesota. The City itself spans into both Minnehaha and Lincoln counties and intersects seven school districts, reflecting its broad regional influence.

Sioux Falls has emerged as one of the Upper Midwest's most dynamic midsize metros, known for its business-friendly environment, steady population and job growth, and exceptional quality of life that attracts residents, employers, and national recognition.

Recent accolades include:

- World Population Review named Sioux Falls as #1 for best city for young professionals.
- Milken Institute placed Sioux Falls MSA in the top 15 percent of best performing cities out of 374 MSA's.
- Niche.com named Sioux Falls as the 8th best city to buy a house in America.
- WalletHub ranked Sioux Falls as the 4th happiest place to live in the U.S. in 2025.
- Livability.com named Sioux Falls as one of the top 100 best places to live in the U.S.

Economic Condition and Outlook

Sioux Falls continues to experience strong economic performance supported by strong population growth, diversified industry sectors, and sustained private and public investment. The City's long-term planning efforts, combined with strategic partnerships across the region, position Sioux Falls for continued stability and expansion.

Foundation Park has quickly become one of the most transformative economic engines in Sioux Falls, reshaping the City's growth trajectory and strengthening its regional competitiveness. As the community's premier industrial development park, it provides large, shovel-ready sites that has allowed for new employers such as Amazon and CJ Foods USA to come to town while also providing opportunities for existing business such as Avera Health, and FedEx to expand their logistics and distribution centers. The park's strategic location near I-29 and I-90 positions Sioux Falls as a logistics and distribution hub for the Upper Midwest, drawing significant private investment and expanding the City's tax base. Beyond its immediate economic impact, Foundation Park signals to national and global companies that Sioux Falls is prepared for long-term, sustainable growth reinforcing the City's reputation as a place where business can thrive and the community can prosper.

Major 2025 Initiatives

Throughout 2025, Sioux Falls continued to build on its long-standing commitment to **public safety, public health, and community well-being**. 2025 continued to focus on strengthening the City's emergency response network, adding seven new full-time police officers and bringing the authorized force to 302, surpassing the City's 2025 established goal of 300. More than \$100.0 million was invested across Sioux Falls Fire Rescue, Metro 911, and the Police Department to ensure that personnel, equipment, and vehicles remain ready to serve a growing community. At the same time, the City continued its investment in public health, dedicating around \$12.0 million in 2025 to provide medical and dental care for low-income residents. In 2025, a comprehensive evaluation of the EMS ambulance system affirmed the strength of the City's multi-partner model, culminating in a new five-year contract that requires no operational subsidy.

As Sioux Falls grows, so does the need for **resilient and sustainable infrastructure** capable of supporting the next generation. One of the most significant milestones of the year was the completion of the \$215 million expansion of the Water Reclamation Facility, a three-year effort that modernized a plant originally built in the 1980s. This expansion positions the City to meet the demands of more than two decades of future population and economic growth.

Transportation improvements also advanced through strong partnerships with the South Dakota Department of Transportation, including continued construction of South Veterans Parkway. Between 2023 and 2026, nearly \$765 million in state transportation investments will reshape

Letter of Transmittal

mobility in and around Sioux Falls. The City invested more than \$300 million in essential infrastructure ranging from streets and storm drainage to water, water reclamation, landfill operations, and power distribution in 2025. All operations and projects ensure that the foundation of daily life remains strong and reliable.

Economic vitality in Sioux Falls continues to be driven by a coordinated approach to **workforce and economic development**. The City works closely with local foundations, regional partners, and statewide programs to attract new industries, while strengthening talent pipelines for employers. These efforts blend student engagement, employer partnerships, and talent attraction strategies, all supported by the City's ongoing commitment to quality-of-life investments that help retain and recruit a skilled workforce.

Housing remained a central priority as well. With the community growing at a steady pace, the City invested nearly \$8.1 million in housing projects and neighborhood revitalization initiatives to ensure that residents at all income levels have access to safe and attainable homes. This intentional focus on housing supports both economic movement and long-term community stability.

In 2024, the Mayor introduced a renewed emphasis on improving the **quality of life for kids, families, and the broader community**, a commitment that continued to take shape throughout 2025. More than \$96 million was invested in parks, libraries, entertainment and culture venues. Public-private partnerships played a key role in bringing new amenities to life, including the expansion and enhancements to the Downtown River Greenway, the construction of a new clubhouse at one of the City's featured golf courses which includes a restaurant, bar and lounge area along with a banquet section capable of hosting over a one hundred people, and the opening of Jacobson Plaza located on the river greenway which brings joy year-round with its outdoor amenities that include a refrigerated ice ribbon, inclusive playground, and splash pad. The City partnered with Sanford Health Systems at the end of 2024 to acquire a wellness center, to be transformed into an indoor recreation hub that expands access to year-round activities for residents of all ages. With 2025 being its first full year of operations, this venture proved to be successful and as programming grows and partnerships deepen, the Westside Recreation Center is poised to become a cornerstone in year-round recreation and wellness opportunities.

The tradition of ensuring there is a balance of new investments with continued maintenance and improvements to existing amenities ensures the City of Sioux Falls remains a very attractive community for residents and one of the best places to live, work, and play.

Major Capital Projects completed in 2025 were:

- Water Reclamation Facility Expansion (Phase 1)
- Expansion of the Downtown River Greenway;
- Jacobson Plaza Ice Ribbon and Inclusive Playground;

- Construction of Veterans Parkway from Western Avenue to Cliff Avenue;
- Construction of 6th Street from Foss Avenue to Veterans Parkway;
- North Drive Bridge Improvements;
- Overlay of 322 blocks, 19 blocks of concrete rehab, and 443 blocks of slurry seal in various locations; and
- Elmwood Golf Course Clubhouse and Cart Storage Replacement.

Major projects in progress in 2025 include:

- Construction of Basin 15 Sanitary Sewer Extension;
- Pump Station 240 Capacity Improvements;
- Arrowhead Parkway and Veterans Parkway Intersection Improvements;
- Construction of Veterans Parkway from Cliff Avenue to Sycamore Avenue;
- Cliff Avenue and I229 Interchange Improvements;
- 85th Street and I29 Interchange Improvements;
- McKennan Park Wading Pool Replacement;
- Construction of Light and Power Facility; and
- Collector Well 25 Improvements Phase 2.

Major projects in design in 2025 include:

- Aquatics renovations at Frank Olson and Kuehn Park;
- Reconstruction of Minnesota Avenue from 2nd Street to 7th Street;
- Water Reclamation Facility Dewatering Improvements;
- Construction of 85th Street from Heritage Parkway to Sundowner Avenue;
- Construction of Marion Road Overpass;
- Southeast Basins Sanitary Sewer Expansion;
- Lewis and Clark Water Connection Phase 2;
- Water Reclamation Facility Primary Clarifiers; and
- Construction of Fire Station #13.

In total, the City invested \$753.5 million (\$805.6 million with equipment) in capital improvement projects in 2025, 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 \$214.9 million net of accumulated depreciation, ending the year with net capital assets of \$2.8 billion (see the capital note beginning on page 62 for more details on the City's capital assets).

Letter of Transmittal

Forward-Looking Investments

All Funds – Citywide Investment in Services

The City has a commitment to maintain quality services as the community continues to grow in both population and square miles. Successfully navigating the pressures of a growing city requires a balanced approach to meeting the demands of existing services with new development. Maintaining a vibrant and investable city requires partnerships with local developers, entrepreneurs, and philanthropists in visioning, planning, and working together to make transformative investments that will benefit future generations.

In February of 2026, the City made a major announcement in partnership with Smithfield Foods on a plan to build a new \$1.3 billion state-of-the-art pork processing facility in Foundation Park, replacing the company’s century old downtown plant. The project marks a major investment in the region’s agricultural economy and will shift operations to a modern industrial hub at the intersection of I-29 and I-90. The move will be phased over multiple years and frees up roughly 120 acres of downtown land for future development. This project was supported in part by a \$50 million gift from philanthropist T. Denny Sanford to help acquire and clear the existing site. Coupled with this, the City purchased around 10 acres of land on the east edge of downtown. With its proximity to the river, bike trail, and prospering downtown, this property was identified as having a much greater potential for vibrance than in its current state. Together, these two areas have the potential to transform downtown and drive positive economic conditions for years to come.

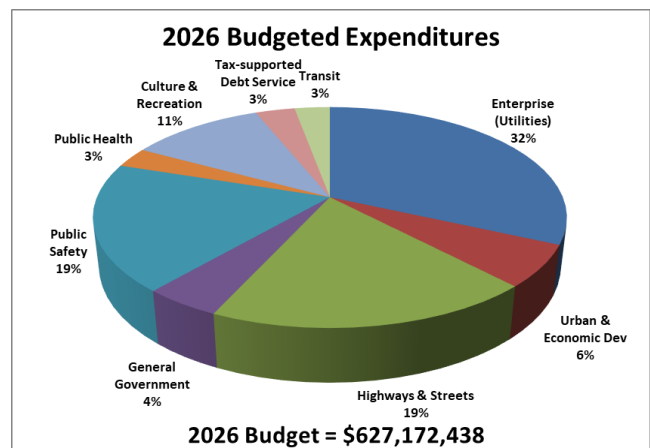
Work on Veterans Parkway in coordination with South Dakota State Department of Transportation continues, representing a nearly \$200 million investment in road infrastructure, finishing a key transportation corridor, and providing additional capacity for moving traffic from I29 southwest of Sioux Falls to I90 in the northeast. This project will create a second bi-way connection of Interstate 29 with Interstate 90 and drive robust development in the south and southeast areas of Sioux Falls and accommodate growing transportation needs across the corridor.

Coupled with Veterans Parkway, the City will begin the southeast basin project in 2026, a long-range sanitary sewer expansion designed to support major growth in the City’s south and southeast. It is one of the largest utility infrastructure efforts the City has planned for the coming decade, intended to ensure that new neighborhoods, commercial areas, and employment centers have reliable wastewater service. This project will open approximately 7,500 acres of development over the next several years.

The City also advanced major recreation and aquatics projects following City Council approval of a \$68 million recreation and aquatics bond. This investment will support the replacement of an aging outdoor pool with a new outdoor aquatics center on the west side of Sioux Falls and the construction of a 45,000-square-foot indoor recreation facility on the eastside to provide year-round recreation opportunities for the community. These construction

projects will begin to take shape in 2026 and continue for the next couple of years.

The following graph reflects the investment of city resources in 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.



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. A more current look at economic conditions is reviewed in the Management Discussion and Analysis on page 30.

Local Economy – General

The City’s diverse economy (see chart on page 8) of health care, education, business, manufacturing, and retail all serve as a strong foundation, effectively minimizing the impact of economic fluctuations. While challenges such as low unemployment, inflation, higher interest rates, and federal disruptions have created uncertainties, there is an enduring sense of optimism based on a growing population, strong building permits, and multiple transformational projects in the works. Overall, the City remains confident in the resilience of its economy.

The labor market continues to be extremely tight, with the City MSA experiencing an average unemployment rate of 1.9 percent in 2025, even lower than the national average of 4.3 percent. This low employment rate continues to push the median household income upwards.

While facing various economic crosswinds at the national level, the City of Sioux Falls still had its second highest building permits in its history, increasing by \$250.8 million or 23.3 percent above 2024. Growth was led by new commercial sector which included manufacturing, apartments, and other commercial such as strip malls, hotels, and restaurants.

In terms of housing development permits, new single-family homes saw a decrease of 32.9 percent compared to 2024.

Letter of Transmittal

Construction of new multi-family units declined with a total of 1,168 units permitted, down 7.0 percent from the prior year. These declines are due in large part to the normal cycle of building multi-family housing units, but the increased financing costs has stunted the demand for new single-family homes. Some of the largest permitted facilities in 2025 include CJ Foods processing plant, a new Avera Women's and Children's Hospital, and a large new senior Good Samaritan Housing project which will include housing for all stages of senior living.

It is also worth noting that the Sioux Falls Regional Airport is undergoing a major \$100 million expansion with new gates, amenities, and the addition of the first international gate. This expansion will help meet the continued growth of the State's largest airport and allow the opportunity to attract new airlines, lower fares, and add more destinations that are currently not feasible due to limited capacity at the existing gates.

The robust construction activity has resulted in increasing property tax collections for the City. Property tax growth increased by 3.8 percent in 2025, above the ten-year historical average rate of around 3.5 percent. Property Taxes are the second largest and more importantly the most stable source of revenue, integral to address increased demands for city services to support continued economic expansion, growing city limits, and to combat inflation.

Effective for property taxes 2026, payable 2027, the South Dakota legislature passed a bill which effectively capped tax growth for municipalities at 3.0% for the next 5 years (2027-2031). This cap will reduce permanent ongoing revenues by \$25 million over the next 10 years in the General Fund. These revenue reductions are being met with a 3-year plan to recalibrate services and reduce ongoing expenditures by \$10 million (2026-2028).

The City's broad-based 2.0 percent municipal sales tax is the City's largest revenue source. Taxable sales were a mixed bag in 2025 but overall experienced 2.4 percent increase in sales tax growth (2.0 percent including audits). Total taxable sales were up nearly \$188 million in 2025, of which \$15.8 million from eating establishments, \$16.8 million from department and general merchandise stores, \$78.7 million in remote retailer sales, and a \$41.8 million increase in business services. These increases were partially offset by reductions in manufacturing, electric, gas, sanitary services, lumber and hardware, home furnishings, and miscellaneous retail stores. Taxable sales for wholesale trade of goods remained even year over year.

While sales taxes have underperformed the historic average 4.5 percent rate, much of this has been driven by a slowdown in business related sectors such as manufacturing and lumber and hardware. This slowdown in the business sector is reflective of a national slowdown driven by federal uncertainty, sticky inflation, and continued elevated interest rates. However, there is a divide between the consumer sectors. Remote retail and restaurants have remained stable and growing while home furnishings and miscellaneous retail saw reduced sales. Recovery in the

business sectors appeared to be taking hold in late 2025 as optimism began to grow with lower interest rates, a high stock market, and growing pressure to move forward on projects that seemed to be on pause while awaiting more certainty. As the national economy improves over time sales taxes are expected to rebound and exceed historic averages like prior economic cycles.

The City's entertainment tax is driven in large part by discretionary spending, particularly for restaurants and lodging. With some softness in consumer spending behavior, entertainment tax growth was essentially flat (after a correction in a business reporting tax incorrectly was adjusted). The City's entertainment tax supports the City-owned entertainment venues. These venues help foster a strong local economy, engage residents, attract visitors, enrich, and bring the community together. It is expected that the entertainment and hospitality will see recovery in 2026 supported by some stability driven by a visitor market that continues to value the City's affordability, national touring concerts, high quality culture and arts programming, and continued investments in riverfront amenities.

Population

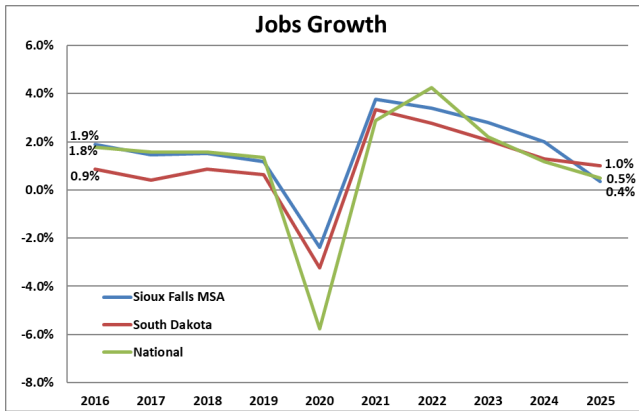
The City's population increased by 2.3 percent in 2025 as the estimated population grew from 219,588 in 2024 to 224,676 in 2025. With a statewide population of 935,094, the City accounts for 24.0 percent of the State's population. The population of the Sioux Falls Metropolitan Statistical Area (MSA) is 322,100, which is over 33 percent of the State's population.

The City is continuing to plan for continued population growth with its long-range comprehensive development plan Shape Sioux Falls 2050. This expected growth in population will require the City to carefully plan for future development and infrastructure needs while keeping the delivery of high-quality services.

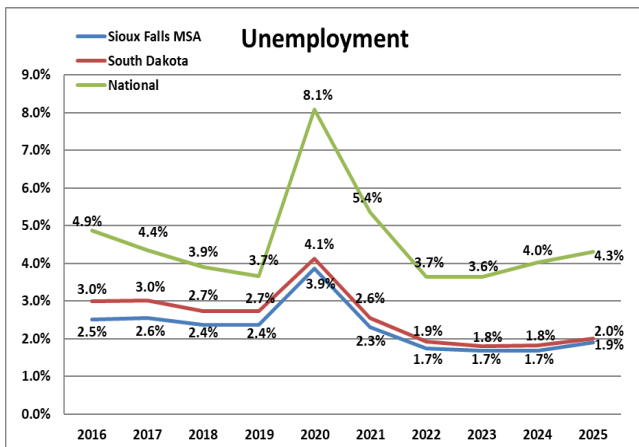
Employment

In 2025, the number of jobs in the Sioux Falls MSA increased by 600 as measured by the annual average of nonfarm wage and salaried workers' statistics. The MSA saw an increase of 900 jobs in construction, 900 jobs in private education and health services, 200 jobs in government, and 200 jobs in other services. These increases are offset by the decrease in jobs seen in leisure and hospitality (800), transportation, utilities, and warehousing (300), retail trade (300), and financial activities (300). The following chart shows the job growth of both the Sioux Falls MSA and State of South Dakota when compared on a national basis.

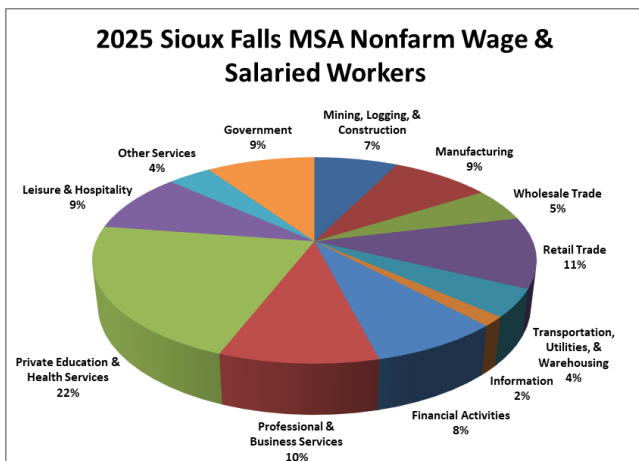
Letter of Transmittal



The Sioux Falls MSA annual average unemployment rate increased from 1.7 percent in 2024 to 1.9 percent in 2025. The City and State unemployment rates compare very favorably to the national unemployment rate as shown in the following chart.

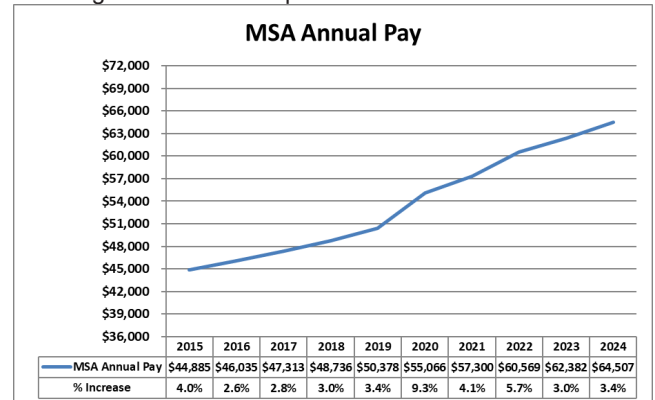


The diversity of the Sioux Falls jobs market leads to a balanced economy and a stronger employment market compared to the national average as indicated on the following chart.



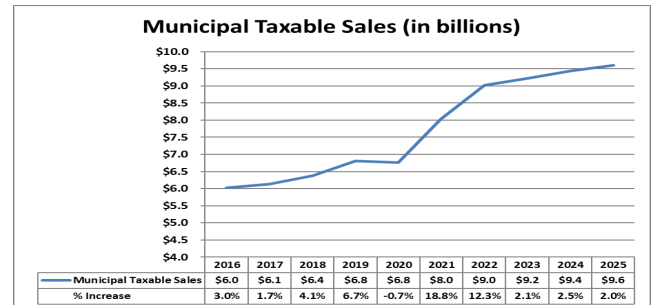
Wages and Income

As shown in the following chart, annual pay of workers covered by unemployment insurance in the MSA increased to \$64,507 in 2024, the most recent year available. From 2015 to 2024, pay rose by 43.7 percent or by a compound annual growth rate of 3.7 percent.

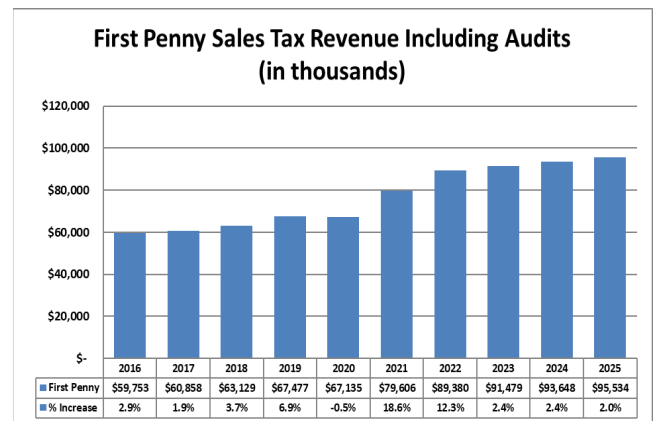


Gross and Taxable Sales

Municipal taxable sales were \$9.6 billion in 2025, an increase of 2.0 percent.



The increase in taxable sales translated into the City realizing an increase in net sales and use tax revenue of 2.0 percent including audits. 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.



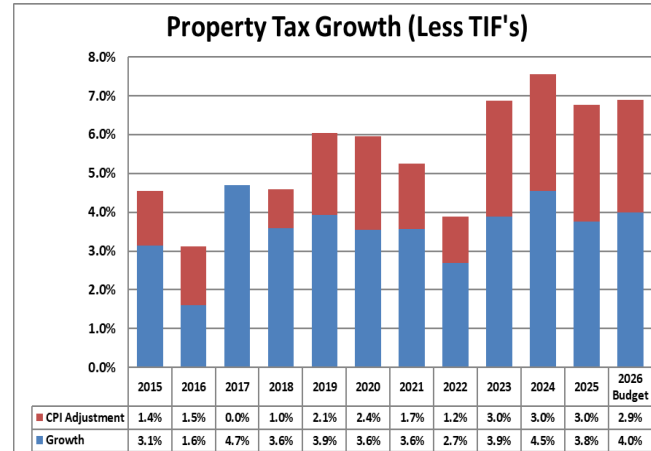
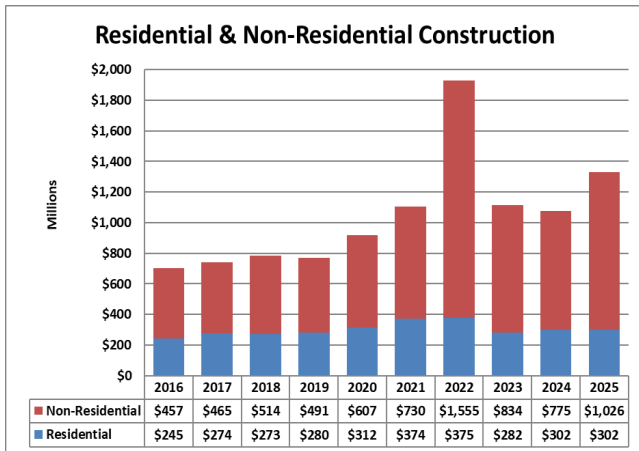
Letter of Transmittal

Construction Activity

The City added a total of 760 new units between single-family dwellings and town house units, a decrease of 13.2 percent over last year. 1,168 new multiple family dwellings were also added in 2025, a 7.0 percent decrease from 2024. The biggest factors in the decline were due to the cyclic nature of multi-family construction and higher interest rates impacting financing.

During 2025, the City approved 134 subdivision plats totaling 502 lots and 996 acres. Seventy-seven percent of the City’s total construction value was related to non-residential development. The largest single project permitted in Sioux Falls during the past year was CJ Foods, which had a construction value of \$170.0 million. The Avera Women’s and Children’s expansion came in second at \$131.6 million, with the Good Samaritan Founders Crossing coming in third at \$109.5 million. The fourth and fifth largest projects were the Sioux Falls Airport terminal expansion at \$44.1 million and the Rhys Apartments at \$30.4 million.

The rise in the previous year’s construction activity has resulted in increasing property tax collections for the City, as shown in the above graph. Property tax revenues are a strong and stable revenue source integral to addressing increased demands for city services to support continued economic expansion and to combat inflationary pressures. The following graph shows the last ten years’ growth rates. The ten-year average for growth is 3.6 percent.

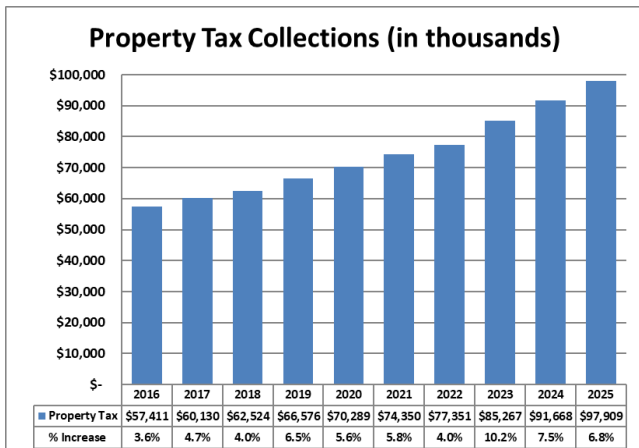


The City grew in area in 2025, adding 1.18 square miles within its borders to equal 86.40 square miles total. The City has added 14 new and annexed centerline miles of roads, 20 miles of sanitary sewer, and 20 miles of water mains to its infrastructure (excluding construction-in-progress).

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 general fund available fund balance as of December 31 for each fiscal year be between 25 percent and 35 percent of the general fund budgeted for that fiscal year, which is approximately three to four months of operating expenses. If the general fund available fund balance falls below the minimum threshold (also known as “The General Fund Reserve”), the Mayor shall, as soon as practical thereafter, present the Council with an explanation and plan for replenishing the reserve.
- A goal for the Mayor to present a projected 10-year general fund forecast that maintains reserves at or above 25 percent each fiscal year, and that the Council desires long-term fiscal responsibility. If any fiscal year falls below the minimum reserve level of 25 percent, the Mayor shall present the Council with an explanation and plan for replenishing the reserve.
- A goal that the Mayor’s proposed general fund budget for each fiscal year beginning with 2008 provide for balance between projected revenues and expected expenditures without the use of the general fund reserve, with the exception of cash balances that exceed the 25 percent general fund reserve at year-end, and that the elected and appointed officials of the City use their best efforts and mutual cooperation to accomplish that goal.
- A goal that if the Mayor’s proposed general fund operation budget includes projected revenues from increases in fees, charges, taxes, or other similar sources



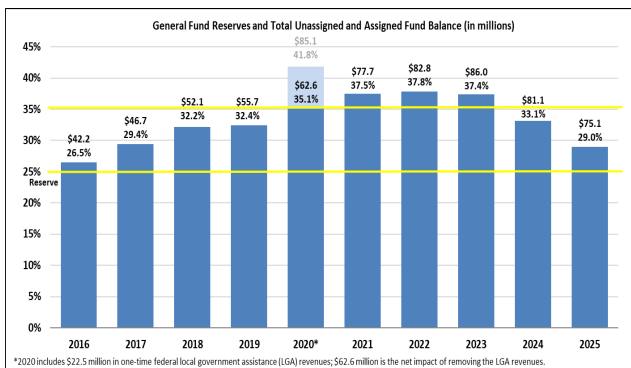
Letter of Transmittal

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.

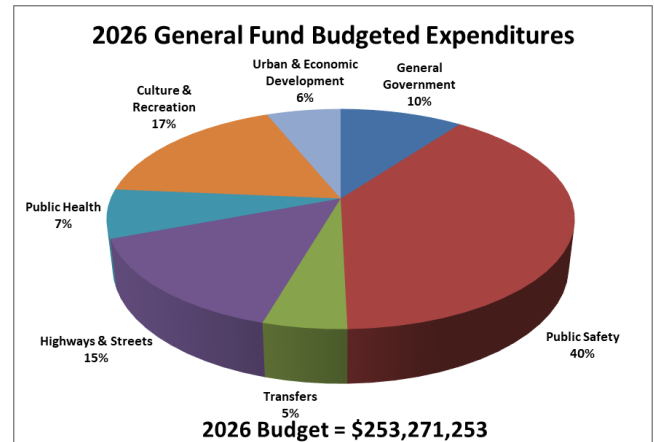
In 2025, the General Fund's total unassigned and assigned fund balance combined was \$75.1 million, reflecting a decrease of \$6.1 million. This change in fund balance was primarily influenced by five factors:

1. Sales tax revenues fell short of the budget by \$4.1 million.
2. Other revenues such as investment earnings, liquor licenses, and building and contractor permits exceeded budget expectations by \$4.3 million resulting in overall revenues reaching 100 percent.
3. Expenses were at 95 percent of the budget, leading to budgetary savings of approximately \$11.8 million.
4. A one-time transfer of \$8.0 million was made to the Fleet Management Fund for the total accepted bid price to purchase 44 motor graders which will realize long-term lease savings.
5. A one-time transfer of \$1.8 million to the Enterprise Network Technology Fund to purchase network equipment needed to implement a full disaster recovery system, ensuring quick recovery times and system redundancy.

Overall, the fund balance represents 29.0 percent of the 2025 final budget, compared to a reserve policy target between 25 percent and 35 percent for assigned and unassigned fund balance.



The following chart shows the general services operating priorities of the City, excluding public utilities, for the 2026 General Fund budget.



Sales and Use Tax Fund (2nd Penny)

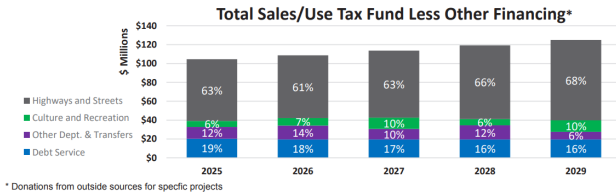
The City Council has established the following financial and budgetary policies regarding the City's general capital account, the Sales and Use Tax Fund:

- A goal that the City maintain a sales/use tax fund available fund balance as of December 31 for that fiscal year equal to 3 percent (also known as "The Sales/Use Tax Fund Reserve") of the sales tax revenue, imposed pursuant to Ordinance Nos. 70-03, 14-04, 26-06, and 116-08, codified as Sections 37.002 and 37.021 of the Code of Ordinances of Sioux Falls, SD (also known as the "Second Penny Tax Ordinance"), budgeted for that fiscal year. If the sales/use tax fund reserve balance falls below the minimum threshold, the Mayor shall, as soon as practical thereafter, present the Council with an explanation and plan for replenishing the sales/use tax fund reserve to the targeted threshold.
- A goal that the Mayor's proposed sales/use tax budget for each fiscal year beginning in 2027 provide for balance between projected revenues and expected expenditures without the use of the sales/use tax fund reserve, with an exception of cash balances that exceed the 3 percent sales/use tax fund reserve at year-end, and that the elected and appointed officials of the City use their best efforts and mutual cooperation to accomplish that goal.
- The City Council has adopted a formal policy for the second penny sales and use tax, 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.

The Sales and Use Tax Fund is funded by the second penny sales and use tax and is the City's primary capital project account excluding public utilities. The graph below shows overall service allocation of the program over the next five years. Generally, Highways and Streets receives

Letter of Transmittal

around 64.0 percent, Culture and Recreation 8.0 percent, Other including Public Safety, Transit, and Centralized Facilities 11.0 percent, and annual debt service around 17.0 percent.



The second penny sales tax currently has revenues of 4.37 times the pledged debt service of the second penny and 6.08 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, final payment in 2026, and the bonds issued for a downtown parking ramp constructed in 2020 and maturity date of 2032.

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.

City Structure, Financial Policies, and Principles

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 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.

The City has a long history of maintaining balance in taking care of today while investing in the future. Combined with the values of being conservative and responsible, the City’s financials remained strong in 2025 and the fund balance and reserves of the City continued to remain above target levels.

Transparent, accurate, and timely financial information is a cornerstone to a well-run city. Generating the annual

financial information in a timely manner allows the City to make prudent financial decisions and accelerate investment of remaining funds for infrastructure and quality of life projects.

The City uses a minimum of ten-year forecasting models for almost all funds as a foundation for planning and implementing city initiatives. These models identify projected resources that will be available to implement both current and future initiatives. The models include evaluating the operating impacts and staffing of future capital projects based on the City’s long-term strategic growth or tier maps. The annual budget serves to allocate the resources available not only in the current year but more importantly is built on future expectations and working backwards to provide current services. This approach helps ensure the City remains financially sustainable and continues to provide high quality services.

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.

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)

Certificate of Achievement



Government Finance Officers Association

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Achievement
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Reporting

Presented to

**City of Sioux Falls
South Dakota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

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
Vernon Brown—At Large (Interim)	2026-2026
Rich Merkouris—At Large	2022-2026
Curt Soehl—Central District	2022-2026
Miranda Basye—Northeast District	2024-2028
Jennifer Sigette—Northwest District	2024-2028
Ryan Spellerberg—Southwest District	2024-2028
Richard Thomason—At Large	2024-2028

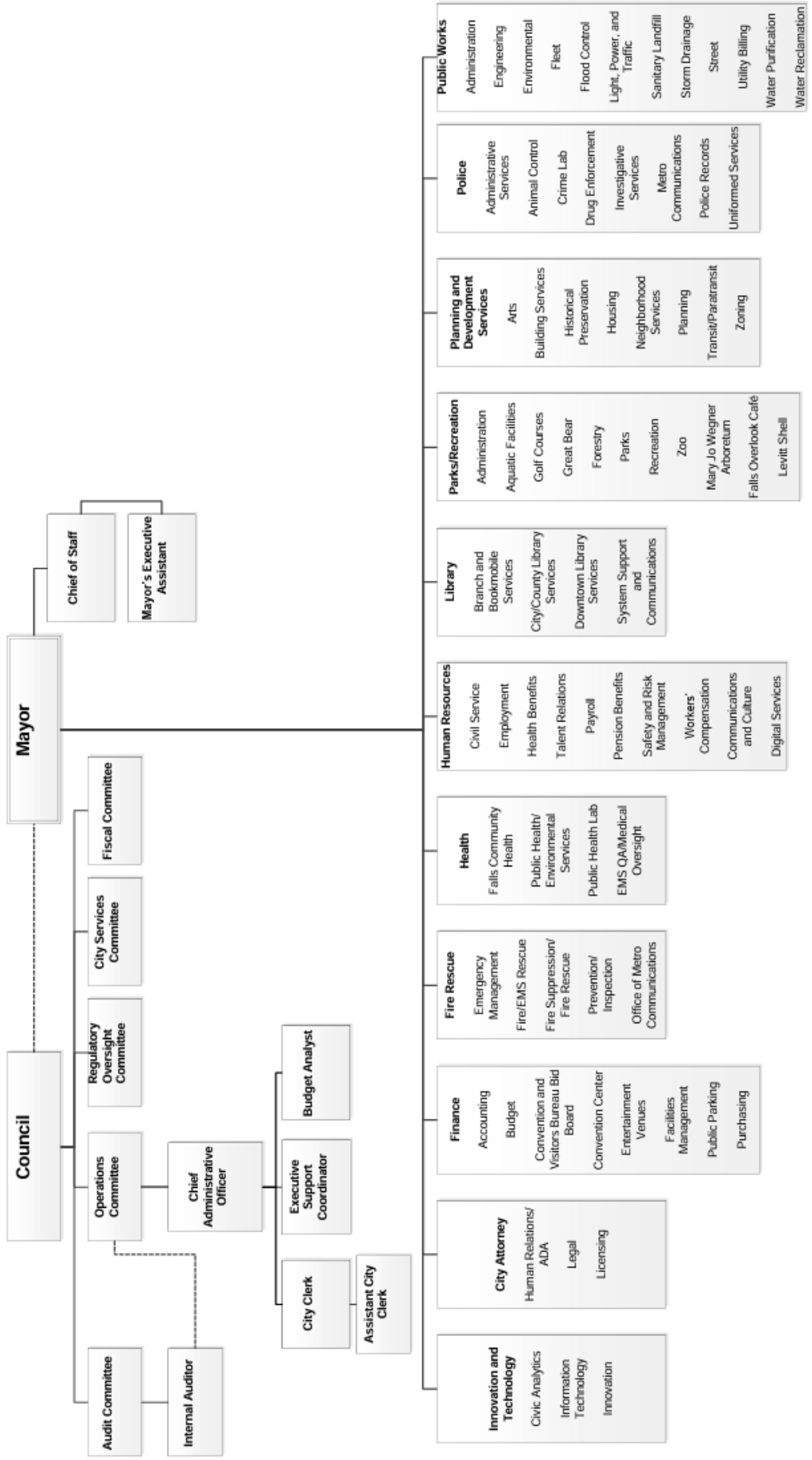
City Appointive Officials

As of December 31, 2025

Homelessness Services Coordinator	Michelle Treasure
Executive Support Coordinator	Thea Rave
Chief of Staff	Vanessa Gomez
Communications and Culture Officer	Allie Hartzler
Medical Director	Jennifer Tinguely
City Attorney	David Pfeifle
City Clerk	Jermery Washington
City Council Budget Analyst	Jody Moss
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	Alysia Boysen
Mayor's Executive Assistant	Ashley Bohlen
Fire Chief	Matt McAreavey
Chief Administrative Officer	Jim David
Internal Auditor	Ryan Lauseng
Metro Manager	Aimee Chase
Police Chief	Jon Thum
Dental Director	Susan Olson
Public Health Director	Joe Kippley

Departmental Organization Chart

City of Sioux Falls Organizational 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, 2025, 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 the 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 unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, 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 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the discretely presented component unit as of December 31, 2025. 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.

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' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedules of changes in the net pension liability and related ratios, schedules of employer's net pension liability, schedule of employer contributions, schedule of city's proportionate share of the net pension liability (asset), schedule of city contributions, schedule of changes in the employer's net OPEB liabilities (assets), and schedule of employer OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Recreation and Aquatics Bond 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 GAAS. In our opinion, the budgetary comparison schedule for the Recreation and Aquatics Bond 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 May 12, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Sioux Falls, South Dakota
May 12, 2026

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, 2025. 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 2025 fiscal year by \$3.0 billion (net position). Of this amount, \$476.6 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 2025 fiscal year, the City's governmental funds reported combined ending fund balances of \$318.0 million, an increase of \$21.8 million in comparison with the prior year balance. Of this balance, \$71.4 million constitutes unassigned fund balance, \$21.6 million assigned, \$115.1 million committed, \$98.9 million restricted, and \$11.0 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$1.0 billion, an increase of \$214.3 million from the prior year fund balance. Net cash flows from operations were \$198.6 million while net cash used by capital and financing activities was \$70.1 million.
- At the end of the 2025 fiscal year, the General Fund assigned and unassigned fund balance was \$75.1 million, a decrease of \$6.1 million. This balance represents 29.0 percent of the final 2025 General Fund expenditure and transfers out (financial uses) budget of \$258.5 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 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 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 for which the City is considered to be financially accountable or for which the nature and significance of its relationship with the City is such that the exclusion would cause the City's financial statements to be misleading or incomplete. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The City's other former component unit, Metro Communications, has since transferred its operations to the City and is now the non-major 911 Dispatch Fund.

The government-wide financial statements can be found on pages 32-34 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 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.

Management's Discussion and Analysis

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

The City maintains twelve 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, Recreation and Aquatics Bond Fund, and the Public Safety Facility Construction Fund, all of which are considered to be major funds. Data from the other five 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 35 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. 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 43 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 49 and 50 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 51 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 87-100 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 \$3.0 billion at the close of the fiscal year ending December 31, 2025.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and Other Assets	\$ 418,875,438	\$ 504,476,028	\$ 142,729,242	\$ 302,573,977	\$ 561,604,680	\$ 807,050,005
Capital Assets	1,602,514,495	1,730,733,099	960,654,085	1,047,286,735	2,563,168,580	2,778,019,834
Total Assets	2,021,389,933	2,235,209,127	1,103,383,327	1,349,860,712	3,124,773,260	3,585,069,839
Deferred Outflows of Resources	32,717,480	28,829,517	3,660,331	2,992,987	36,377,811	31,822,504
Long-term Liabilities	180,073,850	191,104,546	244,739,152	274,632,074	424,813,002	465,736,620
Other Liabilities	26,964,061	30,424,449	27,659,174	25,099,650	54,623,235	55,524,099
Total Liabilities	207,037,911	221,528,995	272,398,326	299,731,724	479,436,237	521,260,719
Deferred Inflows of Resources	14,582,423	49,885,025	2,852,778	6,277,460	17,435,201	56,162,485
Net Position:						
Net Investment in Capital Assets	1,447,919,753	1,588,755,003	715,850,898	777,315,845	2,163,770,651	2,366,070,848
Restricted	112,643,307	183,490,450	8,259,275	13,330,054	120,902,582	196,820,504
Unrestricted	271,924,019	220,379,172	107,682,381	256,198,616	379,606,400	476,577,788
Total Net Position	\$ 1,832,487,079	\$ 1,992,624,624	\$ 831,792,554	\$ 1,046,844,515	\$ 2,664,279,633	\$ 3,039,469,139

By far the largest portion of the City’s net position, 77.8 percent, is investments in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that are 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 6.5 percent of total net position, increased from \$120.9 million in 2024 to \$196.8 million in 2025. This is primarily due to an increase

of \$54.3 million in net pension assets as the City experienced market gains during 2025.

The remaining balance of \$476.6 million, 15.7 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 65.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$375.2 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	
	2024	2025	2024	2025	2024	2025
Revenues:						
Program Revenues:						
Charges for Services	\$ 22,133,351	\$ 26,028,403	\$ 117,583,327	\$ 125,982,023	\$ 139,716,678	\$ 152,010,426
Operating Grants and Contributions	23,852,594	25,311,477	-	-	23,852,594	25,311,477
Capital Grants and Contributions	34,193,238	99,910,264	15,057,984	25,324,402	49,251,222	125,234,666
General Revenues:						
Property Taxes	91,842,331	98,277,880	-	-	91,842,331	98,277,880
Sales Taxes	205,839,294	208,538,388	-	-	205,839,294	208,538,388
Other Taxes	19,180,851	20,231,998	-	-	19,180,851	20,231,998
Other	19,709,410	18,571,803	12,426,637	160,299,781	32,136,047	178,871,584
Grants and Contributions not Restricted to Specific Programs	18,456,018	11,626,717	-	-	18,456,018	11,626,717
Total Revenues	435,207,087	508,496,930	145,067,948	311,606,206	580,275,035	820,103,136
Expenses:						
General Government	25,292,915	25,032,878	-	-	25,292,915	25,032,878
Public Safety	103,205,285	102,954,129	-	-	103,205,285	102,954,129
Highways & Streets	85,503,190	87,214,028	-	-	85,503,190	87,214,028
Public Health	18,130,943	17,265,423	-	-	18,130,943	17,265,423
Culture & Recreation	59,468,026	65,372,366	-	-	59,468,026	65,372,366
Urban & Economic Development	39,056,868	42,417,406	-	-	39,056,868	42,417,406
Interest on Long-term Debt	4,504,920	4,565,427	-	-	4,504,920	4,565,427
Electric Light	-	-	9,148,994	10,213,802	9,148,994	10,213,802
Public Parking	-	-	3,507,732	3,297,041	3,507,732	3,297,041
Sanitary Landfill	-	-	12,586,311	13,355,836	12,586,311	13,355,836
Water	-	-	33,328,598	33,857,809	33,328,598	33,857,809
Water Reclamation	-	-	34,799,541	39,367,485	34,799,541	39,367,485
Total Expenses	335,162,147	344,821,657	93,371,176	100,091,973	428,533,323	444,913,630
Excess before Transfers	100,044,940	163,675,273	51,696,772	211,514,233	151,741,712	375,189,506
Lease (lessor)	-	-	-	-	-	-
Special Items	4,550,735	-	-	-	4,550,735	-
Transfers	226,882	(3,537,728)	(226,882)	3,537,728	-	-
Change in Net Position	104,822,557	160,137,545	51,469,890	215,051,961	156,292,447	375,189,506
Net Position - Beginning	1,727,664,522	1,832,487,079	780,322,664	831,792,554	2,507,987,186	2,664,279,633
Net Position - Ending	\$ 1,832,487,079	\$ 1,992,624,624	\$ 831,792,554	\$ 1,046,844,515	\$ 2,664,279,633	\$ 3,039,469,139

Governmental activities. Governmental activities increased the City's net position by \$160.1 million, thereby accounting for 42.7 percent of the total growth in the net position of the City.

Revenues increased by a net of \$73.3 million or 16.8 percent, driven in large part by an increase in capital grants and contributions of \$65.7 million. This increase was due to capital contributions for the South Veterans Parkway project in coordination with the State of South Dakota.

Expenses increased \$9.7 million or 2.8 percent in comparison to the previous year. The City continues to focus on retaining its current employees by keeping up with inflation while also strengthening recruiting efforts to attract

the best and brightest in a market that has record low unemployment.

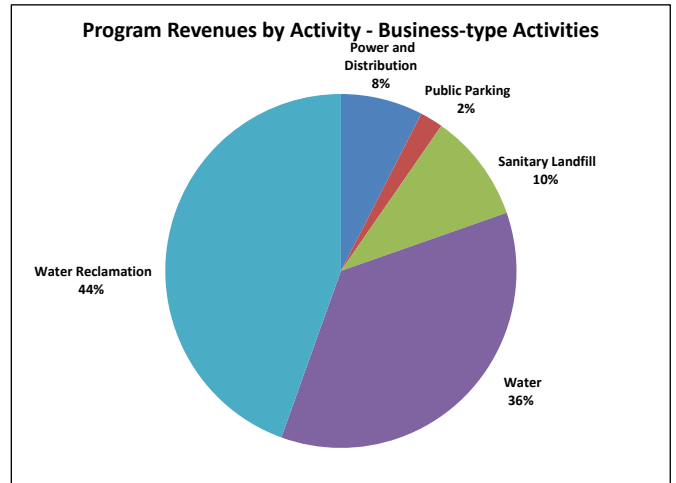
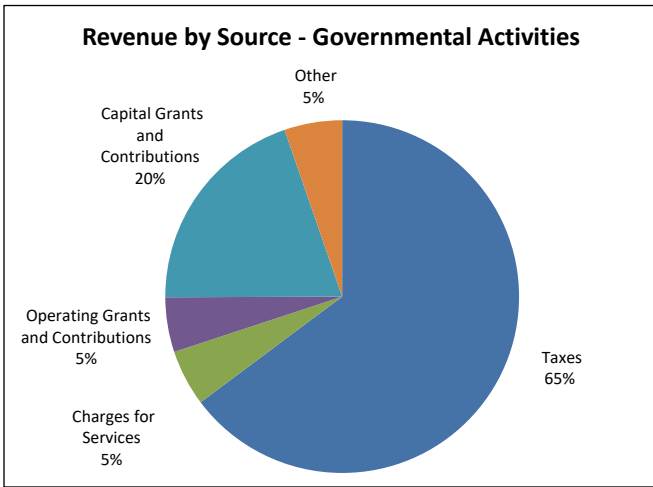
Business-type activities. Business-type activities increased the City's net position by \$215.0 million, accounting for 57.3 percent of the total growth in the government's net position. This growth is due to two primary components. First, increased revenue over expenses as the City continues to balance current demands while planning for future infrastructure investments for a growing city, and second, the City received \$143.7 million of settlements which are committed for future water source needs.

Management’s Discussion and Analysis

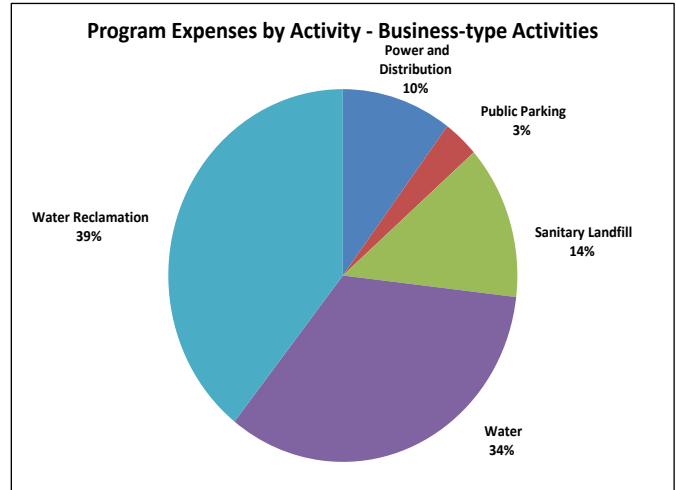
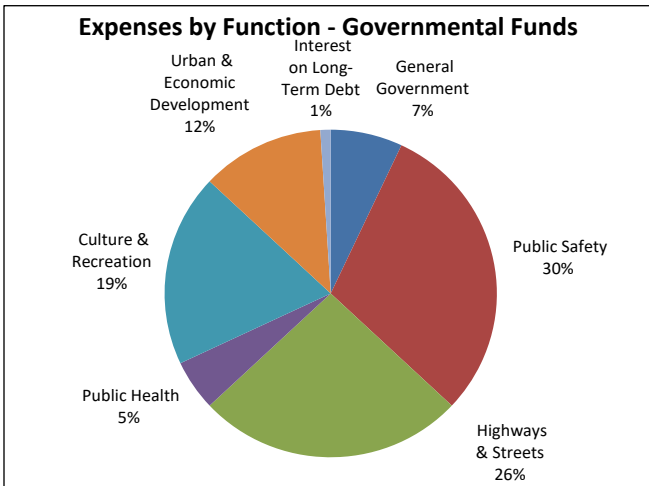
A breakdown of governmental and business-type revenues and expenses are shown on the following four charts:

Taxes account for 65 percent of total governmental revenues. Of this, sales tax comprises 64 percent of total taxes collected, followed by property taxes at 30 percent, and the remainder is frontage and other taxes.

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 and related expenses.



Public Safety and Highways and Streets expenses comprise over half of the total governmental 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 \$318.0 million.

Approximately 22.4 percent, or \$71.4 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$21.6 million, 6.8 percent), committed (\$115.1 million, 36.2 percent), restricted (\$98.9 million, 31.1 percent), or nonspendable (\$11.0 million, 3.5 percent).

Major Governmental Funds Highlights – Year-Over-Year

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 \$75.1 million, a decrease of \$6.1 million which was due to two large one-time transfers. This fund balance represents 29.0 percent of the 2025 final budget against a reserve policy target of 25-35 percent (assigned and unassigned fund balance).

The City strategically manages reserves above the policy target of 25 percent in order to plan ahead for the operating impacts resulting from future growth, including the ability to hire new personnel, including police officers, operate and maintain new capital infrastructure such as fire stations, park and recreation venues, and keep up with the delivery of services for a city that continues to spread outward.

Year-over-year, total operating revenues increased by \$11.2 million or 4.8 percent. The major contributing factors to this increase were an increase in sales tax revenue of \$1.9 million (2.0 percent with audits, 2.4 percent without audits), and an increase in property tax revenue of \$5.7 million or 6.8 percent comprised of 3.0 percent for CPI and 3.8 percent for growth. Property taxes are designed to reflect the need to keep pace with inflation while also capturing real growth. This growth in the tax base stems from another strong year of construction activity and continued population gains. Additionally, the City experienced an increase in license and permit revenue of \$1.8 million due in large part to strong building construction permits and two additional on-sale liquor licenses sold compared to prior year based on population growth. Charges for goods and services also increased by \$1.9 million, primarily due to the first year of operations of the Westside Recreation Center, increased visits at the City's medical and dental clinics along with the expansion of Medicaid at the State, and positive collection adjustments for the City at year-end.

Total operating expenditures were \$225.1 million, an increase of \$11.0 million or 5.1 percent, due primarily to personnel expenditures which increased by \$9.8 million driven in large part by adding 24 new positions in 2025 and ensuring wages and benefits keep pace with inflation and a low unemployment market.

Public Safety personnel expenditures increased by 5.6 percent, or \$4.1 million as 7 new police positions were created in 2025, fewer vacancies occurred than the prior year as police pushed hard to get to full staff through expanded new recruit training, and an increase in pre-hiring due to upcoming retirements. Culture and Recreation personnel expenditures increased by 14.5 percent, or \$2.0 million in 2025 as 8 new employees were hired to support new facilities including the Westside Recreation Center and Jacobson Plaza park. The City also added 4 additional employees to keep up with growth and service demands in our parks, libraries, and streets.

Other financing sources (uses), including transfers-out, totaled \$21.5 million in 2025, up \$2.1 million. During the year the budget was supplemented for one-time transfers of \$8.0 million to fund the purchase of 44 motor graders out of the Fleet Management Fund and \$1.8 million to the Enterprise Technology Revolving Fund to implement a full data center disaster recovery system. Both these one-time investments were strategically vetted to save ongoing operational costs in future budgets. When comparing year over year actuals, the City transferred \$9.1 million in 2024 for the purchase of an indoor recreation center. Netting the one-time transfers for both years accounts for \$0.8 million of the increase. The other \$1.5 million increase in transfers-out was related to maintaining ongoing service levels for Housing and Public Transit.

The **Entertainment Tax Fund** is used to operate and maintain the Washington Pavilion, Orpheum Theater and Events Center Complex (Sioux Falls Convention Center, Denny Sanford PREMIER Center, Sioux Falls Arena, and Sioux Falls Stadium).

Revenues for this fund are comprised of three primary sources, the Entertainment Tax, which is derived primarily from a third penny tax on hospitality and entertainment-related services, net operating revenues recognized from the Events Center Complex, and interest income on cash balances. The entertainment tax collections recognized a decrease of \$0.1 million, or a 1.2 percent reduction in 2025. After adjusting for a business reporting error in tax collections in the prior year, actual results would have been around a 0 percent growth. The Events Center Complex, managed by a third party, also experienced another strong year with net profits from operations of \$1.3 million. The fund also recognized interest income of \$0.6 million on cash balances for 2025, bringing total revenues to \$13.6 million.

Total expenditures for 2025 were \$21.6 million for an increase of \$6.8 million. 75.9 percent, or \$16.4 million of the expenditures were due to capital outlay expenditures focused on improving customer experience, maintaining existing facilities, and planning for the future. Major 2025 capital projects included an \$8.0 million purchase of approximately 10 acres of land on the east edge of downtown. With its proximity to the river, bike trail, and prospering downtown, this property was identified as having

Management's Discussion and Analysis

a greater potential for vibrance than in its current state. Other projects remained on course to the tradition of taking care of the facilities while continuing to improve customer experience. Major projects in 2025 were mainly focused on the Washington Pavilion and included a bathroom remodel, HVAC improvements, and the replacement of the pit elevator.

Net revenues and expenditures decreased fund balance by \$7.9 million, ending the year with a \$22.9 million fund balance. Of this balance, \$13.2 million is held by a third-party manager on behalf of the city for working capital. Another \$5.3 million is encumbered for outstanding contracts and appropriated budget authority being carried forward for projects to be completed in 2026 leaving an available balance of \$4.4 million.

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

The total revenues and transfers-in were \$123.1 million, resulting in a decrease of \$2.0 million compared to the prior year. The decrease was primarily a result of reduced transfers-in as a one-time \$9.1 million transfer from the General Fund to purchase the Westside Recreation Center in 2024.

Sales tax collections increased by \$1.9 million (2.0 percent with audits, 2.4 percent without audits). While sales taxes have underperformed the historic 4.5% average rate, much of this has been driven by a slowdown in business related sectors such as manufacturing, wholesale trade of durable and nondurable goods and lumber. This slowdown in the business sector is reflective of a national slowdown driven by inflation-fighting efforts and an escalation of interest rates. Remote retail continued to grow in 2025, but some consumer softness was showing in the latter part of the year which is not unexpected given extremely low consumer sentiments on a national basis. At the same time, toward the end of 2025, we began seeing improvements in the business sectors that seem to be readjusting to the higher interest rate environment and ready to move forward with continuing investments and expansion. As the national economy improves over time, sales taxes are expected to rebound and exceed historic averages similar to prior economic cycles.

Contributions also increased \$3.9 million primarily due to \$4.6 million in outside contributions received to fund the expansion of the Levitt at the Falls, a non-profit joint venture with the City of Sioux Falls, to provide more than 50 free outdoor concerts every summer.

Total fund expenditures and transfers-out were \$115.9 million, a decrease of \$10.8 million. Net revenues and expenditures increased fund balance by \$7.2 million, ending the year with \$105.7 million fund balance which includes future commitments and restrictions. Subtracting off these restrictions, \$4.7 million in inventory and land, \$15.7 million in debt reserves, adding back \$1.6 million unearned revenues for committed projects being carryforward to 2026 leaves a balance of \$86.9 million for future capital spending. Of this, \$73.4 million is encumbered for outstanding contracts and appropriated budget authority being carried

forward for projects to be completed in 2026. This leaves a \$13.5 million available fund balance, of which \$2.97 million is required as a reserve, and \$0.6 million was committed as a supplement in January 2026, leaving \$9.9 million available for additional capital investments.

The Housing Fund is supported by three primary revenue sources, grants, general fund transfers, and revolving loan income. The Housing Fund ended the year with a fund balance of \$35.1 million which was a \$0.2 million decrease. However, \$27.9 million is restricted for outstanding housing loan receivables leaving a balance of \$7.3 million. Of this, \$0.8 million is encumbered for outstanding contracts related to programming and projects to be completed in 2026 leaving a remaining available balance of \$6.4 million for future housing projects.

The Storm Drainage Fund experienced a \$3.7 million increase in fund balance, ending with a balance of \$24.4 million. Of this, \$10.9 million is encumbered for outstanding contracts and appropriated budget authority being carried forward for projects to be completed in 2026. The Storm Drainage balance is built and used over time as the City focuses its efforts on building regional detention facilities to keep up with growth and make ongoing investments in the existing storm drainage system. Thus, the timing of large capital and maintenance projects impacts the addition and use of fund balance depending on the year.

The Recreation and Aquatics Bond Fund was established in 2025 with the City Council approval to support the sale of \$68 million in revenue bonds. These bonds will be backed and repaid through the city's existing second penny sales tax. The funds will be used to replace aging outdoor pools at Frank Olson and Kuehn Parks, and improvements to the newly acquired year-round Westside Recreation Center. The bond includes \$18.0 million for an outdoor pool at Kuehn Park, \$47.0 million for an indoor recreation and aquatics facility at Frank Olson Park, and \$3.0 million for improvements at the Westside Recreation Center.

In June of 2025, the City sold the first series of bonds for \$25.5 million for project funding plus the cost of issuance. This fund experienced a \$22.3 million increase in fund balance in the current year as construction and design gets underway for these transformation projects. The sale of bonds for the second series is tentatively targeted for late summer or fall of 2026.

Proprietary (business-type) Funds

The City's proprietary fund statements 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.

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.

Management’s Discussion and Analysis

	Unrestricted Net Position		
	2024	2025	Increase
Power and Distribution	\$ 10,547,166	\$ 8,165,203	\$ (2,381,963)
Public Parking Facilities	1,300,372	1,518,652	218,280
Sanitary Landfill	10,048,221	10,872,729	824,508
Water	35,589,141	191,162,697	155,573,556
Water Reclamation	44,781,312	38,347,552	(6,433,760)
	<u>\$ 102,266,212</u>	<u>\$ 250,066,833</u>	<u>\$ 147,800,621</u>

The City, along with outside professional consulting for the utility funds, continues to conduct regular rate reviews for each enterprise fund to ensure the self-sufficiency and sustainability of each fund. The last study and related rate adjustments were conducted in 2023, with adjusted rates effective January 1, 2024 and approved rate adjustments every January 1st through 2027.

Over the last couple of years, the City has been analyzing how Water Reclamation growth can be supported in a more sustainable approach. Currently, the City uses a cost recovery method to recoup the new development infrastructure costs associated with water and wastewater. Looking ahead, the City Council approved revising this method to be more in line with the industry standard based on system capacity charges (SCC). To be phased in over a 10 year period from 2025 to 2035, this method would allow Public Works to responsibly manage the City’s growth and stabilize utility rates for consumers.

The unrestricted net position and periodic rate adjustments allow for these business units to maintain both current and future operating costs and provide for infrastructure expansion to support the demands of growth.

The **Power and Distribution Fund** generated a positive net cash flow from operations of \$2.6 million, ending the year with a cash balance of \$7.1 million and an unrestricted net position of \$8.2 million.

The Power and Distribution Fund is reviewed annually to identify and plan for both operational and capital infrastructure costs that will need to be added or replaced over the next decade. Power and Distribution required no rate adjustments for the period of 2024 to 2027.

The **Public Parking Fund** generated \$1.6 million in cash flow from operating activities. After accounting for \$1.5 million in cash outflows for capital and financing activities, the fund ended the year with a net cash increase of \$0.4 million, a cash balance of \$3.8 million and an unrestricted net position of \$1.5 million.

The City adopted a new parking rate structure in 2016, which allows for annual rate adjustments up to established maximums. As rates are at or are nearing the maximum allowed by ordinance, the City will likely ask for rate increases in 2026 for implementation in 2027.

The **Sanitary Landfill Fund** experienced \$3.9 million in cash flow from operating activities ending the year with a cash balance of \$23.0 million. A substantial portion of the cash balance, or \$12.2 million, has been restricted to meet the City’s future landfill closure and post-closure obligations. The total fund has an unrestricted net position of \$10.9 million.

Effective on January 1, 2024, the City adopted a four-year schedule of annual rate adjustments.

The **Water Fund** generated \$172.2 million in cash flow from operating activities ending with a cash balance of \$190.2 million. In 2025 the city received a large settlement of \$143.7 million. After accounting for the settlement and \$19.4 million in cash outflows from capital and related financing activities, the fund recognized a net cash increase of \$157.0 million and an unrestricted net position of \$191.2 million. The City Council, by ordinance, committed the \$143.7 million settlement for further water source development, leaving a \$47.5 million adjusted net position.

Effective on January 1, 2024, the City adopted a four-year schedule of annual rate adjustments.

The **Water Reclamation Fund** recognized an increase in cash from operations of \$18.2 million and a total decrease of cash flows in the amount of \$5.2 million for an ending cash balance of \$41.8 million and unrestricted net position of \$38.3 million.

Effective on January 1, 2024, the City adopted a four-year schedule of annual rate adjustments.

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 plan, balance, and adapt 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 and Firefighters’ Pension Fund are 110 percent funded. For future contribution rates, the funds use an investment return assumption of 7.0 percent, a 3.5 percent wage inflation assumption, and a 16-year amortization on unfunded liabilities. Both plans have substantial unallocated income reserves being used to buffer against contribution increases, and to be available 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 ended 2025 with \$3.9 million in assets available to meet a \$0.1 million estimated liability. Upon fulfillment of all liabilities, this balance will be closed into the Health Benefits internal service fund.

General Fund Budgetary Highlights

Overall, the original 2025 budget anticipated the use of \$6.8 million in operating reserves, or budgeted revenues under expenses. The City ended the year on target by using only \$6.1 million of general fund reserves, as indicated by the change in assigned and unassigned fund balance, ending

Management’s Discussion and Analysis

2025 with a 29.0 percent reserve as a percentage of budget.

Total revenues and other financing sources exceeded budget projections by \$0.9 million. This increase was primarily due to the net effect of a \$2.6 million increase over budget in investment revenue, a \$0.9 million increase over budget in licenses and permit revenue due to two additional on-sale liquor licenses permitted from the prior year, a \$2.1 million increase over budget in building permits and licenses, and a \$4.4 million decrease over budget in combined property and sales tax revenues.

Population growth and construction activity continue to drive a strong and growing economy. Building permits reached the second highest value ever being led by new commercial which includes manufacturing, apartments, and other commercial such as strip malls, hotels, and restaurants pushing revenues \$2.1 million over budget expectations.

The City’s property tax collections were on target to budget with a 6.8 percent increase over last year’s collections; 3.8 percent of the increase was related to realized new growth, and the remaining 3.0 percent was an inflationary adjustment for the city to continue to meet current and future service levels.

The largest revenue source for the General Fund is the first penny sales tax. The 2025 Budget estimated sales tax growth rates of 4.0 percent in 2024 and 4.0 percent in 2025 from the 2023 actual sales tax collections less audits. Actual sales tax collections increased by \$1.9 million (2.0 percent with audits, 2.4 percent without audits) despite the slowdown in the business sector which is reflective of national uncertainty, sticky inflation, and continued elevated interest rates. Overall, sales tax revenue received was \$4.0 million below budget.

The General Fund budget is comprised of approximately 61 percent wages and benefits and 39 percent other operating and transfers-out expenditures. 2025 ended the year \$11.8

million or 4.6 percent below final budget, slightly better than expectations due to some one-time pushes such as a favorable snow season, entering into a full year of operations at the Westside Recreation Center and Jacobson Plaza, and eliminating and pausing some grants due to federal uncertainty.

Responding to rising concerns on property taxes, the State of South Dakota legislature passed a bill in March 2025 that caps the property tax growth factor at 3.0 percent starting in 2027 and sunseting in 2031. The historical average for property tax growth for the City is around 3.6 percent. While this impact is manageable on an annual basis, the compounding impact over 10 years is a loss of at least \$25.0 million in general fund revenues.

Thus in 2025, the City took a proactive management approach to delay hiring for vacancies, except for uniformed officers, to ensure an adequate amount of turnback savings, reduce travel for non-essential training, and asked all departments to squeeze spending and begin developing an expense recalibration plan focused on minimizing the impacts to services while finding around \$10.0 million in ongoing reductions in expenses over the next three years (2026-2028).

Details of the City’s Budgetary Comparison Schedule can be found starting on page 87.

Capital Assets and Debt Administration

Capital assets. Total capital assets for the governmental and business-type activities as of December 31, 2025, amounted to \$2.8 billion (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangibles, construction in progress and right to use lease and subscription assets.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land	\$ 212,914,217	\$ 249,306,959	\$ 23,476,766	\$ 23,476,766	\$ 236,390,983	\$ 272,783,725
Buildings	282,373,629	291,902,970	72,622,759	189,040,178	354,996,388	480,943,148
Improvements Other Than Buildings	62,801,186	91,292,080	24,846,089	25,744,992	87,647,275	117,037,072
Machinery and Equipment	67,467,568	71,252,001	20,108,790	49,014,189	87,576,358	120,266,190
Infrastructure	921,492,986	983,195,817	491,703,458	612,186,449	1,413,196,444	1,595,382,266
Intangibles	5,862,337	5,862,337	76,314,266	76,322,279	82,176,603	82,184,616
Construction in Progress	41,217,486	33,176,346	251,544,292	71,445,528	292,761,778	104,621,874
Right to Use Leased Assets	5,141,739	2,879,573	19,589	47,316	5,161,328	2,926,889
Subscription Assets	3,243,347	1,865,016	18,076	9,038	3,261,423	1,874,054
Total Assets	\$ 1,602,514,495	\$ 1,730,733,099	\$ 960,654,085	\$ 1,047,286,735	\$ 2,563,168,580	\$ 2,778,019,834

The City’s total capital assets, net of accumulated depreciation and amortization, increased by \$214.9 million in the current fiscal year compared to the prior year 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 \$116.3 million, including the overlay

and concrete restoration of several city streets for \$17.5 million.

- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$42.3 million.
- The Water Reclamation Facility Capacity Improvements totaling \$219.3 million.

Management’s Discussion and Analysis

- The construction of Pump Station 240 totaling \$48.3 million.
- The construction of Jacobson Plaza at Falls Park totaling \$19.7 million.
- The construction of the Phase 3 of the River Greenway totaling \$13.7 million.
- The construction of the Elmwood Golf Course Clubhouse totaling \$6.9 million.
- The construction of bike trail from Cliff Avenue to Bahnson Avenue totaling \$3.3 million.

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

Long-term debt. Moody’s Investors Service has assigned a ‘Aa1’ issuer rating and ‘Aa1’ sales tax bond rating in 2025. The City only borrows to construct long-term capital assets that serve both current and future residents. The City does

not borrow for operating purposes and does not have any general obligation debt outstanding.

At the end of the fiscal year, the City had total debt outstanding of \$393.7 million. The City made regularly scheduled principal payments of \$33.0 million. The overall debt of the City, including enterprise fund infrastructure activity, increased \$42.4 million from 2024 as shown below due to borrowing for the expansion of the City’s water reclamation plant, as well as the issuance of series 1 of the Recreation and Aquatics bond.

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 capacity expansion and additional long-term borrowing for upcoming recreation and aquatics investments, favorable per capita debt ratios are expected to continue into the foreseeable future.

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Bonds	\$ 117,565,000	\$ 130,470,000	\$ 23,430,000	\$ 18,240,000	\$ 140,995,000	\$ 148,710,000
Notes	8,198,930	6,945,940	202,167,222	238,074,918	210,366,152	245,020,858
Total	\$ 125,763,930	\$ 137,415,940	\$ 225,597,222	\$ 256,314,918	\$ 351,361,152	\$ 393,730,858

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 and use 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.

	Pledged		Repayment	
	2024	2025	2024	2025
Governmental Activities				
Sales and Use Tax Fund	\$ 158,966,822	\$ 167,030,171	\$ 132,785,185	\$ 146,977,393
Housing Fund	600,000	600,000	600,000	600,000
Storm Drainage Fund	7,598,930	6,345,940	7,598,930	6,345,940
Total Governmental Activities	167,165,752	173,976,111	140,984,115	153,923,333
Business-type Activities				
Public Parking Fund	-	-	11,930,000	10,840,000
Water Fund	-	-	14,251,637	9,212,778
Water Reclamation Fund	202,167,222	238,074,918	202,167,222	238,074,918
Total Business-type Activities	202,167,222	238,074,918	228,348,859	258,127,696
Total	\$ 369,332,974	\$ 412,051,029	\$ 369,332,974	\$ 412,051,029

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 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 \$1.4 billion, which is \$1.0 billion in excess of the City’s outstanding bonded debt.

Additional information on the City’s long-term debt can be found beginning on page 66 of this report.

Next Year’s Budget

The 2026 budget is guided by the four core tenants of the One Sioux Falls framework including safety and health, accessible housing, workforce, and kids and families.

Management’s Discussion and Analysis

The 2026 Budget of \$775 million is flat, just up 0.3% from 2025, despite the City continuing to grow in both population and square miles. After removing duplicate costs from internal transfers and internal service fund charges, the total city services expenditure budget is \$627.2 million. This budget keeps daily services running smoothly and provides for big projects and large equipment purchases. Of this total, \$406.3 million, almost 65%, of the service budget is for critical services like providing drinking water and wastewater treatment, building and maintaining the transportation network, and protecting people and property through public safety.

In preparing the 2026 Budget, the City recognized cautionary flags of slowing sales taxes due to federal uncertainty, sticky inflation, elevated interest rates, and low consumer sentiment. We also recognize the City is in a strong financial position and we continue to be responsible with tax dollars.

In early 2025, as we were building the 2026 budget, the State of South Dakota legislature passed Senate Bill 216 which effectively capped property tax growth for municipalities to 3.0 percent. The City’s historical average growth is around 3.6%. By capping the growth rate, the City will experience permanent revenue reductions of at least \$25 million over the next 10 years in the General Fund, the primary operating account of the City. These reductions in revenues must be offset with ongoing reductions in expenses. Through examining data, we focused our efforts on recalibrating services that were the least impactful to residents. This plan is referred to as budget recalibration because we are changing or innovating the way we deliver services, instead of just across-the-board cuts. Overall, the General Fund budget included \$6.0 million of ongoing permanent reductions.

Despite this, the City will continue to invest in community priorities and double down on foundational investments. In 2026, the budget remains committed to supporting strategic housing initiatives with a \$12.3 million budget focused on partnerships with the private and non-profit sectors to work together with a “One Sioux Falls” mindset to address housing challenges.

Kids and families remain a priority as we recognize the importance of balancing all city services to provide the high quality of life our community has come to love. The 2026 budget for Libraries and Parks and Recreation totals around \$60.0 million including the estimated \$5.0 million bond payments. In 2026, we will begin the construction of a new outdoor aquatics experience at Kuehn Park and bid for the construction of the new indoor 45,000 square feet

recreation center at Frank Olson Park on the east side of the community funded by bond proceeds.

The City also continues to focus on investments in public safety and health with a total budget of \$135 million, or around 22.0 percent of the total service budget. The budget includes an additional 6 full-time police officers, 1 forensic specialist, 2 metro 911 operators, and 15 new firefighters to staff the 13th fire station to be constructed in 2026.

Infrastructure investments are always the largest portion of the budget and 2026 is no exception with \$315 million or approximately 50% of the total service budget. The budget reflects the intentional investments to maintain our current assets while planning for the new infrastructure demands. In 2026, we will start construction of a sewer basin on the southeast side of Sioux Falls for future development. Over the next few years, this basin will open approximately 7,500 acres for development. The budget also is making necessary investments to set the community and region up for success with future water sources by accounting for the necessary funding to support the construction of the third connection to the Lewis and Clark Regional Water System. 2026 also will be another year of significant transformational street construction projects, with the continued construction of the intersection at Arrowhead and Veterans Parkways, as well as the reconstruction of the interchange at Cliff Avenue and I-229. Also work on the last two sections of South Veterans Parkway from Sycamore to 57th Street and I-29 to Western, completing this 8.6 mile stretch of highway.

The City must plan to meet the workforce needs of a growing community and ensure the City teams are equipped to continue providing quality services to the community. Public service is both rewarding and challenging work requiring the City to continue to invest in its employees. Our employees are the most valuable asset and ensuring there is a balanced approach to retention of current employees through focused culture initiatives, competitive wages and benefits, while also recruiting future employees through an emphasis on marketing and branding.

The continued accolades Sioux Falls receives and population growth do not happen by accident. It’s the intentional decisions made during the budget process which focuses on balancing foundational investments with transformational investments that brought us to this incredible community we have today. Sioux Falls is strong and there are many reasons to be grateful this is the place we have the opportunity to live, work, and play.

The table below outlines the economic climate in 2025.

	2024	2025	Change	% Change
Population	219,588	224,676	5,088	2.32%
Employment	171,878	173,161	1,283	0.75%
Per 5-Year Median Household Income (trailing year)	78,354	82,754	4,400	5.62%
Taxable Sales (\$ in thousands)	9,441,430	9,629,527	188,097	1.99%
First Penny Sales Tax Collections Less Audit (\$ in thousands)	92,979	95,244	2,265	2.44%
Second Penny Sales Tax Collections Les Audit (\$ thousands)	92,979	95,244	2,265	2.44%
Entertainment Tax Penny Net Collections Less Audit (\$ thousands)	11,815	11,706	-109	-0.92%
Total Construction (\$ in thousands)	1,076,633	1,327,438	250,805	23.30%

Management's Discussion and Analysis

Economic Outlook

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

The City's diverse economy serves as a strong foundation, effectively reducing the impact of economic fluctuations. While challenges such as low unemployment, sticky inflation, elevated interest rates, and federal disruptions have created uncertainties, there is an enduring sense of optimism based on a growing population, rising per capita income, exceptionally strong building permits, and multiple transformational projects in the works. Overall, the City remains confident in the resilience of its economy.

While sales taxes have underperformed the historic 4.5% average rate, much of this has been driven by a slowdown in business related sectors such as manufacturing, wholesale trade of durable and nondurable goods and lumber. This slowdown in the business sector is reflective of a national slowdown driven by inflation-fighting efforts and an escalation of interest rates. Remote retail continued to grow in 2025, but some consumer softness was showing in the latter part of the year which is not unexpected given extremely low consumer sentiments on a national basis. At the same time, toward the end of 2025, we began seeing improvements in the business sectors that seem to be readjusting to the higher interest rate environment and ready to move forward with continuing investments and expansion. As the national economy improves over time, sales taxes are expected to rebound and exceed historic averages similar to prior economic cycles.

Property tax continues to reflect the City's strong growth in the new construction environment. The 2026 budget includes a 6.9 percent increase, 4.0 percent new growth and a 2.9 percent inflationary adjustment. New growth in collections has averaged around 3.6 percent over the last ten years. This growth factor is critical for the City to maintain and keep up with a vibrant and growing community in both population and square miles. It is important to note that the City of Sioux Falls property tax revenues directly support operational expenses such as public safety, snow removal, libraries, recreation centers, and parks. Property taxes for the City do not fund long-term capital projects or any general obligated debt service.

The City has been rewarded with its commitment to fiscal discipline and its commitment to maintaining balance over the years. The City Council and Finance Department will continue to work together to establish prudent financial policies ensuring adequate reserves, long-term fiscal responsibility, prudent debt service coverage, and maintaining balance by ensuring the utility funds continue to cover the true cost of business without any tax support.

Sioux Falls has emerged as one of the Upper Midwest's most dynamic midsize metros, known for its business-

friendly environment, steady population and job growth, and exceptional quality of life.

The City Finance Department is committed to having a solid "**Plan**" focused on long-term fiscal responsibility, maintaining "**Balance**" in terms of city services, capital investments, fund discipline, and maximizing our ability to "**Adapt**" to changing circumstances and opportunities. These three guiding principles serve as the foundation framing the City's long-term finance and operating strategies. This commitment will allow the City to fiscally adapt to changes and respond to any economic or extraneous events without compromising on remaining fiscally strong.

The City's strong financial position, across all the City's various funds, confirms the City's commitment to these guiding principles year after year and ensures the public receives a terrific value for their tax dollars 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.

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Statement of Net Position

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing & Redevelopment Commission
Assets				
Cash and Cash Equivalents	\$ 322,361,214	\$ 107,828,131	\$ 430,189,345	\$ 2,776,457
Assets Held for Management Agreements	17,085,719	-	17,085,719	-
Investments	-	-	-	25,341
Receivables, net	36,435,931	12,788,415	49,224,346	5,313,695
Lease	140,927	1,317,854	1,458,781	-
Prepaid Items	2,791,458	-	2,791,458	122,081
Internal Balances	(6,127,388)	6,127,388	-	-
Due From Other Governments	36,188,755	3,222,140	39,410,895	823,072
Inventory of Supplies and Stores	11,078,412	5,195,672	16,274,084	385,929
Restricted Assets:				
Cash and Cash Equivalents	-	157,980,326	157,980,326	-
Net Pension Asset	80,762,417	8,114,051	88,876,468	-
Net OPEB Asset	3,758,583	-	3,758,583	-
Capital Assets:				
Land	249,306,959	23,476,766	272,783,725	776,184
Buildings, net	291,902,970	189,040,178	480,943,148	2,683,861
Improvements Other Than Buildings, net	91,292,080	25,744,992	117,037,072	122,868
Machinery and Equipment, net	71,252,001	49,014,189	120,266,190	159,492
Infrastructure, net	983,195,817	612,186,449	1,595,382,266	-
Intangibles, net	5,862,337	76,322,279	82,184,616	-
Construction in Progress	33,176,346	71,445,528	104,621,874	-
Right to Use Leased Assets, net	2,879,573	47,316	2,926,889	42,219
Subscription Assets, net	1,865,016	9,038	1,874,054	-
Total Assets	2,235,209,127	1,349,860,712	3,585,069,839	13,231,199
Deferred Outflow of Resources				
City Employee's Retirement System	6,130,583	863,765	6,994,348	-
City Firefighters' Pension Fund	2,830,107	-	2,830,107	-
South Dakota Retirement System	19,868,827	2,129,222	21,998,049	-
Total Deferred Outflow of Resources	28,829,517	2,992,987	31,822,504	-
Liabilities				
Accounts Payable and Other Current Liabilities	21,592,234	22,076,740	43,668,974	1,396,783
Interest Payable	745,157	2,105,035	2,850,192	49,684
Deposits	142,037	732,240	874,277	20,151
Unearned Revenue	2,029,406	185,635	2,215,041	127,036
Loss Reserve on Workers' Comp Claims				
Due Within One Year	800,000	-	800,000	-
Due In More Than One Year	5,115,615	-	5,115,615	-
Long-term Liabilities:				
Due Within One Year	17,466,490	26,131,546	43,598,036	334,659
Due Within One Year - Leases/Subscriptions	3,862,130	15,130	3,877,260	11,744
Due In More Than One Year	168,785,846	248,443,189	417,229,035	8,128,961
Due in More Than One Year - Leases/Subscriptions	990,080	42,209	1,032,289	31,071
Total Liabilities	221,528,995	299,731,724	521,260,719	10,100,089
Deferred Inflow of Resources				
OPEB Trust	85,925	-	85,925	-
Lease Related	133,186	1,269,740	1,402,926	-
City Employee's Retirement System	26,763,336	3,770,804	30,534,140	-
City Firefighters' Pension Fund	11,374,628	-	11,374,628	-
South Dakota Retirement System	11,527,950	1,236,916	12,764,866	-
Total Deferred Inflow of Resources	49,885,025	6,277,460	56,162,485	-
Net Position				
Net Investment in Capital Assets	1,588,755,003	777,315,845	2,366,070,848	718,848
Restricted for:				
Debt Service	13,552,582	5,216,003	18,768,585	-
Park and Recreation	971,940	-	971,940	-
Police	145,445	-	145,445	-
Health	1,664,050	-	1,664,050	-
Community Development	35,074,651	-	35,074,651	-
Library:				
Expendable	189,545	-	189,545	-
Nonexpendable	24,767	-	24,767	-
Heroic Awards:				
Expendable	4,395	-	4,395	-
Nonexpendable	2,000	-	2,000	-
Pension	80,762,417	8,114,051	88,876,468	-
OPEB	3,758,583	-	3,758,583	-
Storm Drainage	19,177,185	-	19,177,185	-
Construction Projects	28,162,890	-	28,162,890	-
Other Purposes	-	-	-	533,179
Unrestricted	220,379,172	256,198,616	476,577,788	1,879,083
Total Net Position	\$ 1,992,624,624	\$ 1,046,844,515	\$ 3,039,469,139	\$ 3,131,110

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

Statement of Activities

Function/Program Activities	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
General Government	\$ 25,032,878	\$ 2,994,623	\$ 4,120	\$ -
Public Safety:				
Fire Protection	47,607,625	3,962,478	1,464,089	-
Police Protection	55,346,504	169,880	1,350,001	-
Highways and Streets	87,214,028	875,633	1,846,035	99,840,264
Public Health	17,265,423	6,706,945	4,218,244	-
Culture and Recreation:				
Libraries	12,249,105	113,951	1,513,350	70,000
Museum	3,361	-	-	-
Parks & Recreation	41,057,128	3,307,092	6,714,564	-
Entertainment Venues	12,062,772	-	-	-
Urban and Economic Development:				
Affordable Housing	5,182,903	24,255	1,785,946	-
Transit	13,764,055	-	-	-
TIF	6,567,650	-	-	-
Planning and Development Services	16,902,798	7,873,546	6,415,128	-
Interest on Long-Term Debt	4,565,427	-	-	-
Total Governmental Activities	344,821,657	26,028,403	25,311,477	99,910,264
Business-type Activities:				
Power and Distribution	10,213,802	11,455,100	-	-
Public Parking	3,297,041	3,218,348	-	-
Sanitary Landfill	13,355,836	15,085,289	-	-
Water	33,857,809	47,635,904	-	6,591,785
Water Reclamation	39,367,485	48,587,382	-	18,732,617
Total Business-type Activities	100,091,973	125,982,023	-	25,324,402
Total Government	\$ 444,913,630	\$ 152,010,426	\$ 25,311,477	\$ 125,234,666
Component Units:				
Housing & Redevelopment Commission	\$ 18,724,038	\$ 1,153,411	\$ 16,755,210	\$ -

General Revenues:

Taxes:

Property Tax

Sales Tax

Frontage Tax

Unrestricted State and County Shared Revenues

Unrestricted Investment Earnings

Miscellaneous Revenue, Net

Debt Forgiveness

Transfers of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

Statement of Activities (cont)

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
\$ (22,034,135)	\$ -	\$ (22,034,135)	
(42,181,058)	-	(42,181,058)	
(53,826,623)	-	(53,826,623)	
15,347,904	-	15,347,904	
(6,340,234)	-	(6,340,234)	
(10,551,804)	-	(10,551,804)	
(3,361)	-	(3,361)	
(31,035,472)	-	(31,035,472)	
(12,062,772)	-	(12,062,772)	
(3,372,702)	-	(3,372,702)	
(13,764,055)	-	(13,764,055)	
(6,567,650)	-	(6,567,650)	
(2,614,124)	-	(2,614,124)	
(4,565,427)	-	(4,565,427)	
<u>(193,571,513)</u>	<u>-</u>	<u>(193,571,513)</u>	
-	1,241,298	1,241,298	
-	(78,693)	(78,693)	
-	1,729,453	1,729,453	
-	20,369,880	20,369,880	
-	27,952,514	27,952,514	
-	<u>51,214,452</u>	<u>51,214,452</u>	
<u>(193,571,513)</u>	<u>51,214,452</u>	<u>(142,357,061)</u>	
			<u>\$ (815,417)</u>
98,277,880	-	98,277,880	-
208,538,388	-	208,538,388	-
20,231,998	-	20,231,998	-
11,626,717	-	11,626,717	-
13,846,690	7,631,249	21,477,939	46,292
4,671,125	149,888,669	154,559,794	(146,549)
53,988	2,779,863	2,833,851	-
(3,673,049)	3,673,049	-	-
135,321	(135,321)	-	-
<u>353,709,058</u>	<u>163,837,509</u>	<u>517,546,567</u>	<u>(100,257)</u>
<u>160,137,545</u>	<u>215,051,961</u>	<u>375,189,506</u>	<u>(915,674)</u>
<u>1,832,487,079</u>	<u>831,792,554</u>	<u>2,664,279,633</u>	<u>4,046,784</u>
<u>\$ 1,992,624,624</u>	<u>\$ 1,046,844,515</u>	<u>\$ 3,039,469,139</u>	<u>\$ 3,131,110</u>

Balance Sheet - Governmental Funds

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>	<u>Housing</u>
Assets				
Cash and Cash Equivalents	\$ 81,375,018	\$ 10,995,758	\$ 95,985,662	\$ 7,307,815
Assets Held for Management Agreements	3,900,248	13,185,471	-	-
Receivables:				
Taxes-Delinquent	2,639,998	-	-	-
Accounts (net of allowance for uncollectibles)	1,443,248	5,155	30,171	-
Interest and Penalty	742,411	74,037	564,850	12,808
Special Assessments	204,336	-	439,432	-
Rehabilitation Loans and Grants	-	-	-	27,801,526
Leases	87,565	-	53,362	-
Due from Other Funds	54,395	-	-	-
Due from Other Governments	12,711,415	1,143,374	20,527,884	78,767
Inventory of Supplies and Stores	4,801,329	-	4,653,473	51,213
Notes Receivable	1,000,000	-	-	38,378
Prepays	467,965	-	-	-
Total Assets	<u>\$ 109,427,928</u>	<u>\$ 25,403,795</u>	<u>\$ 122,254,834</u>	<u>\$ 35,290,507</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ 2,981,981	\$ 1,588,188	\$ 5,109,631	\$ 117,255
Accrued Wages	4,006,082	-	-	20,757
Due to Other Funds	-	-	-	-
Deposits	141,582	-	455	-
Unearned Revenue	1,896,652	-	1,564,708	26,631
Total Liabilities	<u>9,026,297</u>	<u>1,588,188</u>	<u>6,674,794</u>	<u>164,643</u>
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	1,688,392	-	-	-
Unavailable Revenue-Sales Tax	9,466,663	906,111	9,389,031	-
Unavailable Revenue-Special Assessments	226,611	-	438,844	-
Lease Related	80,736	-	52,450	-
Total Deferred Inflows of Resources	<u>11,462,402</u>	<u>906,111</u>	<u>9,880,325</u>	<u>-</u>
Fund Balances				
Nonspendable	6,269,294	-	4,653,473	51,213
Restricted	1,957,968	-	14,540,248	35,074,651
Committed	5,649,145	22,909,496	86,505,994	-
Assigned	3,676,808	-	-	-
Unassigned	71,386,014	-	-	-
Total Fund Balances	<u>88,939,229</u>	<u>22,909,496</u>	<u>105,699,715</u>	<u>35,125,864</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 109,427,928</u>	<u>\$ 25,403,795</u>	<u>\$ 122,254,834</u>	<u>\$ 35,290,507</u>

Balance Sheet - Governmental Funds (cont)

<u>Storm Drainage</u>	<u>Recreation and Aquatics Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 24,902,544	\$ 22,804,281	\$ 20,111,507	\$ 263,482,585
-	-	-	17,085,719
-	-	-	2,639,998
8,873	-	3,465	1,490,912
172,874	75,389	35,602	1,677,971
-	-	-	643,768
-	-	-	27,801,526
-	-	-	140,927
-	-	-	54,395
201,340	-	1,193,141	35,855,921
-	-	-	9,506,015
-	-	-	1,038,378
-	-	-	467,965
<u>\$ 25,285,631</u>	<u>\$ 22,879,670</u>	<u>\$ 21,343,715</u>	<u>\$ 361,886,080</u>
\$ 773,727	\$ 575,996	\$ 2,044,253	\$ 13,191,031
75,147	-	173,915	4,275,901
-	-	125,674	125,674
-	-	-	142,037
5,460	-	401,133	3,894,584
<u>854,334</u>	<u>575,996</u>	<u>2,744,975</u>	<u>21,629,227</u>
-	-	-	1,688,392
-	-	-	19,761,805
-	-	-	665,455
-	-	-	133,186
<u>-</u>	<u>-</u>	<u>-</u>	<u>22,248,838</u>
-	-	26,767	11,000,747
24,431,297	22,303,674	634,845	98,942,683
-	-	-	115,064,635
-	-	17,937,128	21,613,936
-	-	-	71,386,014
<u>24,431,297</u>	<u>22,303,674</u>	<u>18,598,740</u>	<u>318,008,015</u>
<u>\$ 25,285,631</u>	<u>\$ 22,879,670</u>	<u>\$ 21,343,715</u>	<u>\$ 361,886,080</u>

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

Total Fund Balances for Governmental Funds		\$ 318,008,015
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	\$ 2,777,554,352	
Accumulated Depreciation	<u>(1,077,697,564)</u>	1,699,856,788
Right-to-use and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Right to Use Leased Assets	8,219,486	
Cost of Subscription Assets	213,867	
Accumulated Amortization	<u>(6,257,113)</u>	2,176,240
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.		
		23,980,830
Internal service funds are used by management to charge the costs of fleet management, insurance programs, facilities, 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	81,449,656	
Business-Type Activities	<u>(6,131,783)</u>	75,317,873
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable - Bonds	(718,421)	
Accrued Interest Payable - Leases	(3,872)	
Notes Payable-Revenue	(6,945,940)	
Unamortized Bond Premium	(16,507,393)	
Bonds Payable-Revenue	(130,470,000)	
Lease and Subscription Liabilities	(2,151,640)	
Accrued Compensated Absences	<u>(31,905,686)</u>	(188,702,952)
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	3,758,583	
Deferred Inflows of Resources	<u>(85,925)</u>	<u>3,672,658</u>
Net pension asset and liability and pension deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net Pension Asset	78,756,177	
Deferred Outflows of Resources	27,852,042	
Deferred Inflows of Resources	<u>(48,293,047)</u>	<u>58,315,172</u>
Net Position of Governmental Activities		<u><u>\$ 1,992,624,624</u></u>

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

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>	<u>Housing</u>
Revenues				
Taxes:				
Property	\$ 90,814,680	\$ -	\$ -	\$ -
Sales	95,533,726	11,701,124	95,533,726	-
Frontage	5,101,709	-	-	-
Lodging (includes Business Improvement District)	3,682,425	-	-	-
Penalties and Interest	123,399	-	-	-
Special Assessments	521,779	-	3,936,067	-
Licenses and Permits	11,093,971	-	128,643	-
Intergovernmental	17,562,392	-	10,889,994	1,785,946
Charges for Goods and Services	10,580,800	-	-	24,255
Fines and Forfeitures	820,038	-	-	-
Investment Revenue	4,586,596	593,750	4,417,288	126,723
Rentals	103,036	-	9,398	-
Contributions	137,413	-	7,693,772	-
Miscellaneous Revenue	1,863,750	1,334,285	-	90,078
Total Revenues	<u>242,525,714</u>	<u>13,629,159</u>	<u>122,608,888</u>	<u>2,027,002</u>
Expenditures				
Current:				
General Government	23,774,738	-	-	-
Public Safety	92,713,075	-	26,027	-
Highways and Streets	33,422,963	-	-	-
Public Health	17,044,278	-	-	-
Culture and Recreation	40,394,371	5,195,927	-	-
Urban and Economic Development	14,858,077	-	-	4,979,573
Debt Service:				
Principal - Bonds	-	-	10,490,000	-
Principal - Right to Use Leases	2,436,674	-	-	165
Principal - Subscription-Based IT Arrangements	112,926	-	-	-
Interest and Fiscal Charges	93,442	-	5,300,471	1
Capital Outlay				
General Government	48,570	-	216,225	-
Public Safety	89,269	-	5,520,091	-
Highways and Streets	18,130	-	65,449,120	-
Public Health	34,705	-	100,520	-
Culture and Recreation	16,561	16,355,906	25,684,764	-
Urban and Economic Development	8,092	-	98,857	-
Total Expenditures	<u>225,065,871</u>	<u>21,551,833</u>	<u>112,886,075</u>	<u>4,979,739</u>
Revenues Over (Under) Expenditures	<u>17,459,843</u>	<u>(7,922,674)</u>	<u>9,722,813</u>	<u>(2,952,737)</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	51,413	12,563	132,849	-
Damage Recovery	160,742	-	-	-
Revenue Bonds Issued	-	-	239,350	-
Revenue Bond Premium	-	-	-	-
Leases Issued	215,327	-	-	-
Transfers In	-	-	135,321	2,782,799
Transfers Out	(21,887,000)	-	(3,037,785)	-
Total Other Financing Sources (Uses)	<u>(21,459,518)</u>	<u>12,563</u>	<u>(2,530,265)</u>	<u>2,782,799</u>
Net Change in Fund Balances	(3,999,675)	(7,910,111)	7,192,548	(169,938)
Fund Balances - Beginning, as previously reported	92,938,904	30,819,607	98,507,167	35,295,802
Adjustments (see Note 13)	-	-	-	-
Fund Balance - Beginning, as restated	<u>92,938,904</u>	<u>30,819,607</u>	<u>98,507,167</u>	<u>35,295,802</u>
Fund Balance Ending	<u>\$ 88,939,229</u>	<u>\$ 22,909,496</u>	<u>\$ 105,699,715</u>	<u>\$ 35,125,864</u>

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

<u>Storm Drainage</u>	<u>Public Safety Facility Construction Previously Reported as Major</u>	<u>Recreation and Aquatics Bond</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 7,094,314	\$ 97,908,994
-	-	-	-	202,768,576
15,130,289	-	-	-	20,231,998
-	-	-	-	3,682,425
-	-	-	-	123,399
2,176,562	-	-	-	6,634,408
-	-	-	-	11,222,614
110,477	-	-	10,861,849	41,210,658
-	-	-	3,268,263	13,873,318
-	-	-	-	820,038
1,018,122	-	548,510	166,630	11,457,619
-	-	-	-	112,434
-	-	-	50	7,831,235
-	-	-	213,338	3,501,451
<u>18,435,450</u>	<u>-</u>	<u>548,510</u>	<u>21,604,444</u>	<u>421,379,167</u>
-	-	-	-	23,774,738
-	-	-	6,244,093	98,983,195
4,548,055	-	-	-	37,971,018
-	-	-	-	17,044,278
-	-	227,111	-	45,817,409
-	-	-	20,864,842	40,702,492
1,252,990	-	-	-	11,742,990
-	-	-	1,238	2,438,077
-	-	-	-	112,926
71,300	-	-	4	5,465,218
-	-	-	-	264,795
-	-	-	647,879	6,257,239
8,867,928	-	-	-	74,335,178
-	-	-	-	135,225
-	-	3,514,114	-	45,571,345
-	-	-	2,601,601	2,708,550
<u>14,740,273</u>	<u>-</u>	<u>3,741,225</u>	<u>30,359,657</u>	<u>413,324,673</u>
<u>3,695,177</u>	<u>-</u>	<u>(3,192,715)</u>	<u>(8,755,213)</u>	<u>8,054,494</u>
-	-	-	23,468	220,293
1,287	-	-	42,846	204,875
-	-	23,155,650	-	23,395,000
-	-	2,340,739	-	2,340,739
-	-	-	7,071	222,398
-	-	-	9,413,511	12,331,631
-	-	-	-	(24,924,785)
<u>1,287</u>	<u>-</u>	<u>25,496,389</u>	<u>9,486,896</u>	<u>13,790,151</u>
3,696,464	-	22,303,674	731,683	21,844,645
20,734,833	1,213,825	-	16,653,232	296,163,370
-	(1,213,825)	-	1,213,825	-
<u>20,734,833</u>	<u>-</u>	<u>-</u>	<u>17,867,057</u>	<u>296,163,370</u>
<u>\$ 24,431,297</u>	<u>\$ -</u>	<u>\$ 22,303,674</u>	<u>\$ 18,598,740</u>	<u>\$ 318,008,015</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 \$ 21,844,645

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	\$ 129,049,934	
Loss on Disposal of Capital Assets	(2,162,581)	
Capital Assets transferred from Business-type Activities	(2,640,261)	
Less Current Year Depreciation	<u>(75,933,723)</u>	48,313,369

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 Leased and Subscription Asset Additions	222,398	
Loss on Disposal of Right to Use Leased and Subscription Assets	(63,531)	
Less Current Year Amortization	<u>(2,524,274)</u>	(2,365,407)

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	25,408,059	
Infrastructure Contributions from Other Governments	57,507,794	
From Other Governments - Surcharges and Grants	(2,162,803)	
Due From Other Governments - Taxes	<u>2,087,387</u>	82,840,437

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	11,742,990	
Principal Payments of Leases and Subscriptions	2,551,003	
Amortization of Bond Premium	1,053,531	
Revenue Bond Proceeds	(23,395,000)	
Premium received on Revenue Bonds	(2,340,739)	
Lease and Subscription Proceeds	(222,398)	
Principal Forgiven on Disposed Subscription Assets	<u>53,988</u>	(10,556,625)

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	(1,704,664)	
Accrued Interest	<u>(91,177)</u>	(1,795,841)

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.

9,002,385

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.

225,658

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.

12,628,924

Change in Net Position of Governmental Activities

\$ 160,137,545

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City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2025

Statement of Net Position - Proprietary Funds

	Enterprise Funds		
	Power and Distribution	Public Parking	Sanitary Landfill
Assets			
Current:			
Cash and Cash Equivalents	\$ 7,069,643	\$ 3,761,016	\$ 10,837,170
Receivables, net:			
Accounts	385,255	140,382	1,297,524
Interest	53,034	18,518	161,030
Special Assessments	-	-	-
Unbilled	550,473	-	-
Arbitrage Refund	-	-	-
Lease	-	45,278	-
Lease Accrued Interest	-	302	-
Prepaid Expense	-	-	-
Due From Other Funds	-	-	-
Due From Other Governments	-	-	-
Inventory of Supplies and Stores	1,423,016	-	-
Total Current Assets	9,481,421	3,965,496	12,295,724
Noncurrent:			
Restricted Cash and Cash Equivalents	-	-	12,180,236
Lease Receivable	-	454,531	-
Net Pension Asset	542,167	236,271	1,390,733
Capital Assets:			
Land	613,935	4,503,577	3,597,946
Buildings	503,583	468,856	17,105,355
Improvements Other Than Buildings	9,248	37,009,851	47,468,484
Machinery and Equipment	1,798,197	349,871	2,495,682
Infrastructure	51,642,832	-	6,132,099
Intangibles	-	-	-
Construction in Progress	8,626,106	-	5,400
Less: Accumulated Depreciation	(31,143,398)	(21,780,095)	(46,054,457)
Right to Use Leased Assets	3,901	4,658	13,135
Less: Accumulated Amortization	(53)	(64)	(180)
Subscription Assets	-	-	-
Less: Accumulated Amortization	-	-	-
Total Noncurrent Assets	32,596,518	21,247,456	44,334,433
Total Assets	42,077,939	25,212,952	56,630,157
Deferred Outflow of Resources			
City Employee's Retirement System	57,794	25,162	148,199
South Dakota Retirement System	72,414	54,011	235,310
Total Deferred Outflow of Resources	130,208	79,173	383,509
Liabilities			
Current:			
Accounts Payable	962,668	79,163	546,340
Accrued Wages	26,079	16,403	79,425
Loss Reserve on Workers' Comp Claims	-	-	-
Accrued Compensated Absences	27,692	20,319	72,017
Accrued Interest Payable	-	49,234	-
Incurred But Not Reported Claims	-	-	-
Due To Other Funds	-	-	-
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	1,255,000	-
Deposits	116,230	18,195	13,805
Unearned Revenue	20,000	165,635	-
Lease Liabilities	470	560	1,578
Subscription Liabilities	-	-	-
Lease and Subscription Interest Payable	9	10	29
Total Current Liabilities	1,153,148	1,604,519	713,194
Noncurrent:			
Accrued Compensated Absences	362,459	97,601	507,014
Loss Reserve on Workers' Comp Claims	-	-	-
Closure & Postclosure Care Costs	-	-	12,180,236
Notes Payable-Revenue	-	-	-
Bonds Payable-Revenue	-	9,585,000	-
Lease Liabilities	3,433	4,098	11,557
Subscription Liabilities	-	-	-
Total Noncurrent Liabilities	365,892	9,686,699	12,698,807
Total Liabilities	1,519,040	11,291,218	13,412,001
Deferred Inflow of Resources			
City Employee's Retirement System	252,301	109,847	646,968
South Dakota Retirement System	42,124	30,636	134,031
Lease Related	-	472,919	-
Total Deferred Inflow of Resources	294,425	613,402	780,999
Net Position:			
Net Investment in Capital Assets	31,687,312	9,711,996	30,557,204
Restricted for Debt Service	-	1,920,586	-
Restricted for Pension	542,167	236,271	1,390,733
Unrestricted	8,165,203	1,518,652	10,872,729
Total Net Position	\$ 40,394,682	\$ 13,387,505	\$ 42,820,666

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

Net Position of business-type activities

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

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2025

Statement of Net Position - Proprietary Funds (cont.)

		Enterprise Funds (cont.)		Internal	
Water	Water Reclamation	Total	Service Funds		
\$ 44,359,293	\$ 41,801,009	\$ 107,828,131	\$ 58,878,629		
1,797,486	1,759,246	5,379,893	791,565		
294,875	287,257	814,714	351,813		
205,883	-	205,883	-		
2,373,278	3,424,730	6,348,481	-		
17,089	-	17,089	-		
42,722	-	88,000	-		
22,053	-	22,355	-		
-	-	-	2,323,493		
-	-	-	75,674		
3,857	3,218,283	3,222,140	332,834		
3,542,055	230,601	5,195,672	1,572,397		
<u>52,658,591</u>	<u>50,721,126</u>	<u>129,122,358</u>	<u>64,326,405</u>		
145,800,090	-	157,980,326	-		
775,323	-	1,229,854	-		
2,724,303	3,220,577	8,114,051	2,006,240		
9,465,797	5,295,511	23,476,766	-		
36,903,959	173,329,502	228,311,255	2,705,385		
98,932	426,990	85,013,505	1,323,297		
41,598,833	41,120,550	87,363,133	63,837,489		
405,310,910	579,771,810	1,042,857,651	-		
76,322,279	-	76,322,279	-		
9,524,482	53,289,540	71,445,528	306,996		
(194,439,107)	(274,142,679)	(567,559,736)	(42,041,444)		
13,062	13,217	47,973	1,715,814		
(179)	(181)	(657)	(950,000)		
-	36,152	36,152	4,466,409		
-	(27,114)	(27,114)	(2,663,872)		
<u>534,098,684</u>	<u>582,333,875</u>	<u>1,214,610,966</u>	<u>30,706,314</u>		
<u>586,757,275</u>	<u>633,055,001</u>	<u>1,343,733,324</u>	<u>95,032,719</u>		
289,729	342,881	863,765	213,307		
967,983	799,504	2,129,222	764,168		
<u>1,257,712</u>	<u>1,142,385</u>	<u>2,992,987</u>	<u>977,475</u>		
3,592,386	16,350,186	21,530,743	1,172,765		
222,663	201,427	545,997	174,561		
-	-	-	800,000		
222,518	203,485	546,031	85,525		
47,278	2,008,166	2,104,678	-		
-	-	-	2,800,000		
4,395	-	4,395	-		
-	15,117,737	15,117,737	-		
9,212,778	-	10,467,778	-		
584,010	-	732,240	-		
-	-	185,635	-		
1,570	1,588	5,766	1,496,812		
-	9,364	9,364	1,160,037		
29	280	357	22,864		
<u>13,887,627</u>	<u>33,892,233</u>	<u>51,250,721</u>	<u>7,712,564</u>		
1,333,024	1,420,674	3,720,772	315,768		
-	-	-	5,115,615		
-	-	12,180,236	-		
-	222,957,181	222,957,181	-		
-	-	9,585,000	-		
11,492	11,629	42,209	6,864		
-	-	-	36,857		
<u>1,344,516</u>	<u>224,389,484</u>	<u>248,485,398</u>	<u>5,475,104</u>		
<u>15,232,143</u>	<u>258,281,717</u>	<u>299,736,119</u>	<u>13,187,668</u>		
1,264,826	1,496,862	3,770,804	931,202		
560,378	469,747	1,236,916	441,665		
796,821	-	1,269,740	-		
<u>2,622,025</u>	<u>1,966,609</u>	<u>6,277,460</u>	<u>1,372,867</u>		
372,978,402	332,380,931	777,315,845	25,618,612		
3,295,417	-	5,216,003	-		
2,724,303	3,220,577	8,114,051	2,006,240		
191,162,697	38,347,552	250,066,833	53,824,807		
<u>\$ 570,160,819</u>	<u>\$ 373,949,060</u>	<u>1,040,712,732</u>	<u>\$ 81,449,659</u>		
		6,131,783			
		<u>\$ 1,046,844,515</u>			

**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	\$ 11,454,320	\$ 2,695,674	\$ 15,085,249
Fines and Forfeitures	780	522,674	40
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	-
Fines and Forfeitures	-	-	-
Total Operating Revenues	<u>11,455,100</u>	<u>3,218,348</u>	<u>15,085,289</u>
Operating Expenses:			
Personnel Services	909,572	591,388	2,914,240
Casualty Loss	-	-	-
Insurance	17,669	36,322	21,784
Professional Services	32,320	354,629	2,651,409
Rent	383,867	50,088	2,909,085
Repairs and Maintenance	350,472	301,277	1,100,204
Supplies and Materials	154,980	165,706	711,658
Utilities and Bulk Energy	6,597,704	129,111	370,682
Depreciation	1,746,586	1,224,393	3,351,898
Amortization - Lease	1,496	1,479	4,876
Amortization - Subscription	-	-	-
Other Current Expenses	44,278	2,228	21,081
Total Operating Expenses	<u>10,238,944</u>	<u>2,856,621</u>	<u>14,056,917</u>
Operating Income (Loss)	<u>1,216,156</u>	<u>361,727</u>	<u>1,028,372</u>
Nonoperating Revenues (Expenses):			
Investment Revenue	424,007	183,091	1,032,151
Gain (Loss) on Capital Assets	(6,090)	-	28,700
Transfers of Capital Assets (net)	3,828,464	-	(845)
Rent/Operating Leases	26,062	3,000	66,202
Cost Recovery & Special Assessments	-	900	-
Contributions	-	-	-
Settlements Received	-	-	-
Miscellaneous	(12,002)	12,455	368,396
Federal and State Operating Grants	-	-	633,694
Interest Expense and Fiscal Agent Charges	-	(415,830)	-
Debt Forgiveness	-	-	-
Lease Financing	-	48,812	-
Lease Interest Revenue	-	6,907	-
Lease Interest Expense	(12)	(13)	(38)
Subscription Interest Expense	-	-	-
Total Nonoperating Revenues (Expenses)	<u>4,260,429</u>	<u>(160,678)</u>	<u>2,128,260</u>
Income (Loss) Before Contributions and Transfers	<u>5,476,585</u>	<u>201,049</u>	<u>3,156,632</u>
Federal and State Capital Grants	-	-	-
Capital Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	<u>5,476,585</u>	<u>201,049</u>	<u>3,156,632</u>
Net Position - Beginning	<u>34,918,097</u>	<u>13,186,456</u>	<u>39,664,034</u>
Net Position - Ending	<u>\$ 40,394,682</u>	<u>\$ 13,387,505</u>	<u>\$ 42,820,666</u>

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

Change in Net Position of Business-type Activities

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

Enterprise Funds			Internal Service Funds
Water	Water Reclamation	Total	Funds
\$ -	\$ -	\$ 29,235,243	\$ 68,378,128
-	-	523,494	-
47,619,524	48,587,382	96,206,906	-
16,380	-	16,380	-
<u>47,635,904</u>	<u>48,587,382</u>	<u>125,982,023</u>	<u>68,378,128</u>
7,372,557	6,933,610	18,721,367	6,448,164
-	-	-	32,140,766
176,728	194,303	446,806	3,106,746
949,843	1,033,172	5,021,373	3,602,041
975,054	1,799,666	6,117,760	675,887
1,894,298	2,006,663	5,652,914	4,843,156
10,040,114	2,184,558	13,257,016	10,697,505
1,318,315	2,176,776	10,592,588	1,885,176
11,370,392	18,230,728	35,923,997	5,425,995
6,635	5,760	20,246	96,882
-	9,038	9,038	1,498,861
49,023	76,925	193,535	43,714
<u>34,152,959</u>	<u>34,651,199</u>	<u>95,956,640</u>	<u>70,464,893</u>
<u>13,482,945</u>	<u>13,936,183</u>	<u>30,025,383</u>	<u>(2,086,765)</u>
4,049,214	1,942,786	7,631,249	2,265,672
16,943	(540,879)	(501,326)	475,011
(145,822)	(8,748)	3,673,049	(1,032,787)
182,417	-	277,681	-
1,749,120	2,316,363	4,066,383	-
-	1,139,689	1,139,689	775
143,681,882	195,000	143,876,882	-
(26,629)	(104,585)	237,635	269,495
21,169	-	654,863	787,224
386,463	(4,821,184)	(4,850,551)	-
2,779,863	-	2,779,863	-
56,978	-	105,790	-
24,165	-	31,072	-
(42)	(40)	(145)	(12,783)
-	(251)	(251)	(49,780)
<u>152,775,721</u>	<u>118,151</u>	<u>159,121,883</u>	<u>2,702,827</u>
<u>166,258,666</u>	<u>14,054,334</u>	<u>189,147,266</u>	<u>616,062</u>
-	14,172,751	14,172,751	-
6,591,785	4,559,866	11,151,651	-
-	-	-	12,728,475
-	(135,321)	(135,321)	-
<u>172,850,451</u>	<u>32,651,630</u>	<u>214,336,347</u>	<u>13,344,537</u>
<u>397,310,368</u>	<u>341,297,430</u>	<u>826,376,385</u>	<u>68,105,122</u>
<u>\$ 570,160,819</u>	<u>\$ 373,949,060</u>	<u>\$ 1,040,712,732</u>	<u>\$ 81,449,659</u>
		715,614	
		<u>\$ 215,051,961</u>	

Statement of Cash Flows - Proprietary Funds

	Enterprise Funds	
	Power and Distribution	Public Parking
Cash Flows Provided by Operating Activities:		
Receipts from Customers	\$ 8,189,829	\$ 2,271,859
Cash Receipts from Interfund Services Provided	3,114,138	334,293
Payments to Suppliers	(7,779,568)	(901,455)
Payment for Interfund Services Used	(6,192)	(120,847)
Payments to Employees	(934,589)	(576,687)
Claims Paid	-	-
Other Receipts (Payments)	48,801	615,352
Net Cash Provided by Operating Activities	<u>2,632,419</u>	<u>1,622,515</u>
Cash Flows Provided By Noncapital Financing Activities:		
Subsidy from Federal Grants	-	-
Transfers In	-	-
Transfers Out	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows Provided By Capital and Related Financing Activities:		
Sale of Capital Assets	5,792	-
Purchase of Capital Assets	(5,348,799)	-
Purchase of Subscription Assets	-	-
Interest Payments and Fiscal Charges	-	(420,301)
Proceeds from Revenue Notes	-	-
Principal Payments-Revenue Notes	-	-
Principal Payments-Revenue Bonds	-	(1,090,000)
Proceeds from Lease and Subscription Liabilities	-	-
Principal Payments - Lease Liabilities and Subscription Assets	(1,453)	(1,425)
Interest Payments - Lease and Subscription Liabilities	(5)	(5)
Cash Received on Lease Receivables	-	48,812
Cash Received for Interest on Lease Receivables	-	6,637
Net Cash Flows (Used) By Capital and Related Financing Activities	<u>(5,344,465)</u>	<u>(1,456,282)</u>
Cash Flows Provided (Used) By Investing Activities:		
Rent Received	26,062	3,000
Investment Revenue Received	436,678	181,852
Net Cash Flows Provided (Used) By Investing Activities	<u>462,740</u>	<u>184,852</u>
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	<u>(2,249,306)</u>	<u>351,085</u>
Cash and Cash Equivalents, January 1	<u>9,318,949</u>	<u>3,409,931</u>
Cash and Cash Equivalents, December 31	<u>\$ 7,069,643</u>	<u>\$ 3,761,016</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ 1,216,156	\$ 361,727
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,746,586	1,224,393
Amortization	1,496	1,479
(Increase) Decrease in-Receivables	(150,353)	(89,522)
-Inventory	(224,727)	-
-Prepaid Expense	-	-
-Due From Other Funds	-	-
-Due From Other Governments	-	-
-Net Pension Asset	(341,149)	(136,461)
-Pension Related Deferred Outflows	56,585	29,923
Increase (Decrease) in-Accounts Payable	20,257	17,059
-Accrued Wages	4,727	4,728
-Compensated Absences	22,175	20,141
-Pension Related Deferred Inflows	232,645	96,370
-Loss Reserve on Workers' Comp Claims	-	-
-Incurred But Not Reported Claims	-	-
-Deposits	4,883	360
-Unearned Revenue	20,000	2,797
-Due To Other Funds	-	-
-Closure/Post closure Cost	-	-
-Lease Related Deferred Inflows	-	75,717
Other Revenue Sources (Uses)	23,138	13,804
Net Cash Provided By Operating Activities	<u>\$ 2,632,419</u>	<u>\$ 1,622,515</u>
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ -	\$ -
Capital Asset Purchases in Accounts Payable	363,136	-
Net Interfund Transfers of Capital Assets	-	-

Statement of Cash Flows - Proprietary Funds (cont)

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 14,315,245	\$ 46,474,127	\$ 46,118,671	\$ 117,369,731	\$ 13,897,168
638,997	985,238	254,210	5,326,876	53,929,815
(8,247,084)	(14,769,468)	(23,246,332)	(54,943,907)	(27,269,596)
(69,098)	(1,171,692)	(1,260,017)	(2,627,846)	(30,179)
(3,065,655)	(7,574,842)	(7,224,968)	(19,376,741)	(6,405,866)
-	-	-	-	(28,981,481)
371,991	148,258,370	3,601,336	152,895,850	1,057,489
<u>3,944,396</u>	<u>172,201,733</u>	<u>18,242,900</u>	<u>198,643,963</u>	<u>6,197,350</u>
633,694	21,169	14,172,751	14,827,614	-
-	-	-	-	12,728,475
-	-	(135,321)	(135,321)	-
<u>633,694</u>	<u>21,169</u>	<u>14,037,430</u>	<u>14,692,293</u>	<u>12,728,475</u>
28,700	16,943	400,000	451,435	610,905
(4,603,267)	(14,774,331)	(72,154,966)	(96,881,363)	(6,843,666)
-	-	-	-	(312,843)
-	(578,590)	(3,491,446)	(4,490,337)	-
-	-	49,181,232	49,181,232	-
-	-	(13,273,537)	(13,273,537)	-
-	(4,100,000)	-	(5,190,000)	-
-	-	-	-	312,843
(4,728)	(6,581)	(14,598)	(28,785)	(1,586,759)
(16)	(22)	(510)	(558)	(75,929)
-	56,978	-	105,790	-
-	19,025	-	25,662	-
<u>(4,579,311)</u>	<u>(19,366,578)</u>	<u>(39,353,825)</u>	<u>(70,100,461)</u>	<u>(7,895,449)</u>
66,202	182,417	-	277,681	-
1,023,534	3,968,931	1,887,504	7,498,499	2,214,550
<u>1,089,736</u>	<u>4,151,348</u>	<u>1,887,504</u>	<u>7,776,180</u>	<u>2,214,550</u>
1,088,515	157,007,672	(5,185,991)	151,011,975	13,244,926
21,928,891	33,151,711	46,987,000	114,796,482	45,633,703
<u>\$ 23,017,406</u>	<u>\$ 190,159,383</u>	<u>\$ 41,801,009</u>	<u>\$ 265,808,457</u>	<u>\$ 58,878,629</u>
\$ 1,028,372	\$ 13,482,945	\$ 13,936,183	\$ 30,025,383	\$ (2,086,765)
3,351,898	11,370,392	18,230,728	35,923,997	5,425,995
4,876	6,635	14,798	29,284	1,595,743
(131,007)	(289,105)	1,000,008	340,021	(379,289)
-	110,952	(70,721)	(184,496)	85,600
-	-	-	-	(1,633,343)
-	-	-	-	(14,668)
-	-	(3,214,509)	(3,214,509)	(157,188)
(880,170)	(1,692,482)	(2,055,360)	(5,105,622)	(1,109,572)
126,528	200,221	254,087	667,344	163,467
(336,689)	(519,791)	(14,963,565)	(15,782,729)	(897,807)
11,291	37,523	30,205	88,474	87,083
(4,529)	137,502	113,196	288,485	35,521
595,465	1,114,951	1,366,514	3,405,945	865,799
-	-	-	-	2,159,285
-	-	-	-	1,000,000
-	19,829	-	25,072	-
-	-	-	22,797	-
-	4,395	-	4,395	-
(193,590)	-	-	(193,590)	-
-	(56,979)	-	18,738	-
371,951	148,274,745	3,601,336	152,284,974	1,057,489
<u>\$ 3,944,396</u>	<u>\$ 172,201,733</u>	<u>\$ 18,242,900</u>	<u>\$ 198,643,963</u>	<u>\$ 6,197,350</u>
\$ -	\$ 6,591,785	\$ 4,559,866	\$ 11,151,651	\$ -
193,125	2,594,726	8,634,868	11,785,855	380,892
(845)	(145,822)	(8,748)	(155,415)	(4,890)

Statement of Fiduciary Net Position - Fiduciary Funds

	<u>Pension and Health Care Trust Funds</u>	<u>Police Custodial Fund</u>
Assets		
Cash and Cash Equivalents	\$ 25,588,626	\$ 257,452
Receivables:		
Contribution	492,870	-
Interest	1,527,891	-
Total Receivables	<u>2,020,761</u>	<u>-</u>
Investments at Fair Value:		
US Government	79,479,582	-
Corporate Obligations	30,772,727	-
Foreign Obligations	14,048,396	-
State and Local Obligations	19,298,735	-
Domestic Stocks	60,626,865	-
Foreign Stocks	3,730,476	-
Index Funds:		
Equity	316,803,869	-
Government / Corporate Bonds	61,480,390	-
Mutual Funds:		
Foreign Equity	176,578,176	-
Domestic Equity	26,383,137	-
Fixed Income	44,568,911	-
Real Estate	77,061,195	-
Total Investments	<u>910,832,459</u>	<u>-</u>
Total Assets	<u>938,441,846</u>	<u>257,452</u>
Liabilities		
Accounts Payable	300	-
Accrued Wages	8,005	-
Total Liabilities	<u>8,305</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	934,572,195	-
Restricted for Post Employment Health Care Benefits	3,861,346	-
Restricted for Police Evidence and Found Property	<u>-</u>	<u>257,452</u>
Total Net Position	<u>\$ 938,433,541</u>	<u>\$ 257,452</u>

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

	<u>Pension and Health Care Trust Funds</u>	<u>Police Custodial Fund</u>
Additions		
Contributions		
Employer	\$ 15,013,391	\$ -
Plan Members	3,482,495	-
Total Contributions	<u>18,495,886</u>	<u>-</u>
Investment Income	115,064,731	-
Less Investment Expense	<u>1,498,990</u>	<u>-</u>
Net Investment Income	113,565,741	-
Police Funds Received into Custody	<u>-</u>	<u>78,715</u>
Total Additions	<u>132,061,627</u>	<u>78,715</u>
Deductions		
Benefit Payments		
Pension	45,587,168	-
Health Premiums	<u>44,713</u>	<u>-</u>
Total Benefit Payments	45,631,881	-
Police Funds Released from Custody	-	156,819
Refunds	56,915	-
Administrative Expense	<u>392,028</u>	<u>-</u>
Total Deductions	46,080,824	156,819
Change in Net Position	85,980,803	(78,104)
Restricted Net Position, January 1	<u>852,452,738</u>	<u>335,556</u>
Restricted Net Position, December 31	<u>\$ 938,433,541</u>	<u>\$ 257,452</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.

As of January 1, 2025 the City adopted GASB Statement No. 100, Accounting Changes and Error Corrections. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements for this statement. The additional disclosures required by this standard are included in Note 13.

The City has adopted Statement No. 102 *Certain Risk Disclosures*. The objective of this Statement will improve financial reporting by providing disclosures with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information to anticipate certain risks to a government's financial condition. There was no substantial impact to the financial statements as a result of this implementation.

The first statement issued but not yet implemented that will affect the City is Statement No. 103 *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing useful information for decision-makers and to help assess a government's accountability. This statement will be implemented in the fiscal year ending December 31, 2026.

The second statement issued but not yet implemented that will affect the City is Statement No. 104 *Disclosure of Certain Capital Assets*. This statement sets forth guidelines for disclosing certain capital assets separately including leases, subscription-based information technology arrangements as well as intangible assets and capital assets held for sale. This statement will be implemented in the fiscal year ending December 31, 2026.

The third statement issued but not yet implemented that will affect the City is Statement No. 105 *Subsequent Events*. This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement helps clarify subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. This statement will be implemented for fiscal years beginning after June 15, 2026.

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 unit. 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 Unit

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. The City has legal authority to impose its will on the Commission. Commission members are appointed and can be removed by the Mayor of the City of Sioux Falls. In 2025, 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, 2025. 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 unit. 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

Notes to Financial Statements

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 a certain legally separate component unit 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 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, Storm Drainage Fund, and Recreation and Aquatics Bond Fund. In addition to the required General Fund presentation, the four special revenue funds and one capital project fund presented have a legally adopted annual budget and are reported as major funds in the financial statements.

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

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

Summary of Significant Budget Policies

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

The budget is adopted and appropriated by fund on a service function (i.e., general government, public safety, etc.) and departmental basis for all governmental funds, the legal level of control. 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 \$59.4 million during 2025. The largest portion of this was \$25.5 million for sales tax revenue bonds for the Westside Recreation Center, Kuehn Park and Frank Olson Park pools.

The Water Fund experienced \$8.4 million in supplements for transmission system improvements and water collector well improvements with funding coming from State Revolving loan funds.

The General Fund had a supplement of \$8 million for a transfer of \$8 million to the Fleet Management Fund for the purchase of Motor Graders.

Parks and Recreation had supplements totaling \$3.5 million. These supplements included \$2.5 million for a donation to the McKennan Park pool and a \$1 million donation for the Levitt Shell.

The Enterprise Network Technology Fund had a \$1.8 million supplement via a supplemented transfer from the General Fund of \$1.8 million for the purchase of network equipment.

Notes to Financial Statements

Other supplements made in 2025 include:

- \$1.2 million supplement for police the police department
- \$0.2 million supplement for a recorder for fire/metro communications.
- \$0.8 million for the public safety facility for burn building demolition and the DAS system.

Additional supplements in the amount totaling \$0.1 million for planning and development, \$65,000 to transit for a vehicle lift, and \$22,000 for aquatics facilities design.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2025.

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 Storm Drainage 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.

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 **Recreation and Aquatics Bond Fund** accounts for the construction and repairs of indoor/outdoor aquatics centers and recreation facilities.

Other governmental (nonmajor) funds are a compilation of all the nonmajor 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 benefits, workers' compensation, risk management, technology network technology, centralized 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.

Notes to Financial Statements

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents—

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

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

Investments—

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

Receivables and Payables—

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

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

Notes to Financial Statements

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. The City uses the consumption method to record its changes in prepaid items in which the City reports a prepaid asset in the period which they are purchased and defer the recognition of the expenditure until the period in which the items are consumed.

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.

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

\$10,000 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 unit, is depreciated or amortized 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
Right to Use Leased Assets	2-5 Years
Subscription Assets	2-5 Years

Component Unit:

Housing Commission:

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

Notes to Financial Statements

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 measured 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 place 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.

Subscription-based information technology arrangements (SBITAs) are recognized at the arrangement commencement date and represent the City's right to use an underlying asset for the term of the agreement. The subscription asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized over the shorter of the subscription 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 or amortization, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.

- Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same, or higher, level action to remove or change the constraint.
- Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

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

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

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

Long-term Obligations—

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

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

Notes to Financial Statements

Leases

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.

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.

Subscription-Based Information Technology Arrangements—

The City has entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription 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 subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Notes to Financial Statements

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

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 both to the extent that they have matured due to retirement or separation from the City. As a result of GASB Statement 101, *Compensated Absences*, the full accrual statements including the government-wide, enterprise funds and the internal service funds will include both those anticipated to be used in future years as well as those estimated to be paid out at the time of separation.

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 30 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 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

Notes to Financial Statements

circumstances, all investments within the pooled cash portfolio will be held to maturity.

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

Allowable deposits and investments include:

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

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

Custodial Credit Risk. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or investments or will not be able to recover collateral securities that are in the possession of an outside party. City deposits in excess of depository

insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of December 31, 2025, the deposits of the City were \$12.0 million. One depository fell below the pledged collateral requirement during the fourth quarter of 2025. No other depository fell below the 100 percent of pledged collateral required as of December 31, 2025. 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, 2025.

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

Deposit/Investment Type	Credit Rating	Fair Value	Less Than			5 or more Years
			1 Year	1-3 Years	3-5 Years	
(a) U.S. Treasury Notes & Bills	N/A	\$ 342,532,163	\$ 156,408,122	\$ 167,845,215	\$ 18,173,040	\$ 105,786
(c) Money Market Funds	AAA	222,379,770	222,379,770	-	-	-
(e) Certificates of Deposit	N/A	23,257,738	23,257,738	-	-	-
Total		\$ 588,169,671	\$ 402,045,630	\$ 167,845,215	\$ 18,173,040	\$ 105,786

* 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 Unit

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, 2025, the deposits of the authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2025, are in certificates of deposit.

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.

Notes to Financial Statements

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 2025 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, 2025, was \$3.62 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 unit in aggregate, including the applicable allowances for uncollectible accounts, are as follows at December 31, 2025:

	Taxes	Accounts	Interest	Lease	Special Assessments	Notes Receivable	Loans Receivable	Unbilled	Arbitrage Refund	Allowance for Uncollectibles	Total
Primary Government											
Governmental Activities											
General	\$ 2,639,998	\$ 2,664,279	\$ 742,411	\$ 87,565	\$ 204,336	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,221,031)	\$ 6,117,558
Entertainment Tax	-	5,155	74,037	-	-	-	-	-	-	-	79,192
Sales/Use Tax	-	45,031	564,850	53,362	439,432	-	-	-	-	(14,860)	1,087,815
Housing	-	-	12,808	-	-	38,378	30,813,732	-	-	(3,012,206)	27,862,712
Storm Drainage	-	8,873	172,874	-	-	-	-	-	-	-	181,747
Recreation and Aquatics Bond	-	-	75,389	-	-	-	-	-	-	-	75,389
Nonmajor Funds	-	3,465	35,602	-	-	-	-	-	-	-	39,067
Internal Service Funds	-	813,708	351,813	-	-	-	-	-	-	(22,143)	1,143,378
Total Governmental Activities	2,639,998	3,540,511	2,029,784	140,927	643,768	1,038,378	30,813,732	-	-	(4,270,240)	36,576,858
Business-type Activities											
Power and Distribution	-	482,077	53,034	-	-	-	-	550,473	-	(96,822)	988,762
Public Parking Facilities	-	140,832	18,820	499,809	-	-	-	-	-	(450)	659,011
Sanitary Landfill	-	1,324,984	161,030	-	-	-	-	-	-	(27,460)	1,458,554
Water	-	1,895,582	316,928	818,045	205,883	-	-	2,373,278	17,089	(98,096)	5,528,709
Water Reclamation	-	1,837,051	287,257	-	-	-	-	3,424,730	-	(77,805)	5,471,233
Total Business-type Activities	-	5,680,526	837,069	1,317,854	205,883	-	-	6,348,481	17,089	(300,633)	14,106,269
Total Primary Government	\$ 2,639,998	\$ 9,221,037	\$ 2,866,853	\$ 1,458,781	\$ 849,651	\$ 1,038,378	\$ 30,813,732	\$ 6,348,481	\$ 17,089	\$ (4,570,873)	\$ 50,683,127
Non current portion	\$ -	\$ -	\$ -	\$ 1,229,854	\$ 805,267	\$ 1,036,755	\$ 30,447,836	\$ -	\$ -	\$ -	\$ 33,519,712
Fiduciary Funds											
Employee's Retirement	\$ -	\$ 350,669	\$ 1,091,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,441,906
Firefighters' Pension	-	142,201	409,395	-	-	-	-	-	-	-	551,596
OPEB Trust	-	-	27,259	-	-	-	-	-	-	-	27,259
Total Fiduciary Funds	\$ -	\$ 492,870	\$ 1,527,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,020,761
Component Units											
Housing Commission	\$ -	\$ 103,895	\$ 21,461	\$ -	\$ -	\$ 5,188,339	\$ -	\$ -	\$ -	\$ -	\$ 5,313,695

D. Interfund Receivables and Payables

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

An additional \$6,127,388 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, 2025, was as follows:

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General	T.I.F. District	\$ 50,000
General	Water	4,395
Enterprise Network Technology	911 Dispatch	75,674

Notes to Financial Statements

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2025:

	Due from			
	Federal	State	Local	Total
Primary Government:				
Governmental Activities				
General Fund	\$ 420,309	\$ 12,013,259	\$ 277,847	\$ 12,711,415
Entertainment Tax	-	1,143,374	-	1,143,374
Sales/Use Tax	7,408,464	13,119,420	-	20,527,884
Housing	52,136	-	26,631	78,767
Storm Drainage	5,460	4,341	191,539	201,340
Nonmajor Funds	399,916	440,373	352,852	1,193,141
Internal Service Funds	224,030	-	108,804	332,834
Total Governmental Activities	<u>\$ 8,510,315</u>	<u>\$ 26,720,767</u>	<u>\$ 957,673</u>	<u>\$ 36,188,755</u>
Component Units				
Housing Commission	<u>\$ 823,072</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823,072</u>
Business-type Activities				
Enterprise Funds				
Water	\$ -	\$ 3,857	\$ -	\$ 3,857
Water Reclamation	3,214,509	3,774	-	3,218,283
Total Enterprise Funds	<u>3,214,509</u>	<u>7,631</u>	<u>-</u>	<u>3,222,140</u>
Total Primary Government	<u>\$ 11,724,824</u>	<u>\$ 26,728,398</u>	<u>\$ 957,673</u>	<u>\$ 39,410,895</u>

F. Interfund Transfers

Transfers are used to move revenues from the fund with collection authorization to the fund with expenditure authorization and move unrestricted revenues collected in

the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The financial statements reflect interfund transfers and their related purposes as follows:

	Transfers in:										
	Sales and Use Tax	Housing	Nonmajor Governmental Funds	Power and Distribution	Sanitary Landfill	Water Reclamation	Fleet Management	Enterprise Network Technology	Centralized Facilities	General Fixed Assets	Total
Transfers out:											
General Fund	\$ -	\$ 2,782,799	\$ 8,304,201	\$ -	\$ -	\$ -	\$ 8,000,000	\$ 1,800,000	\$ 1,000,000	\$ -	\$ 21,887,000
Sales and Use Tax	-	-	1,109,310	-	-	-	250,000	-	1,678,475	-	3,037,785
Power and Distribution	-	-	-	-	-	-	-	-	-	118,214	118,214
Sanitary Landfill	-	-	-	-	-	-	-	-	-	2,718	2,718
Water	-	-	-	-	-	11,962	-	-	-	133,860	145,822
Water Reclamation	135,321	-	-	-	-	-	-	-	-	20,710	156,031
Fleet Management	-	-	-	-	1,873	-	-	-	-	-	1,873
Enterprise Network Technology	-	-	-	-	-	-	-	-	-	106,101	106,101
Centralized Facilities	-	-	-	-	-	-	57,867	-	-	970,030	1,027,897
General Fixed Assets	-	-	-	3,946,678	-	-	45,216	-	-	-	3,991,894
Total	<u>\$ 135,321</u>	<u>\$ 2,782,799</u>	<u>\$ 9,413,511</u>	<u>\$ 3,946,678</u>	<u>\$ 1,873</u>	<u>\$ 11,962</u>	<u>\$ 8,353,083</u>	<u>\$ 1,800,000</u>	<u>\$ 2,678,475</u>	<u>\$ 1,351,633</u>	<u>\$ 30,475,335</u>
Purpose of Transfer	Cost recovery of expenses for shared projects from the Water Reclamation.	Community investments in housing stock.	To support the operations and sustainability of the City's public transportation systems.	Transfer of fixed assets from shared projects.	Transfer of fixed assets from shared projects.	Transfer of fixed assets from shared projects.	To support on going investments in City Fleet and for the purchase of motor graders.	To support on going investments in City technology and purchase of network equipment.	To support ongoing investments in City Facilities.	Transfer of fixed assets from shared projects.	

Notes to Financial Statements

G. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

Primary Government:	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated/Amortized				
Land	\$ 212,914,217	\$ 37,030,091	\$ (637,349)	\$ 249,306,959
Intangibles (Rights)	5,862,337	-	-	5,862,337
Construction in Progress	41,217,486	102,029,947	(110,071,087)	33,176,346
Total, Not Being Depreciated/Amortized	259,994,040	139,060,038	(110,708,436)	288,345,642
Capital Assets Being Depreciated/Amortized				
Buildings	464,579,150	22,166,970	(693,179)	486,052,941
Improvements other than Buildings	201,081,246	35,372,738	(826,040)	235,627,944
Equipment	182,846,273	20,089,603	(13,632,629)	189,303,247
Infrastructure	1,542,748,332	109,988,584	(6,339,171)	1,646,397,745
Right to Use Leased Buildings	1,933,190	-	-	1,933,190
Right to Use Leased Equipment	8,258,043	230,205	(486,138)	8,002,110
Subscription Assets	5,000,797	312,843	(633,364)	4,680,276
Total, Being Depreciated/Amortized	2,406,447,031	188,160,943	(22,610,521)	2,571,997,453
Accumulated Depreciation/Amortization:				
Buildings	(182,205,521)	(12,207,102)	262,652	(194,149,971)
Improvements other than Buildings	(138,280,060)	(6,754,174)	698,370	(144,335,864)
Equipment	(115,378,705)	(14,762,295)	12,089,754	(118,051,246)
Infrastructure	(621,255,346)	(47,636,147)	5,689,565	(663,201,928)
Right to Use Leased Buildings	(1,036,559)	(48,444)	-	(1,085,003)
Right to Use Leased Equipment	(4,012,935)	(2,442,583)	484,794	(5,970,724)
Subscription Assets	(1,757,450)	(1,628,987)	571,177	(2,815,260)
Total Accumulated Depreciation/Amortization	(1,063,926,576)	(85,479,732)	19,796,312	(1,129,609,996)
Total Governmental Activities, Capital Assets being Depreciated/Amortized	1,342,520,455	102,681,211	(2,814,209)	1,442,387,457
Governmental Activities Capital Assets, net	\$ 1,602,514,495	\$ 241,741,249	\$ (113,522,645)	\$ 1,730,733,099

Notes to Financial Statements

Primary Government:	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Business-type Activities:				
Capital Assets Not Being Depreciated/Amortized				
Land	\$ 23,476,766	\$ -	\$ -	\$ 23,476,766
Intangibles (Rights)	76,314,266	8,013	-	76,322,279
Construction in Progress	251,544,292	175,439,391	(355,538,155)	71,445,528
Total, Not Being Depreciated/Amortized	351,335,324	175,447,404	(355,538,155)	171,244,573
Capital Assets Being Depreciated/Amortized				
Buildings	107,915,318	120,918,254	(522,317)	228,311,255
Improvements other than Buildings	80,864,663	4,148,842	-	85,013,505
Equipment	58,595,755	32,002,582	(3,235,204)	87,363,133
Infrastructure	899,992,871	146,648,369	(3,783,589)	1,042,857,651
Right to Use Leased Equipment	77,385	47,973	(77,385)	47,973
Subscription Assets	36,152	-	-	36,152
Total, Being Depreciated/Amortized	1,147,482,144	303,766,020	(7,618,495)	1,443,629,669
Accumulated Depreciation/Amortization:				
Buildings	(35,292,556)	(4,366,977)	388,456	(39,271,077)
Improvements other than Buildings	(56,018,575)	(3,249,938)	-	(59,268,513)
Equipment	(38,486,966)	(2,665,142)	2,803,164	(38,348,944)
Infrastructure	(408,289,415)	(25,641,940)	3,260,153	(430,671,202)
Right to Use Leased Equipment	(57,796)	(20,246)	77,385	(657)
Subscription Assets	(18,076)	(9,038)	-	(27,114)
Total Accumulated Depreciation/Amortization	(538,163,384)	(35,953,281)	6,529,158	(567,587,507)
Total Business-type Activities, Capital Assets being Depreciated/Amortized	609,318,760	267,812,739	(1,089,337)	876,042,162
Business-type Activities Capital Assets, net	960,654,084	443,260,143	(356,627,492)	1,047,286,735
Total Primary Government Capital Assets, net	\$ 2,563,168,579	\$ 685,001,392	\$ (470,150,137)	\$ 2,778,019,834
* 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:	
General Government	\$ 1,585,265
Public Safety	6,009,804
Highways & Streets	50,263,308
Health	367,346
Culture & Recreation	18,299,649
Urban & Economic Development	1,932,622
Capital Assets Held by the Government's Internal Service Funds	7,021,738
Total Depreciation and Amortization Expense - Governmental Activities	\$ 85,479,732
Business-type Activities:	
Electric Light	\$ 1,748,082
Public Parking Facilities	1,225,872
Sanitary Landfill	3,356,774
Water	11,377,027
Water Reclamation	18,245,526
Total Depreciation and Amortization Expense - Business-Type Activities	\$ 35,953,281

Notes to Financial Statements

Component Units	Beginning Balance	Additions	Retirements	Ending Balance
Housing Commission				
Non-Depreciable Assets:				
Land	\$ 776,184	\$ -	\$ -	\$ 776,184
Depreciable Assets:				
Buildings	6,797,324	12,809	-	6,810,133
Improvements other than Buildings	445,040	-	-	445,040
Equipment	561,019	36,503	-	597,522
Right to Use Leased Assets	-	54,214	-	54,214
Totals at Historical Cost	<u>8,579,567</u>	<u>103,526</u>	<u>-</u>	<u>8,683,093</u>
Less Accumulated Depreciation:				
Buildings	(3,987,028)	(139,244)	-	(4,126,272)
Improvements other than Buildings	(295,134)	(27,038)	-	(322,172)
Equipment	(381,651)	(56,379)	-	(438,030)
Right to Use Leased Assets	-	(11,995)	-	(11,995)
Total Accumulated Depreciation	<u>(4,663,813)</u>	<u>(234,656)</u>	<u>-</u>	<u>(4,898,469)</u>
Total Housing Commission Capital Assets, Net	<u>\$ 3,915,754</u>	<u>\$ (131,130)</u>	<u>\$ -</u>	<u>\$ 3,784,624</u>

Notes to Financial Statements

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

Projects-in-Progress	Project Authorization	Expended to 12/31/2025	Committed	Carryovers	Carryforwards
Centralized Facilities Improvements	\$ 3,664,852	\$ 48,183	\$ 3,616,669	\$ 616,669	\$ 3,000,000
Centralized Facilities Indoor Recreation	1,000,000	-	1,000,000	-	1,000,000
Centralized Facilities Land Acquisition	638,202	-	638,202	-	638,202
Engineering Infrastructure Projects	82,502,388	19,172,120	63,330,268	32,923,462	30,406,806
Salt Storage Facility	49,280	-	49,280	-	49,280
Public Safety Training Center	818,806	-	818,806	307,558	511,248
Fire Ladder Truck	475,096	475,096	-	-	-
Fire Station 13	500,000	198,771	301,229	90,329	210,900
Police Patrol Vehicles	837,490	837,490	-	-	-
Police Southwest Report to Work	1,501,804	-	1,501,804	-	1,501,804
Sculpture Walk	57,000	-	57,000	-	57,000
Street Lights	1,288,798	265,213	1,023,585	715,501	308,084
Light and Power Facility Improvements	11,389,303	8,489,620	2,899,683	2,649,683	250,000
Circuit Improvements	341,758	136,486	205,272	205,272	-
Unforeseen Electrical System Replacement	41,043	-	41,043	41,043	-
Bike Trail Construction/Reconstruction	325,503	5,000	320,503	127,241	193,262
Community/Regional Park Improvements	85,537	-	85,537	17,348	68,189
Cyclical Park Infrastructure Improvements	153,305	-	153,305	122,574	30,731
Development of Play Structures	571,000	21,000	550,000	37,430	512,570
Elmwood Golf Course Clubhouse	219,819	-	219,819	90,958	128,861
Falls Park Improvements	3,477,400	-	3,477,400	3,206,402	270,998
Jacobson Plaza Development	39,113	-	39,113	39,113	-
Neighborhood Park Improvements	785,329	-	785,329	31,160	754,169
Parks System Master Plan	382,775	333,200	49,575	49,575	-
Parks Maintenance Shop	145,010	53,040	91,970	91,970	-
Sherman Park Maintenance Shop	48,930	48,930	-	-	-
Aquatics Facilities Development	10,008,638	3,976,712	6,031,926	2,381,444	3,650,482
Frank Olson Park Pool	4,552,300	1,279,373	3,272,927	3,272,927	-
Kuehn Park Pool	18,000,000	1,373,030	16,626,970	490,636	16,136,334
Park Land Acquisition	300,091	9,200	290,891	-	290,891
Park Levitt Shell Expansion	1,480,185	1,480,185	-	-	-
Prairie Trail Park Improvements	1,500	1,500	-	-	-
Park Parts Truck	157,434	157,434	-	-	-
Westside Recreation Center	2,275,042	100,364	2,174,678	104,866	2,069,812
River Greenway	296,312	-	296,312	96,312	200,000
Zoo Master Plan Improvements	495,961	-	495,961	42,987	452,974
Revolving Technology Servers	535,559	535,559	-	-	-
Fleet Underground Storage Tanks	811,668	-	811,668	-	811,668
Fleet Maintenance Shop Improvements	35,915	35,915	-	-	-
Landfill Closure	8,262	-	8,262	8,262	-
Landfill Expansion	1,556	-	1,556	1,556	-
Landfill Household Hazardous Waste Facility	5,400	5,400	-	-	-
Landfill Building Improvements	681,632	-	681,632	125,219	556,413
Landfill Leachate Recirculation Infrastructure	737,884	-	737,884	49,601	688,283
Arena Building Improvements	200,001	5,798	194,203	8,843	185,360
Convention Center Building Improvements	93,851	22,004	71,847	52,847	19,000
Sioux Falls Stadium Improvements	147,447	-	147,447	-	147,447
Events Center Building Improvements	2,528,018	89,738	2,438,280	182,545	2,255,735
Events Center Security System Upgrade	221,664	221,664	-	-	-
Washington Pavilion Building Improvements	2,636,160	1,489,204	1,146,956	474,843	672,113
Orpheum Building Improvements	754,188	255,960	498,228	54,140	444,088
Riverline Land Acquisition	215,359	-	215,359	53,703	161,656
Transit Administration Building	94,600	94,600	-	-	-
Transit Facility Improvements	900,000	-	900,000	-	900,000
Storm Sewer Projects	11,396,385	590,062	10,806,323	1,339,447	9,466,876
Water Projects	32,275,706	9,524,482	22,751,224	5,729,794	17,021,430
Water Reclamation Projects	189,491,861	53,289,540	136,202,321	35,711,423	100,490,898
	\$ 392,680,120	\$ 104,621,873	\$ 288,058,247	\$ 91,544,683	\$ 196,513,564

Notes to Financial Statements

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

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

Capital Outlay	\$ 129,272,332
Plus: assets contributed from outside sources	93,499,407
Plus: assets added by Internal Service Funds	26,131,722
Plus: construction in progress added as an asset in current year	<u>77,774,472</u>
Capital asset increase per footnote	326,677,933
Plus: assets contributed to enterprise funds	1,360,491
Less: assets contributed from outside sources	(93,499,407)
Plus: assets added by Internal Service Funds	(26,131,722)
Plus: assets transferred from enterprise funds	(4,000,752)
Less: loss on sale of assets	(2,226,112)
Less: construction in progress added as an asset in current year	<u>(77,774,472)</u>
Depreciation expense	(78,457,997)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 45,947,962</u></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, 2025.

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 117,565,000	\$ 23,395,000	\$ 10,490,000	\$ 130,470,000	\$ 10,915,000
Notes Payable	8,198,930	-	1,252,990	6,945,940	1,265,567
Total Debt	<u>125,763,930</u>	<u>23,395,000</u>	<u>11,742,990</u>	<u>137,415,940</u>	<u>12,180,567</u>
Unamortized Bond Premium	15,220,185	2,340,739	1,053,531	16,507,393	858,579
Rebatable Arbitrage	22,024	-	-	22,024	n/a
Right To Use Leases					
Governmental Funds	4,311,220	222,398	2,438,077	2,095,541	1,181,538
Internal Service Funds	1,596,583	7,802	100,709	1,503,676	1,496,812
Subscription Liabilities					
Governmental Funds	223,013	-	166,914	56,099	23,743
Internal Service Funds	2,370,101	312,843	1,486,050	1,196,894	1,160,037
Accrued Compensated Absences					
Governmental Funds	30,201,022	1,704,664 **	-	31,905,686	4,341,819
Internal Service Funds	<u>365,772</u>	<u>35,521</u> **	<u>-</u>	<u>401,293</u>	<u>85,525</u>
Total Governmental Activities	<u>180,073,850</u>	<u>28,018,967</u>	<u>16,988,271</u>	<u>191,104,546</u>	<u>21,328,620</u>
Business-type Activities:					
Bonds Payable:					
Revenue	23,430,000	-	5,190,000	18,240,000	8,655,000
Revenue Notes Payable	<u>202,167,222</u>	<u>51,961,097</u>	<u>16,053,401</u>	<u>238,074,918</u>	<u>15,117,737</u>
Total Debt	<u>225,597,222</u>	<u>51,961,097</u>	<u>21,243,401</u>	<u>256,314,918</u>	<u>23,772,737</u>
Unamortized Bond Premium	2,751,637	-	938,859	1,812,778	1,812,778
Right To Use Leases	19,804	47,975	19,804	47,975	5,766
Subscription Liabilities	18,345	-	8,981	9,364	9,364
Closure & Postclosure Care Costs *	12,373,826	-	193,590	12,180,236	n/a
Accrued Compensated Absences	<u>3,978,318</u>	<u>288,485</u> **	<u>-</u>	<u>4,266,803</u>	<u>546,031</u>
Total Business-type Activities	<u>244,739,152</u>	<u>52,297,557</u>	<u>22,404,635</u>	<u>274,632,074</u>	<u>26,146,676</u>
Total Primary Government	<u><u>\$ 424,813,002</u></u>	<u><u>\$ 80,316,524</u></u>	<u><u>\$ 39,392,906</u></u>	<u><u>\$ 465,736,620</u></u>	<u><u>\$ 47,475,296</u></u>
* See Note 6B for further information on Closure and Postclosure Care Costs					
**The change in the compensated absences liability is presented as a net change					

Notes to Financial Statements

continued from previous page

Component Units

Housing Commission					
Revenue Notes Payable	\$ 116,438	\$ -	\$ 31,345	\$ 85,093	\$ 31,345
Right To Use Leases	-	54,097	11,282	42,815	11,744
Line of Credit	407,709	-	407,709	-	-
Mortgages Payable	7,362,276	938,358	48,813	8,251,821	237,200
Accrued Compensated Absences	95,681	31,025	-	126,706	66,114
Total Housing Commission	\$ 7,982,104	\$ 1,023,480	\$ 499,149	\$ 8,506,435	\$ 346,403

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, 2025.

PRIMARY GOVERNMENT	Purpose	Interest Rates***	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
Governmental Activities							
Revenue Bonds & Notes							
Sales & Use Tax Fund							
Series 2012A Sales Tax	* Events Center	3.21%	2033	\$ -	\$ 108,440,000	\$ 56,845,000	\$ 8,205,378
Series 2016A Sales Tax	* City Center Office Building	3.09%	2036	-	20,260,000	14,975,000	1,805,500
Series 2018A Sales Tax	* Library & Parks (I) Refunding	2.14%	2025	-	10,635,000	-	-
Series 2020A Sales Tax	* Public Safety Facility	2.42%	2040	-	42,315,000	35,255,000	3,397,750
Series 2025A Sales Tax	* Aquatics & Recreation Center	3.25%	2035	-	23,395,000	23,395,000	3,031,750
Total Sales & Use Tax				-	205,045,000	130,470,000	16,440,378
Community Development							
State Flex Funds	Rental Rehab Loans	0.00%	2026	-	600,000	600,000	600,000
Storm Drainage Fund							
State Revolving Note #39	System Construction	1.00%	2030	-	8,829,000	3,693,481	931,477
State Revolving Note #42	System Construction	1.00%	2032	5,767,331	3,690,069	2,652,459	392,813
Total Storm Drainage				5,767,331	-	6,345,940	1,324,290
Total Revenue Bonds & Notes				5,767,331	-	137,415,940	18,364,668
Other Long-Term Liabilities							
Right to Use Leases - Governmental	Right to Use Assets	24%-3.14%	2031	-	7,943,583	2,095,541	1,218,494
Right to Use Leases - Internal Service	Right to Use Assets	2.62%	2031	-	1,503,676	1,503,676	1,496,812
SBITA's - Governmental	Subscription Based IT Arrangements	2.33-3.10	2028	-	415,976	56,099	25,017
SBITA's - Internal Service	Subscription Based IT Arrangements	2.33-2.70	2027	-	3,760,510	1,196,894	1,195,972
Unamortized Bond Premium	Bond Issue	n/a	2040	-	-	16,507,393	n/a
Total Debt				5,767,331	-	21,359,603	3,936,295
Vested Compensated Absences							
Governmental Funds	Compensated Absences	n/a	n/a	n/a	n/a	31,905,686	n/a
Internal Service Funds	Compensated Absences	n/a	n/a	n/a	n/a	401,293	n/a
Total Governmental Activities				\$ 5,767,331	-	\$ 191,082,522	\$ 22,300,963
Business-type Activities							
Revenue Bonds & Notes							
Water							
Series 2017A Sales Tax	* Lewis & Clark Refunding	1.80%	2026	\$ -	\$ 31,045,000	\$ 7,400,000	\$ 7,770,000
2023 State Revolving Note DW #12	*** System Improvements	1.88%	N/A	6,073,861	6,426,139	-	-
Total Water				6,073,861	-	7,400,000	7,770,000
Water Reclamation							
2005 State Revolving Note CW #21	System Improvements	2.25%	2027	-	34,813,977	3,328,086	2,262,608
2015 State Revolving Note CW #35	System Improvements	1.25%	2027	675,187	11,304,270	2,785,693	1,449,278
2015 State Revolving Note CW #36	System Improvements	1.25%	2028	-	16,550,544	5,191,882	1,765,982
2016 State Revolving Note CW #37	System Improvements	1.25%	2029	-	7,350,585	2,342,521	788,992
2017 State Revolving Note CW #38	System Improvements	1.00%	2029	-	9,515,974	3,721,472	1,012,355
2019 State Revolving Note CW #40	System Improvements	1.50%	2041	332,215	26,476,585	21,733,491	1,551,963
2020 State Revolving Note CW #41	System Improvements	2.50%	2042	-	41,625,000	37,186,235	2,724,079
2021 State Revolving Note CW #43	System Improvements	2.00%	2044	-	18,500,000	17,159,510	1,124,581
2022 State Revolving Note CW #44	System Improvements	2.00%	2044	32,453,555	90,546,445	87,183,858	5,716,802
2023 State Revolving Note CW #45	System Improvements	1.25%	2046	8,104,912	9,846,088	9,846,088	557,169
2024 State Revolving Note CW #46	System Improvements	2.75%	N/A	19,197,677	41,802,323	41,802,323	n/a
2024 State Revolving Note CW #47	System Improvements	3.00%	N/A	17,376,722	5,753,278	5,753,278	n/a
2024 State Revolving Note CW #48	System Improvements	3.25%	N/A	10,959,519	40,481	40,481	n/a
Total Water Reclamation				89,099,787	-	238,074,918	18,953,809
Public Parking							
Series 2018B Sales Tax	* Multi-Use Parking Ramp	3.51%	2032	-	18,540,000	10,840,000	1,877,774
Total Debt				95,173,648	-	256,314,918	28,601,583
Other Long-Term Liabilities							
Right to Use Leases - Business Type	Right to Use Assets	2.62%	2031	-	47,975	47,975	9,037
SBITA's - Business Type	Subscription Based IT Arrangements	2.68%	2026	-	36,152	9,364	9,615
Unamortized Bond Premium	Bond Issue	n/a	2026	n/a	n/a	1,812,778	n/a
Total Debt				-	-	258,185,035	28,610,620
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	4,266,803	n/a
Total Business-type Activities				\$ 95,173,648	-	\$ 262,451,838	\$ 28,610,620

* 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.
***Principal on the loan is 100% forgiven through the State Revolving Fund program

Notes to Financial Statements

Individual Debt Issues and Long-Term Liabilities by Component Unit—The following is a summary of the individual debt issues, as of the year ended December 31, 2025.

COMPONENT UNITS	Purpose	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	\$ 85,093	\$ 31,345
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	84,006	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	108,597	5,820
Sioux Falls Community Development	Affordable Housing	0.00%	2048	-	179,550	76,667	3,333
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	16,160	2,983
SD Housing Development Authority	Affordable Housing	0.00%	2032	-	360,771	359,222	n/a
Sioux Falls Community Development	Affordable Housing	0.00%	2035	-	161,880	127,651	90,000
SD Housing Development Authority	Affordable Housing	0.00%	2034	-	697,234	689,590	n/a
Sioux Falls Community Development	Affordable Housing	2.00%	2026	-	124,027	62,014	62,014
Sioux Falls Community Development	Affordable Housing	2.00%	2026	-	129,337	129,337	129,337
First Interstate Bank	Affordable Housing	4.95%	2027	-	40,000	17,671	3,132
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	12,423	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	336,000	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	66,792	12,172
SD Housing Development Authority	Affordable Housing	0.00%	2041	-	200,000	164,000	4,000
MacArthur Foundation	Affordable Housing	1.00%	2034	-	2,850,000	2,850,000	2,850,000
MacArthur Foundation	Affordable Housing	1.00%	2034	-	1,952,858	1,952,858	1,952,858
Sioux Falls Community Development	Affordable Housing	2.00%	2027	-	30,304	30,304	30,304
Sioux Falls Community Development	Affordable Housing	2.00%	2027	-	299,440	299,440	299,440
Total Mortgages				-	-	8,251,821	5,669,463
Right to Use Leases	Right to Use Assets	3.51%	2030	-	54,097	42,815	13,059
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	126,706	66,114
Total Housing Commission				\$ -	\$ -	\$ 8,506,435	\$ 5,779,981

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, 2025, are as follows:

PRIMARY GOVERNMENT	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2025		Total Principal and Interest Remaining
Governmental Activities						Principal and Interest Paid	Net Revenues	
Revenue Bonds & Notes								
Sales & Use Tax Fund								
Sales Tax Revenue Bonds	Libraries, Parks, Water System & Events Center, Public Safety Facility, Aquatics and Recreation Center	Sales and Use Taxes	23%	2040	\$ 254,630,000	\$ 21,864,110	\$ 95,533,726	\$ 186,975,659
Housing Fund								
State Flex Funds	Rental Rehab Loans	Housing Revenues	0%	2025	600,000	-	2,027,002	600,000
Storm Drainage Fund								
State Revolving Notes	System Construction	Storm Drainage Revenues	13%	2032	12,519,069	1,324,290	10,582,234	6,523,328
Business-type Activities								
Revenue Bonds & Notes								
Water Reclamation								
State Revolving Notes	System Construction	Water Reclamation Revenues	52%	2046	286,270,736	15,178,408	28,943,401	215,583,355

Notes to Financial Statements

Revenue Bonds Payable

Bonds payable at December 31, 2025, 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, 2025, are as follows:

Sales and Use Tax			
Year	Principal	Interest	Total
2026	\$ 10,915,000	\$ 5,517,578	\$ 16,432,578
2027	11,335,000	5,099,128	16,434,128
2028	11,765,000	4,663,578	16,428,578
2029	12,230,000	4,201,984	16,431,984
2030	12,715,000	3,715,854	16,430,854
2031-2035	55,090,000	10,667,873	65,757,873
2036-2040	16,420,000	2,363,250	18,783,250
Totals	<u>\$ 130,470,000</u>	<u>\$ 36,229,243</u>	<u>\$ 166,699,243</u>

Water			
Year	Principal	Interest	Total
2026	\$ 7,400,000	\$ 370,000	\$ 7,770,000
Totals	<u>\$ 7,400,000</u>	<u>\$ 370,000</u>	<u>\$ 7,770,000</u>

Public Parking			
Year	Principal	Interest	Total
2026	\$ 1,255,000	\$ 385,312	\$ 1,640,312
2027	1,450,000	344,524	1,794,524
2028	1,440,000	295,949	1,735,949
2029	1,480,000	246,269	1,726,269
2030	1,670,000	193,729	1,863,729
2031-2032	3,545,000	200,634	3,745,634
Totals	<u>\$ 10,840,000</u>	<u>\$ 1,666,417</u>	<u>\$ 12,506,417</u>

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, 2025, 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 13 active TIF districts. For each of these 13 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 \$7,094,314, were received by the City and paid to project sponsors during 2025.

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 67. 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
2026	\$ 1,265,567	\$ 58,723	\$ 1,324,290
2027	1,278,270	46,020	1,324,290
2028	1,291,101	33,190	1,324,291
2029	1,304,060	20,230	1,324,290
2030	430,082	10,460	440,542
2031-2032	776,860	8,765	785,625
Totals	<u>\$ 6,345,940</u>	<u>\$ 177,388</u>	<u>\$ 6,523,328</u>

The Storm Drainage Fund currently has \$47,596,082 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
2026	\$ 15,117,737	\$ 3,554,292	\$ 18,672,029
2027	14,486,465	3,336,039	17,822,504
2028	12,137,694	3,104,228	15,241,922
2029	9,556,835	2,900,942	12,457,777
2030	8,954,382	2,720,212	11,674,594
2031-2035	47,555,785	10,817,182	58,372,967
2036-2040	52,562,168	5,810,799	58,372,967
2041-2045	29,968,908	982,542	30,951,450
2046	138,862	433	139,295
Totals	<u>\$ 190,478,836</u>	<u>\$ 33,226,669</u>	<u>\$ 223,705,505</u>
Issues With No Estimate Available	<u>47,596,082</u>		
Total	<u>\$ 238,074,918</u>		

The Water Reclamation Fund has \$89,099,787 available and undrawn notes payable from the South Dakota Conservancy District.

The City had entered into an agreement with the South Dakota Conservancy District for a \$12,500,000 with the first \$7,900,000 of the principal balance being forgiven with federal funding. Below is a summary of the activity for the current year:

Notes to Financial Statements

Beginning Balance	Water		Balance Ending
	Additions	Debt Forgiven	
\$ -	\$ 2,779,864	\$ 2,779,864	\$ -

As of December 31, 2025, there was no balance due on this note.

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
2026	\$ 2,678,344	\$ 41,252	\$ 2,719,596
2027	610,353	16,847	627,200
2028	186,468	4,681	191,149
2029	40,275	2,858	43,133
2030	41,341	1,792	43,133
2031	42,439	697	43,136
Totals	\$ 3,599,220	\$ 68,127	\$ 3,667,347

Enterprise Funds			
Year	Principal	Interest	Total
2026	\$ 5,765	\$ 1,011	\$ 6,776
2027	8,006	1,028	9,034
2028	8,218	816	9,034
2029	8,436	599	9,035
2030	8,659	375	9,034
2031	8,891	146	9,037
Totals	\$ 47,975	\$ 3,975	\$ 51,950

Further information on these leases can be found in Note 3I.

Subscription Liabilities

Remaining principal and interest payments on subscription liabilities are as follows:

Governmental Funds (Includes Internal Service Funds)			
Year	Principal	Interest	Total
2026	\$ 1,183,781	\$ 35,061	\$ 1,218,842
2027	61,220	1,712	62,932
2028	7,992	54	8,046
Totals	\$ 1,252,993	\$ 36,827	\$ 1,289,820

Enterprise Funds			
Year	Principal	Interest	Total
2026	\$ 9,364	\$ 251	\$ 9,615
Totals	\$ 9,364	\$ 251	\$ 9,615

Further information on these leases can be found in Note 3I.

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 Unit

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
2026	\$ 268,545	\$ 6,295	\$ 274,840
2027	420,463	59,797	480,260
2028	61,299	52,052	113,351
2029	39,544	51,405	90,949
2030	51,972	50,737	102,709
2031-2035	6,088,713	198,594	6,287,307
2036-2040	300,118	3,459	303,577
2041-2045	337,171	1,030	338,201
2046-2050	-	-	-
Thereafter	769,089	-	769,089
Totals	\$ 8,336,914	\$ 423,369	\$ 8,760,283

Remaining principal and interest payments on the Commission's right to use leases are as follows:

Housing Commission			
Year	Principal	Interest	Payment
2026	\$ 11,744	\$ 1,315	\$ 13,059
2027	12,163	896	13,059
2028	12,597	462	13,059
2029	6,193	73	6,266
2030	118	1	119
Total	\$ 42,815	\$ 2,747	\$ 45,562

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

Notes to Financial Statements

said indebtedness is incurred for the purpose of constructing street railways, electric lights, or other

electric plants upon a majority vote in favor thereof of the electors.

Accordingly, at December 31, 2025, the City has an available legal debt limit as follows:

2025 Assessed Actual Value Subject to Taxation:				\$28,430,232,318
Category	Legal Debt Limit		Net Bonded Debt Outstanding	Available Legal Debt Margin
	Percent	Amount		
General Purpose 1	5.0%	\$ 1,421,511,616	\$ 390,662,835	\$ 1,030,848,781
Special Purpose 2	10.0%	2,843,023,232	-	2,843,023,232
Special Purpose 3	8.0%	2,274,418,585	-	2,274,418,585
		\$6,538,953,433	\$ 390,662,835	\$ 6,148,290,598
Surcharge Debt Not Included in Legal Debt Limit			<u>7,977,575</u>	
Total Debt			<u>\$ 398,640,410</u>	

I. Leases and Subscription Agreements -

Leases - Lessee

As of December 31, 2025, the City had 236 active leases. The leases have payments that range from \$35 to \$1,745,195 and interest rates that range from 0.24 percent to 3.14 percent. As of December 31, 2025, the total combined value of the lease liability is \$3,647,191, the total combined value of the short-term lease liability is \$2,684,109. The combined value of the right to use asset, as of December 31, 2025 is \$9,983,269 with accumulated amortization of \$7,056,384 is included within the Lease Class activities table found in Note G as a combination of the Governmental and Business-Type right to use leased assets. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

Leases - Lessor

As of December 31, 2025, the City had ten active leases. The leases have receipts that range from \$1,000 to \$40,739 and interest rates that range from 0.24 percent to 3.31 percent. As of December 31, 2025, the total combined value of the lease receivable is \$1,458,781, the total combined value of the short-term lease receivable is \$135,679, and the combined value of the deferred inflow of resources is \$1,402,926. The leases had \$0 of Variable Receipts and \$0 of Other Receipts, not included in the Lease Receivable, within the Fiscal Year.

Remaining principal and interest payments to be received on leases is as follows:

Governmental Funds (Includes Internal Service Funds)			
Year	Principal	Interest	Total
2026	\$ 47,680	\$ 1,281	\$ 48,961
2027	49,677	543	50,220
2028	6,880	120	7,000
2029	6,904	96	7,000
2030	5,929	71	6,000
2031-2035	23,857	142	23,999
Totals	\$ 140,927	\$ 2,253	\$ 143,180
Enterprise Funds			
Year	Principal	Interest	Total
2026	\$ 87,999	\$ 25,625	\$ 113,624
2027	96,631	23,916	120,547
2028	98,517	22,030	120,547
2029	100,452	20,095	120,547
2030	87,568	18,223	105,791
2031-2035	437,847	70,217	508,064
2036-2040	365,935	30,793	396,728
2041-2042	42,905	1,418	44,323
Totals	\$ 1,317,854	\$ 212,317	\$ 1,530,171

Subscription Arrangements

As of December 31, 2025, the City had 22 active subscriptions. The subscriptions have payments that range from \$5,724 to \$931,557 and interest rates that range from 2.32 percent to 3.10 percent. As of December 31, 2025, the total combined value of the subscription liability is \$1,262,357, and the total combined value of the short-term subscription liability is \$1,193,146. The combined value of the right to use asset, as of December 31, 2025 of

Notes to Financial Statements

\$4,716,429 with accumulated amortization of \$2,842,374 is included within the Subscription Class activities table found in Note G as a combination of the Governmental and Business-Type subscription assets. The subscriptions had no variable payments and no other payments, not included in the Subscription Liability, within the Fiscal Year.

J. Fund balances

The City-classified fund balances within the governmental funds are as follows at December 31, 2025:

	General	Entertainment Tax	Sales and Use Tax	Housing	Storm Drainage	Recreation and Aquatics Bond	Other Governmental Funds	Total
Fund balances:								
Nonspendable:								
Inventory	\$ 4,801,329	\$ -	\$ 4,653,473	\$ 51,213	\$ -	\$ -	\$ -	\$ 9,506,015
Notes Receivable	1,000,000	-	-	-	-	-	-	1,000,000
Prepays	467,965	-	-	-	-	-	-	467,965
Permanent Fund Principal	-	-	-	-	-	-	26,767	26,767
Total Nonspendable	6,269,294	-	4,653,473	51,213	-	-	26,767	11,000,747
Restricted for:								
Debt Service	-	-	13,552,560	-	-	-	22	13,552,582
Park and Recreation	257,028	-	714,912	-	-	-	-	971,940
Police	5,169	-	140,276	-	-	-	-	145,445
Health	1,664,050	-	-	-	-	-	-	1,664,050
Library	31,721	-	132,500	-	-	-	25,324	189,545
Community Development	-	-	-	35,074,651	-	-	-	35,074,651
Heroic Awards	-	-	-	-	-	-	4,395	4,395
Public Safety Facility Building	-	-	-	-	-	-	605,104	605,104
Recreation and Aquatics Bond	-	-	-	-	-	22,303,674	-	22,303,674
Storm Drainage	-	-	-	-	19,177,185	-	-	19,177,185
Other Capital Projects	-	-	-	-	5,254,112	-	-	5,254,112
Total Restricted	1,957,968	-	14,540,248	35,074,651	24,431,297	22,303,674	634,845	98,942,683
Committed to:								
Operating Agreements	3,900,248	13,185,471	-	-	-	-	-	17,085,719
Health	1,748,897	-	-	-	-	-	-	1,748,897
Entertainment Venues	-	9,724,025	-	-	-	-	-	9,724,025
Other Capital Projects	-	-	86,505,994	-	-	-	-	86,505,994
Total Committed	5,649,145	22,909,496	86,505,994	-	-	-	-	115,064,635
Assigned to:								
Transit System	-	-	-	-	-	-	13,153,864	13,153,864
911 Dispatch	-	-	-	-	-	-	4,783,264	4,783,264
2026 Budget	3,676,808	-	-	-	-	-	-	3,676,808
Total Assigned	3,676,808	-	-	-	-	-	17,937,128	21,613,936
Unassigned:	71,386,014	-	-	-	-	-	-	71,386,014
Total Fund Balances	\$ 88,939,229	\$ 22,909,496	\$ 105,699,715	\$ 35,125,864	\$ 24,431,297	\$ 22,303,674	\$ 18,598,740	\$ 318,008,015

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, 2025, was \$912,541 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 \$1,555,000 from the County for operations during 2025. All activities of the library system are recorded in the General Fund.

Notes to Financial Statements

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 \$2,803,438 and \$2,000,000, respectively.

Note 5—Jointly Governed Organizations

The City of Sioux Falls is a member of the Lewis & Clark Regional Water System, Inc. (the “System”). The System consists of 20 members, comprising 15 municipalities and five rural water systems within South Dakota, Iowa, and Minnesota, providing drinking water to consumers. As pipelines are completed, the System collects, treats, and distributes drinking water to its member communities. Sioux Falls began receiving water from the System in 2012, and it serves as a critical supplemental water supply for the City's continued growth. The System's Board of Directors is composed of 20 directors, each representing a member, with no member having an equity interest.

The City has made commitments for (1) its portion of the base system costs, and (2) costs associated with additional capacity modifications for the Lewis & Clark Regional Water System. The City capitalized an intangible asset to acknowledge its upfront payment to the System for the future option to purchase water. This asset is being amortized over the estimated lifespan of water purchases from the System.

Note 6—Commitments and Contingencies

A. Commitments

At December 31, 2025, the City has commitments on construction projects totaling \$288,058,247 as detailed in Note 3 (G).

Between 2005 and 2010, the City entered commitments to pay for (1) its portion of base system costs and (2) costs associated with additional capacity modifications for the Lewis & Clark Regional Water System. Of the overall 44.19 MGD Lewis & Clark base system capacity, the City has secured 28.007 million gallons per day (MGD) to meet future supplemental water supply needs.

In 2022, the City entered commitments to pay for its portion of a 15.81 MGD expansion, securing an additional 6.4 MGD

for a total of 34.407 MGD to supplement the City's water supply needs. The City of Sioux Falls' portion is estimated at \$39,818,093 for the expansion project. Completion of the expansion is expected by 2031.

The City's investment to date of \$76 million is recorded in the Water Enterprise Fund as an intangible asset. Of this investment, the City made prepayments totaling \$64.3 million for its share of the estimated project costs associated with base capacity and additional capacity. An interim true-up conducted between Lewis & Clark and the City shows that the City has fully utilized its interim true-up credit. Sioux Falls owes \$6,741,489.46 (as of 10/1/2025) toward the final true-up on the base system. The final True-up amount will continue to index annually until the final true up payment is made. The City of Sioux Falls plans to make full payment of this final true-up in 2027.

The City pays a capacity charge of \$0.67 per 1,000 gallons of available capacity and a volumetric charge of \$0.73 per 1,000 gallons for water purchased. If the City uses 100 percent of its capacity, the effective rate is \$1.40 per 1,000 gallons. Sioux Falls' effective rate varied from \$1.13 per 1,000 gallons in September 2025 to \$1.43 per 1,000 gallons in November 2025, with a yearly average of \$1.26 per 1,000 gallons for 2025.

In 2025, the City received a daily average of 15.23 MGD, with a peak day of 22.84 million gallons occurring on September 12th 2025. A total of 5.56 billion gallons of water was purchased for the year ending December 31, 2025.

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

Notes to Financial Statements

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, 2025, is as follows:

CHANGE IN LIABILITY		Amount
Balance at January 1		\$ 12,373,826
Change in liability due to usage and revision of estimates		<u>(193,590)</u>
Balance at December 31		<u>\$ 12,180,236</u>

As of December 31, 2025, the City estimate is as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Sioux Falls Regional Sanitary Landfill	47.0%	<u>\$ 12,180,236</u>	<u>\$ 13,713,024</u>	49.0
Totals		<u>\$ 12,180,236</u>	<u>\$ 13,713,024</u>	

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 \$12.1 million held for this purpose.

Subsequent Events

In January 2025, the City approved an ordinance for the sale of bonds for the construction of new pools and recreation centers in an amount not to exceed \$68 million. As of the report date, the first portion of this had been advanced in the amount of \$23.4 million with the remainder to be drawn in a second bond issuance in the coming year.

In December 2025, the City entered into a State Revolving Loan with the State of South Dakota for wastewater system improvements. The loan was in the amount of \$32.8 million. As of the date of this report, there have been no draws on this loan.

In January 2026, the City approved an ordinance for a loan to the Sioux Falls Airport Authority Expansion Project in the amount of \$5 million for a terminal project. As of the report date, none of this had been expended.

In April 2026, the City approved an ordinance for the refunding of the series 2012A and series 2016A bonds with an estimated savings of \$6.2 million and estimated principal amount of \$49.8 million.

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.

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

	2024	2025
Balance January 1	\$ 2,800,000	\$ 1,800,000
Claims incurred during the year	22,745,879	26,598,566
Payments on claims during the year	<u>(23,745,879)</u>	<u>(25,598,566)</u>
Balance December 31	<u>\$ 1,800,000</u>	<u>\$ 2,800,000</u>

The Workers’ Compensation Fund has total assets and total deferred outflows of resources of \$6,057,060 at December 31, 2025, which will be used to pay current expenses of the fund. The fund has total liabilities and deferred inflows of resources of \$5,956,204 which includes a loss reserve liability of \$5,915,615 for those claims incurred as of December 31, 2025, 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 Unit

The Housing Commission manages risk by purchasing insurance from commercial insurance carriers for liability, workers’ compensation, and employee health insurance.

Notes to Financial Statements

Paying into the unemployment compensation fund established by state law, and managed by the State of South Dakota, covers unemployment benefits.

Note 8—Conduit Debt Obligations

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

As of December 31, 2025, there were two series of Industrial Revenue/Economic Development Bonds outstanding with an aggregate principal amount payable of \$44.4 million.

Note 9—Fair Value

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

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.

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.

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Pooled Cash				
Money Market Mutual Funds	\$ 184,849,238	\$ -	\$ -	\$ 184,849,238
U.S. Treasury Securities	-	342,388,835	-	342,388,835
Total Debt Service Trust Investments	\$ 184,849,238	\$ 342,388,835	\$ -	\$ 527,238,073
Debt Service Trust				
Money Market Mutual Funds	\$ 43,039,042	\$ -	\$ -	\$ 43,039,042
U.S. Treasury Securities	-	143,328	-	143,328
Total Debt Service Trust Investments	\$ 43,039,042	\$ 143,328	\$ -	\$ 43,182,371
Pension Investments				
Money Market Mutual Funds	\$ 8,664,384	\$ -	\$ -	\$ 8,664,384
Domestic Stocks	60,626,865	-	-	60,626,865
Foreign Stocks	3,730,476	-	-	3,730,476
U.S. Treasury Securities	-	79,479,582	-	79,479,582
Corporate Obligations	-	30,772,727	-	30,772,727
Foreign Obligations	-	14,048,396	-	14,048,396
Municipal Issues	-	19,298,735	-	19,298,735
Equity Funds	-	247,530,224	-	247,530,224
Partnership/Joint Ventures	-	-	77,061,195	77,061,195
Collective Investment Funds	-	-	378,284,259	378,284,259
	\$ 73,021,725	\$ 391,129,664	\$ 455,345,454	\$ 919,496,843
Investments measured at the net asset value (NAV)				
Pooled Cash Account				
South Dakota FIT	\$ 6,042,281			

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	\$ 6,042,281	-	1 day	1 day

It is important to note that the items held in pooled cash qualify for investment disclosures based on the standards in GASB 72 *Fair Value Measurement and Applications*, however these items can be liquidated into cash within three months or less and as such are classified as Cash and Cash Equivalents within the financial statements, themselves.

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 13 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, 2025, that was not available to the City was \$7,094,314.

Note 11—Management Contract’s

The City has entered into the following management contracts in which the City has a vested interest in the entities and related assets, and therefore, should be included with the financial statements of the City.

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 2022 and ending in 2026 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 contract in the amount of \$13,185,471.

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. This was extended in 2023 through 2027, and 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 \$3,911,907.

Jacobson Plaza

On November 21, 2024, the City entered into a five-year agreement with Washington Pavilion Management Inc. for the management, operation and branding of the food and beverage services at Jacobson Plaza, a City owned asset. The Company will be compensated by a base fee with annual increases and may earn additional performance incentives. The incentive fee does not begin until July 1, 2026.

The City holds a liability for this management agreement in the amount of \$11,659.

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, 2025, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	803	198
Vested former members not yet receiving benefits	89	8
Active plan members	<u>380</u>	<u>91</u>
Total	<u>1,272</u>	<u>297</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 2025, 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
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%
2023	9,350,722	9,350,722	100%
2024	10,172,827	10,172,827	100%
2025	10,773,445	10,773,445	100%

Notes to Financial Statements

CFPF			
	Computed	Actual	Percentage
	Annual Required	Contributions	Contributed
	Contributions	Contributions	
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%
2023	3,496,950	3,496,950	100%
2024	4,053,561	4,053,561	100%
2025	4,239,946	4,239,946	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, 2025:

Asset Class	Target Allocation
Domestic Equity	43%
International Equity	18%
Equity Real Estate	10%
Domestic Bonds	29%
Total	100%

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.70 percent for the CERS and 13.79 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, 2025, were as follows:

	CERS	CFPF
Total Pension Liability	\$ 619,072,162.00	\$ 226,855,011.00
Plan Fiduciary Net Position	(684,594,241)	(249,977,954)
Net Pension Liability (Asset)	\$ (65,522,079.00)	\$ (23,122,943.00)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.58%	110.19%
Net Pension Liability (Asset) as a percentage of Covered Payroll	-179.50%	-217.29%

Changes in the Net Pension Liability (Asset) at December 31, 2025, are as follows:

Total Pension Liability (TPL)	CERS	CFPF
Service Cost	\$ 6,120	\$ 2,824
Interest on the Total Pension Liability (TPL)	40,848	14,799
Benefit Changes	-	-
Actual versus expected TPL #	8,598	5,081
Assumption Changes	-	-
Benefit Payments and Refunds	(33,947)	(11,697)
Net Change in Total Pension Liability	21,619	11,007
Total Pension Liability - Beginning	\$ 597,453	\$ 215,848
Total Pension Liability - Ending (a)	\$ 619,072	\$ 226,855
Plan Fiduciary Net Position		
Employer Contributions	\$ 10,773	\$ 4,240
Employee Contributions	2,439	1,043
Pension Plan Net Investment Income	83,050	30,343
Benefit Payments and Refunds	(33,947)	(11,697)
Pension Plan Administrative Expense	(241)	(151)
Other	-	-
Net Change in Plan Fiduciary Net Position	62,074	23,778
Plan Fiduciary Net Position - Beginning	622,520	226,200
Plan Fiduciary Net Position - Ending (b)	\$ 684,594	\$ 249,978
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (65,522)	\$ (23,123)

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

For the year ended December 31, 2025, the City recognized pension expense of \$3.0 million, which included total pension expense of \$7.8 net of contributions totaling \$10.8 million for the CERS plan. The City recognized pension income of \$1.7 million, which included total pension expense of \$2.5 million net of contributions totaling \$4.2 million for the CFPF plan. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CERS		CFPF	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 6,994,348	\$ -	\$ 2,830,107	\$ 148,450
Changes of Assumptions	-	-	-	-
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	30,534,140	-	11,226,178
Total	\$ 6,994,348	\$ 30,534,140	\$ 2,830,107	\$ 11,374,628

Notes to Financial Statements

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

Year Ended	CERS	CFPF
December 31:		
2026	\$ 12,827,589	\$ 4,894,718
2027	(16,475,590)	(6,158,058)
2028	(11,850,200)	(4,333,488)
2029	(8,041,591)	(2,947,693)
Thereafter	-	-
Total	\$ (23,539,792)	\$ (8,544,521)

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, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50 percent
Salary increases	3.50 percent to 8.50 percent (CERS) 8.00 percent (CFPF) including inflation.
Investment rate of return	7.0 percent net of expenses
Post-Retirement Cost-of-Living Adjustments	Annual increase equal to 100 percent of the June CPI of each year with a cap of 3 percent applied to the member's current benefit. The first increase will be granted after 36 months of retirement.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2025, these best estimates of geometric returns are summarized in the following table:

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, 2025			
	6.00%	7.00%	8.00%
CERS			
Total Pension Liability	\$ 694,739,843	\$ 619,072,162	\$ 555,701,891
Plan Fiduciary Net Position	(684,594,241)	(684,594,241)	(684,594,241)
Net Pension Liability (Asset)	\$ 10,145,602	\$ (65,522,079)	\$ (128,892,350)
CFPF			
Total Pension Liability	\$ 254,187,616	\$ 226,855,011	\$ 203,946,311
Plan Fiduciary Net Position	(249,977,954)	(249,977,954)	(249,977,954)
Net Pension Liability (Asset)	\$ 4,209,662	\$ (23,122,943)	\$ (46,031,643)

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 provides 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 four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation 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

Notes to Financial Statements

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.

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. State statute also requires the employer to contribute an amount equal to the employee's contribution. During the years ended December 31, 2025, 2024, and 2023, the cost to the City was \$5,205,802, \$4,562,505, and \$3,695,166 respectively.

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

At June 30, 2025, 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, 2025, and reported by the City as of December 31, 2025, are as follows:

Proportionate Share of Net Pension Liability	\$ 415,343,199
Less Proportionate Share of Net Pension Restricted for Pension Benefits	(415,574,646)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (231,447)</u>

On December 31, 2025, the City reported an asset of \$231,447 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relatively to contributions of all participating entities. At June 30, 2025, the City's proportion was 2.721240 percent, which was an increase of 0.233251 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized a reduction of pension expense of \$5,424,011. On December 31, 2025, 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	\$ 7,924,036	\$ -
Changes of Assumptions	-	12,285,371
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	11,276,715	-
Changes in proportion and difference between City contributions and proportionate share of contributions	-	479,495
City contributions subsequent to the measurement date	<u>2,797,298</u>	-
Total	<u>\$ 21,998,049</u>	<u>\$ 12,764,866</u>

Notes to Financial Statements

There is \$2,797,298 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended December 31:	
2026	\$ 5,070,287
2027	449,577
2028	312,038
2029	603,983
Total	\$ 6,435,885

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, 2025, 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	1.56 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, 2025 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, 2025 (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
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.9%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
	<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-

Notes to Financial Statements

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 Liability/(Asset)	\$56,722,385	\$ 231,447	\$ 46,890,243

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, 2025, the City reported the following aggregate totals for all pension plans:

Accumulated Totals for SDRS, CERS and CFPF Plans	
Total Net Pension Asset (Liability)	\$ 88,876,468
Total Deferred Outflows of Resources	31,822,504
Total Deferred Inflows of Resources	54,673,634
Total Net Pension Expense	4,898,364

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, 2014, 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 13 inactive employees as of December 31, 2025, the last measurement date.

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 2025 the amount of the stipend was \$55.37 per month per year of service, an inflationary adjustment of 3 percent is applied each year.

Funding Policy and Contributions

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

Net OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2025.

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, 2025 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	3.00 percent, net of OPEB plan investment expense
Discount Rate	3.00 percent, 20-year municipal bond rate of December 31, 2025

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, 2024	\$ 271,264	\$ 3,733,182	\$ (3,461,918)
Changes for the Year			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability (TPL)	7,467	-	7,467
Benefit Clarification	-	-	-
Difference between expected and actual experience of the Total OPEB Liability	(132,527)	-	(132,527)
Contributions Employer	-	20	(20)
Assumption Changes	1,292	-	1,292
OPEB Plan Net Investment Income	-	172,877	(172,877)
Benefit Payments and Refunds	(44,733)	(44,733)	-
Net Change in Total OPEB Liability	(168,501)	128,164	(296,665)
Balance at December 31, 2025	\$ 102,763	\$ 3,861,346	\$ (3,758,583)

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

The following presents the net OPEB (asset) liability, calculated using the discount rate of 3.00 percent, as well

as what the net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (2.00 percent) or one percentage point higher (4.00 percent) than the current rate:

	2.00%	3.00%	4.00%
Net OPEB liability (asset)	\$ (3,757,603)	\$ (3,758,583)	\$ (3,759,536)

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:

	Current Healthcare Cost Trend Rate Assumption		
	1% Decrease		1% Increase
Net OPEB liability	\$ (3,759,996)	\$ (3,758,583)	\$ (3,757,158)

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

For the year ended December 31, 2025, the City recognized a reduction of OPEB expense of \$225,638. At the December 31, 2025, 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	-	85,925
Total	\$ -	\$ 85,925

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:	
2026	\$ (10,531)
2027	(39,161)
2028	(23,921)
2029	(12,312)
2030	-
Thereafter	-
Total	\$ (85,925)

Notes to Financial Statements

Component Unit

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, 2025, 2024, and 2023, the cost to the Commission was \$74,192, \$51,161, and \$58,938, respectively.

Note 13—Change to or Within the Financial Reporting Entity

During the fiscal year 2025, there was a change within the financial reporting entity which resulted in the Recreation and Aquatic Bond Fund becoming a major fund due to meeting the quantitative threshold to be classified as a major fund. Since this fund is new for the year ended December 31, 2025 and was not established in the prior year, there are no adjustments or restatements to January 1, 2025 beginning fund balance of the major funds as a result of this fund.

Also during the fiscal year 2025, there was a change within the City which resulted in the Public Safety Facility Construction Fund being reported as a nonmajor fund. As a result the fund balance of the Public Safety Facility Construction Fund of \$1,213,825 which was previously reported as a major fund column is now reported in the nonmajor fund column and the nonmajor fund beginning fund balance has been adjusted by \$1,213,825. This resulted in adjustments to and restatements of beginning fund balance to nonmajor funds as follows:

	January 1, 2025 As Previously Reported	Change to or Within the Financial Reporting Entity	January 1, 2025 As Restated
Governmental Funds			
Nonmajor Funds	\$ 16,653,232	\$ 1,213,825	\$ 17,867,057
Public Safety Facilities Construction Major Fund	1,213,825	(1,213,825)	Not Applicable

Notes to Financial Statements - Fiduciary Funds Changes in Net Position

	<u>Employee's Retirement System</u>	<u>Firefighters' Pension Fund</u>	<u>City of Sioux Falls OPEB Trust</u>	<u>Total Pension and Health Care Trust Funds</u>	<u>Police Custodial Fund</u>
Assets					
Cash and Cash Equivalents	\$ 14,936,032	\$ 6,818,507	\$ 3,834,087	\$ 25,588,626	\$ 257,452
Receivables:					
Contribution	350,669	142,201	-	492,870	-
Interest	1,091,237	409,395	27,259	1,527,891	-
Total Receivables	<u>1,441,906</u>	<u>551,596</u>	<u>27,259</u>	<u>2,020,761</u>	<u>-</u>
Investments at Fair Value:					
US Government	58,863,188	20,616,394	-	79,479,582	-
Corporate Obligations	22,676,037	8,096,690	-	30,772,727	-
Foreign Obligations	9,991,802	4,056,594	-	14,048,396	-
State and Local Obligations	14,331,458	4,967,277	-	19,298,735	-
Domestic Stocks	44,373,851	16,253,014	-	60,626,865	-
Foreign Stocks	2,726,612	1,003,864	-	3,730,476	-
Index Funds:					
Equity	231,635,584	85,168,285	-	316,803,869	-
Government / Corporate Bonds	45,473,243	16,007,147	-	61,480,390	-
Mutual Funds:					
Foreign Equity	129,327,485	47,250,691	-	176,578,176	-
Domestic Equity	19,124,225	7,258,912	-	26,383,137	-
Fixed Income	32,899,721	11,669,190	-	44,568,911	-
Real Estate	56,798,040	20,263,155	-	77,061,195	-
Total Investments	<u>668,221,246</u>	<u>242,611,213</u>	<u>-</u>	<u>910,832,459</u>	<u>-</u>
Total Assets	<u>684,599,184</u>	<u>249,981,316</u>	<u>3,861,346</u>	<u>938,441,846</u>	<u>257,452</u>
Liabilities					
Accounts Payable	-	300	-	300	-
Accrued Wages	4,943	3,062	-	8,005	-
Total Liabilities	<u>4,943</u>	<u>3,362</u>	<u>-</u>	<u>8,305</u>	<u>-</u>
Net Position					
Restricted for Pension	\$ 684,594,241	\$ 249,977,954	\$ -	\$ 934,572,195	\$ -
Restricted for Post Employment Health Care Benefits	-	-	3,861,346	3,861,346	-
Restricted for Police Evidence and Found Property	-	-	-	-	257,452
Total Net Position	<u>\$ 684,594,241</u>	<u>\$ 249,977,954</u>	<u>\$ 3,861,346</u>	<u>\$ 938,433,541</u>	<u>\$ 257,452</u>

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	\$ 10,773,445	\$ 4,239,946	\$ -	\$ 15,013,391	\$ -
Plan Members	2,439,460	1,043,035	-	3,482,495	-
Total Contributions	<u>13,212,905</u>	<u>5,282,981</u>	<u>-</u>	<u>18,495,886</u>	<u>-</u>
Investment Income (Loss)	84,120,337	30,771,517	172,877	115,064,731	-
Less Investment Expense	1,070,165	428,825	-	1,498,990	-
Net Investment Income (Loss)	<u>83,050,172</u>	<u>30,342,692</u>	<u>172,877</u>	<u>113,565,741</u>	<u>-</u>
Police Funds Received into Custody	-	-	-	-	78,715
Total Additions	<u>96,263,077</u>	<u>35,625,673</u>	<u>172,877</u>	<u>132,061,627</u>	<u>78,715</u>
Deductions					
Benefit Payments					
Pension	33,890,180	11,696,988	-	45,587,168	-
Health Premiums	-	-	44,713	44,713	-
Total Benefit Payments	<u>33,890,180</u>	<u>11,696,988</u>	<u>44,713</u>	<u>45,631,881</u>	<u>-</u>
Police Funds Released from Custody	-	-	-	-	156,819
Refunds	56,915	-	-	56,915	-
Administrative Expense	241,273	150,755	-	392,028	-
Total Deductions	<u>34,188,368</u>	<u>11,847,743</u>	<u>44,713</u>	<u>46,080,824</u>	<u>156,819</u>
Change in Net Position	62,074,709	23,777,930	128,164	85,980,803	(78,104)
Total Net Position, January 1	<u>622,519,532</u>	<u>226,200,024</u>	<u>3,733,182</u>	<u>852,452,738</u>	<u>335,556</u>
Total Net Position, December 31	<u>\$ 684,594,241</u>	<u>\$ 249,977,954</u>	<u>\$ 3,861,346</u>	<u>\$ 938,433,541</u>	<u>\$ 257,452</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 91,169,538	\$ 91,169,538	\$ 90,814,680	\$ (354,858)
Sales	99,587,663	99,587,663	95,533,726	(4,053,937)
Frontage	5,175,782	5,175,782	5,101,709	(74,073)
Lodging (Includes BID)	4,135,000	4,135,000	3,682,425	(452,575)
Amusement	13,500	13,500	-	(13,500)
Penalties and Interest	100,000	100,000	123,399	23,399
Total Taxes	<u>200,181,483</u>	<u>200,181,483</u>	<u>195,255,939</u>	<u>(4,925,544)</u>
Licenses and Permits	<u>8,286,011</u>	<u>8,286,011</u>	<u>11,093,971</u>	<u>2,807,960</u>
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	<u>7,054,989</u>	<u>7,054,989</u>	<u>5,993,050</u>	<u>(1,061,939)</u>
State Shared Revenues:				
Motor Vehicle Licenses	1,100,000	1,100,000	1,182,303	82,303
Bank Franchise Tax	2,000,002	2,000,002	3,093,184	1,093,182
Liquor Tax Reversion	1,100,000	1,100,000	1,307,858	207,858
Health License Reversion	159,000	159,000	193,835	34,835
Fire Insurance Premium Reversion	1,100,000	1,100,000	1,389,359	289,359
Local Government Highway Bridge Fund	2,214,500	2,214,500	2,247,518	33,018
Port of Entry Fees	85,000	85,000	106,193	21,193
Total State Shared Revenues	<u>7,758,502</u>	<u>7,758,502</u>	<u>9,520,250</u>	<u>1,761,748</u>
State Grants	<u>1,170,000</u>	<u>1,170,000</u>	<u>354,345</u>	<u>(815,655)</u>
County Shared Revenues:				
Wheel Tax	207,759	207,759	209,747	1,988
Contributions	<u>1,485,000</u>	<u>1,485,000</u>	<u>1,485,000</u>	<u>-</u>
Total County Shared Revenues	<u>1,692,759</u>	<u>1,692,759</u>	<u>1,694,747</u>	<u>1,988</u>
Total Intergovernmental Revenues	<u>17,676,250</u>	<u>17,676,250</u>	<u>17,562,392</u>	<u>(113,858)</u>
Special Assessments	475,000	475,000	521,779	46,779
Charges for Goods and Services	11,182,354	11,182,354	10,580,800	(601,554)
Fines and Forfeitures	609,000	609,000	820,038	211,038
Investment Revenue	2,020,000	2,020,000	4,586,596	2,566,596
Rentals	56,300	56,300	103,036	46,736
Contributions	182,000	182,000	137,413	(44,587)
Miscellaneous Revenue	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,863,750</u>	<u>843,750</u>
Total Revenues	<u>241,688,398</u>	<u>241,688,398</u>	<u>242,525,714</u>	<u>837,316</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government:				
Mayor	\$ 968,880	\$ 968,880	\$ 838,815	\$ 130,065
City Council	1,797,534	1,797,534	1,549,953	247,581
Attorney	2,948,444	2,948,444	2,845,566	102,878
Human Resources	2,611,384	2,611,384	2,520,762	90,622
Finance	4,726,635	4,726,635	4,373,067	353,568
Facilities Management	2,229,672	2,229,672	2,229,672	-
Innovation & Technology	6,828,242	6,828,242	6,509,510	318,732
Communications	3,491,430	3,491,430	2,907,393	584,037
Total General Government	<u>25,602,221</u>	<u>25,602,221</u>	<u>23,774,738</u>	<u>1,827,483</u>
Public Safety:				
Fire	38,760,991	38,760,991	38,281,564	479,427
Police	54,505,803	54,505,803	54,431,511	74,292
Total Public Safety	<u>93,266,794</u>	<u>93,266,794</u>	<u>92,713,075</u>	<u>553,719</u>
Highways and Streets:				
Total Highways and Streets	<u>35,382,561</u>	<u>35,382,561</u>	<u>33,422,963</u>	<u>1,959,598</u>
Public Health:				
Total Health	<u>19,208,062</u>	<u>19,208,062</u>	<u>17,044,278</u>	<u>2,163,784</u>
Culture and Recreation:				
Parks and Recreation	33,278,702	33,278,702	30,227,234	3,051,468
Libraries	10,725,167	10,725,167	10,167,137	558,030
Total Culture and Recreation	<u>44,003,869</u>	<u>44,003,869</u>	<u>40,394,371</u>	<u>3,609,498</u>
Urban and Economic Development:				
Total Urban and Economic Development	<u>16,199,066</u>	<u>16,299,066</u>	<u>14,858,077</u>	<u>1,440,989</u>
Debt Service	<u>2,864,476</u>	<u>2,864,476</u>	<u>2,643,042</u>	<u>221,434</u>
Total Expenditures	<u>236,527,049</u>	<u>236,627,049</u>	<u>224,850,544</u>	<u>11,776,505</u>
Revenues Over (Under) Expenditures	<u>5,161,349</u>	<u>5,061,349</u>	<u>17,675,170</u>	<u>12,613,821</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	26,000	26,000	51,413	25,413
Damage Recovery	105,000	105,000	160,742	55,742
Transfers Out	(12,087,000)	(21,887,000)	(21,887,000)	-
Total Other Financing Sources (Uses)	<u>(11,956,000)</u>	<u>(21,756,000)</u>	<u>(21,674,845)</u>	<u>81,155</u>
Net Change in Fund Balances	<u>(6,794,651)</u>	<u>(16,694,651)</u>	<u>(3,999,675)</u>	<u>12,694,976</u>
Fund Balance - Beginning	<u>92,938,904</u>	<u>92,938,904</u>	<u>92,938,904</u>	<u>-</u>
Fund Balance Ending	<u>\$ 86,144,253</u>	<u>\$ 76,244,253</u>	<u>\$ 88,939,229</u>	<u>\$ 12,694,976</u>

**Budgetary Comparison Schedule -
Budget-to-GAAP Reconciliation - General Fund**

Actual amounts to Expenditures and Outflows Budgetary Comparison Schedule		\$	246,737,544
Differences - Budget to GAAP			
Leases Issued	\$	<u>215,327</u>	
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Charges in Fund Balances - General Fund		\$	<u><u>246,952,871</u></u>
Actual Amount of Revenue and Inflows on Budgetary to Comparison Schedule		\$	242,737,869
Differences - Budget to GAAP			
Initial Capital Outlay on Leases Issued	\$	<u>215,327</u>	
Total Revenues and Inflows as reported on the Statement of Revenues		\$	<u><u>242,953,196</u></u>

Items shown in the Budget to GAAP reconciliation above represent required journal entries as a result of the implementation of GASB 87 and GASB 96. Items do not affect the usage of cash or net fund balance of the General Fund and are not considered necessary items to be appropriated as part of the annual budget.

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,179,049	\$ 12,179,049	\$ 11,701,124	\$ (477,925)
Investment Revenue	350,000	350,000	593,750	243,750
Miscellaneous Revenue	2,718,000	2,718,000	1,334,285	(1,383,715)
Total Revenues	<u>15,247,049</u>	<u>15,247,049</u>	<u>13,629,159</u>	<u>(1,617,890)</u>
Expenditures				
Culture and Recreation:				
Entertainment Venues	<u>16,134,387</u>	<u>29,529,198</u>	<u>21,551,833</u>	<u>7,977,365</u>
Total Culture and Recreation	<u>16,134,387</u>	<u>29,529,198</u>	<u>21,551,833</u>	<u>7,977,365</u>
Total Expenditures	<u>16,134,387</u>	<u>29,529,198</u>	<u>21,551,833</u>	<u>7,977,365</u>
Revenues Over (Under) Expenditures	<u>(887,338)</u>	<u>(14,282,149)</u>	<u>(7,922,674)</u>	<u>6,359,475</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>12,563</u>	<u>12,563</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,563</u>	<u>12,563</u>
Net Change in Fund Balances	<u>(887,338)</u>	<u>(14,282,149)</u>	<u>(7,910,111)</u>	<u>6,372,038</u>
Fund Balances, January 1	<u>30,819,607</u>	<u>30,819,607</u>	<u>30,819,607</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 29,932,269</u>	<u>\$ 16,537,458</u>	<u>\$ 22,909,496</u>	<u>\$ 6,372,038</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 99,587,663	\$ 99,587,663	\$ 95,533,726	\$ (4,053,937)
Special Assessments	3,300,000	3,300,000	3,936,067	636,067
Licenses and Permits	150,000	150,000	128,643	(21,357)
Intergovernmental	51,088,500	53,136,865	10,889,994	(42,246,871)
Investment Revenue	1,500,000	1,500,000	4,417,288	2,917,288
Rentals	-	-	9,398	9,398
Contributions	10,537,000	20,225,177	7,693,772	(12,531,405)
Total Revenues	166,163,163	177,899,705	122,608,888	(55,290,817)
Expenditures				
General Government:				
Facilities Management	548,000	638,202	-	638,202
Communications	195,000	446,202	216,225	229,977
Total General Government	743,000	1,084,404	216,225	868,179
Public Safety:				
Fire	5,138,000	7,200,323	2,608,842	4,591,481
Police	3,209,500	6,489,618	2,937,276	3,552,342
Total Public Safety	8,347,500	13,689,941	5,546,118	8,143,823
Highways and Streets:				
Total Highways and Streets	120,556,531	170,469,791	65,449,120	105,020,671
Public Health:				
Total Health	279,000	336,900	100,520	236,380
Culture and Recreation:				
Parks and Recreation	11,977,279	41,417,628	24,660,018	16,757,610
Library	867,000	1,151,474	1,024,745	126,729
Total Culture and Recreation	12,844,279	42,569,102	25,684,763	16,884,339
Urban and Economic Development:				
Total Urban and Economic Development	40,000	200,867	98,858	102,009
Debt Service	21,378,578	20,993,578	15,790,471	5,203,107
Total Expenditures	164,188,888	249,344,583	112,886,075	136,458,508
Revenues Over (Under) Expenditure:	1,974,275	(71,444,878)	9,722,813	81,167,691
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	132,849	132,849
Revenue Bonds Issued	-	-	239,350	239,350
Transfers In	-	-	135,321	135,321
Transfers Out	(3,037,785)	(3,037,785)	(3,037,785)	-
Total Other Financing Sources (Uses)	(3,037,785)	(3,037,785)	(2,530,265)	507,520
Net Change in Fund Balances	(1,063,510)	(74,482,663)	7,192,548	81,675,211
Fund Balances, January 1	98,507,167	98,507,167	98,507,167	-
Fund Balances, December 31	\$ 97,443,657	\$ 24,024,504	\$ 105,699,715	\$ 81,675,211

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,369,895	\$ 3,369,895	\$ 1,785,946	\$ (1,583,949)
Charges	-	-	24,255	24,255
Investment Revenue	52,998	52,998	126,723	73,725
Miscellaneous Revenue	738,709	738,709	90,078	(648,631)
Total Revenues	4,161,602	4,161,602	2,027,002	(2,134,600)
Expenditures				
Urban and Economic Development:				
Affordable Housing	12,516,994	14,907,809	4,979,573	9,928,236
Debt Service	200	200	166	34
Total Expenditures	12,517,194	14,908,009	4,979,739	9,928,270
Revenues Over (Under) Expenditures	(8,355,592)	(10,746,407)	(2,952,737)	7,793,670
Other Financing Sources (Uses)				
Transfers In	2,782,799	2,782,799	2,782,799	-
Total Other Financing Sources (Uses)	2,782,799	2,782,799	2,782,799	-
Net Change in Fund Balances	(5,572,793)	(7,963,608)	(169,938)	7,793,670
Fund Balances, January 1	35,295,802	35,295,802	35,295,802	-
Fund Balances, December 31	\$ 29,723,009	\$ 27,332,194	\$ 35,125,864	\$ 7,793,670

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 14,345,250	\$ 14,345,250	\$ 15,130,289	\$ 785,039
Special Assesments	1,774,820	1,774,820	2,176,562	401,742
Licenses and Permits	100	100	-	(100)
Intergovernmental	-	-	110,477	110,477
Investment Revenue	40,000	40,000	1,018,122	978,122
Total Revenues	16,160,170	16,160,170	18,435,450	2,275,280
Expenditures				
Highways and Streets:				
Total Highways and Streets	13,937,708	25,306,885	13,415,983	11,890,902
Debt Service	1,324,290	1,324,290	1,324,290	-
Total Expenditures	15,261,998	26,631,175	14,740,273	11,890,902
Revenues Over (Under) Expenditures	898,172	(10,471,005)	3,695,177	14,166,182
Other Financing Sources (Uses)				
Damage Recovery	-	-	1,287	1,287
Issuance of Debt	3,500,000	5,803,159	-	(5,803,159)
Total Other Funding Sources (Uses)	3,500,000	5,803,159	1,287	(5,801,872)
Net Change in Fund Balances	4,398,172	(4,667,846)	3,696,464	8,364,310
Fund Balances, January 1	20,734,833	20,734,833	20,734,833	-
Fund Balances, December 31	\$ 25,133,005	\$ 16,066,987	\$ 24,431,297	\$ 8,364,310

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 \$58.4 million during 2025. A majority of the supplemental appropriations were funded by the General Fund, Entertainment Tax Fund, and Sales and Use Tax Fund unassigned balances carried forward from 2024 along with the establishment of appropriations for the aquatics and recreation bond.

Within the \$58.4 million supplemented, \$25.5 million was for the construction of new aquatics and recreation facilities; \$8.08 million was transferred from the General Fund to the Fleet Management Fund for the purchase of motor graders. Another \$8.0 million was supplemented in the Water Fund for transmission system improvements and will be purchased with State Revolving Funds.

Further breakdown and details 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, 2025.

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2025

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)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability (TPL)										
Service Cost	\$ 6,120	\$ 6,364	\$ 6,594	\$ 6,689	\$ 7,976	\$ 7,898	\$ 8,222	\$ 8,060	\$ 8,142	\$ 8,510
Interest on the total Pension Liability	40,848	39,605	38,246	38,159	37,264	35,602	34,343	33,560	33,140	31,878
Actual versus expected TPL#	8,598	4,840	5,853	-	2,156	5,823	-	(2,569)	(7,243)	(2,996)
Assumption Changes	-	-	-	(13,769)	16,127	-	-	(5,000)	5,546	-
Benefit Payments and Refunds	(33,947)	(31,918)	(30,397)	(29,192)	(27,250)	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)
Net Change in Total Pension Liability	21,619	18,891	20,296	1,887	36,273	23,400	18,163	11,628	18,662	17,558
Total Pension Liability - Beginning	597,453	578,562	558,266	556,379	520,106	496,706	478,543	466,915	448,253	430,695
Total Pension Liability - Ending (a)	\$ 619,072	\$ 597,453	\$ 578,562	\$ 558,266	\$ 556,379	\$ 520,106	\$ 496,706	\$ 478,543	\$ 466,915	\$ 448,253
Plan Fiduciary Net Position										
Employer Contributions	\$ 10,773	\$ 10,173	\$ 9,351	\$ 10,313	\$ 10,712	\$ 10,046	\$ 10,214	\$ 11,166	\$ 11,624	\$ 11,418
Employee Contributions	2,439	2,553	2,578	2,656	2,724	2,923	2,943	3,026	3,113	3,237
Pension Plan Net Investment Income	83,050	59,159	69,802	(87,826)	80,216	65,402	87,784	(19,794)	68,398	30,218
Benefit Payments and Refunds	(33,947)	(31,919)	(30,397)	(29,193)	(27,250)	(25,923)	(24,402)	(22,423)	(20,923)	(19,834)
Pension Plan Administrative Expense	(241)	(245)	(211)	(205)	(227)	(191)	(214)	(203)	(232)	(228)
Other	-	-	-	-	-	-	-	-	21,965	-
Net Change in Plan Fiduciary Net Position	62,074	39,721	51,123	(104,255)	66,175	52,257	76,325	(28,228)	83,945	24,811
Plan Fiduciary Net Position - Beginning	622,520	582,799	531,676	635,931	569,756	517,499	441,174	469,402	385,457	360,646
Plan Fiduciary Net Position - Ending (b)	\$ 684,594	\$ 622,520	\$ 582,799	\$ 531,676	\$ 635,931	\$ 569,756	\$ 517,499	\$ 441,174	\$ 469,402	\$ 385,457
Net Pension Liability - Ending (a) - (b)	\$ (65,522)	\$ (25,067)	\$ (4,237)	\$ 26,590	\$ (79,552)	\$ (49,650)	\$ (20,793)	\$ 37,369	\$ (2,487)	\$ 62,796
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.58%	104.20%	100.73%	95.24%	114.30%	109.55%	104.19%	92.19%	100.53%	85.99%
Covered Payroll *	\$ 36,503	\$ 37,804	\$ 38,800	\$ 39,219	\$ 44,182	\$ 43,712	\$ 45,329	\$ 44,454	\$ 46,306	\$ 48,755
Net Pension Liability as a Percentage of Covered Payroll	-179.50%	-66.31%	-10.92%	67.80%	-180.06%	-113.58%	-45.87%	84.06%	-5.37%	128.80%
City Firefighters' Pension Fund (CFPF)										
Fiscal Year Ending December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability (TPL)										
Service Cost	\$ 2,824	\$ 2,875	\$ 2,954	\$ 3,065	\$ 3,506	\$ 3,418	\$ 3,445	\$ 3,375	\$ 3,205	\$ 3,223
Interest on the total Pension Liability	14,799	14,435	14,103	13,743	13,702	13,119	12,553	12,160	12,083	11,662
Actual versus expected TPL#	5,081	(644)	(1,374)	(1,280)	2,498	229	-	(2,365)	(2,091)	(1,965)
Assumption Changes	-	-	-	-	(1,262)	-	-	-	(237)	-
Benefit Payments and Refunds	(11,697)	(11,177)	(10,624)	(10,043)	(9,141)	(8,510)	(7,951)	(7,695)	(7,460)	(7,123)
Net Change in Total Pension Liability	11,007	5,489	5,059	5,485	9,303	8,256	8,047	5,475	5,500	5,797
Total Pension Liability - Beginning	215,848	210,359	205,300	199,815	190,512	182,256	174,209	168,734	163,234	157,437
Total Pension Liability - Ending (a)	\$ 226,855	\$ 215,848	\$ 210,359	\$ 205,300	\$ 199,815	\$ 190,512	\$ 182,256	\$ 174,209	\$ 168,734	\$ 163,234
Plan Fiduciary Net Position										
Employer Contributions	\$ 4,240	\$ 4,054	\$ 3,497	\$ 4,035	\$ 4,176	\$ 3,966	\$ 3,991	\$ 4,443	\$ 4,664	\$ 4,407
Employee Contributions	1,043	1,129	1,107	1,146	1,222	1,271	1,203	1,182	1,188	1,169
Pension Plan Net Investment Income	30,343	21,475	25,229	(31,820)	28,909	23,132	30,551	(6,743)	23,857	10,749
Benefit Payments and Refunds	(11,697)	(11,177)	(10,624)	(10,042)	(9,141)	(8,510)	(7,951)	(7,695)	(7,460)	(7,123)
Pension Plan Administrative Expense	(151)	(154)	(133)	(131)	(144)	(124)	(137)	(117)	(143)	(160)
Other	-	-	-	-	-	250	-	-	4,947	-
Net Change in Plan Fiduciary Net Position	23,778	15,327	19,076	(36,812)	25,022	19,985	27,657	(8,930)	27,053	9,042
Plan Fiduciary Net Position - Beginning	226,200	210,873	191,797	228,609	203,587	183,602	155,945	164,875	137,822	128,780
Plan Fiduciary Net Position - Ending (b)	\$ 249,978	\$ 226,200	\$ 210,873	\$ 191,797	\$ 228,609	\$ 203,587	\$ 183,602	\$ 155,945	\$ 164,875	\$ 137,822
Net Pension Liability - Ending (a) - (b)	\$ (23,123)	\$ (10,352)	\$ (514)	\$ 13,503	\$ (28,794)	\$ (13,075)	\$ (1,346)	\$ 18,264	\$ 3,859	\$ 25,412
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	110.19%	104.80%	100.24%	93.42%	114.41%	106.86%	100.74%	89.52%	97.71%	84.43%
Covered Payroll *	\$ 10,642	\$ 10,690	\$ 10,949	\$ 11,362	\$ 12,212	\$ 11,831	\$ 11,948	\$ 11,710	\$ 11,407	\$ 11,479
Net Pension Liability as a Percentage of Covered Payroll	-217.29%	-96.84%	-4.69%	118.84%	-235.78%	-110.51%	-11.27%	155.97%	33.83%	221.38%
<p>* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year. # Experience gain made negative to facilitate addition. These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</p>										

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer's Net Pension Liability (\$Thousands)						
Year Ended December 31	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as a % of Total Pension Liability (Asset)	Covered Payroll *	Net Pension Liability (Asset) as a % of Covered Payroll
City Employee's Retirement System (CERS)						
2016	\$ 448,253	\$ 385,457	\$ 62,796	85.99%	\$ 48,755	128.80%
2027	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%
2023	578,562	582,799	(4,237)	100.73%	38,800	-10.92%
2024	597,453	622,520	(25,067)	104.20%	37,804	-66.31%
2025	619,072	684,594	(65,522)	110.58%	36,503	-179.50%
City Firefighters' Pension Fund (CFPF)						
2016	\$ 163,235	\$ 137,823	\$ 25,412	84.43%	\$ 11,479	221.38%
2027	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	-110.51%
2021	199,814	228,608	(28,794)	114.41%	12,212	-235.78%
2022	205,300	191,797	13,503	93.42%	11,362	118.84%
2023	210,359	210,873	(514)	100.24%	10,949	-4.69%
2024	215,848	226,200	(10,352)	104.80%	10,690	-96.84%
2025	226,855	249,978	(23,123)	110.19%	10,642	-217.29%
<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, 2024						
Inflation	3.50%					
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	Actuarially Determined	Actual	Contribution Deficiency	Covered	Actual Contribution	
December 31	Contribution	Contribution*	(Excess)	Payroll**	as a % of	Covered Payroll
City Employee's Retirement System (CERS)						
2016	\$ 11,417	\$ 11,417	\$ -	\$ 48,754		23.42%
2017	11,610	11,624	(14)	46,306		25.10%
2024	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%
2023	9,351	9,351	-	38,800		24.10%
2024	10,173	10,173	-	37,804		26.91%
2025	10,773	10,773	-	36,503		29.51%
City Firefighters' Pension Fund (CFPF)						
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%
2023	3,497	3,497	-	10,949		31.94%
2024	4,053	4,053	-	10,690		37.91%
2025	4,240	4,240	-	10,642		39.84%

*** 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.*

Schedule of Investment Returns

	CERS	CFPF
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%
2023	13.41%	13.44%
2024	10.35%	10.36%
2025	13.70%	13.79%

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, 2024*

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	16 Years
Asset Valuation Method	5-Year smoothed market
Inflation	3.50%
Salary Increases	3.50% to 8.50% (CERS) 8.00% (CFPF) including inflation.
Investment Rate of Return	7.00% 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	A version of Pub-2010 tables with future mortality improvements projected to 2030 using scale MP-2020

* Based on valuation assumptions used in the December 31, 2022 funding valuation

Required Supplementary Information - Fiduciary Funds (Pension Trust)

	Schedule of City's Proportionate Share of the Net Pension Liability/(Asset)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
South Dakota Retirement System	As of June 30									
City's Proportion of the Net Pension Liability/(Asset)	2.7212400%	2.4879890%	2.2666430%	2.0055210%	1.7345360%	1.5475804%	1.3411151%	1.1161784%	0.9423174%	0.7554055%
City's Proportionate share of the Net Pension Liability/(Asset)	\$ (231,447)	\$ (100,713)	\$ (214,212)	\$ (189,534)	\$ (13,283,577)	\$ (67,211)	\$ (142,121)	\$ (26,031)	\$ (85,516)	\$ 2,551,686
City's Covered Payroll	71,990,413	60,303,752	51,715,480	42,331,122	34,998,103	30,436,218	25,405,447	20,566,446	16,977,713	12,701,513
City's Proportionate share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	-0.32%	-0.17%	-0.41%	-0.45%	-37.96%	-0.22%	-0.56%	-0.13%	-0.50%	20.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1%	100.0%	100.1%	100.1%	105.5%	100.0%	100.1%	100.0%	100.1%	96.9%
Schedule of City Contributions										
	As of December 31									
South Dakota Retirement System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	5,205,802	4,562,506	3,695,166	3,137,645	2,614,874	2,232,547	1,889,387	\$ 1,558,009	\$ 1,275,856	\$ 1,038,645
Contributions in Relation to the Contractually Required Contribution	(5,205,802)	(4,562,506)	(3,695,166)	(3,137,645)	(2,614,874)	(2,232,547)	(1,889,387)	(1,558,009)	(1,275,856)	(1,038,645)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 76,718,658	\$ 67,142,982	\$ 54,251,041	\$ 45,858,665	\$ 38,439,816	\$ 34,180,820	\$ 27,954,227	\$ 22,714,519	\$ 18,676,953	\$ 15,153,220
Contributions as a Percentage of Covered Payroll	6.79%	6.80%	6.81%	6.84%	6.80%	6.53%	6.76%	6.86%	6.83%	6.85%
Notes to Schedules	<p>Changes from Prior Valuation The June 30, 2025 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2024 Actuarial Valuation.</p> <p>Benefit Provision Changes During the 2025 Legislative Session no significant SDRS benefit changes were made.</p> <p>Actuarial Method Changes No changes in actuarial methods were made since the prior valuation.</p> <p>Actuarial Assumption Changes The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.</p> <p>As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% was less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. For the June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.</p> <p>As of June 30, 2025, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2026 SDRS COLA is limited to a restricted maximum of 1.56%. The July 2026 SDRS COLA will equal inflation, between 0% and 1.56%. For this June 30, 2025 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.56%.</p> <p>Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.</p>									

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Changes in the Employer's Net OPEB Liabilities (Assets)											
Fiscal Year Ending December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017		
Total OPEB Liability											
Service Cost	\$ 7,467	\$ 13,648	\$ 19,661	\$ 31,485	\$ 35,375	\$ 59,174	\$ 125,926	\$ 148,241	\$ 123,986		
Interest on the total OPEB Liability	-	-	-	-	-	-	-	-	-		
Benefit Changes	(132,527)	(154,657)	(325,449)	(365,085)	55,333	(304,644)	(1,027,562)	(639,812)	2,565		
Actual versus expected experience	1,292	-	1,299	-	13,963	16,555	103,378	(34,571)	(364,194)		
Change of Assumptions	(44,733)	(85,319)	(143,444)	(240,437)	(314,655)	(386,671)	(501,667)	(619,906)	(1,055,768)		
Benefit Payments	(168,501)	(226,328)	(447,933)	(574,037)	(209,984)	(615,586)	(1,299,925)	(1,143,483)	(1,431,952)		
Total OPEB Liability - Beginning	271,264	497,592	945,525	1,519,562	1,729,546	2,345,132	3,645,057	4,788,540	6,220,492		
Total OPEB Liability - Ending (a)	102,763	271,264	497,592	945,525	1,519,562	1,729,546	2,345,132	3,645,057	4,788,540		
Plan Fiduciary Net Position											
Employer Contributions	\$ 20	\$ 30	\$ 45	\$ 80	\$ 110	\$ 227	\$ 339	\$ 339	\$ 301,178		
OPEB Plan Net Investment Income	172,877	166,332	156,472	(57,277)	(7,631)	77,362	138,246	71,934	13,111		
Employer Paid Benefit Payments	(44,733)	(85,319)	(143,444)	(240,437)	(314,655)	(386,671)	(501,668)	(619,906)	(1,055,768)		
Other	-	-	-	-	-	-	-	-	6,220,492		
Net Change in Plan Fiduciary Net Position	128,164	81,043	13,073	(297,634)	(322,176)	(309,082)	(363,083)	(547,972)	5,479,013		
Plan Fiduciary Net Position - Beginning	3,733,182	3,652,139	3,639,066	3,936,700	4,258,876	4,567,958	4,931,041	5,479,013	-		
Plan Fiduciary Net Position - Ending (b)	\$ 3,861,346	\$ 3,733,182	\$ 3,652,139	\$ 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)	\$ (3,758,583)	\$ (3,461,918)	\$ (3,154,547)	\$ (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)	3757.53%	1376.22%	733.96%	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	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	N/A	N/A	N/A		

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

Required Supplementary Information - Fiduciary Funds (OPEB Trust)

Schedules of Employer 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						
2025	\$ -	\$ -	\$ -	N/A	N/A	
2024	-	-	-	N/A	N/A	
2023	-	-	-	N/A	N/A	
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	
<p><i>* Includes contributions and paid outside of the trust</i> <i>These schedules are intended to show information for ten years, additional information will be displayed as it becomes available.</i></p>						
Notes to Schedule						
Valuation Date	Actuarially determined contribution amounts are calculated as of December 31 of each year which is 12 months prior to the beginning of the fiscal year in which contributions are reported. As the plan is fully funded, no actuarial contributions are required. The amortization method shown below is illustrative if contributions are required.					
Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending December 31, 2025						
Valuation Date	December 31, 2022					
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	3.00% net of OPEB plan investment expense					
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.					
Mortality	A version of Pub-2010 tables with future mortality improvements projected to 2030 using scale MP-2020					
Health Care Trend Rates	Initial trend of 7.50% gradually decrease to an ultimate trend of 3.50% in 12 years.					
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"					
The assumptions used to determine the contribution requirements for the 2025 fiscal year are based on the December 31, 2022 actuarial valuation fo the Retiree Health Care Plan						

**Supplementary Information - Budgetary Comparison Schedule -
Budgetary Basis - Recreation and Aquatics Bond Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 548,510	\$ 548,510
Total Revenues	-	-	548,510	548,510
Expenditures				
Culture and Recreation:				
Parks and Recreation	-	25,552,300	3,741,225	21,811,075
Total Expenditures	-	25,552,300	3,741,225	21,811,075
Revenues Over (Under) Expenditures	-	(25,552,300)	(3,192,715)	22,359,585
Other Financing Sources (Uses)				
Revenue Bond Issuance	-	23,155,650	23,155,650	-
Revenue Bond Premium	-	2,340,739	2,340,739	-
Total Other Funding Sources (Uses)	-	25,496,389	25,496,389	-
Net Change in Fund Balances	-	(55,911)	22,303,674	22,359,585
Fund Balances, January 1	-	-	-	-
Fund Balances, December 31	\$ -	\$ (55,911)	\$ 22,303,674	\$ 22,359,585

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.

911 Dispatch Fund—to account for the delivery of 24/7/365 emergency communication services for the residents of Minnehaha County, City of Sioux Falls, and City of Brandon. Revenue from E-911 surcharge fees, PSAP fees, and support from the county are accounted for in this fund as well as all other activities to ensure a reliable 911 system.

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 Capital Project Funds

Public Safety Facility Construction Fund—to account for construction of a Public Safety Training and 911 Communications Facility through the use of revenue bond proceeds.

D. Nonmajor Permanent Funds

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

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

E. Internal Service Funds

Fleet Management 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.

Health Benefits 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.

Enterprise Network Technology 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.

Risk Management 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.

**Combining Balance Sheet
Nonmajor Governmental Funds**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Permanent</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 18,721,764	\$ 600,528	\$ 733,127	\$ 56,088	\$ 20,111,507
Receivables:					
Accounts (net of allowance for uncollectibles)	3,465	-	-	-	3,465
Interest and Penalty	31,526	-	3,678	398	35,602
Due from Other Governments	1,193,141	-	-	-	1,193,141
Total Assets	<u>\$ 19,949,896</u>	<u>\$ 600,528</u>	<u>\$ 736,805</u>	<u>\$ 56,486</u>	<u>\$ 21,343,715</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 1,362,046	\$ 550,506	\$ 131,701	\$ -	\$ 2,044,253
Accrued Wages	173,915	-	-	-	173,915
Due to Other Funds	75,674	50,000	-	-	125,674
Unearned Revenue	401,133	-	-	-	401,133
Total Liabilities	<u>2,012,768</u>	<u>600,506</u>	<u>131,701</u>	<u>-</u>	<u>2,744,975</u>
Fund Balances					
Nonspendable	-	-	-	26,767	26,767
Restricted	-	22	605,104	29,719	634,845
Assigned	17,937,128	-	-	-	17,937,128
Total Fund Balances	<u>17,937,128</u>	<u>22</u>	<u>605,104</u>	<u>56,486</u>	<u>18,598,740</u>
Total Liabilities and Fund Balances	<u>\$ 19,949,896</u>	<u>\$ 600,528</u>	<u>\$ 736,805</u>	<u>\$ 56,486</u>	<u>\$ 21,343,715</u>

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

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Permanent</u>	<u>Total</u>
Revenues					
Taxes	\$ -	\$ 7,094,314	\$ -	\$ -	\$ 7,094,314
Intergovernmental	10,861,849	-	-	-	10,861,849
Charges for Goods and Services	3,268,263	-	-	-	3,268,263
Investment Revenue	164,110	-	-	2,520	166,630
Contributions	-	-	-	50	50
Miscellaneous Revenue	213,338	-	-	-	213,338
Total Revenues	<u>14,507,560</u>	<u>7,094,314</u>	<u>-</u>	<u>2,570</u>	<u>21,604,444</u>
Expenditures					
Current:					
Public Safety	6,244,093	-	-	-	6,244,093
Urban and Economic Development	13,770,528	7,094,314	-	-	20,864,842
Debt Service					
Principal - Right to Use Leases	1,238	-	-	-	1,238
Interest and Fiscal Charges	4	-	-	-	4
Capital Outlay:					
Public Safety	39,158	-	608,721	-	647,879
Urban and Economic Development	2,601,601	-	-	-	2,601,601
Total Expenditures	<u>22,656,622</u>	<u>7,094,314</u>	<u>608,721</u>	<u>-</u>	<u>30,359,657</u>
Revenues Over (Under) Expenditures	<u>(8,149,062)</u>	<u>-</u>	<u>(608,721)</u>	<u>2,570</u>	<u>(8,755,213)</u>
Other Financing Sources (Uses)					
Sale of Surplus Property	23,468	-	-	-	23,468
Damage Recovery	42,846	-	-	-	42,846
Leases Issued	7,071	-	-	-	7,071
Transfers In	9,413,511	-	-	-	9,413,511
Total Other Financing Sources (Uses)	<u>9,486,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,486,896</u>
Net Change in Fund Balances	1,337,834	-	(608,721)	2,570	731,683
Fund Balances, January 1, as previously reported	<u>16,599,294</u>	<u>22</u>	<u>-</u>	<u>53,916</u>	<u>16,653,232</u>
Adjustments (see Note 13)	<u>-</u>	<u>-</u>	<u>1,213,825</u>	<u>-</u>	<u>1,213,825</u>
Fund Balances - Beginning, as restated	<u>16,599,294</u>	<u>22</u>	<u>1,213,825</u>	<u>53,916</u>	<u>17,867,057</u>
Fund Balances, December 31	<u>\$ 17,937,128</u>	<u>\$ 22</u>	<u>\$ 605,104</u>	<u>\$ 56,486</u>	<u>\$ 18,598,740</u>

**Combining Balance Sheet
Nonmajor Special Revenue Funds**

	<u>Transit</u>	<u>911 Dispatch</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 14,112,724	\$ 4,609,040	\$ 18,721,764
Receivables:			
Accounts (net of allowance for uncollectibles)	2,800	665	3,465
Interest and Penalty	-	31,526	31,526
Due From other Funds			
Due from Other Governments	399,915	793,226	1,193,141
Total Assets	<u>\$ 14,515,439</u>	<u>\$ 5,434,457</u>	<u>\$ 19,949,896</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 1,358,176	\$ 3,870	\$ 1,362,046
Accrued Wages	3,399	170,516	173,915
Due to Other Funds	-	75,674	75,674
Unearned Revenue	-	401,133	401,133
Total Liabilities	<u>1,361,575</u>	<u>651,193</u>	<u>2,012,768</u>
Fund Balances			
Assigned	13,153,864	4,783,264	17,937,128
Total Fund Balances	<u>13,153,864</u>	<u>4,783,264</u>	<u>17,937,128</u>
Total Liabilities and Fund Balances	<u>\$ 14,515,439</u>	<u>\$ 5,434,457</u>	<u>\$ 19,949,896</u>

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

	<u>Transit</u>	<u>911 Dispatch</u>	<u>Total</u>
Revenues			
Intergovernmental	\$ 6,168,230	\$ 4,693,619	\$ 10,861,849
Charges for Goods and Services	-	3,268,263	3,268,263
Investment Revenue	-	164,110	164,110
Miscellaneous Revenue	-	213,338	213,338
Total Revenues	<u>6,168,230</u>	<u>8,339,330</u>	<u>14,507,560</u>
Expenditures			
Current:			
Public Safety	-	6,244,093	6,244,093
Urban and Economic Development	13,770,528	-	13,770,528
Debt Service:			
Principal - Right to Use Leases	-	1,238	1,238
Interest and Fiscal Charges	-	4	4
Capital Outlay:			
Public Safety	-	39,158	39,158
Urban and Economic Development	2,601,601	-	2,601,601
Total Expenditures	<u>16,372,129</u>	<u>6,284,493</u>	<u>22,656,622</u>
Revenues Over (Under) Expenditures	<u>(10,203,899)</u>	<u>2,054,837</u>	<u>(8,149,062)</u>
Other Financing Sources (Uses)			
Sale of Surplus Property	23,468	-	23,468
Damage Recovery	42,846	-	42,846
Leases Issued	-	7,071	7,071
Transfers In	9,413,511	-	9,413,511
Total Other Financing Sources (Uses)	<u>9,479,825</u>	<u>7,071</u>	<u>9,486,896</u>
Net Change in Fund Balances	<u>(724,074)</u>	<u>2,061,908</u>	<u>1,337,834</u>
Fund Balances, January 1	<u>13,877,938</u>	<u>2,721,356</u>	<u>16,599,294</u>
Fund Balances, December 31	<u>\$ 13,153,864</u>	<u>\$ 4,783,264</u>	<u>\$ 17,937,128</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 4,784,726	\$ 6,061,718	\$ 6,168,230	\$ 106,512
Miscellaneous Revenue	-	-	-	-
Total Revenues	<u>4,784,726</u>	<u>6,061,718</u>	<u>6,168,230</u>	<u>106,512</u>
Expenditures				
Urban and Economic Development				
Transit	<u>15,724,215</u>	<u>19,804,415</u>	<u>16,372,129</u>	<u>3,432,286</u>
Total Expenditures	<u>15,724,215</u>	<u>19,804,415</u>	<u>16,372,129</u>	<u>3,432,286</u>
Revenues Over (Under) Expenditures	<u>(10,939,489)</u>	<u>(13,742,697)</u>	<u>(10,203,899)</u>	<u>3,538,798</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	23,468	23,468
Damage Recovery	-	-	42,846	42,846
Transfers In	<u>9,413,511</u>	<u>9,413,511</u>	<u>9,413,511</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>9,413,511</u>	<u>9,413,511</u>	<u>9,479,825</u>	<u>66,314</u>
Net Change in Fund Balances	<u>(1,525,978)</u>	<u>(4,329,186)</u>	<u>(724,074)</u>	<u>3,605,112</u>
Fund Balances, January 1	<u>13,877,938</u>	<u>13,877,938</u>	<u>13,877,938</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 12,351,960</u>	<u>\$ 9,548,752</u>	<u>\$ 13,153,864</u>	<u>\$ 3,605,112</u>

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - 911 Dispatch Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 4,972,111	\$ 4,972,111	\$ 4,693,619	\$ (278,492)
Charges for Goods and Services	3,261,296	3,261,296	3,268,263	6,967
Investment Revenue	23,695	23,695	164,110	140,415
Miscellaneous Revenue	19,902	19,902	213,338	193,436
Total Revenues	8,277,004	8,277,004	8,339,330	62,326
Expenditures				
Public Safety				
Fire	6,639,334	6,889,334	6,276,180	613,154
Debt Service	25,000	25,000	1,242	23,758
Total Expenditures	6,664,334	6,914,334	6,277,422	613,154
Revenues Over (Under) Expenditures	1,612,670	1,362,670	2,061,908	675,480
Net Change in Fund Balances	1,612,670	1,362,670	2,061,908	675,480
Fund Balances, January 1	2,721,356	2,721,356	2,721,356	-
Fund Balances, December 31	\$ 4,334,026	\$ 4,084,026	\$ 4,783,264	\$ 675,480

**Budget-to-GAAP Reconciliation -
Budget and Actual - 911 Dispatch Fund**

Actual amounts to Expenditures and Outflows Budgetary Comparison Schedule		\$	6,277,422
Differences - Budget to GAAP			
Leases Issued	\$	<u>7,071</u>	
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Charges in Fund Balances - General Fund		\$	<u><u>6,284,493</u></u>
Actual Amount of Revenue and Inflows on Budgetary to Comparison Schedule		\$	8,339,330
Differences - Budget to GAAP			
Initial Capital Outlay on Leases Issued	\$	<u>7,071</u>	
Total Revenues and Inflows as reported on the Statement of Revenues		\$	<u><u>8,346,401</u></u>

Items shown in the Budget to GAAP reconciliation above represent required journal entries as a result of the implementation of GASB 87 and GASB 96. Items do not affect the usage of cash or net fund balance of the 911 Dispatch Fund and are not considered necessary items to be appropriated as part of the annual budget.

**Combining Balance Sheet
 Nonmajor Debt Service Funds**

	<u>T.I.F. District</u>	<u>Total</u>
Assets		
Cash and Cash Equivalents	\$ 600,528	\$ 600,528
Total Assets	<u>\$ 600,528</u>	<u>\$ 600,528</u>
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 550,506	\$ 550,506
Due to Other Funds	50,000	50,000
Total Liabilities	<u>600,506</u>	<u>600,506</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>\$ 600,528</u>	<u>\$ 600,528</u>

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

	<u>T.I.F. District</u>	<u>Total</u>
Revenues		
Taxes	<u>\$ 7,094,314</u>	<u>\$ 7,094,314</u>
Total Revenues	<u>7,094,314</u>	<u>7,094,314</u>
Expenditures		
Current:		
Urban and Economic Development	<u>7,094,314</u>	<u>7,094,314</u>
Total Expenditures	<u>7,094,314</u>	<u>7,094,314</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>
Fund Balances, January 1	<u>22</u>	<u>22</u>
Fund Balances, December 31	<u>\$ 22</u>	<u>\$ 22</u>

**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	\$ 8,965,000	\$ 8,965,000	\$ 7,094,314	\$ (1,870,686)
Total Revenues	8,965,000	8,965,000	7,094,314	(1,870,686)
Expenditures				
Urban and Economic Development T.I.F. District	8,965,000	8,965,000	7,094,314	1,870,686
Total Expenditures	8,965,000	8,965,000	7,094,314	1,870,686
Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances, January 1	22	22	22	-
Fund Balances, December 31	\$ 22	\$ 22	\$ 22	\$ -

**Combining Balance Sheet
 Nonmajor Capital Project Funds**

	Public Safety Facility Construction	Total
Assets		
Cash and Cash Equivalents	\$ 733,127	\$ 733,127
Receivables:		
Interest and Penalty	3,678	3,678
Total Assets	<u>\$ 736,805</u>	<u>\$ 736,805</u>
 Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 131,701	\$ 131,701
Total Liabilities	<u>131,701</u>	<u>131,701</u>
 Fund Balances		
Restricted	<u>605,104</u>	<u>605,104</u>
Total Fund Balances	<u>605,104</u>	<u>605,104</u>
Total Liabilities and Fund Balances	<u>\$ 736,805</u>	<u>\$ 736,805</u>

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

	Public Safety Facility Construction	Total
Revenues		
Investment Revenue	\$ -	\$ -
Total Revenues	-	-
Expenditures		
Capital Outlay:		
Public Safety	608,721	608,721
Total Expenditures	608,721	608,721
Revenues Over (Under) Expenditures	(608,721)	(608,721)
Net Change in Fund Balances	(608,721)	(608,721)
Fund Balances, January 1, as previously reported	-	-
Adjustments (see Note 13)	1,213,825	1,213,825
Fund Balances, January 1, as restated	1,213,825	1,213,825
Fund Balances, December 31	\$ 605,104	\$ 605,104

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Public Safety Facility Construction Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Public Safety				
Fire	-	866,355	608,721	257,634
Total Expenditures	-	866,355	608,721	257,634
Revenues Over (Under) Expenditures	-	(866,355)	(608,721)	257,634
Net Change in Fund Balances	-	(866,355)	(608,721)	257,634
Fund Balances, January 1	1,213,825	1,213,825	1,213,825	-
Fund Balances, December 31	\$ 1,213,825	\$ 347,470	\$ 605,104	\$ 257,634

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**Combining Balance Sheet
 Nonmajor Permanent Funds**

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 6,350	\$ 49,738	\$ 56,088
Receivables:			
Interest	45	353	398
Total Assets	<u>\$ 6,395</u>	<u>\$ 50,091</u>	<u>\$ 56,486</u>
Fund Balances			
Nonspendable	\$ 2,000	\$ 24,767	\$ 26,767
Restricted	4,395	25,324	29,719
Total Fund Balances	<u>\$ 6,395</u>	<u>\$ 50,091</u>	<u>\$ 56,486</u>

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

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Revenues			
Investment Revenue	\$ 285	\$ 2,235	\$ 2,520
Contributions	-	50	50
Total Revenues	<u>285</u>	<u>2,285</u>	<u>2,570</u>
Expenditures			
Public Safety:			
Cottam Memorial	-	-	-
Culture and Recreation:			
Library Memorial	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	285	2,285	2,570
Fund Balances, January 1	<u>6,110</u>	<u>47,806</u>	<u>53,916</u>
Fund Balances, December 31	<u>\$ 6,395</u>	<u>\$ 50,091</u>	<u>\$ 56,486</u>

**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	\$ 285	\$ 235
Total Revenues	50	50	285	235
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)	285	2,235
Net Change in Fund Balance	(1,950)	(1,950)	285	2,235
Fund Balances, January 1	6,110	6,110	6,110	-
Fund Balances, December 31	\$ 4,160	\$ 4,160	\$ 6,395	\$ 2,235

**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	\$ 2,235	\$ 1,935
Contributions	-	-	50	50
Total Revenues	300	300	2,285	1,985
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)	2,285	6,985
Net Change in Fund Balance	(4,700)	(4,700)	2,285	6,985
Fund Balances, January 1	47,806	47,806	47,806	-
Fund Balances, December 31	\$ 43,106	\$ 43,106	\$ 50,091	\$ 6,985

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

	<u>Fleet Management</u>	<u>Health Benefits</u>	<u>Workers' Compensation</u>
Assets			
Current:			
Cash and Cash Equivalents	\$ 26,053,533	\$ 13,419,972	\$ 5,909,130
Receivables, net:			
Accounts	178,594	612,971	-
Interest	119,202	91,478	37,616
Prepaid Expense	-	310,900	75,000
Due from Other Funds	-	-	-
Due from Other Governments	21,869	-	-
Inventory of Supplies	1,572,397	-	-
Total Current Assets	<u>27,945,595</u>	<u>14,435,321</u>	<u>6,021,746</u>
Noncurrent:			
Net Pension Asset	924,082	209,965	370
Buildings	2,705,385	-	-
Improvements Other Than Buildings	1,323,297	-	-
Machinery and Equipment	56,739,504	-	-
Construction in Progress	35,915	-	-
Less Accumulated Depreciation	(37,577,914)	-	-
Right to Use Leased Assets	3,901	-	-
Less: Accumulated Amortization	(53)	-	-
Subscription Assets	-	-	-
Less: Accumulated Amortization	-	-	-
Total Noncurrent Assets	<u>24,154,117</u>	<u>209,965</u>	<u>370</u>
Total Assets	<u>52,099,712</u>	<u>14,645,286</u>	<u>6,022,116</u>
Deferred Outflow of Resources			
City Employee's Retirement System	98,234	22,408	-
South Dakota Retirement System	369,216	3,495	34,944
Total Deferred Outflow of Resources	<u>467,450</u>	<u>25,903</u>	<u>34,944</u>
Liabilities			
Current:			
Accounts Payable	218,560	87,502	12,943
Accrued Wages	83,076	5,008	7,222
Loss Reserve on Workers' Comp Claims	-	-	800,000
Accrued Compensated Absences	85,525	-	-
Incurred But Not Reported Claims	-	2,800,000	-
Lease Liabilities	469	-	-
Subscription Liabilities	-	-	-
Lease and Subscription Interest Payable	9	-	-
Total Current Liabilities	<u>387,639</u>	<u>2,892,510</u>	<u>820,165</u>
Noncurrent:			
Loss Reserve on Workers' Comp Claims	-	-	5,115,615
Accrued Compensated Absences	315,768	-	-
Lease Liabilities	3,432	-	-
Subscription Liabilities	-	-	-
Total Noncurrent Liabilities	<u>319,200</u>	<u>-</u>	<u>5,115,615</u>
Total Liabilities	<u>706,839</u>	<u>2,892,510</u>	<u>5,935,780</u>
Deferred Inflow of Resources			
City Employee's Retirement System	428,844	97,825	-
South Dakota Retirement System	211,897	2,553	20,424
Total Deferred Inflow of Resources	<u>640,741</u>	<u>100,378</u>	<u>20,424</u>
Net Position			
Net Investment in Capital Assets	23,145,548	-	-
Restricted for Pension	924,082	209,965	370
Unrestricted	27,149,952	11,468,336	100,486
Total Net Position	<u>\$ 51,219,582</u>	<u>\$ 11,678,301</u>	<u>\$ 100,856</u>

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

<u>Enterprise Network Technology</u>	<u>Risk Management</u>	<u>Centralized Facilities</u>	<u>Total</u>
\$ 1,161,034	\$ 2,761,541	\$ 9,573,419	\$ 58,878,629
-	-	-	791,565
8,165	21,571	73,781	351,813
410,789	25,000	1,501,804	2,323,493
75,674	-	-	75,674
86,935	-	224,030	332,834
-	-	-	1,572,397
<u>1,742,597</u>	<u>2,808,112</u>	<u>11,373,034</u>	<u>64,326,405</u>
-	463	871,360	2,006,240
-	-	-	2,705,385
-	-	-	1,323,297
7,097,985	-	-	63,837,489
271,081	-	-	306,996
(4,463,530)	-	-	(42,041,444)
-	-	1,711,913	1,715,814
-	-	(949,947)	(950,000)
4,367,692	-	98,717	4,466,409
(2,630,026)	-	(33,846)	(2,663,872)
<u>4,643,202</u>	<u>463</u>	<u>1,698,197</u>	<u>30,706,314</u>
<u>6,385,799</u>	<u>2,808,575</u>	<u>13,071,231</u>	<u>95,032,719</u>
-	-	92,665	213,307
-	40,598	315,915	764,168
-	40,598	408,580	977,475
257,373	41,111	555,276	1,172,765
-	2,732	76,523	174,561
-	-	-	800,000
-	-	-	85,525
-	-	-	2,800,000
-	-	1,496,343	1,496,812
1,126,298	-	33,739	1,160,037
14,449	-	8,406	22,864
<u>1,398,120</u>	<u>43,843</u>	<u>2,170,287</u>	<u>7,712,564</u>
-	-	-	5,115,615
-	-	-	315,768
-	-	3,432	6,864
-	-	36,857	36,857
-	-	40,289	5,475,104
<u>1,398,120</u>	<u>43,843</u>	<u>2,210,576</u>	<u>13,187,668</u>
-	-	404,533	931,202
-	25,530	181,261	441,665
-	25,530	585,794	1,372,867
3,434,149	-	(961,085)	25,618,612
-	463	871,360	2,006,240
<u>1,553,530</u>	<u>2,779,337</u>	<u>10,773,166</u>	<u>53,824,807</u>
<u>\$ 4,987,679</u>	<u>\$ 2,779,800</u>	<u>\$ 10,683,441</u>	<u>\$ 81,449,659</u>

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

	<u>Fleet Management</u>	<u>Health Benefits</u>	<u>Workers' Compensation</u>
Operating Revenues:			
Charges for Goods and Services - Internal	\$ 19,543,762	\$ 13,662,111	\$ 2,371,225
Charges for Goods and Services - Other	415,416	13,628,660	-
Total Operating Revenues	<u>19,959,178</u>	<u>27,290,771</u>	<u>2,371,225</u>
Operating Expenses:			
Personnel Services	3,188,224	168,918	178,204
Casualty Loss	-	28,515,823	3,532,046
Insurance	154,889	209,368	361,332
Professional Services	23,527	2,269,343	128,040
Rent	204,988	-	193
Repairs and Maintenance	2,035,373	-	-
Supplies and Materials	4,922,805	-	82,796
Utilities and Bulk Energy	57,765	-	-
Depreciation	4,599,116	-	-
Amortization - Lease	2,107	-	-
Amortization - Subscription	-	-	-
Other Current Expenses	10,979	12,653	5,514
Total Operating Expenses	<u>15,199,773</u>	<u>31,176,105</u>	<u>4,288,125</u>
Operating Income (Loss)	<u>4,759,405</u>	<u>(3,885,334)</u>	<u>(1,916,900)</u>
Nonoperating Revenues (Expenses):			
Investment Revenue	665,890	678,310	253,280
Gain (Loss) on Capital Assets	475,011	-	-
Transfers of Capital Assets (Net)	101,211	-	-
Contributions	-	-	-
Operating Grant	-	-	-
Miscellaneous	244,249	-	25,246
Lease Interest Expense	(13)	-	-
Subscription Interest Expense	-	-	-
Total Nonoperating Revenues (Expenses)	<u>1,486,348</u>	<u>678,310</u>	<u>278,526</u>
Income (Loss) Before Transfers	<u>6,245,753</u>	<u>(3,207,024)</u>	<u>(1,638,374)</u>
Transfers In	<u>8,250,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>14,495,753</u>	<u>(3,207,024)</u>	<u>(1,638,374)</u>
Net Position - Beginning	<u>36,723,829</u>	<u>14,885,325</u>	<u>1,739,230</u>
Net Position - Ending	<u>\$ 51,219,582</u>	<u>\$ 11,678,301</u>	<u>\$ 100,856</u>

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

Enterprise Network Technology	Risk Management	Centralized Facilities	Total
\$ 7,250,441	\$ 2,429,492	\$ 8,901,637	\$ 54,158,668
175,384	-	-	14,219,460
<u>7,425,825</u>	<u>2,429,492</u>	<u>8,901,637</u>	<u>68,378,128</u>
-	211,621	2,701,197	6,448,164
-	92,897	-	32,140,766
-	2,381,157	-	3,106,746
674,009	147,373	359,749	3,602,041
50,864	-	419,842	675,887
-	4,463	2,803,320	4,843,156
5,256,700	40,000	395,204	10,697,505
134,034	562	1,692,815	1,885,176
826,879	-	-	5,425,995
44,557	-	50,218	96,882
1,465,015	-	33,846	1,498,861
-	239	14,329	43,714
<u>8,452,058</u>	<u>2,878,312</u>	<u>8,470,520</u>	<u>70,464,893</u>
<u>(1,026,233)</u>	<u>(448,820)</u>	<u>431,117</u>	<u>(2,086,765)</u>
138,746	116,205	413,241	2,265,672
-	-	-	475,011
(106,101)	-	(1,027,897)	(1,032,787)
-	-	775	775
-	480,284	306,940	787,224
-	-	-	269,495
(92)	-	(12,678)	(12,783)
<u>(49,780)</u>	<u>-</u>	<u>-</u>	<u>(49,780)</u>
<u>(17,227)</u>	<u>596,489</u>	<u>(319,619)</u>	<u>2,702,827</u>
<u>(1,043,460)</u>	<u>147,669</u>	<u>111,498</u>	<u>616,062</u>
<u>1,800,000</u>	<u>-</u>	<u>2,678,475</u>	<u>12,728,475</u>
<u>756,540</u>	<u>147,669</u>	<u>2,789,973</u>	<u>13,344,537</u>
<u>4,231,139</u>	<u>2,632,131</u>	<u>7,893,468</u>	<u>68,105,122</u>
<u>\$ 4,987,679</u>	<u>\$ 2,779,800</u>	<u>\$ 10,683,441</u>	<u>\$ 81,449,659</u>

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

	<u>Fleet Management</u>	<u>Health Benefits</u>	<u>Workers' Compensation</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 415,207	\$ 13,301,231	\$ 12,710
Cash Receipts from Interfund Services Provided	19,479,192	13,662,111	2,371,225
Payments to Suppliers	(7,305,314)	(2,798,013)	(303,519)
Payment for Interfund Services Used	(30,179)	-	-
Payments to Employees	(3,082,729)	(205,150)	(185,074)
Claims Paid	-	(27,515,823)	(1,372,761)
Other Receipts/Payments	244,246	-	25,244
Net Cash Provided (Used) by Operating Activities	<u>9,720,423</u>	<u>(3,555,644)</u>	<u>547,825</u>
Cash Flows Provided (Used) By Noncapital Financing Activities:			
Transfers In	<u>8,250,000</u>	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	8,250,000	-	-
Cash Flows from Capital and Related Financing Activities:			
Sale of Capital Assets	610,905	-	-
Purchase of Capital Assets	(3,558,604)	-	-
Purchase of Subscription Assets	-	-	-
Proceeds from Lease and Subscription Liabilities	-	-	-
Principal Payments - Lease Liabilities and Subscription Assets	(2,067)	-	-
Interest Payments - Lease and Subscription Liabilities	(7)	-	-
Net Cash Flows Used by Capital and Related Financing Activities	<u>(2,949,773)</u>	-	-
Cash Flows from Investing Activities:			
Investment Revenue Received	<u>614,401</u>	<u>699,051</u>	<u>251,421</u>
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	15,635,051	(2,856,593)	799,246
Cash and Cash Equivalents, January 1	<u>10,418,482</u>	<u>16,276,565</u>	<u>5,109,884</u>
Cash and Cash Equivalents, December 31	<u>\$ 26,053,533</u>	<u>\$ 13,419,972</u>	<u>\$ 5,909,130</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 4,759,405	\$ (3,885,334)	\$ (1,916,900)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	4,599,116	-	-
Amortization	2,107	-	-
(Increase) Decrease in - Receivables	(64,570)	(327,429)	12,710
- Inventory	85,600	-	-
- Prepaid Expense	-	-	279,250
- Due From Other Funds	-	-	-
- Due From Other Governments	(209)	-	-
- Deposits	-	-	-
- Net Pension Asset	(445,812)	(147,840)	(199)
- Pension Related Deferred Outflows	102,769	22,912	(5,892)
Increase (Decrease) in - Accounts Payable	(10,767)	(306,649)	(4,894)
- Accrued Wages	13,959	608	1,372
- Due to Other Funds	-	-	-
- Compensated Absences	35,521	-	-
- Net Pension Liability	-	-	-
- Pension Related Deferred Inflows	399,058	88,088	(2,151)
- Loss Reserve on Workers' Comp Claim	-	-	2,159,285
- Incurred But Not Reported Claims	-	1,000,000	-
- Lease and Subscription Liabilities	-	-	-
Other Revenue Sources (Uses)	244,246	-	25,244
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,720,423</u>	<u>\$ (3,555,644)</u>	<u>\$ 547,825</u>
Noncash Investing, Capital and Financing Activities:			
Capital Asset Purchases in Accounts Payable	\$ 80,586	\$ -	\$ -
Net Interfund Transfers of Capital Assets	101,211	-	-

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

Enterprise Network Technology	Risk Management	Centralized Facilities	Total
\$ 168,020	\$ -	\$ -	\$ 13,897,168
7,235,773	2,429,492	8,752,022	53,929,815
(6,860,915)	(2,579,427)	(7,422,408)	(27,269,596)
-	-	-	(30,179)
-	(223,863)	(2,709,050)	(6,405,866)
-	(92,897)	-	(28,981,481)
-	480,284	307,715	1,057,489
<u>542,878</u>	<u>13,589</u>	<u>(1,071,721)</u>	<u>6,197,350</u>
<u>1,800,000</u>	<u>-</u>	<u>2,678,475</u>	<u>12,728,475</u>
1,800,000	-	2,678,475	12,728,475
-	-	-	610,905
(2,474,716)	-	(810,346)	(6,843,666)
(214,126)	-	(98,717)	(312,843)
214,126	-	98,717	312,843
(1,502,548)	-	(82,144)	(1,586,759)
(67,377)	-	(8,545)	(75,929)
<u>(4,044,641)</u>	<u>-</u>	<u>(901,035)</u>	<u>(7,895,449)</u>
<u>143,367</u>	<u>112,193</u>	<u>394,117</u>	<u>2,214,550</u>
(1,558,396)	125,782	1,099,836	13,244,926
<u>2,719,430</u>	<u>2,635,759</u>	<u>8,473,583</u>	<u>45,633,703</u>
<u>\$ 1,161,034</u>	<u>\$ 2,761,541</u>	<u>\$ 9,573,419</u>	<u>\$ 58,878,629</u>
\$ (1,026,233)	\$ (448,820)	\$ 431,117	\$ (2,086,765)
826,879	-	-	5,425,995
1,509,572	-	84,064	1,595,743
-	-	-	(379,289)
-	-	-	85,600
(410,789)	-	(1,501,804)	(1,633,343)
(14,668)	-	-	(14,668)
(7,364)	-	(149,615)	(157,188)
-	-	-	-
-	(292)	(515,429)	(1,109,572)
-	(9,526)	53,204	163,467
(334,519)	(5,633)	(235,345)	(897,807)
-	(5,379)	76,523	87,083
-	-	-	-
-	-	-	35,521
-	-	-	-
-	2,955	377,849	865,799
-	-	-	2,159,285
-	-	-	1,000,000
-	-	-	-
-	480,284	307,715	1,057,489
<u>\$ 542,878</u>	<u>\$ 13,589</u>	<u>\$ (1,071,721)</u>	<u>\$ 6,197,350</u>
\$ 82,755	\$ -	\$ 217,551	\$ 380,892
(106,101)	-	-	(4,890)

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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	148
<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.

Statistics (Unaudited)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 949,588,727	\$ 994,726,890	\$ 1,021,045,334	\$ 1,049,886,149
Restricted	66,444,710	62,906,294	59,535,309	57,891,297
Unrestricted	10,622,500	70,158,874	89,007,611	116,803,795
Total Governmental Activities Net Position	<u>1,026,655,937</u>	<u>1,127,792,058</u>	<u>1,169,588,254</u>	<u>1,224,581,241</u>
Business-type Activities				
Net Investment in Capital Assets	398,711,113	441,954,230	460,700,572	483,654,265
Restricted	6,990,751	3,442,244	5,201,229	5,420,269
Unrestricted	63,253,372	55,829,094	66,130,912	76,246,911
Total Business-type Activities Net Position	<u>468,955,236</u>	<u>501,225,568</u>	<u>532,032,713</u>	<u>565,321,445</u>
Primary Government				
Net Investment in Capital Assets	1,348,299,840	1,436,681,120	1,481,745,906	1,533,540,414
Restricted	73,435,461	66,348,538	64,736,538	63,311,566
Unrestricted	73,875,872	125,987,968	155,138,523	193,050,706
Total Primary Government Net Position	<u>\$ 1,495,611,173</u>	<u>\$ 1,629,017,626</u>	<u>\$ 1,701,620,967</u>	<u>\$ 1,789,902,686</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses				
Governmental Activities:				
General Government	\$ 16,556,020	\$ 13,766,907	\$ 17,310,632	\$ 15,753,554
Public Safety				
Fire Protection	31,223,012	20,119,516	27,829,382	26,925,310
Police Protection	37,065,313	25,225,870	36,740,314	35,383,827
Highways and Streets	58,516,026	52,617,614	68,023,930	64,083,924
Public Health	12,326,094	10,426,180	12,032,129	12,727,539
Culture and Recreation:				
Libraries	9,220,828	6,273,321	8,139,253	8,454,201
Museum	574,510	587,155	601,386	633,560
Parks and Recreation	25,301,964	24,930,414	25,799,818	27,720,537
Entertainment Venues	9,763,936	8,467,290	9,176,901	11,083,954
Urban and Economic Development:				
Affordable Housing	5,759,679	1,599,111	1,758,721	2,346,464
Economic Development	6,209,883	6,346,062	6,379,016	-
Transit	-	-	-	-
TIF	7,155,112	7,767,376	7,903,235	8,528,728
Planning and Development Services	6,617,020	4,881,994	7,077,539	13,964,699
Interest on Long-Term Debt	6,684,824	6,693,992	6,343,156	5,911,897
Total Governmental Activities Expenses	<u>232,974,221</u>	<u>189,702,802</u>	<u>235,115,412</u>	<u>233,518,194</u>
Business-type Activities:				
Power and Distribution	9,066,599	8,803,782	9,562,823	9,273,379
Public Parking	2,239,595	1,897,465	2,741,375	2,601,031
Sanitary Landfill	11,499,421	10,686,231	10,216,724	9,690,174
Water	27,523,869	26,305,766	27,002,192	25,573,099
Water Reclamation	22,462,997	21,218,037	25,132,533	25,401,970
Total Business-type Activities Expenses	<u>72,792,481</u>	<u>68,911,281</u>	<u>74,655,647</u>	<u>72,539,653</u>
Total Primary Government Expenses	<u>\$ 305,766,702</u>	<u>\$ 258,614,083</u>	<u>\$ 309,771,059</u>	<u>\$ 306,057,847</u>

Statistics (Unaudited)

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 1,127,131,127	\$ 1,185,537,873	\$ 1,243,066,720	\$ 1,355,703,795	\$ 1,447,919,753	\$ 1,588,755,003
57,034,868	96,723,009	101,702,482	84,333,528	112,643,307	183,490,450
169,820,005	217,791,071	241,988,181	300,932,718	271,924,019	220,379,172
<u>1,353,986,000</u>	<u>1,500,051,953</u>	<u>1,586,757,383</u>	<u>1,740,970,041</u>	<u>1,832,487,079</u>	<u>1,992,624,624</u>
507,724,678	534,322,603	617,383,847	691,436,401	715,850,898	777,315,845
4,929,108	5,254,070	9,718,628	5,782,434	8,259,275	13,330,054
83,329,821	101,620,413	70,969,228	84,744,052	107,682,381	256,198,616
<u>595,983,607</u>	<u>641,197,086</u>	<u>698,071,703</u>	<u>781,962,887</u>	<u>831,792,554</u>	<u>1,046,844,515</u>
1,634,855,805	1,719,860,476	1,860,450,567	2,047,140,196	2,163,770,651	2,366,070,848
61,963,976	101,977,079	111,421,110	90,115,962	120,902,582	196,820,504
253,149,826	319,411,484	312,957,409	385,676,770	379,606,400	476,577,788
<u>\$ 1,949,969,607</u>	<u>\$ 2,141,249,039</u>	<u>\$ 2,284,829,086</u>	<u>\$ 2,522,932,928</u>	<u>\$ 2,664,279,633</u>	<u>\$ 3,039,469,139</u>

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 16,368,596	\$ 16,056,067	\$ 19,876,258	\$ 21,710,991	\$ 25,292,915	\$ 25,032,878
22,163,779	21,325,245	34,337,771	35,579,245	47,281,856	47,607,625
30,595,771	31,514,689	45,234,825	48,827,933	55,923,429	55,346,504
63,559,050	67,513,954	79,768,892	82,385,649	85,503,190	87,214,028
11,767,581	12,711,057	16,235,562	19,476,603	18,130,943	17,265,423
8,032,897	8,379,016	10,157,559	11,282,478	14,385,925	12,249,105
688,099	3,361	3,361	3,361	3,361	3,361
25,691,770	27,056,634	31,692,510	33,052,495	34,313,218	41,057,128
12,026,835	9,842,274	10,073,504	10,320,735	10,765,522	12,062,772
3,539,815	3,123,059	3,703,196	4,085,672	2,901,883	5,182,903
-	-	-	-	-	-
8,562,349	9,198,977	9,983,812	10,974,190	13,075,871	13,764,055
2,854,070	3,111,217	3,346,430	6,145,138	6,711,839	6,567,650
10,887,445	10,767,083	27,396,437	14,104,665	16,367,275	16,902,798
5,846,714	5,963,138	5,379,052	5,056,113	4,504,920	4,565,427
<u>222,584,771</u>	<u>226,565,771</u>	<u>297,189,168</u>	<u>303,005,268</u>	<u>335,162,147</u>	<u>344,821,657</u>
9,170,719	10,011,887	9,417,813	9,079,572	9,148,994	10,213,802
3,191,297	2,945,638	3,379,597	3,196,534	3,507,732	3,297,041
8,960,066	10,051,934	11,614,441	11,397,303	12,586,311	13,355,836
26,617,691	26,505,185	29,564,158	31,073,556	33,328,598	33,857,809
25,725,220	26,185,994	29,733,235	31,418,178	34,799,541	39,367,485
73,664,993	75,700,638	83,709,244	86,165,143	93,371,176	100,091,973
<u>\$ 296,249,764</u>	<u>\$ 302,266,409</u>	<u>\$ 380,898,412</u>	<u>\$ 389,170,411</u>	<u>\$ 428,533,323</u>	<u>\$ 444,913,630</u>

Statistics (Unaudited)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 2,301,159	\$ 2,322,206	\$ 2,685,163	\$ 2,921,525
Public Health	4,763,133	4,604,936	4,446,066	3,922,843
Urban and Economic Development	6,075,495	4,478,990	4,344,827	4,591,793
Other Activities	3,255,196	3,880,707	3,558,292	3,163,729
Operating Grants and Contributions	16,792,102	16,081,817	14,222,835	13,353,539
Capital Grants and Contributions	28,342,191	18,666,162	21,112,481	14,584,653
Total Governmental Activities Program Revenues	<u>61,529,276</u>	<u>50,034,818</u>	<u>50,369,664</u>	<u>42,538,082</u>
Business-type Activities:				
Charges for Services				
Water	35,061,789	35,680,449	34,480,725	33,393,265
Water Reclamation	28,488,007	29,233,798	31,282,531	33,339,627
Other Activities	21,575,174	22,368,836	23,704,610	23,832,273
Operating Grants and Contributions	95,253	181,301	75,559	145,976
Capital Grants and Contributions	11,488,226	11,623,136	11,766,244	10,300,249
Total Business-Type Activities Program Revenues	<u>96,708,449</u>	<u>99,087,520</u>	<u>101,309,669</u>	<u>101,011,390</u>
Total Primary Government Program Revenues	<u>158,237,725</u>	<u>149,122,338</u>	<u>151,679,333</u>	<u>143,549,472</u>
Net (Expense)/Revenue				
Governmental Activities	(171,444,945)	(139,667,984)	(184,745,748)	(190,980,112)
Business-type Activities	23,915,968	30,176,239	26,654,022	28,471,737
Total Primary Government Net Expense	<u>(147,528,977)</u>	<u>(109,491,745)</u>	<u>(158,091,726)</u>	<u>(162,508,375)</u>
General Revenue and Transfers				
Governmental Activities:				
Taxes				
Property Tax	57,526,833	60,115,348	62,653,215	66,606,043
Sales Tax	129,901,666	132,448,059	137,004,842	150,230,509
Frontage Tax	11,977,806	12,852,386	13,907,487	14,738,508
Amusement Tax	10,248	10,800	9,768	9,948
Unrestricted State and County Shared Revenues	5,313,720	5,886,719	6,070,876	6,657,602
Unrestricted Investment Earnings	1,119,262	1,580,596	2,845,228	4,784,546
Miscellaneous Revenue, Net	965,526	2,276,359	3,856,605	2,688,629
Market Value Adjustment to Land Held for Resale	(20,523,616)	-	-	-
Change in Accounting Estimates	-	-	-	-
Special Items	-	-	-	-
Transfers of Fixed Assets	-	-	-	-
Transfers	417,005	2,001,008	193,923	257,314
Total Governmental Activities General Revenues	<u>186,708,450</u>	<u>217,171,275</u>	<u>226,541,944</u>	<u>245,973,099</u>
Business-type Activities:				
Unrestricted Investment Earnings	622,327	736,462	1,679,659	2,744,970
Miscellaneous Revenue, Net	2,674,756	3,358,639	2,667,387	2,329,339
Transfers of fixed assets	-	-	-	-
Transfers	(417,005)	(2,001,008)	(193,923)	(257,314)
Total Business-type Activities General Revenues	<u>2,880,078</u>	<u>2,094,093</u>	<u>4,153,123</u>	<u>4,816,995</u>
Total Primary Government General Revenues	<u>189,588,528</u>	<u>219,265,368</u>	<u>230,695,067</u>	<u>250,790,094</u>
Change in Net Position				
Governmental Activities	15,263,505	77,503,291	41,796,196	54,992,987
Business-type Activities	26,796,046	32,270,332	30,807,145	33,288,732
Total Primary Government	<u>\$ 42,059,551</u>	<u>\$ 109,773,623</u>	<u>\$ 72,603,341</u>	<u>\$ 88,281,719</u>

Statistics (Unaudited)

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 1,992,317	\$ 2,133,231	\$ 6,829,319	\$ 4,001,503	\$ 2,920,273	\$ 2,994,623
4,232,830	3,150,472	4,230,973	5,567,825	5,308,129	6,706,945
5,121,323	5,693,465	10,075,793	6,673,209	6,246,808	7,897,801
2,752,919	4,060,966	4,738,595	4,736,264	7,658,141	8,429,034
60,862,777	19,566,692	18,147,797	40,967,648	23,852,594	25,311,477
30,964,335	65,006,346	39,378,506	62,388,264	34,193,238	99,910,264
<u>105,926,501</u>	<u>99,611,172</u>	<u>83,400,983</u>	<u>124,334,713</u>	<u>80,179,183</u>	<u>151,250,144</u>
39,680,667	40,588,378	41,029,032	44,822,440	44,605,494	47,635,904
35,166,721	36,374,385	38,501,561	40,420,824	45,606,455	48,587,382
23,245,937	24,660,955	26,208,545	26,523,170	27,371,378	29,758,737
356,932	40,408	260,000	30,450	-	-
13,572,824	12,100,727	33,418,736	50,236,294	15,057,984	25,324,402
<u>112,023,081</u>	<u>113,764,853</u>	<u>139,417,874</u>	<u>162,033,178</u>	<u>132,641,311</u>	<u>151,306,425</u>
<u>217,949,582</u>	<u>213,376,025</u>	<u>222,818,857</u>	<u>286,367,891</u>	<u>212,820,494</u>	<u>302,556,569</u>
(116,658,270)	(126,954,599)	(213,788,185)	(178,670,555)	(254,982,964)	(193,571,513)
<u>38,358,088</u>	<u>38,064,215</u>	<u>55,708,630</u>	<u>78,323,934</u>	<u>39,270,135</u>	<u>51,214,452</u>
<u>(78,300,182)</u>	<u>(88,890,384)</u>	<u>(158,079,555)</u>	<u>(100,346,621)</u>	<u>(215,712,829)</u>	<u>(142,357,061)</u>
70,347,223	74,268,771	77,477,025	85,422,885	91,842,331	98,277,880
145,208,619	174,351,412	191,842,140	196,204,090	205,839,294	208,538,388
15,362,566	16,327,123	16,946,752	17,868,934	19,180,851	20,231,998
10,332	228	-	-	-	-
12,010,898	7,385,678	10,958,647	13,324,870	18,456,018	11,626,717
2,798,038	2,041	(1,717,960)	13,616,803	14,360,347	13,846,690
1,707,136	3,655,711	3,769,050	4,931,027	5,349,063	4,725,113
-	-	-	-	-	-
-	(2,086,979)	-	-	-	-
-	-	-	-	4,550,735	-
-	-	-	-	91,820	(3,673,049)
781,450	(883,433)	1,217,961	362,428	135,062	135,321
<u>248,226,262</u>	<u>273,020,552</u>	<u>300,493,615</u>	<u>331,731,037</u>	<u>359,805,521</u>	<u>353,709,058</u>
1,675,369	(11,953)	(1,181,158)	3,631,600	4,750,375	7,631,249
9,307,233	6,277,784	3,565,106	4,753,977	7,676,262	152,668,532
-	-	-	-	(91,820)	3,673,049
(781,450)	883,433	(1,217,961)	(362,428)	(135,062)	(135,321)
<u>10,201,152</u>	<u>7,149,264</u>	<u>1,165,987</u>	<u>8,023,149</u>	<u>12,199,755</u>	<u>163,837,509</u>
<u>258,427,414</u>	<u>280,169,816</u>	<u>301,659,602</u>	<u>339,754,186</u>	<u>372,005,276</u>	<u>517,546,567</u>
131,567,992	146,065,953	86,705,430	153,060,482	104,822,557	160,137,545
48,559,240	45,213,479	56,874,617	83,891,184	51,469,890	215,051,961
<u>\$ 180,127,232</u>	<u>\$ 191,279,432</u>	<u>\$ 143,580,047</u>	<u>\$ 236,951,666</u>	<u>\$ 156,292,447</u>	<u>\$ 375,189,506</u>

Statistics (Unaudited)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund				
Nonspendable	\$ 1,900,996	\$ 1,874,905	\$ 1,412,454	\$ 1,624,447
Restricted	244,518	133,904	124,675	185,877
Committed	-	459,992	587,967	689,246
Assigned	2,156,362	3,922,353	3,748,292	3,273,637
Unassigned	40,025,896	42,771,535	48,307,674	52,430,111
Total General Fund	<u>\$ 44,327,772</u>	<u>\$ 49,162,689</u>	<u>\$ 54,181,062</u>	<u>\$ 58,203,318</u>
Sales/Use Tax Fund				
Nonspendable	\$ 6,725,070	\$ 6,725,070	\$ 6,725,070	\$ 6,725,070
Restricted	25,758,873	24,458,155	21,591,279	21,482,589
Committed	14,208,698	18,466,766	25,600,285	32,728,604
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Sales/Use Tax Fund	<u>\$ 46,692,641</u>	<u>\$ 49,649,991</u>	<u>\$ 53,916,634</u>	<u>\$ 60,936,263</u>
All Other Governmental Funds				
Nonspendable	\$ 449,872	\$ 26,767	\$ 57,332	\$ 57,332
Restricted	38,027,058	46,100,244	32,947,590	30,600,887
Committed	7,209,231	10,600,236	13,283,731	14,330,127
Assigned	6,870,924	5,142,548	3,894,960	4,865,199
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 52,557,085</u>	<u>\$ 61,869,795</u>	<u>\$ 50,183,613</u>	<u>\$ 49,853,545</u>

Statistics (Unaudited)

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

2020	2021	2022	2023	2024	2025
\$ 2,059,101	\$ 2,874,421	\$ 2,373,125	\$ 4,863,435	\$ 6,054,839	\$ 6,269,294
445,312	350,899	269,406	1,637,636	2,843,149	1,957,968
990,427	1,585,708	2,017,777	2,545,495	2,900,771	5,649,145
5,415,925	4,793,169	1,631,843	6,323,922	6,794,651	3,676,808
79,692,536	72,880,386	81,185,114	79,690,247	74,345,494	71,386,014
\$ 88,603,301	\$ 82,484,583	\$ 87,477,265	\$ 95,060,735	\$ 92,938,904	\$ 88,939,229
\$ 5,960,780	\$ 4,808,186	\$ 4,494,610	\$ 4,463,657	\$ 4,506,845	\$ 4,653,473
17,043,609	16,437,284	16,699,320	28,038,286	18,747,505	14,540,248
21,868,150	53,608,572	61,533,898	67,583,045	75,252,817	86,505,994
-	-	-	-	-	-
-	-	-	-	-	-
\$ 44,872,539	\$ 74,854,042	\$ 82,727,828	\$ 100,084,988	\$ 98,507,167	\$ 105,699,715
\$ 127,261	\$ 127,261	\$ 127,261	\$ 77,980	\$ 119,281	\$ 77,980
78,429,095	79,026,437	59,121,335	48,778,374	57,179,117	82,444,467
11,986,573	15,692,992	22,969,388	30,643,950	30,819,607	22,909,496
5,973,504	8,405,938	11,918,653	9,968,923	16,599,294	17,937,128
-	-	-	-	-	-
\$ 96,516,433	\$ 103,252,628	\$ 94,136,637	\$ 89,469,227	\$ 104,717,299	\$ 123,369,071

Statistics (Unaudited)

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues				
Taxes	\$ 199,433,538	\$ 205,299,070	\$ 213,646,562	\$ 227,694,022
Licenses and Permits	6,454,811	6,341,922	6,686,566	7,222,519
Intergovernmental	17,931,385	18,604,384	20,653,942	18,544,630
Charges for Goods and Services	7,593,729	8,197,334	7,625,412	6,707,246
Fines and Forfeitures	603,324	675,779	643,186	608,262
Investment Revenue	891,242	1,352,449	2,438,863	4,098,656
Miscellaneous Revenue	9,885,564	8,657,161	7,673,483	7,149,296
Total Revenues	<u>242,793,593</u>	<u>249,128,099</u>	<u>259,368,014</u>	<u>272,024,631</u>
Expenditures				
General Government	14,671,542	15,116,233	17,118,939	16,051,289
Public Safety	58,992,557	60,009,602	62,576,455	65,210,253
Highways and Streets	26,378,226	24,941,562	27,869,307	30,077,674
Public Health	11,444,358	11,991,217	11,777,284	12,722,437
Culture and Recreation	28,675,260	28,296,000	27,827,396	32,626,555
Urban and Economic Development	24,463,096	21,543,950	21,656,795	23,617,920
Capital Outlay	71,276,140	75,557,810	80,333,818	65,406,226
Debt Service:				
Principal-Bonds	12,552,939	11,548,174	24,606,227	10,163,450
Principal-Right to Use Leases	-	-	-	-
Principal-Subscription-Based IT Arrangements	-	-	-	-
Interest and Fiscal Charges	6,673,616	7,203,378	6,845,551	6,531,959
Total Expenditures	<u>255,127,734</u>	<u>256,207,926</u>	<u>280,611,772</u>	<u>262,407,763</u>
Revenues Over (Under) Expenditures	(12,334,141)	(7,079,827)	(21,243,758)	9,616,868
Other Financing Sources (Uses)				
Sale of Surplus Property	544,874	929,322	328,304	50,768
Impairment of Land Held for Resale	-	-	-	-
Loss on Sale of Land Held for Resale	(20,523,616)	-	-	-
Damage Recovery	62,013	65,648	239,198	75,735
Revenue Bonds Issued	20,260,000	-	17,523,868	1,511,132
Revenue Bond Premiums	3,734,423	-	1,388,307	-
Issuance of Debt	-	-	-	-
Leases Issued	-	-	-	-
Subscription Arrangements Issued	-	-	-	-
Cost of Issuance	(110,000)	-	-	-
Underwriter Discount	(145,699)	-	-	-
Transfers In	18,425,374	7,782,375	9,090,213	7,569,232
Transfers Out	(18,875,181)	(8,225,371)	(9,727,298)	(8,111,918)
Total Other Financing Sources (Uses)	<u>3,372,188</u>	<u>551,974</u>	<u>18,842,592</u>	<u>1,094,949</u>
Special Item	-	-	-	-
Net Change in Fund Balances	<u>\$ (8,961,953)</u>	<u>\$ (6,527,853)</u>	<u>\$ (2,401,166)</u>	<u>\$ 10,711,817</u>
Debt service as a percentage of noncapital expenditures	<u>10.46%</u>	<u>10.38%</u>	<u>15.70%</u>	<u>8.47%</u>

Statistics (Unaudited)

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 229,392,793	\$ 262,506,977	\$ 287,231,157	\$ 301,013,392	\$ 313,720,070	\$ 324,715,392
6,675,773	7,350,385	16,290,052	11,338,445	9,474,192	11,222,614
71,585,043	24,363,428	29,188,681	34,804,997	42,442,296	41,210,658
6,745,535	6,813,302	8,755,386	8,749,580	11,865,482	13,873,318
624,945	617,266	698,003	857,951	766,003	820,038
2,250,791	(74,731)	(1,224,280)	11,785,180	12,173,467	11,457,619
8,017,038	16,988,142	12,875,601	30,381,595	14,648,225	18,079,528
<u>325,291,918</u>	<u>318,564,769</u>	<u>353,814,600</u>	<u>398,931,140</u>	<u>405,089,735</u>	<u>421,379,167</u>
17,157,976	18,013,384	19,111,341	20,250,629	22,979,928	23,774,738
68,324,683	73,811,670	78,071,143	82,755,839	95,112,107	98,983,195
27,624,064	29,727,408	36,072,125	38,485,457	36,194,316	37,971,018
12,798,311	14,441,751	16,001,401	19,185,410	17,264,408	17,044,278
32,615,794	33,082,743	36,247,293	37,958,890	40,186,605	45,817,409
25,550,223	26,726,280	43,201,877	34,140,493	36,878,124	40,702,492
88,007,834	74,552,688	103,199,746	129,814,676	124,900,913	129,272,332
39,962,243	10,369,505	10,917,738	12,845,311	11,309,833	11,742,990
-	-	1,123,828	1,978,510	2,373,746	2,438,077
-	-	-	188,559	186,605	112,926
6,388,421	6,768,427	6,160,531	5,883,566	5,443,971	5,465,218
<u>318,429,549</u>	<u>287,493,856</u>	<u>350,107,023</u>	<u>383,487,340</u>	<u>392,830,556</u>	<u>413,324,673</u>
6,862,369	31,070,913	3,707,577	15,443,800	12,259,179	8,054,494
25,515	150,771	219,970	87,518	139,604	220,293
-	-	(774,698)	-	-	-
(178,609)	-	-	-	-	-
77,653	98,377	71,681	150,780	131,053	204,875
42,315,000	-	-	-	-	23,395,000
11,613,131	-	-	-	-	2,340,739
302,638	2,474,636	1,408,089	33,706	-	-
-	-	781,229	6,994,660	13,630	222,398
-	-	-	145,108	68,759	-
-	-	-	-	-	-
-	-	-	-	-	-
34,346,677	24,816,683	9,654,625	14,595,702	19,692,102	12,331,631
<u>(34,365,227)</u>	<u>(28,012,400)</u>	<u>(11,317,996)</u>	<u>(17,178,054)</u>	<u>(22,245,742)</u>	<u>(24,924,785)</u>
<u>54,136,778</u>	<u>(471,933)</u>	<u>42,900</u>	<u>4,829,420</u>	<u>(2,200,594)</u>	<u>13,790,151</u>
-	-	-	-	1,489,535	-
<u>\$ 60,999,147</u>	<u>\$ 30,598,980</u>	<u>\$ 3,750,477</u>	<u>\$ 20,273,220</u>	<u>\$ 11,548,120</u>	<u>\$ 21,844,645</u>
<u>20.12%</u>	<u>8.05%</u>	<u>7.37%</u>	<u>8.24%</u>	<u>7.21%</u>	<u>6.96%</u>

Statistics (Unaudited)

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

Revenues	2016	2017	2018	2019
Taxes				
Property	\$ 55,003,521	\$ 57,591,924	\$ 60,238,488	\$ 63,876,772
Sales	59,752,884	60,858,378	63,129,282	67,476,813
Other	7,819,721	7,840,216	7,623,778	7,951,750
Total Taxes	<u>122,576,126</u>	<u>126,290,518</u>	<u>130,991,548</u>	<u>139,305,335</u>
Licenses and Permits	6,358,512	6,244,892	6,592,722	7,134,410
Intergovernmental (Federal/State/County)	12,520,695	12,861,715	13,156,642	13,883,537
Charges for Goods and Services	7,352,332	7,901,982	7,505,118	6,611,258
Fines and Forfeitures	603,246	675,779	643,186	608,262
Investment Revenue	506,557	624,818	1,525,462	1,805,304
Miscellaneous Revenue	966,278	998,820	1,074,787	1,073,872
Total Revenues	<u>150,883,746</u>	<u>155,598,524</u>	<u>161,489,465</u>	<u>170,421,978</u>
Expenditures				
General Government				
Mayor	491,501	380,368	438,090	694,804
City Council	1,564,985	1,336,895	1,541,964	1,252,717
Attorney	1,652,169	1,721,801	1,695,939	1,844,077
Human Resources	1,368,656	1,341,094	1,445,483	1,534,973
Finance	2,685,762	3,056,468	3,081,463	3,053,437
Facilities Management	1,645,147	1,773,706	1,782,463	1,710,712
Innovation and Technology	3,464,036	3,636,253	3,949,079	4,110,842
Communications	1,797,448	1,865,398	1,923,443	1,843,762
Total General Government	<u>14,669,704</u>	<u>15,111,983</u>	<u>15,857,924</u>	<u>16,045,324</u>
Public Safety				
Fire	26,075,093	26,208,602	27,037,032	28,372,246
Police	32,917,464	33,784,986	35,539,023	36,838,007
Total Public Safety	<u>58,992,557</u>	<u>59,993,588</u>	<u>62,576,055</u>	<u>65,210,253</u>
Highways and Streets	<u>23,686,638</u>	<u>21,776,451</u>	<u>24,677,397</u>	<u>27,019,132</u>
Health	<u>11,444,358</u>	<u>11,991,217</u>	<u>11,777,284</u>	<u>12,722,437</u>
Culture and Recreation				
Parks and Recreation	16,966,026	17,969,194	17,197,750	19,666,616
Libraries	7,439,872	6,818,309	6,869,696	7,366,182
Museum	552,936	575,582	582,848	630,199
Total Culture and Recreation	<u>24,958,834</u>	<u>25,363,085</u>	<u>24,650,294</u>	<u>27,662,997</u>
Urban and Economic Development				
Planning and Development Services	5,427,327	5,443,391	5,572,369	10,481,748
Economic Development	4,632,115	4,760,818	4,373,239	-
Total Urban and Economic Development	<u>10,059,442</u>	<u>10,204,209</u>	<u>9,945,608</u>	<u>10,481,748</u>
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>143,811,533</u>	<u>144,440,533</u>	<u>149,484,562</u>	<u>159,141,891</u>
Revenues Over (Under) Expenditures	<u>7,072,213</u>	<u>11,157,991</u>	<u>12,004,903</u>	<u>11,280,087</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	84,443	36,952	39,857	32,052
Damage Recovery	62,013	60,577	72,220	72,035
Leases Issued	-	-	-	-
Subscription Arrangements Issued	-	-	-	-
Transfers Out	(8,418,278)	(7,160,607)	(7,098,607)	(7,361,918)
Total Other Financing Sources (Uses)	<u>(8,271,822)</u>	<u>(7,063,078)</u>	<u>(6,986,530)</u>	<u>(7,257,831)</u>
Net Change in Fund Balances	<u>\$ (1,199,609)</u>	<u>\$ 4,094,913</u>	<u>\$ 5,018,373</u>	<u>\$ 4,022,256</u>

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

2019 - Economic Development combined into Planning and Development Services

2021 - Museum combined into Libraries

Statistics (Unaudited)

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

2020	2021	2022	2023	2024	2025
\$ 67,680,168	\$ 71,238,553	\$ 74,004,197	\$ 79,096,811	\$ 85,067,481	\$ 90,814,680
67,135,048	79,605,916	89,379,982	91,478,955	93,648,127	95,533,726
7,190,129	8,200,710	8,485,204	8,697,682	8,845,307	8,907,533
<u>142,005,345</u>	<u>159,045,179</u>	<u>171,869,383</u>	<u>179,273,448</u>	<u>187,560,915</u>	<u>195,255,939</u>
6,502,389	7,186,778	16,135,111	11,189,508	9,333,251	11,093,971
65,040,580	16,381,687	18,356,117	20,466,010	18,011,417	17,562,392
6,468,305	6,509,776	8,572,791	8,731,601	8,675,068	10,580,800
624,945	617,246	698,003	857,951	766,003	820,038
1,115,743	(13,202)	(881,581)	4,363,106	4,715,929	4,586,596
1,433,859	1,729,022	1,429,173	1,647,783	2,286,891	2,625,978
<u>223,191,166</u>	<u>191,456,486</u>	<u>216,178,997</u>	<u>226,529,407</u>	<u>231,349,474</u>	<u>242,525,714</u>
787,202	780,093	771,446	858,836	890,818	838,815
1,559,494	1,453,236	1,624,898	1,388,131	1,820,979	1,549,953
1,848,104	1,974,899	2,292,788	2,460,380	2,799,952	2,845,566
1,518,889	1,767,622	1,956,376	2,118,329	2,306,636	2,520,762
3,203,946	3,203,263	3,557,383	3,721,598	4,064,522	4,373,067
1,850,791	1,978,474	1,946,395	1,999,992	2,109,737	2,229,672
4,278,188	4,702,385	4,845,044	5,309,941	6,134,846	6,509,510
1,733,322	2,153,412	2,117,011	2,393,422	2,852,438	2,907,393
<u>16,779,936</u>	<u>18,013,384</u>	<u>19,111,341</u>	<u>20,250,629</u>	<u>22,979,928</u>	<u>23,774,738</u>
29,533,311	31,720,669	33,047,888	34,005,308	37,211,368	38,281,564
38,748,970	41,896,117	45,023,255	48,103,883	52,020,888	54,431,511
<u>68,282,281</u>	<u>73,616,786</u>	<u>78,071,143</u>	<u>82,109,191</u>	<u>89,232,256</u>	<u>92,713,075</u>
24,485,075	25,433,789	29,266,886	34,599,881	31,786,255	33,422,963
<u>12,798,311</u>	<u>14,441,751</u>	<u>16,001,401</u>	<u>19,185,410</u>	<u>17,264,408</u>	<u>17,044,278</u>
18,172,878	20,596,649	23,131,394	24,263,616	25,706,471	30,227,234
7,611,264	8,714,279	8,978,074	9,355,256	9,995,643	10,167,137
684,738	-	-	-	-	-
<u>26,468,880</u>	<u>29,310,928</u>	<u>32,109,468</u>	<u>33,618,872</u>	<u>35,702,114</u>	<u>40,394,371</u>
10,463,726	11,166,783	26,141,612	12,887,338	14,318,164	14,858,077
-	-	-	-	-	-
<u>10,463,726</u>	<u>11,166,783</u>	<u>26,141,612</u>	<u>12,887,338</u>	<u>14,318,164</u>	<u>14,858,077</u>
-	-	1,129,640	2,281,162	2,722,367	2,643,042
-	-	781,230	7,139,768	82,389	215,327
<u>159,278,209</u>	<u>171,983,421</u>	<u>202,612,721</u>	<u>212,072,251</u>	<u>214,087,881</u>	<u>225,065,871</u>
63,912,957	19,473,065	13,566,276	14,457,156	17,261,593	17,459,843
24,600	12,240	39,543	37,365	45,784	51,413
77,653	98,377	71,681	150,780	68,442	160,742
-	-	781,229	6,994,660	13,630	215,327
-	-	-	145,108	68,759	-
<u>(33,615,227)</u>	<u>(25,702,400)</u>	<u>(9,466,047)</u>	<u>(14,201,599)</u>	<u>(19,580,039)</u>	<u>(21,887,000)</u>
<u>(33,512,974)</u>	<u>(25,591,783)</u>	<u>(8,573,594)</u>	<u>(6,873,686)</u>	<u>(19,383,424)</u>	<u>(21,459,518)</u>
<u>\$ 30,399,983</u>	<u>\$ (6,118,718)</u>	<u>\$ 4,992,682</u>	<u>\$ 7,583,470</u>	<u>\$ (2,121,831)</u>	<u>\$ (3,999,675)</u>

Statistics (Unaudited)

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

Fiscal Year	General Property Tax	General Sales Tax 1st Penny	Capital Improvement Sales Tax 2nd Penny	Entertainment Tax	Lodging Tax	Hotel BID Tax	Frontage Taxes	Other Taxes	Total Taxes
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
2023	85,266,733	91,478,955	91,478,955	11,260,215	1,364,047	2,181,783	17,868,934	113,770	301,013,392
2024	91,668,009	93,648,127	93,648,127	11,842,503	1,412,081	2,190,557	19,180,851	129,815	313,720,070
2025	97,908,994	95,533,726	95,533,726	11,701,124	1,431,481	2,250,944	20,231,998	123,399	324,715,392

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

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

Fiscal Year	City Direct Operating Rate ²	Overlapping Rates ¹				Total Rate
		COUNTYS		SCHOOL DISTRICTS		
		Minnehaha	Lincoln	Sioux Falls	Others	
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
2023	3.89	3.04	1.95	7.66	7.65-10.15	13.49-17.08
2024	3.62	2.97	1.88	7.30	7.30-9.35	12.80-15.94
2025	3.62	2.93	1.85	7.13	7.13-8.90	12.60-15.45

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.

Statistics (Unaudited)

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

Fiscal Year Payable	Real Property		Public Utilities		Total		Ratio Taxable to Actual Assessed Value	Total Direct Tax Rate	Estimated Market Value
	Assessed Taxable Value	Assessed Actual Value	Assessed Taxable Value	Assessed Actual Value	Assessed Taxable Value	Assessed Actual Value			
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
2023	20,307,671,848	22,108,343,264	175,267,390	175,267,390	20,482,939,238	22,283,610,654	91.9%	3.89	24,097,575,574
2024	23,784,961,978	25,494,595,313	178,540,396	178,540,396	23,963,502,374	25,673,135,709	93.3%	3.62	28,192,355,734
2025	25,310,675,068	28,223,003,680	207,228,638	207,228,638	25,517,903,706	28,430,232,318	89.8%	3.62	30,021,063,184

Source: Minnehaha and Lincoln Counties

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

Table IX
Property Tax Levies and Collections¹
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Total Direct Rate Applied ²
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
2023	79,390,763	78,496,975	98.87%	559,608	79,056,583	99.58%	3.89
2024	85,224,072	83,948,660	98.50%	742,731	84,691,391	99.37%	3.62
2025	91,027,444	89,579,463	98.41%	738,981	90,318,443	99.22%	3.62

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

² Total Tax Levy divided by Total Assessed Taxable Value

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2025

Statistics (Unaudited)

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

2025 TOTAL ASSESSED TAXABLE VALUATION		<u>\$ 25,517,903,706</u>			2015		
Taxpayer	Type of Business	2025		% of Total City Taxable Assessed Value	2015		% of Total City Taxable Assessed Value
		Assessed Taxable Value	Rank		Assessed Taxable Value	Rank	
Lloyd Property Management	Real Estate	\$ 658,459,100	1	2.58%	\$ 173,407,372	1	1.62%
Sanford Health (Sioux Valley Hospital)	Medical	500,656,800	2	1.96%	109,385,982	3	1.02%
Avera Health (Presentation Sisters)	Medical	200,530,000	3	0.79%	59,040,410	4	0.55%
USRE Stampede LLC	Warehouse/Shopping	139,893,900	4	0.55%	-	-	N/A
Tzadik Sioux Falls LLC	Property Mgmt	124,737,800	5	0.49%	-	-	N/A
Cherapa Place, LLC	Office	112,123,000	6	0.44%	-	-	N/A
Lineage Logistics, LLC	Food Storage	75,586,400	7	0.30%	-	-	N/A
SM Empire Mall LLC	Shopping Malls	72,544,400	7	0.28%	111,476,123	2	1.04%
Blackstreet Partners, LLC	Financial	68,742,600	9	0.27%	-	-	N/A
Billion Family	Auto Dealer	65,417,000	10	0.26%	40,654,086	8	0.38%
Wal-Mart (Wal-Mart & Sams)	Real Estate	-	-	n/a	45,665,935	5	0.43%
Dunham Homes, LLC	Real Estate	-	-	n/a	42,080,021	7	0.39%
123 Sioux Falls LLC (Citibank)	Financial	-	-	n/a	35,426,340	9	0.33%
First National Bank	Financial	-	-	n/a	32,732,582	10	0.31%
Ronning Enterprises	Real Estate	-	-	n/a	42,390,582	6	0.40%
Totals		<u>\$ 2,018,691,000</u>		<u>7.91%</u>	<u>\$ 692,259,433</u>		<u>6.48%</u>

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture, Forestry, & Fishing	\$ 58,605	\$ 63,483	\$ 72,087	\$ 80,676	\$ 79,753	\$ 90,563	\$ 103,776	\$ 122,172	\$ 125,994	\$ 128,506
Mining & Construction	122,760	130,855	130,587	133,185	121,444	142,582	225,058	221,815	202,178	229,730
Manufacturing	208,465	208,963	206,269	234,957	237,203	317,832	410,220	408,866	367,269	358,475
Transportation & Public Utilities	617,413	634,813	650,263	689,143	625,617	620,313	696,517	676,627	700,433	705,918
Wholesale Trade	390,562	378,277	422,672	482,900	465,150	580,612	750,398	758,764	734,321	738,758
Retail Trade	3,199,944	3,231,286	3,339,745	3,537,812	3,688,235	4,424,382	4,867,661	5,003,243	5,145,039	5,213,370
Finance, Insurance, & Real Estate	196,085	202,994	225,700	227,432	222,615	265,061	276,312	139,099	249,658	214,128
Services	1,234,127	1,278,421	1,334,234	1,426,328	1,324,875	1,596,408	1,696,067	1,883,979	1,915,726	2,039,434
Public Administration	953	445	414	319	417	541	239	265	677	1,058
Other	1	-	33	24	37	210	162	72	136	151
Total	<u>\$ 6,028,915</u>	<u>\$ 6,129,537</u>	<u>\$ 6,382,004</u>	<u>\$ 6,812,776</u>	<u>\$ 6,765,346</u>	<u>\$ 8,038,504</u>	<u>\$ 9,026,410</u>	<u>\$ 9,214,902</u>	<u>\$ 9,441,431</u>	<u>\$ 9,629,528</u>

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.

Statistics (Unaudited)

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percent of Personal Income ¹	Per Capita ¹
	Sales Tax Revenue Bonds	Tax Increment Financing District Bonds	State Revolving Fund Notes	State Flex Notes	Right to Use Liabilities	Revenue Bonds	State Revolving Fund Notes	Right to Use Liabilities			
2016	\$ 194,050,721	\$ 1,335,000	\$ 3,577,342	\$ 500,000	\$ -	\$ 62,585,000	\$ -	\$ -	\$ 350,274,095	2.52%	\$ 1,912
2017	185,410,013	810,000	729,168	500,000	-	36,602,380	-	-	316,549,911	2.18%	1,691
2018	173,032,612	425,000	7,331,809	500,000	-	52,230,717	-	-	323,957,834	2.05%	1,698
2019	162,880,690	170,000	8,549,491	500,000	-	49,302,803	80,230,517	-	301,633,501	1.81%	1,540
2020	177,386,774	-	7,799,885	600,000	-	45,300,105	81,223,600	-	312,310,364	1.70%	1,542
2021	167,095,440	-	9,445,016	600,000	-	41,236,268	87,705,329	-	306,082,053	0.15%	1,465
2022	156,293,821	-	9,990,367	600,000	3,368,429	36,935,572	85,938,064	57,039	293,183,292	1.35%	1,371
2023	143,794,185	-	8,838,763	600,000	9,625,647	32,159,929	132,540,911	66,616	327,626,051	1.42%	1,532
2024	132,785,185	-	7,598,930	600,000	8,500,917	26,181,637	202,167,222	38,149	377,872,040	n/a	1,721
2025	146,977,393	-	6,345,940	600,000	4,852,213	20,052,778	238,074,918	57,339	416,960,581	n/a	1,856

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. Personal income data no longer available as of 2024.

**Table XIII
Legal Debt Margin Information
Last Ten Fiscal Years**

Fiscal Year	Total Net Debt		Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit
	Debt Limit	Applicable to the Limit		
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%
2023	1,114,180,533	294,847,941	819,332,592	26.46%
2024	1,283,656,785	337,685,730	945,971,055	26.31%
2025	1,421,511,616	390,662,835	1,030,848,781	27.48%

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

Statistics (Unaudited)

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

Government	Debt Outstanding	City's Share of Debt	
		Percentage ¹	Total
City of Sioux Falls	\$ 158,775,546	100.00%	\$ 158,775,546
Total Direct Debt			158,775,546
Sioux Falls School District	233,175,000	98.73%	230,213,678
Tri-Valley School District	58,605,000	46.64%	27,333,372
Brandon Valley School District	53,900,000	36.06%	19,436,340
Harrisburg School District	212,328,754	86.15%	182,921,222
Tea Area School District	89,882,913	91.15%	81,928,275
West Central	13,415,000	4.50%	603,675
Lennox School District	25,960,000	13.85%	3,595,460
Minnehaha County	92,080,000	74.19%	68,314,152
Lincoln County	58,250,000	44.85%	26,125,125
Total Overlapping Debt			640,471,299
Total Direct and Overlapping Debt			\$ 799,246,845

Source: The individual entity specified.

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

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

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

Fiscal Year	Total Sales Tax Revenues ¹	Pledged ²			Repayment ³			Ratio of Sales Tax Revenues to Debt Service	
		Principal ⁴	Interest	Total Debt Service	Principal	Interest	Total Debt Service		
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
2023	91,478,955	15,845,000	7,026,089	22,871,089	4.00	11,660,000	5,631,828	17,291,828	5.29
2024	93,648,127	15,215,000	6,376,274	21,591,274	4.34	10,070,000	5,172,878	15,242,878	6.14
2025	95,533,726	15,680,000	6,184,110	21,864,110	4.37	10,490,000	5,219,475	15,709,475	6.08

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.

Statistics (Unaudited)

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

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
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
2023	12,830,852	609,672	13,440,524	3,885,576	9,554,948	1,185,311	95,513	1,280,824	7.46
2024	14,067,997	-	14,067,997	4,408,061	9,659,936	1,239,832	83,686	1,323,518	7.30
2025	15,130,289	-	15,130,289	4,548,055	10,582,234	1,252,990	71,300	1,324,290	7.99

Note: Pursuant to statutory changes, qualifying revenues were changed in 2024 to no longer include investment revenue

Table XVII
Revenue Note Coverage-Water
Last Ten Fiscal Years

Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				Coverage
						Principal		Interest	Total	
						Revenue Bonds	State Revolving Fund			
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
2023	44,822,440	2,089,067	46,911,507	20,220,346	26,691,161	3,100,000	-	908,125	4,008,125	6.66
2024	44,605,494	1,374,614	45,980,108	22,406,039	23,574,069	3,950,000	-	749,410	4,699,410	5.02
2025	47,635,904	1,749,120	49,385,024	23,153,244	26,231,780	4,100,000	-	548,806	4,648,806	5.64

Statistics (Unaudited)

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

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
						Principal	Interest	Total	Coverage
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
2023	35,499,565	3,505,231	39,004,796	14,058,773	24,946,023	8,751,759	1,383,457	10,135,217	2.46
2024	40,330,813	2,742,369	43,073,182	14,602,642	28,470,540	9,122,807	2,996,081	12,118,888	2.35
2025	43,467,470	2,316,363	45,783,833	16,840,432	28,943,401	10,470,924	4,707,484	15,178,408	1.91

Note: Pursuant to statutory changes, qualifying revenues were changed in 2024 to no longer include investment revenue

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
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	1,596,573	1,237,441	1,035,000	516,676	1,551,676	0.80
2023	3,044,194	189,015	3,233,209	1,434,221	1,798,988	1,085,000	486,136	1,571,136	1.15
2024	2,978,475	268	2,978,743	1,794,492	1,184,251	1,195,000	453,987	1,648,987	0.72
2025	3,218,348	900	3,219,248	1,620,581	1,598,667	1,090,000	415,830	1,505,830	1.06

Statistics (Unaudited)

Table XX
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population ¹	MSA Population ²	Personal Income (in thousands) ³	5-Year Median Household Income ⁶	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
2016	178,500	256,250	\$ 13,925,347	\$ 59,621	\$ 46,035	152,100	148,269	2.5%	23,679
2017	183,200	259,094	14,495,500	62,047	47,313	155,176	151,212	2.6%	24,866
2018	187,200	267,293	15,811,766	63,940	48,736	157,344	153,619	2.4%	24,987
2019	190,750	272,500	16,631,099	65,621	50,378	161,142	157,308	2.4%	25,167
2020	195,850	276,730	18,360,818	67,713	55,066	162,709	156,425	3.9%	24,856
2021	202,600	284,800	201,179,679	72,547	57,300	164,952	161,145	2.3%	24,949
2022	208,884	291,300	21,639,890	78,552	60,563	167,863	164,971	1.7%	25,124
2023	213,891	300,534	23,114,847	81,418	62,382	171,374	168,499	1.7%	25,228
2024	219,588	315,450	n/a	82,754	64,736	174,835	171,878	1.7%	25,060
2025	224,676	322,100	n/a	n/a	n/a	176,568	173,161	1.9%	24,841

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: U.S. Bureau of Economic Analysis (for the Sioux Falls Metropolitan Statistical Area), statistic no longer available as of 2024

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)

⁶ Source: United State Census Bureau American Community Survey 5-Year Data

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	2025			2016		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Health Care	10,929	1	6.3%	8,992	1	6.1%
Avera Health	Health Care	8,000	2	4.6%	7,284	2	4.9%
Sioux Falls School District	Education	3,627	3	2.1%	3,200	4	2.2%
Smithfield Foods (John Morrell)	Meat Processing	3,239	4	1.9%	3,410	3	2.3%
Hy-Vee Food Stores	Retail Grocery	2,390	5	1.4%	2,992	5	2.0%
Walmart/Sam's Club	Retail	1,835	6	1.1%	1,600	8	-
City of Sioux Falls	Government	1,774	7	1.0%	1,228	10	0.8%
Wells Fargo	Financial	1,700	8	1.0%	2,778	6	1.9%
Amazon	Retail	1,600	9	0.9%	-	-	0.0%
Department of Veterans Affairs	Health Care	1,378	10	0.8%	-	-	0.0%
Citigroup	Financial	-	-	0.0%	2,100	7	1.4%
Evangelical Lutheran Good Samaritan Society	Health Care	-	-	-	1,446	9	1.0%
Totals		36,472		21.1%	35,030		22.5%

Source: Sioux Falls Development Foundation

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2025

Statistics (Unaudited)

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

Industry	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Natural Resources, Mining & Construction	8,200	8,500	8,700	9,300	9,400	10,200	10,600	11,700	12,200	13,100
Manufacturing	13,500	13,900	14,500	14,400	14,000	14,400	14,600	15,300	15,700	15,600
Wholesale Trade	8,300	8,200	8,300	8,500	8,500	8,700	9,000	9,300	9,400	9,400
Retail Trade	18,900	18,400	17,800	18,500	17,800	18,500	19,000	19,900	20,300	20,000
Transportation, Warehousing & Utilities	5,500	5,500	5,600	5,800	5,600	5,700	6,100	7,700	8,100	7,800
Information	2,600	2,600	2,500	2,600	2,500	2,600	2,600	2,600	2,600	2,700
Financial Activities	15,800	15,700	15,800	15,800	15,400	15,200	15,200	15,000	14,700	14,400
Professional & Business Services	14,700	14,900	15,700	15,700	15,300	15,900	17,200	17,400	17,500	17,600
Private Education & Health Services	31,100	32,000	32,400	33,200	33,800	34,400	35,300	36,800	37,900	38,800
Leisure & Hospitality	15,100	15,400	15,600	15,600	13,300	15,000	16,300	17,200	17,600	16,800
Other Services	5,100	5,900	6,100	5,900	5,800	6,000	6,500	6,600	6,700	6,900
Total Government	13,800	14,400	14,700	14,600	14,400	14,900	15,100	16,400	16,800	17,000
Total	152,600	155,400	157,700	159,900	155,800	161,500	167,500	175,900	179,500	180,100

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	
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	6,238	303,070,052	7,939	3,132	1,140,252,391	81.38
2022	480	1,215,430,436	1,079	234,006,901	11,171	480,566,470	12,730	4,384	1,930,003,807	83.34
2023	313	618,767,879	773	183,516,693	6,238	313,386,834	7,324	2,682	1,115,671,406	84.28
2024	274	602,503,031	894	214,781,107	4,813	259,348,652	5,981	2,150	1,076,632,790	85.22
2025	138	409,819,878	832	217,610,207	4,645	700,007,488	5,615	1,999	1,327,437,573	86.40

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

Statistics (Unaudited)

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Mayor	7	3	5	4	5	5	4	5	5	4
Finance	26	32	28	28	28	28	29	31	32	32
Attorney	15	15	15	15	15	15	16	17	17	17
Human Resources	13	13	14	14	16	16	16	17	19	19
City Council	16	16	16	16	16	16	16	14	15	15
Facilities Management	20	21	21	26	26	27	27	28	31	32
Innovation and Technology	26	32	34	36	37	38	40	44	50	51
Communications	15	15	15	19	20	19	21	21	21	22
Total General Government	138	147	148	158	163	164	169	177	190	192
Public Safety										
Fire	210	208	208	208	211	226	226	228	229	228
Police	289	296	300	306	311	316	321	325	332	339
Metro Communications	0	0	0	0	0	0	0	0	55	55
Total Public Safety	499	504	508	514	522	542	547	553	616	622
Highways and Streets										
Public Works										
Administration	4	4	5	5	5	5	8	8	8	9
Engineering	70	63	52	52	53	53	52	52	49	49
Street Maintenance	50	50	50	50	50	47	49	51	52	52
Street Lights and Traffic	0	0	10	10	10	10	10	10	13	13
Storm Drainage	0	8	8	8	9	13	15	15	16	16
Total Highways and Streets	124	125	125	125	127	128	134	136	138	139
Public Health	78	78	80	82	83	84	84	86	86	83
Culture and Recreation										
Libraries	63	63	63	63	62	62	62	63	63	64
Parks and Recreation	76	74	75	75	78	78	78	80	81	91
Total Culture and Recreation	139	137	138	138	140	140	140	143	144	155
Urban and Economic Development										
Planning and Development Services	45	46	50	49	50	51	53	55	58	59
Economic Development	6	6	0	0	0	0	0	0	0	0
Affordable Housing	13	6	6	6	6	6	6	6	6	7
Total Urban and Economic Development	64	58	56	55	56	57	59	61	64	66
Enterprise										
Fleet	24	27	27	27	25	26	26	26	26	26
Power and Distribution	12	12	12	12	12	12	14	14	14	15
Public Parking	11	11	11	11	11	10	9	9	8	8
Sanitary Landfill	28	28	28	28	27	25	26	28	28	29
Water	63	63	63	63	63	64	67	68	70	71
Water Reclamation	54	47	47	47	51	54	55	56	57	58
Total Enterprise	192	188	188	188	189	191	197	201	203	207
Total	1234	1237	1243	1260	1280	1306	1330	1357	1441	1464

Source: City Human Resources Department

Statistics (Unaudited)

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fire										
Number of Employees (Uniformed)	195	195	195	195	195	209	209	210	215	219
Number of Employees (Non-Uniform)	15	13	13	13	14	17	17	18	14	10
Total Responses	12,924	12,830	12,854	13,606	14,345	14,509	15,554	15,478	16,084	16,710
Structure Fires	139	166	149	162	209	176	194	155	136	146
Vehicle Fires	67	88	88	50	76	59	59	65	77	68
EMS Calls	6,821	6,760	6,487	6,487	7,276	7,487	8,045	8,328	8,353	8,477
Water Hydrants	8,343	8,513	8,734	8,865	9,089	9,349	9,636	9,874	10,002	10,181
Fire Insurance Rating	1	1	1	1	1	1	1	1	1	1
Police										
Number of Sworn Officers	247	256	263	269	274	280	284	288	302	294
Number of Civilian Employees	37	37	37	37	37	36	37	37	37	32
Aggravated Assaults	621	562	600	722	1,017	961	1,031	1,047	1,008	857
Arsons	48	47	41	31	47	40	43	35	31	41
Auto Thefts	697	544	638	759	1,121	1,337	1,361	1,602	1,366	905
Burglaries	896	667	682	718	775	819	858	825	763	521
Drunk Driving Arrests	1,152	1,220	1,009	904	862	870	769	739	796	835
Homicides	6	10	8	8	13	5	7	2	16	11
Larcenies	4,822	4,545	5,049	5,321	5,333	5,427	5,847	6,079	5,961	4,653
Rapes	160	122	128	121	116	119	90	66	71	69
Robberies	132	103	119	98	136	113	169	144	147	127
Traffic Citations Issued	29,491	32,283	24,607	24,322	25,282	25,741	23,015	21,920	24,721	25,262
Highways and Streets										
Snow Events	3	5	7	7	2	3	2	4	3	3
Pothole Patching (Tons)	906	704	749	1,587	1,095	956	597	1,112	527	481
Street Sweeping (Curb Miles)	9,098	9,660	9,500	7,900	10,354	9,135	10,845	9,235	10,323	8,091
Library										
Number of Items Borrowed	2,345,779	2,366,356	2,225,400	2,114,823	1,381,668	1,725,946	1,797,523	1,979,881	2,133,309	2,190,651
Number of Active Library Cardholders	94,515	93,356	97,122	103,840	96,842	89,354	87,386	84,935	82,121	83,767
Power and Distribution										
Private Accounts	2,308	2,316	2,319	2,407	2,506	2,504	2,522	2,513	2,531	2,552
Governmental Accounts	420	403	396	512	464	412	409	406	405	407
Kilowatt Hours Sold	83,566,165	84,529,684	84,859,014	83,669,155	82,285,608	83,870,145	83,556,619	89,825,006	84,273,932	99,689,717
Capacity (KVA)	30,000	30,000	30,000	30,000	30,000	30,000	25,000	25,000	25,000	34,000

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2025

Statistics (Unaudited)

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Parks and Recreation										
Rounds of Golf Played (all courses)	85,719	92,081	75,850	84,401	97,351	105,400	105,998	118,009	130,425	135,705
Special Events	402,223	306,840	276,845	294,686	58,549	155,729	189,245	178,865	183,460	204,194
Pool Attendance (indoor pool added in 2016)	299,344	394,348	409,195	386,848	93,006	350,497	418,355	420,712	434,436	361,450
Public Parking										
Parking Ramps-Parking Spaces	1,621	1,611	1,608	1,796	2,326	2,326	2,326	2,326	2,326	2,386
Surface Parking Lots-Parking Spaces	804	726	580	604	643	641	591	591	591	533
Total Spaces Available for Lease	2,327	2,337	2,188	2,400	2,969	2,967	2,917	2,917	2,917	2,919
On Street Parking Meters	899	855	866	866	967	960	866	866	866	866
On Street Handicapped Spaces	37	37	37	37	37	37	37	37	37	37
Total Number of Parking Spaces	3,391	3,391	3,091	3,303	3,973	3,994	3,944	3,944	3,944	3,942
Lease Rate	100%	98%	98%	94%	66%	65%	71%	70%	73%	74%
Transit										
Ridership-Transit	802,575	796,663	782,129	769,437	445,205	400,692	385,565	506,020	509,780	588,412
Ridership-Paratransit	113,377	101,046	91,407	82,636	38,288	50,022	54,388	53,354	50,747	46,702
Regular Routes	12	12	12	12	12	12	12	12	9	9
Seasonal Routes	-	-	-	-	-	-	-	-	-	-
Miles Driven-Transit	763,809	759,595	747,922	746,493	660,906	667,702	536,316	573,973	511,194	560,376
Miles Driven-Paratransit and Demand	559,209	533,605	497,412	470,058	277,513	331,757	372,310	357,092	450,739	714,221
Sanitary Landfill										
MSW Landfill Closure Year	2076	2075	2076	2075	2075	2075	2075	2072	2069	2074
MSW Tons Received	174,109	181,795	184,996	205,957	198,496	211,669	211,251	214,302	243,457	256,720
C&D Landfill Closure Year	2058	2058	2059	2061	2027	2027	2026	2025	2025	2024
C&D Tons Received	66,138	59,992	60,807	68,255	68,349	77,500	118,290	101,796	94,514	72,232
Cubic Feed of Landfill Gas Sold	867,693,000	809,219,262	720,781,000	602,435,000	358,552,817	524,208,000	536,991,000	454,177,000	491,906,520	493,360,890
Water										
Customers	53,145	54,095	56,500	57,359	58,563	59,763	61,910	63,190	64,215	64,628
Daily Plant Capacity (thousands of gallons)	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Average Daily Consumption (thousands of gallon)	20,850	21,167	19,769	18,826	21,891	22,259	22,421	24,339	23,014	23,806
Wastewater										
Customers	52,606	53,750	54,979	56,365	57,198	58,409	59,681	61,022	62,066	63,261
Daily Plant Capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	31,000
Average Daily Flow-Domestic (thousands)	12,639	12,460	12,476	12,679	12,612	12,578	12,789	13,167	13,790	13,701
Average Daily Flow-Industrial (thousands)	678	694	766	768	626	682	605	706	706	754
Average Daily Flow-Extraneous (thousands)	4,836	3,241	7,672	9,789	4,608	3,320	3,256	3,297	5,284	4,393

Statistics (Unaudited)

Table XXVI

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fire										
Fire Stations	11	11	11	11	11	12	12	12	12	12
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	20	20	20	20	20	22	22	22	22	22
Emergency Management										
Emergency Warning Sirens	77	77	78	79	79	80	80	81	82	85
Police										
Patrol Units (marked)	68	68	72	72	72	80	82	84	92	78
Highways and Streets										
Streets paved (centerline miles)	946	959	977	995	1,010	1,028	1,060	1,115	1,131	1,145
Street Lights	19,447	20,121	19,652	20,642	21,550	21,871	22,480	22,839	23,572	23,890
Traffic Signals	267	270	272	278	280	290	296	299	306	308
Library										
Books	230,312	231,442	228,571	222,982	223,734	221,377	225,579	229,294	234,732	235,599
eMaterials	19,771	23,518	28,915	32,509	31,078	35,623	38,682	41,751	53,698	51,973
Audio/Visual Items	51,555	49,352	50,141	48,597	47,674	45,340	46,016	46,021	36,983	35,543
Decrease due to removal of old, outdated, and unused books and audio/visual items.										
Power and Distribution										
Primary three-phase distribution lines (miles)	96	96	95	95	83	82	81	80	78	78
Underground distribution lines (miles)	60	65	65	63	65	68	69	73	74	75
Parks and Recreation										
Acreage	3,178	3,178	3,349	3,346	3,367	3,392	3,393	3,452	3,469	3,474
Parks	80	80	80	80	80	81	81	81	81	82
Swimming Pools	6	6	6	6	6	6	6	6	6	6
Wading Pools	3	3	3	3	3	3	3	3	3	3
Spray Parks	1	2	2	2	2	2	3	3	4	5
Soccer Fields	60	60	60	60	60	61	61	61	61	61
Tennis Courts	40	40	40	40	40	40	48	46	46	46
Golf Courses	3	3	3	3	3	3	3	3	3	3
Football Fields	13	13	13	14	14	14	14	14	14	14

Statistics (Unaudited)

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Parks and Recreation (cont)										
Baseball Fields	34	33	33	33	33	35	35	35	35	35
Softball Fields	73	73	73	73	73	70	70	70	70	70
Zoo	1	1	1	1	1	1	1	1	1	1
Park Bandshells	2	2	2	2	2	2	2	3	3	3
Moveable Bandshell	1	1	1	1	1	1	1	1	1	1
Greenway Recreation Trail (Miles)	28.95	28.95	30.20	36.87	36.87	36.87	36.87	36.87	36.90	40.88
Winter Recreation/Ski Area	1	1	1	1	1	1	1	1	1	1
Skate Park	2	2	2	2	2	2	2	2	3	3
Outdoor Ice Rinks (Seasonal)	6	6	6	6	6	6	6	6	6	6
Volleyball Courts (Sand)	17	16	16	18	18	18	15	15	15	15
Public Parking										
Parking Ramps	4	4	4	5	6	6	6	6	6	6
Surface Parking Lots	14	13	11	11	11	11	10	10	10	10
Sanitary Landfill										
Landfill area (acres)	706	783	783	783	783	783	783	783	783	783
Transit										
Fixed Route Buses	29	25	26	26	26	26	26	26	26	24
Paratransit Buses	23	27	25	25	25	23	21	21	22	19
On-Demand	-	-	-	-	-	-	-	-	12	16
Water										
Water Mains (miles)	1,036	1,055	1,077	1,091	1,100	1,146	1,172	1,196	1,212	1,232
Wellfield (miles)	57	57	57	61	61	61	62	61	61	64
Wastewater										
Storm Sewer (miles)	449	459	470	485	596	614	626	638	646	636
Sanitary Sewer (miles)	886	899	917	927	941	954	971	990	998	1,018



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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate 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 then ended December 31, 2025, 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 May 12, 2026. 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 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Sioux Falls, South Dakota
May 12, 2026



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 identified as subject to audit 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, 2025. 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, 2025.

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 \$16,663,210 in federal awards which is not included in the City’s schedule of expenditures of federal awards during the year ended December 31, 2025. 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.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

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 aggregate 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 12, 2026, 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
May 12, 2026

City of Sioux Falls
Annual Comprehensive Financial Report
December 31, 2025

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
Department of Housing and Urban Development				
<i>Direct Federal Funding:</i>				
<i>Community Development Block Grants/Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218		\$ 2,288,330	\$ 801,795
Home Investment Partnerships Program	14.239		452,956	390,000
Total Department of Housing and Urban Development			\$ 2,741,285	1,191,795
Department of Interior				
<i>Indirect Federal Funding passed through:</i>				
<i>State Historical Preservation Office</i>				
Historic Preservation Fund Grants-In-Aid	15.904	2024G-592	12,755	-
Department of Justice				
<i>Direct Federal Funding:</i>				
<i>Edward Byrne Memorial Justice Assistance Grant</i>				
Edward Byrne Memorial Justice Assistance Grant Program-2024	16.738		156,197	54,669
<i>Public Safety Partnership & Community Policing Grant</i>				
Cops Hiring Program (CHP22)	16.710		\$ 32,113	-
Cops Hiring Program (CHP23)	16.710		123,456	-
Cops Hiring Program (CHP24)	16.710		173,134	-
Law Enforcement Mental Health and Wellness	16.710		59,656	-
Total 16.710			388,359	-
Equitable Sharing Program	16.922		10,585	-
Total Department of Justice				555,141
				54,669
Department of Transportation				
<i>Direct Federal Funding:</i>				
<i>Federal Transit Cluster</i>				
Federal Transit Formula Grants	20.507		4,797,103	-
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		1,276,992	-
Total Federal Transit Cluster			6,074,095	-
<i>Indirect Federal Funding passed through:</i>				
<i>National Highway Traffic Safety Administration</i>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety-Injury Reduction-Safety & Seat Belt	20.600	2025-00-37	249,890	-
State and Community Highway Safety-Injury Reduction-Safety & Seat Belt	20.600	2026-00-91	10,364	-
National Priority Safety Training Program-Injury Reduct.-Impaired Driving	20.616	2025-00-43	128,769	-
National Priority Safety Training Program-Injury Reduct.-Impaired Driving	20.616	2026-00-88	21,231	-
Total Highway Safety Cluster			410,254	-
<i>State of South Dakota</i>				
<i>HAZMAT Public Sector Training and Planning Grant</i>				
HAZMAT Public Sector Training and Planning Grant	20.703	693JK32240043HMEP	31,475	-
Rural Surface Transportation Grant	20.938	*	7,256,625	-
			7,288,099	-
<i>State of South Dakota</i>				
<i>Highway Planning and Construction-Emergency Relief Program</i>				
Highway Planning and Construction-Emergency Relief Program	20.205	*	16,670	-
<i>South Eastern Council of Governments</i>				
Highway Planning and Construction	20.205	311665	886,699	-
			903,369	-
Total Department of Transportation				14,675,818
				-
Department of Treasury				
<i>Direct Federal Funding:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		615,421	-
<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	*	14,103,299	-
Total Department of Treasury				14,718,720
				-
Equal Employment Opportunity Commission				
<i>Direct Federal Funding:</i>				
Clearinghouse Services, Civil Rights Discrimination Complaints	29.001			4,070
				-
Environmental Protection Agency				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Agriculture and Natural Resources</i>				
Clean Water State Revolving Fund	66.458	*	12,636,610	-
Drinking Water State Revolving Fund	66.468	*	2,779,863	-
Total Environmental Protection Agency				15,416,473
				-

* 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, 2025

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
Department of Energy				
<i>Direct Federal Funding:</i>				
Energy Efficiency and Conservation Block Grant Program	81.128		\$ 224,030	-
Department of Health and Human Services				
<i>Direct Federal Funding:</i>				
US Dept of Health & Human Services				
<i>Health Center Cluster</i>				
Health Center Program-CHC25	93.224		\$ 3,048,204	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		\$ 69,333	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		226,114	-
Total 93.918			295,447	-
<i>Indirect Federal Funding passed through:</i>				
<i>Community HealthCare Association of the Dakotas</i>				
Technical & Non-Financial Assistance to Health Centers	93.129	*	3,895	-
<i>South Dakota Department of Health-Division of Healthcare Access</i>				
Public Health Emergency Preparedness-24PHP/CRI	93.069	NU90TU000023	44,906	-
Public Health Emergency Preparedness-25PHP/CRI	93.069	NU90TU000023	71,467	-
Total 93.069			116,373	-
<i>South Dakota Department of Health-Division of Licensure and Accreditation</i>				
COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response-24PHI	93.354	NE11OE000033	49,409	-
CDC's Collaboration with Academia to Strengthen Public Health-24PHI	93.967	NE11OE000033	71,793	-
<i>South Dakota Department of Health-Division of Family and Community Health</i>				
HIV Prevention Activities-Health Department Based	93.940	NU62PS924825	33,565	-
HIV Prevention Activities-Health Department Based	93.940	NU62PS924825	41,452	-
Total 93.940			75,017	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800	NU58DP006763	18,309	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800	NU58007962	4,761	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800		3,288	-
Follow-up After Positive CRC Test	93.800	*	3,288	-
Total 93.800			26,358	-
Total Department of Health and Human Services			3,686,496	-
Department of Homeland Security				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Department of Public Safety</i>				
Disaster Grants-Public Assistance (Presidentially Declared Disaster)	97.036	SD-4807-PW-0091(0)	725,612	-
Hazard Mitigation Grant Program-Big Sioux H&H Study	97.039	DR-4656-HMGP-08R	113,916	-
Hazard Mitigation Grant Program-Skunk Creek H&H Study	97.039	DR-5418-HMGP-08R	89,773	-
Total 97.039			203,689	-
BRIC: Building Resilient Infrastructure and Communities	97.047	EMD-2022-BR-004-0004	151,839	-
Homeland Security Grant Program-SHSP Local Regional Response-Police	97.067	EMW-2024-SS-05027	54,951	-
Homeland Security Grant Program-SHSP Local Regional Response-Fire	97.067	GY21-9438	13,113	-
Total 97.067			68,064	-
Total Department of Homeland Security			1,149,204	-
Executive Office of the President - Office of National Drug Control Policy				
<i>Indirect Federal Funding passed through:</i>				
<i>South Dakota Division of Criminal Investigations</i>				
High Intensity Drug Trafficking Areas Program	95.001	G24MW0004A	185,529	-
Total Federal Financial Assistance			<u>\$ 53,369,522</u>	<u>\$ 1,246,464</u>

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

Notes Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Sioux Falls, under programs of the federal government for the year ended December 31, 2025. 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 position, 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 15% 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, 2025 was \$202,167,222.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Federal Transit Cluster	20.507, 20.526
Rural Surface Transportation Grant Program	20.938
Clean Water State Revolving Fund	66.458

Dollar threshold used to distinguish between type A and type B programs:	\$1,601,086
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

