



# 2014

Comprehensive Annual Financial Report  
Year Ended December 31, 2014



City of Sioux Falls  
SOUTH DAKOTA



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# **Comprehensive Annual Financial Report**

**City of Sioux Falls, South Dakota**  
**For the Year Ended December 31, 2014**

**Prepared by:**  
**The Finance Department**  
**Tracy Turbak, Director of Finance**

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Letter of Transmittal



CITY OF SIOUX FALLS  
FINANCE

224 West Ninth Street, Sioux Falls, SD 57104-6407  
TTY/Hearing Impaired (605) 367-7039  
FAX (605) 367-7700  
Website: www.siouxfalls.org

June 3, 2015

**The Honorable Mayor Mike Huether**  
**Members of the City Council**  
**Citizens of the City of Sioux Falls, South Dakota**

I am pleased to submit to you the Comprehensive Annual Financial Report of the City of Sioux Falls, South Dakota, for the fiscal year ended December 31, 2014.

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

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

The City's financial statements have been audited by Eide Bailly, LLP, a firm of certified public accountants authorized to conduct the City's audit by the State of South Dakota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sioux Falls for the fiscal year ended December 31, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent

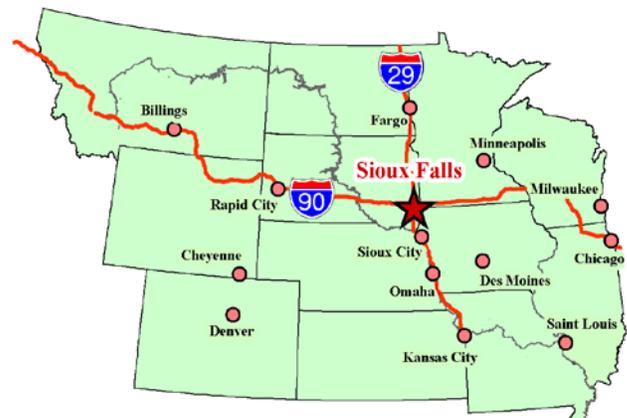
auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Sioux Falls was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. The Single Audit reports begin on page 138.

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

### Profile of the City of Sioux Falls

Located on the banks of the Big Sioux River in the fertile, gently rolling countryside of southeastern South Dakota, Sioux Falls is the largest city in the four northern states of Wyoming, Montana, North Dakota, and South Dakota, with 165,800 residents. Sioux Falls is a crossroads city, lying strategically at the junction of Interstate 90, connecting Boston to Seattle, and Interstate 29, joining Winnipeg and Kansas City. It sits on the border of the states of South Dakota, Minnesota, and Iowa, serving as a primary market area for over 750,000 consumers.



Sioux Falls ranked fifth on *Forbes* magazine's annual list of best places for business and careers in the small metro area category. *Healthways* and *Gallup's* State of American Wellbeing report ranked South Dakota second among states and Sioux Falls fifth among small communities. South Dakota was listed as the best state to retire on a study conducted by Bankrate.com, the report listed the state's quality healthcare, low cost of living, and low tax burden as reasons for the ranking. *Money Magazine* named Sioux Falls as one of the nine great places to retire. On a ranking of best and worst cities for jobs by *Wallethub* and

## **Letter of Transmittal**

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reported in *Forbes* Sioux Falls ranked fourth best. This ranking focused on job markets and the socioeconomic environment.

As evidenced by the above accolades, the city is a great place to live and offers a diverse business environment serving as a medical, financial, retail, and transportation center for the region. The city hosts industry-leading companies from agribusiness to high-tech manufacturing and credit card financial centers.

The history of Sioux Falls revolves around the cascades of the Big Sioux River, located a few blocks from today's downtown district. The lure of the falls was always a powerful influence in drawing people to the area and the city was incorporated in 1876. By the turn of the century, the prairie settlement had grown into a city of more than 10,000 residents.

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 Council members and a full-time Mayor govern the city, each serving four-year terms. The Mayor and three Council members are elected at large and five Council members are elected from districts.

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

The City has established the Housing and Redevelopment Commission and Metro Communications Agency as legally separate authorities which are reported separately within the City of Sioux Falls financial statements. Additional information on these component units can be found in Note 1 on page 45.

The City uses a multi-year general operating forecasting model as a foundation to plan and implement City initiatives. This model includes evaluating the operating impacts of future capital projects and staffing needs. The model identifies projected resources that will be available to implement both current and future initiatives. The annual budget serves to allocate the resources available to provide current services.

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

The budgetary process and compliance is outlined in the notes to required supplementary information on page 83 of this report.

## **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 of Sioux Falls operates.

### **Local Economy in General**

The city experienced solid economic growth in 2014 due in large part to a dynamic retail and business environment, a strong healthcare presence, and the recovery in the financial services industry. Strong Midwestern values and fiscal discipline allow the city to prosper, evidenced by a growing population, a low unemployment rate, and solid consumer spending,

Unemployment ranged from a high of 3.8 percent and a low of 2.5 percent in 2014. The city ended the year with an annual average unemployment rate of 3.1 percent. This rate is lower than the 6.2 percent national unemployment rate for 2014 and the state unemployment rate of 3.4 percent. Consumer and business spending pointed to a solid economy as evidenced by a 5.1 percent increase in sales and use tax collections.

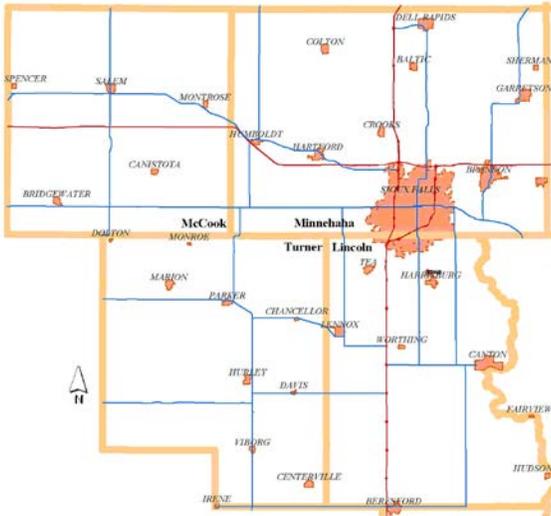
Assisting the city's economic position, the Tax Foundation ranked South Dakota as the 2<sup>nd</sup> best state tax climate in the nation. The Small Business & Entrepreneurship Council named South Dakota the most entrepreneur-friendly state on its 19<sup>th</sup> annual Small Business Policy Index.

Sioux Falls placed number 15 out of over 300 cities in the 2014 Economic Strength Rankings released by POLICOM Corporation. The list is based on 23 different economic factors over a period of 20 years. This business environment, coupled with the great services and opportunities offered within and around the city, continues to make Sioux Falls a great place to work and raise a family.

Sioux Falls was one of five cities featured on CNN's Fareed Zakaria GPS series "Where America Works". The story focused on the government efforts that have made Sioux Falls a boom town and how Sioux Falls city government was getting results.

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

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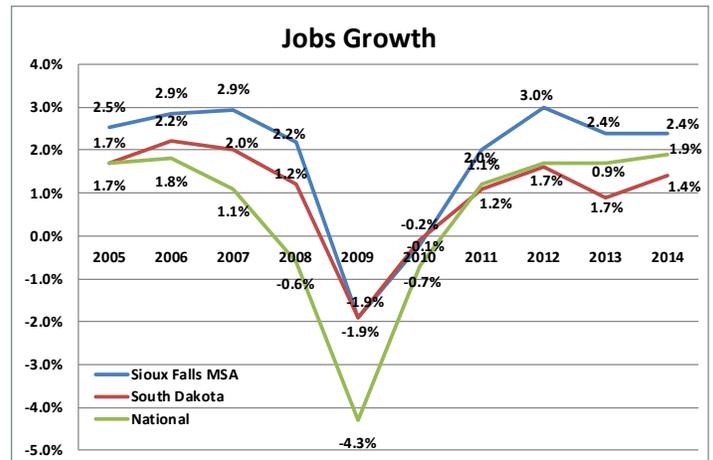
**Population**

The city's population increased by 2.2 percent in 2014 as the estimated population grew from 162,300 in 2013 to 165,800 in 2014. With a 2014 statewide population of 853,175, the city now accounts for 19.4 percent of the state's population. The population of the Sioux Falls MSA is 240,204.

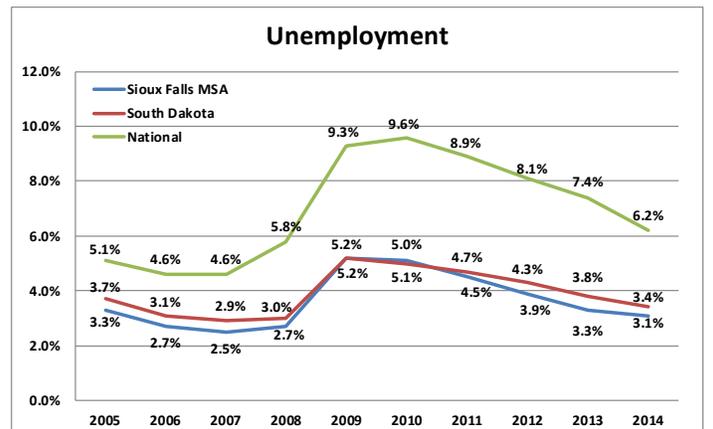
City projections indicate continuing population growth through 2040. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

**Employment**

In 2014, the jobs as measured by the annual average of nonfarm wage and salaried workers statistics in the Sioux Falls MSA, increased by 2,000. The Sioux Falls MSA saw an increase of 600 jobs in retail trade. Other industries experiencing significant job growth included government adding 400 jobs and wholesale trade and natural resources, mining & construction both adding 300 jobs. Areas with a reduction in jobs included education and health services which decreased 100 jobs in 2014. The chart below shows the strength of both the Sioux Falls MSA and state of South Dakota local and regional economy when compared on a national basis.

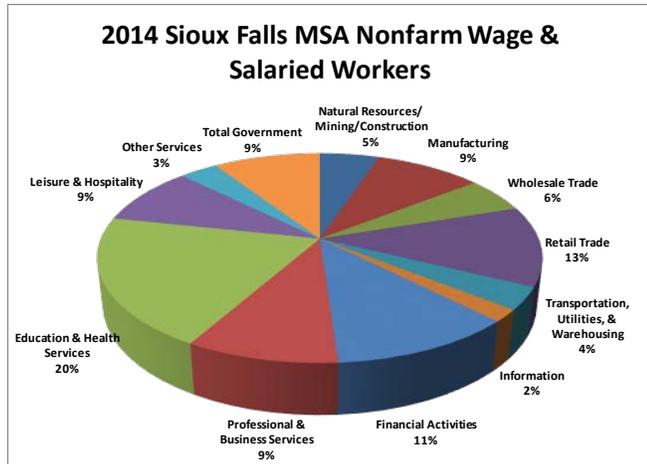


The resident labor force of the Sioux Falls MSA increased by 2,334 or 1.7 percent from 134,105 in 2013 to 136,439 in 2014. The Sioux Falls MSA annual average unemployment rate decreased from 3.3 percent in 2013 to 3.1 percent in 2014. The City's and State's unemployment rate compare very favorably to the national unemployment rate as shown below.

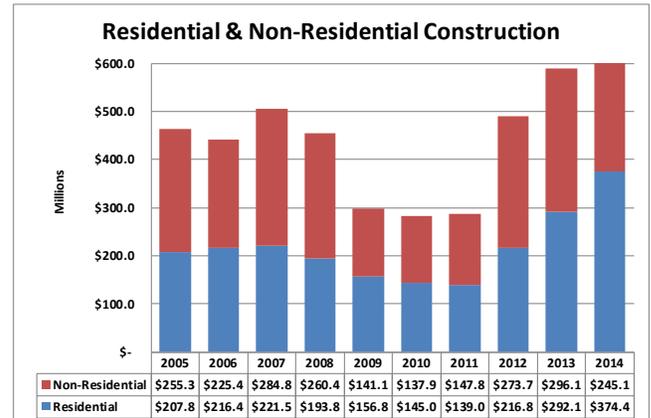


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Aiding the relatively strong employment market is the diversity of the Sioux Falls job market as indicated on the following chart.



In 2014, the city recorded the highest building permit valuations in city history. Construction value, measured by permits issued, equaled \$619.5 million in 2014, which is a \$31.3 million increase in value over permits issued in 2013. The following chart shows total construction permit values for the last ten years for both residential and non-residential projects.

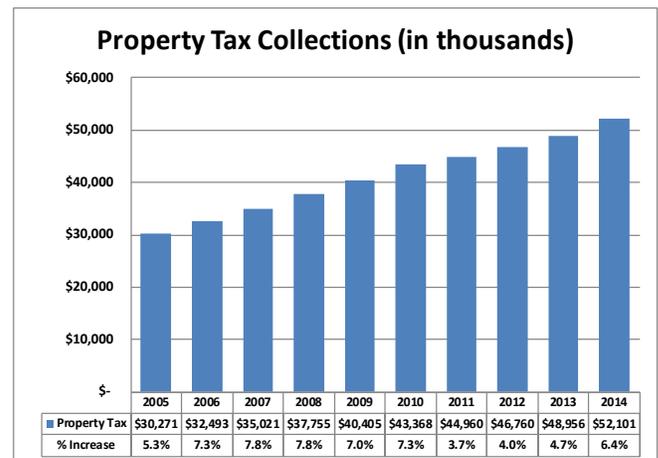


**Wages and Income**

As shown in the chart below, annual pay of workers covered by unemployment insurance in the MSA increased to \$41,627 in 2013, the most recent year available. From 2003 to 2013, pay rose by 34.9 percent or by an average annual growth rate of 3.0 percent. Both income and pay outpaced the average annual growth of the national rate of inflation.



The city grew in area, adding 0.78 square miles within its borders to equal 75.58 square miles. The city has added 8 new and annexed lane miles of roads, 9 miles of storm sewer, 16 miles of sanitary sewer, and 19 miles of water mains to its infrastructure (excluding construction-in-progress). Infrastructure and capital contributions added \$87.4 million to the City's capital assets in 2014.

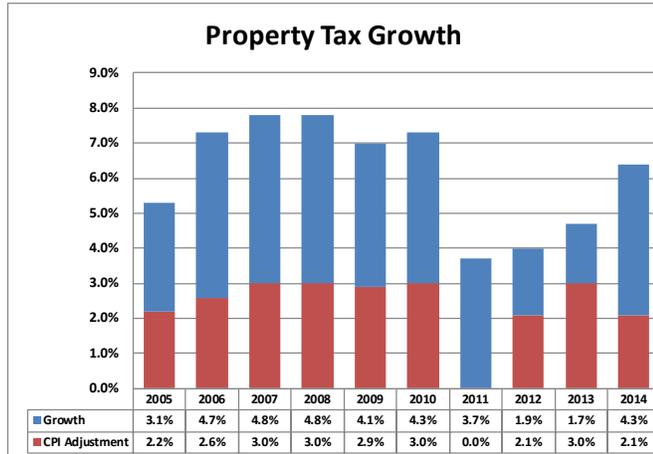


**Construction Activity**

During 2014, the city approved 219 subdivision plats totaling 500 lots and 949 acres. Forty percent of the city's total construction value was related to nonresidential development. The largest single project permitted in Sioux Falls during the past year was Dakota Pointe Apartments with a construction value of \$26.3 million. Prince of Peace Retirement Community's addition and remodel was permitted for \$20.3 million in construction value. The Bluffs at Willow Run, The Village at Three Fountains, and the Sioux Falls Regional Airport projects all had permitted construction values over \$10.0 million.

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



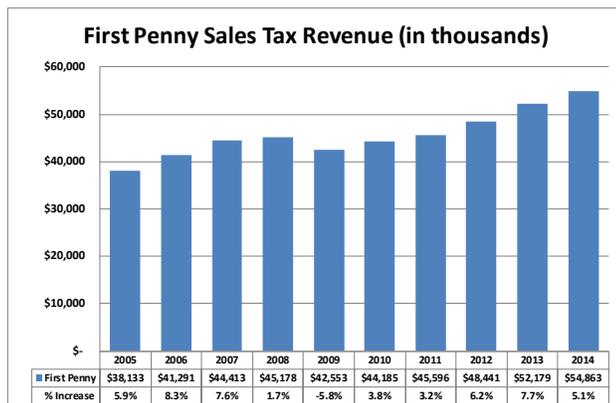
**Gross and Taxable Sales**

Gross sales were \$15.2 billion in 2014, up by 3.8 percent over the prior year. Taxable sales were \$5.5 billion in 2014, an increase of 5.0 percent. These sales figures for Sioux Falls comprised 22.0 percent of gross sales and 23.8 percent of taxable sales statewide.

The increase in taxable sales translated into the City realizing an increase in sales and use tax receipts of 5.1 percent.

With sales and use tax being the City's largest revenue source, the City constantly plans, prepares and prioritizes in order to adjust to changing economic conditions. Growth rates over the last ten years have ranged from a high of 8.3 percent in 2006 to a low of negative 5.8 percent in 2009.

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



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

**Major Initiatives**

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

- Maintaining financial strength.
- Staying ahead of growth.
- Enhancing the quality of life of the people we serve
- Strengthening return on taxpayer dollar.

In addition to the ongoing infrastructure improvements previously identified, the major capital projects completed in 2014 were:

- Construction of the Denny Sanford PREMIER Center.
- Elmwood Golf Course renovation (phase 1).
- Construction of 41<sup>st</sup> Street from Sertoma Avenue to Tea/Ellis Road.
- Construction of Maple Street from Career Avenue to Marion Road.
- Reconstruction of 8<sup>th</sup> Street from Cliff Avenue to Sherman Avenue.
- Flood Control Levee Improvements.
- Lyon Park Renovation.
- Construction Fire Station #11.
- East Side Sanitary Sewer Basin 20 Improvements.
- Water Purification Building Improvements.
- Improvements to Russell Street, Sycamore Avenue and 2<sup>nd</sup> Avenue/10<sup>th</sup> Street and 10<sup>th</sup> Street/Sycamore Avenue Intersections.

Major projects in progress in 2014:

- Reconstruction of Cliff Avenue from 61<sup>st</sup> Street to 85<sup>th</sup> Street.
- Reconstruction of 11<sup>th</sup> Street and 2<sup>nd</sup> Avenue intersection.
- Reconstruction of Solberg Avenue from 49<sup>th</sup> to 57<sup>th</sup> Street.
- Reconstruction of Minnesota Avenue and 22<sup>nd</sup> Street intersection.
- Elmwood Golf Course renovation (phase 2).
- Family Park Improvements.

Major projects in design in 2014:

- Reconstruction of Madison Street from Western Avenue to Louise Ave.

**Letter of Transmittal**

- Replacement of West 12<sup>th</sup> Street Bridge
- Construction of Southern Vistas Neighborhood park
- Indoor Aquatics Center.

The City invested \$305.4 million (\$317.7 million with equipment) in capital improvement projects in 2014, continuing to focus on rebuilding, repairing, and replacing the City’s core infrastructure. Accounting for year-end construction-in-progress the City reported additional capital assets of \$248 million, ending the year with net capital assets of \$1.6 billion (see the capital note beginning on page 55 for more details on the City’s capital assets).

**Relevant Financial Policies**

**City Charter**

The City Charter includes the following financial provisions:

1. No personal or corporate income tax will be levied, nor additional debt incurred, except to the extent authorized by State law for SDCL Title 9 cities. (§1.04)
2. The 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 there from are or will be available to cover the claim or meet the obligation when it becomes due and payable. (§5.10)

**General Fund (Primary Operating Account)**

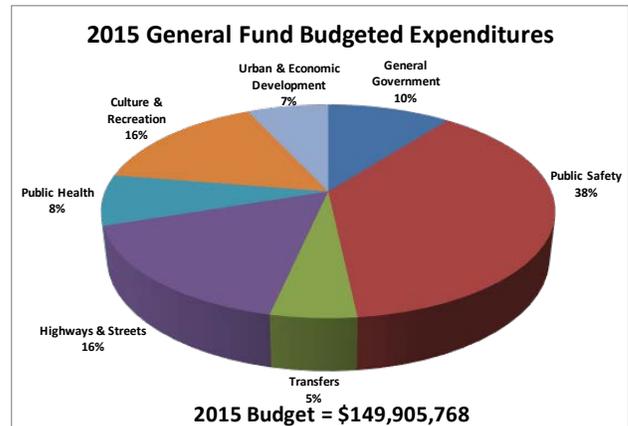
The City Council has established the following financial and budgetary policies in regard to the City’s primary operating account, the General Fund:

- A goal that the City maintain a minimum unrestricted cash balance at the end of each calendar month equal to 11% of the General Fund budget for that fiscal year and a General Fund unassigned fund balance as of December 31 for each fiscal year equal to 25% of the General Fund budget for that fiscal year. If the unrestricted cash reserves at any month end or the General Fund available fund balance as of December 31

fall below these thresholds, the Mayor shall, as soon as practical thereafter, present the Council with an explanation and plan for replenishing the unrestricted cash balance or General Fund reserve balance to the targeted threshold.

- A goal that a Mayor’s proposed General Fund budget for each fiscal year provide for balance between projected revenues and expected expenditures without the use of General Fund unassigned fund balances, and that the elected and appointed officials of the City use their best efforts and mutual cooperation to accomplish that goal. If a Mayor believes that the financial condition or needs of the City require the use of funds from the General Fund unassigned fund balances in any proposed budget, such budget proposal shall include a statement of the reasons which the Mayor believes justify the use of the General Fund unreserved funds.
- A policy that if a Mayor’s proposed General Fund operation budget includes projected revenues from increases in fees, charges, taxes or other similar sources that require Council approval, the ordinance or ordinance amendment authorizing such increase should be presented to and approved by the Council prior to the submission of the proposed budget.

To show the general operating priorities of the City, excluding public utilities, the following chart shows the General Fund budget for 2015.



**Sales and Use Tax Fund (2<sup>nd</sup> Penny)**

The Sales and Use Tax Fund is funded by the second penny sales and use tax and is the City’s primary capital account excluding public utilities. The City Council has adopted a formal policy for the second penny sales and use tax, the primary source for capital funding and the pledged source of bond financing. The policy goal is to maintain a fiscally disciplined approach to debt management and protect the City’s credit quality by strategically approaching the issuance of new debt by balancing the need to consume current resources with the need for future flexibility; and by striving to maintain a debt ratio of two times coverage on the annual debt service on issues secured by the second penny sales tax. As indicated in Table XV on page 127 the second penny sales tax currently has revenues of

**Letter of Transmittal**

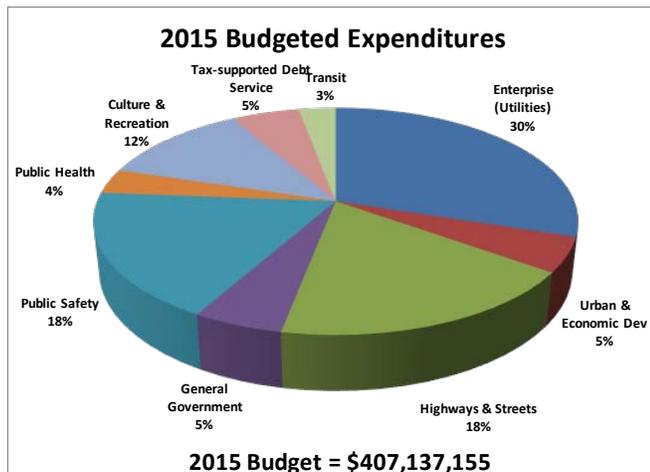
3.59 times the pledged debt service of the second penny and 3.42 times debt service for those issues being repaid by the second penny (not all issues with a pledge of the second penny sales tax are being repaid by the tax such as bonds issued for the Lewis and Clark Regional Water System). Future projections continue to show that the City will maintain coverage well in excess of the policy target, which self-imposed coverage is greater than the coverage requirements established within the bond indenture.

**Enterprise Funds**

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

**All Funds – City-wide Investment in Services**

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



we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments**

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

Respectfully submitted,

Tracy Turbak  
Director of Finance

**Awards and Acknowledgements**

**Awards**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sioux Falls for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2013. This was the thirty-fourth consecutive year that the City of Sioux Falls has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and

Certificate of Achievement

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Sioux Falls**  
**South Dakota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

**City Elected Officials and City Appointive Officers**

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**City Elected Officials**

Mayor Mike Huether	2014-2018
Council Members:	
Kermit Staggers—At Large	2012-2016
Greg Jamison—Southwest District	2012-2016
Kenny Anderson Jr.—Northeast District	2012-2016
Dean Karsky—Northwest District	2012-2016
Rick Kiley—Southeast District	2014-2018
Christine Erickson—At Large	2014-2018
Rex Roling—At Large	2014-2018
Michelle Erpenbach—Central District	2014-2018

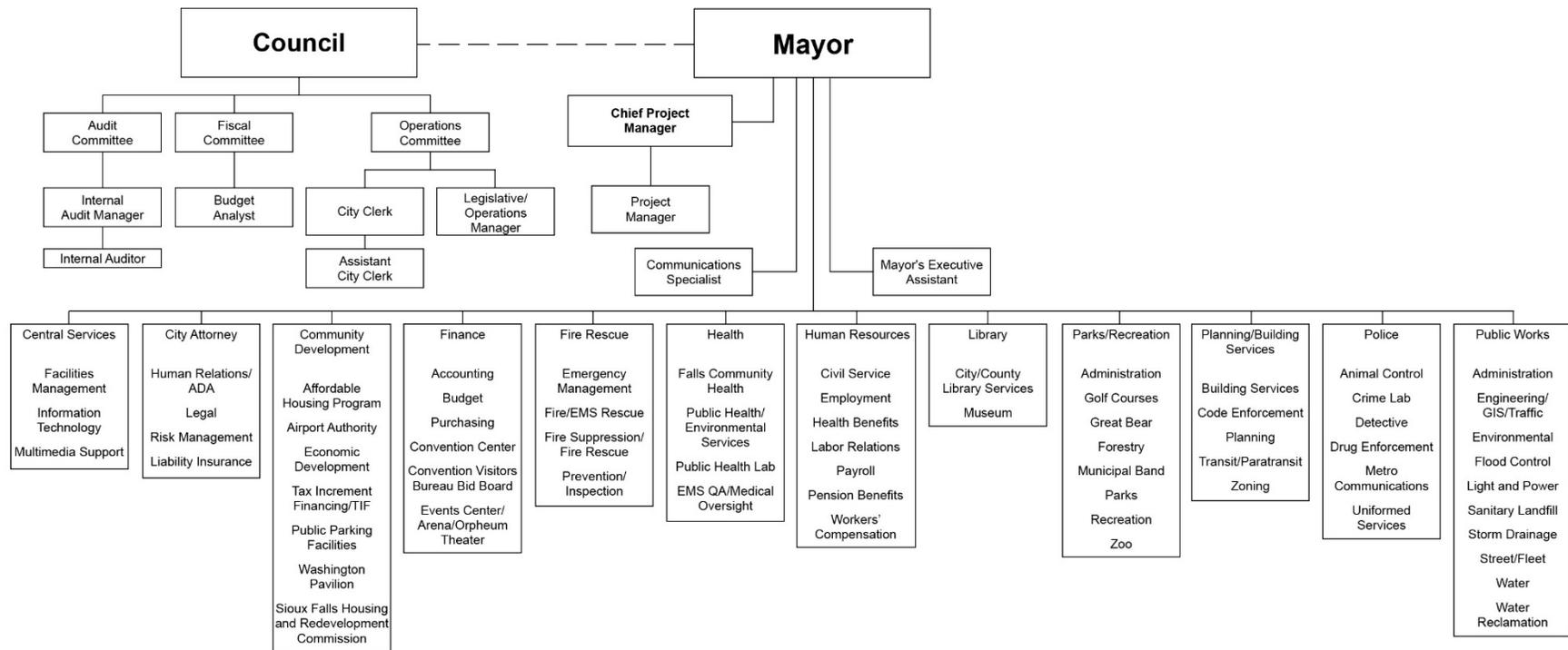
**City Appointive Officials**

As of December 31, 2014

Assistant Police Chief	Patti Lyon
City Attorney	David Pfeifle
City Clerk	Lorie Hogstad
City Council Budget Analyst	David Bixler
Communications Specialist	Heather Hitterdal
Director of Central Services	Sue Quanbeck Etten
Director of Community Development/Public Parking Facilities	Darrin Smith
Director of Finance	Tracy Turbak
Director of Human Resources	Bill O'Toole
Director of Parks and Recreation	Don Kearney
Director of Planning and Building Services	Mike Cooper
Director of Public Works	Mark Cotter
Director of Siouxland Libraries	Mary Johns
Executive Secretary	Julie Wilson
Fire Chief	Jim Sideras
Lead Internal Auditor	Rich Oksol
Legislative/Operations Manager	Jim David
Internal Auditor	Jessica Bickett
Internal Auditor	Kimberly Schroeder
Police Chief	Douglas Barthel
Public Health Director	Jill Franken
Special Projects Manager	Kendra Siemonsma

Departmental Organization Chart

City of Sioux Falls Organization Chart





CPAs & BUSINESS ADVISORS

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Commission, which represent 71 percent, 59 percent, and 78 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing and Redevelopment Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Adoption of New Accounting Standard**

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. The City has updated the current period reporting for this item as no retroactive restatement was necessary. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City.

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

The introductory and statistical sections have not been subjected to the auditing procedures in the audit of the basic financial statements and, accordingly, we express no opinion on or provide assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2015 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 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 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.

*Eide Bailly LLP*

Sioux Falls, South Dakota  
June 3, 2015

## Management's Discussion and Analysis

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This discussion and analysis presents an overview of the financial activities and financial position for the City of Sioux Falls (the "City") for the year ended December 31, 2014. 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 of the City exceeded liabilities at the close of the most recent fiscal year by \$1.4 billion (net position). Of this amount, \$141.0 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

#### Fund Financial Statements

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$131.9 million, a decrease of \$36.3 million in comparison with the prior year. Of this balance, \$40.9 million constitutes unassigned fund balance, \$6.8 million assigned, \$36.7 million committed, \$45.5 million restricted and \$2.0 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$425.3 million, an increase of \$21.1 million. The funds ended with a total cash balance of \$68.6 million, an increase of \$5.9 million. Net cash flows from operations were \$40.0 million.
- At the end of the current fiscal year, the assigned fund balance was \$5.3 million and the unassigned fund balance was \$40.7 million for the General Fund, an increase of \$1.3 million. Combined, these balances represent 32.7 percent of the final 2014 General Fund expenditure budget.

### Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of

whether the financial position of the City is improving or deteriorating.

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful

## Management's Discussion and Analysis

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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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, Storm Drainage Fund, and Events Center Construction Fund, all of which are considered to be major funds. Data from the other 7 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 29 of this report.

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health, workers' compensation, and liability programs, fleet of vehicles and maintenance shop, and for its management of information technology equipment. 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 105-110 of this report.

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

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

The City's fiduciary funds consist of the City's two pension and other post-employment trust funds, the Employee's Retirement System and the Firefighters' Pension Fund. The basic fiduciary fund financial statements for these funds can be found on pages 43 and 44 of this report.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the General Fund and each major special revenue fund, 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 73-82 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 exceeded liabilities by \$1.4 billion at the close of the fiscal year ending December 31, 2014.

<b>Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Current and Other Assets	\$ 228,040,745	\$ 190,717,812	\$ 76,293,666	\$ 82,072,910	\$ 304,334,411	\$ 272,790,722
Capital Assets	967,695,839	1,044,074,026	514,979,294	520,433,952	1,482,675,133	1,564,507,978
Total Assets	<u>1,195,736,584</u>	<u>1,234,791,838</u>	<u>591,272,960</u>	<u>602,506,862</u>	<u>1,787,009,544</u>	<u>1,837,298,700</u>
Long-term Liabilities Outstanding	222,250,607	208,632,526	184,660,558	174,499,846	406,911,165	383,132,372
Other Liabilities	29,933,117	28,219,830	2,551,954	2,701,311	32,485,071	30,921,141
Total Liabilities	<u>252,183,724</u>	<u>236,852,356</u>	<u>187,212,512</u>	<u>177,201,157</u>	<u>439,396,236</u>	<u>414,053,513</u>
Net Position:						
Net Investment in Capital Assets	786,631,533	874,352,923	338,184,588	355,182,015	1,124,816,121	1,229,534,938
Restricted	90,992,076	45,688,346	7,185,954	7,221,556	98,178,030	52,909,902
Unrestricted	65,929,251	77,898,213	58,689,906	62,902,134	124,619,157	140,800,347
Total Net Position	<u>\$ 943,552,860</u>	<u>\$ 997,939,482</u>	<u>\$ 404,060,448</u>	<u>\$ 425,305,705</u>	<u>\$ 1,347,613,308</u>	<u>\$ 1,423,245,187</u>

By far the largest portion of the City's net position, 86.4 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 comprises 3.7 percent of total net position. These assets are subject to external restrictions on how they may be used.

The remaining balance of \$141.0 million, 9.9 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 large portion of the unrestricted net position within the City's Sales and Use Tax Fund and Bond Construction Funds 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 56.

**Management's Discussion and Analysis**

**Changes in net position.** The City's net position increased by \$75.6 million, or 5.6 percent, as revenues continue to exceed expenses during the current fiscal year.

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

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,969,961	\$ 14,036,505	\$ 75,185,223	\$ 76,473,510	\$ 91,155,184	\$ 90,510,015
Operating Grants and Contributions	28,641,839	11,485,092	286,087	52,779	28,927,926	11,537,871
Capital Grants and Contributions	30,969,730	37,557,562	8,826,946	10,856,245	39,796,676	48,413,807
General Revenues:						
Property Taxes	48,955,618	52,100,987	-	-	48,955,618	52,100,987
Sales Taxes	113,150,525	119,621,476	-	-	113,150,525	119,621,476
Other Taxes	10,353,298	10,628,144	-	-	10,353,298	10,628,144
Other	1,030,284	1,792,781	2,199,071	1,850,525	3,229,355	3,643,306
Grants and Contributions not Restricted to Specific Programs	5,279,833	4,978,793	-	-	5,279,833	4,978,793
Total Revenues	<u>254,351,088</u>	<u>252,201,340</u>	<u>86,497,327</u>	<u>89,233,059</u>	<u>340,848,415</u>	<u>341,434,399</u>
Expenses:						
General Government	22,764,225	16,348,473	-	-	22,764,225	16,348,473
Public Safety	54,449,658	53,558,912	-	-	54,449,658	53,558,912
Highways & Streets	54,540,686	50,902,039	-	-	54,540,686	50,902,039
Public Health	10,595,323	10,437,257	-	-	10,595,323	10,437,257
Culture & Recreation	36,197,507	38,352,964	-	-	36,197,507	38,352,964
Urban & Economic Development	11,804,550	21,761,220	-	-	11,804,550	21,761,220
Interest on Long-term Debt	8,130,846	6,790,233	-	-	8,130,846	6,790,233
Electric Light	-	-	7,853,329	8,481,793	7,853,329	8,481,793
Public Parking	-	-	2,180,294	2,117,596	2,180,294	2,117,596
Sanitary Landfill	-	-	8,371,394	10,866,177	8,371,394	10,866,177
Water	-	-	26,132,387	25,121,815	26,132,387	25,121,815
Water Reclamation	-	-	18,703,702	21,064,041	18,703,702	21,064,041
Total Expenses	<u>198,482,795</u>	<u>198,151,098</u>	<u>63,241,106</u>	<u>67,651,422</u>	<u>261,723,901</u>	<u>265,802,520</u>
Excess before Transfers	55,868,293	54,050,242	23,256,221	21,581,637	79,124,514	75,631,879
Transfers	565,805	336,380	(565,805)	(336,380)	-	-
Change in Net Position	56,434,098	54,386,622	22,690,416	21,245,257	79,124,514	75,631,879
Net Position - Beginning	887,118,762	943,552,860	381,370,032	404,060,448	1,268,488,794	1,347,613,308
Net Position - Ending	<u>\$ 943,552,860</u>	<u>\$ 997,939,482</u>	<u>\$ 404,060,448</u>	<u>\$ 425,305,705</u>	<u>\$ 1,347,613,308</u>	<u>\$ 1,423,245,187</u>

**Governmental activities.** Governmental activities increased the City's net position by \$54.4 million, thereby accounting for 71.9 percent of the total growth in the net position of the City of Sioux Falls.

Revenues decreased \$2.1 million or 0.8 percent, grants and contributions decreased by \$10.6 million, more than offsetting the increase of \$6.4 million in sales tax collections and \$3.1 million in property tax collections. Expenses

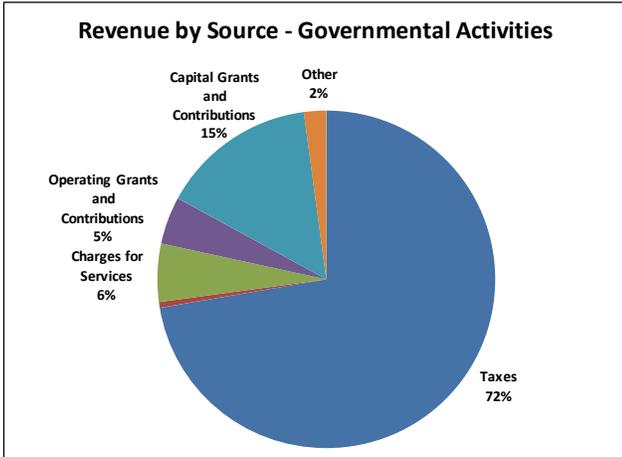
remained relatively steady with a slight decrease of \$0.3 million comparison to the previous year.

**Business-type activities.** Business-type activities increased the City's net position by \$21.2 million, accounting for 28.1 percent of the total growth in the government's net position. This growth is due to increased revenue over expenses as the City continues to plan for both current and future infrastructure investments.

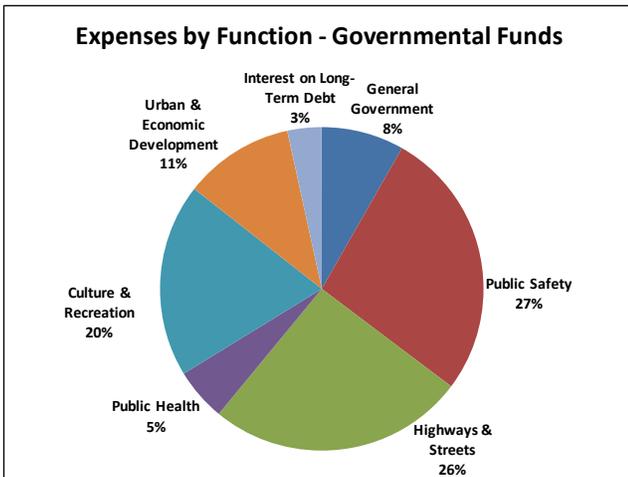
**Management’s Discussion and Analysis**

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

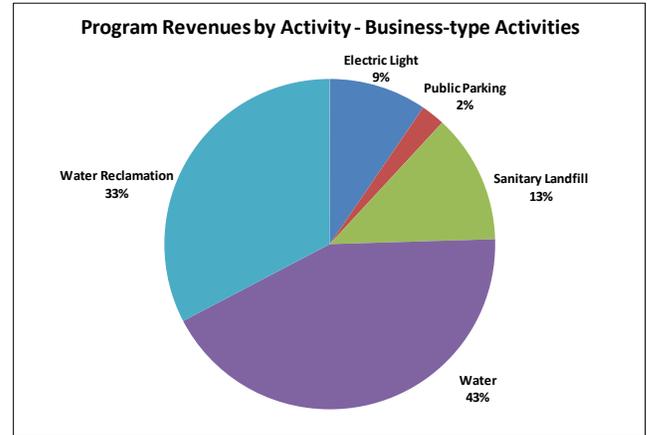
Taxes account for 72 percent of the total governmental revenues. Of this, sales tax comprises 66 percent of the total taxes collected, followed by property taxes at 29 percent.



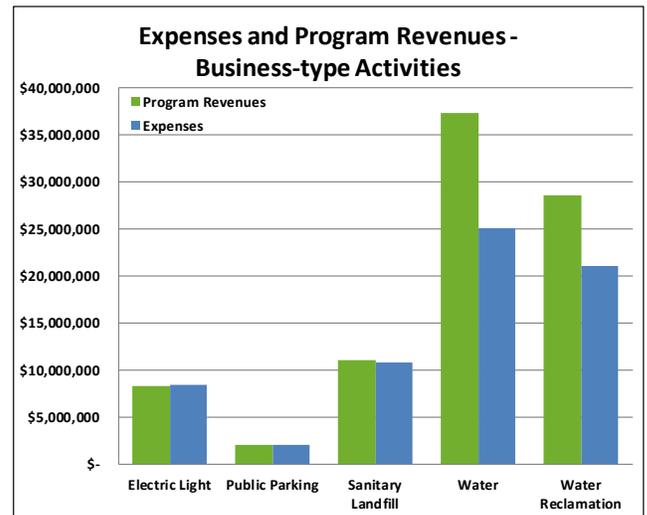
Public Safety and Highways & Streets comprise over half of the total governmental expenses.



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



Except for Public Parking, all other business-type activities provided program revenues in excess of expenses. However, when general revenues are considered, all business-type activities provided a positive change in net position.



**Management's Discussion and Analysis**

**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and 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 financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$131.9 million, a decrease of \$36.3 million, of which \$42.5 million can be attributed to the spending of the proceeds of the bonds issued for the construction of the events center.

Approximately 31.0 percent, or \$40.9 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$6.8 million, 5.2 percent), committed (\$36.7 million, 27.9 percent), restricted (\$45.5 million, 34.5 percent) or nonspendable (\$2.0 million, 1.5 percent).

The **General Fund** is the primary operating fund of the City. At the end of the current fiscal year, the assigned fund balance was \$5.3 million and the unassigned fund balance was \$40.7 million. Combined these balances represent an increase of \$0.1 million, representing 32.7 percent of the final 2014 General Fund expenditure budget of \$141.0 million. The City has a reserve policy target of 25 percent (assigned and unassigned fund balance). The City manages reserves above this target to plan for the operating impacts resulting from future growth, including the ability to operate and maintain new capital infrastructure.

Year-over-year, total revenues decreased by \$1.9 million. Major contributing factor to this decrease was a reduction of \$6.1 million in intergovernmental revenue which was offset by: (1) an increase in sales tax revenue of \$2.7 million or 5.1 percent; and (2) an increase in property tax revenue of \$2.5 million or 5.1 percent. This increase in property tax was comprised of the statutorily provided 2.1 percent inflationary adjustment and a 2.1 percent increase for new growth.

Operating expenditures decreased by \$1.4 million, or 1.0 percent, in 2014. Most of the operating expenditure increases were attributable to keeping up with the city's fast pace of growth and demand for services. The one exception was the decrease in Highways and Streets, which was primarily due to expenditures related to the spring ice storm in the prior year.

Changes within the various service areas are shown below.

	Operating Expenditures			
	2013	2014	Increase(Decrease)	
General Government	\$ 12,263,385	\$ 14,389,217	\$ 2,125,832	17.3%
Public Safety	51,520,665	52,556,252	1,035,587	2.0%
Highways & Streets	28,636,472	23,420,694	(5,215,778)	-18.2%
Public Health	10,232,689	10,146,920	(85,769)	-0.8%
Culture & Recreation	21,384,545	21,683,380	298,835	1.4%
Urban & Econ Development	8,563,633	9,049,989	486,356	5.7%

The **Entertainment Tax Fund** recognized a decrease in fund balance as a 5.6 percent year-over-year increase in entertainment tax revenues was offset by increases in capital spending. The Fund, which is used to operate and maintain the City's convention and entertainment facilities, has a "committed for other purposes" fund balance of \$4.2 million.

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

The Fund experienced a positive \$6.4 million change in fund balance, ending with a balance of \$56.0 million. Of this balance, \$23.3 million is restricted, \$8.1 million is committed for debt service and \$24.5 million is committed for current and future capital projects.

The **Community Development Fund** experienced a small increase in fund balance of \$0.2 million during 2014 as federal and local funding was programmed for expenditure based upon project availability.

The **Storm Drainage Fund** recognized a moderate increase in fund balance of \$1.4 million during 2014.

The **Events Center Construction Fund** was created in 2012 to provide for the construction of the Denny Sanford Premier Center. It has a restricted fund balance of \$5.9 million which consists of unspent bond proceeds.

**Proprietary (business-type) Funds**

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

	Unrestricted Net Position		
	2013	2014	Increase (Decrease)
Electric Light	\$ 21,471,477	\$ 21,485,052	\$ 13,575
Public Parking Facilities	13,218,792	13,217,253	(1,539)
Sanitary Landfill	24,994,121	24,842,059	(152,062)
Water	212,256,189	225,158,527	12,902,338
Water Reclamation	128,976,895	137,301,947	8,325,052

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

All funds experienced positive cash flow from operating activities. The funds ended with a total cash balance of \$68.6 million, an increase of \$5.9 million, with net cash flows from operations of \$40.0 million.

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

## Management's Discussion and Analysis

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The **Electric Light Fund** generated a slight increase in net cash flow in 2014, ending the year with a cash balance of \$3.1 million and an unrestricted net position of \$3.2 million.

The Electric Light Fund completed a comprehensive rate study in 2014, which evaluated the higher energy costs and a renegotiated agreement for supplemental power impacting operating costs. The study also evaluated the costs of capital infrastructure that will need to be added or replaced in the near future. The results of this and subsequent rate analysis have led to rate increases, the latest effective on January 1, 2014.

The **Public Parking Fund** generated \$0.5 million in cash flow from operating activities ending the year with a cash balance of \$4.1 million and unrestricted net position of \$4.1 million.

Although the Fund can meet ongoing operating needs and small construction projects through ramp revenue and receipt of parking fines, the City will need to carefully evaluate funding options for any significant future ramp expansion in the downtown core.

The **Sanitary Landfill Fund** ended the year with an unrestricted net position of \$9.7 million and a cash balance of \$14.6 million. A substantial portion, \$5.6 million, of the cash balance has been restricted to meet the City's future closure and post-closure obligations.

In 2014, the City completed an extensive rate analysis compiled by a consulting engineering firm to evaluate ongoing operating and capital equipment costs, cell expansion as well as costs associated with closure and post-closure care. Based on this analysis the City began a series of rate adjustments, the latest effective on January 1, 2015. The City continues to sell methane gas generated by the landfill to a nearby ethanol plant.

The **Water Fund** generated \$17.7 million in cash flow from operating activities. After realizing \$19.7 million in cash outflows from capital and relating financing activities the fund recognized a net cash outflow of \$1.9 million.

In 2009, the city completed pre-payment of its portion of the Lewis & Clark Regional Water System (LCRWS) project (described in Note 5 on page 66). The city began receiving water on July 30, 2012. This project is projected to provide for the City's future supplemental water needs beyond 2040.

Upon completion of a comprehensive rate and water needs analysis in 2014, a series of annual water rate adjustments have been approved. Each year, the water rate analysis has been updated by an independent engineering firm to account for ongoing costs of operations, the financing of the City's LCRWS pre-payment, and additional capital

replacements and expansions to meet the City's growing demands on water resources. The City adopted an additional rate increase effective January 1, 2014.

The **Water Reclamation Fund** recognized an increase of \$2.5 million in cash as \$16.2 million in cash flow from operating and investing activities was partially offset with \$13.4 million in spending for capital infrastructure and related financing activities.

An independent engineering firm annually updates the comprehensive rate analysis for the Water Reclamation Fund. The analysis reviews current operating, system replacement, and anticipated future development needs.

Based upon the rate analysis in 2014 the City adopted a rate increase effective January 1, 2015.

### General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was \$0.2 million (0.1 percent). The budget adjustments were due to unanticipated grants for the Police Department and a supplemental appropriation for the purchase of election equipment for the City Council.

Revenues exceeded initial projections by \$1.0 million. Key economic indicators clearly reflect a robust and growing Sioux Falls economy. A local unemployment rate of 3.1 percent and record construction activity set a new all-time high with \$619.5 million in construction permits issued in 2014 leading to an increase of \$0.4 million in licenses and permit revenues. This strong building activity contributed to a solid 5.1 percent growth in City sales taxes, or \$1.6 million above initial projections.

Maintaining a consistent track record of fiscal responsibility, the City added to its reserves for the fifth year in a row, a credit to a strong economy and prudent budgetary management. Although originally budgeting to use \$3.8 million in operating reserves in 2014, the City ended the year by adding \$0.1 million to reserves. The City expenditures ended the year \$3.1 million (2.3 percent) below final budget.

### Capital Assets and Debt Administration

**Capital assets.** The investment in capital assets for the governmental and business-type activities as of December 31, 2014, amounted to \$1.6 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangibles, and construction in progress.

**Management's Discussion and Analysis**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$ 135,962,470	\$ 138,828,187	\$ 15,746,447	\$ 16,149,522	\$ 151,708,917	\$ 154,977,709
Buildings	93,929,285	199,531,662	27,322,899	27,836,028	121,252,184	227,367,690
Improvements Other Than Buildings	68,812,686	65,388,874	8,021,840	8,847,537	76,834,526	74,236,411
Machinery and Equipment	33,866,776	36,786,222	17,550,516	16,678,878	51,417,292	53,465,100
Infrastructure	552,761,016	591,196,559	364,783,443	370,769,088	917,544,459	961,965,647
Intangibles	4,503,100	4,503,100	75,432,805	75,511,282	79,935,905	80,014,382
Construction in Progress	77,860,506	7,839,422	6,121,344	4,641,617	83,981,850	12,481,039
<b>Total Assets</b>	<b>\$ 967,695,839</b>	<b>\$ 1,044,074,026</b>	<b>\$ 514,979,294</b>	<b>\$ 520,433,952</b>	<b>\$1,482,675,133</b>	<b>\$1,564,507,978</b>

The City's investment in capital assets net of accumulated depreciation, increased by \$81.8 million in the current fiscal year. This increase was due in large part to the addition of the following capital assets:

- The completion of a variety of street construction and reconstruction projects (including donated and annexed streets) totaling \$57.0 million, including the overlay and concrete restoration of several city streets for \$6.8 million.
- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$25.8 million.
- The construction of Fire Station #11 in NW Sioux Falls, totaling \$2.0 million.
- The construction of Denny Sanford PREMIER Center totaling \$107.6 million.
- The expansion of cell 3 at the landfill totaling \$4.3 million.

- The renovation of the Water Purification plant, totaling \$1.9 million.
- The construction of the flood control system (phase 3), totaling \$3.0 million.

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

**Long-term debt.** At the end of the fiscal year, the City of Sioux Falls had total debt outstanding of \$362.0 million. As shown below, outstanding debt decreased by \$22.8 million. The City made regularly scheduled principal payments of \$26.3 million in 2014.

	Outstanding Debt by Type					
	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Bonds	\$ 189,800,000	\$ 182,460,000	\$ 68,245,000	\$ 66,430,000	\$258,045,000	\$248,890,000
Notes	16,226,849	12,433,506	110,364,706	100,706,937	126,591,555	113,140,443
Installment Obligations	209,860	-	-	-	209,860	-
<b>Total</b>	<b>\$ 206,236,709</b>	<b>\$ 194,893,506</b>	<b>\$ 178,609,706</b>	<b>\$ 167,136,937</b>	<b>\$384,846,415</b>	<b>\$362,030,443</b>

As several debt issuances of the City are secured by a pledge from one source and repaid by another, 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 pre-payment to the Lewis and Clark Regional Water System within the Water Fund used the pledge of the second penny sales tax, but is being repaid by that fund. One issue for storm drainage improvements is secured by a pledge of storm drainage revenues; however, repayments are being made from the second penny sales tax.

**Management's Discussion and Analysis**

	<b>Outstanding Debt by Pledge and Repayment</b>			
	<b>Pledged</b>		<b>Repayment</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
<b>Governmental Activities</b>				
General Fund	\$ 209,860	\$ -	\$ 209,860	\$ -
Sales and Use Tax Fund	263,181,719	254,570,747	204,464,042	194,996,729
Sales and Use/Entertainment Tax Fund	2,000,000	-	2,000,000	-
Community Development	161,000	500,000	161,000	500,000
Storm Drainage Fund	11,528,109	8,488,151	2,000,786	1,632,169
Nonmajor Governmental Funds	2,225,000	2,165,000	2,225,000	2,165,000
Total Governmental Activities	<u>279,305,688</u>	<u>265,723,898</u>	<u>211,060,688</u>	<u>199,293,898</u>
<b>Business-type Activities</b>				
Landfill Fund	1,640,134	1,109,906	1,640,134	1,109,906
Water Fund	23,090,679	18,805,491	91,335,679	85,235,491
Water Reclamation Fund	85,633,893	80,791,540	85,633,893	80,791,540
Total Business-type Activities	<u>110,364,706</u>	<u>100,706,937</u>	<u>178,609,706</u>	<u>167,136,937</u>
<b>Total</b>	<u>\$ 389,670,394</u>	<u>\$ 366,430,835</u>	<u>\$ 389,670,394</u>	<u>\$ 366,430,835</u>

The City carries an 'Aa2' bond rating from Moody's and an 'AA-' rating from S&P. These ratings reflect the city's stable local economy as a regional economic hub with a low unemployment rate, growing population, large sales tax base, and positive growth in sales tax revenues.

The State Constitution limits the amount of debt a governmental entity may issue based upon three categories as described in the notes to the financial statements. Currently, all of the City's debt is classified under the category of general-purpose debt, which is limited to five percent of assessed valuation of the taxable property. The current general-purpose debt limitation for the City is \$563.9 million, which is \$197.8 million in excess of the City's outstanding bonded debt.

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

**Economic Outlook and Next Year's Budget**

**General (Primary Operating) Fund:** The City's 2015 budget focuses on investing in public safety, strengthening our team, and maintaining what we have.

The local economy experienced solid economic growth in 2014 as the key economic indicators of taxable sales, construction permits, job growth, and unemployment all showed positive momentum. The City is leveraging this strong financial position and carefully prioritizing community needs to keep pace with this strong growth.

The City experienced strong sales tax revenue growth of 5.1 percent in 2014. The City will use a sales tax revenue growth estimate of 6 percent in 2015 for the first penny sales and use tax, the primary revenue source for the General Fund. The City's second largest source of tax revenue, property tax, reflects a 3.0 percent adjustment for new growth. Although 2014 was a record year for building permit values, recognition of this growth can take two to three years before being fully recognized as assessed property.

The 2015 budget provides for the use of a small portion, \$5.3 million, of the combined assigned and unassigned fund balance. This use of fund balance will leave the City an estimated 27.2 percent combined assigned and unassigned fund balance to 2015 expenditure budget at year-end, well in excess of the 25 percent target.

The City uses a long-term forecasting model of estimated revenues and anticipated expenditures to strategically prepare budgets that address not just normal changes within the operating budget but also integrate the impact of the City's future growth.

**Sales and Use Tax (Primary Capital) Fund:** As this fund is used to finance capital investments and not ongoing operating costs, the City does not maintain a target for reserves. Rather, the City utilizes a five-year capital program to strategically plan and prioritize capital investments. The first year of the capital program, 2015, focuses on strengthening infrastructure, continuing to repair, rebuild and replace streets, and increased quality of life.

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

**Pension Funds:** The City's pension plans were closed to new membership as of July 1, 2013. All full-time employees hired after this date will become members of the South Dakota Retirement System. In addition, employees remaining in the plan on January 1, 2014 and thereafter no longer have access to the City's health plan, but will be provided a flat dollar stipend to purchase their own health insurance as discussed in Note No. 9 of this report.

## **Management's Discussion and Analysis**

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**Summary:** A robust economy and growing city combined with a strong commitment to fiscal discipline allows the City to maintain high quality services at affordable prices. The city is prepared to leverage its strong financial position to capitalize on future growth opportunities to make Sioux Falls a better place to live, work, play, and raise a family.

Sioux Falls has a dynamic business environment. Anchored by healthcare, retail trade, and financial services the city is the region's economic driver. Consumer and business spending continues to grow, as represented by an increase in sales tax collections of 5.1 percent excluding audits in 2014. In addition, record construction and strong employment numbers point to sustained economic growth.

The City is a proven leader when it comes to fiscal responsibility, with City leaders who are committed to

making wise investments of public resources. This leadership provides the backdrop for the city's continued success in providing the public a terrific value for their tax dollars.

### **Requests for Information**

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

**City of Sioux Falls  
Comprehensive Annual Financial Report  
December 31, 2014**

**Statement of Net Position**

	Primary Government			Component Units	
	Governmental	Business-type	Total	Housing &	Metro
	Activities	Activities		Redevelopment	Communications
				Commission	Agency
<b>Assets</b>					
Cash and Cash Equivalents	\$ 154,083,535	\$ 68,643,875	\$ 222,727,410	\$ 2,653,268	\$ 1,920,012
Investments	-	4,212	4,212	25,327	-
Receivables, net	24,059,306	7,273,570	31,332,876	113,432	1,634
Prepaid Items	325,900	-	325,900	45,170	43,642
Internal Balances	(3,298,640)	3,298,640	-	-	-
Due From Other Governments	12,267,056	-	12,267,056	302,131	403,418
Inventory of Supplies and Stores	2,139,296	2,852,613	4,991,909	867,963	-
Deposits	1,141,359	-	1,141,359	-	17,432
Capital Assets:					
Land	138,828,187	16,149,522	154,977,709	881,744	-
Buildings, net	199,531,662	27,836,028	227,367,690	2,371,094	-
Improvements Other Than Buildings, net	65,388,874	8,847,537	74,236,411	43,305	-
Machinery and Equipment, net	36,786,222	16,678,878	53,465,100	47,049	939,663
Infrastructure, net	591,196,559	370,769,088	961,965,647	-	-
Intangibles, net	4,503,100	75,511,282	80,014,382	-	-
Construction in Progress	7,839,422	4,641,617	12,481,039	776,692	-
<b>Total Assets</b>	<b>1,234,791,838</b>	<b>602,506,862</b>	<b>1,837,298,700</b>	<b>8,127,175</b>	<b>3,325,801</b>
<b>Liabilities</b>					
Accounts Payable and Other Current Liabilities:	6,099,738	1,376,580	7,476,318	1,311,808	117,389
Interest Payable	924,104	789,112	1,713,216	1,105	-
Deposits	107,115	535,619	642,734	15,813	-
Unearned Revenue-Federal Grants	18,633,864	-	18,633,864	-	-
Unearned Revenue-Other	-	-	-	3,926	-
Long-term Liabilities:					
Due Within One Year	11,378,213	15,256,194	26,634,407	81,292	80,462
Due In More Than One Year	197,254,313	159,243,652	356,497,965	2,619,409	255,885
<b>Total Liabilities</b>	<b>234,397,347</b>	<b>177,201,157</b>	<b>411,598,504</b>	<b>4,033,353</b>	<b>453,736</b>
<b>Net Position</b>					
Net Investment in Capital Assets	874,352,923	355,182,015	1,229,534,938	1,584,052	939,663
Restricted for:					
Debt Service	22,580,622	7,221,556	29,802,178	-	-
Park and Recreation	1,067,101	-	1,067,101	-	-
Police	314,535	-	314,535	-	-
Library:					
Expendable	47,367	-	47,367	-	-
Nonexpendable	24,765	-	24,765	-	-
Heroic Awards:					
Expendable	3,630	-	3,630	-	-
Nonexpendable	2,000	-	2,000	-	-
Flood Control	587,516	-	587,516	-	-
Events Center	5,852,787	-	5,852,787	-	-
Other Capital Projects	4,937,838	-	4,937,838	-	-
Other Purposes	7,607,335	-	7,607,335	797,094	24
Liability Insurance Pool	-	-	-	-	17,432
Unrestricted	98,987,086	62,902,134	161,889,220	1,712,676	1,914,946
<b>Total Net Position</b>	<b>\$ 1,000,394,491</b>	<b>\$ 425,305,705</b>	<b>\$ 1,425,700,196</b>	<b>\$ 4,093,822</b>	<b>\$ 2,872,065</b>

**City of Sioux Falls  
Comprehensive Annual Financial Report  
Year Ended December 31, 2014**

**Statement of Activities**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 16,348,473	\$ 1,637,130	\$ 554,421	\$ 316,696
Public Safety:				
Fire Protection	23,480,779	200,674	568,678	53,900
Police Protection	30,078,133	386,204	842,430	-
Highways and Streets	50,977,392	462,931	1,384,708	38,929,412
Public Health	10,437,257	5,504,651	3,063,526	-
Culture and Recreation:				
Libraries	7,418,069	170,276	998,776	40,379
Museum	546,495	-	-	-
Parks & Recreation	22,364,841	1,132,630	65,299	-
Entertainment Venues	8,023,559	-	59,410	-
Urban and Economic Development:				
Convention Center/CVB	7,347,986	-	-	-
Community Development	3,547,380	856,905	1,009,066	-
Economic Development	4,169,374	3,375	-	-
TIF	731,370	-	-	-
Urban Management	5,965,110	3,681,729	2,938,778	-
Interest on Long-Term Debt	6,790,233	-	-	-
<b>Total Governmental Activities</b>	<b>198,226,451</b>	<b>14,036,505</b>	<b>11,485,092</b>	<b>39,340,387</b>
<b>Business-type Activities:</b>				
Electric Light	8,481,793	7,773,132	-	558,871
Public Parking	2,117,596	2,037,421	-	-
Sanitary Landfill	10,866,177	11,048,396	-	-
Water	25,121,815	31,959,833	52,550	5,375,293
Water Reclamation	21,064,041	23,654,728	229	4,922,081
<b>Total Business-type Activities</b>	<b>67,651,422</b>	<b>76,473,510</b>	<b>52,779</b>	<b>10,856,245</b>
<b>Total Government</b>	<b>\$ 265,877,873</b>	<b>\$ 90,510,015</b>	<b>\$ 11,537,871</b>	<b>\$ 50,196,632</b>
<b>Component Units:</b>				
Housing & Redevelopment Commission	\$ 12,526,415	\$ 418,493	\$ 11,905,480	\$ -
Metro Communications Agency	3,660,999	48,191	1,163,823	-
	<b>\$ 16,187,414</b>	<b>\$ 466,684</b>	<b>\$ 13,069,303</b>	<b>\$ -</b>
<b>General Revenues:</b>				
Taxes:				
Property Tax				
Sales Tax				
Frontage Tax				
Amusement Tax				
E-911 Surcharges				
Unrestricted State and County Shared Revenues				
Unrestricted Investment Earnings				
Miscellaneous Revenue, Net				
<b>Transfers</b>				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

Statement of Activities (cont)

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission	Metro Communications Agency
\$ (13,840,226)	\$ -	\$ (13,840,226)		
(22,657,527)	-	(22,657,527)		
(28,849,499)	-	(28,849,499)		
(10,200,341)	-	(10,200,341)		
(1,869,080)	-	(1,869,080)		
(6,208,638)	-	(6,208,638)		
(546,495)	-	(546,495)		
(21,166,912)	-	(21,166,912)		
(7,964,149)	-	(7,964,149)		
(7,347,986)	-	(7,347,986)		
(1,681,409)	-	(1,681,409)		
(4,165,999)	-	(4,165,999)		
(731,370)	-	(731,370)		
655,397	-	655,397		
(6,790,233)	-	(6,790,233)		
(133,364,467)	-	(133,364,467)		
-	(149,790)	(149,790)		
-	(80,175)	(80,175)		
-	182,219	182,219		
-	12,265,861	12,265,861		
-	7,512,997	7,512,997		
-	19,731,112	19,731,112		
(133,364,467)	19,731,112	(113,633,355)		
			\$ (202,442)	\$ -
			-	(2,448,985)
			(202,442)	(2,448,985)
52,773,171	-	52,773,171	-	-
119,621,476	-	119,621,476	-	-
10,615,052	-	10,615,052	-	-
13,092	-	13,092	-	-
-	-	-	-	2,424,014
4,978,793	-	4,978,793	-	-
1,367,872	57,232	1,425,104	4,707	9,939
500,262	1,793,293	2,293,555	525,373	-
336,380	(336,380)	-	-	-
190,206,098	1,514,145	191,720,243	530,080	2,433,953
56,841,631	21,245,257	78,086,888	327,638	(15,032)
943,552,860	404,060,448	1,347,613,308	3,766,184	2,887,097
\$ 1,000,394,491	\$ 425,305,705	\$ 1,425,700,196	\$ 4,093,822	\$ 2,872,065

**City of Sioux Falls  
Comprehensive Annual Financial Report  
December 31, 2014**

**Balance Sheet - Governmental Funds**

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 45,133,593	\$ 4,133,083	\$ 55,339,816
Receivables:			
Taxes-Delinquent	1,142,452	-	-
Accounts (net of allowance for uncollectibles)	1,452,114	18,861	-
Interest and Penalty	223,735	10,150	104,595
Special Assessments	170,025	-	1,612,800
Rehabilitation Loans and Grants	-	-	-
Due from Other Funds	107,419	-	-
Due from Other Governments	2,919,918	115,478	835,124
Inventory of Supplies and Stores	1,457,649	-	-
Notes Receivable	-	-	144,993
Total Assets	<u>\$ 52,606,905</u>	<u>\$ 4,277,572</u>	<u>\$ 58,037,328</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 906,438	\$ 86,859	\$ 407,920
Due to Other Funds	-	-	-
Accrued Wages	2,526,608	-	-
Deposits	107,115	-	-
Unearned Revenue-Federal Grants	-	-	-
Total Liabilities	<u>3,540,161</u>	<u>86,859</u>	<u>407,920</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue-Property Taxes	672,184	-	-
Unavailable Revenue-Special Assessments	170,025	-	1,612,800
Total Deferred Inflows of Resources	<u>842,209</u>	<u>-</u>	<u>1,612,800</u>
<b>Fund Balances</b>			
Nonspendable	1,457,649	-	144,993
Restricted	679,076	34,854	23,301,917
Committed	-	4,155,859	32,569,698
Assigned	5,348,104	-	-
Unassigned	40,739,706	-	-
Total Fund Balances	<u>48,224,535</u>	<u>4,190,713</u>	<u>56,016,608</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 52,606,905</u>	<u>\$ 4,277,572</u>	<u>\$ 58,037,328</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 December 31, 2014

**Balance Sheet - Governmental Funds (cont)**

<u>Community Development</u>	<u>Storm Drainage</u>	<u>Events Center Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,675,889	\$ 9,487,041	\$ 5,793,337	\$ 5,175,430	\$ 127,738,189
-	-	-	-	1,142,452
-	67,290	59,410	13,053	1,610,728
3,164	17,540	40	4,398	363,622
-	-	-	-	1,782,825
18,452,646	-	-	-	18,452,646
-	-	-	-	107,419
-	-	-	-	3,870,520
5,000	-	-	-	1,462,649
511,928	-	-	-	656,921
<u>\$ 21,648,627</u>	<u>\$ 9,571,871</u>	<u>\$ 5,852,787</u>	<u>\$ 5,192,881</u>	<u>\$ 157,187,971</u>
\$ 1,840	\$ 57,834	\$ -	\$ -	\$ 1,460,891
-	-	-	105,192	105,192
17,993	27,734	-	-	2,572,335
-	-	-	-	107,115
18,633,864	-	-	-	18,633,864
<u>18,653,697</u>	<u>85,568</u>	<u>-</u>	<u>105,192</u>	<u>22,879,397</u>
-	-	-	-	672,184
-	-	-	-	1,782,825
-	-	-	-	2,455,009
18,969,574	-	-	26,765	20,598,981
(15,974,644)	9,486,303	5,852,787	3,643,794	27,024,087
-	-	-	-	36,725,557
-	-	-	1,472,322	6,820,426
-	-	-	(55,192)	40,684,514
<u>2,994,930</u>	<u>9,486,303</u>	<u>5,852,787</u>	<u>5,087,689</u>	<u>131,853,565</u>
<u>\$ 21,648,627</u>	<u>\$ 9,571,871</u>	<u>\$ 5,852,787</u>	<u>\$ 5,192,881</u>	<u>\$ 157,187,971</u>

**City of Sioux Falls  
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**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**

Total Fund Balances for Governmental Funds		\$ 131,853,565
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$ 1,554,893,585	
Accumulated Depreciation	<u>(525,356,763)</u>	1,029,536,822
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		
		2,455,009
Internal service funds are used by management to charge the costs of fleet management, insurance programs, and technology equipment to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position as follows:		
Governmental Activities	40,869,995	
Business-Type Activities	<u>(3,300,865)</u>	37,569,130
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(924,104)	
Notes Payable-Revenue	(12,433,506)	
Unamortized Bond Premium	(4,400,392)	
Rebatable arbitrage	(56,878)	
Bonds Payable-Revenue	(182,460,000)	
Accrued Compensated Absences	<u>(9,106,842)</u>	(209,381,722)
Long-term receivables are not due and receivable in the current period and therefore are not reported in the funds.		
		<u>8,361,687</u>
Net Position of Governmental Activities		<u><u>\$ 1,000,394,491</u></u>

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**City of Sioux Falls  
Comprehensive Annual Financial Report  
Year Ended December 31, 2014**

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

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>
<b>Revenues</b>			
Taxes:			
Property	\$ 51,025,183	\$ -	\$ -
Sales	54,863,132	6,417,220	54,860,726
Frontage	4,628,820	-	-
Lodging (includes BID)	2,698,216	-	-
Amusement	13,092	-	-
Penalties and Interest	113,383	-	-
Special Assessments	251,286	-	1,164,054
Licenses and Permits	5,113,607	-	88,165
Intergovernmental	11,257,014	-	348,696
Charges for Goods and Services	7,208,017	-	-
Fines and Forfeitures	572,024	-	-
Investment Revenue	287,741	54,486	712,074
Rentals/Operating Leases	196,685	-	-
Contributions	206,672	-	188,082
Miscellaneous Revenue	(696,502)	-	6,545
Total Revenues	<u>137,738,370</u>	<u>6,471,706</u>	<u>57,368,342</u>
<b>Expenditures</b>			
Current:			
General Government	14,389,217	-	63,350
Public Safety	52,556,252	-	36,361
Highways and Streets	23,420,694	-	8,948
Public Health	10,146,920	-	-
Culture and Recreation	21,683,380	2,856,466	-
Urban and Economic Development	9,049,989	-	-
Debt Service:			
Principal	-	2,000,000	9,253,587
Interest and Fiscal Charges	-	61,500	7,034,530
Capital Outlay			
General Government	-	-	445,819
Public Safety	-	-	3,483,318
Highways and Streets	-	-	26,932,571
Public Health	-	-	120,263
Culture and Recreation	-	2,285,961	5,702,520
Urban and Economic Development	-	-	248,590
Total Expenditures	<u>131,246,452</u>	<u>7,203,927</u>	<u>53,329,857</u>
Revenues Over (Under) Expenditures	<u>6,491,918</u>	<u>(732,221)</u>	<u>4,038,485</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Surplus Property	52,052	3,805	37,038
Damage Recovery	184,248	-	127,550
Loan Proceeds	-	-	-
Transfers In	-	-	2,216,999
Transfers Out	(6,625,447)	-	-
Total Other Financing Sources (Uses)	<u>(6,389,147)</u>	<u>3,805</u>	<u>2,381,587</u>
Net Change in Fund Balances	102,771	(728,416)	6,420,072
<b>Fund Balances, January 1</b>	<u>48,121,764</u>	<u>4,919,129</u>	<u>49,596,536</u>
<b>Fund Balances, December 31</b>	<u>\$ 48,224,535</u>	<u>\$ 4,190,713</u>	<u>\$ 56,016,608</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

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

Community Development	Storm Drainage	Events Center Construction	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 1,075,804	\$ 52,100,987
-	-	-	-	116,141,078
-	5,986,232	-	-	10,615,052
-	-	-	-	2,698,216
-	-	-	-	13,092
-	-	-	-	113,383
-	794,231	-	-	2,209,571
-	-	-	-	5,201,772
1,548,918	-	-	3,150,068	16,304,696
-	-	-	-	7,208,017
-	-	-	-	572,024
39,070	34,731	20,267	9,906	1,158,275
856,905	1,100	-	2	1,054,692
50,000	-	59,410	3,721	507,885
(90)	(49,929)	-	366	(739,610)
<u>2,494,803</u>	<u>6,766,365</u>	<u>79,677</u>	<u>4,239,867</u>	<u>215,159,130</u>
-	-	-	-	14,452,567
-	-	-	-	52,592,613
-	2,275,140	-	346,069	26,050,851
-	-	-	-	10,146,920
-	-	1,347,645	15,618	25,903,109
3,539,540	-	-	8,073,747	20,663,276
-	368,616	-	60,000	11,682,203
-	46,858	-	119,513	7,262,401
-	-	-	-	445,819
-	-	-	-	3,483,318
-	2,737,786	-	2,980,479	32,650,836
-	-	-	-	120,263
-	-	37,934,064	113,838	46,036,383
-	-	-	30,894	279,484
<u>3,539,540</u>	<u>5,428,400</u>	<u>39,281,709</u>	<u>11,740,158</u>	<u>251,770,043</u>
<u>(1,044,737)</u>	<u>1,337,965</u>	<u>(39,202,032)</u>	<u>(7,500,291)</u>	<u>(36,610,913)</u>
-	28,550	-	-	121,445
-	-	-	-	311,798
339,000	-	-	-	339,000
927,641	-	-	4,897,806	8,042,446
-	-	-	(1,899,068)	(8,524,515)
<u>1,266,641</u>	<u>28,550</u>	<u>-</u>	<u>2,998,738</u>	<u>290,174</u>
221,904	1,366,515	(39,202,032)	(4,501,553)	(36,320,739)
<u>2,773,026</u>	<u>8,119,788</u>	<u>45,054,819</u>	<u>9,589,242</u>	<u>168,174,304</u>
<u>\$ 2,994,930</u>	<u>\$ 9,486,303</u>	<u>\$ 5,852,787</u>	<u>\$ 5,087,689</u>	<u>\$ 131,853,565</u>

**City of Sioux Falls  
Comprehensive Annual Financial Report  
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**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

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Net Change in Fund Balances - Total Governmental Funds \$ (36,320,739)

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	\$ 83,016,103	
Loss on Capital Assets	515,304	
Less Current Year Depreciation	<u>(43,911,968)</u>	39,619,439

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	34,951,437	
Property taxes and special assessments	<u>2,455,009</u>	37,406,446

Bond proceeds provide current financial resources to governmental  
funds, but issuing debt increases long-term liabilities in the  
Statement of Net Position. Repayment of bond principal is an  
expenditure in the governmental funds, but the repayment  
reduces long-term liabilities in the Statement of Net Position.

Principal Payments	11,682,203	
Amortization of Bond Premium	423,587	
Revenue Bond Proceeds	<u>(339,000)</u>	11,766,790

Some revenues reported in the Statement of Activities do not  
provide current financial resources and therefore are not  
reported as revenues in governmental funds.

Due From Other Governments - Taxes		782,182
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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		1,898,651
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Internal service funds are used by management to charge the costs  
of certain activities to individual funds. The net revenue (expense)  
of the internal service funds is reported within governmental activities.

		1,688,862
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Change in Net Position of Governmental Activities

	<u><u>\$ 56,841,631</u></u>
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**City of Sioux Falls  
Comprehensive Annual Financial Report  
December 31, 2014**

**Statement of Net Position - Proprietary Funds**

	<b>Enterprise Funds</b>		
	<b>Electric Light</b>	<b>Public Parking</b>	<b>Sanitary Landfill</b>
<b>Assets</b>			
<b>Current:</b>			
Cash and Cash Equivalents	\$ 3,128,037	\$ 4,133,788	\$ 14,582,841
Investments	-	-	-
Receivables, net:			
Accounts	475,772	77,307	1,125,216
Interest	5,393	7,028	22,930
Special Assessments	-	-	-
Unbilled	-	-	-
Notes	-	-	-
Prepaid Expense	-	-	-
Due From Other Funds	-	-	-
Due From Other Governments	-	-	-
Inventory of Supplies and Stores	315,067	-	-
<b>Total Current Assets</b>	<b>3,924,269</b>	<b>4,218,123</b>	<b>15,730,987</b>
<b>Noncurrent:</b>			
Deposits	-	-	-
Capital Assets:			
Land	206,366	5,996,434	1,779,968
Buildings	503,583	176,147	5,576,658
Improvements Other Than Buildings	9,248	14,682,345	25,162,323
Machinery and Equipment	797,018	372,161	1,616,540
Infrastructure	33,683,855	-	4,598,917
Intangibles	-	-	-
Construction in Progress	229,842	52,631	165,057
Less: Accumulated Depreciation	(17,187,917)	(12,161,718)	(22,618,059)
<b>Total Noncurrent Assets</b>	<b>18,241,995</b>	<b>9,118,000</b>	<b>16,281,404</b>
<b>Total Assets</b>	<b>22,166,264</b>	<b>13,336,123</b>	<b>32,012,391</b>
<b>Liabilities</b>			
<b>Current:</b>			
Accounts Payable	446,725	15,843	86,740
Accrued Wages	34,147	24,266	49,097
Accrued Compensated Absences	9,000	6,000	12,000
Accrued Interest Payable	-	-	5,243
Incurred But Not Reported Claims	-	-	-
Due To Other Funds	-	-	-
Notes Payable-Revenue	-	-	239,538
Bonds Payable-Revenue	-	-	-
Deposits	87,515	24,652	13,805
<b>Total Current Liabilities</b>	<b>577,387</b>	<b>70,761</b>	<b>406,423</b>
<b>Noncurrent:</b>			
Accrued Compensated Absences	103,825	48,109	256,382
Rebatable Arbitrage	-	-	-
Closure & Postclosure Care Costs	-	-	5,637,159
Notes Payable-Revenue	-	-	870,368
Bonds Payable-Revenue	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>103,825</b>	<b>48,109</b>	<b>6,763,909</b>
<b>Total Liabilities</b>	<b>681,212</b>	<b>118,870</b>	<b>7,170,332</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	18,241,995	9,118,000	15,171,498
Restricted for Liability Insurance Pool	-	-	-
Restricted for Debt Service	-	-	-
Unrestricted	3,243,057	4,099,253	9,670,561
<b>Total Net Position</b>	<b>\$ 21,485,052</b>	<b>\$ 13,217,253</b>	<b>\$ 24,842,059</b>

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

**Net Position of business-type activities**

**City of Sioux Falls  
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**Statement of Net Position - Proprietary Funds (cont.)**

<b>Enterprise Funds (cont.)</b>			<b>Internal</b>
<b>Water</b>	<b>Water Reclamation</b>	<b>Total</b>	<b>Service Funds</b>
\$ 29,473,629	\$ 17,325,580	\$ 68,643,875	\$ 25,995,801
4,212	-	4,212	-
1,065,311	876,153	3,619,759	2,138
81,403	30,033	146,787	47,974
228,301	-	228,301	-
1,588,352	1,582,570	3,170,922	-
-	107,801	107,801	-
-	-	-	325,900
-	-	-	-
-	-	-	34,849
2,089,904	447,642	2,852,613	676,645
<u>34,531,112</u>	<u>20,369,779</u>	<u>78,774,270</u>	<u>27,083,307</u>
-	-	-	1,141,359
6,759,778	1,406,976	16,149,522	-
28,366,508	7,734,168	42,357,064	113,145
70,556	349,006	40,273,478	457,604
26,299,485	13,511,458	42,596,662	35,954,681
240,520,774	305,276,609	584,080,155	-
75,511,282	-	75,511,282	-
2,286,861	1,907,226	4,641,617	51,823
<u>(101,946,920)</u>	<u>(131,261,214)</u>	<u>(285,175,828)</u>	<u>(22,040,049)</u>
<u>277,868,324</u>	<u>198,924,229</u>	<u>520,433,952</u>	<u>15,678,563</u>
<u>312,399,436</u>	<u>219,294,008</u>	<u>599,208,222</u>	<u>42,761,870</u>
188,212	263,454	1,000,974	254,291
148,148	119,948	375,606	(346,150)
35,000	30,000	92,000	18,000
464,956	318,913	789,112	-
-	-	-	2,000,000
2,227	-	2,227	-
3,890,932	9,148,724	13,279,194	-
1,885,000	-	1,885,000	-
409,647	-	535,619	-
<u>7,024,122</u>	<u>9,881,039</u>	<u>17,959,732</u>	<u>1,926,141</u>
709,056	468,207	1,585,579	156,908
48,171	-	48,171	-
-	-	5,637,159	-
14,914,560	71,642,815	87,427,743	-
64,545,000	-	64,545,000	-
<u>80,216,787</u>	<u>72,111,022</u>	<u>159,243,652</u>	<u>156,908</u>
<u>87,240,909</u>	<u>81,992,061</u>	<u>177,203,384</u>	<u>2,083,049</u>
194,517,832	118,132,690	355,182,015	14,537,204
-	-	-	1,141,359
7,221,556	-	7,221,556	-
23,419,139	19,169,257	59,601,267	25,000,258
<u>\$ 225,158,527</u>	<u>\$ 137,301,947</u>	<u>422,004,838</u>	<u>\$ 40,678,821</u>
		<u>3,300,867</u>	
		<u>\$ 425,305,705</u>	

**City of Sioux Falls  
Comprehensive Annual Financial Report  
Year Ended December 31, 2014**

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

	<b>Enterprise Funds</b>		
	<b>Electric Light</b>	<b>Public Parking</b>	<b>Sanitary Landfill</b>
<b>Operating Revenues:</b>			
Charges for Goods and Services	\$ 7,772,752	\$ 1,682,633	\$ -
Fines and Forfeitures	380	354,788	-
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	11,048,396
Fines and Forfeitures	-	-	-
<b>Total Operating Revenues</b>	<b>7,773,132</b>	<b>2,037,421</b>	<b>11,048,396</b>
<b>Operating Expenses:</b>			
Personnel Services	923,896	839,074	1,926,939
Casualty Loss	-	-	-
Insurance	11,962	28,257	16,749
Professional Services	110,461	128,675	1,044,007
Rent	155,000	16,645	1,696,919
Repairs and Maintenance	375,503	314,773	627,103
Supplies and Materials	5,412,961	152,830	727,207
Utilities and Bulk Energy	17,642	107,900	316,962
Depreciation	1,459,630	502,711	3,569,973
Other Current Expenses	14,001	18,891	1,627,772
<b>Total Operating Expenses</b>	<b>8,481,056</b>	<b>2,109,756</b>	<b>11,553,631</b>
<b>Operating Income (Loss)</b>	<b>(707,924)</b>	<b>(72,335)</b>	<b>(505,235)</b>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Revenue	32,693	13,845	112,053
Gain (Loss) on Capital Assets	(1,766)	4,700	504,985
Rent/Operating Leases	414	-	23,547
Cost Recovery & Special Assessments	-	-	-
Miscellaneous	49,287	52,251	(236,568)
Federal Grants	-	-	-
Interest Expense and Fiscal Agent Charges	-	-	(32,395)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>80,628</b>	<b>70,796</b>	<b>371,622</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(627,296)</b>	<b>(1,539)</b>	<b>(133,613)</b>
Capital Contributions	558,871	-	-
Transfers In	82,000	-	-
Transfers Out	-	-	(18,449)
<b>Change in Net Position</b>	<b>13,575</b>	<b>(1,539)</b>	<b>(152,062)</b>
<b>Total Net Position, January 1</b>	<b>21,471,477</b>	<b>13,218,792</b>	<b>24,994,121</b>
<b>Total Net Position, December 31</b>	<b>\$ 21,485,052</b>	<b>\$ 13,217,253</b>	<b>\$ 24,842,059</b>

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

**Change in Net Position of Business-type Activities**

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

Enterprise Funds			Internal Service Funds
Water	Water Reclamation	Total	
\$ -	\$ -	\$ 9,455,385	\$ 27,682,813
-	-	355,168	-
31,955,673	23,654,728	66,658,797	-
4,160	-	4,160	-
<u>31,959,833</u>	<u>23,654,728</u>	<u>76,473,510</u>	<u>27,682,813</u>
5,359,562	4,613,048	13,662,519	2,072,266
-	-	-	16,706,788
74,547	109,963	241,478	2,058,406
833,499	572,162	2,688,804	1,001,454
386,823	489,141	2,744,528	136,098
1,493,924	744,685	3,555,988	543,042
2,027,075	722,229	9,042,302	2,763,982
4,418,744	1,428,343	6,289,591	36,167
6,995,705	10,800,029	23,328,048	2,452,409
50,535	20,333	1,731,532	25,769
<u>21,640,414</u>	<u>19,499,933</u>	<u>63,284,790</u>	<u>27,796,381</u>
<u>10,319,419</u>	<u>4,154,795</u>	<u>13,188,720</u>	<u>(113,568)</u>
(105,513)	4,154	57,232	96,214
83,220	3,187	594,326	222,645
208,853	10,063	242,877	-
581,443	1,451,733	2,033,176	-
(7,676)	(340,054)	(482,760)	583,984
52,550	229	52,779	-
<u>(3,523,251)</u>	<u>(1,563,205)</u>	<u>(5,118,851)</u>	<u>-</u>
<u>(2,710,374)</u>	<u>(433,893)</u>	<u>(2,621,221)</u>	<u>902,843</u>
7,609,045	3,720,902	10,567,499	789,275
5,375,293	4,922,081	10,856,245	47,858
-	-	82,000	818,449
<u>(82,000)</u>	<u>(317,931)</u>	<u>(418,380)</u>	<u>-</u>
12,902,338	8,325,052	21,087,364	1,655,582
<u>212,256,189</u>	<u>128,976,895</u>		<u>39,023,239</u>
<u>\$ 225,158,527</u>	<u>\$ 137,301,947</u>		<u>\$ 40,678,821</u>
		<u>157,893</u>	
		<u>\$ 21,245,257</u>	

**City of Sioux Falls  
Comprehensive Annual Financial Report  
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**Statement of Cash Flows - Proprietary Funds**

	<b>Enterprise Funds</b>	
	<b>Electric Light</b>	<b>Public Parking</b>
<b>Cash Flows Provided by Operating Activities:</b>		
Receipts from Customers	\$ 5,688,581	\$ 1,477,690
Cash Receipts from Interfund Services Provided	2,329,065	164,625
Payments to Suppliers	(6,146,954)	(721,554)
Payment for Interfund Services Used	(1,094)	(45,262)
Payments to Employees	(1,022,241)	(822,356)
Claims Paid	-	-
Other Receipts	57,605	414,730
Net Cash Provided by Operating Activities	<u>904,962</u>	<u>467,873</u>
<b>Cash Flows Provided (Used) By Noncapital Financing Activities:</b>		
Subsidy from Federal Grants	-	-
Transfers In	-	-
Transfers Out	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	<u>-</u>	<u>-</u>
<b>Cash Flows Provided (Used) By Capital and Related Financing Activities:</b>		
Sale of Capital Assets	13,531	4,700
Purchase of Capital Assets	(546,696)	(128,442)
Interest Payments	-	-
Proceeds from Revenue Notes	-	-
Principal Payments-Revenue Notes	-	-
-Revenue Bonds	-	-
Net Cash Flows (Used) By Capital and Related Financing Activities	<u>(533,165)</u>	<u>(123,742)</u>
<b>Cash Flows Provided (Used) By Investing Activities:</b>		
Sale and Maturity of Investments	-	-
Rent Received	414	-
Investment Revenue Received	29,042	9,233
Net Cash Flows Provided By Investing Activities	<u>29,456</u>	<u>9,233</u>
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	401,253	353,364
<b>Cash and Cash Equivalents, January 1</b>	<u>2,726,784</u>	<u>3,780,424</u>
<b>Cash and Cash Equivalents, December 31</b>	<u>\$ 3,128,037</u>	<u>\$ 4,133,788</u>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:</b>		
Operating Income (Loss)	\$ (707,924)	\$ (72,335)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,459,630	502,711
(Increase) Decrease in-Receivables	244,894	(40,318)
-Inventory	(42,059)	-
- Prepaid Expense	-	-
-Due From Other Funds	-	-
-Due From Other Governments	-	-
Increase (Decrease) in-Accounts Payable	(8,459)	1,155
-Accrued Wages	3,373	5,058
-Compensated Absences	(101,718)	11,660
-Incurred But Not Reported Claims	-	-
-Deposits	7,617	7,692
-Other Accrued Liabilities	-	-
-Due To Other Funds	-	-
Other Revenue Sources (Uses)	49,608	52,250
Net Cash Provided By Operating Activities	<u>\$ 904,962</u>	<u>\$ 467,873</u>
<b>Noncash Investing, Capital and Financing Activities:</b>		
Capital Contributions	\$ 558,871	\$ -
Change in Fair Value of Investments	-	-
Capital Transfers	82,000	-

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Year Ended December 31, 2014**

**Statement of Cash Flows - Proprietary Funds (cont)**

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 11,049,703	\$ 31,606,740	\$ 23,909,919	\$ 73,732,633	\$ 4,878,824
298,631	494,696	69,076	3,356,093	22,745,249
(5,997,956)	(8,983,790)	(4,147,579)	(25,997,833)	(6,276,352)
(13,580)	(646,491)	(122,785)	(829,212)	10,118
(2,018,988)	(5,469,347)	(4,582,824)	(13,915,756)	(2,062,107)
-	-	-	-	(16,706,788)
1,369,917	655,654	1,110,469	3,608,375	568,985
<u>4,687,727</u>	<u>17,657,462</u>	<u>16,236,276</u>	<u>39,954,300</u>	<u>3,157,929</u>
-	52,550	229	52,779	-
-	-	-	-	800,000
-	-	(317,931)	(317,931)	-
-	52,550	(317,702)	(265,152)	800,000
504,985	189,933	3,187	716,336	227,260
(234,949)	(10,188,893)	(6,922,471)	(18,021,451)	(4,198,032)
(34,148)	(3,558,853)	(1,659,655)	(5,252,656)	-
-	-	3,393,404	3,393,404	-
(530,228)	(4,285,188)	(8,235,758)	(13,051,174)	-
-	(1,815,000)	-	(1,815,000)	-
<u>(294,340)</u>	<u>(19,658,001)</u>	<u>(13,421,293)</u>	<u>(34,030,541)</u>	<u>(3,970,772)</u>
-	4,059	-	4,059	-
23,547	208,853	10,063	242,877	-
95,554	(161,639)	(16,391)	(44,201)	64,490
<u>119,101</u>	<u>51,273</u>	<u>(6,328)</u>	<u>202,735</u>	<u>64,490</u>
4,512,488	(1,896,716)	2,490,953	5,861,342	51,647
10,070,353	31,370,345	14,834,631	62,782,537	26,293,699
<u>\$ 14,582,841</u>	<u>\$ 29,473,629</u>	<u>\$ 17,325,580</u>	<u>\$ 68,643,875</u>	<u>\$ 26,345,346</u>
\$ (505,235)	\$ 10,319,419	\$ 4,154,795	\$ 13,188,720	\$ 77,606
3,569,973	6,995,705	10,800,029	23,328,048	2,452,409
278,871	(104,908)	324,267	702,806	6,634
-	(266,393)	(122,491)	(430,943)	159,055
-	-	-	-	(15,000)
1,213	-	-	1,213	-
19,854	-	-	19,854	(6,548)
45,183	171,930	(61,017)	148,792	139,629
2,344	15,886	14,528	41,189	11,380
(94,393)	(125,671)	15,696	(294,426)	(1,221)
-	-	-	-	(250,000)
-	77,872	-	93,181	-
1,606,483	-	-	1,606,483	-
-	(145)	(1,213)	(1,358)	-
(236,566)	573,767	1,111,682	1,550,741	583,985
<u>\$ 4,687,727</u>	<u>\$ 17,657,462</u>	<u>\$ 16,236,276</u>	<u>\$ 39,954,300</u>	<u>\$ 3,157,929</u>
\$ -	\$ 5,375,293	\$ 4,922,081		\$ 47,858
-	62	-		-
(18,449)	(82,000)	-		217,530

**City of Sioux Falls  
Comprehensive Annual Financial Report  
December 31, 2014**

**Statement of Fiduciary Net Position - Fiduciary Funds**

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	<u>Pension and Health Care Trust Funds</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 9,011,962
Receivables:	
Interest	977,058
Total Receivables	<u>977,058</u>
Investments at Fair Value:	
US Government	24,057,269
Corporate Obligations	50,380,847
Foreign Obligations	12,859,449
State and Local Obligations	1,672,139
Domestic Stocks	138,179,833
Foreign Stocks	13,521,277
Index Funds:	
Equity	88,945,336
Government / Corporate Bonds	36,258,675
Mutual Funds:	
Foreign Equity	95,853,935
Domestic Equity	26,115,832
Real Estate	30,479,527
Total Investments	<u>518,324,119</u>
Total Assets	<u>528,313,139</u>
<b>Liabilities</b>	
Total Liabilities	<u>5,661</u>
<b>Net Position</b>	
Restricted for Pension Benefits	494,657,709
Redistricted for Post Employment Health Care Benefits	33,649,769
Total Net Position	<u>\$ 528,307,478</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

**Statement of Changes in Fiduciary Net Position - Fiduciary Funds**

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**Pension and Health  
 Care Trust Funds**

**Additions**

Contributions	
Employer	\$ 14,759,419
Plan Members	4,023,074
Total Contributions	<u>18,782,493</u>
Investment Income	35,637,854
Less Investment Expense	1,420,670
Net Investment Income	<u>34,217,184</u>
Total Additions	<u>52,999,677</u>

**Deductions**

Benefit Payments	
Pension	22,616,688
Health Premiums	1,062,858
Total Benefit Payments	<u>23,679,546</u>
Refunds	308,436
Administrative Expense	280,339
Total Deductions	<u>24,268,321</u>
Net Increase	28,731,356

**Restricted Net Position, January 1**

499,576,122

**Restricted Net Position, December 31**

\$ 528,307,478

## Notes to Financial Statements

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### Note 1—Summary of Significant Accounting Policies

#### A. BASIS OF PRESENTATION

The financial statements of 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 Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The first statement issued but not yet implemented that will significantly affect the City is statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27. This statement replaces the requirements of Statement No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. This statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. This statement will be implemented at the City in the year ended December 31, 2015. The second statement issued but not yet implemented that will significantly affect the City is statement No. 72, Fair Value Measurement and Application. This statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement will be implemented at the City in the year ended December 31, 2016. Management has not yet determined the effect these pronouncements will have on the City's financial statements.

#### B. REPORTING ENTITY

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

The accompanying financial statements present the City and its component units. Blended component units are entities which are legally separate from the City but which are so intertwined with the City that they are, in substance, the same as the City. Discretely presented component units are entities for which the City is considered to be financially accountable, has the ability to impose its will, or for which the nature and significance of their relationship with the City

are such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

For the year ended December 31, 2014, the City implemented GASB Statement No. 67, Financial Reporting for Pension Plans. This statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans. The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of requires supplementary information that will be presented by the pension plans.

#### Blended Component Units

**The Sioux Falls Building Authority** was organized by the City of Sioux Falls in 1986 for the purpose of financing, owning, and leasing property to meet the needs of the City. The Authority is governed by a board comprised of the members of the City's governing council. The Authority is reported as part of the Water enterprise fund and therefore does not issue separate financial statements.

**The Sioux Falls Regional Emergency Medical Services Authority** was created by the City of Sioux Falls in 1996 to provide oversight and set/review quality of service provided by all EMS responders within Sioux Falls. The Authority is governed by a five member board appointed by the Mayor and comprised of community members. The Authority board functions as an advisory board related to the area of ambulance service in the community. Health Department employees provide support to the Authority board, which operates as an advisory board to the City Council. The Authority has no revenue, expenses, assets, or liabilities of its own; therefore, no financial data is presented for the Authority within this report.

#### Discretely Presented Component Units

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

The agency is governed by a five member Council which includes the Mayor, two members of the City Council, appointed by the Mayor, and two County Commissioners. The agency is responsible for county-wide public safety dispatch, maintenance of centralized dispatch records, and the maintenance and purchasing of related communication equipment. In 2014, the City provided \$874,662 to the agency to provide funding for operations and equipment. The Metro Communications Agency financial results presented within this report are for fiscal year-end as of December 31, 2014. Complete financial statements are available at the administrative offices located at 500 North Dakota Avenue in Sioux Falls, South Dakota.

## Notes to Financial Statements

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The **Housing and Redevelopment Commission** of the City of Sioux Falls, South Dakota (Housing Commission), was organized pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low-income public housing pursuant to the United States Housing Act of 1937 (42 United States Code Section 1401 et seq.). The Mayor appoints the five members of the governing board. However, the City has no further accountability for the Housing Commission. In 2014, the Community Development Special Revenue Fund provided \$137,963 of federal grant proceeds to the Housing Commission for housing assistance. The Housing Commission's fiscal year end presented in this report is September 30, 2014. Complete financial statements are available at the administrative offices located at 630 South Minnesota Avenue in Sioux Falls, South Dakota.

### C. BASIC FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

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

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

### Fund Financial Statements

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

### D. FINANCIAL STATEMENT PRESENTATION

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

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

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

The **General Fund** is the government's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue sources include property taxes and the first cent of City sales tax, licenses and permits, state and county shared revenues, and charges for goods and services. In addition to general government, primary expenditures include public safety, highways and streets, health, library, and parks and recreation.

The **Entertainment Tax Fund** accounts for the collection of a 1 percent tax on lodging, sales of alcoholic beverages, prepared meals, as well as ticket sales and admissions. This tax is used to provide operating and capital funds for the City's convention and entertainment facilities.

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

The **Community Development Fund** accounts for all activities financed by the Community Development

## Notes to Financial Statements

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Block Grant funds and similar Federal grant and loan programs.

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

The **Events Center Construction Fund** accounts for the construction of the Denny Sanford PREMIER Center.

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

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

The **pension trust funds** account for the activities of the City Employees' Retirement System and the City Firefighters' Pension Fund, which accumulates resources for pension and health benefit payments to qualified City employees. These funds were closed to new entrants as of January 1, 2014.

### 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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. 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.

**Notes to Financial Statements**

**F. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

**Cash and Cash Equivalents—**

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

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

**Investments—**

Investments are reported at fair value based on the last reported sales price at current exchange rates.

**Receivables and Payables—**

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

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

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

**Inventories and Prepaid Items—**

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

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

**Deferred Inflows of Resources—**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of

resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue from a variety of sources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Capital Assets—**

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City chose to include all general infrastructure assets (those reported in the governmental activities), regardless of acquisition date or amount, using backtrending analysis to estimate historical costs.

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

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

**Primary Government:**

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

**Notes to Financial Statements**

Water distribution mains	50 years
Water reclamation lines	25 years
Storm drainage pipe	25 years
Other	20 - 50 years

**Component Units:**

**Housing Commission:**

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

**Metro Communications Agency:**

Equipment	10 - 50 years
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**Net Position/Fund Balance**

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

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

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

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

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

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

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

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

**Long-term Obligations—**

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

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

**G. REVENUES AND EXPENDITURES/EXPENSES**

**Compensated Absences—**

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

## Notes to Financial Statements

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benefits only to the extent that they have matured due to retirement or separation from the City.

### Grant Revenue—

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

### Retirement and Other Post-Employment Benefits—

The City has two separate retirement plans covering substantially all full-time and regular part-time employees. It is the City's policy 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 9).

### Self-Insurance—

The City is self-insured for workers' compensation, unemployment compensation, property casualty losses (deductible portion only), and health-life benefits (up to \$250,000 per individual). 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.

### 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 had one fund with negative unassigned fund balance at year end. The non-major Special Revenue - Railroad Relocation Fund has a negative balance of \$55,192 as the project is federally funded on a reimbursement basis. Monies have also been appropriated from the Sales & Use Tax Fund to cover expenditures that may not be reimbursed with federal funding.

### Note 3—Detailed Notes On All Funds

#### A. Deposits and Investments

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

#### Governmental and Business-Type Funds

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

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

Allowable deposits and investments include:

- a. Securities issued by the United States Treasury
- b. Securities issued by government-sponsored enterprises (GSE's) 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% collateralized)
- f. Deposit and Savings Accounts (100% 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

**Notes to Financial Statements**

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

**Custodial Credit Risk.** The custodial credit risk for deposits and investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or investments or will not be able to recover collateral securities that are in the possession of an outside party. City deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of December 31, 2014, the deposits of the City were \$68.9 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2014. Other investments are held for safekeeping in the City's name by

Treasury Direct or 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 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, 2014.

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

Deposit/Investment Type	Credit Rating	Fair Value	Less Than			
			1 Year	1-3 Years	3-5 Years	5 or more Years
(a) U.S. Treasury Notes & Bills	N/A	\$ 126,369,421	\$ 56,125,543	\$ 66,415,207	\$ 2,792,081	\$ 1,036,590
(b) U.S. Agency Securities*	AAA	6,186,690	-	3,232	980	6,182,478
(c) Money Market Funds	AAA	22,048,348	22,048,348	-	-	-
(e) Certificates of Deposit	N/A	60,000,000	48,000,000	12,000,000	-	-
(f) Cash	N/A	8,127,163	8,127,163	-	-	-
<b>Total</b>		<b>\$ 222,731,622</b>	<b>\$ 134,301,054</b>	<b>\$ 78,418,439</b>	<b>\$ 2,793,061</b>	<b>\$ 7,219,068</b>

\* All agency securities are either Government National Mortgage Association (Ginnie Mae), Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), or Federal Home Loan Bank System.

**Component Units**

The Housing and Redevelopment Commission falls under South Dakota statutes (SDCL) 11-7-31, with supplementary authority granted under SDCL 4-5-6, in regards to permitted deposits and investments. The Commission has no further investment policy as to interest, credit, or concentration risk. As of September, 30, 2014, the deposits of the Authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2014, are in certificates of deposit.

The Metro Communication Agency's deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

The City's money market account for temporary cash held within the fiduciary funds has an average maturity of 39 days. There are no restrictions on the type of investments within the money market account; however, the account is Aaa rated.

**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 2014 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 three 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

**Notes to Financial Statements**

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, 2014, was \$5.037 per \$1,000 of taxable valuation.

**C. Receivables**

Receivables for the City's individual major funds and aggregate nonmajor, internal service, and fiduciary and component units in aggregate, including the applicable

allowances for uncollectible accounts, are as follows at December 31, 2014:

Primary Government	Taxes	Accounts	Interest & Penalty	Special Assessments	Notes Receivable	Loans Receivable	Unbilled	Allowance for Uncollectibles	Total
<b>Governmental Activities</b>									
General	\$ 1,142,452	\$ 2,386,425	\$ 223,735	\$ 170,025	\$ -	\$ -	\$ -	(934,311)	\$ 2,988,326
Entertainment Tax	-	18,861	10,150	-	-	-	-	-	29,011
Sales/Use Tax	-	-	104,595	1,612,800	144,993	-	-	-	1,862,388
Community Development	-	-	3,164	-	511,928	18,452,646	-	-	18,967,738
Storm Drainage	-	67,290	17,540	-	-	-	-	-	84,830
Events Center Construction	-	59,410	40	-	-	-	-	-	59,450
Nonmajor Funds	-	13,053	4,398	-	-	-	-	-	17,451
Internal Service Funds	-	2,138	47,974	-	-	-	-	-	50,112
<b>Total Governmental Activities</b>	<b>1,142,452</b>	<b>2,547,177</b>	<b>411,596</b>	<b>1,782,825</b>	<b>656,921</b>	<b>18,452,646</b>	<b>-</b>	<b>(934,311)</b>	<b>24,059,306</b>
<b>Business-type Activities</b>									
Electric Light	-	549,823	5,393	-	-	-	-	(74,052)	481,164
Public Parking Facilities	-	79,027	7,028	-	-	-	-	(1,721)	84,334
Sanitary Landfill	-	1,417,343	22,930	-	-	-	-	(292,126)	1,148,147
Water	-	1,136,363	81,403	228,301	-	-	1,588,352	(71,052)	2,963,367
Water Reclamation	-	898,243	30,033	-	107,801	-	1,582,570	(22,089)	2,596,558
<b>Total Business-type Activities</b>	<b>-</b>	<b>4,080,799</b>	<b>146,787</b>	<b>228,301</b>	<b>107,801</b>	<b>-</b>	<b>3,170,922</b>	<b>(461,040)</b>	<b>7,273,570</b>
<b>Total Primary Government</b>	<b>\$ 1,142,452</b>	<b>\$ 6,627,976</b>	<b>\$ 558,383</b>	<b>\$ 2,011,126</b>	<b>\$ 764,722</b>	<b>\$ 18,452,646</b>	<b>\$ 3,170,922</b>	<b>\$ (1,395,351)</b>	<b>\$ 31,332,876</b>
Non current portion	\$ -	\$ -	\$ -	\$ 1,756,555	\$ 656,921	\$ 18,347,480	\$ -	\$ -	\$ 20,760,956
<b>Fiduciary Funds</b>									
Employee's Retirement	\$ -	\$ -	\$ 732,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 732,928
Firefighters' Pension	-	-	244,130	-	-	-	-	-	244,130
<b>Total Fiduciary Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 977,058</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 977,058</b>
<b>Component Units</b>									
Housing Commission	\$ -	\$ 70,852	\$ 676	\$ -	\$ 41,904	\$ -	\$ -	\$ -	\$ 113,432
Metro Communications Agency	\$ -	\$ 1,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,634

**D. Interfund Receivables and Payables**

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

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

An additional \$3,268,367 is included in the internal balances of the governmental funds and business-type funds on the

The composition of individual interfund receivable and payable balances at December 31, 2014, was as follows:

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General Fund	Water	\$ 2,227
	Railroad Relocation	55,192
	T.I.F. District	50,000
		<u>\$ 107,419</u>

**Notes to Financial Statements**

**E. Due from other Governments**

Amounts Due from Other Governments include the following at December 31, 2014:

	Due from			
	Federal	State	Local	Total
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
General Fund	\$ 1,191,944	\$ 9,629,750	\$ 459,910	\$ 11,281,604
Entertainment Tax	-	115,478	-	115,478
Sales/Use Tax	-	835,125	-	835,125
Railroad Relocation	-	-	-	-
Internal Service Funds	-	-	34,849	34,849
<b>Total Governmental Activities</b>	<u>\$ 1,191,944</u>	<u>\$ 10,580,353</u>	<u>\$ 494,759</u>	<u>\$ 12,267,056</u>
<b>Component Units</b>				
Housing Commission	<u>\$ 302,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,131</u>
Metro Communications Agency	<u>\$ -</u>	<u>\$ 51,060</u>	<u>\$ 352,358</u>	<u>\$ 403,418</u>

**F. Interfund Transfers**

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

The financial statements reflect interfund transfers as follows:

	Transfers in:						Total
	Sales and Use Tax	Community Development	Nonmajor Governmental Funds	Fleet Revolving	General Services Revolving	Electric Light	
<b>Transfers out:</b>							
General Fund	\$ -	\$ 927,641	\$ 4,897,806	\$ -	\$ 800,000	\$ -	\$ 6,625,447
Nonmajor Governmental Funds	1,899,068	-	-	-	-	-	1,899,068
Water	-	-	-	-	-	82,000	82,000
Water Reclamation	317,931	-	-	-	-	-	317,931
Sanitary Landfill	-	-	-	18,449	-	-	18,449
<b>Total</b>	<u>\$ 2,216,999</u>	<u>\$ 927,641</u>	<u>\$ 4,897,806</u>	<u>\$ 18,449</u>	<u>\$ 800,000</u>	<u>\$ 82,000</u>	<u>\$ 8,942,895</u>

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**Notes to Financial Statements**

**G. Capital Assets**

Capital asset activity for the year ended December 31, 2014, was as follows:

<b>Primary Government:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Transfers &amp; Retirements</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Non-Depreciable Assets:				
Land	\$ 135,962,470	\$ 2,958,044	\$ (92,327)	\$ 138,828,187
Intangibles (Rights)	4,503,100	-	-	4,503,100
Construction in Progress	77,860,506	81,883,140	(151,904,224)	7,839,422
Depreciable Assets:				
Buildings	185,251,102	112,294,436	(487,163)	297,058,375
Improvements other than Buildings	147,975,835	2,423,386	(496,714)	149,902,507
Equipment	92,457,135	11,124,119	(3,914,023)	99,667,231
Infrastructure	833,626,054	64,973,174	(4,927,212)	893,672,016
Totals at Historical Cost	<u>1,477,636,202</u>	<u>275,656,299</u>	<u>(161,821,663)</u>	<u>1,591,470,838</u>
Accumulated Depreciation				
Buildings	(91,321,817)	(6,601,224)	396,328	(97,526,713)
Improvements other than Buildings	(79,163,149)	(5,801,088)	450,604	(84,513,633)
Equipment	(58,590,359)	(7,519,276)	3,228,626	(62,881,009)
Infrastructure	(280,865,038)	(26,442,792)	4,832,373	(302,475,457)
Total Accumulated Depreciation	<u>(509,940,363)</u>	<u>(46,364,380)</u>	<u>8,907,931</u>	<u>(547,396,812)</u>
Governmental Activities Capital Assets, net	<u>\$ 967,695,839</u>	<u>\$ 229,291,919</u>	<u>\$ (152,913,732)</u>	<u>\$ 1,044,074,026</u>
<b>Business-type Activities:</b>				
Non-Depreciable Assets:				
Land	\$ 15,746,447	\$ 403,075	\$ -	\$ 16,149,522
Intangibles (Rights)	75,432,805	78,477	-	75,511,282
Construction in Progress	6,121,344	11,594,179	(13,073,906)	4,641,617
Depreciable Assets:				
Buildings	40,398,404	1,975,045	(16,384)	42,357,064
Improvements other than Buildings	35,829,147	4,444,331	-	40,273,478
Equipment	42,229,980	1,162,412	(795,730)	42,596,662
Infrastructure	562,540,043	22,397,955	(857,842)	584,080,156
Totals at Historical Cost	<u>778,298,170</u>	<u>42,055,474</u>	<u>(14,743,863)</u>	<u>805,609,781</u>
Accumulated Depreciation				
Buildings	(13,075,505)	(1,461,915)	16,384	(14,521,036)
Improvements other than Buildings	(27,807,307)	(3,618,634)	-	(31,425,941)
Equipment	(24,679,464)	(1,850,486)	612,166	(25,917,784)
Infrastructure	(197,756,600)	(16,397,012)	842,545	(213,311,067)
Total Accumulated Depreciation	<u>(263,318,876)</u>	<u>(23,328,048)</u>	<u>1,471,095</u>	<u>(285,175,829)</u>
Business-type Activities Capital Assets, net	<u>\$ 514,979,294</u>	<u>\$ 18,727,426</u>	<u>\$ (13,272,768)</u>	<u>\$ 520,433,952</u>
Total Primary Government Capital Assets, net	<u>\$ 1,482,675,133</u>	<u>\$ 248,019,345</u>	<u>\$ (166,186,500)</u>	<u>\$ 1,564,507,978</u>

Notes to Financial Statements

Component Units	Beginning Balance	Additions	Retirements	Ending Balance
Housing Commission				
Non-Depreciable Assets:				
Land	\$ 847,427	\$ 34,317	\$ -	\$ 881,744
Construction in Progress	627,839	1,033,573	(884,720)	776,692
Depreciable Assets:				
Buildings	4,975,349	853,464	-	5,828,813
Improvements other than Buildings	81,855	4,295	-	86,150
Equipment	204,560	-	-	204,560
Totals at Historical Cost	<u>6,737,030</u>	<u>1,925,649</u>	<u>(884,720)</u>	<u>7,777,959</u>
Less Accumulated Depreciation:				
Buildings	(3,314,954)	(114,167)	-	(3,429,121)
Improvements other than Buildings	(33,448)	(5,102)	-	(38,550)
Equipment	(182,807)	(7,599)	-	(190,406)
Total Accumulated Depreciation	<u>(3,531,209)</u>	<u>(126,868)</u>	<u>-</u>	<u>(3,658,077)</u>
Total Housing Commission Capital Assets, net	<u>\$ 3,205,821</u>	<u>\$ 1,798,781</u>	<u>\$ (884,720)</u>	<u>\$ 4,119,882</u>
Metro Communications Agency				
Depreciable Assets:				
Equipment	\$ 2,518,291	\$ -	\$ -	\$ 2,518,291
Totals at Historical Cost	<u>2,518,291</u>	<u>-</u>	<u>-</u>	<u>2,518,291</u>
Less Accumulated Depreciation:				
Equipment	(1,420,647)	(157,981)	-	(1,578,628)
Total Accumulated Depreciation	<u>(1,420,647)</u>	<u>(157,981)</u>	<u>-</u>	<u>(1,578,628)</u>
Total Metro Communications Agency Capital Assets, net	<u>\$ 1,097,644</u>	<u>\$ (157,981)</u>	<u>\$ -</u>	<u>\$ 939,663</u>

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

Governmental Activities:	Amount
General Government	\$ 918,557
Public Safety	2,250,633
Highways & Streets	26,659,835
Health	218,271
Culture & Recreation	12,786,674
Urban & Economic Development	1,078,000
Capital Assets Held by the Government's Internal Service Funds	2,452,410
Total Depreciation Expense - Governmental Activities	<u>\$ 46,364,380</u>
<b>Business-type Activities:</b>	
Electric Light	\$ 1,459,631
Public Parking Facilities	502,712
Sanitary Landfill	3,569,974
Water	6,995,706
Water Reclamation	10,800,025
Total Depreciation Expense - Business-type Activities	<u>\$ 23,328,048</u>

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

<b>Projects-in-Progress</b>	<b>Project Authorization</b>	<b>Expended to 12/31/2014</b>	<b>Committed</b>
City Hall and City Hall Annex Improvements	\$ 184,000	\$ 33,618	\$ 150,382
Orpheum Theater Building Improvements	47,038	-	47,038
Engineering Infrastructure Projects	53,248,138	3,345,506	49,902,632
Street Sand/Salt Storage Structure	28,439	28,439	-
Street Maintenance Building	12,450	12,450	-
Law Enforcement Center Generator	594,426	214,948	379,478
Police Graybar Security Fence & Electric Gate	50,000	-	50,000
Police Parking Garage Lighting Upgrades	35,000	-	35,000
Land Acquisition for Future Fire Stations	220,000	-	220,000
Construction of Fire Station #11	282,445	-	282,445
Construction of Fire Station #12	51,400	-	51,400
Radios for Aerial Truck	5,329	5,329	-
Warning Sirens	510	510	-
Events Center	5,542,441	-	5,542,441
Core Façade Revitalization	339,237	-	339,237
Prairie West Branch Library	325,664	-	325,664
Fleet/Street Division Security	23,500	-	23,500
Fleet/Street Division Wash Bay Addition	26,000	26,000	-
Fleet/Street Roof Replacement	28,800	16,915	11,885
Electric Light Projects	176,350	6,883	169,467
Light Storage Yard Improvements	47,651	32,136	15,515
Circuit Improvements	470,200	190,823	279,377
Aquatics Facilities	18,154,533	401,744	17,752,789
Arboretum Park	21,916	-	21,916
Arrow head Park	43,001	10,245	32,756
Bike Trail Construction/Reconstruction	240,660	77,229	163,431
Down town Parks Improvements	3,432	3,432	-
Dunham Park	9,850	9,850	-
Elmwood Park Improvements	12,661	4,912	7,749
Falls Park	41,926	16,470	25,456
Family Park Improvements	712,847	436,555	276,292
Indoor Tennis Facility	500,000	-	500,000
Judee Estates Development	16,200	16,200	-
Northeast Brandon Park/School Site Development	111,680	111,680	-
Park Land Acquisition	362,326	-	362,326
Park Roads and Parking Lots Improvements	63,116	63,116	-
River Greenway Improvements	2,989	-	2,989
Sioux Falls Stadium Improvements	118,000	6,854	111,146
Southern Vista Park	51,200	23,750	27,450
Southwest Sioux Falls Park/School Site	434,600	434,600	-
Spellerberg Park Master Plan	23,000	23,000	-
Zoo Master Plan Improvements	215,251	212,963	2,288
1st Avenue Parking Ramp	18,300	18,300	-
Parking Facility	720,000	34,331	685,669
Parking Maintenance Building	111,370	-	111,370
Fleet Fuel System Upgrade	6,424	-	6,424
Fleet Grider Crane Improvements	154,773	8,908	145,865
Fleet Shop Lighting Upgrades	45,727	-	45,727
Landfill Alternative Energy System	50,000	-	50,000
Landfill Land Acquisition	105,670	-	105,670
Landfill Building Improvements	200,000	-	200,000
Landfill Leachate Recirculation Infrastructure	1,329,864	-	1,329,864
Landfill MSW (Municipal Solid Waste)	172,889	-	172,889
Landfill Wetland Mitigation	165,057	165,057	-
Landfill & Hazardous Waste Perimeter Fencing	14,952	-	14,952
Arena Building Improvements	551,844	-	551,844
Convention Center Building Improvements	211,691	-	211,691
Washington Pavilion Building Improvements	206,809	-	206,809
Washington Pavilion Cinedome Seat Refurbishment	86,000	-	86,000
Washington Pavilion North Gift Shop	96,800	5,919	90,881

Continued on next page

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**Notes to Financial Statements**

Continued from previous page			
<u>Projects-in-Progress</u>	<u>Project Authorization</u>	<u>Expended to 12/31/2014</u>	<u>Committed</u>
Washington Pavilion Kirby Science Discovery Center Exhibit	95,688	70,688	25,000
Transit Bus Wash	320,760	-	320,760
Transit Vehicle Maintenance Lift	94,400	-	94,400
Transit Fire Alarm System Upgrade	20,160	-	20,160
City/County Archive Building	1,300,000	-	1,300,000
Storm Sewer Projects	2,217,592	2,217,592	-
Water Projects	3,875,019	2,286,861	1,588,158
Water Reclamation Projects	10,406,891	1,907,226	8,499,665
	<u><b>\$ 105,456,886</b></u>	<u><b>\$ 12,523,043</b></u>	<u><b>\$ 92,975,847</b></u>

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 \$39,619,439 difference are as follows:

Capital Outlay	\$ 83,016,103
Plus: assets contributed from outside sources	28,537,020
Plus: assets added by Internal Service Funds	5,130,050
Plus: construction in progress added as an asset in current year	159,848,484
Less: assets contributed to enterprise funds	(875,359)
Capital asset increase per footnote	275,656,299
Plus: loss on sale of assets	515,304
Plus: assets contributed to enterprise funds	875,359
Less: assets contributed from outside sources	(28,537,020)
Plus: assets added by Internal Service Funds	(5,130,050)
Less: construction in progress added as an asset in current year	(159,848,484)
Depreciation expense	(43,911,969)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	<u><b>\$ 39,619,439</b></u>

Notes to Financial Statements

H. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities, including the current portion, of the City of Sioux Falls for the year ended December 31, 2014.

	Balance Beginning	Additions	Deletions	Balance Ending	Due Within One Year
<b>Primary Government</b>					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 189,800,000	\$ -	\$ 7,340,000	\$ 182,460,000	\$ 6,535,000
Obligations Under Capital Lease	209,860	-	209,860	-	-
Notes Payable	16,226,849	339,000	4,132,343	12,433,506	4,148,226
<b>Total Debt</b>	<u>206,236,709</u>	<u>339,000</u>	<u>11,682,203</u>	<u>194,893,506</u>	<u>10,683,226</u>
Unamortized Bond Premium	4,823,979	-	423,587	4,400,392	278,987
Rebatable Arbitrage	56,878	-	-	56,878	n/a
Accrued Compensated Absences					
Governmental Funds *	10,956,912	4,498,980	4,889,972	10,565,920	400,000
Internal Service Funds	176,128	143,399	144,620	174,907	16,000
<b>Total Governmental Activities</b>	<u>222,250,606</u>	<u>4,981,379</u>	<u>17,140,382</u>	<u>210,091,603</u>	<u>11,378,213</u>
Business-type Activities:					
Bonds Payable:					
Revenue	68,245,000	-	1,815,000	66,430,000	1,885,000
Revenue Notes Payable	110,364,706	3,393,405	13,051,174	100,706,937	13,279,194
<b>Total Debt</b>	<u>178,609,706</u>	<u>3,393,405</u>	<u>14,866,174</u>	<u>167,136,937</u>	<u>15,164,194</u>
Rebatable Arbitrage	48,171	-	-	48,171	n/a
Closure & Postclosure Care Costs	4,030,676	1,606,484	-	5,637,160	-
Accrued Compensated Absences	1,972,005	791,834	1,086,260	1,677,579	92,000
<b>Total Business-type Activities</b>	<u>184,660,558</u>	<u>5,791,723</u>	<u>15,952,434</u>	<u>174,499,847</u>	<u>15,256,194</u>
<b>Total Primary Government</b>	<u>\$ 406,911,164</u>	<u>\$ 10,773,101</u>	<u>\$ 33,092,815</u>	<u>\$ 384,591,450</u>	<u>\$ 26,634,407</u>
<b>Component Units</b>					
Housing Commission					
Revenue Notes Payable	\$ 461,232	\$ -	\$ 31,345	\$ 429,887	\$ 31,345
Mortgages Payable	1,040,237	1,068,774	3,066	2,105,945	8,081
Accrued Compensated Absences	63,014	38,088	31,272	69,830	41,866
<b>Total Housing Commission</b>	<u>\$ 1,564,483</u>	<u>\$ 1,106,862</u>	<u>\$ 65,683</u>	<u>\$ 2,605,662</u>	<u>\$ 81,292</u>
Metro Communications Agency					
Other Post Employment Benefits	\$ 132,213	\$ 39,920	\$ -	\$ 172,133	n/a
Accrued Compensated Absences	187,543	170,578	193,907	164,214	80,462
	<u>\$ 319,756</u>	<u>\$ 210,498</u>	<u>\$ 193,907</u>	<u>\$ 336,347</u>	<u>\$ 80,462</u>

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

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**Notes to Financial Statements**

**Individual Debt Issues by Fund** - The following is a summary of the individual debt issues, as of the year ended December 31, 2014.

	Purpose	Outstanding Interest Rate	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities</b>							
<b>Revenue Bonds &amp; Notes</b>							
Sales & Use Tax Fund							
Series 2007B Sales Tax	* Library & Park Projects (I)	4.00-5.00%	2027	\$ -	\$ 25,570,000	\$ 19,380,000	\$ 2,019,863
Series 2009A Sales Tax	* Library & Park Projects (II)	3.00-4.50%	2028	-	20,265,000	16,820,000	1,619,750
Series 2009B Sales Tax	* Flood Control	2.00-6.00%	2029	-	31,540,000	26,650,000	2,688,180
Series 2012A Sales Tax	* Events Center	3.00-4.00%	2033	-	108,440,000	106,045,000	2,052,000
Series 2012B Sales Tax	* Events Center	2.00-2.60%	2023	-	13,705,000	11,400,000	8,205,378
						180,295,000	16,585,171
State Revolving Note #20	*** Storm Drainage Construction	1.50%	2017	-	25,949,349	6,855,982	2,799,272
State Revolving Note #22	* Storm Drainage Construction	2.50%	2017	-	10,550,000	3,445,355	1,195,640
						10,301,337	3,994,912
						190,596,337	20,580,083
Total Sales & Use Tax							
Community Development Fund							
State Flex Funds	Rental Rehab Loans	0.00%	2016	-	500,000	500,000	500,000
Storm Drainage Fund							
State Revolving Note #17	System Construction	3.50%	2015	-	561,320	5,535	5,551
State Revolving Note #19	System Construction	2.50%	2016	-	415,785	80,366	47,079
State Revolving Note #27	System Construction	2.50%	2020	-	2,621,000	1,546,268	301,787
Total Storm Drainage						1,632,169	354,417
Tax Increment Financing Fund							
2008A Tax Increment	Cherapa Place (TIF #5)	4.00-5.75%	2028	-	2,290,000	2,165,000	365,206
Urban Conservation Fund							
Series 2008A Sales Tax	* Pettigrew Heights	5.50%	2015	5,000,000	-	-	-
Total Revenue Bonds & Notes				5,000,000		194,893,506	21,799,706
<b>Other Long-Term Liabilities</b>							
Unamortized Bond Premium	n/a	n/a	2033	n/a	n/a	4,400,392	n/a
<b>Total Debt</b>				5,000,000		199,293,898	21,799,706
<b>Vested Compensated Absences</b>							
Governmental Funds	Compensated Absences	n/a	n/a	n/a	n/a	10,565,920	n/a
Internal Service Funds	Compensated Absences	n/a	n/a	n/a	n/a	174,907	n/a
Total Governmental Activities				\$ 5,000,000		\$ 210,034,725	\$ 21,799,706
<b>Business-type Activities</b>							
<b>Revenue Bonds &amp; Notes</b>							
Water							
Series 2007A Sales Tax	* Lewis & Clark Regional Water System Prepayment	3.75-5.00%	2036	\$ -	\$ 70,000,000	\$ 66,430,000	\$ 4,858,338
State Revolving Note #4	System Construction	3.50%	2015	-	279,599	8,232	8,304
State Revolving Note #5	System Construction	2.50%	2016	-	10,828,766	2,200,744	1,289,203
State Revolving Note #6	System Construction	2.50%	2020	-	9,938,849	5,959,387	1,214,781
State Revolving Note #7	System Construction	2.50%	2020	-	2,200,000	1,223,135	249,328
State Revolving Note #8	System Construction	2.50%	2019	-	2,088,645	1,057,262	236,753
State Revolving Note #9	System Construction	2.25%	2021	-	2,678,738	1,569,738	269,936
State Revolving Note #10	System Construction	2.25%	2021	-	5,819,138	3,423,818	588,768
State Revolving Note #11	System Construction	2.25%	2023	-	4,000,000	3,363,175	447,805
Total Water						85,235,491	9,163,216
Water Reclamation							
State Revolving Note #16	System Construction	3.50%	2015	-	2,479,500	24,901	24,974
State Revolving Note #18	System Construction	2.50%	2016	-	3,730,114	744,357	436,047
State Revolving Note #21	System Construction	2.25%	2027	1,165,093	34,568,543	24,321,400	2,203,617
State Revolving Note #23	System Construction	2.50%	2018	-	10,309,144	4,172,008	1,168,971
State Revolving Note #25	System Construction	2.50%	2020	-	3,508,134	2,014,616	410,666
State Revolving Note #26	System Construction	2.50%	2020	-	3,744,000	2,221,603	433,593
State Revolving Note #28	System Construction	2.25%	2021	-	1,803,000	1,092,169	187,812
State Revolving Note #29	System Construction	2.25%	2021	-	1,211,097	710,455	122,171
State Revolving Note #30	System Construction	2.25%	2021	-	4,974,661	3,137,762	502,022
State Revolving Note #32	System Construction	1.25%	2023	1,762,109	22,827,291	19,118,948	2,443,109
State Revolving Note #33	System Construction	1.25%	2023	1,766,175	12,945,439	11,426,303	1,380,917
State Revolving Note #34	System Construction	2.25%	n/a	656,982	11,807,018	11,807,018	1,320,332
Total Water Reclamation				5,350,359		80,791,540	10,634,231
Landfill							
State Revolving Note #24	Landfill Improvements	2.50%	2016	-	500,000	76,878	78,083
State Revolving Note #31	Landfill Improvements	2.50%	2020	-	1,831,523	1,033,028	184,537
Total Landfill						1,109,906	262,620
<b>Total Debt</b>				5,350,359		167,136,937	24,918,405
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	1,677,579	n/a
Total Business-type Activities				\$ 5,350,359		\$ 168,814,516	\$ 24,918,405
<p>* Secured by pledge of the second pennysales and use tax.  ** Secured by pledge of the second pennysales and use tax and entertainment tax.  *** Secured by pledge of storm drainage revenues.</p>							

**City of Sioux Falls  
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**Notes to Financial Statements**

**Individual Debt Issues by Component Unit** - The following is a summary of the individual debt issues, as of the year ended December 31, 2014.

COMPONENT UNITS	Purpose	Outstanding Interest Rate	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
<b>Housing Commission</b>							
SDHDA Note	Affordable Housing	0.00%	2025	\$ -	\$ 695,690	\$ 429,887	\$ 31,345
<b>Mortgages</b>							
SD Housing Development Authority	Affordable Housing	0.00%	2055	-	260,660	260,660	n/a
Sioux Falls Community Development	Affordable Housing	2.00%	2035	-	101,251	101,251	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2055	-	100,000	100,000	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2044	-	131,162	131,162	4,365
Sioux Falls Community Development	Affordable Housing	0.00%	2045	-	156,028	156,028	n/a
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	39,274	1,805
Sioux Falls Community Development	Affordable Housing	0.00%	2030	-	255,916	361,287	516
SD Housing Development Authority	Affordable Housing	0.00%	2023	-	161,880	161,880	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2033	-	697,234	697,234	n/a
Home Federal Bank	Affordable Housing	4.65%	2017	-	40,000	37,169	1,395
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	60,000	n/a
Total Mortgages				-	-	2,105,945	8,081
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	69,830	41,866
Total Housing Commission				\$ -	-	\$ 2,605,662	\$ 89,373
<b>Metro Communications Agency</b>							
Vested Compensated Absences	Compensated Absences	n/a	n/a	n/a	n/a	\$ 164,214	n/a

**Pledged Revenue** – The city has pledged future revenues, net of specified operating expenses, to repay various debt issues of the city. The debt and information relating to the pledged revenues at December 31, 2014 are as follows:

PRIMARY GOVERNMENT Governmental Activities Revenue Bonds & Notes	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2014		Total Principal and Interest Remaining
						Principal and Interest Paid	Net Revenues	
<b>Sales &amp; Use Tax Fund</b>								
Sales Tax Revenue Bonds	Libraries, Parks, Flood Control, Water System & Events Center	Sales and Use Taxes	29%	2033	\$ 269,520,000	\$ 16,166,979	\$ 54,860,726	\$ 355,305,581
State Revolving Notes	Storm Drainage Construction	Sales and Use Taxes	7%	2017	10,550,000	3,994,913	54,860,726	3,586,921
Entertainment Tax Fund								
Entertainment/Sales Tax Revenue Bonds	Refund 2001B	Entertainment/Sales and Use Taxes	32%	2014	12,060,000	2,060,000	6,471,706	-
Community Development Fund								
State Flex Funds	Rental Rehab Loans	Community Development Revenues	0%	2016	500,000	-	2,494,803	161,000
Storm Drainage Fund								
State Revolving Notes	System Construction	Storm Drainage Revenues	42%	2020	29,547,454	2,799,272	6,731,634	8,745,948
Tax Increment Financing Fund								
Tax Increment Bonds	Cherapa Place	Tax Increment Revenue	50%	2028	2,290,000	179,213	355,969	3,175,428
<b>Business-type Activities</b>								
<b>Revenue Bonds &amp; Notes</b>								
Water								
State Revolving Notes	System Construction	Water Revenues	25%	2023	37,833,735	4,378,772	17,791,054	20,136,853
Water Reclamation								
State Revolving Notes	System Construction	Water Reclamation Revenues	52%	2027	113,907,941	8,554,671	16,410,707	88,021,625
Landfill								
Solid Waste Management Program	Landfill Improvements	Landfill Revenues	9%	2014	1,800,000	301,756	3,176,791	-
State Revolving Notes	Landfill Improvements	Landfill Revenues	8%	2020	2,331,523	262,620	3,176,791	1,185,307

**Revenue Bonds Payable**

Bonds payable at December 31, 2014, 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 and serviced by Tax Increment District #5 in the T.I.F. District Fund.

Debt service requirements for the revenue bonds at December 31, 2014, are as follows:

Year	Sales and Use Tax		Total
	Principal	Interest	
2015	\$ 6,430,000	\$ 6,607,391	\$ 13,037,391
2016	7,620,000	6,406,491	14,026,491
2017	8,175,000	6,150,991	14,325,991
2018	9,305,000	5,897,991	15,202,991
2019	9,480,000	5,605,941	15,085,941
2020-2024	53,635,000	22,579,450	76,214,450
2025-2029	55,450,000	11,421,074	66,871,074
2030-2033	30,200,000	2,608,976	32,808,976
Totals	\$ 180,295,000	\$ 67,278,305	\$ 247,573,305

**Notes to Financial Statements**

Tax Increment			
Year	Principal	Interest	Total
2015	\$ 105,000	\$ 114,608	\$ 219,608
2016	105,000	110,198	215,198
2017	110,000	105,573	215,573
2018	115,000	100,594	215,594
2019	120,000	95,305	215,305
2020-2024	715,000	364,981	1,079,981
2025-2028	895,000	119,169	1,014,169
Totals	<u>\$ 2,165,000</u>	<u>\$ 1,010,428</u>	<u>\$ 3,175,428</u>

Water			
Year	Principal	Interest	Total
2015	\$ 1,885,000	\$ 2,970,975	\$ 4,855,975
2016	1,960,000	2,898,138	4,858,138
2017	2,035,000	2,819,738	4,854,738
2018	2,120,000	2,738,338	4,858,338
2019	2,205,000	2,632,338	4,837,338
2020-2024	12,505,000	12,011,438	24,516,438
2025-2029	15,480,000	8,789,238	24,269,238
2030-2034	19,265,000	5,172,162	24,437,162
2035-2036	8,975,000	1,269,911	10,244,911
Totals	<u>\$ 66,430,000</u>	<u>\$ 41,302,276</u>	<u>\$ 107,732,276</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. Bond Counsel to the City is responsible for calculating arbitrage on a timely basis for each of the outstanding issues. As of December 31, 2014, the City had rebatable arbitrage liabilities of \$34,854, which was payable from the Entertainment Tax special revenue fund, \$22,024, which was payable from the Sales/Use Tax special revenue fund, and \$48,171, which was payable from the Water enterprise fund

**Recovery Zone Economic Development Bonds**

The City has elected to receive refundable tax credits from the United States Treasury under Section 54AA(g) of the Internal Revenue Code of 1986, as amended, for the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable tax credits are required to be deposited into the Bond Fund and can be used for the payment of interest on the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable credit, 41.7% of the interest payment, is reported as Federal Grants in the Statement of Revenues, Expenses, and changes in Net Position.

**Tax Increment Financing (TIF) Districts**

The City has ten active TIF districts in addition to TIF District #5 listed above. For each of these ten 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 \$719,835 were received by the City and paid to project sponsors during 2014.

**Notes Payable**

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

The Sales and Use Tax notes will be repaid with revenues from the Sales and Use Tax Fund. The estimated debt service is as follows:

Sales/Use Tax			
Year	Principal	Interest	Total
2015	\$ 3,831,589	\$ 163,323	\$ 3,994,912
2016	3,900,756	94,157	3,994,913
2017	2,568,992	26,286	2,595,278
Totals	<u>\$ 10,301,337</u>	<u>\$ 283,766</u>	<u>\$ 10,585,103</u>

The Sales and Use Tax Fund currently has no available and undrawn notes payable from the South Dakota Conservancy District.

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
2015	\$ 316,636	\$ 37,780	\$ 354,416
2016	307,183	29,914	337,097
2017	279,182	22,605	301,787
2018	286,227	15,560	301,787
2019	293,450	8,337	301,787
2020	149,491	1,403	150,894
Totals	<u>\$ 1,632,169</u>	<u>\$ 115,599</u>	<u>\$ 1,747,768</u>

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

**Notes to Financial Statements**

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

Water			
Year	Principal	Interest	Total
2015	\$ 3,890,930	\$ 413,947	\$ 4,304,877
2016	3,655,509	318,765	3,974,274
2017	2,765,783	241,589	3,007,372
2018	2,832,576	174,795	3,007,371
2019	2,841,799	106,385	2,948,184
2020-2023	2,818,894	75,881	2,894,775
Totals	<u>\$ 18,805,491</u>	<u>\$ 1,331,362</u>	<u>\$ 20,136,853</u>

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

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

Water Reclamation			
Year	Principal	Interest	Total
2015	\$ 9,167,990	\$ 1,460,271	\$ 10,628,261
2016	9,218,732	1,281,842	10,500,574
2017	9,066,861	1,106,678	10,173,539
2018	8,949,294	932,002	9,881,296
2019	8,232,498	772,071	9,004,569
2020-2024	30,431,548	1,892,796	32,324,344
2025-2027	5,342,372	166,670	5,509,042
Totals	80,409,295	<u>\$ 7,612,330</u>	<u>\$ 88,021,625</u>
Issues With No Estimate Available	382,245		
Total	<u>\$ 80,791,540</u>		

The Water Reclamation Fund has \$5,350,359 available and undrawn notes payable from the South Dakota Conservancy District.

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

Landfill			
Year	Principal	Interest	Total
2015	\$ 239,538	\$ 23,082	\$ 262,620
2016	166,351	18,186	184,537
2017	170,126	14,412	184,538
2018	173,986	10,551	184,537
2019	177,934	6,604	184,538
2020	181,971	2,566	184,537
Totals	<u>\$ 1,109,906</u>	<u>\$ 75,401</u>	<u>\$ 1,185,307</u>

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

**State Flex Funds**

The City has entered into an agreement with the State of South Dakota whereby the state has lent the City \$500,000

interest free for 5 years with the option to negotiate the refinancing for up to 3 additional 5 year terms for a total of 20 years. The funds were used for rental rehabilitation projects.

**Component Units**

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

Housing Commission			
Year	Principal	Interest	Total
2015	\$ 39,426	\$ 2,878	\$ 42,304
2016	76,249	2,758	79,007
2017	142,397	3,973	146,370
2018	58,314	7,778	66,092
2019	58,734	7,358	66,092
2020-2024	300,437	30,023	330,460
2025-2029	257,127	17,983	275,110
2030-2034	1,540,676	8,531	1,549,207
2035-2037	62,472	1,283	63,755
Totals	<u>\$ 2,535,832</u>	<u>\$ 82,565</u>	<u>\$ 2,618,397</u>

**Accrued Compensated Absences**

City employees are paid for accumulated vacation and sick leave upon retirement. Certain employees are also paid for a portion of excess sick leave on an annual basis. Accumulated vested compensated absences in governmental funds are recorded as a liability in the government-wide statements. Since this liability generally matures upon retirement, future maturities are not calculated.

**Legal Debt Limit**

The City is subject to Article XIII, Section 4, of the South Dakota Constitution which limits the amount of bonded debt to a percent of the assessed valuation of the taxable property therein for the year preceding that in which said indebtedness is incurred. The categories are as follows:

1. Not to exceed 5 percent for the year preceding the year in which said indebtedness is incurred.
2. An additional indebtedness not to exceed 10 percent for the year preceding the year in which said indebtedness is incurred for the purpose of providing water and sewage, for irrigation, domestic uses, sewerage, and other purposes upon a majority vote in favor thereof of the electors.
3. An additional indebtedness not to exceed 8 percent for the year preceding the year in which said indebtedness is incurred for the purpose of constructing street railways, electric lights, or other electric plants upon a majority vote in favor thereof of the electors.

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**Notes to Financial Statements**

Accordingly, at December 31, 2014, the City has an available legal debt limit as follows:

<b>2014 Assessed Actual Value Subject to Taxation:</b>				<b>\$ 11,277,039,186</b>
<b>Category</b>	<b>Legal Debt Limit</b>		<b>Net Bonded Debt Outstanding</b>	<b>Available Legal Debt Margin</b>
	<b>Percent</b>	<b>Amount</b>		
General Purpose 1	5.0%	\$ 563,851,959	\$ 366,430,835	\$ 197,421,124
Special Purpose 2	10.0%	1,127,703,919	-	1,127,703,919
Special Purpose 3	8.0%	902,163,135	-	902,163,135
		<b>\$ 2,593,719,013</b>	<b>\$ 366,430,835</b>	<b>\$ 2,227,288,178</b>

**I. Operating Leases**

The City is a party to several operating leases for equipment and office space. The City has not entered into any operating leases with non-cancelable terms as of December 31, 2014. The total rental expense for operating leases for the year ended December 31, 2014, was approximately \$7,840,389.

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

**J. Fund balances**

The City classified fund balances within the governmental funds as follows at December 31, 2014:

	<b>General</b>	<b>Entertainment Tax</b>	<b>Sales and Use Tax</b>	<b>Community Development</b>	<b>Storm Drainage</b>	<b>Events Center Construction</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Fund balances:</b>								
<b>Nonspendable:</b>								
Inventory	\$ 1,457,649	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 1,462,649
Notes Receivable	-	-	144,993	330,710	-	-	-	475,703
Permanent Fund Principal	-	-	-	-	-	-	26,765	26,765
Total Nonspendable	1,457,649	-	144,993	335,710	-	-	26,765	1,965,117
<b>Restricted for:</b>								
Debt Service	-	34,854	22,545,768	-	-	-	-	22,580,622
Park and Recreation	377,583	-	689,518	-	-	-	-	1,067,101
Police	247,904	-	66,631	-	-	-	-	314,535
Library	31,721	-	-	-	-	-	15,646	47,367
Community Development	-	-	-	2,659,220	-	-	-	2,659,220
Heroic Awards	-	-	-	-	-	-	3,630	3,630
Flood Control	-	-	-	-	-	-	587,516	587,516
Events Center	-	-	-	-	-	5,852,787	-	5,852,787
Other Capital Projects	-	-	-	-	3,632,648	-	1,305,190	4,937,838
Other Purposes	21,868	-	-	-	5,853,655	-	1,731,812	7,607,335
Total Restricted	679,076	34,854	23,301,917	2,659,220	9,486,303	5,852,787	3,643,794	45,657,951
<b>Committed to:</b>								
Entertainment Venues	-	4,155,859	-	-	-	-	-	4,155,859
Debt Service	-	-	8,093,130	-	-	-	-	8,093,130
Other Capital Projects	-	-	24,476,568	-	-	-	-	24,476,568
Total Committed	-	4,155,859	32,569,698	-	-	-	-	36,725,557
<b>Assigned to:</b>								
Transit System	-	-	-	-	-	-	1,472,322	1,472,322
2014 Budget	5,348,104	-	-	-	-	-	-	5,348,104
Total Assigned	5,348,104	-	-	-	-	-	1,472,322	6,820,426
<b>Unassigned:</b>	40,739,706	-	-	-	-	-	(55,192)	40,684,514
<b>Total Fund Balances</b>	<b>\$ 48,224,535</b>	<b>\$ 4,190,713</b>	<b>\$ 56,016,608</b>	<b>\$ 2,994,930</b>	<b>\$ 9,486,303</b>	<b>\$ 5,852,787</b>	<b>\$ 5,087,689</b>	<b>\$ 131,853,565</b>

## Notes to Financial Statements

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### 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, 2014, was \$524,812 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 \$963,055 from the County for operations during 2014. All activities of the library are recorded in the General Fund.

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.

### Note 5—Jointly Governed Organizations

The City is a member of the Lewis and Clark Regional Water System, Inc. (the "System"). The System's twenty members include fifteen municipalities and five rural water systems within South Dakota, Iowa, and Minnesota that provide drinking water to consumers. The System will collect, treat, and distribute drinking water to its members when the water treatment plant and pipelines are completed to members. The System is a critical supplemental water supply for the City's continued growth. The System's board of directors is comprised of twenty directors, one from each member. No member of the System has an equity interest.

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

### Note 6—Commitments and Contingencies

#### A. Commitments

At December 31, 2014, the City has commitments on construction projects totaling \$92,975,847 as detailed in Note 3 (G).

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

The City's investment to date of \$75.3 million is recorded in the Water enterprise fund as an intangible asset. Of this investment, the City made prepayments equal to \$64.3 million for the City's share of the estimated project costs associated with the City's portion of base capacity and additional capacity. An interim true-up conducted between Lewis and Clark and the City shows that the City holds a credit with Lewis and Clark of \$12,318,043 (in 2014 dollars). Of that sum, \$2,866,329 has been applied to the Sioux Falls share of the 85th Street Tower and \$3,706,881 has been applied to the Sioux Falls share of two wells designated as wells "A" and "B." The Sioux Falls costs, as that term is defined in contracts between Lewis and Clark and the City, have been fully paid. The net interim credit to the City is \$5,744,832. Any remaining surplus or deficiency will be calculated for base system costs in a final true-up upon completion of the project. Construction of the overall system is 78% complete. The final commitment costs for Sioux Falls share of base system costs may be higher or lower due to cost indexing, construction over-runs, changes in federal funding, and the final number of wells actually constructed. The City is projected to owe Lewis and Clark from \$1,105,195 to \$11,669,619, depending on these various factors. The City began receiving water from the System on July 30, 2012. The City is committed to the purchase of a minimum of 2.75 million gallons of water per day. Through December 31, 2014, the City has received an average of 8.42 million gallons per day with a peak day of 16.10 million gallons on July 17, 2014.

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

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

**Notes to Financial Statements**

The United States Army Corps of Engineers (USACE) completed the levee system Operations and Maintenance Manual and their Levee System Evaluation in the western and southern part of the city. The Positive Evaluation and Physical Map Revision request was submitted to the Federal Emergency Management Administration (FEMA) on September 12, 2014. The Physical Map Revision will update Flood Insurance Rate Maps and will be used by FEMA to change the flood risk zones, floodplain and/or floodway delineations. Because of the large amount of flood hazard information that is incorporated into the maps and the number of people that will be affected by that information, a Physical Map Revision can take FEMA 18 to 24 months to complete. Upon completion, approximately 1,500 properties may be removed from the AE Flood Zone in which properties are required to have flood insurance.

**B. Contingent Liabilities**

**Litigation**

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

**Solid Waste Landfill Closure and Post-closure Care Costs**

The City owns and operates a landfill site located west of the city. State and federal laws will require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The City recognizes a portion of the closure and post-closure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of December 31. The change in the liability for the year ended December 31, 2014, is as follows:

CHANGE IN LIABILITY		Amount
Balance at January 1		\$ 4,030,676
Costs incurred in 2014		-
Change in liability due to usage and revision of estimates		1,606,482
Balance at December 31		<u>\$ 5,637,158</u>

As of December 31, 2014, the City estimates are as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Solid Waste #1	100.0%	\$ 4,880,552	\$ -	-
Solid Waste #2	6.4%	310,752	4,523,799	67.0
Rubble/Asbestos	29.2%	445,854	1,080,382	29.0
Totals		<u>\$ 5,637,158</u>	<u>\$ 5,604,181</u>	

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

By local ordinance as well as state and federal laws, the City is required to establish a fund to accumulate assets needed for the actual payment of closure and postclosure care costs. Currently, assets reported as cash and cash equivalents on the combined balance sheet include \$5,637,159 held for this purpose.

**Note 7—Risk Management**

The City's risk management activities are recorded in the City Health/Life Benefit, Insurance Liability, and Workers' Compensation Funds. The purpose of these funds is to administer employee life, health, property and liability, and worker's 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 except workers' compensation, for which the City retains the risk of loss. For insured programs, 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 of Sioux Falls participates in the South Dakota Public Assurance Alliance (SDPAA) which provides liability coverage to the City. A vested balance in the SDPAA Cumulative Reserve is held in reserve by SDPAA for the City of Sioux Falls and is refundable upon termination or withdrawal in good standing from the Alliance. This balance is recorded as a deposit in the Insurance Liability Fund.

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

	2013	2014
Balance January 1	\$ 2,000,000	\$ 2,000,000
Claims incurred during the year	15,290,141	15,428,990
Payments on claims during the year	<u>(15,290,141)</u>	<u>(15,678,990)</u>
Balance December 31	<u>\$ 2,000,000</u>	<u>\$ 1,750,000</u>

The Workers' Compensation Fund has a cash balance of \$1,694,038 at December 31, 2014, which will be used to pay current expenses of the fund. The present value of known claims against the fund is \$5,260,902. The shortfall of \$3,566,864 will be collected from the responsible funds over the life of these claims to provide adequate funding.

Unemployment compensation is charged as a current expense/expenditure to the respective funds as incurred.

**Component Units**

The Housing Commission and Metro Communications Agency manage risk by purchasing insurance from commercial insurance carriers for liability, workers'

**Notes to Financial Statements**

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

**Note 8—Conduit Debt Obligations**

From time to time, the City has issued Industrial Revenue/Economic Development Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are not general obligations, 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, 2014, there was one series of Industrial Revenue/Economic Development Bonds outstanding, with an aggregate principal amount payable of \$24,775,000.

**Note 9—Defined Benefit Pension and Other Post-Employment Benefit Plans**

**A. Defined Benefit Pension Plans**

**Plan Description**

The City of Sioux Falls administers two separate single-employer defined benefit pension plans established to provide retirement, disability, and survivor benefits for substantially all of its employees. 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, 2014, the date of the last actuarial valuation:

	<b>CERS</b>	<b>CFPF</b>
Retirees and beneficiaries receiving benefits	583	163
Vested former members not yet receiving benefits	66	5
Active plan members	<u>829</u>	<u>163</u>
Total	<u>1,478</u>	<u>331</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.

**Plan Closure – Membership in the South Dakota Retirement System**

Effective July 1, 2013, the CERS and CFPF was closed to new members. All full-time employees hired after this date will become members in the state-wide South Dakota Retirement System (SDRS). SDRS is a multiple-employer, cost sharing qualified defined benefit pension plan under section 401(a) of the Internal Revenue Code and is administered by the South Dakota Retirement System Board of Trustees. It was established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Notes to Financial Statements**

Members and employers make matching pre-tax contributions, which are defined by state statute. Contributions are deposited in trust fund and invested for the exclusive benefit of members and beneficiaries. Interest is deposited once yearly on June 30<sup>th</sup>.

General employees are required by state statute to contribute 6% of their salary to the plan, while public safety employees contribute 8%. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to contribute in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. During the year ended December 31, 2014 the cost to the City was \$304,164.

**Benefits Provided**

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.

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%. 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 2014 the CERS general division member employees contributed 4 percent of their gross earnings and police division member employees contributed 9 percent of their gross earnings. CFPF member employees contributed 9 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 over a period of 23 years.

**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 as 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, 2014:

<b>Asset Class</b>	<b>Target Allocation</b>
US Equity - Large Cap	35%
US Equity - Small Cap	15%
International Equity	20%
Equity Real Estate	5%
Fixed Income	25%
<b>Total</b>	<b>100%</b>

**Rate of return**

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.90 percent for the CERS and 6.88 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**

The components of the net pension liability at December 31, 2014 were as follows:

	<b>CERS</b>	<b>CFPF</b>
Total Pension Liability	\$ 402,856,926	\$ 148,032,067
Plan Fiduciary Net Position	(364,460,125)	(130,197,584)
<b>Net Pension Liability</b>	<b>\$ 38,396,801</b>	<b>\$ 17,834,483</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.47%	87.95%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.
Investment rate of return	7.75% net of expenses (7.65% used in 12/31/2014 valuation)
Post-Retirement Cost-of-Living Adjustments	Annual increase 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.

The Mortality rates were based on the RP-2000 male (130% of the rates for Police and Fire, and 110% for General Employees) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB.

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

**Notes to Financial Statements**

by adding expected inflation using geometric means. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2014, these best estimates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return*
Core Bonds	1.82%
US Large Cap Equity	5.34%
US Small Cap Equity	6.55%
International Development Equity	5.84%
International Emerging Equity	9.51%
Core Real Estate	4.35%

\* Real rate of return is net of administrative and investment expenses.

**Discount Rate**

A single discount rate of 7.65% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.65%.

The table below presents the plan's net pension liability, calculated using a single discount rate of 7.65%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption Results as of December 31, 2014			
	6.65%	7.65%	8.65%
<b>CERS</b>			
Total Pension Liability	\$ 456,780,208	\$ 402,856,926	\$ 358,038,728
Plan Fiduciary Net Position	(364,460,125)	(364,460,125)	(364,460,125)
Net Pension Liability (Asset)	\$ 92,320,083	\$ 38,396,801	\$ (6,421,397)
<b>CFPF</b>			
Total Pension Liability	\$ 167,652,375	\$ 148,032,067	\$ 131,780,537
Plan Fiduciary Net Position	(130,197,584)	(130,197,584)	(130,197,584)
Net Pension Liability (Asset)	\$ 37,454,791	\$ 17,834,483	\$ 1,582,953

**B. Post-Employment Health Care Benefits**

**Plan Description**

In addition to providing the pension benefits described above, City ordinance, pursuant to SDCL 6-1-16, provides for other post-employment health care benefits (OPEB) for eligible retired employees through continued participation in the City's single employer self-insured health/life benefit plan. These medical benefits are funded through an IRC section 401(h) account of the defined benefit pension plans and are subordinate to the pension benefit.

The self-insured Health/Life Benefit Plan (Plan) 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, benefit levels, and contribution rates are governed by the City.

The Plan provides health care benefits for eligible retired employees and beneficiaries up to the age of Medicare eligibility. The benefit levels are the same as those afforded to active employees and include both health and dental coverage. City employees are eligible for post-retirement health care benefits if they are entitled to a retirement allowance and have participated in the Plan at least five

years immediately preceding separation from City employment.

The City pension trust collects employer contributions to fund future benefits. Upon retirement, the cost of premiums required to be paid to the Plan are then split equally between the retired employee and the pension trust.

Membership of the plans consisted of the following at December 31, 2014, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	92	40
Active plan members	<u>0</u>	<u>0</u>
Total	<u>92</u>	<u>40</u>

**Change in Plan Design – Pension Plan**

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) in the amount of \$40 per month per year of service until Medicare eligible age (i.e., 65) with an inflationary adjustment of 3 percent. In addition, employees increased their contributions to the pension plan by 1 percent in 2014 and will increase their contributions another 1 percent in 2015.

**Funding Policy & Contributions**

The annual actuarial valuation for OPEB as reported in the required supplementary information to this report, as well as the City's contribution rate for future years, are based upon funding OPEB in compliance with GASB Statement No. 45.

CERS			
	Computed		
	Annual Required	Actual	Percentage
	Contributions	Contributions	Contributed
2012	\$ 3,510,380	\$ 3,418,805	97%
2013 *	-	-	n/a
2014	-	-	n/a

\* New methods/assumptions or plan provisions adopted

CFPF			
	Computed		
	Annual Required	Actual	Percentage
	Contributions	Contributions	Contributed
2012	\$ 1,144,573	\$ 1,098,951	96%
2013 *	-	-	n/a
2014	-	-	n/a

\* New methods/assumptions or plan provisions adopted

Computed dollar contributions (actual contributions) are based on contribution rates and actuarially projected valuation payroll information available on the valuation date. Actual contributions are based on actuarially computed contribution rates and actual payroll. Deviations are

**Notes to Financial Statements**

attributable to the differences between the projected and actual payroll; however the City did contribute 100% of the actuarially determined contribution. Due to changes in the employment contracts, payroll was less than initially projected.

**Funding Status and Funding Progress**

The funded status of each plan as of December 31, 2014, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
CERS *	\$ 339,287	\$ 402,857	\$ 63,570	84.2%	\$ 51,347	123.8%
CFPF ^	121,334	148,032	26,699	82.0%	10,910	244.7%

*Dollar amounts above are in thousands*

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The City has made all required contributions and therefore has no Net Pension Obligation at December 31, 2014.

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The information as presented in the required supplementary schedules was determined as part of the annual actuarial valuations using the following actuarial methods and assumptions:

Valuation Date	December 31, 2014
Actuarial Cost Method	Entry-Age
Amortization Method	Level dollar closed
Remaining Amortization Period	CERS General 18 Police 13 years CFPF 13 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Investment Rate of Return	7.65%
Medical Inflation Rate	9.0% graded down to 4.25% in 2023
Dental Inflation Rate	4.25% for all years

**Component Units**

**Housing Commission Retirement Plan**

All eligible employees of the Housing Commission participate in the Housing Renewal and Local Agency Retirement Plan, a cost sharing, multiple-employer public employee retirement system to provide retirement benefits for employees of local or regional housing authorities and commissions, urban renewal agencies, and other organizations that are eligible to participate in this plan subject to the approval of the agreement. Eligible employees are defined as staff scheduled to work 20 or more hours per week after attaining age 18 and completing one year of continuous and uninterrupted employment. The right to receive retirement benefits is 20 percent vested after one year credited service up to 100 percent vested after five years credited service. Authority for establishing, administering, and amending plan provisions is found in Internal Revenue Code Section 401(a). The Automated Data Processing (ADP) Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ADP Retirement Services, 462 South 4<sup>th</sup> 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, 2014, 2013, and 2012, the cost to the Commission was \$44,727, \$43,721, and \$52,874, respectively.

**Metro Communications Agency Retirement Plan**

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

Metro identified its implicit subsidy for post-employment health care benefits other than pensions as of December 31, 2014 using the GASB developed Alternative Measurement Method (AMM) for cities and other government employers with under 100 members.

Plan Description - Retirees with 15 years continuous service with the agency and participation for at least five years immediately preceding retirement in the health, dental and/or vision plans to continue coverage until become

**Notes to Financial Statements**

entitled to Medicare coverage. The retiree is responsible for the total premium cost, plus an administrative fee of 2 percent.

Annual OPEB Cost and Net OPEB Obligation - Metro's annual OPEB cost (expense) is an "implicit subsidy" which is the difference between the actual and the apparent cost for health insurance coverage. This amount has been determined using the AMM in accordance with the parameters of GASB Statement 45. The following table shows the components of the Metro's annual OPEB implicit cost for 2014:

Annual required contribution	\$ 39,525
Interest on net OPEB obligation	395
Annual OPEB cost	39,920
Contributions made	-
Change in net OPEB obligation	39,920
Net OPEB obligation, beginning of year	132,213
Net OPEB obligation, end of year	<u>\$ 172,133</u>

Metro's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the previous year (year of implementation) were as follows:

	Annual OPEB Cost	Actual Employer Contribution	Annual OPEB Cost Contributed	Net Ending OPEB Obligation
2011	\$ 44,071	\$ -	0%	\$ (44,071)
2012	44,071	-	0%	(88,142)
2013	44,071	-	0%	(132,213)
2014	39,920	-	0%	(172,133)

Funded Status and Funding Progress. As of December 31, 2014, the plan was unfunded. The AMM accrued liability for benefits was \$310,068 and the AMM value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$310,068. The covered payroll (annual payroll of active employees covered by the plan) was \$2,308,980, and the ratio of the UAAL to the covered payroll was 13.4 percent.

AMM valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents a single year's information, as the standard was first implemented in fiscal year 2011 and recalculated in 2014, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AMM accrued liabilities for benefits will be displayed.

AMM and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

In the December 31, 2014 valuation, the AMM cost method was used. The assumptions included a 1.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation.

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

Members and employers make matching pre-tax contributions, which are defined by state statute. Contributions are deposited in trust fund and invested for the exclusive benefit of members and beneficiaries. Interest is deposited once yearly on June 30<sup>th</sup>.

As General Member, benefits and administrative expenses are funded by member and employer contributions of 6% each of employee compensation and investment income. State statute also requires the employer to contribute in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for General Employees only.

During the years ended December 31, 2014, 2013, and 2012, the cost to the Agency was \$136,419, \$132,473 and \$128,166, respectively.

**Notes to Financial Statements - Fiduciary Funds Statement of Net Position**

	Employees' Retirement		Firefighters' Pension		Total Pension and Health Care Trust Funds
	Pension	Health Care	Pension	Health Care	
<b>Assets</b>					
Cash and Cash Equivalents	\$ 6,229,189	\$ 446,593	\$ 2,208,609	\$ 127,571	\$ 9,011,962
Receivables:					
Interest	683,897	49,031	230,799	13,331	977,058
Total Receivables	<u>683,897</u>	<u>49,031</u>	<u>230,799</u>	<u>13,331</u>	<u>977,058</u>
Investments at Fair Value:					
US Government	16,258,709	1,165,645	6,270,714	362,201	24,057,269
Corporate Obligations	34,814,787	2,495,998	12,356,350	713,712	50,380,847
Foreign Obligations	9,652,092	691,993	2,378,008	137,356	12,859,449
State and Local Obligations	1,054,731	75,618	512,205	29,585	1,672,139
Domestic Stocks	95,499,461	6,846,700	33,876,916	1,956,756	138,179,833
Foreign Stocks	9,337,984	669,474	3,321,941	191,878	13,521,277
Index Funds:					
Equity	61,438,886	4,404,775	21,840,171	1,261,504	88,945,336
Government / Corporate Bonds	24,954,189	1,789,056	8,995,825	519,605	36,258,675
Mutual Funds:					
Foreign Equity	65,696,021	4,709,984	24,058,305	1,389,625	95,853,935
Domestic Equity	18,090,722	1,296,989	6,360,721	367,400	26,115,832
Real Estate	20,752,738	1,487,839	7,789,049	449,901	30,479,527
Total Investments	<u>357,550,320</u>	<u>25,634,071</u>	<u>127,760,204</u>	<u>7,379,524</u>	<u>518,324,119</u>
Total Assets	<u>364,463,406</u>	<u>26,129,695</u>	<u>130,199,612</u>	<u>7,520,426</u>	<u>528,313,139</u>
<b>Liabilities</b>					
Total Liabilities	<u>3,281</u>	<u>235</u>	<u>2,028</u>	<u>117</u>	<u>5,661</u>
<b>Net Position</b>					
Restricted for Pension and Post Employment Health Care Benefits	<u>\$364,460,125</u>	<u>\$26,129,460</u>	<u>\$130,197,584</u>	<u>\$7,520,309</u>	<u>\$ 528,307,478</u>

City of Sioux Falls  
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 Year Ended December 31, 2014

**Notes to Financial Statements - Fiduciary Funds Changes in Net Position**

	Employees' Retirement		Firefighters' Pension		Total Pension and Health Care Trust Funds
	Pension	Health Care	Pension	Health Care	
<b>Additions</b>					
Contributions					
Employer	\$ 10,670,106	\$ -	\$ 4,089,313	\$ -	\$ 14,759,419
Plan Members	2,966,452	-	1,056,622	-	4,023,074
Total Contributions	<u>13,636,558</u>	<u>-</u>	<u>5,145,935</u>	<u>-</u>	<u>18,782,493</u>
Investment Income (Loss)	25,337,910	996,100	9,098,920	204,924	35,637,854
Less Investment Expense	932,147	70,162	397,443	20,918	1,420,670
Net Investment Income (Loss)	<u>24,405,763</u>	<u>925,938</u>	<u>8,701,477</u>	<u>184,006</u>	<u>34,217,184</u>
Total Additions	<u>38,042,321</u>	<u>925,938</u>	<u>13,847,412</u>	<u>184,006</u>	<u>52,999,677</u>
<b>Deductions</b>					
Benefit Payments					
Pension	16,145,874	-	6,470,814	-	22,616,688
Health Premiums	-	754,667	-	308,191	1,062,858
Total Benefit Payments	<u>16,145,874</u>	<u>754,667</u>	<u>6,470,814</u>	<u>308,191</u>	<u>23,679,546</u>
Refunds	237,783	-	70,653	-	308,436
Administrative Expense	<u>164,320</u>	<u>11,512</u>	<u>99,494</u>	<u>5,013</u>	<u>280,339</u>
Total Deductions	<u>16,547,977</u>	<u>766,179</u>	<u>6,640,961</u>	<u>313,204</u>	<u>24,268,321</u>
Net Increase (Decrease)	21,494,344	159,759	7,206,451	(129,198)	28,731,356
<b>Total Net Position, January 1</b>	<u>342,965,781</u>	<u>25,969,701</u>	<u>122,991,133</u>	<u>7,649,507</u>	<u>499,576,122</u>
<b>Total Net Position, December 31</b>	<u>\$364,460,125</u>	<u>\$26,129,460</u>	<u>\$ 130,197,584</u>	<u>\$ 7,520,309</u>	<u>\$ 528,307,478</u>

**Required Supplementary Information - Pensions and Other Postemployment Benefits**

Schedules of Funding Progress (\$Thousand)						
Actuarial Valuation Date	Actuarial Value of Assets*	Actuarial Accrued Liability (AAL)--Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
<b>City Employee's Retirement System (CERS)</b>						
<b>Pension</b>						
2005	\$ 195,204	\$ 210,941	\$ 15,737	92.5%	\$ 40,492	38.9%
2006	213,015	222,364	9,349	95.8%	42,457	22.0%
2007	238,030	246,148	8,118	96.7%	44,647	18.2%
2008	241,785	261,167	19,382	92.6%	46,433	41.7%
2009	248,955	283,778	34,823	87.7%	51,510	67.6%
2010	258,975	289,515	30,540	89.5%	49,894	61.2%
2011	263,827	301,724	37,897	87.4%	50,605	74.9%
2012	282,268	347,118	64,851	81.3%	52,016	124.7%
2013*	311,445	373,387	61,942	83.4%	54,261	114.2%
2014	339,287	402,857	63,570	84.2%	51,347	123.8%
<b>Retiree Health Plan</b>						
2006	\$ 5,747	\$ 31,127	\$ 25,380	18.5%	\$ 42,457	59.8%
2007	8,380	31,759	23,379	26.4%	44,647	52.4%
2008	10,719	32,931	22,212	32.5%	46,433	47.8%
2009	13,474	36,174	22,700	37.2%	51,510	44.1%
2010	16,516	40,712	24,196	40.6%	49,894	48.5%
2011	19,324	44,491	25,167	43.4%	50,605	0.0%
2012	22,807	7,582	(15,225)	300.8%	52,016	0.0%
2013	25,970	6,842	(19,128)	379.6%	54,261	0.0%
2014	26,129	5,650	(20,479)	462.5%	51,347	0.0%
<b>City Firefighters' Pension Fund (CFPF)</b>						
<b>Pension</b>						
2005	\$ 75,975	\$ 82,554	\$ 6,579	92.0%	\$ 8,917	73.8%
2006	82,155	87,164	5,009	94.3%	9,493	52.8%
2007	91,114	95,561	4,447	95.3%	9,991	44.5%
2008	92,122	100,977	8,855	91.2%	10,462	84.6%
2009	93,760	108,557	14,797	86.4%	11,189	132.2%
2010	96,340	110,710	14,370	87.0%	10,914	131.7%
2011	96,992	115,353	18,361	84.1%	10,828	169.6%
2012	102,541	130,255	27,714	78.7%	11,526	240.5%
2013	111,830	139,069	28,438	80.4%	11,573	245.7%
2014	121,334	148,032	26,699	82.0%	10,910	244.7%
<b>Retiree Health Plan</b>						
2006	\$ 1,711	\$ 11,225	\$ 9,514	15.2%	\$ 9,493	100.2%
2007	2,542	10,835	8,293	23.5%	9,991	83.0%
2008	3,296	10,707	7,410	30.8%	10,462	70.8%
2009	4,096	11,597	7,501	35.3%	11,189	67.0%
2010	4,911	13,027	8,116	37.7%	10,914	74.4%
2011	5,709	13,885	8,176	41.1%	10,828	0.0%
2012	6,978	4,076	(2,902)	171.2%	11,526	0.0%
2013	7,650	3,344	(4,306)	228.8%	11,573	0.0%
2014	7,520	2,831	(4,689)	265.6%	10,910	0.0%

\* Includes assets held in the Unallocated Income Reserve

**Required Supplementary Information - Pensions and Other Post Employment Benefits**

<b>Schedules of Employer Contributions</b>					
<b>Year Ended December 31</b>	<b>Contribution Rates as % of Payroll</b>		<b>Computed Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
<b>City Employee's Retirement System (CERS)</b>					
<b>Pension</b>	<b>General</b>	<b>Police</b>			
2005	9.43%	13.96%	\$ 4,125,255	\$ 4,499,260	109%
2006	9.80%	14.84%	4,717,920	4,928,487	104%
2007*	10.38%	14.96%	5,160,605	5,373,132	104%
2008	9.50%	13.36%	4,907,566	4,889,940	100%
2009	9.33%	14.58%	5,238,815	5,459,718	104%
2010	10.93%	17.66%	6,470,984	6,591,255	102%
2011	13.17%	20.78%	8,533,571	7,730,986	91%
2012	12.86%	20.72%	8,149,433	7,928,104	97%
2013	12.56%	18.94%	7,897,193	7,917,354	100%
2014*	n/a	n/a	11,563,007	11,563,007	100%
<b>Retiree Health Plan</b>					
2007	5.04%	7.23%	\$ 2,501,513	\$ 2,523,357	101%
2008	5.49%	7.57%	2,816,421	2,820,846	100%
2009	5.18%	7.36%	2,808,976	2,974,199	106%
2010	5.03%	7.45%	2,881,839	2,962,801	103%
2011	4.89%	7.66%	3,160,024	2,868,342	91%
2012	5.53%	8.95%	3,510,380	3,418,805	97%
2013*	0.00%	0.00%	-	-	n/a
2014	n/a	n/a	-	-	n/a
<i>* New methods/assumptions or plan provisions adopted</i>					
<b>City Firefighters' Pension Fund (CFPF)</b>					
<b>Pension</b>					
2005	11.12%		\$ 992,375	\$ 1,053,254	106%
2006	16.21%		1,526,731	1,683,121	110%
2007*	17.14%		1,669,043	1,826,253	109%
2008	15.99%		1,657,685	1,695,167	102%
2009	16.36%		1,776,435	1,877,096	106%
2010	19.97%		2,270,592	2,233,372	98%
2011	24.55%		2,985,389	2,773,506	93%
2012	25.21%		2,990,124	2,871,209	96%
2013	24.31%		2,860,678	2,816,770	98%
2014*	n/a		4,484,256	4,484,256	100%
<b>Retiree Health Plan</b>					
2007	8.91%		\$ 867,630	\$ 890,208	103%
2008	9.47%		981,756	990,738	101%
2009	8.72%		946,853	975,694	103%
2010	8.33%		947,122	937,698	99%
2011	8.35%		1,015,397	944,497	93%
2012	9.65%		1,144,573	1,098,951	96%
2013*	0.00%		-	-	n/a
2014	n/a		-	-	n/a
<i>* New methods/assumptions or plan provisions adopted</i>					
Note: Computed annual required contributions are based upon contribution rates and projected valuation payroll. As the City funds pension and retiree health benefits on a percentage of payroll basis, deviations between computed and actual contributions are attributable to differences between projected and actual payroll.					

**Required Supplementary Information - Fiduciary Funds (Pension Trust)**

<b>Schedules of Changes in the Net Pension Liability and Related Ratios (\$Thousand)</b>		
	<b>City Employee's Retirement System (CERS)</b>	<b>City Firefighters' Pension Fund (CFPF)</b>
Fiscal Year Ending December 31,	<u>2014</u>	<u>2014</u>
<b>Total Pension Liability (TPL)</b>		
Service Cost	\$ 8,593	\$ 2,891
Interest on the total Pension Liability	28,266	10,499
Benefit Changes	-	-
Actual versus expected TPL	6,785	(73)
Assumption Changes	2,210	2,188
Benefit Payments and Refunds	(16,384)	(6,542)
<b>Net Change in Total Pension Liability</b>	<u>29,470</u>	<u>8,963</u>
<b>Total Pension Liability - Beginning</b>	<u>373,387</u>	<u>139,069</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>\$ 402,857</u></u>	<u><u>\$ 148,032</u></u>
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	\$ 10,670	\$ 4,089
Employee Contributions	2,966	1,057
Pension Plan Net Investment Income	24,406	8,701
Benefit Payments and Refunds	(16,384)	(6,541)
Pension Plan Administrative Expense	(164)	(99)
Other	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>21,494</u>	<u>7,207</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>342,966</u>	<u>122,991</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 364,460</u></u>	<u><u>\$ 130,198</u></u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u><u>\$ 38,397</u></u>	<u><u>\$ 17,834</u></u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	90.47%	87.95%
<b>Covered Employee Payroll</b>	\$ 51,347	\$ 10,910
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	74.78%	163.46%

**Required Supplementary Information - Fiduciary Funds (Pension Trust)**

<b>Schedules of Employer Contributions</b>					
<b>Year Ended December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution*</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll**</b>	<b>Actual Contribution as a % of Covered Payroll</b>
<b>City Employee's Retirement System (CERS)</b>					
2014	\$ 11,563,007	\$ 11,563,007	\$ -	\$ 51,346,952	22.52%
<b>City Firefighters' Pension Fund (CFPF)</b>					
2014	\$ 4,484,256	\$ 4,484,256	\$ -	\$ 10,910,044	41.10%
<small>* Includes contributions transferred from the Unallocated Income Reserve            ** Based on 12/31/2014 valuation payroll</small>					
<b>Schedule of Investment Returns</b>					
2014		<b>CERS</b>	<b>CFPF</b>		
		6.90%	6.88%		
<b>Notes to Schedule</b>					
<b>Valuation Date</b>	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.				
<b>Methods and Assumptions Used to Determine Fiscal 2014 contributions</b>					
<b>Actuarial Cost Method</b>	Entry-Age Normal				
<b>Amortization Method</b>	Level Dollar, Closed				
<b>Remaining Amortization Period</b>	25 Years				
<b>Asset Valuation Method</b>	5-Year smoothed market				
<b>Price Inflation</b>	3.50%				
<b>Salaries Increases</b>	4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation.				
<b>Investment Rate of Return</b>	7.75% net of expenses (7.65% used in 12/31/2014 valuation)				
<b>Retirement Age</b>	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.				
<b>Mortality</b>	RP-2000 Male (130% of the rates for Police and Fire and 110% for General employees) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB.				

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 50,717,241	\$ 50,717,241	\$ 51,025,183	\$ 307,942
Sales	53,308,498	53,308,498	54,863,132	1,554,634
Frontage	4,614,137	4,614,137	4,628,820	14,683
Lodging	2,967,000	2,805,000	2,698,216	(106,784)
Amusement	13,500	13,500	13,092	(408)
Penalties and Interest	100,000	100,000	113,383	13,383
Total Taxes	<u>111,720,376</u>	<u>111,558,376</u>	<u>113,341,826</u>	<u>1,783,450</u>
Licenses and Permits	<u>4,737,978</u>	<u>4,737,978</u>	<u>5,113,607</u>	<u>375,629</u>
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	<u>5,200,116</u>	<u>5,200,116</u>	<u>4,704,230</u>	<u>(495,886)</u>
State Shared Revenues:				
Motor Vehicle Licenses	2,825,600	2,825,600	2,828,004	2,404
Bank Franchise Tax	675,000	675,000	904,928	229,928
Liquor Tax Reversion	800,600	800,600	851,373	50,773
Health License Reversion	150,000	150,000	140,340	(9,660)
Fire Insurance Premium Reversion	415,000	415,000	467,098	52,098
Port of Entry Fees	60,000	60,000	72,897	12,897
Total State Shared Revenues	<u>4,926,200</u>	<u>4,926,200</u>	<u>5,264,640</u>	<u>338,440</u>
State Grants	<u>219,330</u>	<u>49,330</u>	<u>89,786</u>	<u>40,456</u>
County Shared Revenues:				
Wheel Tax	182,375	182,375	174,103	(8,272)
Contributions	<u>1,013,055</u>	<u>1,013,055</u>	<u>1,024,255</u>	<u>11,200</u>
Total County Shared Revenues	<u>1,195,430</u>	<u>1,195,430</u>	<u>1,198,358</u>	<u>2,928</u>
Total Intergovernmental Revenues	<u>11,541,076</u>	<u>11,371,076</u>	<u>11,257,014</u>	<u>(114,062)</u>
Special Assessments	33,040	195,040	251,286	56,246
Charges for Goods and Services	7,367,647	7,367,647	7,208,017	(159,630)
Fines and Forfeitures	691,740	691,740	572,024	(119,716)
Investment Revenue	409,262	409,262	287,741	(121,521)
Rentals/Operating Leases	167,190	167,190	196,685	29,495
Contributions	92,600	92,600	206,672	114,072
Miscellaneous Revenue	<u>196,151</u>	<u>366,151</u>	<u>(696,502)</u>	<u>(1,062,653)</u>
Total Revenues	<u>136,957,060</u>	<u>136,957,060</u>	<u>137,738,370</u>	<u>781,310</u>

**City of Sioux Falls  
Comprehensive Annual Financial Report  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
General Government:				
Mayor	523,540	523,540	486,805	36,735
City Council	1,398,978	1,508,978	1,432,756	76,222
Attorney	1,635,605	1,635,605	1,514,218	121,387
Human Resources	1,465,996	1,465,996	1,400,287	65,709
Finance	2,347,693	2,347,693	2,300,092	47,601
Facilities Management	2,635,844	2,635,844	2,629,310	6,534
Technology	3,064,745	3,064,745	2,945,098	119,647
Multimedia Support	1,729,900	1,729,900	1,680,651	49,249
Total General Government	<u>14,802,301</u>	<u>14,912,301</u>	<u>14,389,217</u>	<u>523,084</u>
Public Safety:				
Fire	23,206,744	23,206,744	22,524,449	682,295
Police	30,112,559	30,208,559	30,031,803	176,756
Total Public Safety	<u>53,319,303</u>	<u>53,415,303</u>	<u>52,556,252</u>	<u>859,051</u>
Highways and Streets:				
Total Highways and Streets	<u>23,426,547</u>	<u>23,426,547</u>	<u>23,420,694</u>	<u>5,853</u>
Public Health:				
Health	<u>11,156,512</u>	<u>11,156,512</u>	<u>10,146,920</u>	<u>1,009,592</u>
Culture and Recreation:				
Parks and Recreation	14,862,530	14,862,530	14,857,493	5,037
Libraries	6,830,405	6,830,405	6,301,074	529,331
Siouxland Museum	532,243	532,243	524,813	7,430
Total Culture and Recreation	<u>22,225,178</u>	<u>22,225,178</u>	<u>21,683,380</u>	<u>541,798</u>
Urban and Economic Development:				
Urban Management	4,976,592	4,976,592	4,914,879	61,713
Economic Development	4,267,968	4,267,968	4,135,110	132,858
Total Urban and Economic Development	<u>9,244,560</u>	<u>9,244,560</u>	<u>9,049,989</u>	<u>194,571</u>
Total Expenditures	<u>134,174,401</u>	<u>134,380,401</u>	<u>131,246,452</u>	<u>3,133,949</u>
Revenues Over (Under) Expenditures	<u>2,782,659</u>	<u>2,576,659</u>	<u>6,491,918</u>	<u>3,915,259</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Surplus Property	-	-	52,052	52,052
Damage Recovery	30,000	30,000	184,248	154,248
Transfers Out	(6,625,447)	(6,625,447)	(6,625,447)	-
Total Other Financing Sources (Uses)	<u>(6,595,447)</u>	<u>(6,595,447)</u>	<u>(6,389,147)</u>	<u>206,300</u>
Net Change in Fund Balances	<u>(3,812,788)</u>	<u>(4,018,788)</u>	<u>102,771</u>	<u>4,121,559</u>
<b>Fund Balances, January 1</b>	<u>48,121,764</u>	<u>48,121,764</u>	<u>48,121,764</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u>\$ 44,308,976</u>	<u>\$ 44,102,976</u>	<u>\$ 48,224,535</u>	<u>\$ 4,121,559</u>

City of Sioux Falls  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Entertainment Tax Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 6,258,404	\$ 6,258,404	\$ 6,417,220	\$ 158,816
Investment Revenue	25,000	25,000	54,486	29,486
Total Revenues	<u>6,283,404</u>	<u>6,283,404</u>	<u>6,471,706</u>	<u>188,302</u>
<b>Expenditures</b>				
Culture and Recreation:				
Entertainment Tax	2,070,000	2,070,000	2,061,500	8,500
Entertainment Venues	6,280,156	7,823,958	5,142,427	2,681,531
Total Culture and Recreation	<u>8,350,156</u>	<u>9,893,958</u>	<u>7,203,927</u>	<u>2,690,031</u>
Total Expenditures	<u>8,350,156</u>	<u>9,893,958</u>	<u>7,203,927</u>	<u>2,690,031</u>
Revenues Over (Under) Expenditures	<u>(2,066,752)</u>	<u>(3,610,554)</u>	<u>(732,221)</u>	<u>2,878,333</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Surplus Property	-	-	3,805	3,805
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,805</u>	<u>3,805</u>
Net Change in Fund Balances	<u>(2,066,752)</u>	<u>(3,610,554)</u>	<u>(728,416)</u>	<u>2,882,138</u>
<b>Fund Balances, January 1</b>	<u>4,919,129</u>	<u>4,919,129</u>	<u>4,919,129</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u>\$ 2,852,377</u>	<u>\$ 1,308,575</u>	<u>\$ 4,190,713</u>	<u>\$ 2,882,138</u>

**City of Sioux Falls  
Comprehensive Annual Financial Report  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Sales and Use Tax Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 53,308,497	\$ 53,308,497	\$ 54,860,726	\$ 1,552,229
Licenses and Permits	90,000	90,000	88,165	(1,835)
Intergovernmental	32,000	511,908	348,696	(163,212)
Special Assessments	1,430,000	1,430,000	1,164,054	(265,946)
Investment Revenue	300,000	300,000	712,074	412,074
Contributions	2,800,000	2,914,518	188,082	(2,726,436)
Miscellaneous Revenue	-	-	6,545	6,545
Total Revenues	57,960,497	58,554,923	57,368,342	(1,186,581)
<b>Expenditures</b>				
General Government:				
City Council	-	63,000	-	63,000
Facilities Management	352,470	693,782	542,145	151,637
Sales and Use Tax	16,215,000	16,215,000	16,100,730	114,270
Technology	45,900	510,217	44,498	465,719
Multimedia Support	115,000	165,000	109,913	55,087
Total General Government	16,728,370	17,646,999	16,797,286	849,713
Public Safety:				
Fire	3,380,500	4,229,750	2,568,747	1,661,003
Police	1,690,000	1,763,015	950,932	812,083
Total Public Safety	5,070,500	5,992,765	3,519,679	2,473,086
Highways and Streets:				
Highways and Streets	27,646,035	33,131,748	26,941,519	6,190,229
Public Health:				
Health	120,899	134,399	120,263	14,136
Culture and Recreation:				
Entertainment Venues	-	169,047	95,144	73,903
Parks and Recreation	8,304,676	25,518,759	4,964,532	20,554,227
Library	680,000	686,180	642,844	43,336
Museum	1,300,000	1,300,000	-	1,300,000
Total Culture and Recreation	10,284,676	27,673,986	5,702,520	21,971,466
Urban and Economic Development:				
Urban Management	55,000	72,000	52,000	20,000
Economic Development	200,000	539,237	-	539,237
Transit	174,158	1,280,885	196,590	1,084,295
Total Urban and Economic Development	429,158	1,892,122	248,590	1,643,532
Total Expenditures	60,279,638	86,472,019	53,329,857	33,142,162
Revenues Over (Under) Expenditures	(2,319,141)	(27,917,096)	4,038,485	31,955,581
<b>Other Financing Sources (Uses)</b>				
Sale of Surplus Property	-	-	37,038	37,038
Damage Recovery	-	-	127,550	127,550
Transfers In	-	-	2,216,999	2,216,999
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	2,381,587	2,381,587
Net Change in Fund Balances	(2,319,141)	(27,917,096)	6,420,072	34,337,168
<b>Fund Balances, January 1</b>	49,596,536	49,596,536	49,596,536	-
<b>Fund Balances, December 31</b>	\$ 47,277,395	\$ 21,679,440	\$ 56,016,608	\$ 34,337,168

**City of Sioux Falls  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Community Development Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,349,300	\$ 1,099,300	\$ 1,548,918	\$ 449,618
Investment Revenue	36,858	36,858	39,070	2,212
Rentals/Operating Leases	781,284	781,284	856,905	75,621
Contributions	161,000	161,000	50,000	(111,000)
Miscellaneous	-	-	(90)	(90)
Total Revenues	<u>2,328,442</u>	<u>2,078,442</u>	<u>2,494,803</u>	<u>416,361</u>
<b>Expenditures</b>				
Urban and Economic Development:				
Affordable Housing	<u>3,332,609</u>	<u>3,832,609</u>	<u>3,539,540</u>	<u>293,069</u>
Total Expenditures	<u>3,332,609</u>	<u>3,832,609</u>	<u>3,539,540</u>	<u>293,069</u>
Revenues Over (Under) Expenditures	<u>(1,004,167)</u>	<u>(1,754,167)</u>	<u>(1,044,737)</u>	<u>709,430</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	677,641	927,641	927,641	-
Loan Proceeds	<u>141,403</u>	<u>141,403</u>	<u>339,000</u>	<u>197,597</u>
Total Other Financing Sources (Uses)	<u>819,044</u>	<u>1,069,044</u>	<u>1,266,641</u>	<u>197,597</u>
Net Change in Fund Balances	(185,123)	(685,123)	221,904	907,027
<b>Fund Balances, January 1</b>	<u>2,773,026</u>	<u>2,773,026</u>	<u>2,773,026</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u>\$ 2,587,903</u>	<u>\$ 2,087,903</u>	<u>\$ 2,994,930</u>	<u>\$ 907,027</u>

City of Sioux Falls  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Storm Drainage Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,853,925	\$ 5,853,925	\$ 5,986,232	\$ 132,307
Licenses and Permits	100	100	-	(100)
Investment Revenue	45,000	45,000	34,731	(10,269)
Rentals/Operating Leases	-	-	1,100	1,100
Special Assesments	600,000	600,000	794,231	194,231
Contributions	760,960	760,960	-	(760,960)
Miscellaneous Revenue	-	-	(49,929)	(49,929)
Total Revenues	<u>7,259,985</u>	<u>7,259,985</u>	<u>6,766,365</u>	<u>(493,620)</u>
<b>Expenditures</b>				
Highways and Streets	<u>7,529,333</u>	<u>11,421,378</u>	<u>5,428,400</u>	<u>5,992,978</u>
Total Expenditures	<u>7,529,333</u>	<u>11,421,378</u>	<u>5,428,400</u>	<u>5,992,978</u>
Revenues Over (Under) Expenditures	<u>(269,348)</u>	<u>(4,161,393)</u>	<u>1,337,965</u>	<u>5,499,358</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>28,550</u>	<u>28,550</u>
Total Other Funding Sources (Uses)	<u>-</u>	<u>-</u>	<u>28,550</u>	<u>28,550</u>
Net Change in Fund Balances	<u>(269,348)</u>	<u>(4,161,393)</u>	<u>1,366,515</u>	<u>5,527,908</u>
<b>Fund Balances, January 1</b>	<u>8,119,788</u>	<u>8,119,788</u>	<u>8,119,788</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u>\$ 7,850,440</u>	<u>\$ 3,958,395</u>	<u>\$ 9,486,303</u>	<u>\$ 5,527,908</u>

## Required Supplementary Information

### Notes to Required Supplementary Information—Budgetary Reporting

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#### The Schedule

The Budgetary Comparison Schedules present comparisons of the original and legally amended budget with actual amounts on a departmental level for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, and the Storm Drainage Fund. In addition to the required General Fund presentation, the four special revenue 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.

Unanticipated grants and City Council approved supplemental appropriations were \$19,463,601 during 2014. Of the supplemental appropriations \$11,180,776 was for the approved construction of an Indoor Aquatics Center. Another \$5,315,825 was supplemented for additional infrastructure projects, e.g. water, streets and levee maintenance. The majority of the remaining differential was due to either unanticipated grants, donations or outside contributions for specific projects such as the Denny Sanford Premier Center and affordable housing needs.

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, 2014.

## Combining Statements

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### 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.

**Railroad Relocation Fund**—to account for the activities of the federally financed railroad relocation project.

### B. Nonmajor Debt Funds

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

### C. Nonmajor Capital Projects Funds

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

**Culture and Recreation Bond Construction Fund**—to account for the construction proceeds of the Sales/Use Tax Revenue Bonds (known as quality of life bonds). The construction proceeds are dedicated to Park and Library projects: replacement of the Drake Springs Swimming Pool, Harmodon Park development, the Main Library renovation and expansion, Prairie West Branch Library, zoo improvements, Jr. Football, and the River Greenway.

### D. Nonmajor Permanent Funds

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

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

### E. Internal Service Funds

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

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

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

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

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

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**Combining Balance Sheet  
 Nonmajor Governmental Funds**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Permanent Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$1,459,269	\$ 899,662	\$2,770,542	\$ 45,957	\$5,175,430
Receivables:					
Accounts (net of allowance for uncollectibles)	13,053	-	-	-	13,053
Interest and Penalty	-	1,484	2,830	84	4,398
Total Assets	<u>\$1,472,322</u>	<u>\$ 901,146</u>	<u>\$2,773,372</u>	<u>\$ 46,041</u>	<u>\$5,192,881</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Due to Other Funds	<u>\$ 55,192</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,192</u>
Total Liabilities	<u>55,192</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>105,192</u>
<b>Fund Balances</b>					
Nonspendable	-	-	-	26,765	26,765
Restricted	-	851,146	2,773,372	19,276	3,643,794
Assigned	1,472,322	-	-	-	1,472,322
Unassigned	<u>(55,192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,192)</u>
Total Fund Balances	<u>1,417,130</u>	<u>851,146</u>	<u>2,773,372</u>	<u>46,041</u>	<u>5,087,689</u>
Total Liabilities and Fund Balances	<u>\$1,472,322</u>	<u>\$ 901,146</u>	<u>\$2,773,372</u>	<u>\$ 46,041</u>	<u>\$5,192,881</u>

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

	<b>Special Revenue</b>	<b>Debt Funds</b>	<b>Capital Project</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>Revenues</b>					
Taxes	\$ -	\$ 1,075,804	\$ -	\$ -	\$ 1,075,804
Intergovernmental	3,150,068	-	-	-	3,150,068
Investment Revenue	-	2,870	6,668	368	9,906
Rentals/Operating Leases	-	-	2	-	2
Contributions	-	-	-	3,721	3,721
Miscellaneous Revenue	-	366	-	-	366
<b>Total Revenues</b>	<b>3,150,068</b>	<b>1,079,040</b>	<b>6,670</b>	<b>4,089</b>	<b>4,239,867</b>
<b>Expenditures</b>					
Current:					
Highways and Streets	346,069	-	-	-	346,069
Culture and Recreation	-	-	-	15,618	15,618
Urban and Economic Development	7,342,377	731,370	-	-	8,073,747
Debt Service					
Principal	-	60,000	-	-	60,000
Interest and Fiscal Charges	-	119,513	-	-	119,513
Capital Outlay					
Highways and Streets	6,396	-	2,974,083	-	2,980,479
Culture and Recreation	-	-	113,838	-	113,838
Urban and Economic Development	30,894	-	-	-	30,894
<b>Total Expenditures</b>	<b>7,725,736</b>	<b>910,883</b>	<b>3,087,921</b>	<b>15,618</b>	<b>11,740,158</b>
Revenues Over (Under) Expenditures	(4,575,668)	168,157	(3,081,251)	(11,529)	(7,500,291)
<b>Other Financing Sources (Uses)</b>					
Transfers In	4,897,806	-	-	-	4,897,806
Transfers Out	-	-	(1,899,068)	-	(1,899,068)
<b>Total Other Financing Sources (Uses)</b>	<b>4,897,806</b>	<b>-</b>	<b>(1,899,068)</b>	<b>-</b>	<b>2,998,738</b>
Net Change in Fund Balances	322,138	168,157	(4,980,319)	(11,529)	(4,501,553)
<b>Fund Balances, January 1</b>	<b>1,094,992</b>	<b>682,989</b>	<b>7,753,691</b>	<b>57,570</b>	<b>9,589,242</b>
<b>Fund Balances, December 31</b>	<b>\$ 1,417,130</b>	<b>\$ 851,146</b>	<b>\$ 2,773,372</b>	<b>\$ 46,041</b>	<b>\$ 5,087,689</b>

City of Sioux Falls  
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**Combining Balance Sheet  
 Nonmajor Special Revenue Funds**

	<u>Transit</u>	<u>Railroad Relocation</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,459,269	\$ -	\$ 1,459,269
Receivables:			
Accounts (net of allowance for uncollectibles)	13,053	-	13,053
Total Assets	<u>\$ 1,472,322</u>	<u>\$ -</u>	<u>\$ 1,472,322</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Due to Other Funds	<u>\$ -</u>	<u>\$ 55,192</u>	<u>\$ 55,192</u>
Total Liabilities	<u>-</u>	<u>55,192</u>	<u>55,192</u>
<b>Fund Balances</b>			
Assigned	1,472,322	-	1,472,322
Unassigned	<u>-</u>	<u>(55,192)</u>	<u>(55,192)</u>
Total Fund Balances	<u>1,472,322</u>	<u>(55,192)</u>	<u>1,417,130</u>
Total Liabilities and Fund Balances	<u>\$ 1,472,322</u>	<u>\$ -</u>	<u>\$ 1,472,322</u>

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

	<u>Transit</u>	<u>Railroad Relocation</u>	<u>Total</u>
<b>Revenues</b>			
Intergovernmental	\$ 2,682,744	\$ 467,324	\$ 3,150,068
Total Revenues	<u>2,682,744</u>	<u>467,324</u>	<u>3,150,068</u>
<b>Expenditures</b>			
Current:			
Urban and Economic Development	7,342,377	-	7,342,377
Highways and Streets	-	346,069	346,069
Capital Outlay			
Highways and Streets	-	6,396	6,396
Urban and Economic Development	30,894	-	30,894
Total Expenditures	<u>7,373,271</u>	<u>352,465</u>	<u>7,725,736</u>
Revenues Over (Under) Expenditures	<u>(4,690,527)</u>	<u>114,859</u>	<u>(4,575,668)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	4,897,806	-	4,897,806
Total Other Financing Sources (Uses)	<u>4,897,806</u>	<u>-</u>	<u>4,897,806</u>
Net Change in Fund Balances	207,279	114,859	322,138
<b>Fund Balances, January 1</b>	<u>1,265,043</u>	<u>(170,051)</u>	<u>1,094,992</u>
<b>Fund Balances, December 31</b>	<u>\$ 1,472,322</u>	<u>\$ (55,192)</u>	<u>\$ 1,417,130</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Transit Fund**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 2,958,413	\$ 4,825,181	\$ 2,682,744	\$ (2,142,437)
<b>Total Revenues</b>	<u>2,958,413</u>	<u>4,825,181</u>	<u>2,682,744</u>	<u>(2,142,437)</u>
<b>Expenditures</b>				
Urban and Economic Development				
Transit	8,095,219	9,961,987	7,373,271	2,588,716
<b>Total Expenditures</b>	<u>8,095,219</u>	<u>9,961,987</u>	<u>7,373,271</u>	<u>2,588,716</u>
Revenues Over (Under) Expenditures	<u>(5,136,806)</u>	<u>(5,136,806)</u>	<u>(4,690,527)</u>	<u>446,279</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	4,897,806	4,897,806	4,897,806	-
<b>Total Other Financing Sources (Uses)</b>	<u>4,897,806</u>	<u>4,897,806</u>	<u>4,897,806</u>	<u>-</u>
Net Change in Fund Balances	<u>(239,000)</u>	<u>(239,000)</u>	<u>207,279</u>	<u>446,279</u>
<b>Fund Balances, January 1</b>	<u>1,265,043</u>	<u>1,265,043</u>	<u>1,265,043</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u>\$ 1,026,043</u>	<u>\$ 1,026,043</u>	<u>\$ 1,472,322</u>	<u>\$ 446,279</u>

City of Sioux Falls  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Railroad Relocation**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 36,182,907	\$ 467,324	\$ (35,715,583)
Total Revenues	-	36,182,907	467,324	(35,715,583)
<b>Expenditures</b>				
Highways and Streets:				
Highways and Streets	-	36,182,907	352,465	35,830,442
Total Expenditures	-	36,182,907	352,465	35,830,442
Revenues Over (Under) Expenditures	-	-	114,859	(71,546,025)
Net Change in Fund Balances	-	-	114,859	(71,546,025)
<b>Fund Balances, January 1</b>	(170,051)	(170,051)	(170,051)	-
<b>Fund Balances, December 31</b>	\$ (170,051)	\$ (170,051)	\$ (55,192)	\$ (71,546,025)

City of Sioux Falls  
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Combining Balance Sheet  
Nonmajor Debt Funds

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	<u>T.I.F. District</u>	<u>Total</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 899,662	\$ 899,662
Receivables:		
Interest and Penalty	1,484	1,484
Total Assets	<u>\$ 901,146</u>	<u>\$ 901,146</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to Other Funds	\$ 50,000	\$ 50,000
Total Liabilities	50,000	50,000
<b>Fund Balances</b>		
Restricted	851,146	851,146
Total Fund Balances	<u>851,146</u>	<u>851,146</u>
Total Liabilities and Fund Balances	<u>\$ 901,146</u>	<u>\$ 901,146</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

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

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	<u>T.I.F. District</u>	<u>Total</u>
<b>Revenues</b>		
Taxes	\$ 1,075,804	\$ 1,075,804
Investment Revenue	2,870	2,870
Miscellaneous Revenue	366	366
Total Revenues	<u>1,079,040</u>	<u>1,079,040</u>
<b>Expenditures</b>		
Current:		
Urban and Economic Development	731,370	731,370
Debt:		
Principal	60,000	60,000
Interest and Fiscal Charges	119,513	119,513
Total Expenditures	<u>910,883</u>	<u>910,883</u>
Net Change in Fund Balances	168,157	168,157
<b>Fund Balances, January 1</b>	<u>682,989</u>	<u>682,989</u>
<b>Fund Balances, December 31</b>	<u>\$ 851,146</u>	<u>\$ 851,146</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - T.I.F. District Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ 1,243,200	\$ 1,075,804	\$ (167,396)
Investment Revenue	-	-	2,870	2,870
Miscellaneous Revenue	-	-	366	366
Total Revenues	-	1,243,200	1,079,040	(164,160)
<b>Expenditures</b>				
Urban and Economic Development T.I.F. District	1,090,700	1,090,700	910,883	179,817
Total Expenditures	1,090,700	1,090,700	910,883	179,817
Revenues Over (Under) Expenditures	(1,090,700)	152,500	168,157	15,657
Net Change in Fund Balances	(1,090,700)	152,500	168,157	15,657
<b>Fund Balances, January 1</b>	682,989	682,989	682,989	-
<b>Fund Balances, December 31</b>	\$ (407,711)	\$ 835,489	\$ 851,146	\$ 15,657

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City of Sioux Falls  
 Comprehensive Annual Financial Report  
 December 31, 2014

**Combining Balance Sheet**  
**Nonmajor Capital Project Funds**

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	<u>Sioux Falls Flood Control</u>	<u>Culture/Rec Bond Construction</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,579,395	\$ 1,191,147	\$ 2,770,542
Receivables:			
Interest and Penalty	<u>2,813</u>	<u>17</u>	<u>2,830</u>
Total Assets	<u>\$ 1,582,208</u>	<u>\$ 1,191,164</u>	<u>\$ 2,773,372</u>
<b>Fund Balances</b>			
Restricted	<u>\$ 1,582,208</u>	<u>\$ 1,191,164</u>	<u>\$ 2,773,372</u>
Total Fund Balances	<u>1,582,208</u>	<u>1,191,164</u>	<u>2,773,372</u>
Total Liabilities and Fund Balances	<u>\$ 1,582,208</u>	<u>\$ 1,191,164</u>	<u>\$ 2,773,372</u>

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

	<b>Sioux Falls Flood Control</b>	<b>Culture/Rec Bond Constuction</b>	<b>Total</b>
<b>Revenues</b>			
Investment Revenue	\$ 6,479	\$ 189	\$ 6,668
Rentals/Operating Leases	-	2	2
Total Revenues	<u>6,479</u>	<u>191</u>	<u>6,670</u>
<b>Expenditures</b>			
Capital			
Highways and Streets	2,974,083	-	2,974,083
Culture and Recreation	-	113,838	113,838
Total Expenditures	<u>2,974,083</u>	<u>113,838</u>	<u>3,087,921</u>
Revenues Over (Under) Expenditures	<u>(2,967,604)</u>	<u>(113,647)</u>	<u>(3,081,251)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers Out	-	(1,899,068)	(1,899,068)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,899,068)</u>	<u>(1,899,068)</u>
Net Change in Fund Balances	<u>(2,967,604)</u>	<u>(2,012,715)</u>	<u>(4,980,319)</u>
<b>Fund Balances, January 1</b>	<u>4,549,812</u>	<u>3,203,879</u>	<u>7,753,691</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 1,582,208</u></u>	<u><u>\$ 1,191,164</u></u>	<u><u>\$ 2,773,372</u></u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment Revenue	\$ -	\$ -	\$ 20,267	\$ 20,267
Contributions	-	236,000	59,410	(176,590)
Total Revenues	-	236,000	79,677	(156,323)
<b>Expenditures</b>				
Culture and Recreation Events Center	-	44,813,412	39,281,709	5,531,703
Total Expenditures	-	44,813,412	39,281,709	5,531,703
Revenues Over (Under) Expenditures	-	(44,577,412)	(39,202,032)	5,375,380
Net Change in Fund Balances	-	(44,577,412)	(39,202,032)	5,375,380
<b>Fund Balances, January 1</b>	45,054,819	45,054,819	45,054,819	-
<b>Fund Balances, December 31</b>	<u>\$ 45,054,819</u>	<u>\$ 477,407</u>	<u>\$ 5,852,787</u>	<u>\$ 5,375,380</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Revenue	\$ -	\$ -	\$ 6,479	\$ 6,479
Total Revenues	-	-	6,479	6,479
<b>Expenditures</b>				
Highways and Streets:				
Flood Control	-	4,541,145	2,974,083	1,567,062
Total Expenditures	-	4,541,145	2,974,083	1,567,062
Revenues Over (Under) Expenditures	-	(4,541,145)	(2,967,604)	1,573,541
Net Change in Fund Balances	-	(4,541,145)	(2,967,604)	1,573,541
<b>Fund Balances, January 1</b>	4,549,812	4,549,812	4,549,812	-
<b>Fund Balances, December 31</b>	<u>\$ 4,549,812</u>	<u>\$ 8,667</u>	<u>\$ 1,582,208</u>	<u>\$ 1,573,541</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Culture/Rec Bond Construction Fund**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment Revenue	\$ -	\$ -	\$ 189	\$ 189
Rentals	278,000	278,000	2	(277,998)
Total Revenues	278,000	278,000	191	(277,809)
<b>Expenditures</b>				
Culture and Recreation:				
Library	-	431,137	105,472	325,665
Park	11,652,629	11,662,375	8,366	11,654,009
Total Expenditures	11,652,629	12,093,512	113,838	11,979,674
Revenues Over (Under) Expenditures	(11,374,629)	(11,815,512)	(113,647)	11,701,865
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(1,899,068)	1,899,068
Revenue Bond Issuance	11,652,629	11,652,629	-	(11,652,629)
Total Other Financing Sources (Uses)	11,652,629	11,652,629	(1,899,068)	(9,753,561)
Net Change in Fund Balances	278,000	(162,883)	(2,012,715)	1,948,304
<b>Fund Balances, January 1</b>	3,203,879	3,203,879	3,203,879	-
<b>Fund Balances, December 31</b>	<u>\$ 3,481,879</u>	<u>\$ 3,040,996</u>	<u>\$ 1,191,164</u>	<u>\$ 1,948,304</u>

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City of Sioux Falls  
Comprehensive Annual Financial Report  
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Combining Balance Sheet  
Nonmajor Permanent Funds

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	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 5,620	\$ 40,337	\$ 45,957
Receivables:			
Interest and Penalty	10	74	84
Total Assets	<u>\$ 5,630</u>	<u>\$ 40,411</u>	<u>\$ 46,041</u>
<b>Fund Balances</b>			
Nonspendable	\$ 2,000	\$ 24,765	\$ 26,765
Restricted	<u>3,630</u>	<u>15,646</u>	<u>19,276</u>
Total Fund Balances	<u>\$ 5,630</u>	<u>\$ 40,411</u>	<u>\$ 46,041</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

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

	<b>Cottam Memorial</b>	<b>Library Memorial</b>	<b>Total</b>
<b>Revenues</b>			
Investment Revenue	\$ 20	\$ 348	\$ 368
Contributions	-	3,721	3,721
Total Revenues	<u>20</u>	<u>4,069</u>	<u>4,089</u>
<b>Expenditures</b>			
Culture and Recreation	-	15,618	15,618
Total Expenditures	<u>-</u>	<u>15,618</u>	<u>15,618</u>
Net Change in Fund Balance	20	(11,549)	(11,529)
<b>Fund Balances, January 1</b>	<u>5,610</u>	<u>51,960</u>	<u>57,570</u>
<b>Fund Balances, December 31</b>	<u>\$ 5,630</u>	<u>\$ 40,411</u>	<u>\$ 46,041</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
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**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual - Cottam Memorial Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment Revenue	\$ 50	\$ 50	\$ 20	\$ (30)
Total Revenues	50	50	20	(30)
<b>Expenditures</b>				
Public Safety				
Cottam Memorial	400	400	-	400
Total Expenditures	400	400	-	400
Revenues Over (Under) Expenditures	(350)	(350)	20	370
Net Change in Fund Balance	(350)	(350)	20	370
<b>Fund Balances, January 1</b>	5,610	5,610	5,610	-
<b>Fund Balances, December 31</b>	\$ 5,260	\$ 5,260	\$ 5,630	\$ 370

City of Sioux Falls  
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 Year Ended December 31, 2014

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment Revenue	\$ 500	\$ 500	\$ 348	\$ (152)
Contributions	5,000	5,000	3,721	(1,279)
Total Revenues	5,500	5,500	4,069	(1,431)
<b>Expenditures</b>				
Culture and Recreation:				
Library Memorial	25,000	25,000	15,618	9,382
Total Expenditures	25,000	25,000	15,618	9,382
Revenues Over (Under) Expenditures	(19,500)	(19,500)	(11,549)	7,951
Net Change in Fund Balance	(19,500)	(19,500)	(11,549)	7,951
<b>Fund Balances, January 1</b>	51,960	51,960	51,960	-
<b>Fund Balances, December 31</b>	\$ 32,460	\$ 32,460	\$ 40,411	\$ 7,951

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

	<u>Fleet Revolving</u>	<u>City Health/Life Benefit</u>
<b>Assets</b>		
<b>Current:</b>		
Cash and Cash Equivalents	\$ 6,918,392	\$ 12,754,370
Receivables:		
Accounts	2,138	-
Interest	10,540	23,656
Prepaid Expense	-	310,900
Due from Other Governments	34,849	-
Inventory of Supplies	675,098	-
Total Current Assets	<u>7,641,017</u>	<u>13,088,926</u>
<b>Noncurrent:</b>		
Deposits	-	-
Buildings	113,145	-
Improvements Other Than Buildings	207,309	-
Machinery and Equipment	34,081,361	-
Construction in Progress	51,823	-
Less Accumulated Depreciation	<u>(20,170,242)</u>	<u>-</u>
Total Noncurrent Assets	<u>14,283,396</u>	<u>-</u>
Total Assets	<u>21,924,413</u>	<u>13,088,926</u>
<b>Liabilities</b>		
<b>Current:</b>		
Accounts Payable	70,040	-
Accrued Wages	49,699	4,582
Accrued Compensated Absences	12,000	-
Incurred But Not Reported Claims	-	1,750,000
Total Current Liabilities	<u>131,739</u>	<u>1,754,582</u>
<b>Noncurrent:</b>		
Accrued Compensated Absences	<u>120,576</u>	<u>-</u>
Total Noncurrent Liabilities	<u>120,576</u>	<u>-</u>
Total Liabilities	<u>252,315</u>	<u>1,754,582</u>
<b>Net Position</b>		
Net Investment in Capital Assets	14,283,396	-
Restricted for Liability Insurance Pool	-	-
Unrestricted	<u>7,388,702</u>	<u>11,334,344</u>
Total Net Position	<u>\$ 21,672,098</u>	<u>\$ 11,334,344</u>

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

<u>Workers' Compensation</u>	<u>General Services Revolving</u>	<u>Insurance Liability Pool</u>	<u>Total</u>
\$ 1,694,038	\$ 3,175,746	\$ 1,802,800	\$ 26,345,346
-	-	-	2,138
6,686	4,248	2,844	47,974
15,000	-	-	325,900
-	-	-	34,849
-	1,547	-	676,645
<u>1,715,724</u>	<u>3,181,541</u>	<u>1,805,644</u>	<u>27,432,852</u>
-	-	1,141,359	1,141,359
-	-	-	113,145
-	250,295	-	457,604
-	1,873,320	-	35,954,681
-	-	-	51,823
-	(1,869,807)	-	(22,040,049)
-	253,808	1,141,359	15,678,563
<u>1,715,724</u>	<u>3,435,349</u>	<u>2,947,003</u>	<u>43,111,415</u>
11,340	172,491	420	254,291
3,563	776	3,601	62,221
1,000	-	3,000	16,000
-	-	-	1,750,000
<u>15,903</u>	<u>173,267</u>	<u>7,021</u>	<u>2,082,512</u>
<u>8,805</u>	<u>-</u>	<u>29,527</u>	<u>158,908</u>
<u>8,805</u>	<u>-</u>	<u>29,527</u>	<u>158,908</u>
<u>24,708</u>	<u>173,267</u>	<u>36,548</u>	<u>2,241,420</u>
-	253,808	-	14,537,204
-	-	1,141,359	1,141,359
<u>1,691,016</u>	<u>3,008,274</u>	<u>1,769,096</u>	<u>25,191,432</u>
<u>\$ 1,691,016</u>	<u>\$ 3,262,082</u>	<u>\$ 2,910,455</u>	<u>\$ 40,869,995</u>

**City of Sioux Falls  
Comprehensive Annual Financial Report  
Year Ended December 31, 2014**

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

	<b>Fleet Revolving</b>	<b>City Health/Life Benefit</b>
<b>Operating Revenues:</b>		
Charges for Goods and Services - Internal	\$ 6,431,593	\$ 12,143,347
Charges for Goods and Services - Other	341,963	4,530,511
Total Operating Revenues	<u>6,773,556</u>	<u>16,673,858</u>
<b>Operating Expenses:</b>		
Personal Services	1,599,102	136,597
Casualty Loss	-	15,211,655
Insurance	104,211	803,440
Professional Services	10,840	708,493
Rent	75,137	-
Repairs and Maintenance	540,574	-
Supplies and Materials	648,007	1,553
Utilities and Bulk Energy	28,793	-
Depreciation	2,351,179	-
Other Current Expenses	7,782	919
Total Operating Expenses	<u>5,365,625</u>	<u>16,862,657</u>
Operating Income (Loss)	<u>1,407,931</u>	<u>(188,799)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Investment Revenue	21,218	48,655
Gain (Loss) on Capital Assets	222,645	-
Miscellaneous	3,492	(6,179)
Interest Expense and Fiscal Agent Charges	-	-
Total Nonoperating Revenues (Expenses)	<u>247,355</u>	<u>42,476</u>
Income (Loss) Before Transfers	1,655,286	(146,323)
Capital Contributions	47,858	-
Transfers In	18,449	-
Change in Net Position	<u>1,721,593</u>	<u>(146,323)</u>
<b>Net Position-January 1</b>	<u>19,950,505</u>	<u>11,480,667</u>
<b>Net Position-December 31</b>	<u>\$ 21,672,098</u>	<u>\$ 11,334,344</u>

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

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

<u>Workers' Compensation</u>	<u>General Services Revolving</u>	<u>Insurance Liability Pool</u>	<u>Total</u>
\$ 999,052	\$ 1,840,054	\$ 1,337,467	\$ 22,751,513
-	-	-	4,872,474
<u>999,052</u>	<u>1,840,054</u>	<u>1,337,467</u>	<u>27,623,987</u>
105,456	99,104	132,007	2,072,266
1,074,732	-	170,401	16,456,788
935	-	1,149,820	2,058,406
66,207	152,853	63,061	1,001,454
238	60,551	172	136,098
900	1,568	-	543,042
8,580	2,099,785	6,057	2,763,982
3	7,335	36	36,167
-	101,230	-	2,452,409
5,243	8,949	2,876	25,769
<u>1,262,294</u>	<u>2,531,375</u>	<u>1,524,430</u>	<u>27,546,381</u>
<u>(263,242)</u>	<u>(691,321)</u>	<u>(186,963)</u>	<u>77,606</u>
14,317	8,727	3,297	96,214
-	-	-	222,645
233	345	586,093	583,984
-	-	-	-
<u>14,550</u>	<u>9,072</u>	<u>589,390</u>	<u>902,843</u>
<u>(248,692)</u>	<u>(682,249)</u>	<u>402,427</u>	<u>980,449</u>
-	-	-	47,858
-	800,000	-	818,449
<u>(248,692)</u>	<u>117,751</u>	<u>402,427</u>	<u>1,846,756</u>
<u>1,939,708</u>	<u>3,144,331</u>	<u>2,508,028</u>	<u>39,023,239</u>
<u>\$ 1,691,016</u>	<u>\$ 3,262,082</u>	<u>\$ 2,910,455</u>	<u>\$ 40,869,995</u>

**City of Sioux Falls  
Comprehensive Annual Financial Report  
Year Ended December 31, 2014**

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

	<b>Fleet Revolving</b>	<b>City Health/Life Benefit</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers	\$ 341,963	\$ 4,530,511
Cash Receipts from Interfund Services Provided	6,425,329	12,143,347
Payments to Suppliers	(1,233,760)	(1,556,908)
Payment for Interfund Services Used	10,118	-
Payments to Employees	(1,531,795)	(167,332)
Claims Paid	-	(15,461,655)
Other Receipts/Payments	3,493	(6,179)
Net Cash Provided (Used) by Operating Activities	4,015,348	(518,216)
<b>Cash Flows Provided (Used) By Noncapital Financing Activities:</b>		
Transfers In	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	-	-
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Sale of Capital Assets	227,260	-
Purchase of Capital Assets	(4,189,269)	-
Net Cash Flows Used by Capital and Related Financing Activities	(3,962,009)	-
<b>Cash Flows from Investing Activities:</b>		
Investment Revenue Received	14,923	33,596
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	68,262	(484,620)
<b>Cash and Cash Equivalents, January 1</b>	<b>6,850,130</b>	<b>13,238,990</b>
<b>Cash and Cash Equivalents, December 31</b>	<b>\$ 6,918,392</b>	<b>\$ 12,754,370</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 1,407,931	\$ (188,799)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,351,179	-
(Increase) Decrease in - Receivables	284	-
- Inventory	159,055	-
- Prepaid Expense	-	-
- Due from Other Governments	(6,548)	-
Increase (Decrease) in - Accounts Payable	32,647	(42,503)
- Accrued Wages	11,246	475
- Compensated Absences	56,061	(31,210)
- Incurred But Not Reported Claims	-	(250,000)
Other Revenue Sources (Uses)	3,493	(6,179)
Net Cash Provided (Used) by Operating Activities	\$ 4,015,348	\$ (518,216)
<b>Noncash Investing, Capital and Financing Activities:</b>		
Capital Contributions	\$ 47,858	\$ -

City of Sioux Falls  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2014

Combining Statement of Cash Flows  
 Internal Service Funds (cont)

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ -	\$ 6,350	\$ -	\$ 4,878,824
999,052	1,840,054	1,337,467	22,745,249
(70,766)	(2,193,316)	(1,221,602)	(6,276,352)
-	-	-	10,118
(129,398)	(100,343)	(133,239)	(2,062,107)
(1,074,732)	-	(170,401)	(16,706,788)
(14,767)	345	586,093	568,985
<u>(290,611)</u>	<u>(446,910)</u>	<u>398,318</u>	<u>3,157,929</u>
-	800,000	-	800,000
-	800,000	-	800,000
-	-	-	227,260
-	(8,763)	-	(4,198,032)
-	(8,763)	-	(3,970,772)
8,893	5,728	1,350	64,490
(281,718)	350,055	399,668	51,647
<u>1,975,756</u>	<u>2,825,691</u>	<u>1,403,132</u>	<u>26,293,699</u>
<u>\$ 1,694,038</u>	<u>\$ 3,175,746</u>	<u>\$ 1,802,800</u>	<u>\$ 26,345,346</u>
\$ (263,242)	\$ (691,321)	\$ (186,963)	\$ 77,606
-	101,230	-	2,452,409
-	6,350	-	6,634
-	-	-	159,055
(15,000)	-	-	(15,000)
-	-	-	(6,548)
11,340	137,725	420	139,629
455	(1,239)	443	11,380
(24,397)	-	(1,675)	(1,221)
-	-	-	(250,000)
233	345	586,093	583,985
<u>\$ (290,611)</u>	<u>\$ (446,910)</u>	<u>\$ 398,318</u>	<u>\$ 3,157,929</u>
\$ -	\$ -	\$ -	

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**Statistical Section**

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

<b>Contents</b>	<b>Page</b>
Financial Trends	113
<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	123
<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	126
<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	130
<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	132
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

**City of Sioux Falls  
Comprehensive Annual Financial Report  
December 31, 2014**

**Statistics (Unaudited)**

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 473,928,455	\$ 536,081,574	\$ 561,894,231	\$ 648,991,192
Restricted	42,473,254	35,907,724	79,780	79,780
Unrestricted	<u>48,509,051</u>	<u>53,814,183</u>	<u>127,309,792</u>	<u>98,790,818</u>
<b>Total Governmental Activities Net Position</b>	<u>564,910,760</u>	<u>625,803,481</u>	<u>689,283,803</u>	<u>747,861,790</u>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	264,708,442	279,304,517	278,787,575	303,460,632
Restricted	7,680,030	7,922,881	11,772,282	11,115,564
Unrestricted	<u>21,673,798</u>	<u>18,001,306</u>	<u>25,278,087</u>	<u>17,821,082</u>
<b>Total Business-type Activities Net Position</b>	<u>294,062,270</u>	<u>305,228,704</u>	<u>315,837,944</u>	<u>332,397,278</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	738,636,897	815,386,091	840,681,806	952,451,824
Restricted	50,153,284	43,830,605	11,852,062	11,195,344
Unrestricted	<u>70,182,849</u>	<u>71,815,489</u>	<u>152,587,879</u>	<u>116,611,900</u>
<b>Total Primary Government Net Position</b>	<u>\$ 858,973,030</u>	<u>\$ 931,032,185</u>	<u>\$ 1,005,121,747</u>	<u>\$ 1,080,259,068</u>

Notes: Information is presented beginning in 2002, the first year the City implemented GASB 34.

Prior to 2006 the City did not reserve for inventory and encumbrances, a prior period adjustment was also recognized for accrued compensated absences.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$ 16,668,888	\$ 16,812,452	\$ 17,976,119	\$ 19,856,554
Public Safety:				
Fire Protection	14,432,707	16,149,522	18,153,472	18,960,776
Police Protection	20,662,979	21,679,972	23,523,271	24,729,968
Highways and Streets	25,991,340	25,741,910	32,425,565	35,227,133
Public Health	6,288,178	6,501,873	7,456,691	7,395,904
Culture and Recreation:				
Arena	1,037,433	1,592,175	1,287,826	1,252,649
Libraries	4,944,077	5,157,613	5,540,170	5,885,357
Museum	-	-	-	-
Parks and Recreation	13,563,590	15,269,450	15,671,152	16,608,957
Pavilion	3,820,586	4,178,964	4,439,516	4,949,697
Entertainment Venues	-	-	-	-
Urban and Economic Development:				
Convention Center/CVB	2,276,673	2,342,721	2,623,007	2,753,108
Community Development	2,572,801	3,524,370	2,383,231	2,947,552
Economic Development	-	-	-	-
Urban Conservation	-	-	-	43,619
TIF	-	-	-	1,262,055
Urban Management	3,715,783	3,727,830	3,942,714	4,300,531
Interest on Long-Term Debt	<u>2,596,902</u>	<u>2,334,457</u>	<u>2,037,236</u>	<u>3,270,391</u>
<b>Total Governmental Activities Expenses</b>	<u>118,571,937</u>	<u>125,013,309</u>	<u>137,459,970</u>	<u>149,444,251</u>
<b>Business-type Activities:</b>				
Electric Light	5,075,181	4,887,717	5,261,126	5,629,189
Public Parking	1,842,290	2,155,659	2,167,137	2,136,712
Sanitary Landfill	3,307,532	4,013,197	5,180,625	6,505,768
Water	13,913,651	14,347,689	18,383,876	19,673,830
Water Reclamation	<u>9,837,933</u>	<u>10,520,479</u>	<u>12,720,089</u>	<u>14,298,947</u>
<b>Total Business-type Activities Expenses</b>	<u>33,976,587</u>	<u>35,924,741</u>	<u>43,712,853</u>	<u>48,244,446</u>
<b>Total Primary Government Expenses</b>	<u>\$ 152,548,524</u>	<u>\$ 160,938,050</u>	<u>\$ 181,172,823</u>	<u>\$ 197,688,697</u>

**City of Sioux Falls  
Comprehensive Annual Financial Report  
December 31, 2014**

**Statistics (Unaudited)**

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 673,277,985	\$ 691,873,817	\$ 733,682,722	\$ 678,849,535	\$ 786,631,533	\$ 874,352,925
17,966,676	18,586,803	50,184,507	146,088,172	82,716,805	42,820,388
87,265,537	91,720,406	58,553,701	62,181,055	73,999,636	78,103,319
<u>778,510,198</u>	<u>802,181,026</u>	<u>842,420,930</u>	<u>887,118,762</u>	<u>943,347,974</u>	<u>995,276,632</u>
309,430,296	310,357,701	306,222,298	313,422,448	338,184,588	355,182,015
10,241,959	9,536,161	10,194,319	12,013,161	7,185,954	7,221,556
20,964,162	29,621,665	44,783,731	55,934,423	58,689,906	62,902,134
<u>340,636,417</u>	<u>349,515,527</u>	<u>361,200,348</u>	<u>381,370,032</u>	<u>404,060,448</u>	<u>425,305,705</u>
982,708,281	1,002,231,518	1,039,905,020	992,271,983	1,124,816,121	1,229,534,940
28,208,635	28,122,964	60,378,826	158,101,333	89,902,759	50,041,944
108,229,699	121,342,071	103,337,432	118,115,478	132,689,542	141,005,453
<u>\$ 1,119,146,615</u>	<u>\$ 1,151,696,553</u>	<u>\$ 1,203,621,278</u>	<u>\$ 1,268,488,794</u>	<u>\$ 1,347,408,422</u>	<u>\$ 1,420,582,337</u>

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 19,671,778	\$ 19,698,094	\$ 18,925,343	\$ 23,646,857	\$ 22,764,225	\$ 16,348,473
19,813,792	20,696,459	22,561,310	22,623,215	23,171,607	23,480,779
26,880,685	27,773,190	28,140,528	29,700,193	31,278,051	30,078,133
40,253,534	38,319,417	36,280,119	43,039,557	54,540,686	50,902,039
8,522,189	8,798,356	9,557,232	9,564,179	10,595,323	10,437,257
1,479,416	1,380,994	967,075	1,211,388	1,777,882	-
7,300,760	7,296,865	7,078,205	6,754,319	7,499,168	7,418,069
-	-	-	405,904	500,311	546,495
18,677,737	17,222,508	18,701,967	21,450,372	21,946,413	22,364,841
4,067,254	4,214,023	4,116,408	4,306,766	4,473,733	-
-	-	-	-	-	8,023,559
2,878,609	790,914	3,500,377	3,981,211	3,278,830	7,347,986
3,383,795	2,575,758	2,218,910	2,053,509	2,108,614	3,547,380
-	-	721,274	1,121,581	1,372,882	4,169,374
230	183	927,142	-	-	-
24,804	1,894,387	44,109	76,407	138,618	731,370
4,597,850	3,381,835	4,202,759	4,583,659	4,905,606	5,965,110
3,669,719	4,779,272	3,991,584	5,349,209	8,130,846	6,790,233
<u>161,222,152</u>	<u>158,822,255</u>	<u>161,934,342</u>	<u>179,868,326</u>	<u>198,482,795</u>	<u>198,151,098</u>
6,344,724	6,876,603	7,488,338	7,671,179	7,853,329	8,481,793
2,097,512	1,843,744	2,058,951	2,368,883	2,180,294	2,117,596
5,301,488	9,073,990	10,846,466	9,271,369	8,371,394	10,866,177
21,210,264	20,422,425	21,878,919	24,445,511	26,132,387	25,121,815
15,706,439	17,350,325	18,184,423	18,604,090	18,703,702	21,064,041
50,660,427	55,567,087	60,457,097	62,361,032	63,241,106	67,651,422
<u>\$ 211,882,579</u>	<u>\$ 214,389,342</u>	<u>\$ 222,391,439</u>	<u>\$ 242,229,358</u>	<u>\$ 261,723,901</u>	<u>\$ 265,802,520</u>

**City of Sioux Falls  
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**Statistics (Unaudited)**

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
General Government	\$ 3,708,396	\$ 2,502,068	\$ 3,083,794	\$ 3,189,992
Public Health	2,353,455	2,265,039	2,774,100	3,392,462
Urban and Economic Development	3,984,757	5,107,762	4,629,973	3,390,437
Other Activities	2,924,465	2,709,456	3,050,654	2,653,598
Operating Grants and Contributions	9,091,638	10,899,399	10,322,911	10,876,879
Capital Grants and Contributions	16,117,162	32,473,149	27,524,191	31,428,759
<b>Total Governmental Activities Program Revenues</b>	<u>38,179,873</u>	<u>55,956,873</u>	<u>51,385,623</u>	<u>54,932,127</u>
Business-type Activities:				
Charges for Services				
Water	14,057,551	15,910,153	18,044,570	19,814,189
Water Reclamation	8,667,074	8,837,777	10,612,568	12,453,800
Other Activities	11,432,010	12,296,924	14,498,484	16,660,758
Operating Grants and Contributions	21,875	210,285	7,163	74,516
Capital Grants and Contributions	10,107,337	9,620,305	6,960,242	10,769,116
<b>Total Business-Type Activities Program Revenues</b>	<u>44,285,847</u>	<u>46,875,444</u>	<u>50,123,027</u>	<u>59,772,379</u>
<b>Total Primary Government Program Revenues</b>	<u>82,465,720</u>	<u>102,832,317</u>	<u>101,508,650</u>	<u>114,704,506</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(80,392,064)	(69,056,436)	(86,074,347)	(94,512,124)
Business-type Activities	10,309,260	10,950,703	6,410,174	11,527,933
<b>Total Primary Government Net Expense</b>	<u>(70,082,804)</u>	<u>(58,105,733)</u>	<u>(79,664,173)</u>	<u>(82,984,191)</u>
<b>General Revenue and Transfers</b>				
Governmental Activities:				
Taxes				
Property Tax	30,271,442	32,492,570	35,020,856	37,755,218
Sales Tax	78,974,054	84,449,592	89,810,091	93,503,420
Frontage Tax	5,128,544	6,007,541	7,137,175	8,962,556
Amusement Tax	17,226	16,647	17,686	14,304
Unrestricted State and County Shared Revenues	1,501,905	1,437,750	9,065,523	7,202,802
Unrestricted Investment Earnings	2,410,586	4,690,677	5,831,556	6,326,364
Miscellaneous Revenue, Net	163,471	411,619	828,064	298,205
Gain (Loss) on Disposition of Capital Assets	135,163	-	-	-
Transfers	(172,238)	442,761	702,359	(972,758)
<b>Total Governmental Activities General Revenues</b>	<u>118,430,153</u>	<u>129,949,157</u>	<u>148,413,310</u>	<u>153,090,111</u>
Business-type Activities:				
Unrestricted Investment Earnings	893,179	1,172,196	3,379,486	4,149,547
Miscellaneous Revenue, Net	(134,591)	(513,704)	1,521,939	(90,904)
Transfers	172,238	(442,761)	(702,359)	972,758
<b>Total Business-type Activities General Revenues</b>	<u>930,826</u>	<u>215,731</u>	<u>4,199,066</u>	<u>5,031,401</u>
<b>Total Primary Government General Revenues</b>	<u>119,360,979</u>	<u>130,164,888</u>	<u>152,612,376</u>	<u>158,121,512</u>
<b>Change in Net Position</b>				
Governmental Activities	38,038,089	60,892,721	62,338,963	58,577,987
Business-type Activities	11,240,086	11,166,434	10,609,240	16,559,334
<b>Total Primary Government</b>	<u>\$ 49,278,175</u>	<u>\$ 72,059,155</u>	<u>\$ 72,948,203</u>	<u>\$ 75,137,321</u>

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,791,359	\$ 2,884,707	\$ 2,850,456	\$ 3,003,165	\$ 4,020,960	\$ 1,637,130
4,004,617	4,637,330	4,862,265	4,518,363	4,952,848	5,504,651
3,948,676	2,954,201	2,743,178	3,966,631	4,626,018	3,681,729
2,437,934	2,524,051	2,368,410	2,652,009	2,370,135	3,212,995
11,476,676	11,176,428	12,622,108	12,549,063	28,641,839	11,485,092
18,077,122	6,070,410	14,614,690	27,734,005	30,764,844	37,557,562
<u>42,736,384</u>	<u>30,247,127</u>	<u>40,061,107</u>	<u>54,423,236</u>	<u>75,376,644</u>	<u>63,079,159</u>
20,980,694	22,064,401	26,836,570	34,515,284	33,204,763	31,959,833
14,371,411	16,581,957	18,173,936	20,082,561	21,845,217	23,654,728
17,875,020	19,106,903	19,529,981	19,513,349	20,135,243	20,858,949
16,500	183,152	3,139,429	96,678	286,087	52,779
3,864,064	1,130,057	129,364	5,616,165	8,826,946	10,856,245
<u>57,107,689</u>	<u>59,066,470</u>	<u>67,809,280</u>	<u>79,824,037</u>	<u>84,298,256</u>	<u>87,382,534</u>
99,844,073	89,313,597	107,870,387	134,247,273	159,674,900	150,461,693
(118,485,768)	(128,575,128)	(121,873,235)	(125,445,090)	(123,106,151)	(135,071,939)
6,447,262	3,499,383	7,352,183	17,463,005	21,057,150	19,731,112
<u>(112,038,506)</u>	<u>(125,075,745)</u>	<u>(114,521,052)</u>	<u>(107,982,085)</u>	<u>(102,049,001)</u>	<u>(115,340,827)</u>
40,405,348	43,367,740	44,960,402	46,760,366	48,955,618	52,100,987
90,768,780	93,667,937	100,083,396	104,885,378	113,150,525	119,621,476
9,776,145	9,977,720	9,936,174	10,404,355	10,341,052	10,615,052
13,122	14,509	14,191	13,005	12,246	13,092
5,421,627	5,518,952	8,406,127	5,687,154	5,279,833	4,978,793
1,865,406	1,867,418	1,211,979	1,218,828	394,536	1,367,872
304,614	37,504	501,232	1,645,898	635,748	424,909
-	-	-	-	-	-
286,875	(2,205,824)	(3,000,362)	(472,062)	565,805	336,380
<u>148,841,917</u>	<u>152,245,956</u>	<u>162,113,139</u>	<u>170,142,922</u>	<u>179,335,363</u>	<u>189,458,561</u>
215,305	1,368,569	795,673	513,138	301,309	57,232
2,155,706	1,805,334	536,603	1,721,479	1,897,762	1,793,293
(286,875)	2,205,824	3,000,362	472,062	(565,805)	(336,380)
<u>2,084,136</u>	<u>5,379,727</u>	<u>4,332,638</u>	<u>2,706,679</u>	<u>1,633,266</u>	<u>1,514,145</u>
150,926,053	157,625,683	166,445,777	172,849,601	180,968,629	190,972,706
30,356,149	23,670,828	40,239,904	44,697,832	56,229,212	54,386,622
8,531,398	8,879,110	11,684,821	20,169,684	22,690,416	21,245,257
<u>\$ 38,887,547</u>	<u>\$ 32,549,938</u>	<u>\$ 51,924,725</u>	<u>\$ 64,867,516</u>	<u>\$ 78,919,628</u>	<u>\$ 75,631,879</u>

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**Statistics (Unaudited)**

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>				
Reserved	\$ 75,000	\$ 2,547,602	\$ 2,345,190	\$ 2,653,966
Unreserved Designated	-	-	45,000	-
Unreserved Undesignated	26,963,869	31,594,925	36,957,503	42,102,855
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b><u>\$ 27,038,869</u></b>	<b><u>\$ 34,142,527</u></b>	<b><u>\$ 39,347,693</u></b>	<b><u>\$ 44,756,821</u></b>
<b>Sales/Use Tax Fund</b>				
Reserved	\$ 15,751,268	\$ 9,569,897	\$ 12,879,156	\$ 20,527,019
Unreserved Designated	-	-	13,300,373	6,525,460
Unreserved Undesignated	15,081,876	17,229,464	7,124,576	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Sales/Use Tax Fund</b>	<b><u>\$ 30,833,144</u></b>	<b><u>\$ 26,799,361</u></b>	<b><u>\$ 33,304,105</u></b>	<b><u>\$ 27,052,479</u></b>
<b>All Other Governmental Funds</b>				
Reserved	\$ 8,283,603	\$ 6,014,307	\$ 5,113,227	\$ 12,315,530
Unreserved Designated	-	-	3,323,005	2,865,851
Unreserved Undesignated, Reported in				
Other Special Revenue Funds	5,908,032	4,948,344	6,468,875	5,330,915
Capital Projects Funds	-	710,228	20,831,030	3,476,000
Permanent Funds	-	47,171	53,051	56,573
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b><u>\$ 14,191,635</u></b>	<b><u>\$ 11,720,050</u></b>	<b><u>\$ 35,789,188</u></b>	<b><u>\$ 24,044,869</u></b>

Note: Prior to 2006 the City did not reserve for inventory and encumbrances, a prior period adjustment was also recognized for accrued compensated absences.  
Prior to 2011 the City didn't account for fund balance in accordance with GASB 54

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

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 2,554,861	\$ 2,608,443	\$ -	\$ -	\$ -	\$ -
5,328,959	4,200,651	-	-	-	-
35,808,242	37,505,330	-	-	-	-
-	-	1,937,901	1,891,787	1,595,933	1,457,649
-	-	829,586	660,347	683,099	679,076
-	-	-	-	-	-
-	-	3,878,616	3,802,375	3,812,788	5,348,104
-	-	39,547,718	41,387,942	42,029,944	40,739,706
<b>\$ 43,692,062</b>	<b>\$ 44,314,424</b>	<b>\$ 46,193,821</b>	<b>\$ 47,742,451</b>	<b>\$ 48,121,764</b>	<b>\$ 48,224,535</b>
\$ 19,100,806	\$ 18,586,275	\$ -	\$ -	\$ -	\$ -
5,750,340	4,624,565	-	-	-	-
1,274,156	3,761,378	-	-	-	-
-	-	551,571	420,619	285,145	144,993
-	-	13,952,873	24,946,781	23,257,209	23,301,917
-	-	14,899,823	12,788,630	26,054,182	32,569,698
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 26,125,302</b>	<b>\$ 26,972,218</b>	<b>\$ 29,404,267</b>	<b>\$ 38,156,030</b>	<b>\$ 49,596,536</b>	<b>\$ 56,016,608</b>
\$ 8,474,865	\$ 12,587,214	\$ -	\$ -	\$ -	\$ -
4,664,447	6,709,516	-	-	-	-
3,947,911	6,068,794	-	-	-	-
47,658,156	17,499,548	-	-	-	-
77,488	55,079	-	-	-	-
-	-	684,040	612,906	357,059	362,475
-	-	34,986,572	129,162,652	66,122,618	21,676,958
-	-	2,168,215	1,852,886	2,869,083	4,155,859
-	-	1,271,807	877,595	1,265,043	1,472,322
-	-	(163,291)	(449,552)	(157,799)	(55,192)
<b>\$ 64,822,867</b>	<b>\$ 42,920,151</b>	<b>\$ 38,947,343</b>	<b>\$ 132,056,487</b>	<b>\$ 70,456,004</b>	<b>\$ 27,612,422</b>

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**Statistics (Unaudited)**

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>				
Taxes	\$ 115,433,917	\$ 124,996,801	\$ 135,566,774	\$ 139,246,212
Licenses and Permits	4,967,567	3,999,408	4,905,762	4,620,792
Intergovernmental	10,796,407	12,217,617	19,055,293	16,233,111
Charges for Goods and Services	5,127,607	4,864,967	5,749,598	5,983,889
Fines and Forfeitures	1,257,228	1,147,688	1,144,087	1,148,629
Investment Revenue	2,210,784	4,051,021	4,884,276	5,176,063
Miscellaneous Revenue	2,131,338	3,146,068	2,741,154	4,990,786
<b>Total Revenues</b>	<u>141,924,848</u>	<u>154,423,570</u>	<u>174,046,944</u>	<u>177,399,482</u>
<b>Expenditures</b>				
General Government	15,793,681	16,016,953	17,521,164	18,930,598
Public Safety	34,994,935	37,719,263	40,596,795	42,147,680
Highways and Streets	16,990,861	15,478,630	18,848,850	19,353,843
Health	6,360,635	6,581,397	7,403,952	7,172,343
Culture and Recreation	16,888,846	18,581,950	19,373,119	19,908,324
Urban and Economic Development	7,691,406	8,873,409	8,248,768	10,510,757
Capital Outlay	33,915,951	64,356,155	49,661,414	65,176,323
Debt Service:				
Principal	10,856,826	12,593,726	4,720,576	8,214,680
Interest and Fiscal Charges	2,596,902	2,324,911	2,037,236	3,259,583
<b>Total Expenditures</b>	<u>146,090,043</u>	<u>182,526,394</u>	<u>168,411,874</u>	<u>194,674,131</u>
<b>Revenues Over (Under) Expenditures</b>	(4,165,195)	(28,102,824)	5,635,070	(17,274,649)
<b>Other Financing Sources (Uses)</b>				
Sale of Surplus Property	762,479	58,297	236,552	118,645
Damage Recovery	50,028	55,583	46,088	31,362
Revenue Bond Proceeds	-	-	26,065,912	3,324,260
Revenue Note Proceeds	9,245,628	24,412,814	3,256,692	976,468
Revenue Bond Premiums	-	-	-	-
Capital Leases	108,500	-	-	-
Transfers In	3,124,303	3,397,959	4,259,958	4,510,371
Transfers Out	(3,410,341)	(3,104,710)	(3,721,224)	(4,273,274)
<b>Total Other Financing Sources (Uses)</b>	<u>9,880,597</u>	<u>24,819,943</u>	<u>30,143,978</u>	<u>4,687,832</u>
<b>Net Change in Fund Balances</b>	<u>\$ 5,715,403</u>	<u>\$ (3,282,881)</u>	<u>\$ 35,779,048</u>	<u>\$ (12,586,817)</u>
Debt service as a percentage of noncapital expenditures	<u>11.99%</u>	<u>12.62%</u>	<u>5.69%</u>	<u>8.86%</u>

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**Statistics (Unaudited)**

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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 140,673,212	\$ 147,540,040	\$ 153,664,809	\$ 162,162,262	\$ 172,280,837	\$ 181,681,808
3,539,554	3,815,042	3,850,330	4,728,556	6,512,105	5,201,772
19,446,146	17,471,105	19,409,318	15,120,477	31,623,322	16,304,696
6,454,626	7,105,551	7,230,413	7,144,723	7,352,652	7,208,017
1,085,482	881,888	702,752	714,023	704,678	572,024
1,383,341	1,442,577	934,139	1,070,144	228,324	1,158,275
5,675,751	4,190,847	4,205,420	7,231,142	7,833,232	3,011,667
<u>178,258,112</u>	<u>182,447,050</u>	<u>189,997,181</u>	<u>198,171,327</u>	<u>226,535,150</u>	<u>215,138,259</u>
17,773,201	18,004,633	17,921,999	21,612,706	20,787,239	14,452,567
44,280,248	46,407,723	48,072,844	49,510,099	51,520,665	52,592,613
22,252,260	22,169,072	20,424,966	22,680,005	30,826,489	25,975,498
8,266,169	8,620,518	9,358,568	9,244,495	10,232,689	10,146,920
21,432,196	20,965,099	21,157,732	21,940,762	24,635,024	25,903,109
9,984,869	9,048,244	10,793,599	10,848,808	10,803,811	20,663,276
56,928,185	65,534,796	46,455,185	68,211,982	108,296,798	83,016,103
9,438,935	21,135,030	11,293,473	12,494,028	11,596,998	11,682,203
3,668,192	4,878,135	4,169,210	5,651,169	7,581,748	7,262,401
<u>194,024,255</u>	<u>216,763,250</u>	<u>189,647,576</u>	<u>222,194,054</u>	<u>276,281,461</u>	<u>251,694,690</u>
(15,766,143)	(34,316,200)	349,605	(24,022,727)	(49,746,311)	(36,556,431)
405,971	502,223	76,344	1,169,154	42,993	66,963
60,545	44,742	76,424	72,997	213,379	311,798
51,805,000	12,060,000	-	122,145,000	-	-
1,157,796	444,298	42,438	-	161,000	339,000
611,784	650,701	-	4,617,175	-	-
-	-	-	-	-	-
5,869,611	4,550,672	5,018,331	5,129,447	6,477,228	8,042,446
(5,650,761)	(4,369,874)	(5,224,504)	(5,701,509)	(6,928,953)	(8,524,515)
<u>54,259,946</u>	<u>13,882,762</u>	<u>(10,967)</u>	<u>127,432,264</u>	<u>(34,353)</u>	<u>235,692</u>
<u>\$ 38,493,803</u>	<u>\$ (20,433,438)</u>	<u>\$ 338,638</u>	<u>\$ 103,409,537</u>	<u>\$ (49,780,664)</u>	<u>\$ (36,320,739)</u>
<u>9.56%</u>	<u>17.20%</u>	<u>10.80%</u>	<u>11.78%</u>	<u>11.42%</u>	<u>11.23%</u>

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**Statistics (Unaudited)**

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>				
Taxes				
Property	\$ 30,271,442	\$ 32,492,570	\$ 35,009,375	\$ 37,718,048
Sales	38,133,177	41,290,585	44,412,516	45,179,704
Other	2,654,927	3,089,865	3,919,394	4,387,614
Total Taxes	<u>71,059,546</u>	<u>76,873,020</u>	<u>83,341,285</u>	<u>87,285,366</u>
Licenses and Permits	4,967,567	3,994,868	4,905,762	4,620,792
Intergovernmental (Federal/State/County)	6,866,364	6,800,111	8,848,960	9,441,843
Charges for Goods and Services	4,490,705	4,170,337	5,057,163	5,239,486
Fines and Forfeitures	1,256,988	1,147,628	1,143,907	1,148,449
Investment Revenue	1,367,970	2,798,696	3,805,690	3,521,754
Miscellaneous Revenue	916,362	881,627	698,400	790,844
<b>Total Revenues</b>	<u>90,925,502</u>	<u>96,666,287</u>	<u>107,801,167</u>	<u>112,048,534</u>
<b>Expenditures</b>				
General Government				
Mayor	320,775	355,082	462,053	482,716
City Council	188,090	550,830	751,053	862,401
Attorney	1,129,411	792,977	787,333	855,156
Human Resources	1,053,908	1,056,691	1,102,426	1,213,365
Finance	1,819,700	1,728,177	1,755,834	1,787,373
Facilities Management	989,168	855,214	916,160	1,009,385
Technology	2,046,113	1,982,735	2,184,895	2,249,456
Multimedia Support	1,239,707	1,145,606	1,298,716	1,344,077
General Government Services	1,892,362	1,995,890	2,122,452	2,200,117
Total General Government	<u>10,679,234</u>	<u>10,463,202</u>	<u>11,380,922</u>	<u>12,004,046</u>
Public Safety				
Fire	14,248,638	16,109,952	17,481,869	18,103,593
Police	20,113,896	21,629,120	23,114,926	24,044,087
Total Public Safety	<u>34,362,534</u>	<u>37,739,072</u>	<u>40,596,795</u>	<u>42,147,680</u>
Highways and Streets				
Highways and Streets	-	-	-	-
Engineering	5,150,221	4,957,935	4,151,742	4,249,447
Public Works Administration	455,199	504,657	541,562	574,159
Streets	10,358,547	8,978,377	12,929,372	13,030,131
Total Highways and Streets	<u>15,963,967</u>	<u>14,440,969</u>	<u>17,622,676</u>	<u>17,853,737</u>
Health				
Health	6,254,196	6,571,869	6,910,881	7,145,393
Total Health	<u>6,254,196</u>	<u>6,571,869</u>	<u>6,910,881</u>	<u>7,145,393</u>
Culture and Recreation				
Arena	616,270	1,109,475	936,685	786,866
Libraries	4,389,730	4,714,700	4,936,087	5,175,035
Museum	-	-	-	-
Parks and Recreation	9,817,417	11,024,797	11,652,371	12,155,931
Total Culture and Recreation	<u>14,823,417</u>	<u>16,848,972</u>	<u>17,525,143</u>	<u>18,117,832</u>
Urban and Economic Development				
Urban Management	3,596,130	3,762,714	4,002,749	4,246,092
Economic Development	-	-	-	-
Convention and Visitors Bureau	812,782	840,427	911,813	914,107
Total Urban and Economic Development	<u>4,408,912</u>	<u>4,603,141</u>	<u>4,914,562</u>	<u>5,160,199</u>
Capital Outlay	2,119,474	384,590	41,096	7,695
Debt Service	61,734	61,354	48,735	-
<b>Total Expenditures</b>	<u>88,673,468</u>	<u>91,113,169</u>	<u>99,040,810</u>	<u>102,436,582</u>
<b>Revenues Over (Under) Expenditures</b>	2,252,034	5,553,118	8,760,357	9,611,952
<b>Other Financing Sources (Uses)</b>				
Sale of Surplus Property	34,002	2	71,299	39,928
Damage Recovery	50,028	32,769	36,856	30,522
Transfers In	80,275	430,777	28,939	-
Transfers Out	(3,163,399)	(2,604,500)	(3,692,285)	(4,273,274)
<b>Total Other Financing Sources (Uses)</b>	<u>(2,999,094)</u>	<u>(2,140,952)</u>	<u>(3,555,191)</u>	<u>(4,202,824)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (747,060)</u>	<u>\$ 3,412,166</u>	<u>\$ 5,205,166</u>	<u>\$ 5,409,128</u>

2000 - A new Central Services Department was created out of Human Resources to include the divisions of Information Technology and Risk Management.  
2002 - Budget Operations was transferred from Chief of Staff to Finance (Facilities Management was reported under Finance in 2002-2004, but has been reclassified).  
2005 - Media Services department was created from Central Services.  
2006 - City Clerk function was transferred from City Attorney to City Council.

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

2009	2010	2011	2012	2013	2014
\$ 40,358,347	\$ 43,285,448	\$ 44,794,010	\$ 46,479,615	\$ 48,547,852	\$ 51,025,183
42,553,435	44,185,430	45,595,567	48,440,527	52,178,569	54,863,132
4,976,406	5,147,690	6,676,312	6,998,774	7,103,162	7,453,511
87,888,188	92,618,568	97,065,889	101,918,916	107,829,583	113,341,826
3,539,554	3,815,042	3,763,867	4,641,986	6,423,094	5,113,607
10,970,956	10,202,261	9,814,327	10,880,892	17,362,249	11,257,014
5,634,877	6,201,681	6,289,241	6,191,797	6,415,678	7,208,017
1,085,442	881,688	689,632	713,903	704,498	572,024
846,766	806,670	354,009	240,101	250,368	287,741
866,295	753,663	778,646	622,844	701,851	(41,859)
110,832,078	115,279,573	118,755,611	125,210,439	139,687,321	137,738,370
552,909	531,333	443,749	473,597	468,731	486,805
911,259	989,622	1,086,030	1,128,872	1,176,930	1,432,756
1,280,165	1,351,325	1,320,480	1,391,259	1,525,591	1,514,218
974,435	957,127	997,934	1,085,707	1,160,908	1,400,287
1,809,256	1,801,664	1,840,322	1,930,484	2,103,038	2,300,092
1,138,947	1,162,025	1,046,649	1,251,256	1,563,602	2,629,310
2,307,844	2,603,369	2,520,429	2,478,745	2,796,073	2,945,098
1,453,607	1,395,922	1,369,715	1,437,298	1,468,512	1,680,651
-	-	-	-	-	-
10,428,422	10,792,387	10,625,308	11,177,218	12,263,385	14,389,217
18,690,779	19,491,168	20,750,996	21,001,392	21,636,701	22,524,449
25,584,887	26,916,555	27,321,848	28,508,707	29,883,964	30,031,803
44,275,666	46,407,723	48,072,844	49,510,099	51,520,665	52,556,252
-	-	-	-	-	23,420,694
4,168,845	4,020,082	4,036,602	6,645,450	6,786,725	-
591,377	610,943	608,936	121,547	127,132	-
15,189,084	15,759,767	13,218,199	13,281,917	21,722,615	-
19,949,306	20,390,792	17,863,737	20,048,914	28,636,472	23,420,694
8,266,169	8,613,334	8,970,053	9,244,495	10,232,689	10,146,920
8,266,169	8,613,334	8,970,053	9,244,495	10,232,689	10,146,920
994,336	851,594	482,396	738,271	-	-
5,825,832	5,999,393	5,995,092	5,670,724	6,131,686	6,301,074
-	-	-	405,904	500,311	524,813
12,865,181	12,054,837	13,123,012	13,394,238	14,752,548	14,857,493
19,685,349	18,905,824	19,600,500	20,209,137	21,384,545	21,683,380
4,483,698	4,611,536	4,139,373	4,488,083	4,776,886	4,914,879
-	-	721,274	1,121,581	1,372,882	4,135,110
920,464	898,967	2,000,697	2,229,291	2,413,865	-
5,404,162	5,510,503	6,861,344	7,838,955	8,563,633	9,049,989
-	-	-	-	-	-
-	-	-	-	-	-
108,009,074	110,620,563	111,993,786	118,028,818	132,601,389	131,246,452
2,823,004	4,659,010	6,761,825	7,181,621	7,085,932	6,491,918
63,132	38,484	69,171	37,760	37,917	52,052
53,289	44,742	29,680	30,758	184,417	184,248
-	-	-	-	-	-
(4,004,184)	(4,119,874)	(4,981,279)	(5,701,509)	(6,928,953)	(6,625,447)
(3,887,763)	(4,036,648)	(4,882,428)	(5,632,991)	(6,706,619)	(6,389,147)
\$ (1,064,759)	\$ 622,362	\$ 1,879,397	\$ 1,548,630	\$ 379,313	\$ 102,771

2007 - Facilities Mgmt. moved from Public Works to Central Svcs. Moved Media Svcs from Planning to Central Svcs. Traffic function moved from Engineering to Streets.

2009 - Human Relations moved from Human Resources to Attorneys.

2011 - Economic Development moved from Community Development Fund to General Fund.

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

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

<b>Fiscal Year</b>	<b>General Property Tax</b>	<b>General Sales Tax 1st Penny</b>	<b>Capital Improvement Sales Tax 2nd Penny <sup>2</sup></b>	<b>Entertainment Tax</b>	<b>Lodging Tax</b>	<b>Hotel BID Tax</b>	<b>Frontage Taxes</b>	<b>Other Taxes</b>	<b>Total Taxes</b>
2005	\$ 30,271,442	\$38,133,177	\$ 35,107,816	\$ 4,099,133	\$ 477,051	\$ -	\$ 5,128,544	\$ 69,034	\$113,286,197
2006	32,492,570	41,290,585	38,066,640	4,335,280	504,266	-	6,007,541	66,018	122,762,900
2007	35,020,856	44,412,516	40,896,501	4,776,914	564,869	-	7,137,175	77,988	132,886,819
2008	37,755,218	45,179,704	41,568,499	5,127,021	572,173	-	8,962,556	81,041	139,246,212
2009	40,405,348	42,553,435	42,166,089	5,075,988	575,752	-	9,776,145	120,455	140,673,212
2010	43,367,740	44,185,430	44,117,913	5,161,263	586,679	-	9,977,720	143,295	147,540,040
2011	44,960,402	45,595,567	45,590,313	5,355,242	631,663	1,408,076	9,936,174	187,372	153,664,809
2012	46,760,366	48,440,527	48,424,657	5,747,678	675,164	1,560,033	10,404,355	149,482	162,162,262
2013	48,955,618	52,178,569	52,167,149	6,079,136	755,119	1,683,799	10,341,052	120,395	172,280,837
2014	52,100,987	54,863,132	54,860,726	6,417,220	847,049	1,851,167	10,615,052	126,475	181,681,808

<sup>1</sup> Includes General, Special Revenue, Debt Service, and Capital Projects Funds

<sup>2</sup> Prior to 2009 the rate of the second penny was .92

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

<b>Fiscal Year</b>	<b>City Direct Operating Rate<sup>2</sup></b>	<b>Overlapping Rates <sup>1</sup></b>				<b>Total Rate</b>
		<b>COUNTYS</b>		<b>SCHOOL DISTRICTS</b>		
		<b>Minnehaha</b>	<b>Lincoln</b>	<b>Sioux Falls</b>	<b>Others</b>	
2005	\$ 4.49	\$ 2.74	\$ 2.32	\$ 10.09	\$ 9.76-13.28	\$16.57-20.51
2006	4.41	2.72	2.49	9.78	9.53-12.90	16.43-20.03
2007	4.36	2.82	2.30	9.34	9.19-12.13	15.85-19.31
2008	4.32	2.89	2.30	8.69	8.70-11.75	15.31-18.96
2009	4.36	2.87	2.30	8.51	8.58-12.01	15.17-19.24
2010	4.47	2.96	2.24	8.46	8.75-12.65	15.17-20.08
2011	4.50	2.95	2.36	8.37	8.75-12.59	15.23-20.04
2012	4.68	3.08	2.51	8.39	8.75-11.78	15.58-19.54
2013	4.95	3.57	2.48	8.48	8.74-12.38	15.91-20.90
2014	5.04	3.57	2.44	8.94	10.62-13.03	16.42-21.64

Source: Minnehaha and Lincoln Counties

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

<sup>2</sup> The City has no other components to the direct rate other than the operating component.

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**Table VIII  
Assessed Value and Estimated Actual Value of Taxable Property<sup>1</sup>  
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			
2005	\$6,568,757,110	\$ 7,439,020,109	\$ 168,269,207	\$ 197,963,773	\$ 6,737,026,317	\$ 7,636,983,882	88.2%	\$ 4.49	\$7,925,913,314
2006	7,217,883,831	7,984,821,052	165,008,254	194,127,358	7,382,892,085	8,178,948,410	90.3%	4.41	8,685,755,394
2007	7,901,458,319	8,809,143,505	152,668,331	179,609,801	8,054,126,650	8,988,753,306	89.6%	4.36	9,475,443,118
2008	8,646,643,147	9,781,500,319	154,115,978	181,312,915	8,800,759,125	9,962,813,234	88.3%	4.32	10,353,834,265
2009	9,175,055,869	10,205,488,885	162,602,022	191,296,496	9,337,657,891	10,396,785,381	89.8%	4.36	10,985,479,872
2010	9,558,700,595	10,668,918,345	155,886,943	183,396,404	9,714,587,538	10,852,314,749	89.5%	4.47	11,428,926,515
2011	9,774,481,787	10,753,278,408	112,385,245	132,217,935	9,886,867,032	10,885,496,343	90.8%	4.50	11,631,608,273
2012	9,771,039,956	11,124,533,205	111,237,720	130,867,906	9,882,277,676	11,255,401,111	87.8%	4.68	11,626,209,031
2013	9,671,376,920	10,903,039,675	116,229,089	136,740,105	9,787,606,009	11,176,519,885	87.6%	4.95	11,514,830,599
2014	9,924,745,622	11,135,938,172	119,935,862	141,101,014	10,044,681,484	11,277,039,186	89.1%	5.04	11,817,272,334

Source: Minnehaha and Lincoln Counties

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

**Table IX  
Property Tax Levies and Collections<sup>1</sup>  
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 <sup>2</sup>
2005	\$ 30,248,000	\$ 29,663,404	98.07%	\$ 581,323	\$ 30,244,727	99.99%	4.49
2006	32,584,086	31,890,255	97.87%	691,517	32,581,772	99.99%	4.41
2007	35,104,133	34,438,322	98.10%	636,292	35,074,614	99.92%	4.36
2008	37,997,562	37,002,971	97.38%	919,465	37,922,436	99.80%	4.32
2009	40,701,216	39,541,018	97.15%	997,879	40,538,897	99.60%	4.36
2010	43,460,122	42,212,148	97.13%	615,271	42,827,419	98.54%	4.47
2011	44,468,887	43,492,915	97.81%	870,726	44,363,641	99.76%	4.50
2012	46,275,785	45,509,306	98.34%	628,639	46,137,945	99.70%	4.68
2013	48,578,743	47,633,072	98.05%	410,090	48,043,162	98.90%	4.95
2014	50,690,690	49,972,765	98.58%	-	49,972,765	98.58%	5.04

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

<sup>2</sup> Total Tax Levy divided by Total Assessed Taxable Value

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

2014 TOTAL ASSESSED ACTUAL VALUATION		<u>\$ 11,277,039,186</u>					
Taxpayer	Type of Business	2014			2005		
		Assessed Actual Value	Rank	% of Total City Taxable Assessed Value	Assessed Actual Value	Rank	% of Total City Taxable Assessed Value
Lloyd Property Management	Real Estate	\$136,484,800	1	1.21%	\$ -	-	n/a
Sanford Health (Sioux Valley Hospital)	Medical	113,032,702	2	1.00%	53,799,575	2	0.70%
Empire Mall Properties	Shopping Malls	109,078,139	3	0.97%	98,685,919	1	1.29%
Avera Health (Presentation Sisters)	Medical	54,245,347	4	0.00%	51,772,156	3	0.68%
Billion Family	Auto Dealer	38,601,279	5	0.00%	-	-	n/a
Ronning Enterprises	Real Estate	37,810,240	6	0.00%	23,883,078	9	0.31%
Wal-Mart (Wal-Mart & Sams)	Retail	37,164,882	7	0.33%	30,744,906	6	0.40%
123 Sioux Falls LLC (Citibank)	Financial	35,191,340	8	0.00%	41,092,931	4	0.54%
Heart Hospital of South Dakota	Medical	28,693,430	9	0.25%	-	-	n/a
Wells Fargo Bank	Financial	27,511,438	10	0.00%	38,100,990	5	0.50%
Dunham Homes LLC	Real Estate	-	-	-	28,301,959	7	0.37%
John Morrell & Company	Meat Processing	-	-	-	25,459,659	8	0.33%
Menards	Building Centers	-	-	-	21,785,258	10	0.29%
<b>Totals</b>		<u><b>\$ 617,813,597</b></u>		<u><b>3.76%</b></u>	<u><b>\$413,626,431</b></u>		<u><b>5.41%</b></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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture, Forestry, & Fishing	\$ 22,851	\$ 25,834	\$ 27,998	\$ 30,455	\$ 30,109	\$ 34,217	\$ 34,398	\$ 32,140	\$ 47,412	\$ 40,346
Mining & Construction	4,233	5,109	5,883	6,564	5,900	72,059	83,920	91,603	118,073	115,797
Manufacturing	144,691	157,938	148,733	156,820	122,441	153,925	156,037	163,755	184,485	189,881
Transportation & Public Utilities	215,983	198,355	186,646	203,780	190,471	535,418	465,213	513,651	570,470	603,805
Wholesale Trade	318,508	343,124	335,133	345,012	271,275	282,323	318,290	307,140	342,703	355,854
Retail Trade	2,098,708	2,152,396	2,348,563	2,419,152	2,217,304	2,396,416	2,519,526	2,690,145	2,816,150	2,980,629
Finance, Insurance, & Real estate	152,005	160,630	158,274	141,429	140,461	110,884	102,645	132,323	147,735	148,218
Services	615,023	690,822	751,113	745,272	679,137	861,798	914,367	950,807	1,037,637	1,095,413
Public Administration	157	152	145	126	347	108	313	424	362	399
Other	149	164	290	500	-	21	393	2,108	-	-
<b>Total</b>	<u><b>\$ 3,572,308</b></u>	<u><b>\$3,734,524</b></u>	<u><b>\$ 3,962,778</b></u>	<u><b>\$ 4,049,110</b></u>	<u><b>\$3,657,445</b></u>	<u><b>\$ 4,447,169</b></u>	<u><b>\$4,595,102</b></u>	<u><b>\$ 4,884,096</b></u>	<u><b>\$ 5,265,027</b></u>	<u><b>\$ 5,530,342</b></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.

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

Fiscal Year	Governmental Activities					Business-Type Activities							
	Sales Tax Revenue Bonds	Tax Incremental Financing District Bonds	State Revolving Fund Notes	State Flex Notes	Capital Leases	Revenue Bonds	Capital Lease	Certificates of Participation	Solid Waste Management Program	State Revolving Fund Notes	Total Primary Government	Percent of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
2005	\$41,615,000	\$ -	\$9,823,632	\$ -	\$ 930,314	\$3,650,000	\$ -	\$1,695,000	\$ -	\$33,958,769	\$91,672,715	1.17%	\$ 644
2006	29,250,000	-	34,117,258	-	820,230	3,320,000	-	-	-	54,428,646	121,936,134	1.46%	840
2007	51,510,000	-	36,078,376	-	705,216	72,975,000	1,293,093	-	-	70,128,428	232,690,113	2.61%	1,569
2008	47,869,260	2,290,000	33,581,292	-	639,087	72,615,000	2,607,051	-	-	70,950,917	230,552,607	2.44%	1,527
2009	93,844,260	2,290,000	31,202,120	-	1,123,535	70,000,000	1,395,499	-	-	77,430,319	277,285,733	2.93%	1,808
2010	89,668,892	2,290,000	27,949,710	-	866,187	70,000,000	1,066,607	-	1,141,862	85,183,251	277,041,877	2.77%	1,791
2011	82,186,334	2,265,000	24,103,169	-	595,556	70,000,000	723,323	-	866,945	99,127,657	278,931,650	2.59%	1,785
2012	200,242,566	2,245,000	20,121,899	-	310,809	70,000,000	-	-	585,113	110,610,843	404,116,230	3.62%	2,529
2013	192,398,979	2,225,000	16,065,849	161,000	209,860	68,245,000	-	-	296,191	110,068,515	389,670,394	3.27%	2,401
2014	184,695,392	2,165,000	11,933,506	500,000	-	66,430,000	-	-	-	100,706,937	366,430,835	n/a	2,210

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

<sup>1</sup> See table XX for personal income and population data.

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to the Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit
2005	\$381,849,194	\$91,672,715	\$290,176,479	24.01%
2006	\$408,947,421	121,936,134	287,011,287	29.82%
2007	449,437,665	232,690,113	216,747,552	51.77%
2008	498,140,662	235,834,871	262,305,791	47.34%
2009	519,839,269	277,285,733	242,553,536	53.34%
2010	542,615,737	277,041,878	265,573,859	51.06%
2011	544,274,817	279,867,984	264,406,833	51.42%
2012	562,770,056	404,116,230	158,653,826	71.81%
2013	558,825,994	389,670,394	169,155,600	69.73%
2014	563,851,959	366,046,341	197,805,618	64.92%

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

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

Government	Debt Outstanding	City's Share of Debt	
		Percentage <sup>1</sup>	Total
City of Sioux Falls	\$ 199,293,898	100.00%	\$ 199,293,898
<b>Total Direct Debt</b>			<b>199,293,898</b>
Sioux Falls School District	144,480,000	98.58%	142,428,384
Tri-Valley School District	3,255,000	15.39%	500,945
Brandon Valley School District	36,815,000	12.02%	4,425,163
Harrisburg School District	120,526,300	63.80%	76,895,779
Tea Area School District	29,287,000	12.02%	3,520,297
Lennox School District	17,680,000	0.18%	31,824
Minnehaha County	37,226,600	78.81%	29,338,283
Lincoln County	8,374,879	53.61%	4,489,773
<b>Total Overlapping Debt</b>			<b>261,630,448</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 460,924,346</b>

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.

<sup>1</sup> 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 <sup>1</sup>	Pledged <sup>2</sup>				Repayment <sup>3</sup>			
		Principal	Interest	Total Debt Service	Ratio of Sales Tax Revenues to Debt Service	Principal	Interest	Total Debt Service	Ratio of Sales Tax Revenues to Debt Service
2005	\$ 35,107,816	\$ 10,934,644	\$ 2,466,187	\$ 13,400,831	2.62	\$ 9,750,653	\$ 1,269,063	\$ 11,019,716	3.19
2006	38,066,640	12,591,154	2,254,174	14,845,328	2.56	12,152,166	1,189,679	13,341,845	2.85
2007	40,896,501	3,471,933	3,047,919	6,519,852	6.27	1,917,275	922,328	2,839,603	14.40
2008	41,568,499	6,007,542	5,838,100	11,845,642	3.51	5,207,497	1,908,461	7,115,958	5.84
2009	42,166,089	7,888,990	6,265,125	14,154,115	2.98	6,608,068	2,312,372	8,920,440	4.73
2010	44,117,913	5,154,684	6,905,644	12,060,328	3.66	6,544,796	3,808,843	10,353,639	4.26
2011	45,590,313	9,463,226	6,771,026	16,234,252	2.81	6,582,700	3,552,244	10,134,944	4.50
2012	48,424,657	9,439,270	8,424,753	17,864,023	2.71	8,681,807	5,248,487	13,930,294	3.48
2013	52,167,149	10,240,497	10,289,485	20,529,982	2.54	7,902,141	7,188,313	15,090,454	3.46
2014	54,860,726	8,372,385	6,926,197	15,298,582	3.59	9,043,727	6,994,127	16,037,854	3.42

<sup>1</sup> 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)

<sup>2</sup> 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.

<sup>3</sup> 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.

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**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	
2005	\$ 3,995,736	\$ 58,168	\$ 4,053,904	\$ 793,332	\$ 3,260,572	\$ 185,520	\$ 57,896	\$ 243,416	13.40
2006	4,561,891	134,886	4,696,777	872,451	3,824,326	119,188	18,919	138,107	27.69
2007	5,220,037	166,852	5,386,889	969,740	4,417,149	88,299	25,080	113,379	38.96
2008	7,403,220	190,083	7,593,303	1,381,954	6,211,349	91,055	25,116	116,171	53.47
2009	6,548,800	79,151	6,627,951	2,144,513	4,483,438	93,899	57,033	150,932	29.71
2010	6,967,165	87,259	7,054,424	1,777,327	5,277,097	191,914	65,519	257,433	20.50
2011	7,049,031	34,434	7,083,465	2,238,183	4,845,282	321,278	78,951	400,229	12.11
2012	6,649,791	25,528	6,675,319	2,364,440	4,310,879	349,462	52,139	401,601	10.73
2013	6,845,852	22,577	6,868,429	1,893,678	4,974,751	358,909	56,565	415,474	11.97
2014	6,731,634	34,731	6,766,365	2,275,140	4,491,225	368,616	46,858	415,474	10.81

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

**Table XVII  
Revenue Note Coverage-Water  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				Coverage
						Principal		Interest	Total	
						Certificates of Participation/ Revenue Bonds <sup>1</sup>	State Revolving Fund			
2005	\$ 14,057,551	\$ 530,680	\$ 14,588,231	\$ 9,029,121	\$ 5,559,110	\$ 1,615,000	\$ 1,545,631	\$ 722,314	\$3,882,945	1.43
2006	15,910,153	435,825	16,345,978	9,358,592	6,987,386	1,695,000	1,769,474	702,419	4,166,893	1.68
2007	18,044,570	2,290,664	20,335,234	10,262,761	10,072,473	-	2,368,558	2,803,686	5,172,244	1.95
2008	19,814,189	2,663,172	22,477,361	10,905,003	11,572,358	-	2,689,044	3,639,576	6,328,620	1.83
2009	20,980,694	147,323	21,128,017	11,406,759	9,721,258	-	2,931,120	3,496,683	6,427,803	1.51
2010	22,064,401	1,093,659	23,158,060	10,595,293	12,562,767	-	3,384,219	3,391,042	6,775,261	1.85
2011	26,836,570	505,371	27,341,941	11,397,904	15,944,037	-	4,690,565	3,891,325	8,581,890	1.86
2012	34,515,284	362,912	34,878,196	13,440,730	21,437,466	-	4,425,515	3,984,899	8,410,414	2.55
2013	33,204,763	765,829	33,970,592	14,482,224	19,488,368	1,755,000	4,616,176	3,783,801	10,154,977	1.92
2014	31,959,833	475,930	32,435,763	14,644,709	17,791,054	1,815,000	4,285,188	3,517,751	9,617,939	1.8498

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

<sup>1</sup> Prior to 2007 Certificates of Participation, 2007 forward Revenue Bonds.

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

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
2005	\$ 8,667,074	\$ 1,358,219	\$ 10,025,293	\$ 5,507,659	\$ 4,517,634	\$ 1,998,155	\$ 450,515	\$ 2,448,670	1.84
2006	8,837,777	1,416,969	10,254,746	5,998,521	4,256,225	1,705,350	630,950	2,336,300	1.82
2007	10,612,568	1,529,864	12,142,432	6,262,300	5,880,132	2,130,698	1,063,139	3,193,837	1.84
2008	12,453,800	964,804	13,418,604	6,345,245	7,073,359	2,983,361	128,534	3,111,895	2.27
2009	14,371,411	1,747,637	16,119,048	6,845,487	9,273,561	3,636,666	1,165,858	4,802,524	1.93
2010	16,581,957	1,801,997	18,383,954	8,594,706	9,789,248	4,087,257	1,279,032	5,366,289	1.82
2011	18,173,936	538,548	18,712,484	8,872,715	9,839,769	5,535,952	1,338,211	6,874,163	1.43
2012	20,082,561	621,430	20,703,991	7,827,937	12,876,054	5,072,878	1,538,493	6,611,371	1.95
2013	21,845,217	1,036,183	22,881,400	8,061,001	14,820,399	6,640,379	1,767,973	8,408,352	1.76
2014	23,654,728	1,455,887	25,110,615	8,699,908	16,410,707	8,235,758	1,563,189	9,798,947	1.67

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

**Table XIX  
Revenue Note Coverage-Landfill  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2006	-	-	-	-	-	-	-	-	-
2007	6,499,815	550,858	7,063,478	3,549,780	3,513,698	-	24,186	24,186	145.28
2008	7,840,266	651,903	8,523,411	4,521,690	4,001,721	128,378	59,180	187,558	21.34
2009	9,098,664	129,232	9,392,229	2,844,018	6,548,211	327,790	57,009	384,799	17.02
2010	10,210,427	164,574	10,396,557	5,228,318	5,168,239	519,194	82,920	602,114	8.58
2011	10,130,194	94,283	10,309,363	8,158,147	2,151,216	493,198	70,495	563,693	3.82
2012	9,968,190	91,836	10,060,026	6,206,242	3,853,784	505,244	57,274	562,518	6.85
2013	10,653,070	85,314	10,738,384	5,652,914	5,085,470	517,585	46,791	564,376	9.01
2014	11,048,396	112,053	11,160,449	7,983,658	3,176,791	530,228	32,395	562,623	5.65

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**Table XX  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Fiscal Year	City Population <sup>1</sup>	MSA Population <sup>2</sup>	Personal Income <sup>3</sup>	Per Capita Personal Income <sup>3</sup>	Annual Pay for Workers Covered by Unemployment <sup>5</sup>	Annual Average Labor Force <sup>5</sup>	Annual Average Employment <sup>5</sup>	Annual Average Unemployment Rate <sup>5</sup>	School Enrollment <sup>6</sup>
2004	139,624	209,325	\$ 7,390,365,000	\$ 36,527	\$ 32,032	118,790	114,790	3.4%	20,337
2005	141,000	215,259	7,813,030,000	37,816	33,257	120,280	116,370	3.3%	19,630
2006	149,600	222,072	8,289,576,000	39,180	34,531	123,175	119,810	2.7%	19,821
2007	148,200	227,961	8,880,338,000	40,934	36,055	126,810	123,600	2.5%	20,006
2008	151,300	233,503	9,538,134,000	42,986	36,981	128,940	125,395	2.7%	20,756
2009	154,100	238,122	9,516,299,000	42,124	37,548	128,830	122,185	5.2%	20,870
2010	156,400	239,000	10,001,871,000	43,643	38,447	128,295	121,790	5.1%	21,390
2011	158,200	228,261	10,769,078,000	46,329	39,518	130,050	124,230	4.5%	21,999
2012	159,800	230,847	11,164,247,000	47,057	41,010	131,800	126,650	3.9%	22,342
2013	162,300	235,878	11,909,229,000	48,906	41,627	134,105	129,635	3.3%	22,602
2014	165,800	240,204	n/a	n/a	n/a	136,439	132,191	3.1%	23,954

<sup>1</sup> Source: City Planning Department end of year estimates. April 2010 U.S. Census figure was 153,888 and April 2000 U.S. Census figure was 124,158.

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

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

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

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

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

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

Employer	Type of Business	2014			2005		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Health Care	8,571	1	6.4%	5,640	1	4.8%
Avera Health	Health Care	6,259	2	4.7%	3,732	2	3.2%
John Morrell & Company	Meat Processing	3,350	3	2.5%	3,325	3	2.9%
Sioux Falls School District	Education	3,000	4	2.2%	3,000	5	2.6%
Wells Fargo	Financial	2,884	5	2.2%	2,641	6	2.3%
Hy-Vee Food Stores	Retail Grocery	2,813	6	2.1%	1,725	7	1.5%
Citigroup	Financial	2,300	7	1.7%	3,200	4	2.7%
Evangelical Lutheran Good Samaritan Society	Health Care	1,363	8	1.0%	-	-	-
City of Sioux Falls	Government	1,159	9	0.9%	1,070	10	0.9%
LifeScape	Health Care	1,151	10	0.9%	-	-	-
Midwest Coast Transport	Transportation	-	-	-	1,260	8	1.1%
WalMart/Sam's Club	Retail	-	-	-	1,195	9	1.0%
<b>Totals</b>		<b>32,850</b>		<b>24.5%</b>	<b>26,788</b>		<b>23.0%</b>

Source: Sioux Falls Development Foundation

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

Industry	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Natural Resources, Mining & Construction	7,400	7,700	7,700	7,800	7,100	6,600	6,500	6,700	7,200	7,500
Manufacturing	12,700	13,000	13,100	13,500	12,300	11,900	12,500	13,000	13,300	13,500
Wholesale Trade	6,400	6,600	6,700	6,800	6,700	6,700	7,100	7,300	7,600	7,900
Retail Trade	16,200	16,200	16,600	16,700	16,400	16,500	17,000	17,400	17,400	18,000
Transportation, Warehousing & Utilities	4,700	5,000	5,100	5,200	5,000	4,900	4,900	4,900	5,000	5,000
Information	2,900	3,000	3,100	3,100	3,000	2,900	2,900	2,800	2,700	2,700
Financial Activities	15,400	15,800	16,700	16,700	16,300	15,500	15,200	15,800	16,400	16,500
Professional & Business Services	9,400	10,100	10,900	11,300	10,900	11,300	12,200	12,800	13,400	13,600
Educational & Health Services	22,500	23,000	23,700	24,800	25,500	26,500	27,300	28,600	29,300	29,200
Leisure & Hospitality	12,100	12,700	13,000	13,100	12,900	12,700	13,000	13,200	13,200	13,200
Other Services	4,500	4,600	4,600	4,700	4,700	4,800	4,700	4,700	4,800	4,800
Total Government	11,600	11,900	12,100	12,400	12,800	13,000	12,800	12,900	13,100	13,500
<b>Total</b>	<b>125,900</b>	<b>129,500</b>	<b>133,300</b>	<b>136,200</b>	<b>133,600</b>	<b>133,400</b>	<b>136,100</b>	<b>140,200</b>	<b>143,400</b>	<b>145,400</b>

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	
2005	93	\$160,478,145	1,154	\$174,159,489	5,454	\$128,467,689	6,701	1,593	\$463,105,323	64.53
2006	86	116,679,623	1,117	182,104,021	5,216	143,028,339	6,419	1,568	441,811,983	67.10
2007	69	119,729,694	1,021	188,501,962	5,338	198,094,119	6,428	1,747	506,325,775	70.10
2008	55	88,990,770	639	161,729,744	5,325	203,416,833	6,019	1,494	454,137,347	73.24
2009	35	62,796,269	653	120,987,734	5,646	114,124,166	6,334	1,149	297,908,169	73.57
2010	27	22,813,946	557	102,623,633	7,090	148,736,101	7,674	722	282,923,680	73.65
2011	32	41,628,412	532	144,590,392	7,259	100,656,588	7,823	827	286,875,392	73.89
2012	47	165,451,094	916	173,935,775	6,670	151,128,374	7,633	1,399	490,515,243	73.96
2013	53	157,682,198	1,069	245,696,454	6,831	184,879,209	7,953	2,039	588,248,861	74.80
2014	53	81,452,946	897	254,463,649	13,995	283,585,645	14,945	2,056	619,502,240	75.58

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

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

	Year-end Authorized Positions									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Government</b>										
Mayor	6	4	4	4	4	4	4	4	4	4
Finance	20	23	23	22	21	21	21	21	22	24
Attorney	16	8	8	8	11	11	11	11	11	13
Human Resources	11	11	12	12	11	11	11	11	12	13
City Council	8	11	14	15	15	15	16	16	16	16
Facilities Management	11	12	12	12	11	11	11	15	17	18
Central Services	22	23	23	23	25	25	26	26	28	26
Media Services	15	15	15	15	15	14	14	14	14	14
Total General Government	109	107	111	111	113	112	114	118	124	127
<b>Public Safety</b>										
Fire	178	193	193	194	194	194	194	194	194	195
Police	244	253	253	254	259	267	267	264	266	269
Total Public Safety	422	446	446	448	453	461	461	458	460	464
<b>Highways and Streets</b>										
Public Works										
Administration	10	10	10	10	11	10	5	5	6	6
Engineering	57	57	49	49	51	51	65	66	66	67
Street	66	66	74	75	78	78	50	50	50	50
Total Highways and Streets	133	133	133	134	140	139	120	121	122	123
<b>Public Health</b>	52	50	54	56	59	64	64	64	64	71
<b>Culture and Recreation</b>										
Libraries	62	62	62	62	62	62	62	62	64	63
Parks and Recreation	69	70	70	70	71	71	69	69	71	70
Total Culture and Recreation	131	132	132	132	133	133	131	131	135	134
<b>Urban and Economic Development</b>										
Planning and Building Services	41	41	42	43	43	43	42	42	42	42
Community Development	8	8	8	8	9	9	11	11	11	11
Total Urban and Economic Development	49	49	50	51	52	52	53	53	53	53
<b>Enterprise</b>										
Fleet	19	19	19	19	19	19	18	18	18	20
Light	11	11	11	11	12	12	12	12	12	12
Public Parking Facilities	15	15	15	15	15	15	13	13	12	12
Sanitary Landfill	22	22	22	25	25	27	28	27	28	28
Water	50	50	50	49	48	48	65	65	62	63
Water Reclamation	50	50	50	50	52	53	54	53	51	52
Total Enterprise	167	167	167	169	171	174	190	188	183	187
<b>Total</b>	<b>1063</b>	<b>1084</b>	<b>1093</b>	<b>1101</b>	<b>1121</b>	<b>1135</b>	<b>1133</b>	<b>1133</b>	<b>1141</b>	<b>1159</b>

2006 - City Clerks were transferred from Attorney to City Council; Auditors were transferred from Attorney to Finance.  
Animal Control positions were moved from Health to Police

2007 - Traffic transferred from Engineering to Street.

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

2009 - Transferred Human Relations from Human Resources to Attorneys; moved Licensing Specialist from Finance to Attorneys.

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

2011 - Transfer GIS from Public Works Administration to Engineering, transferred Traffic from Street to Engineering, transfer Street Utilities to Water, transfer utilities workers from Water to Water Rec, transfer engineering tech from Landfill to Water Rec, Delete Parking attendants added Central Services Analyst and Council Budget Analyst

2012- Transferred custodial workers from Police and Water Reclamation to Facilities Management, transfer engineering tech from Water Reclamation to Engineering

Source: City Human Resources Department

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Fire</b>										
Number of Employees (Uniformed)	171	185	185	186	186	186	186	186	186	184
Number of Employees (Non-Uniform)	7	8	8	8	8	8	8	9	8	15
Total Responses	8,624	8,612	8,939	9,547	9,206	9,917	9,809	10,342	11,049	11,635
Structure Fires	175	160	169	182	170	161	188	198	133	136
Vehicle Fires	74	98	86	75	73	66	93	77	79	82
EMS Calls	4,650	4,834	4,900	5,321	5,234	5,651	5,312	5,699	5,814	6,227
Water Hydrants	6,427	6,756	7,023	7,423	7,640	7,818	8,538	7,597	7,772	7,986
Fire Insurance Rating	3	3	3	3	3	3	3	3	3	3
<b>Police</b>										
Number of Sworn Officers	211	216	216	217	221	230	230	232	232	244
Number of Civilian Employees	33	37	37	37	38	38	38	38	38	33
Aggravated Assaults	253	282	235	321	178	294	253	392	461	507
Arsons	22	31	44	43	28	29	63	56	28	27
Auto Thefts	329	241	296	270	282	237	292	316	322	346
Burglaries	682	841	695	752	786	1,065	889	870	881	846
Drunk Driving Arrests	1,913	1,850	1,765	1,556	1,473	1,288	1,486	1,387	1,072	1,106
Homicides	4	7	2	6	1	5	6	3	3	6
Larcenies	3,253	2,932	3,100	3,309	3,837	3,885	3,959	4,269	4,438	4,242
Rapes	145	136	121	149	146	113	116	153	142	148
Robberies	71	55	76	62	73	60	101	83	80	98
Traffic Citations Issued	36,610	38,611	41,080	37,062	38,637	39,977	33,686	36,020	26,718	28,613
<b>Highways and Streets</b>										
Snow Events	6	1	7	5	3	7	3	3	3	5
Pothole Patching (Tons)	668	2,197	891	878	1,169	1,319	1,104	476	619	479
Street Sweeping (Curb Miles)	12,725	13,320	10,552	10,983	12,969	8,284	5,574	9,106	5,227	9,922
<b>Library</b>										
Number of Items Borrowed	1,473,350	1,566,996	1,613,619	1,711,237	1,835,501	1,906,372	1,963,918	2,024,141	2,209,687	2,150,983
Number of Active Library Cardholders	89,212	92,409	93,920	96,525	103,075	92,112	97,487	98,493	100,392	101,452
<b>Lights</b>										
Private Accounts	2,066	2,059	2,066	2,102	2,105	2,113	2,113	2,159	2,161	2,308
Governmental Accounts	426	423	425	486	415	422	421	423	428	332
Kilowatt Hours Sold	89,122,786	88,291,049	94,344,587	86,200,052	83,904,966	84,563,342	84,490,689	84,207,376	79,030,369	84,929,000
Capacity (KVA)	30,000	25,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000

**City of Sioux Falls  
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**Statistics (Unaudited)**

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Parks and Recreation</b>										
Rounds of Golf Played (all courses)	127,755	127,966	129,691	125,819	129,449	124,655	116,895	130,123	105,016	93,252
Park Events and Picnics	316,173	315,400	363,290	416,920	438,805	321,471	351,075	300,733	429,540	379,110
Pool Attendance	317,683	326,538	325,052	325,682	332,377	319,769	314,823	338,453	258,650	228,792
<b>Public Parking</b>										
Parking Ramps-Parking Spaces	2,071	2,069	2,069	2,069	2,071	2,071	2,071	1,633	1,633	1,621
Surface Parking Lots-Parking Spaces	860	859	871	869	992	1,012	1,012	923	893	900
Total Spaces Available for Lease	2,767	2,772	2,782	2,798	2,917	2,911	2,911	2,371	2,362	2,381
On Street Parking Meters	958	968	964	954	948	915	915	949	920	899
On Street Handicapped Spaces	26	26	37	37	37	37	37	37	37	37
Total Number of Parking Spaces	3,915	3,922	3,941	3,929	4,048	4,028	4,028	3,542	3,497	3,487
Lease Rate	97%	99%	96%	95%	77%	73%	76%	73%	79%	83%
<b>Transit</b>										
Ridership-Transit	715,480	803,450	835,621	905,780	927,282	937,258	996,316	1,026,715	1,023,089	955,357
Ridership-Paratransit	112,066	127,118	117,694	120,434	127,075	133,736	141,323	146,290	142,672	132,387
Regular Routes	12	12	12	12	13	13	12	12	12	12
Seasonal Routes	4	4	4	4	4	4	5	5	5	4
Miles Driven-Transit	709,096	703,298	700,446	719,079	718,673	732,438	726,152	741,534	732,524	758,385
Miles Driven-Paratransit	539,848	580,425	563,894	575,705	604,836	646,820	651,007	653,723	652,089	634,745
<b>Sanitary Landfill</b>										
MSW Landfill Closure Year	n/a	n/a	n/a	2060	2063	2071	2077	2078	2,081	2076
MSW Tons Received	n/a	176,179	176,410	176,985	169,932	169,327	172,507	167,141	166,330	172,388
C&D Landfill Closure Year	n/a	n/a	n/a	2039	2039	2039	2036	2048	2,044	2044
C&D Tons Received	n/a	65,047	68,227	58,019	50,832	55,640	50,782	46,311	53,712	69,953
Cubic Feed of Landfill Gas Sold	-	-	-	-	478,199,519	832,687,131	955,748,919	979,249,548	969,764,156	978,306,173
<b>Water</b>										
Water Services	43,670	45,250	45,870	46,439	47,047	47,873	48,509	50,676	50,456	51,066
Daily Plant Capacity (thousands of gallons)	53,500	53,500	53,500	53,500	53,500	53,500	53,500	75,000	75,000	75,000
Average Daily Consumption (thousands of gallon)	21,924	22,931	22,326	22,461	19,744	6,708	19,851	22,128	19,393	19,994
<b>Wastewater</b>										
Customers	43,325	44,046	45,642	46,352	46,556	47,270	48,094	48,815	49,526	50,496
Daily Plant Capacity (thousands of gallons)	19,700	19,700	19,700	19,700	21,000	21,000	21,000	21,000	21,000	21,000
Average Daily Flow-Domestic (thousands)	11,201	11,378	11,348	11,558	11,107	10,844	12,092	11,030	10,906	11,235
Average Daily Flow-Industrial (thousands)	1,139	1,168	1,485	1,112	976	1,050	125	875	748	659
Average Daily Flow-Extraneous (thousands)	2,120	2,373	2,605	2,567	2,390	6,113	5,182	2,042	4,462	3,182

**City of Sioux Falls  
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**Statistics (Unaudited)**

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Fire</b>										
Fire Stations	8	9	9	9	10	10	10	10	10	10
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	17	18	18	18	17	17	17	20	19	19
<b>Emergency Management</b>										
Emergency Warning Sirens	56	60	62	65	69	71	71	73	75	75
<b>Police</b>										
Patrol Units (marked)	68	68	68	68	71	71	71	71	71	72
<b>Highways and Streets</b>										
Streets paved (miles)	705	739	760	771	783	784	789	796	802	810
Street Lights	14,776	15,316	15,825	16,155	16,689	16,998	17,125	17,519	17,836	18,450
Traffic Signals	222	224	227	236	238	241	241	248	256	258
<b>Library</b>										
Books	413,511	376,789	348,081	290,932	276,640	277,985	272,013	271,215	272,785	250,879
Ematerials	-	-	-	-	-	2,612	6,192	10,946	15,548	23,646
Audio/Visual Items	55,344	53,586	52,924	63,707	52,819	51,664	51,941	53,656	50,865	50,426
2006, 2007, 2008, 2009, 2014 decrease due to removal of old, outdated, and unused books and audio/visual items.										
<b>Lights</b>										
Primary three-phase distribution lines (miles)	79	93	93	93	93	93	93	89	92	92
Underground distribution lines (miles)	40	60	60	60	57	57	57	60	59	60
<b>Parks and Recreation</b>										
Acreage	2,874	2,874	2,880	2,913	3,045	3,103	3,154	3,154	3,154	3,161
Parks	67	68	69	70	72	72	73	75	78	78
Swimming Pools	6	6	6	6	6	6	6	6	6	6
Wading Pools	2	1	1	1	1	1	1	1	1	1
Spray Pools	-	1	1	1	1	1	1	1	1	1
Soccer Fields	54	54	54	56	60	60	60	60	60	60
Tennis Courts	35	35	35	41	41	41	41	41	41	41
Golf Courses	3	3	3	3	3	3	3	3	3	3
Football Stadium (school owned)	1	1	1	1	1	1	1	1	1	1
Football Fields	4	4	4	4	4	4	12	13	13	13

**City of Sioux Falls  
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**Statistics (Unaudited)**

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Parks and Recreation (cont)</b>										
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Baseball Fields	34	34	34	36	34	34	34	34	34	34
Softball Fields	68	68	68	74	74	74	74	73	74	74
Zoo	1	1	1	1	1	1	1	1	1	1
Park Bandshells	2	2	2	2	2	2	2	2	2	2
Moveable Bandshell	1	1	1	1	1	1	1	1	1	1
Greenway Recreation Trail (miles)	19.12	19.12	19.12	24.79	24.79	24.79	26.54	27.95	27.95	27.95
Winter Recreation/Ski Area	1	1	1	1	1	1	1	1	1	1
Skate Park	2	2	2	2	2	2	2	2	2	2
Outdoor Ice Rinks (Seasonal)	6	6	6	6	6	6	6	6	6	6
Volleyball Courts (Sand)	17	17	17	17	18	17	18	18	18	18
Basketball Courts (Outdoor)	22	22	22	22	23	23	23	24	23	23
Community Centers (school owned)	5	5	5	5	5	5	5	5	5	5
<b>Public Parking</b>										
Parking Ramps	5	5	5	5	5	5	5	4	4	4
Surface Parking Lots	15	15	14	15	15	15	15	14	14	14
<b>Sanitary Landfill</b>										
Landfill area (acres)	617	697	706	706	706	706	706	706	706	706
<b>Transit</b>										
Fixed Route Buses	31	31	31	31	31	31	31	31	31	31
Paratransit Buses	23	22	22	22	22	22	22	23	23	23
<b>Water</b>										
Water Mains (miles)	848	877	905	938	953	964	997	962	981	1,000
Wellfield (miles)	57	57	57	57	57	57	57	57	57	57
<b>Wastewater</b>										
Storm Sewer (miles)	335	352	386	400	408	409	412	400	410	419
Sanitary Sewer (miles)	715	735	772	798	806	813	817	824	844	860



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2015. Our report includes a reference to other auditors who audited the financial statements of The Housing and Redevelopment Commission, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-A, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **City's Response to Finding**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133, §\_\_.320, this report is a matter of public record and its distribution is not limited.

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

Sioux Falls, South Dakota  
June 3, 2015



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Sioux Falls, South Dakota's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Housing and Redevelopment Commission (discretely presented component unit), which received \$11,905,480 in federal awards which are not included on the schedule of expenditures of federal awards for the year ended December 31, 2014. Our audit, described below, did not include the operations of the Housing and Redevelopment Commission because the component unit has a separately issued audit in accordance with OMB Circular A-133.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. However, as required by South Dakota Codified Law 4-11-11 OMB Circular A-133, §\_\_.320, this report is a matter of public record and its distribution is not limited.



Sioux Falls, South Dakota  
June 3, 2015

City of Sioux Falls  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

	Federal CFDA Number	Expenditure
<b><u>Department of Housing and Urban Development</u></b>		
<i>Direct Federal Funding:</i>		
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,608,984
HOME Investment Partnership Program	14.239	<u>581,090</u>
Total Department of Housing and Urban Development		\$ 2,190,074
<b><u>Department of the Interior</u></b>		
<i>Indirect Federal Funding passed through-</i>		
State Historical Preservation Office		
Historic Preservation Fund Grants-In-Aid	15.904	<u>18,000</u>
Total Department of the Interior		18,000
<b><u>Department of Justice</u></b>		
<i>Direct Federal Funding</i>		
Edward Byrne Memorial Justice Assistance Grant		
Edward Byrne Memorial Justice Assistance Grant	16.738	74,291
Public Safety Partnership & Community Policing Grant		
Recovery Act Funded	16.710	49,759
Domestic Violence Grant	16.588	<u>88,503</u>
Total Department of Justice		212,553
<b><u>Department of Transportation</u></b>		
<i>Direct Federal Funding:</i>		
Federal Transit Formula Grants 5307 (SD-90-X060)	20.507	2,678,852
<i>Indirect Federal Funding passed through-</i>		
Southeastern Council of Governments		
Highway Planning and Construction		
Federal Highway Grant	20.205	\$ 837,909
SD Department of Transportation		
Federal Highway Grant - Railroad Relocation	20.205	<u>285,715</u>
Total CFDA 20.205		1,123,624
SD Department of Public Safety		
State and Community Highway Safety	20.600	68,829
SD Department of Public Safety		
Alcohol Open Container Requirements	20.607	68,602
SD Department of Public Safety		
Minimum Penalties for Repeat Offenders for Driving Whi	20.608	<u>292,057</u>
Total Department of Transportation		4,231,964
<b><u>Equal Employment Opportunity Commission</u></b>		
<i>U,S, Commission on Civil Rights</i>		
Clearinghouse Services, Civil Rights Discrimination Complain	30.002	<u>14,200</u>
Total Equal Employment Opportunity Commission		14,200

City of Sioux Falls  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

	Federal CFDA Number	Expenditure
<b><u>Environmental Protection Agency</u></b>		
<i>Indirect Federal Funding passed through-</i>		
SD Department of Environment and Natural Resources:		
Capitalization Grants for Clean Water		
State Revolving Fund	66.458	302,092
Total Environmental Protection Agency		302,092
<b><u>Department of Health and Human Services</u></b>		
<i>Direct Federal Funding:</i>		
Consolidated Health Centers	93.224	2,111,147
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	309,500
<i>Indirect Federal Funding passed through-</i>		
SD Department of Health		
National Bioterrorism Hospital Preparedness	93.889	86,919
Emergency Preparedness	93.889	44,000
Total CFDA 93.889		130,919
Public Health Emergency Preparedness	93.069	169,600
Community Transformation Grant	93.531	159,214
Lutheran Social Services of South Dakota		
Refugee and Entrant Assistance_Discretionary Grants	93.576	57,426
Total Department of Health and Human Services		2,937,806
<b><u>Executive Office of the President - Office of National Drug Control Policy</u></b>		
<i>Direct Federal Funding:</i>		
High Intensity Drug Trafficking Areas Program	95.001	150,577
Total Executive Office of the President		150,577
<b><u>Department of Homeland Security</u></b>		
<i>Direct Federal Funding</i>		
Homeland Security Grant Program	97.067	81,704
Emergency Management Performance Grants	97.042	26,773
		108,477
<b>Total Expenditures of Federal Awards</b>		<b>\$ 10,165,743</b>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Sioux Falls, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. City of Sioux Falls received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

The balance of the notes payable from the State Revolving Fund was \$112,640,444 as of December 31, 2014. Approximately \$12,996,077 of this balance consists of federal funds.

**Note B – Significant Accounting Policies**

Governmental fund types account for the City’s federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City’s summary of significant accounting policies is presented in Note 1 in the City’s basic financial statements.

**Note C – Agency or Pass-Through Number**

Only programs without agency or pass-through numbers are programs where the federal funds are direct therefore agency and pass-through numbers are not required, or else there are certain pass-through entities that did not provide identifying numbers.

**Note D – Subrecipients of Grant Awards**

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the County provided federal awards to subrecipients as follows:

**3 - Subrecipients**

<u>Sub recipients provided federal awards</u>	<u>CFDA #</u>	<u>Dollar Amount</u>
ICAP Bright Futures	14.218	\$ 78,528

There were no findings in the prior year in relation to the major federal award programs audit.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 OMB Circular A-133 §.510(a):	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
HOME Investment Partnership Program (3) Grants to Provide Outpatient Early Intervention	14.239
Services with Respect to HIV Disease	93.918
Consolidated Health Centers (1)	93.224
Dollar threshold used to distinguish between type A and type B programs:	\$ 304,972
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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**2014-A            Preparation of the Schedule of Expenditures of Federal Awards**

**Condition** – During the course of our engagement, we assisted with the preparation of the Schedule of Expenditures of Federal Awards as the City did not properly include all federal expenditures, CFDA numbers, and additional pass through agency federal expenditures.

**Criteria or Specific Requirement** – As described in §\_\_\_\_.310(b)(3) of OMB Circular A-133, auditees must complete the Schedule of Expenditures of Federal Awards and include Catalog of Federal Domestic Assistance (CFDA) title and numbers provided in Federal awards/subawards and associated expenditures.

**Effect** – There were additional federal expenditures that were not properly identified in the Schedule of Expenditures of Federal Awards. This control deficiency could result in a misstatement to the Schedule of Expenditures of Federal Awards that would not be prevented or detected.

**Cause** – The lack of proper communication between management and pass-through agencies regarding the federal funding identification.

**Recommendation** – Develop a system in identifying and tracking the following information for each control: pass-through agency, Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, and name of the federal agency.

**Management’s Response** – The City will review the Schedule of Expenditures of Federal Awards and determine the necessary training to ensure completeness of the schedule going forward.

**Corrective Action Plan (CAP)**

1. **Action Planned in Response to the Finding** – Management will make an effort to review the federal expenditures to ensure proper reporting.
2. **Explanation of Disagreement** – There is no disagreement with the audit finding.
3. **Official Responsible for Ensuring Corrective Action** – Tracy Turbak, Director of Finance, is responsible for ensuring corrective action plan of the significant deficiency.
4. **Planned Completion Date for the Corrective Action** – December 31, 2015.
5. **Plan to Monitor Completion of Corrective Action** – The City Council will monitor the review of federal expenditures.

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**Section III – Federal Award Findings and Questioned Costs**

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There are no findings or questioned costs relating to the major federal award programs which are required to be reported in accordance with Section\_\_\_\_.510(a) of OMB Circular A-133.