



2012

Comprehensive Annual Financial Report



City of Sioux Falls, South Dakota
Year Ended December 31, 2012

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Comprehensive Annual Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2012

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

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Letter of Transmittal



CITY OF SIOUX FALLS
FINANCE

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March 21, 2013

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, 2012.

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, 2012, 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, 2012, 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 139.

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 158,800 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 regained the top spot on *Forbes* magazine's annual list of best places for business and careers in the small metro area category, an honor that the city has held 9 out of the last 10 years. The Milken Institute ranked Sioux Falls number one in its index of best cities for successful aging, this ranking is based on such aspects as access to health care, low crime rates, and affordable housing. Education, health, community, and culture also helped the city jump from 60th to 10th on *Parenting* magazine's 2012 list of best cities for families. MoneyRates.com ranked the state of South Dakota second on their list of best states for young

Letter of Transmittal

people, determining factors in this ranking included, employment, insurance costs, cost of a college education, affordable and available of housing, and the youthfulness of the state.

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 84 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 2012 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,

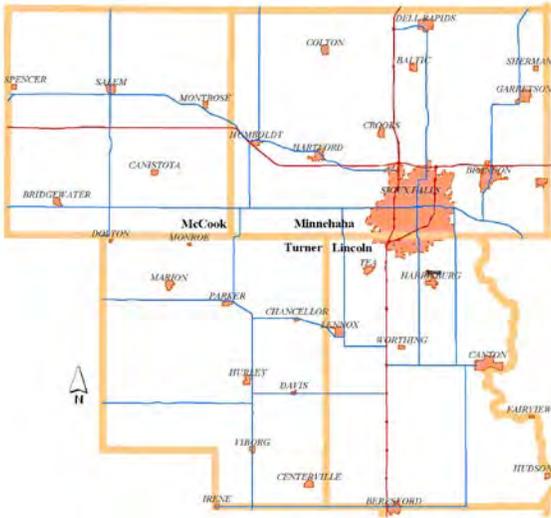
Unemployment ranged from a high of 4.8 percent and a low of 3.7 percent in 2012. The city ended the year with an annual average unemployment rate of 4.1 percent. Although the current rate is still slightly higher than historical rates for the Sioux Falls MSA, it is lower than the 8.1 percent national unemployment rate for 2012 and the state unemployment rate of 4.4 percent. Consumer and business spending pointed to a solid economy as evidenced by a 5.6 percent increase in sales and use tax collections excluding audits, netting the City 6.2 percent in additional sales tax revenue.

Assisting the city's economic position, the State of South Dakota was named the #1 best state tax system by the Small Business & Entrepreneurship Council, signifying the state's business friendly environment. South Dakota also ranked 7th overall in CNBC's Special Report "America's Top States for Business 2012", this was based on the cost of doing business, workforce, quality of life, economy, education, and infrastructure & transportation to name a few.

Sioux Falls placed number 9 out of over 300 cities in the 2012 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.

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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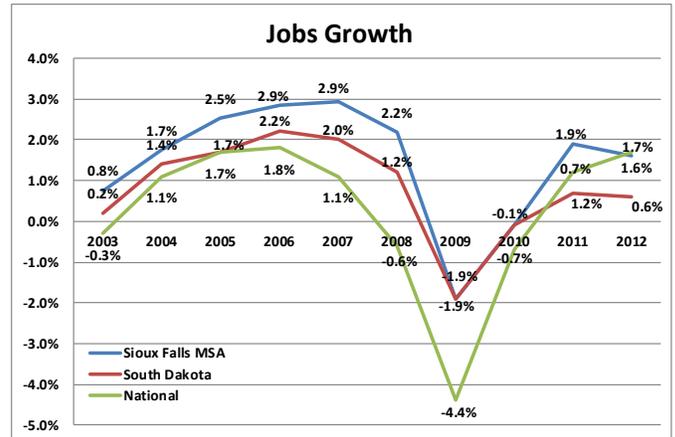
Population

The city's population increased by 1.6 percent in 2012 as the estimated population grew from 156,300 in 2011 to 158,800 in 2012. With a 2012 statewide population of 833,354, the city now accounts for 19.1 percent of the state's population. The population of the Sioux Falls MSA is 236,170.

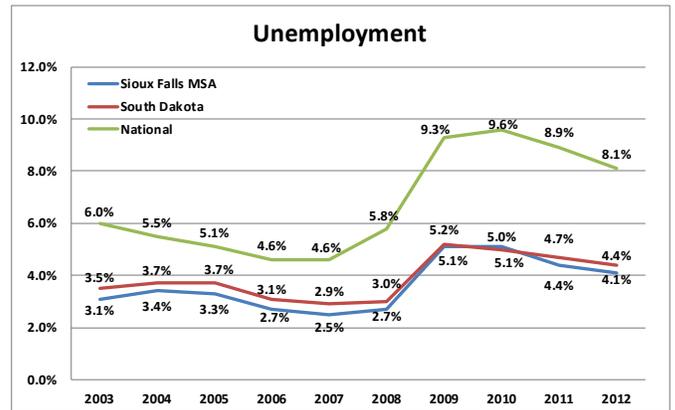
City projections indicate continuing population growth through 2040. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

Employment

In 2012, the jobs as measured by the annual average of nonfarm wage and salaried workers statistics in the Sioux Falls MSA, increased by 3,700. As a regional hub for health care and retail trade, the Sioux Falls MSA saw an increase of 1,200 jobs in education and health services. Other industries experiencing significant job growth included financial activities and professional & business services adding 600 jobs each, manufacturing adding 500 jobs and retail trade added addition 400 jobs. Information, with a reduction of 200 jobs, was the only industry to decrease jobs in 2012. 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.

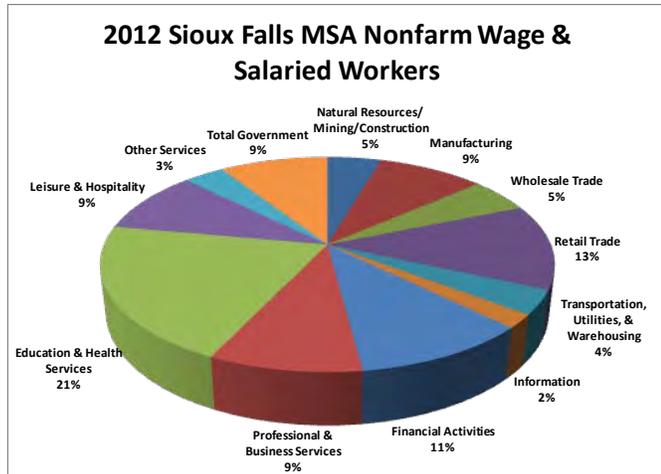


The resident labor force of the Sioux Falls MSA increased by 648 or 0.5 percent from 130,245 in 2011 to 130,893 in 2012. The Sioux Falls MSA annual average unemployment rate decreased from 4.4 percent in 2011 to 4.1 percent in 2012. The City's and State's unemployment rate compare very favorably to the 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.



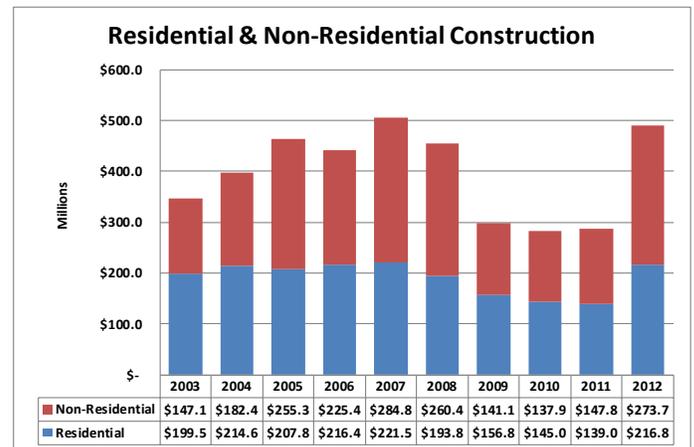
Development continues in all quadrants of the City, industrial to the north, retail and residential to the east and south, and residential to the west. Some of the most promising growth is seen on the eastside as the expansion of the sanitary sewer system opened up several thousand acres for new development. When accompanied by the construction of South Dakota Highway 100 which is in progress, the east side has tremendous growth potential.

In addition to development around the edges, the city continues to see improvements to properties along main interior corridors such as Minnesota Avenue and 10th/12th Street through the center of the city and in the downtown core.

After three years with below average building permit valuations, the city recorded the second highest permit valuations in city history. Construction value, measured by permits issued, equaled \$490.5 million in 2012, which is a \$203.6 million increase in value over permits issued in 2011. 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 \$39,518 in 2011, the most recent year available. From 2001 to 2011, pay rose by 37.8 percent or by an average annual growth rate of 3.3 percent. Both income and pay outpaced the average annual growth of the national rate of inflation.

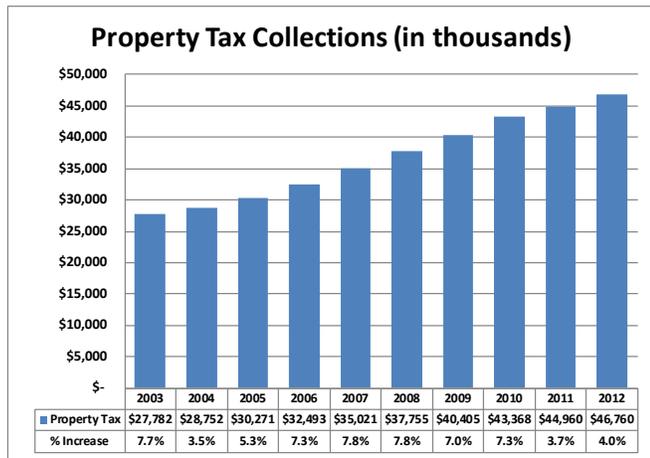


Construction Activity

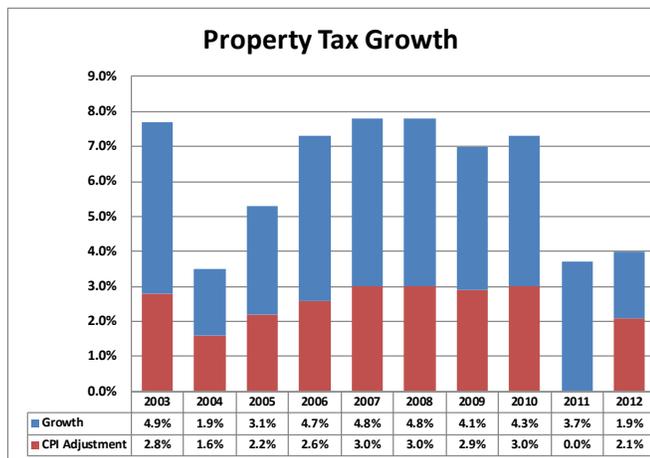
During 2012, the city approved 236 subdivision plats totaling 969 lots and 1,060 acres. Fifty-six percent of the city's total construction value was related to nonresidential development. The largest single project permitted in Sioux Falls during the past year was the foundation/steel/enclosure portion of the Denny Sanford PREMIER Center with a construction value of \$66.1 million. The Sioux Falls School District permitted a new middle school with \$19.3 million in construction value. The Sanford Pentagon, Harrisburg middle school, and two new apartment complexes all had construction values over \$10.0 million.

The city grew in area, adding .07 square miles within its borders to equal 73.96 square miles. The city has added 7 new and annexed lane miles of roads, 7 miles of storm sewer, 10 miles of sanitary sewer, and 19 miles of water mains to its infrastructure. Infrastructure improvements (excluding construction-in-progress) and capital contributions added \$95.3 million to the City's capital assets in 2012.

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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.



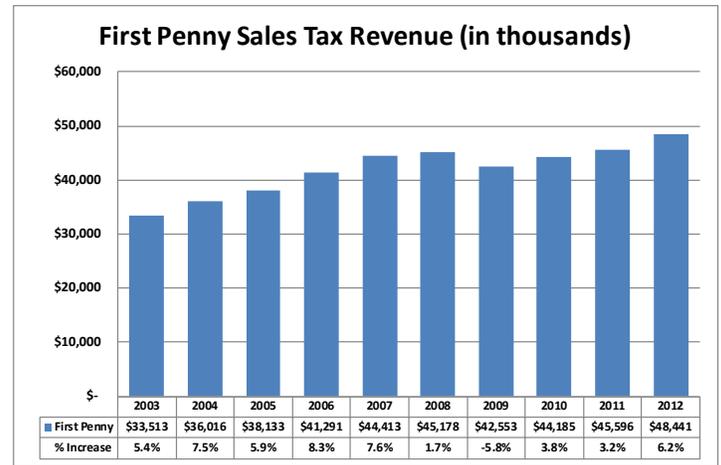
Gross and Taxable Sales

Gross sales were \$13.4 billion in 2012, up by 8.0 percent over the prior year. Taxable sales were \$4.9 billion in 2012, an increase of 6.3 percent. These sales figures for Sioux Falls comprised 19.9 percent of gross sales and 23.4 percent of taxable sales statewide.

The increase in taxable sales translated into the City realizing an increase in sales and use tax receipts of 6.2 percent. If audit payments received from the State are removed the City's actual sales tax collections increased 5.6 percent.

Given recent economic uncertainties in consumer spending and the fact that the sales and use tax is 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:

- Making government more efficient, accountable, and service friendly.
- Leveraging technology to lower the cost of government.
- Repairing and maintaining existing infrastructure.

In addition to the ongoing infrastructure improvements previously identified, the major capital projects completed in 2012 were:

- Sioux River South Sanitary Sewer Improvements.
- Municipal Solid Waste Landfill Expansion of Cell 3.
- Improvements to Marion Road, 8th Street, 14th Street, Cliff Avenue, and Louise Avenue.
- Great Plains Zoo Entrance and Exhibit Improvements.
- River Greenway Improvements in downtown Sioux Falls (phase 2).

Major projects in progress in 2012:

- Construction of the Denny Sanford PREMIER Center.
- Construction of the Mary Jo Wegner Arboretum (phase 2).
- Construction of Prairie West branch library.
- Flood Control levee improvements.
- Construction of Western Avenue from Timber Oak Trail to 95th Street.

Letter of Transmittal

Major projects in design in 2012:

- Reconstruction of 6th Street from Phillips Avenue to the Big Sioux River.
- Reconstruction of 10th Street and Sycamore Avenue Intersection Improvements

The City invested \$97.5 million (\$105.6 million with equipment) in capital improvement projects in 2012, 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 \$168.4 million, ending the year with net capital assets of \$1.4 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)

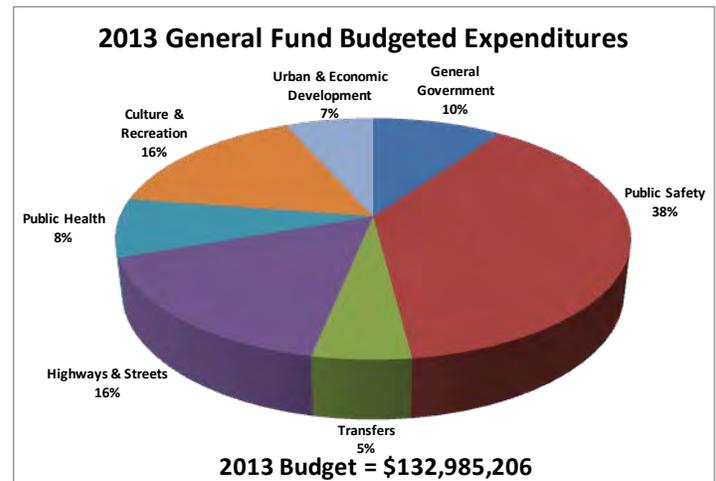
The City Council has established the following financial and budgetary policies in regard to the City’s primary operating account, the General Fund:

- 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 unreserved 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 2013.



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Sales and Use Tax Fund (2nd Penny)

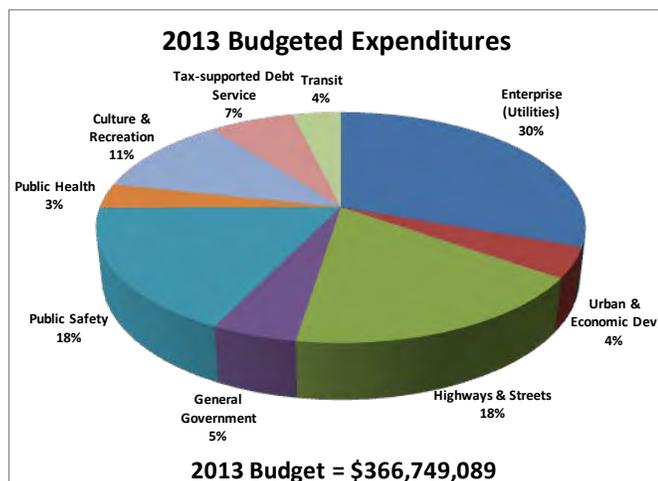
The Sales and Use Tax Fund is funded by the second penny sales and use tax and is the City's primary capital account excluding public utilities. The City Council has adopted a formal policy for the second penny sales and use tax, the primary source for capital funding and the pledged source of bond financing. The policy goal is to maintain a fiscally disciplined approach to debt management and protect the City's credit quality by strategically approaching the issuance of new debt by balancing the need to consume current resources with the need for future flexibility; and by striving to maintain a debt ratio of 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 2.71 times the pledged debt service of the second penny and 3.48 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.



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, 2011. This was the thirty-second consecutive year that the City of Sioux Falls has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

Acknowledgments

The preparation of audited statements in a timely manner after year-end was accomplished by the dedicated services of the entire staff of the Finance department. The 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

Certificate of Achievement

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell
President

Jeffrey R. Emer
Executive Director

City Elected Officials and City Appointive Officers

City Elected Officials

Mayor Mike Huether	2010-2014
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
Sue Aguilar—Southeast District	2010-2014
James Entenman—At Large	2010-2014
Rex Roling—At Large	2010-2014
Michelle Erpenbach—Central District	2010-2014

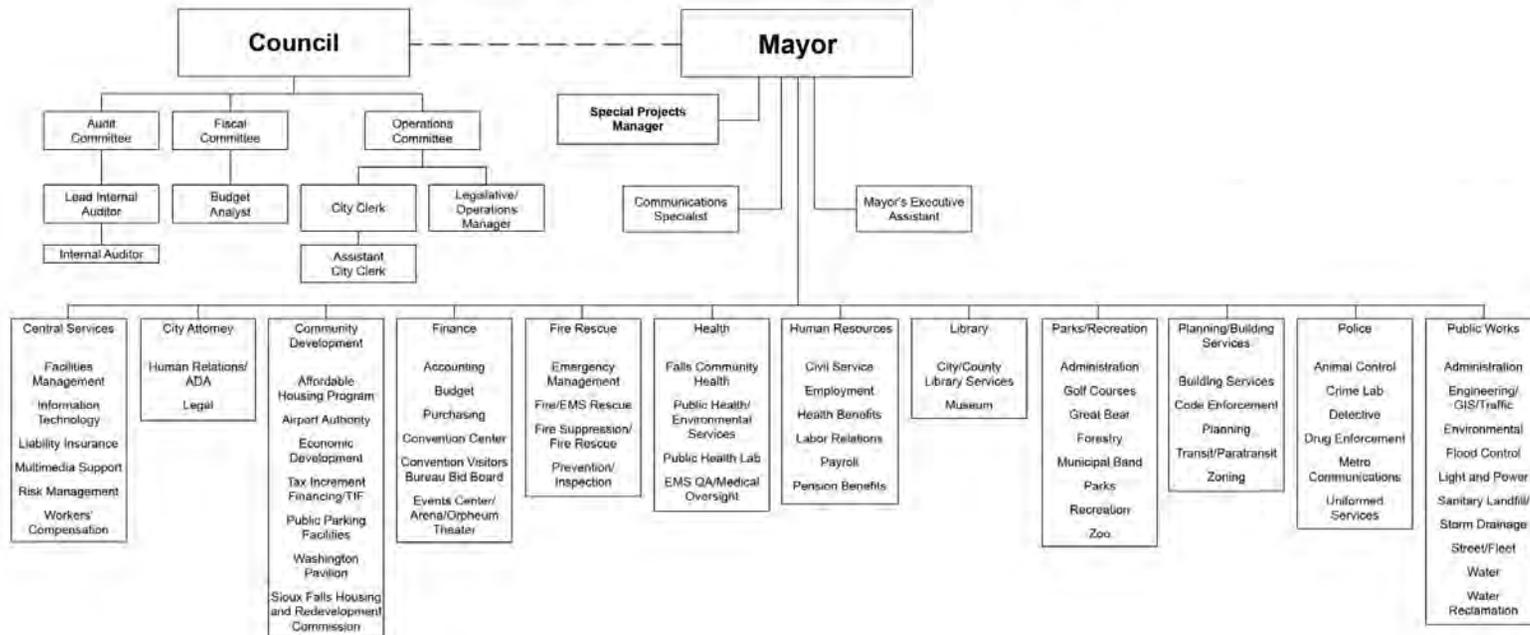
City Appointive Officials

As of March 1, 2013

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	Danette Schumacher
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





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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 68 percent, 62 percent, and 77 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 previously 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, 2012, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension trusts funding progress and contributions, 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 schedules, 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 schedules 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 schedules 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 section and statistical section 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 March 21, 2013 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 Sallee LLP

Sioux Falls, South Dakota
March 21, 2013

Management's Discussion and Analysis

This discussion and analysis presents an overview of the financial activities and financial position for the City of Sioux Falls (the "City") for the year ended December 31, 2012. 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 \$1.3 billion (net position). Of this amount, \$118.1 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Fund Financial Statements

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$218.0 million, an increase of \$103.5 million in comparison with the prior year. Of this balance, \$40.9 million constitutes unassigned fund balance, \$4.7 million assigned, \$14.6 million committed, \$154.8 million restricted and \$2.9 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$381.4 million, an increase of \$20.2 million. The funds ended with a total cash balance of \$58.5 million, an increase of \$10.0 million. Net cash flows from operations were \$38.7 million.
- At the end of the current fiscal year, the assigned fund balance was \$3.8 million and the unassigned fund balance was \$41.4 million for the General Fund, an increase of \$1.8 million. Combined, these balances represent 35.6 percent of the final 2012 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

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 15 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 9 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 systems 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 103-108 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 77-82 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 \$1.3 billion at the close of the fiscal year ending December 31, 2012.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and Other Assets	\$ 172,301,984	\$ 279,907,598	\$ 61,170,992	\$ 70,990,763	\$ 233,472,976	\$ 350,898,361
Capital Assets	816,724,044	871,349,840	483,412,856	501,814,360	1,300,136,900	1,373,164,200
Total Assets	<u>989,026,028</u>	<u>1,151,257,438</u>	<u>544,583,848</u>	<u>572,805,123</u>	<u>1,533,609,876</u>	<u>1,724,062,561</u>
Long-term Liabilities Outstanding	119,407,041	233,612,543	178,383,087	188,178,009	297,790,128	421,790,552
Other Liabilities	27,198,057	30,526,133	5,000,413	3,257,082	32,198,470	33,783,215
Total Liabilities	<u>146,605,098</u>	<u>264,138,676</u>	<u>183,383,500</u>	<u>191,435,091</u>	<u>329,988,598</u>	<u>455,573,767</u>
Net Position:						
Net Investment in Capital Assets	733,682,722	678,849,535	306,222,298	313,422,448	1,039,905,020	992,271,983
Restricted	50,184,507	146,088,172	10,194,319	12,013,161	60,378,826	158,101,333
Unrestricted	<u>58,553,701</u>	<u>62,181,055</u>	<u>44,783,731</u>	<u>55,934,423</u>	<u>103,337,432</u>	<u>118,115,478</u>
Total Net Position	<u>\$ 842,420,930</u>	<u>\$ 887,118,762</u>	<u>\$ 361,200,348</u>	<u>\$ 381,370,032</u>	<u>\$ 1,203,621,278</u>	<u>\$ 1,268,488,794</u>

By far the largest portion of the City's net position, 78.2 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 12.5 percent of total net position. These assets are subject to external restrictions on how they may be used.

The remaining balance of \$118.1 million, 9.3 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 57.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$66.9 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	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 12,824,309	\$ 14,140,168	\$ 64,540,487	\$ 74,111,194	\$ 77,364,796	\$ 88,251,362
Operating Grants and Contributions	12,622,108	12,549,063	3,139,429	96,678	15,761,537	12,645,741
Capital Grants and Contributions	14,614,690	27,734,005	129,364	5,616,165	14,744,054	33,350,170
General Revenues:						
Property Taxes	44,960,402	46,760,366	-	-	44,960,402	46,760,366
Sales Taxes	100,083,396	104,885,378	-	-	100,083,396	104,885,378
Other Taxes	9,950,365	10,417,360	-	-	9,950,365	10,417,360
Other	1,713,211	2,864,726	1,332,276	2,234,617	3,045,487	5,099,343
Grants and Contributions not Restricted to Specific Programs	8,406,127	5,687,154	-	-	8,406,127	5,687,154
Total Revenues	<u>205,174,608</u>	<u>225,038,220</u>	<u>69,141,556</u>	<u>82,058,654</u>	<u>274,316,164</u>	<u>307,096,874</u>
Expenses:						
General Government	18,925,343	23,646,857	-	-	18,925,343	23,646,857
Public Safety	50,701,838	52,323,408	-	-	50,701,838	52,323,408
Highways & Streets	36,280,119	43,039,557	-	-	36,280,119	43,039,557
Public Health	9,557,232	9,564,179	-	-	9,557,232	9,564,179
Culture & Recreation	30,863,655	34,128,749	-	-	30,863,655	34,128,749
Urban & Economic Development	11,614,571	11,816,367	-	-	11,614,571	11,816,367
Interest on Long-term Debt	3,991,584	5,349,209	-	-	3,991,584	5,349,209
Electric Light	-	-	7,488,338	7,671,179	7,488,338	7,671,179
Public Parking	-	-	2,058,951	2,368,883	2,058,951	2,368,883
Sanitary Landfill	-	-	10,846,466	9,271,369	10,846,466	9,271,369
Water	-	-	21,878,919	24,445,511	21,878,919	24,445,511
Water Reclamation	-	-	18,184,423	18,604,090	18,184,423	18,604,090
Total Expenses	<u>161,934,342</u>	<u>179,868,326</u>	<u>60,457,097</u>	<u>62,361,032</u>	<u>222,391,439</u>	<u>242,229,358</u>
Excess before Transfers	43,240,266	45,169,894	8,684,459	19,697,622	51,924,725	64,867,516
Transfers	(3,000,362)	(472,062)	3,000,362	472,062	-	-
Change in Net Position	40,239,904	44,697,832	11,684,821	20,169,684	51,924,725	64,867,516
Net Position - Beginning	802,181,026	842,420,930	349,515,527	361,200,348	1,151,696,553	1,203,621,278
Net Position - Ending	<u>\$ 842,420,930</u>	<u>\$ 887,118,762</u>	<u>\$ 361,200,348</u>	<u>\$ 381,370,032</u>	<u>\$ 1,203,621,278</u>	<u>\$ 1,268,488,794</u>

Governmental activities. Governmental activities increased the City's net position by \$44.7 million, thereby accounting for 68.9 percent of the total growth in the net position of the City of Sioux Falls.

Revenues increased \$19.9 million or 9.7 percent, developer contributions of infrastructure within the capital grants and contributions and sales tax collections made up

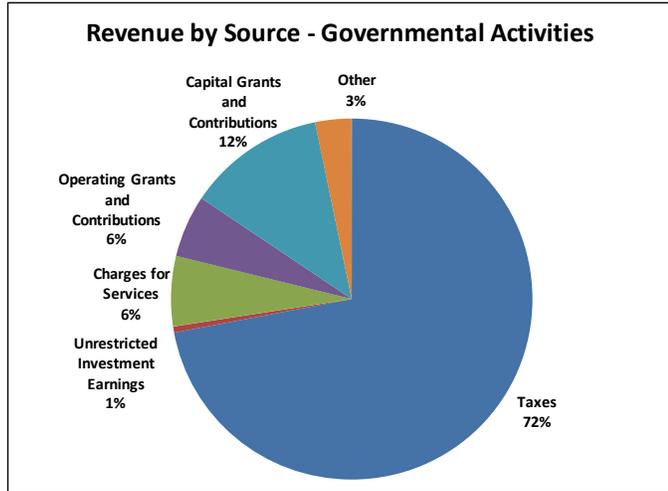
a majority of this increase. Expenses increased \$17.9 million or 11.1 percent in comparison to the previous year.

Business-type activities. Business-type activities increased the City's net position by \$20.2 million, accounting for 31.1 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.

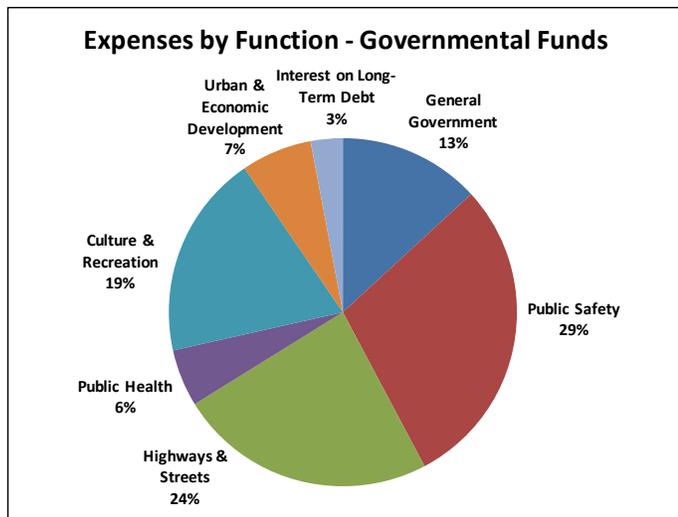
Management's Discussion and Analysis

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

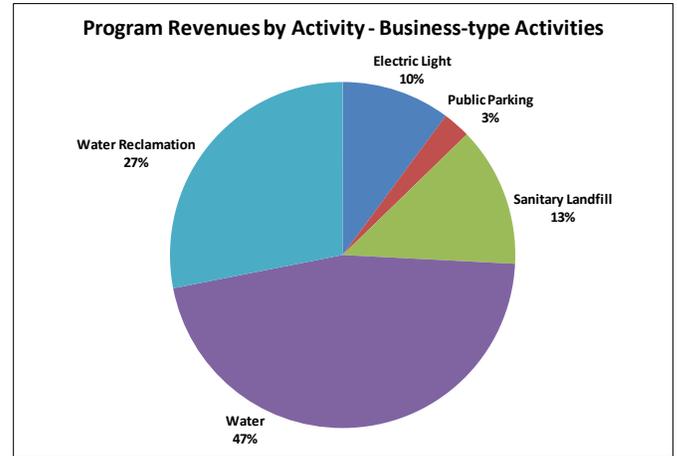
Taxes account for 72 percent of the total governmental revenues. Of this, sales tax comprises 65 percent of the total taxes collected, followed by property taxes at 29 percent.



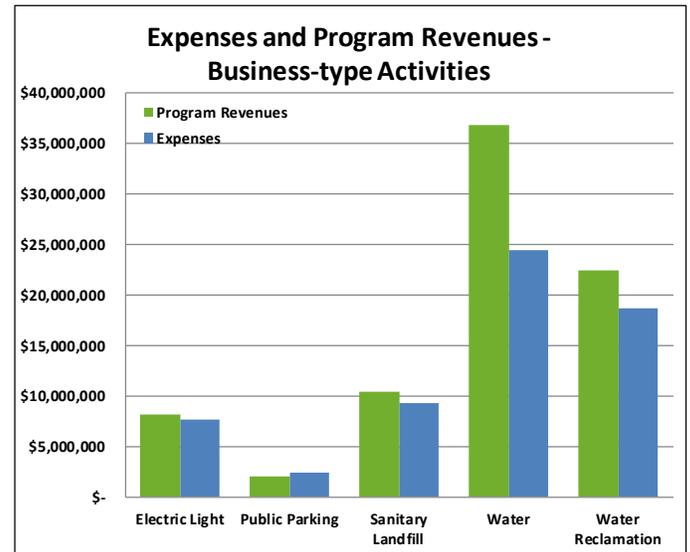
Public Safety and Highways & Streets comprise over half of the total governmental expenses.



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 \$218.0 million, an increase of \$103.4 million, of which \$101.7 million was unspent proceeds of the bonds issued for the construction of the events center.

Approximately 18.8 percent, or \$40.9 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$4.7 million, 2.1 percent), committed (\$14.6 million, 6.7 percent), restricted (\$154.8 million, 71.0 percent) or nonspendable (\$2.9 million, 1.3 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 \$3.8 million and the unassigned fund balance was \$41.4 million. Combined these balances represent an increase of \$1.8 million, representing 35.6 percent of the final 2012 General Fund expenditure budget of \$127.1 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 increased by \$6.4 million. Major contributing factors to this increase were: (1) an increase in sales tax revenue of \$2.8 million or 6.2 percent; and (2) an increase in property tax revenue of \$1.6 million or 3.8 percent. This increase in property tax was comprised of the statutorily provided 2.1 percent inflationary adjustment and a 1.9 percent increase for new growth.

Operating expenditures experienced moderate growth, increasing by \$6.0 million, or 5.4 percent, in 2012. Changes within the various service areas are shown below.

	General Fund Operating Expenditure Changes			
	Operating Expenditures			
	2011	2012	Increase(Decrease)	
General Government	\$ 10,625,308	\$ 11,177,218	\$ 551,910	5.2%
Public Safety	48,072,844	49,510,099	1,437,255	3.0%
Highways & Streets	17,863,737	20,048,914	2,185,177	12.2%
Public Health	8,970,053	9,244,495	274,442	3.1%
Culture & Recreation	19,600,500	20,209,137	608,637	3.1%
Urban & Econ Development	6,861,344	7,838,955	977,611	14.2%

In addition to normal inflationary increases, the increase in Highways & Streets expenditures can be attributed to additional fleet expenses and technology initiatives. The increase in Urban and Economic Development can be attributed to the expansion of the Economic Development

department and expenses related to the hotel business improvement district.

The **Entertainment Tax Fund** recognized a small decrease in fund balance as a 7.3 percent year-over-year increase in entertainment tax revenues were offset by increases in capital spending. The Fund, which is used to operate and maintain the City's convention and entertainment facilities, has an available (committed for other purposes) fund balance of \$1.9 million.

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

The Fund experienced a positive \$8.8 million change in fund balance, ending with a balance of \$38.2 million. Of this balance, \$25.0 million is restricted, \$5.0 million is committed for debt service and \$7.8 million is committed for current and future capital projects.

The **Community Development Fund** experienced a small increase in fund balance of \$0.4 million during 2012 as federal and local funding was programmed for expenditure based upon project availability.

The **Storm Drainage Fund** also recognized a moderate increase in fund balance of \$1.2 million during 2012.

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 \$101.7 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.

	Proprietary Funds - Net Position		
	Unrestricted Net Position		
	2011	2012	Increase (Decrease)
Electric Light	\$ 20,227,560	\$ 20,703,921	\$ 476,361
Public Parking Facilities	13,652,441	13,387,596	(264,845)
Sanitary Landfill	21,301,861	22,846,660	1,544,799
Water	186,747,050	200,411,409	13,664,359
Water Reclamation	116,872,977	121,136,332	4,263,355

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 \$58.5 million, an increase of \$9.9 million, with net cash flows from operations of \$38.7 million.

Management's Discussion and Analysis

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

The **Electric Light Fund** generated a slight decrease in net cash flow in 2012, ending the year with a cash balance of \$2.7 million and an unrestricted net position of \$3.1 million.

The Electric Light Fund completed a comprehensive rate study in 2012, 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, 2013.

The **Public Parking Fund** generated \$.6 million in cash flow from operating activities ending the year with a cash balance of \$3.8 million and unrestricted net position of \$3.7 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 capabilities for any significant future ramp expansion in the downtown core.

The **Sanitary Landfill Fund** ended the year with an unrestricted net position of \$6.8 million and a cash balance of \$11.5 million. A substantial portion, \$5.2 million, of the cash balance has been restricted to meet the City's future closure and post-closure obligations.

In 2012, 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, 2013. The City continues to sell methane gas generated by the landfill to a nearby ethanol plant.

The **Water Fund** generated \$22.6 million in cash flow from operating activities. After realizing \$15.4 million in cash outflows from capital and relating financing activities the fund recognized a net positive cash flow of \$7.1 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 2012, 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, 2013.

The **Water Reclamation Fund** recognized an increase of \$1.6 million in cash as \$10.5 million in cash flow from operating and investing activities was offset with \$8.9 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, the City began a series of rate adjustments beginning in 2007, with the latest rate increase effective January 1, 2013.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was \$1.4 million (1.1 percent). The budget adjustments were due to the hotel business improvement district, a cost of living wage adjustments and unanticipated grants.

The final amended budget provided for the use of \$5.2 million of unassigned fund balances. With final revenue \$3.5 million above initial revenue projections and by prudently managing expenditures the City ended the year with an increase of \$1.5 million in fund balance. With departmental budgetary management and below average snow removal costs, the City was able to end the year \$3.3 million (2.6 percent) under the final expenditure budget, while continuing to provide quality services.

Capital Assets and Debt Administration

Capital assets. The investment in capital assets for the governmental and business-type activities as of December 31, 2012, amounted to \$1.4 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

Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	\$ 132,361,374	\$ 133,983,312	\$ 14,879,171	\$ 15,461,796	\$ 147,240,545	\$ 149,445,108
Buildings	91,191,390	92,042,205	27,749,970	27,988,892	118,941,360	120,031,097
Improvements Other Than Buildings	68,222,556	65,475,230	12,828,685	10,670,662	81,051,241	76,145,892
Machinery and Equipment	28,978,956	30,449,963	22,051,047	19,909,098	51,030,003	50,359,061
Infrastructure	481,236,875	515,232,891	325,759,044	350,072,116	806,995,919	865,305,007
Intangibles	4,348,100	4,398,100	75,276,515	75,377,782	79,624,615	79,775,882
Construction in Progress	10,384,793	29,768,139	4,868,424	2,334,014	15,253,217	32,102,153
Total Assets	\$ 816,724,044	\$ 871,349,840	\$ 483,412,856	\$ 501,814,360	\$1,300,136,900	\$ 1,373,164,200

The City's investment in capital assets net of accumulated depreciation, increased by \$73.0 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 \$37.4 million, including the overlay and concrete restoration of several city streets for \$8.7 million.
- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$45.8 million.
- The construction of the flood control system (phase 3) totaling \$13.2 million.
- The construction of the Great Plains Zoo entrance and monkey exhibit totaling \$2.8 million.

- The construction of the household hazardous waste facility and education center totaling \$1.4 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 \$398.9 million. As shown below, outstanding debt increased by \$119.9 million, primarily to fund the construction of the Denny Sanford PREMIER Center. The City made regularly scheduled principal payments of \$23.4 million in 2012.

Outstanding Debt by Type						
	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Bonds	\$ 83,515,000	\$ 197,240,000	\$ 70,000,000	\$ 70,000,000	\$ 153,515,000	\$ 267,240,000
Notes	24,103,168	20,121,899	99,994,604	111,195,956	124,097,772	131,317,855
Installment Obligations	595,557	310,809	723,323	-	1,318,880	310,809
Total	\$ 108,213,725	\$ 217,672,708	\$ 170,717,927	\$ 181,195,956	\$ 278,931,652	\$ 398,868,664

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. The one refunding issue within the Entertainment Tax Fund is backed by both the entertainment tax and second penny sales tax. Both funds participate in the repayment of the debt issued for the construction of the Sioux Falls Convention Center and the Washington Pavilion of Arts and Science.

Management's Discussion and Analysis

	Outstanding Debt by Pledge and Repayment			
	Pledged		Repayment	
	2011	2012	2011	2012
Governmental Activities				
General Fund	\$ 403,566	\$ 310,809	\$ 403,566	\$ 310,809
Sales and Use Tax Fund	150,013,841	270,380,803	94,765,346	212,539,771
Sales and Use/Entertainment Tax Fund	8,815,000	5,465,000	8,815,000	5,465,000
Storm Drainage Fund	17,460,662	14,518,662	2,709,157	2,359,694
Nonmajor Governmental Funds	2,265,000	2,245,000	2,265,000	2,245,000
Total Governmental Activities	<u>178,958,069</u>	<u>292,920,274</u>	<u>108,958,069</u>	<u>222,920,274</u>
Business-type Activities				
Landfill Fund	3,386,285	2,157,718	3,386,285	2,157,718
Water Fund	29,356,337	27,706,856	99,356,337	97,706,856
Water Reclamation Fund	67,975,303	81,331,382	67,975,303	81,331,382
Fleet	191,990	-	191,990	-
Total Business-type Activities	<u>100,909,915</u>	<u>111,195,956</u>	<u>170,909,915</u>	<u>181,195,956</u>
Total	<u>\$ 279,867,984</u>	<u>\$ 404,116,230</u>	<u>\$ 279,867,984</u>	<u>\$ 404,116,230</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 \$562.8 million, which is \$158.7 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: While continuing to maintain a strong financial position, the City's 2013 budget focuses on meeting the growing demands for service, enhancing the quality of life, investing in people, and leveraging technology.

The local economy experienced solid economic growth in 2012 as the key economic indicators of taxable sales, construction permits, job growth, and unemployment all showed positive momentum. The City continues to prioritize the needs of a growing city while carefully managing the taxpayer's money. While optimistic that the city will continue to experience sustained economic growth, the City maintains a prudent budgetary approach.

Sales tax revenues have been growing at a very stable rate for two years. Accordingly the City used a growth assumption of 5 percent for the first penny sales and use tax, the primary revenue source for the Fund, was used in preparing the 2013 General Fund budget. The City's second

largest source of tax revenue, property tax, reflects a 1.9 percent adjustment for new growth. Although 2012 was a near-record year for building permit values, because of the length of the assessment process, it can take two to three years for new taxable property to result in new tax revenue for the city. For this reason, the growth potential from new property coming onto the tax rolls is expected to be somewhat subdued in the near-term, but provide a solid base for future budgets.

The combined assigned and unassigned fund balance at year-end represents 34.0 percent of the 2013 expenditure budget. The 2013 budget provides for the use of a small portion, \$3.8 million, of this balance.

The City has adopted a target for the combined assigned and unassigned fund balance within the General Fund of 25 percent. While expecting the balance to exceed 30 percent at year-end; the City prudently plans and forecasts for future growth and opportunities.

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, 2013, focuses on replacing and rebuilding current infrastructure and meeting future growth needs, as well as investing in priority quality of life projects.

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

Management's Discussion and Analysis

both the ongoing costs of operation plus necessary capital expansions. The rate models are reviewed annually to ensure adequate cash flow to meet current expenditures, maintain the existing infrastructure, and to build reserves to meet unanticipated capital outlays or shortfalls in operating revenues.

Summary: A solid and improving economy 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 positions 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 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 5.6 percent excluding audits in 2012. In

addition, near-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, 2012**

Statement of Net Position

	Primary Government			Component Units	
	Governmental	Business-type	Total	Housing &	Metro
	Activities	Activities		Redevelopment	Communications
				Commission	Agency
Assets					
Cash and Cash Equivalents	\$ 244,307,197	\$ 58,455,794	\$ 302,762,991	\$ 3,103,676	\$ 1,463,831
Investments	-	12,615	12,615	-	-
Receivables, net	24,480,800	7,163,073	31,643,873	64,393	1,386
Prepaid Items	-	-	-	75,608	86,922
Internal Balances	(2,881,534)	2,881,534	-	-	-
Due From Other Governments	9,943,500	43,822	9,987,322	218,526	403,714
Inventory of Supplies and Stores	2,916,276	2,433,925	5,350,201	637,490	-
Deposits	1,141,359	-	1,141,359	-	-
Capital Assets:					
Land	133,983,312	15,461,796	149,445,108	828,879	-
Buildings, net	92,042,205	27,988,892	120,031,097	1,754,826	-
Improvements Other Than Buildings, net	65,475,230	10,670,662	76,145,892	53,509	-
Machinery and Equipment, net	30,449,963	19,909,098	50,359,061	14,898	1,320,274
Infrastructure, net	515,232,891	350,072,116	865,305,007	-	-
Intangibles, net	4,398,100	75,377,782	79,775,882	-	-
Construction in Progress	29,768,139	2,334,014	32,102,153	91,281	-
Total Assets	1,151,257,438	572,805,123	1,724,062,561	6,843,086	3,276,127
Liabilities					
Accounts Payable and Other Current Liabilities	9,242,341	1,488,923	10,731,264	842,885	93,708
Interest Payable	-	1,291,216	1,291,216	1,139	-
Prepaid Revenue	-	70,539	70,539	-	-
Deposits	25,325	406,404	431,729	13,917	-
Unearned Revenue	21,258,467	-	21,258,467	4,412	-
Long-term Liabilities:					
Due Within One Year	17,825,586	11,003,188	28,828,774	73,575	97,075
Due In More Than One Year	215,786,957	177,174,821	392,961,778	1,183,834	160,183
Total Liabilities	264,138,676	191,435,091	455,573,767	2,119,762	350,966
Net Position					
Net Investment in Capital Assets	678,849,535	313,422,448	992,271,983	1,683,903	1,320,274
Restricted for:					
Capital Replacement	-	4,912,458	4,912,458	-	-
Debt Service	28,336,697	7,100,703	35,437,400	-	-
Park and Recreation	1,234,944	-	1,234,944	-	-
Police	313,985	-	313,985	-	-
Library	71,656	-	71,656	-	-
Community Development	2,027,670	-	2,027,670	-	-
Pollution Control	545,593	-	545,593	-	-
Heroic Awards	3,598	-	3,598	-	-
Flood Control	3,600,799	-	3,600,799	-	-
Events Center	1,654,636	-	1,654,636	-	-
Other Capital Projects	101,671,384	-	101,671,384	-	-
Other Purposes	6,627,210	-	6,627,210	1,399,501	1,167
Liability Insurance Pool	-	-	-	-	17,432
Unrestricted	62,181,055	55,934,423	118,115,478	1,639,920	1,586,288
Total Net Position	\$ 887,118,762	\$ 381,370,032	\$ 1,268,488,794	\$ 4,723,324	\$ 2,925,161

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

Statement of Activities

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 23,646,857	\$ 3,003,165	\$ 2,187,960	\$ 7,706
Public Safety:				
Fire Protection	22,623,215	162,888	499,208	18,990
Police Protection	29,700,193	376,664	1,317,085	-
Highways and Streets	43,039,557	366,252	1,080,231	26,355,799
Public Health	9,564,179	4,518,363	2,944,547	-
Culture and Recreation:				
Arena	1,211,388	237,695	-	-
Libraries	6,754,319	202,924	905,557	17,510
Museum	405,904	-	-	-
Parks and Recreation	21,450,372	1,305,586	2,924,997	1,334,000
Pavilion	4,306,766	-	500	-
Urban and Economic Development:				
Convention Center/CVB	3,981,211	18,796	-	-
Community Development	2,053,509	1,042,791	585,322	-
Economic Development	1,121,581	595	-	-
Urban Conservation	-	-	-	-
TIF	76,407	-	-	-
Planning and Building Services	4,583,659	2,904,449	103,656	-
Interest on Long-Term Debt	5,349,209	-	-	-
Total Governmental Activities	179,868,326	14,140,168	12,549,063	27,734,005
Business-type Activities:				
Electric Light	7,671,179	7,485,353	-	633,809
Public Parking	2,368,883	2,059,806	-	-
Sanitary Landfill	9,271,369	9,968,190	52,221	401,224
Water	24,445,511	34,515,284	28,380	2,265,368
Water Reclamation	18,604,090	20,082,561	16,077	2,315,764
Total Business-type Activities	62,361,032	74,111,194	96,678	5,616,165
Total Government	\$ 242,229,358	\$ 88,251,362	\$ 12,645,741	\$ 33,350,170
Component Units:				
Housing & Redevelopment Commission	\$ 13,539,009	\$ 359,633	\$ 12,454,626	\$ -
Metro Communications Agency	3,661,386	50,545	1,302,396	741,161
	\$ 17,200,395	\$ 410,178	\$ 13,757,022	\$ 741,161
		General Revenues:		
		Taxes:		
		Property Tax		
		Sales Tax		
		Frontage Tax		
		Amusement Tax		
		E-911 Surcharges		
		Unrestricted State and County Shared Revenues		
		Unrestricted Investment Earnings		
		Miscellaneous Revenue, Net		
		Transfers		
		Total General Revenues and Transfers		
		Change in Net Position		
		Net Position - Beginning		
		Net Position - Ending		

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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
\$ (18,448,026)	\$ -	\$ (18,448,026)		
(21,942,129)	-	(21,942,129)		
(28,006,444)	-	(28,006,444)		
(15,237,275)	-	(15,237,275)		
(2,101,269)	-	(2,101,269)		
(973,693)	-	(973,693)		
(5,628,328)	-	(5,628,328)		
(405,904)	-	(405,904)		
(15,885,789)	-	(15,885,789)		
(4,306,266)	-	(4,306,266)		
(3,962,415)	-	(3,962,415)		
(425,396)	-	(425,396)		
(1,120,986)	-	(1,120,986)		
-	-	-		
(76,407)	-	(76,407)		
(1,575,554)	-	(1,575,554)		
(5,349,209)	-	(5,349,209)		
<u>(125,445,090)</u>	<u>-</u>	<u>(125,445,090)</u>		
-	447,983	447,983		
-	(309,077)	(309,077)		
-	1,150,266	1,150,266		
-	12,363,521	12,363,521		
-	3,810,312	3,810,312		
-	<u>17,463,005</u>	<u>17,463,005</u>		
<u>(125,445,090)</u>	<u>17,463,005</u>	<u>(107,982,085)</u>		
			\$ (724,750)	\$ -
			<u>-</u>	<u>(1,567,284)</u>
			<u>(724,750)</u>	<u>(1,567,284)</u>
46,760,366	-	46,760,366	-	-
104,885,378	-	104,885,378	-	-
10,404,355	-	10,404,355	-	-
13,005	-	13,005	-	-
-	-	-	-	2,144,412
5,687,154	-	5,687,154	-	-
1,218,828	513,138	1,731,966	7,505	7,732
1,645,898	1,721,479	3,367,377	858,545	(174,061)
(472,062)	472,062	-	-	-
<u>170,142,922</u>	<u>2,706,679</u>	<u>172,849,601</u>	<u>866,050</u>	<u>1,978,083</u>
44,697,832	20,169,684	64,867,516	141,300	410,799
<u>842,420,930</u>	<u>361,200,348</u>	<u>1,203,621,278</u>	<u>4,582,024</u>	<u>2,514,362</u>
<u>\$ 887,118,762</u>	<u>\$ 381,370,032</u>	<u>\$ 1,268,488,794</u>	<u>\$ 4,723,324</u>	<u>\$ 2,925,161</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2012**

Balance Sheet - Governmental Funds

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>
Assets			
Cash and Cash Equivalents	\$ 44,380,633	\$ 5,452,608	\$ 37,472,992
Receivables:			
Taxes-Delinquent	1,045,441	-	-
Accounts (net of allowance for uncollectibles)	1,557,082	-	6,048
Interest and Penalty	40,800	10,773	52,195
Special Assessments	258,926	-	1,546,013
Rehabilitation Loans and Grants	-	-	-
Due from Other Funds	447,728	-	-
Due from Other Governments	1,662,208	92,595	774,805
Inventory of Supplies and Stores	1,891,787	-	-
Notes Receivable	-	-	420,619
Total Assets	<u>\$ 51,284,605</u>	<u>\$ 5,555,976</u>	<u>\$ 40,272,672</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 545,456	\$ 144,545	\$ 672,797
Due to Other Funds	-	-	-
Accrued Wages	1,928,617	-	-
Deposits	25,325	-	-
Deferred Revenue	1,042,756	-	1,443,845
Total Liabilities	<u>3,542,154</u>	<u>144,545</u>	<u>2,116,642</u>
Fund Balances			
Nonspendable	1,891,787	-	420,619
Restricted	660,347	3,558,545	24,946,781
Committed	-	1,852,886	12,788,630
Assigned	3,802,375	-	-
Unassigned	41,387,942	-	-
Total Fund Balances	<u>47,742,451</u>	<u>5,411,431</u>	<u>38,156,030</u>
Total Liabilities and Fund Balances	<u>\$ 51,284,605</u>	<u>\$ 5,555,976</u>	<u>\$ 40,272,672</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2012

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>
\$ 2,102,603	\$ 8,777,435	\$ 103,415,864	\$ 15,245,134	\$ 216,847,269
-	-	-	-	1,045,441
-	71,767	-	38,828	1,673,725
1,209	7,312	506,165	6,297	624,751
-	-	-	-	1,804,939
18,118,500	-	-	-	18,118,500
-	-	-	-	447,728
-	-	-	93,103	2,622,711
5,000	-	-	232,363	2,129,150
530,911	-	-	-	951,530
<u>\$ 20,758,223</u>	<u>\$ 8,856,514</u>	<u>\$ 103,922,029</u>	<u>\$ 15,615,725</u>	<u>\$ 246,265,744</u>
\$ 156,650	\$ 52,072	\$ 2,250,645	\$ 1,164,175	\$ 4,986,340
-	-	-	445,148	445,148
13,267	26,222	-	98,624	2,066,730
-	-	-	-	25,325
18,300,632	-	-	-	20,787,233
<u>18,470,549</u>	<u>78,294</u>	<u>2,250,645</u>	<u>1,707,947</u>	<u>28,310,776</u>
353,779	-	-	259,127	2,925,312
2,027,670	8,778,220	101,671,384	13,126,833	154,769,780
-	-	-	-	14,641,516
-	-	-	877,595	4,679,970
(93,775)	-	-	(355,777)	40,938,390
<u>2,287,674</u>	<u>8,778,220</u>	<u>101,671,384</u>	<u>13,907,778</u>	<u>217,954,968</u>
<u>\$ 20,758,223</u>	<u>\$ 8,856,514</u>	<u>\$ 103,922,029</u>	<u>\$ 15,615,725</u>	<u>\$ 246,265,744</u>

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

Total Fund Balances for Governmental Funds		\$ 217,954,968
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	\$ 1,314,839,109	
Accumulated Depreciation	<u>(453,740,146)</u>	861,098,963
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(471,234)
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	37,573,126	
Business-Type Activities	<u>(2,884,114)</u>	34,689,012
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment Obligations	(310,808)	
Notes Payable-Revenue	(20,121,899)	
Unamortized Bond Premium	(5,247,566)	
Rebatable arbitrage	(56,878)	
Bonds Payable-Revenue	(197,240,000)	
Accrued Compensated Absences	<u>(10,468,548)</u>	(233,445,699)
Long-term receivables are not due and receivable in the current period and therefore are not reported in the funds.		
		<u>7,292,752</u>
Net Position of Governmental Activities		<u><u>\$ 887,118,762</u></u>

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**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

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

	<u>General</u>	<u>Entertainment Tax</u>	<u>Sales and Use Tax</u>
Revenues			
Taxes:			
Property	\$ 46,479,615	\$ -	\$ -
Sales	48,440,527	5,747,678	48,424,657
Frontage	4,614,095	-	-
Lodging (includes BID)	2,235,197	-	-
Amusement	13,005	-	-
Penalties and Interest	136,477	-	-
Special Assessments	72,228	-	1,549,041
Licenses and Permits	4,641,986	-	86,570
Intergovernmental	10,880,892	-	1,489,542
Charges for Goods and Services	6,191,797	18,796	-
Fines and Forfeitures	713,903	-	-
Investment Revenue	240,101	(57,669)	358,522
Rentals/Operating Leases	210,906	-	-
Contributions	126,848	500	2,799,140
Miscellaneous Revenue	212,862	-	14,875
Total Revenues	<u>125,210,439</u>	<u>5,709,305</u>	<u>54,722,347</u>
Expenditures			
Current:			
General Government	11,177,218	-	2,699,822
Public Safety	49,510,099	-	-
Highways and Streets	20,048,914	-	30,018
Public Health	9,244,495	-	-
Culture and Recreation	20,209,137	1,683,480	-
Urban and Economic Development	7,838,955	915,489	-
Debt Service:	-		
Principal	-	2,100,000	10,024,566
Interest and Fiscal Charges	-	234,038	5,298,451
Capital Outlay			
General Government	-	-	3,183,723
Public Safety	-	-	1,754,418
Highways and Streets	-	-	27,284,181
Public Health	-	-	17,894
Culture and Recreation	-	686,089	9,110,210
Urban and Economic Development	-	380,343	97,194
Total Expenditures	<u>118,028,818</u>	<u>5,999,439</u>	<u>59,500,477</u>
Revenues Over (Under) Expenditures	<u>7,181,621</u>	<u>(290,134)</u>	<u>(4,778,130)</u>
Other Financing Sources (Uses)			
Sale of Surplus Property	37,760	2,125	1,128,813
Damage Recovery	30,758	-	10,967
Revenue Bond Issuance	-	-	7,645,000
Revenue Bond Premium	-	-	4,617,175
Transfers In	-	-	127,938
Transfers Out	(5,701,509)	-	-
Total Other Financing Sources (Uses)	<u>(5,632,991)</u>	<u>2,125</u>	<u>13,529,893</u>
Net Change in Fund Balances	1,548,630	(288,009)	8,751,763
Fund Balances, January 1	<u>46,193,821</u>	<u>5,699,440</u>	<u>29,404,267</u>
Fund Balances, December 31	<u>\$ 47,742,451</u>	<u>\$ 5,411,431</u>	<u>\$ 38,156,030</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

Community Development	Storm Drainage	Events Center Construction	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 280,751	\$ 46,760,366
-	-	-	-	102,612,862
-	5,790,260	-	-	10,404,355
-	-	-	-	2,235,197
-	-	-	-	13,005
-	-	-	-	136,477
-	695,097	-	-	2,316,366
-	-	-	-	4,728,556
560,649	-	-	2,189,394	15,120,477
-	-	-	934,130	7,144,723
-	-	-	120	714,023
198,562	25,528	279,754	25,346	1,070,144
1,042,791	2,250	-	296,919	1,552,866
24,673	162,184	-	10,101	3,123,446
(322)	-	-	11,049	238,464
<u>1,826,353</u>	<u>6,675,319</u>	<u>279,754</u>	<u>3,747,810</u>	<u>198,171,327</u>
-	-	-	7,735,666	21,612,706
-	-	-	-	49,510,099
-	2,364,440	-	236,633	22,680,005
-	-	-	-	9,244,495
-	-	-	48,145	21,940,762
2,017,957	-	-	76,407	10,848,808
-	349,462	-	20,000	12,494,028
-	52,140	-	66,540	5,651,169
-	-	-	7,790	3,191,513
-	-	-	-	1,754,418
-	2,673,670	-	4,215,581	34,173,432
-	-	-	-	17,894
-	-	13,108,370	5,692,519	28,597,188
-	-	-	-	477,537
<u>2,017,957</u>	<u>5,439,712</u>	<u>13,108,370</u>	<u>18,099,281</u>	<u>222,194,054</u>
<u>(191,604)</u>	<u>1,235,607</u>	<u>(12,828,616)</u>	<u>(14,351,471)</u>	<u>(24,022,727)</u>
-	-	-	456	1,169,154
-	-	-	31,272	72,997
-	-	114,500,000	-	122,145,000
-	-	-	-	4,617,175
639,177	-	-	4,362,332	5,129,447
-	-	-	-	(5,701,509)
<u>639,177</u>	<u>-</u>	<u>114,500,000</u>	<u>4,394,060</u>	<u>127,432,264</u>
447,573	1,235,607	101,671,384	(9,957,411)	103,409,537
1,840,101	7,542,613	-	23,865,189	114,545,431
<u>\$ 2,287,674</u>	<u>\$ 8,778,220</u>	<u>\$ 101,671,384</u>	<u>\$ 13,907,778</u>	<u>\$ 217,954,968</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

Net Change in Fund Balances - Total Governmental Funds \$ 103,409,537

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	\$ 68,211,982	
Loss on Capital Assets	442,066	
Less Current Year Depreciation	<u>(39,850,349)</u>	28,803,699

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the
governmental funds.

Developer Contributions of Infrastructure	25,396,841
---	------------

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	12,494,028	
Amortization of Bond Premium	305,943	
Increase in Rebutable Arbitrage	(56,878)	
Revenue Bond Proceeds	(122,145,000)	
Premium received on Revenue Bonds	<u>(4,617,175)</u>	(114,019,082)

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	37,319
------------------------------------	--------

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	(379,561)
----------------------	-----------

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.

1,449,079

Change in Net Position of Governmental Activities	\$ 44,697,832
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**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2012**

Statement of Net Position - Proprietary Funds

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Assets			
Current:			
Cash and Cash Equivalents	\$ 2,718,597	\$ 3,831,223	\$ 11,498,667
Investments	-	-	-
Receivables, net:			
Accounts	483,356	5,627	1,088,784
Interest	2,257	3,180	9,544
Special Assessments	-	-	-
Unbilled	282,101	-	-
Due From Other Funds	-	-	430
Due From Other Governments	-	-	18,312
Inventory of Supplies and Stores	296,603	-	-
Total Current Assets	3,782,914	3,840,030	12,615,737
Noncurrent:			
Deposits	-	-	-
Capital Assets:			
Land	1,366	5,935,445	1,779,970
Buildings	503,583	-	5,560,918
Improvements Other Than Buildings	9,250	14,624,741	20,801,147
Machinery and Equipment	798,669	374,268	2,310,933
Infrastructure	31,692,781	-	3,014,756
Intangibles	-	-	-
Construction in Progress	6,248	16,470	1,396,486
Less: Accumulated Depreciation	(15,394,862)	(11,238,969)	(16,694,701)
Total Noncurrent Assets	17,617,035	9,711,955	18,169,509
Total Assets	21,399,949	13,551,985	30,785,246
Liabilities			
Current:			
Accounts Payable	405,405	22,755	228,100
Accrued Wages	21,293	17,730	38,482
Accrued Compensated Absences	80,000	35,000	155,000
Prepaid Revenue	-	70,539	-
Accrued Interest Payable	-	-	8,708
Incurred But Not Reported Claims	-	-	-
Due To Other Funds	-	-	-
Installment Obligations	-	-	-
Notes Payable-Revenue	-	-	517,585
Deposits	71,049	16,328	11,305
Total Current Liabilities	577,747	162,352	959,180
Noncurrent:			
Accrued Compensated Absences	118,281	2,037	161,658
Closure & Postclosure Care Costs	-	-	5,177,614
Notes Payable-Revenue	-	-	1,640,134
Bonds Payable-Revenue	-	-	-
Total Noncurrent Liabilities	118,281	2,037	6,979,406
Total Liabilities	696,028	164,389	7,938,586
Net Position:			
Net Investment in Capital Assets	17,617,035	9,711,955	16,011,790
Restricted for Liability Insurance Pool	-	-	-
Restricted for Debt Service	-	-	-
Restricted for Capital Replacement	-	-	-
Unrestricted	3,086,886	3,675,641	6,834,870
Total Net Position	\$ 20,703,921	\$ 13,387,596	\$ 22,846,660

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

Net Position of business-type activities

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2012**

Statement of Net Position - Proprietary Funds (cont)

	Enterprise Funds (cont)		Total	Internal Service Funds
	Water	Water Reclamation		
\$ 26,871,082	\$ 13,536,225	\$ 58,455,794	\$ 27,459,928	
12,615	-	12,615	-	
1,010,639	1,206,576	3,794,982	238,807	
61,706	11,234	87,921	23,107	
228,301	-	228,301	-	
1,449,000	1,320,768	3,051,869	-	
15,280	-	15,710	-	
25,510	-	43,822	28,037	
1,809,506	327,816	2,433,925	787,126	
<u>31,483,639</u>	<u>16,402,619</u>	<u>68,124,939</u>	<u>28,537,005</u>	
-	-	-	1,141,359	
6,561,702	1,183,313	15,461,796	-	
26,508,855	6,644,668	39,218,024	113,145	
45,000	349,009	35,829,147	457,604	
26,671,779	13,400,943	43,556,592	28,767,041	
222,199,166	275,891,386	532,798,089	-	
75,377,782	-	75,377,782	-	
122,543	792,267	2,334,014	36,545	
<u>(88,734,631)</u>	<u>(110,697,921)</u>	<u>(242,761,084)</u>	<u>(19,123,458)</u>	
<u>268,752,196</u>	<u>187,563,665</u>	<u>501,814,360</u>	<u>11,392,236</u>	
<u>300,235,835</u>	<u>203,966,284</u>	<u>569,939,299</u>	<u>39,929,241</u>	
313,182	243,101	1,212,543	145,725	
110,706	88,169	276,380	43,546	
315,000	310,000	895,000	90,000	
-	-	70,539	-	
584,230	698,278	1,291,216	-	
-	-	-	2,000,000	
2,580	15,710	18,290	-	
-	-	-	1	
4,616,176	4,774,427	9,908,188	-	
307,722	-	406,404	-	
<u>6,249,596</u>	<u>6,129,685</u>	<u>14,078,560</u>	<u>2,279,272</u>	
484,151	143,311	909,438	76,843	
-	-	5,177,614	-	
23,090,679	76,556,956	101,287,769	-	
70,000,000	-	70,000,000	-	
<u>93,574,830</u>	<u>76,700,267</u>	<u>177,374,821</u>	<u>76,843</u>	
<u>99,824,426</u>	<u>82,829,952</u>	<u>191,453,381</u>	<u>2,356,115</u>	
163,849,386	106,232,282	313,422,448	10,250,876	
-	-	-	1,141,359	
7,100,703	-	7,100,703	-	
-	4,912,458	4,912,458	-	
29,461,320	9,991,592	53,050,309	26,180,891	
<u>\$ 200,411,409</u>	<u>\$ 121,136,332</u>	<u>378,485,918</u>	<u>\$ 37,573,126</u>	
		<u>2,884,114</u>		
		<u>\$ 381,370,032</u>		

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

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

	Enterprise Funds		
	Electric Light	Public Parking	Sanitary Landfill
Operating Revenues:			
Charges for Goods and Services	\$ 7,485,153	\$ 1,694,821	\$ -
Fines and Forfeitures	200	364,985	-
Pledged as Security for Revenue Bonds and Notes:			
Charges for Goods and Services	-	-	9,968,150
Fines and Forfeitures	-	-	40
Total Operating Revenues	7,485,353	2,059,806	9,968,190
Operating Expenses:			
Personnel Services	484,538	794,748	1,853,113
Casualty Loss	-	-	1,884
Insurance	11,400	30,480	14,331
Professional Services	104,193	228,397	961,411
Rent	175,168	13,336	1,908,340
Repairs and Maintenance	281,855	104,453	386,363
Supplies and Materials	24,558	154,290	750,570
Utilities and Bulk Energy	5,285,555	89,931	305,922
Depreciation	1,309,540	513,420	2,820,297
Other Current Expenses	11,055	2,447	24,308
Total Operating Expenses	7,687,862	1,931,502	9,026,539
Operating Income (Loss)	(202,509)	128,304	941,651
Nonoperating Revenues (Expenses):			
Investment Revenue	34,962	10,102	91,836
Gain (Loss) on Capital Assets	18,772	(407,791)	99,266
Rent/Operating Leases	4,443	-	29,455
Cost Recovery	-	-	-
Miscellaneous	(13,116)	4,540	154,361
State Grants	-	-	401,224
Federal Grants	-	-	52,221
Interest Expense and Fiscal Agent Charges	-	-	(73,895)
Total Nonoperating Revenues (Expenses)	45,061	(393,149)	754,468
Income (Loss) Before Contributions and Transfers	(157,448)	(264,845)	1,696,119
Capital Contributions	633,809	-	-
Transfers In	-	-	600,000
Transfers Out	-	-	(751,320)
Change in Net Position	476,361	(264,845)	1,544,799
Total Net Position, January 1	20,227,560	13,652,441	21,301,861
Total Net Position, December 31	\$ 20,703,921	\$ 13,387,596	\$ 22,846,660

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

Change in Net Position of Business-type Activities

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

Enterprise Funds			Internal Service Funds
Water	Water Reclamation	Total	
\$ -	\$ -	\$ 9,179,974	\$ 25,408,815
-	-	365,185	-
34,510,824	20,082,561	64,561,535	-
4,460	-	4,500	-
<u>34,515,284</u>	<u>20,082,561</u>	<u>74,111,194</u>	<u>25,408,815</u>
5,150,712	3,927,437	12,210,548	1,892,558
-	1,452	3,336	15,292,053
75,619	124,336	256,166	1,213,402
1,420,220	570,908	3,285,129	1,317,283
393,868	509,962	3,000,674	119,165
1,261,340	584,050	2,618,061	104,159
2,226,663	812,724	3,968,805	2,496,521
2,593,461	877,026	9,151,895	34,406
7,221,690	9,272,425	21,137,372	1,958,653
318,847	420,042	776,699	140,678
<u>20,662,420</u>	<u>17,100,362</u>	<u>56,408,685</u>	<u>24,568,878</u>
<u>13,852,864</u>	<u>2,982,199</u>	<u>17,702,509</u>	<u>839,937</u>
335,091	41,147	513,138	69,085
10,776	8,629	(270,348)	164,196
191,183	-	225,081	-
27,821	580,283	608,104	-
756,716	(14,205)	888,296	1,087
-	-	401,224	-
28,380	16,077	96,678	-
<u>(3,803,840)</u>	<u>(1,538,601)</u>	<u>(5,416,336)</u>	<u>(3,983)</u>
<u>(2,453,873)</u>	<u>(906,670)</u>	<u>(2,954,163)</u>	<u>230,385</u>
11,398,991	2,075,529	14,748,346	1,070,322
2,265,368	2,315,764	5,214,941	13,092
-	-	600,000	1,451,320
-	(127,938)	(879,258)	(600,000)
<u>13,664,359</u>	<u>4,263,355</u>	<u>19,684,029</u>	<u>1,934,734</u>
<u>186,747,050</u>	<u>116,872,977</u>		<u>35,638,392</u>
<u>\$ 200,411,409</u>	<u>\$ 121,136,332</u>		<u>\$ 37,573,126</u>
		<u>485,654</u>	
		<u>\$ 20,169,683</u>	

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

Statement of Cash Flows - Proprietary Funds

	Enterprise Funds	
	Electric Light	Public Parking
Cash Flows Provided by Operating Activities:		
Receipts from Customers	\$ 5,485,448	\$ 1,560,688
Cash Receipts from Interfund Services Provided	1,927,959	91,791
Payments to Suppliers	(5,831,260)	(605,456)
Payment for Interfund Services Used	(40,846)	(7,188)
Payments to Employees	(468,676)	(787,061)
Claims Paid	-	-
Other Receipts	1,331	365,760
Net Cash Provided by Operating Activities	<u>1,073,956</u>	<u>618,534</u>
Cash Flows Provided (Used) By Noncapital Financing Activities:		
Subsidy from State Grants	-	-
Subsidy from Federal Grants	-	-
Transfers In	-	-
Transfers Out	-	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows Provided (Used) By Capital and Related Financing Activities:		
Sale of Capital Assets	18,772	429
Purchase of Capital Assets	(1,267,117)	(37,414)
Interest Payments	-	-
Proceeds from Revenue Notes	-	-
Principal Payments-Revenue Notes	-	-
-Installment Obligations	-	-
Net Cash Flows (Used) By Capital and Related Financing Activities	<u>(1,248,345)</u>	<u>(36,985)</u>
Cash Flows Provided (Used) By Investing Activities:		
Sale and Maturity of Investments	-	-
Rent Received	4,443	-
Investment Revenue Received	37,535	12,435
Net Cash Flows Provided By Investing Activities	<u>41,978</u>	<u>12,435</u>
Net Increase (Decrease) in Cash & Cash Equivalents During the Year	(132,411)	593,984
Cash and Cash Equivalents, January 1	<u>2,851,008</u>	<u>3,237,239</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,718,597</u>	<u>\$ 3,831,223</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ (202,509)	\$ 128,304
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,309,540	513,420
(Increase) Decrease in-Receivables	(71,746)	1,884
-Inventory	17,229	-
-Due From Other Funds	-	-
-Due From Other Governments	-	-
Increase (Decrease) in-Accounts Payable	4,449	10,690
-Accrued Wages	5,301	4,640
-Prepaid Revenue	-	(44,226)
-Compensated Absences	10,561	3,047
-Deposits	14,246	(3,765)
-Other Accrued Liabilities	-	-
-Due To Other Funds	-	-
-Incurred But Not Reported Claims	-	-
Other Revenue Sources (Uses)	(13,115)	4,540
Net Cash Provided By Operating Activities	<u>\$ 1,073,956</u>	<u>\$ 618,534</u>
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 633,809	\$ -
Change in Fair Value of Investments	-	-
Capital Transfers	-	-

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

Statement of Cash Flows - Proprietary Funds (cont)

Enterprise Funds (cont)				Internal
Sanitary Landfill	Water	Water Reclamation	Total	Service Funds
\$ 9,943,140	\$ 33,850,140	\$ 20,262,881	\$ 71,102,297	\$ 4,473,221
6,551	737,900	56,953	2,821,154	20,882,725
(4,190,796)	(7,648,654)	(6,178,011)	(24,454,177)	(5,216,568)
(13,535)	(94,528)	(341,720)	(497,817)	(11,031)
(1,820,410)	(5,080,272)	(3,944,533)	(12,100,952)	(1,880,343)
-	-	-	-	(14,592,053)
63,051	848,095	580,338	1,858,575	1,086
<u>3,988,001</u>	<u>22,612,681</u>	<u>10,435,908</u>	<u>38,729,080</u>	<u>3,657,037</u>
401,224	-	-	401,224	-
52,221	28,380	16,077	96,678	-
600,000	-	-	600,000	700,000
-	-	(127,938)	(127,938)	(600,000)
<u>1,053,445</u>	<u>28,380</u>	<u>(111,861)</u>	<u>969,964</u>	<u>100,000</u>
103,377	10,776	8,629	141,983	159,022
(3,184,426)	(10,025,905)	(20,972,726)	(35,487,588)	(2,020,602)
(94,041)	(3,783,199)	(1,164,447)	(5,041,687)	(6,828)
-	4,424,515	18,428,957	22,853,472	-
(505,244)	(6,073,997)	(5,072,878)	(11,652,119)	-
<u>(723,323)</u>	<u>-</u>	<u>-</u>	<u>(723,323)</u>	<u>(191,989)</u>
(4,403,657)	(15,447,810)	(8,772,465)	(29,909,262)	(2,060,397)
-	3,258	-	3,258	-
29,455	191,183	-	225,081	-
<u>100,461</u>	<u>(298,221)</u>	<u>50,147</u>	<u>(97,643)</u>	<u>89,509</u>
<u>129,916</u>	<u>(103,780)</u>	<u>50,147</u>	<u>130,696</u>	<u>89,509</u>
767,705	7,089,471	1,601,729	9,920,478	1,786,149
<u>10,730,962</u>	<u>19,781,611</u>	<u>11,934,496</u>	<u>48,535,316</u>	<u>25,673,779</u>
<u>\$ 11,498,667</u>	<u>\$ 26,871,082</u>	<u>\$ 13,536,225</u>	<u>\$ 58,455,794</u>	<u>\$ 27,459,928</u>
\$ 941,651	\$ 13,852,864	\$ 2,982,199	\$ 17,702,509	\$ 839,937
2,820,297	7,221,690	9,272,425	21,137,372	1,958,653
(18,485)	(148,468)	237,273	458	(63,452)
-	562,027	3,871	583,127	76,299
(430)	(15,280)	-	(15,710)	-
456	(25,510)	-	(25,054)	10,583
146,914	251,283	(2,624,554)	(2,211,218)	121,716
9,024	26,472	20,903	66,340	13,367
-	-	-	(44,226)	-
23,679	43,968	(37,999)	43,256	(1,152)
1,800	58,843	-	71,124	-
(91,266)	-	-	(91,266)	-
-	254	15,710	15,964	-
-	-	-	-	700,000
<u>154,361</u>	<u>784,538</u>	<u>566,080</u>	<u>1,496,404</u>	<u>1,086</u>
<u>\$ 3,988,001</u>	<u>\$ 22,612,681</u>	<u>\$ 10,435,908</u>	<u>\$ 38,729,080</u>	<u>\$ 3,657,037</u>
\$ -	\$ 2,265,368	\$ 2,315,764	\$ -	\$ 13,092
-	(586)	-	-	-
(751,320)	-	-	-	-

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2012

Statement of Fiduciary Net Position - Fiduciary Funds

	<u>Pension and Health Care Trust Funds</u>
Assets	
Cash and Cash Equivalents	\$ 3,329,323
Receivables:	
Interest	862,477
Total Receivables	<u>862,477</u>
Investments at Fair Value:	
US Government	5,471,953
Corporate Obligations	45,701,599
Foreign Obligations	13,417,595
State and Local Obligations	5,172,277
Domestic Stocks	88,610,157
Foreign Stocks	7,877,103
Index Funds:	
Equity	80,226,422
Government / Corporate Bonds	29,023,028
Mutual Funds:	
Foreign Equity	72,577,655
Domestic Equity	42,097,817
Real Estate	23,852,537
Total Investments	<u>414,028,143</u>
Total Assets	<u>418,219,943</u>
Liabilities	
Total Liabilities	<u>-</u>
Net Position	
Held in Trust for Pension Benefits	388,434,622
Held in Trust for Post Employment Health Care Benefits	29,785,321
Total Net Position	<u>\$ 418,219,943</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

	<u>Pension and Health Care Trust Funds</u>
Additions	
Contributions	
Employer	\$ 15,317,067
Plan Members	3,246,741
Total Contributions	<u>18,563,808</u>
Investment Income	54,069,049
Less Investment Expense	968,664
Net Investment Income	<u>53,100,385</u>
Total Additions	<u>71,664,193</u>
Deductions	
Benefit Payments	
Pension	18,820,724
Health Premiums	1,223,440
Total Benefit Payments	<u>20,044,164</u>
Refunds	300,274
Administrative Expense	<u>294,782</u>
Total Deductions	<u>20,639,220</u>
Net Increase	51,024,973
Total Net Position, January 1	<u>367,194,970</u>
Total Net Position, December 31	<u><u>\$ 418,219,943</u></u>

Notes to Financial Statements

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 statement issued but not implemented that will significantly affect the City is statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement will improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended by statement No. 61 to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. This statement will be implemented at the City in the year ending December 31, 2013.

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 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.

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. The Metro Communications Agency financial results presented within this report are for fiscal year-end as of December 31, 2012. Complete financial statements are available at the administrative offices located at 500 North Dakota Avenue in Sioux Falls, South Dakota.

The **Housing and Redevelopment Commission** of the City of Sioux Falls, South Dakota (Housing Commission), was organized pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low-income public housing pursuant to the United States Housing Act of 1937 (42 United States Code Section 1431 et seq.). The Mayor appoints the five members of the governing board. However, the City has no further accountability for the Housing Commission. In 2012, the Community Development Special Revenue Fund provided \$161,631 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, 2012. 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

Notes to Financial Statements

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 retire the 2010A sales/use tax revenue refunding bonds for the construction of the Convention Center and Washington Pavilion of Arts and Science and 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 debt service funded primarily by the second cent of City sales tax.

The **Community Development Fund** accounts for all activities financed by the Community Development Block Grant funds 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 to the storm drainage system.

The **Event 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, 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.

Notes to Financial Statements

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.

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.

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 stated at fair value based on quoted market prices. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties.

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

Notes to Financial Statements

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.

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
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.

For the year ended December 31, 2012, the City implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4, *Elements of 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

Notes to Financial Statements

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 fixed 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, as well as issuance costs, 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences—

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

Grant Revenue—

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

Retirement and Other Post-Employment Benefits—

The City has two separate retirement plans covering 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.

Notes to Financial Statements

Deferred Revenue—

As sources of revenue become measurable, even though not currently available, they are generally recorded as a receivable and deferred revenue in governmental funds. When the sources of revenue become available for use, they are recognized as revenue.

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 three funds with negative unassigned fund balances at year end. The Community Development Special Revenue Fund has a negative balance of \$93,775 which will be reduced as loans that are offset with deferred Revenue are repaid.

The non-major Special Revenue - Railroad Relocation Fund has a negative balance of \$319,795 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.

The non-major T.I.F. District Capital Projects Fund has a negative balance of \$35,982 which will be reduced as projects are completed and added to the tax rolls. This will produce the revenue from the tax increments to reduce the negative balance.

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 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

Notes to Financial Statements

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, 2012, the deposits of the City were \$41.9 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2012. 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, 2012.

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

Deposit/Investment Type	Credit Rating	Fair Value	Less Than			5 or more Years
			1 Year	1-3 Years	3-5 Years	
(a) U.S. Treasury Notes & Bills	N/A	\$ 215,707,380	\$ 116,150,966	\$ 91,748,645	\$ 4,825,283	\$ 2,982,486
(b) U.S. Agency Securities*	AAA	8,798,324	-	-	11,206	8,787,118
(c) Money Market Funds	AAA	36,334,684	36,334,684	-	-	-
(e) Certificates of Deposit	N/A	18,000,000	18,000,000	-	-	-
(f) Cash	N/A	23,935,218	23,935,218	-	-	-
Total		<u>\$ 302,775,606</u>	<u>\$ 194,420,868</u>	<u>\$ 91,748,645</u>	<u>\$ 4,836,489</u>	<u>\$ 11,769,604</u>

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

Component Units

The Housing and Redevelopment Commission falls under South Dakota statutes (SDCL) 11-7-31, with supplementary authority granted under SDCL 4-5-6, in regards to permitted deposits and investments. The Commission has no further investment policy as to interest, credit, or concentration risk. As of September, 30, 2012, the deposits of the Authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2012, 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.

Fiduciary Funds

Investment Policy:

The pension trust funds are governed by the prudent person rule, that is, the Board of Trustees should use the same degree of skill, care, prudence and diligence, under the circumstances then prevailing, of a prudent person, familiar with such matters and acting in a similar capacity as set forth by state law (SDCL 9-16-5.10) and City Ordinance (Section 35). Under this standard, the Board of

Trustees has an established investment policy which outlines the distinction of responsibilities, prohibitions, diversification, and performance measurement standards.

The policy prohibits the use of any securities whose effect would be to leverage the portfolio or whose expected returns are significantly unlike those expected from their appropriate asset classes.

Deposits and Investments as of December 31, 2012, consisted of the following:

Fiduciary Fund Investments	Fair Value
Money Market Fund	\$ 3,329,323
U.S. Treasury & Agency Obligations	5,471,953
Municipal Obligations	5,172,277
Corporate Obligations	45,701,599
Foreign Obligations	13,417,595
Domestic Fixed Income - Index Funds	29,023,028
Domestic Stock - Separate Management	88,610,157
Domestic Stocks - Index Funds:	80,226,422
Domestic Stocks - Mutual Funds	42,097,817
International Stocks - Separate Management	7,877,103
International Stocks - Mutual Funds	72,577,655
Real Estate - Mutual Funds	23,852,537
Total Fiduciary Fund Deposits and Investments	<u>\$ 417,357,466</u>

Custodial Credit Risk. The cash deposits of the fiduciary funds are held by the City within the general deposit cash account and subject to the same requirements as discussed for the governmental and business-type funds.

Credit Risk: In addition to a diversified index fund, the City uses one separately managed account for the management of fixed income securities. The investment policy requires

Notes to Financial Statements

that all individual securities separately managed must be rated "A" or better at the time of purchase. As of December 31, 2012, the separately managed portfolio consisted of the following securities:

Name	Rating	Amount	Effective Duration (yrs.)	Contribution to Duration (yrs.)
U.S. Treasuries	TSY	\$ 5,471,952	16.5	1.3
Corporate Notes and Bonds	AAA	388,900	24.9	0.1
Corporate Notes and Bonds	AA	4,734,629	12.2	0.8
Corporate Notes and Bonds	A	33,107,427	9.7	4.5
Corporate Notes and Bonds	BBB	17,965,085	8.7	2.2
Asset Backed Securities	AAA	2,324,750	6.5	0.2
Non-US Governments	AAA	600,988	2.3	0.0
Taxable Municipal Bonds	AA	1,662,018	20.1	0.5
Taxable Municipal Bonds	A	1,834,879	9.4	0.2
Tax-Exempt Municipal Bonds	AAA	898,398	11.8	0.1
Tax-Exempt Municipal Bonds	AA	800,184	23.9	0.3
Cash		2,100,839	0.0	0.0
Total		\$ 71,890,049		10.2

*Market values do not include accrued interest

The City's money market account for temporary cash held within the fiduciary funds has an average maturity of 42 days. There are no restrictions on the type of investments within the money market account; however, the account is Aaa rated.

Concentration Risk: The City's investment policy prohibits the separately managed fixed income and equity growth account from holding more than five percent of the portfolio's market value in the securities of a single issuer or related issuer with the exception of U.S. guaranteed debt. There are no further concentration restrictions.

Foreign Currency Risk: Foreign currency is the risk that changes in exchange rates will adversely affect the fair

value of an investment. All investments are reported on a U.S. dollar denomination basis. The City prohibits the use of individual bonds which do not pay in U.S. dollars within the separately managed fixed income account.

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 2013 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 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, 2012, was \$4.683 per \$1,000 of taxable valuation.

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Notes to Financial Statements

C. Receivables

allowances for uncollectible accounts, are as follows at December 31, 2012:

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

Primary Government	Taxes	Accounts	Interest & Penalty	Special Assessments	Notes Receivable	Loans Receivable	Unbilled	Allowance for Uncollectibles	Total
Governmental Activities									
General	\$ 1,045,441	2,058,859	\$ 40,800	\$ 258,926	\$ -	\$ -	\$ -	\$ (501,777)	\$ 2,902,249
Entertainment Tax	-	-	10,773	-	-	-	-	-	10,773
Sales/Use Tax	-	6,048	52,195	1,546,013	420,619	-	-	-	2,024,875
Community Development	-	-	1,209	-	530,911	18,118,500	-	-	18,650,620
Storm Drainage	-	71,767	7,312	-	-	-	-	-	79,079
Events Center Construction	-	-	506,165	-	-	-	-	-	506,165
Nonmajor Funds	-	38,875	6,297	-	-	-	-	(47)	45,125
Internal Service Funds	-	240,652	23,107	-	-	-	-	(1,845)	261,914
Total Governmental Activities	1,045,441	2,416,201	647,858	1,804,939	951,530	18,118,500	-	(503,669)	24,480,800
Business-type Activities									
Electric Light	-	687,897	2,257	-	-	-	282,101	(204,541)	767,714
Public Parking Facilities	-	6,671	3,180	-	-	-	-	(1,044)	8,807
Sanitary Landfill	-	1,119,419	9,544	-	-	-	-	(30,635)	1,098,328
Water	-	1,131,668	61,706	228,301	-	-	1,449,000	(121,029)	2,749,646
Water Reclamation	-	1,254,467	11,234	-	-	-	1,320,768	(47,891)	2,538,578
Total Business-type Activities	-	4,200,122	87,921	228,301	-	-	3,051,869	(405,140)	7,163,073
Total Primary Government	\$ 1,045,441	\$ 6,616,323	\$ 735,779	\$ 2,033,240	\$ 951,530	\$ 18,118,500	\$ 3,051,869	\$ (908,809)	\$ 31,643,873
Non current portion	\$ -	\$ -	\$ -	\$ 1,654,403	\$ 835,493	\$ 18,009,944	\$ -	\$ -	\$ 20,499,840
Fiduciary Funds									
Employee's Retirement	\$ -	\$ -	\$ 575,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575,217
Firefighters' Pension	-	-	187,632	-	-	-	-	-	187,632
Total Fiduciary Funds	\$ -	\$ -	\$ 762,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 762,849
Component Units									
Housing Commission	\$ -	\$ 22,190	\$ 299	\$ -	\$ 41,904	\$ -	\$ -	\$ -	\$ 64,393
Metro Communications Agency	\$ -	\$ 1,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,386

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.

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

The composition of individual interfund receivable and payable balances at December 31, 2012, was as follows:

An additional \$2,961,114 is included in the internal balances of the governmental funds and business-type

Due to/from other funds:		
Receivable fund	Payable fund	Amount
General Fund	Railroad Relocation (Nonmajor governmental funds)	\$ 395,148
	T.I.F. District	50,000
	Water	2,580
		<u>447,728</u>
Landfill	Water Reclamation	430
Water	Water Reclamation	15,280
		<u>\$ 463,438</u>

Notes to Financial Statements

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2012:

	Due from			
	Federal	State	Local	Total
Primary Government:				
Governmental Activities				
General Fund	\$ 244,726	\$ 4,848,736	\$ 64,578	\$ 5,158,040
Entertainment Tax	-	422,320	-	422,320
Sales/Use Tax	-	4,241,999	-	4,241,999
Railroad Relocation	75,353	-	-	75,353
Transit	-	-	17,750	17,750
Internal Service Funds	-	-	28,038	28,038
Total Governmental Activities	320,079	9,513,055	110,366	9,943,500
Business-type Activities				
Enterprise Funds				
Landfill	-	143	18,169	18,312
Water	25,510	-	-	25,510
Total Enterprise Funds	25,510	143	18,169	43,822
Total Primary Government	\$ 345,589	\$ 9,513,198	\$ 128,535	\$ 9,987,322
Component Units				
Housing Commission	\$ 218,526	\$ -	\$ -	\$ 218,526
Metro Communications Agency	\$ -	\$ -	\$ 403,714	\$ 403,714

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:

	Transfer in:						Total
	Sales and Use Tax	Community Development	Nonmajor Governmental Funds	Fleet Revolving	Landfill	General Services Revolving	
Transfer out:							
General Fund	\$ -	\$ 639,177	\$ 4,362,332	\$ -	\$ -	\$ 700,000	\$ 5,701,509
Fleet	-	-	-	-	600,000	-	600,000
Landfill	-	-	-	751,320	-	-	751,320
Water Reclamation	127,938	-	-	-	-	-	127,938
Total	\$ 127,938	\$ 639,177	\$ 4,362,332	\$ 751,320	\$ 600,000	\$ 700,000	\$ 7,180,767

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Notes to Financial Statements

G. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers & Retirements*</u>	<u>Ending Balance</u>
Primary Government:				
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 132,361,374	\$ 2,754,977	\$ (1,133,039)	\$ 133,983,312
Intangibles (Rights)	4,348,100	50,000	-	4,398,100
Construction in Progress	10,384,793	72,048,362	(52,665,016)	29,768,139
Depreciable Assets:				
Buildings	169,410,667	7,461,395	(278,138)	176,593,924
Improvements other than Buildings	136,944,937	3,332,802	(636,793)	139,640,946
Equipment	77,769,696	7,717,816	(1,370,561)	84,116,951
Infrastructure	726,492,324	56,568,675	(7,348,927)	775,712,072
Totals at Historical Cost	<u>1,257,711,891</u>	<u>149,934,027</u>	<u>(63,432,474)</u>	<u>1,344,213,444</u>
Accumulated Depreciation				
Buildings	(78,219,277)	(6,516,731)	184,289	(84,551,719)
Improvements other than Buildings	(68,722,381)	(6,021,522)	578,187	(74,165,716)
Equipment	(48,790,740)	(6,815,000)	1,938,752	(53,666,988)
Infrastructure	(245,255,449)	(22,455,749)	7,232,017	(260,479,181)
Total Accumulated Depreciation	<u>(440,987,847)</u>	<u>(41,809,002)</u>	<u>9,933,245</u>	<u>(472,863,604)</u>
Governmental Activities Capital Assets, net	<u>\$ 816,724,044</u>	<u>\$ 108,125,025</u>	<u>\$ (53,499,229)</u>	<u>\$ 871,349,840</u>
Business-type Activities:				
Non-Depreciable Assets:				
Land	\$ 14,879,171	\$ 622,625	\$ (40,000)	\$ 15,461,796
Intangibles (Rights)	75,276,515	101,267	-	75,377,782
Construction in Progress	4,868,424	38,153,238	(40,687,648)	2,334,014
Depreciable Assets:				
Buildings	37,563,623	1,654,401	-	39,218,024
Improvements other than Buildings	37,897,967	958,112	(3,026,932)	35,829,147
Equipment	44,711,388	1,198,781	(2,353,577)	43,556,592
Infrastructure	494,143,974	38,701,749	(47,634)	532,798,089
Totals at Historical Cost	<u>709,341,062</u>	<u>81,390,173</u>	<u>(46,155,791)</u>	<u>744,575,444</u>
Accumulated Depreciation				
Buildings	(9,813,653)	(1,415,479)	-	(11,229,132)
Improvements other than Buildings	(25,069,282)	(2,747,916)	2,658,713	(25,158,485)
Equipment	(22,660,341)	(2,585,300)	1,598,147	(23,647,494)
Infrastructure	(168,384,930)	(14,388,677)	47,634	(182,725,973)
Total Accumulated Depreciation	<u>(225,928,206)</u>	<u>(21,137,372)</u>	<u>4,304,494</u>	<u>(242,761,084)</u>
Business-type Activities Capital Assets, net	<u>\$ 483,412,856</u>	<u>\$ 60,252,801</u>	<u>\$ (41,851,297)</u>	<u>\$ 501,814,360</u>
Total Primary Government Capital Assets, net	<u>\$ 1,300,136,900</u>	<u>\$ 168,377,826</u>	<u>\$ (95,350,526)</u>	<u>\$ 1,373,164,200</u>

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

Notes to Financial Statements

Component Units	Beginning Balance	Additions	Retirements	Ending Balance
Housing Commission				
Non-Depreciable Assets:				
Land	\$ 522,480	\$ 306,399	\$ -	\$ 828,879
Construction in Progress	78,398	12,883	-	91,281
Depreciable Assets:				
Buildings	4,838,091	126,637	-	4,964,728
Improvements other than Buildings	39,467	42,388	-	81,855
Equipment	190,709	-	-	190,709
Totals at Historical Cost	<u>5,669,145</u>	<u>488,307</u>	<u>-</u>	<u>6,157,452</u>
Less Accumulated Depreciation:				
Buildings	(3,069,152)	(140,750)	-	(3,209,902)
Improvements other than Buildings	(23,245)	(5,101)	-	(28,346)
Equipment	(170,095)	(5,716)	-	(175,811)
Total Accumulated Depreciation	<u>(3,262,492)</u>	<u>(151,567)</u>	<u>-</u>	<u>(3,414,059)</u>
Total Housing Commission Capital Assets, net	<u>\$ 2,406,653</u>	<u>\$ 336,740</u>	<u>\$ -</u>	<u>\$ 2,743,393</u>
Metro Communications Agency				
Depreciable Assets:				
Equipment	\$ 2,185,338	\$ 753,581	\$ (420,628)	\$ 2,518,291
Totals at Historical Cost	<u>2,185,338</u>	<u>753,581</u>	<u>(420,628)</u>	<u>2,518,291</u>
Less Accumulated Depreciation:				
Equipment	(1,204,810)	(223,274)	230,067	(1,198,017)
Total Accumulated Depreciation	<u>(1,204,810)</u>	<u>(223,274)</u>	<u>230,067</u>	<u>(1,198,017)</u>
Total Metro Communications Agency Capital Assets, net	<u>\$ 814,168</u>	<u>\$ 530,307</u>	<u>\$ (190,561)</u>	<u>\$ 1,320,274</u>

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

Governmental Activities:	Amount
General Government	\$ 2,133,480
Public Safety	2,144,755
Highways & Streets	22,293,245
Health	206,928
Culture & Recreation	12,203,346
Urban & Economic Development	868,595
Capital Assets Held by the Government's Internal Service Funds	1,958,653
Total Depreciation Expense - Governmental Activities	<u>\$ 41,809,002</u>
Business-type Activities:	
Electric Light	\$ 1,309,540
Public Parking Facilities	513,420
Sanitary Landfill	2,820,297
Water	7,221,690
Water Reclamation	9,272,425
Total Depreciation Expense - Business-type Activities	<u>\$ 21,137,372</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:

Projects-in-Progress	Project Authorization	Expended to 12/31/2012	Committed
Carnegie Building Improvements	\$ 68,504	\$ -	\$ 68,504
City Hall and City Hall Annex Improvements	385,012	100,970	284,042
City Hall Fire Sprinklers	69,015	-	69,015
City Facility Improvements	2,600	-	2,600
City Hall Parking Ramp	65,000	40,010	24,990
Orpheum Theater Air Conditioner	28,343	-	28,343
Engineering Infrastructure Projects	48,223,556	6,286,657	41,936,899
Engineering Land Acquisitions	9,652	-	9,652
Fire Station #1 Apparatus Floor Rebuild	165,374	-	165,374
Fire Training Facility Parking Lot	744	-	744
Construction of Fire Station #11	4,508	-	4,508
Construction of Fire Station #12	51,400	-	51,400
Hayward Elementary Expansion	499,906	-	499,906
Events Center	115,535,000	14,169,633	101,365,367
Core Façade Revitalization	244,237	-	244,237
Main Library Renovation and Expansion	335,978	-	335,978
Ronning Branch Library Improvements	11,401	-	11,401
Westside Branch Library	4,270,466	2,004,699	2,265,767
Overlay & Seal Coating Program	547,830	22,000	525,830
Street Facility Sewer Service	228,000	-	228,000
Concrete Pavement Restoration	607,705	-	607,705
Fleet/Street Division Wash Bay Addition	26,000	26,000	-
Light Projects	367,749	6,248	361,501
Arboretum Park	1,953,016	1,271,743	681,273
Arrowhead Park	2,454	2,454	-
Bike Trail Construction/Reconstruction	985,713	44,720	940,993
Downtown Parks Improvements	126,730	7,075	119,655
Elmwood Park Improvements	16,949	-	16,949
Falls Park	29,373	18,100	11,273
Family Park Improvements	121,590	-	121,590
Fawick Park	2,700	2,700	-
Galway Park	59,850	-	59,850
Granite Valley Park Development	347,130	324,325	22,805
Green Hills Park	15,737	15,737	-
Harmodon Park	4,600	3,220	1,380
Judee Estates Development	16,200	16,200	-
Kuehn Park Improvements	14,792	-	14,792
Kuehn Golf Course	217,601	85,650	131,951
Memorial Park Development	1,707	-	1,707
Northeast Brandon Park/School Site Development	111,680	111,680	-
Northwest Sioux Falls Park Site	350,000	-	350,000
Oak View Park	5,150	5,150	-
Park Land Acquisition	223,995	5,000	218,995
Park Roads and Parking Lots Improvements	101,451	-	101,451
Picnic Shelter Improvements	1,984	-	1,984
Playcourt Cyclic Improvements	11,820	-	11,820
Prairie Green Golf Course	1,720,100	792,050	928,050
Prairie Meadows Park	36,850	28,680	8,170
Rink Improvements	341,113	-	341,113
River Greenway Improvements	3,801,975	2,094,044	1,707,931

Continued on next page

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Continued from previous page			
<u>Projects-in-Progress</u>	<u>Project Authorization</u>	<u>Expended to 12/31/2012</u>	<u>Committed</u>
Southwest Sioux Falls Park/School Site	434,600	434,600	-
Spellerberg Park Improvements	5,000	-	5,000
Spellerberg Park Master Plan	23,000	23,000	-
Terrace Park Development	343,054	151,985	191,069
Thelin Park	38,368	38,368	-
Van Eps Park Martin Luther King Historic Marker Plan	9,676	7,363	2,313
Veteran's Memorial Park	40,000	5,107	34,893
Zoo Master Plan Improvements	1,375,319	428,483	946,836
1st Avenue Parking Ramp	16,470	16,470	-
Parking Lot & Ramp Improvements	39,086	-	39,086
Fleet Fuel System Upgrade	28,500	10,545	17,955
Landfill Closure Pre-Subt	80,469	-	80,469
Landfill Expansion	1,643,074	1,052,457	590,617
Landfill Gas Collection System	122,723	103,731	18,992
Landfill Gas Utilization	21,302	-	21,302
Landfill & HHW Perimeter Control	10,045	-	10,045
Landfill Household Hazardous Waste Facility Expansion	24,544	-	24,544
Landfill Leachate Recirculation Infrastructure	106,964	75,240	31,724
Landfill Leachate Ponds	140,000	-	140,000
Landfill Wetland Mitigation	165,057	165,057	-
Convention Center Building Improvements	94,726	11,961	82,765
Washington Pavilion Building Improvements	112,243	4,488	107,755
Washington Pavilion Black History Display	142	-	142
Washington Pavilion Cold Weather Compressor/Cooling Coil	4,621	-	4,621
Washington Pavilion Kirby Science Discovery Center Exhibit	50,000	50,000	-
Washington Pavilion Laminator/Printer	4,765	4,765	-
Transit Facility Improvements	10,373	7,791	2,582
Bus Wash	320,760	-	320,760
Transit Facility Windows	20,529	-	20,529
Storm Sewer Projects	5,998,960	1,111,189	4,887,771
Water Projects	1,695,900	122,544	1,573,356
Water Reclamation Projects	34,389,689	792,266	33,597,423
	\$ 229,740,197	\$ 32,102,153	\$ 197,638,044

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 \$28,803,699 difference are as follows:

Capital Outlay	\$ 68,211,982
Plus: assets contributed from outside sources	27,714,702
Plus: assets added by Internal Service Funds	1,992,431
Plus: construction in progress added as an asset in current year	52,642,473
Less: assets contributed to enterprise funds	(627,561)
Capital asset increase per footnote	149,934,027
Plus: loss on sale of assets	442,066
Plus: assets contributed to enterprise funds	627,561
Less: assets contributed from outside sources	(27,714,702)
Plus: assets added by Internal Service Funds	(1,992,431)
Less: construction in progress added as an asset in current year	(52,642,473)
Depreciation expense	(39,850,349)
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	\$ 28,803,699

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, 2012.

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities:					
Bonds Payable:					
Revenue	\$ 83,515,000	\$ 122,145,000	\$ 8,420,000	\$ 197,240,000	\$ 7,440,000
Obligations Under Capital Lease	595,557	-	284,748	310,809	100,949
Notes Payable	24,103,168	-	3,981,269	20,121,899	4,056,050
Total Debt	<u>108,213,725</u>	<u>122,145,000</u>	<u>12,686,017</u>	<u>217,672,708</u>	<u>11,596,999</u>
Unamortized Bond Premium	936,334	4,617,175	305,944	5,247,566	423,587
Rebatable Arbitrage	22,024	34,854	-	56,878	n/a
Accrued Compensated Absences					
Governmental Funds *	10,063,491	6,056,866	5,651,809	10,468,548	5,700,000
Internal Service Funds	167,787	102,374	103,318	166,843	105,000
Total Governmental Activities	<u>119,403,361</u>	<u>132,956,269</u>	<u>18,747,088</u>	<u>233,612,543</u>	<u>17,825,586</u>
Business-type Activities:					
Bonds Payable:					
Revenue	70,000,000	-	-	70,000,000	-
Obligations Under Capital Lease	723,323	-	723,323	-	-
Revenue Notes Payable	99,994,604	21,203,990	10,002,638	111,195,956	9,908,188
Total Debt	<u>170,717,927</u>	<u>21,203,990</u>	<u>10,725,961</u>	<u>181,195,956</u>	<u>9,908,188</u>
Rebatable Arbitrage	635,099	-	635,099	-	n/a
Closure & Postclosure Care Costs	5,268,880	-	91,266	5,177,614	200,000
Accrued Compensated Absences	1,758,964	939,578	894,104	1,804,438	895,000
Total Business-type Activities	<u>178,380,870</u>	<u>22,143,568</u>	<u>12,346,430</u>	<u>188,178,008</u>	<u>11,003,188</u>
Total Primary Government	<u>\$ 297,784,231</u>	<u>\$ 155,099,837</u>	<u>\$ 31,093,518</u>	<u>\$ 421,790,551</u>	<u>\$ 28,828,774</u>
Component Units					
Housing Commission					
Revenue Notes Payable	\$ 523,922	\$ -	\$ 31,345	\$ 492,577	\$ 31,345
Mortgages Payable	462,562	106,209	1,858	566,913	2,973
Deposits	157,689	-	23,422	134,267	-
Accrued Compensated Absences	61,178	114,919	112,445	63,652	39,257
Total Housing Commission	<u>\$ 1,205,351</u>	<u>\$ 221,128</u>	<u>\$ 169,070</u>	<u>\$ 1,257,409</u>	<u>\$ 73,575</u>
Metro Communications Agency					
Other Post Employment Benefits	\$ 44,071	\$ 44,071	\$ -	\$ 88,142	n/a
Accrued Compensated Absences	141,382	191,718	163,984	169,116	97,075
	<u>\$ 185,453</u>	<u>\$ 235,789</u>	<u>\$ 163,984</u>	<u>\$ 257,258</u>	<u>\$ 97,075</u>

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

**City of Sioux Falls
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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, 2012.

	Purpose	Outstanding Interest Rate	Maturity Date	Authorized Not Issued Amount	Issue Amount	Amount Outstanding	Maximum Annual Debt Service
PRIMARY GOVERNMENT							
Governmental Activities							
Revenue Bonds & Notes							
Sales & Use Tax Fund							
Series 2007B Sales Tax	* Library & Park Projects (I)	4.00-5.00%	2027	\$ -	\$ 25,570,000	\$ 21,590,000	\$ 2,028,263
Series 2009A Sales Tax	* Library & Park Projects (II)	3.00-4.50%	2028	-	20,265,000	18,595,000	1,620,506
Series 2009B Sales Tax	* Flood Control	2.00-6.00%	2029	-	31,540,000	29,160,000	2,688,180
Series 2012A Sales Tax	* Events Center	3.00-4.00%	2033	-	108,440,000	107,185,000	8,205,378
Series 2012B Sales Tax	* Events Center	2.00-2.60%	2023	-	13,705,000	13,000,000	2,052,000
						189,530,000	16,594,327
State Revolving Note #20	*** Storm Drainage Construction	1.50%	2017	-	25,949,349	12,158,968	2,799,272
State Revolving Note #22	* Storm Drainage Construction	2.50%	2017	-	10,550,000	5,603,237	1,195,640
						17,762,205	3,994,912
Total Sales & Use Tax						207,292,205	20,589,239
Entertainment Tax Fund							
Series 2010A Ent/Sales Tax	** Refund 2001B	3.00%	2014	-	12,060,000	5,465,000	3,628,950
Storm Drainage Fund							
State Revolving Note #17	System Construction	3.50%	2015	-	561,320	133,640	66,608
State Revolving Note #19	System Construction	2.50%	2016	-	415,785	168,023	47,079
State Revolving Note #27	System Construction	2.50%	n/a	-	2,621,000	2,058,031	301,787
Total Storm Drainage						2,359,694	415,474
Tax Increment Financing Fund							
2008A Tax Increment	Cherapa Place	4.00-5.75%	2028	-	2,290,000	2,245,000	365,206
Urban Conservation Fund							
Series 2008A Sales Tax	* Pettigrew Heights	5.50%	2015	5,000,000	-	-	-
Total Revenue Bonds & Notes				5,000,000		217,361,899	24,998,869
Other Long-Term Liabilities							
Obligations Under Capital Lease	City Hall Annex	8.49%	2014	-	1,290,902	310,809	123,467
Unamortized Bond Premium				n/a	n/a	5,247,566	n/a
Total Obligations Under Capital Lease						5,558,375	123,467
Total Debt				5,000,000		222,920,274	25,122,336
Vested Compensated Absences							
Governmental Funds	Accrued Vacation & Sick Leave			n/a	n/a	10,468,548	n/a
Internal Service Funds	Accrued Vacation & Sick Leave			n/a	n/a	166,843	n/a
Total Governmental Activities				\$ 5,000,000		\$ 233,555,665	\$ 25,122,336
Business-type Activities							
Revenue Bonds & Notes							
Water							
Series 2007A Sales Tax	* Lewis & Clark Regional Water System Prepayment	3.75-5.00%	2036	\$ -	70,000,000	\$ 70,000,000	\$ 4,859,850
State Revolving Note #2	System Construction	4.50%	2013	-	2,348,168	72,410	73,224
State Revolving Note #3	System Construction	3.50%	2014	-	7,930,000	1,365,440	938,374
State Revolving Note #4	System Construction	3.50%	2015	-	279,599	71,571	33,217
State Revolving Note #5	System Construction	2.50%	2016	-	10,828,766	4,601,113	1,289,203
State Revolving Note #6	System Construction	2.50%	2020	-	9,938,849	8,032,257	1,214,781
State Revolving Note #7	System Construction	2.50%	2020	-	2,200,000	1,648,581	249,328
State Revolving Note #8	System Construction	2.50%	2019	-	2,088,645	1,466,316	236,753
State Revolving Note #9	System Construction	2.25%	2021	-	2,678,738	2,027,313	269,936
State Revolving Note #10	System Construction	2.25%	2021	-	5,819,138	4,421,855	588,768
State Revolving Note #11	System Construction	2.25%	2023	-	4,000,000	4,000,000	447,805
Total Water						97,706,856	10,201,239
Water Reclamation							
State Revolving Note #15	System Construction	3.50%	2014	-	1,467,706	308,833	174,162
State Revolving Note #16	System Construction	3.50%	2015	-	2,479,500	601,294	299,692
State Revolving Note #18	System Construction	2.50%	2016	-	3,730,114	1,556,232	436,047
State Revolving Note #21	System Construction	2.25%	2027	2,791,930	32,941,706	25,772,611	2,087,973
State Revolving Note #23	System Construction	2.50%	2018	-	10,309,144	6,242,687	1,168,971
State Revolving Note #25	System Construction	2.50%	2020	2,148,866	3,508,134	2,714,676	410,666
State Revolving Note #26	System Construction	2.50%	2020	-	3,744,000	2,956,879	433,593
State Revolving Note #28	System Construction	2.25%	2021	-	1,803,000	1,410,534	187,812
State Revolving Note #29	System Construction	2.25%	2021	-	1,211,097	917,551	122,171
State Revolving Note #30	System Construction	2.25%	2021	3,498,514	4,963,486	3,968,619	500,926
State Revolving Note #32	System Construction	1.25%	2023	2,666,983	21,922,417	21,922,417	2,335,529
State Revolving Note #33	System Construction	1.25%	n/a	2,081,771	12,629,843	12,629,843	n/a
State Revolving Note #34	System Construction	2.25%	n/a	12,134,794	329,206	329,206	n/a
Total Water Reclamation				25,322,858		81,331,382	8,157,542
Landfill							
Solid Waste Management Program	Landfill Improvements	2.50%	2014	-	1,800,000	585,113	301,756
State Revolving Note #24	Landfill Improvements	2.50%	2016	-	500,000	225,004	78,083
State Revolving Note #31	Landfill Improvements	2.50%	2020	-	1,831,523	1,347,601	184,537
Total Landfill						2,157,718	564,376
Total Debt				25,322,858		181,195,956	23,783,007
Vested Compensated Absences	Accrued Vacation & Sick Leave			n/a	n/a	1,804,438	n/a
Total Business-type Activities				\$ 25,322,858		\$ 183,000,394	\$ 23,783,007

* Secured by pledge of the second penny sales and use tax.
 ** Secured by pledge of the second penny sales and use tax and entertainment tax.
 *** Secured by pledge of storm drainage revenues.

**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, 2012.

COMPONENT UNITS	Purpose	Interest Rate	Maturity Date	Not Issued Amount	Issue Amount	Amount Outstanding	Annual Debt Service
Housing Commission							
SDHDA Note	Affordable Housing	0.00%	2025	\$ -	695,690	\$ 492,577	\$ 31,345
Mortgages							
Sioux Falls Community Development	Affordable Housing	3.00%	2030	-	44,379	42,727	1,701
Sioux Falls Community Development	Affordable Housing	0.00%	2030	-	255,916	364,892	n/a
SD Housing Development Authority	Affordable Housing	0.00%	2023	-	59,500	59,500	n/a
Home Federal Bank	Affordable Housing	4.65%	2017	-	40,000	39,794	1,272
Sioux Falls Community Development	Affordable Housing	0.00-3.00%	2027	-	60,000	60,000	n/a
Total Mortgages				-		566,913	2,973
Vested Compensated Absences	Accrued Vacation & Sick Leave			n/a	n/a	63,652	39,257
Total Housing Commission				\$ -		\$ 1,123,142	\$ 76,548
Metro Communications Agency							
Vested Compensated Absences	Accrued Vacation & Sick Leave			n/a	n/a	\$ 169,116	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, 2012 are as follows:

PRIMARY GOVERNMENT	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2012		Total Principal and Interest Remaining
						Principal and Interest Paid	Net Revenues	
Governmental Activities								
Revenue Bonds & Notes								
Sales & Use Tax Fund								
Sales Tax Revenue Bonds	Libraries, Parks, Flood Control, Water System & Events Center	Sales and Use Taxes	21%	2033	\$ 269,520,000	\$ 10,399,772	\$ 48,424,657	\$ 385,275,613
State Revolving Note	Storm Drainage Construction	Sales and Use Taxes	8%	2017	10,550,000	3,994,912	48,424,657	5,978,202
Entertainment Tax Fund								
Entertainment/Sales Tax Revenue Bonds	Refund 2001B	Entertainment/Sales and Use Taxes	7%	2014	12,060,000	3,614,450	54,172,335	5,688,950
Storm Drainage Fund								
State Revolving Notes	System Construction	Storm Drainage Revenues	10%	2015	29,547,454	415,474	4,310,879	18,574,927
Tax Increment Financing Fund								
Tax Increment Bonds	Cherapa Place	Tax Increment Revenue	100%	2028	2,290,000	140,413	197,116	3,493,051
Business-type Activities								
Revenue Bonds & Notes								
Water								
State Revolving Notes	System Construction	Water Revenues	-	2023	48,111,903	5,283,923	21,437,466	30,230,959
Water Reclamation								
State Revolving Notes	System Construction	Water Reclamation Revenues	48%	2027	101,039,353	6,237,382	12,876,054	76,402,538
Landfill								
Solid Waste Management Program	Landfill Improvements	Landfill Revenues	15%	2014	1,800,000	605,036	4,008,145	603,511
State Revolving Notes	Landfill Improvements	Landfill Revenues	40%	2020	2,331,523	1,611,814	4,008,145	1,710,548

Revenue Bonds Payable

Bonds payable at December 31, 2012, consist of six issues backed and serviced solely by the second penny sales tax (Sales and Use Tax Fund), one issue backed and serviced by the entertainment tax (Entertainment Tax Fund) and secondarily by the second penny sales tax, 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.

Year	Sales and Use Tax		
	Principal	Interest	Total
2013	\$ 3,955,000	\$ 6,890,541	\$ 10,845,541
2014	5,280,000	6,762,941	12,042,941
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
2018-2022	49,335,000	26,286,086	75,621,086
2023-2027	58,340,000	16,017,349	74,357,349
2028-2032	42,470,000	5,532,623	48,002,623
2033	7,925,000	277,375	8,202,375
Totals	\$ 189,530,000	\$ 80,931,788	\$ 270,461,788

Debt service requirements for these revenue bonds at December 31, 2012, are as follows:

Year	Entertainment Tax		
	Principal	Interest	Total
2013	\$ 3,465,000	\$ 163,950	\$ 3,628,950
2014	2,000,000	60,000	2,060,000
Totals	\$ 5,465,000	\$ 223,950	\$ 5,688,950

Notes to Financial Statements

Tax Increment			
Year	Principal	Interest	Total
2013	\$ 20,000	\$ 119,613	\$ 139,613
2014	60,000	118,013	178,013
2015	105,000	114,608	219,608
2016	105,000	110,198	215,198
2017	110,000	105,573	215,573
2018-2022	640,000	439,842	1,079,842
2023-2027	850,000	230,000	1,080,000
2028	355,000	10,204	365,204
Totals	\$ 2,245,000	\$ 1,248,051	\$ 3,493,051

Water			
Year	Principal	Interest	Total
2013	\$ 1,755,000	\$ 3,104,850	\$ 4,859,850
2014	1,815,000	3,039,038	4,854,038
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
2018-2022	11,515,000	12,587,188	24,102,188
2023-2027	14,200,000	9,468,988	23,668,988
2028-2032	17,640,000	5,888,487	23,528,487
2033-2036	17,195,000	2,036,423	19,231,423
Totals	\$ 70,000,000	\$ 44,813,825	\$ 114,813,825

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, 2012, the City had rebatable arbitrage liabilities of \$34,854, which was payable from the Entertainment Tax special revenue fund and \$22,024, which was payable from the Sales/Use Tax special revenue fund.

Recovery Zone Economic Development Bonds

The City has elected to receive refundable tax credits from the United States Treasury under Section 54AA(g) of the Internal Revenue Code of 1986, as amended, for the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable tax credits are required to be deposited into the Bond Fund and can be used for the payment of interest on the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable credit, 45% of the interest payment, is reported as Federal Grants in the Statement of Revenues, Expenses, and changes in Net Position.

Obligations Under Capital Lease

The City has acquired certain land, buildings, and equipment under lease purchase agreements. The leases are treated as capital leases and the present value of the minimum lease payments is included in governmental and business-type debt. The balance includes:

Fund	Description	Original Capitalized Value
Governmental Activities		
Sales and Use Tax	City Hall Annex	\$ 1,424,763
Fleet	5 Motor Graders	198,818
		<u>\$ 1,623,581</u>

Future minimum payments under capital leases consist of the following at December 31, 2012:

Governmental Activities			
Year	Principal	Interest	Total
2013	\$ 100,949	\$ 22,519	\$ 123,468
2014	209,860	13,608	223,468
Totals	\$ 310,809	\$ 36,127	\$ 346,936

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
2013	\$ 3,697,141	\$ 297,771	\$ 3,994,912
2014	3,763,727	231,186	3,994,913
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	\$ 17,762,205	\$ 812,723	\$ 18,574,928

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
2013	\$ 358,909	\$ 56,565	\$ 415,474
2014	368,616	46,858	415,474
2015	316,636	37,780	354,416
2016	307,183	29,914	337,097
2017	279,182	22,605	301,787
2018-2020	729,168	25,299	754,468
Totals	\$ 2,359,694	\$ 219,021	\$ 2,578,716

Notes to Financial Statements

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

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

Water			
Year	Principal	Interest	Total
2013	\$ 4,616,176	\$ 678,952	\$ 5,295,128
2014	4,285,188	513,790	4,798,978
2015	3,890,932	413,947	4,304,879
2016	3,655,509	318,765	3,974,274
2017	2,765,783	241,589	3,007,372
2018-2022	8,381,943	356,434	8,738,377
2023	111,325	626	111,951
Totals	\$ 27,706,856	\$ 2,524,103	\$ 30,230,959

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
2013	\$ 6,327,574	\$ 1,547,568	\$ 7,875,142
2014	6,958,533	1,169,983	8,128,516
2015	6,679,748	1,028,914	7,708,662
2016	6,681,093	893,583	7,574,676
2017	6,485,404	762,238	7,247,642
2018-2022	25,744,751	2,143,388	27,888,139
2023-2027	9,494,135	485,626	9,979,761
Totals	68,371,238	\$ 8,031,300	\$ 76,402,538
Issues With No Estimate Available	12,960,144		
Total	\$ 81,331,382		

The Water Reclamation Fund has \$25,322,858 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
2013	\$ 517,585	\$ 46,791	\$ 564,376
2014	530,227	34,148	564,375
2015	239,538	23,082	262,620
2016	166,351	18,186	184,537
2017	170,126	14,412	184,538
2018-2020	533,891	19,721	553,612
Totals	\$ 2,157,718	\$ 156,340	\$ 2,314,058

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

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
2013	\$ 34,318	\$ 3,106	\$ 37,424
2014	66,309	2,995	69,304
2015	36,426	2,878	39,304
2016	36,546	2,758	39,304
2017	70,352	2,676	73,028
2018-2022	204,495	11,310	215,805
2023-2027	209,512	5,135	214,647
2028-2030	401,532	844	402,376
Totals	\$ 1,059,490	\$ 31,702	\$ 1,091,192

Metro identified its implicit subsidy for post-employment health care benefits other than pensions as of December 31, 2012 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 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 2012:

Annual required contribution	\$ 43,635
Interest on net OPEB obligation	436
Annual OPEB cost	44,071
Contributions made	-
Change in net OPEB obligation	44,071
Net OPEB obligation, beginning of year	44,071
Net OPEB obligation, end of year	\$ 88,142

Notes to Financial Statements

Metro’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 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)

Funded Status and Funding Progress. As of December 31, 2012, the plan was unfunded. The AMM accrued liability for benefits was \$312,152 and the AMM value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$312,152. The covered payroll (annual payroll of active employees covered by the plan) was \$2,129,019, and the ratio of the UAAL to the covered payroll was 14.7 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 implemented in fiscal year 2011, 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, 2011 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. This valuation was also used for the year ending December 31, 2012.

Accrued Compensated Absences

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

Legal Debt Limit

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

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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2012**

Notes to Financial Statements

Accordingly, at December 31, 2012, the City has an available legal debt limit as follows:

2012 Assessed Actual Value Subject to Taxation:				\$ 11,255,401,111	
Category	Legal Debt Limit		Net Bonded Debt Outstanding	Available Legal Debt Margin	
	Percent	Amount			
General Purpose 1	5.0%	\$ 562,770,056	\$ -	\$ 562,770,056	
Special Purpose 2	10.0%	1,125,540,111	-	1,125,540,111	
Special Purpose 3	8.0%	900,432,089	-	900,432,089	
		\$ 2,588,742,256	\$ -	\$ 2,588,742,256	

I. Operating Leases

The City is a party to several operating leases for equipment and office space. The City has not entered into any operating leases with noncancelable terms as of December 31, 2012. The total rental expense for operating leases for the year ended December 31, 2012, was approximately \$8,820,638.

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, 2012:

	General	Entertainment Tax	Sales and Use Tax	Community Development	Storm Drainage	Events Center Construction	Other Governmental Funds	Total
Fund balances:								
Nonspendable:								
Inventory	\$ 1,891,787	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 232,363	\$ 2,129,150
Notes Receivable	-	-	420,619	348,779	-	-	-	769,398
Permanent Fund Principal	-	-	-	-	-	-	26,764	26,764
Total Nonspendable	<u>1,891,787</u>	<u>-</u>	<u>420,619</u>	<u>353,779</u>	<u>-</u>	<u>-</u>	<u>259,127</u>	<u>2,925,312</u>
Restricted for:								
Debt Service	-	3,756,795	24,016,440	-	-	-	563,462	28,336,697
Park and Recreation	371,234	-	863,710	-	-	-	-	1,234,944
Police	247,354	-	66,631	-	-	-	-	313,985
Library	31,721	-	-	-	-	-	39,935	71,656
Community Development	-	-	-	2,027,670	-	-	-	2,027,670
Pollution Control	-	-	-	-	-	-	545,593	545,593
Heroic Awards	-	-	-	-	-	-	3,598	3,598
Flood Control	-	-	-	-	-	-	3,600,799	3,600,799
Entertainment Venues	-	1,654,636	-	-	-	-	-	1,654,636
Events Center	-	-	-	-	-	101,671,384	-	101,671,384
Other Capital Projects	-	-	-	-	3,044,393	-	3,582,817	6,627,210
Other Purposes	10,038	-	-	-	5,733,827	-	4,790,629	10,534,494
Total Restricted	<u>660,347</u>	<u>5,411,431</u>	<u>24,946,781</u>	<u>2,027,670</u>	<u>8,778,220</u>	<u>101,671,384</u>	<u>13,126,833</u>	<u>156,622,666</u>
Committed to:								
Channel 16 Equipment	-	-	172,925	-	-	-	-	172,925
Debt Service	-	-	5,028,942	-	-	-	-	5,028,942
Other Capital Projects	-	-	7,586,763	-	-	-	-	7,586,763
Total Committed	<u>-</u>	<u>-</u>	<u>12,788,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,788,630</u>
Assigned to:								
Transit System	-	-	-	-	-	-	877,595	877,595
2013 Budget	3,802,375	-	-	-	-	-	-	3,802,375
Total Assigned	<u>3,802,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>877,595</u>	<u>4,679,970</u>
Unassigned:	<u>41,387,942</u>	<u>-</u>	<u>-</u>	<u>(93,775)</u>	<u>-</u>	<u>-</u>	<u>(355,777)</u>	<u>40,938,390</u>
Total Fund Balances	<u>\$ 47,742,451</u>	<u>\$ 5,411,431</u>	<u>\$ 38,156,030</u>	<u>\$ 2,287,674</u>	<u>\$ 8,778,220</u>	<u>\$ 101,671,384</u>	<u>\$ 13,907,778</u>	<u>\$ 217,954,968</u>

Notes to Financial Statements

Note 4—Joint Ventures/Related Organizations

The City of Sioux Falls is a party to two joint ventures as described below:

1. The City of Sioux Falls and Minnehaha County jointly provide funding for the **Historical Museum Trust**. The Trust provides for operation of all City- and County-owned museums. Participation in the venture is funded equally. The City contribution to the venture for the year ended December 31, 2012, was \$404,438 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 \$892,831 from the County for operations during 2012. 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, 2012, the City has commitments on construction projects totaling \$197,638,044 as detailed in Note 3 (G).

The City has entered into a commitment 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. The City entered into an amended agreement with the System to increase the amount of drinking water from 10 million gallons per day to 28 million gallons per day to ensure that future supplemental water supply needs of the City will be met.

Pursuant to Exhibits 5-1 and 6-1 of the Amended and Restated Commitment Agreement (with cost shares adjusted to December 31, 2012 dollars using Bureau of Reclamation Indexing), it is estimated that the City of Sioux Falls' Base System Capacity and Additional Capacity share of the \$590.1 million System project is currently \$78.4 million (\$36.2 million for 11,007 million gallons per day of Base System Capacity, \$42.2 million for 17 million gallons of Additional Capacity). It is estimated that Sioux Falls will also be responsible for an additional \$10.16 million (December 31, 2012 dollars), not included in Exhibits 5-1 or 6-1, for Sioux Falls' share of Remaining Well Costs.

The City's investment to date of \$75.2 million is recorded in the Water enterprise fund as an intangible asset. Of this investment, the City has made prepayments equal to \$64.281 million for the City's share of the estimated project costs associated with the City's portion of base capacity and additional capacity. Any remaining cost share above the prepayment amount will be made as part of a future interim true-up and a final true-up upon completion of the project.

The final commitment costs may be higher or lower due to cost indexing, construction over-runs and changes in federal funding. 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 January 31, 2013, the City has received an average of 5.3 million gallons per day with a peak day of 10.3 million gallons on September 24, 2012.

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, 2016.

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

Notes to Financial Statements

advance sufficient funds in order to expedite the completion of the project.

The total project cost is estimated to be \$64.6 million, of which the City is responsible for a minimum of 25 percent, but not to exceed 50 percent. To-date the City has contributed \$25.9 million which includes \$17.2 million in bond advances which provide funding to the Corps for completion of Phase II and III. Total costs as of December 31, 2012, are \$49.6 million. The City's share is recorded in the Sioux Falls Flood Control Capital Projects Fund. The State of South Dakota has contributed \$6,200,000 to help fund this project. Phase I, phase IIA, IIB, and IIC of the project have been booked to capital assets.

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, 2012, is as follows:

CHANGE IN LIABILITY		Amount
Balance at January 1		\$ 5,268,880
Costs incurred in 2012		-
Change in liability due to usage and revision of estimates		(91,266)
Balance at December 31		<u>\$ 5,177,614</u>

As of December 31, 2012, the City estimates are as follows:

Site	Used to date	Recognized Liability	Remaining	
			Liability	Life (Years)
Solid Waste #1	100.0%	\$ 4,560,231	\$ -	-
Solid Waste #2	4.4%	210,851	4,575,975	67.0
Rubble/Asbestos	28.5%	406,532	1,018,757	35.0
Totals		<u>\$ 5,177,614</u>	<u>\$ 5,594,732</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 \$5,177,614 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:

	2012	2013
Balance January 1	\$ 1,300,000	\$ 1,300,000
Claims incurred during the year	12,662,270	13,614,627
Payments on claims during the year	(12,662,270)	(12,914,627)
Balance December 31	<u>\$ 1,300,000</u>	<u>\$ 2,000,000</u>

The Workers' Compensation Fund has designated cash of \$2,296,540 at December 31, 2012, which represents the present value of known claims against the fund.

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' compensation, and employee health insurance. Paying into the unemployment compensation fund established by state

Notes to Financial Statements

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, 2012, there were two series of Industrial Revenue/Economic Development Bonds outstanding, with an aggregate principal amount payable of \$26,310,000.

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.

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.

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.

Summary of Significant Accounting Policies

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles applicable to governmental accounting for pension trust funds. Plan member contributions are recognized in the period in which the contributions are due. City contributions to each plan are recognized when due and when the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Investments are reported at fair value to properly reflect the asset values of the fund at December 31, 2012. Fair values were determined based on closing market prices for those securities traded on national and international exchanges. Securities without an established market are reported at estimated fair value. As of December 31, 2012, and the year then ended, the funds held no securities issued by the City or related parties.

Funding Policy & Contributions

During FY 2012 the CERS general division member employees contributed 3 percent of their gross earnings and police division member employees contributed 8 percent of their gross earnings. CFPF member employees contributed 8 percent of their gross earnings. The employee contribution rates are established by City ordinance. Employer contributions are made on a percentage of payroll basis and 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 13 years.

CERS			
	Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	\$ 4,907,566	\$ 4,889,940	100%
2009	5,238,815	5,459,718	100%
2010	6,470,984	6,591,255	100%
2011	8,533,571	7,730,986	91%
2012	8,149,433	7,928,144	97%

CFPF			
	Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	\$ 1,657,685	\$ 1,695,167	100%
2009	1,776,435	1,877,096	100%
2010	2,270,592	2,233,372	98%
2011	2,985,389	2,773,506	93%
2012	2,990,124	2,871,209	96%

Computed dollar contributions are based on contribution rates and actuarially projected valuation payroll. Actual contributions are based on computed contribution rates and

Notes to Financial Statements

actual payroll. Deviations are attributable to the differences between the projected and actual payroll.

Funding Status and Funding Progress

The funded status of each plan as of December 31, 2012, 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	\$ 282,268	\$ 347,118	\$ 64,850	81.3%	\$ 52,016	124.7%
CFPF	102,541	130,255	27,714	78.7%	11,526	240.4%

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.

Actuarial Methods and Assumptions

Actuarial methods and assumptions are as follows:

Valuation Date	December 31, 2012
Actuarial Cost Method	Entry-Age
Amortization Method	Level dollar closed
Remaining Amortization Period	25 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases*	CERS 4.25% - 9.25%
	CFPF 4.25% - 8.75%
*Includes Inflation at	4.25%
Cost-of-Living Adjustments	June CPI with 3% cap beginning 36 months after retirement

Membership of the plans consisted of the following at December 31, 2012, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving	505	154
Vested former members net yet receiving benefits	64	5
Active plan members	924	182
Total	1493	341

Closure of Pension Plans

Effective July 1, 2013, the CERS and CFPF will close to new members. Employees hired after this date will become members in the state-wide South Dakota Retirement System (SDRS). SDRS is a cost-sharing multiple employer hybrid public employee retirement system. All participating public employers and their full-time employees make matching contributions to the plan. Current matching contributions are fixed at 6 percent of pay for general and management employees and 8 percent of pay for uniformed public safety employees.

Change in Plan Design – Pension Plan

Effective January 1, 2014, access to the City's health plan will no longer be available to retiring employees. In its place, the City's pension plan will provide 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 will increase their contributions to the pension plan by 2 percent over two years starting in 2014 (1 percent increase in 2014; 1 percent increase in 2015).

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

Notes to Financial Statements

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, 2012, the date of the last actuarial valuation:

	CERS	CFPF
Retirees and beneficiaries receiving benefits	128	48
Active plan members	<u>0</u>	<u>0</u>
Total	<u>128</u>	<u>48</u>

Summary of Significant Accounting Policies

The City follows the same accounting policies in accounting for post-employment retiree health care benefits as for the defined benefit pension plan described above.

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 Contributions	Actual Contributions	Percentage Contributed
2008	\$ 2,816,421	\$ 2,820,846	100%
2009	2,808,976	2,974,199	100%
2010	2,881,839	2,962,801	100%
2011	3,160,024	2,868,342	91%
2012	3,510,380	3,418,805	97%

CFPF			
	Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
2008	\$ 981,756	\$ 990,738	100%
2009	946,853	975,694	100%
2010	947,122	937,698	99%
2011	1,015,397	944,497	93%
2012	1,144,573	1,098,951	96%

Funding Status and Funding Progress

The funded status of each plan as of December 31, 2012, 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	\$ 22,807	\$ 7,582	\$ (15,225)	300.8%	\$ 52,016	0.0%
CFPF	6,978	4,076	(2,902)	171.2%	11,526	0.0%

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.

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, 2012
Actuarial Cost Method	Entry-Age
Amortization Method	Level dollar closed
Remaining Amortization Period	CERS General 20 years Police 15 years CFPF 15 years
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Medical Inflation Rate	9.0% graded down to 4.25% in 2022
Dental Inflation Rate	4.25% for all years

Notes to Financial Statements

Change in Plan Design – Other Post-Employment Benefits:

Effective January 1, 2014, access to the City's health plan will no longer be available to retiring employees. In its place, the City's pension plan will provide a flat dollar stipend to retirees to purchase their own health insurance as discussed above.

Individual Pension Plan Financial Statements

Individual financial statements for the City's two defined benefit pension plans are presented on page 73.

Component Units

Housing Commission Retirement Plan

All eligible employees of the Housing Commission participate in the Housing Renewal and Local Agency Retirement Plan, a cost sharing, multiple-employer public employee retirement system to provide retirement benefits for employees of local or regional housing authorities and commissions, urban renewal agencies, and other organizations that are eligible to participate in this plan subject to the approval of the agreement. Eligible employees are defined as staff scheduled to work 20 or more hours per week after attaining age 18 and completing one year of continuous and uninterrupted employment. The right to receive retirement benefits is 20 percent vested after one year credited service up to 100 percent vested after five years credited service. Authority for establishing, administering, and amending plan provisions is found in Internal Revenue Code Section 401(a). The Automated Data Processing (ADP) Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ADP Retirement Services, 462 South 4th Avenue, Suite 900, Louisville, KY 40202, or by calling (502) 561-4550. On June 24, 2002, the Housing Commission adopted Resolution No. 268-06-02 effective July 1, 2002, which implemented a mandatory after-tax employee contribution to the plan of 1 percent of basic compensation, and a corresponding employer contribution of 4 percent of basic compensation addition. The resolution permitted employees to voluntarily contribute additional after-tax amounts in excess of the 1 percent mandatory amount, which would be treated as voluntary contributions, and for which the employer would contribute additional corresponding amounts up to a maximum of 7 percent. The Housing Commission also changed the vesting provisions of the plan. Previously, the employer contributed 13 percent of basic compensation to the plan, such that 5.5 percent of those employer contributions were non-forfeitable, and the remaining 7.5 percent were subject to the plan's vesting schedule. 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, 2012, 2011, and 2010, the cost to the Commission was \$53,142, \$52,468, and \$45,247, respectively.

Metro Communications Agency Retirement Plan

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

The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained 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 30th.

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, 2012, 2011, and 2010, the cost to the Agency was \$128,166, \$126,617 and \$122,442, respectively.

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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	
Assets					
Cash and Cash Equivalents	\$ 2,507,683	\$ 200,528	\$ 581,782	\$ 39,330	\$ 3,329,323
Receivables:					
Interest	592,148	47,352	208,858	14,119	862,477
Total Receivables	<u>592,148</u>	<u>47,352</u>	<u>208,858</u>	<u>14,119</u>	<u>862,477</u>
Investments at Fair Value:					
US Government	3,741,971	299,229	1,340,155	90,598	5,471,953
Corporate Obligations	30,604,839	2,447,336	11,848,440	800,984	45,701,599
Foreign Obligations	10,056,244	804,154	2,395,271	161,926	13,417,595
State and Local Obligations	3,531,495	282,398	1,272,369	86,015	5,172,277
Domestic Stocks	60,330,356	4,824,357	21,970,203	1,485,241	88,610,157
Foreign Stocks	5,349,672	427,790	1,966,688	132,953	7,877,103
Index Funds:					
Equity	54,580,310	4,364,550	19,933,975	1,347,587	80,226,422
Government / Corporate Bonds	19,714,890	1,576,514	7,242,044	489,580	29,023,028
Mutual Funds:					
Foreign Equity	49,503,601	3,958,588	17,905,040	1,210,426	72,577,655
Domestic Equity	28,586,261	2,285,919	10,514,809	710,828	42,097,817
Real Estate	16,116,194	1,288,742	6,039,327	408,274	23,852,537
Total Investments	<u>282,115,831</u>	<u>22,559,579</u>	<u>102,428,320</u>	<u>6,924,413</u>	<u>414,028,143</u>
Total Assets	<u>285,215,662</u>	<u>22,807,459</u>	<u>103,218,960</u>	<u>6,977,862</u>	<u>418,219,943</u>
Liabilities					
Total Liabilities	-	-	-	-	-
Net Position					
Held in Trust for Pension and Post Employment Health Care Benefits	<u>\$285,215,662</u>	<u>\$22,807,459</u>	<u>\$103,218,960</u>	<u>\$6,977,862</u>	<u>\$ 418,219,943</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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	
Additions					
Contributions					
Employer	\$ 7,928,103	\$ 3,418,805	\$ 2,871,208	\$ 1,098,951	\$ 15,317,067
Plan Members	2,335,450	-	911,291	-	3,246,741
Total Contributions	<u>10,263,553</u>	<u>3,418,805</u>	<u>3,782,499</u>	<u>1,098,951</u>	<u>18,563,808</u>
Investment Income (Loss)	37,705,299	2,110,223	13,398,315	855,212	54,069,049
Less Investment Expense	659,684	36,920	255,736	16,324	968,664
Net Investment Income (Loss)	<u>37,045,615</u>	<u>2,073,303</u>	<u>13,142,579</u>	<u>838,888</u>	<u>53,100,385</u>
Total Additions	<u>47,309,168</u>	<u>5,492,108</u>	<u>16,925,078</u>	<u>1,937,839</u>	<u>71,664,193</u>
Deductions					
Benefit Payments					
Pension	12,972,156	-	5,848,568	-	18,820,724
Health Premiums	-	858,823	-	364,617	1,223,440
Total Benefit Payments	<u>12,972,156</u>	<u>858,823</u>	<u>5,848,568</u>	<u>364,617</u>	<u>20,044,164</u>
Refunds	300,274	-	-	-	300,274
Administrative Expense	<u>171,408</u>	<u>9,593</u>	<u>106,954</u>	<u>6,827</u>	<u>294,782</u>
Total Deductions	<u>13,443,838</u>	<u>868,416</u>	<u>5,955,522</u>	<u>371,444</u>	<u>20,639,220</u>
Net Increase (Decrease)	33,865,330	4,623,692	10,969,556	1,566,395	51,024,973
Total Net Position, January 1	<u>251,350,332</u>	<u>18,183,767</u>	<u>92,249,404</u>	<u>5,411,467</u>	<u>367,194,970</u>
Total Net Position, December 31	<u>\$285,215,662</u>	<u>\$22,807,459</u>	<u>\$ 103,218,960</u>	<u>\$ 6,977,862</u>	<u>\$ 418,219,943</u>

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Funding Progress (\$Thousand)						
Actuarial Valuation Date December 31	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)
City Employee's Retirement System (CERS)						
Pension						
2003	\$ 175,892	\$ 184,883	\$ 8,991	95.1%	\$ 36,245	24.8%
2004	184,053	197,268	13,215	93.3%	38,539	34.3%
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	64,850	81.3%	52,016	124.7%
Retiree Health Plan						
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	49.7%
2012	22,807	7,582	(15,225)	300.8%	52,016	0.0%
City Firefighters' Pension Fund (CFPF)						
Pension						
2003	\$ 70,429	\$ 71,554	\$ 1,125	98.4%	\$ 8,354	13.5%
2004	72,737	78,147	5,410	93.1%	8,625	62.7%
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%
Retiree Health Plan						
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	75.5%
2012	6,978	4,076	(2,902)	171.2%	11,526	0.0%

Required Supplementary Information - Fiduciary Funds (Pension Trust)

Schedules of Employer Contributions					
Year Ended December 31	Contribution Rates as % of Payroll		Computed Annual Required Contributions	Actual Contributions	Percentage Contributed
City Employee's Retirement System (CERS)					
Pension	General	Police			
2003	7.77%	14.42%	\$ 3,134,728	\$ 3,557,438	100%
2004	8.68%	15.68%	3,693,299	4,270,076	100%
2005	9.43%	13.96%	4,125,255	4,499,260	100%
2006	9.80%	14.84%	4,717,920	4,928,487	100%
2007	10.38%	14.96%	5,160,605	5,373,132	100%
2008	9.50%	13.36%	4,907,566	4,889,940	100%
2009	9.33%	14.58%	5,238,815	5,459,718	100%
2010	10.93%	17.66%	6,470,984	6,591,255	100%
2011	13.17%	20.78%	8,533,571	7,730,986	91%
2012	12.86%	20.72%	8,149,433	7,928,104	97%
Retiree Health Plan					
2007	5.04%	7.23%	\$ 2,501,513	\$ 2,523,357	100%
2008	5.49%	7.57%	2,816,421	2,820,846	100%
2009	5.18%	7.36%	2,808,976	2,974,199	100%
2010	5.03%	7.45%	2,881,839	2,962,801	100%
2011	4.89%	7.66%	3,160,024	2,868,342	91%
2012	5.53%	8.95%	3,510,380	3,418,805	97%
City Firefighters' Pension Fund (CFPF)					
Pension					
2002	7.86%		\$ 490,217	\$ 607,842	100%
2003	7.23%		518,329	653,835	100%
2004	9.31%		742,741	890,875	100%
2005	11.12%		992,375	1,053,254	100%
2006	16.21%		1,526,731	1,683,121	100%
2007	17.14%		1,669,043	1,826,253	100%
2008	15.99%		1,657,685	1,695,167	100%
2009	16.36%		1,776,435	1,877,096	100%
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%
Retiree Health Plan					
2007	8.91%		\$ 867,630	\$ 890,208	100%
2008	9.47%		981,756	990,738	100%
2009	8.72%		946,853	975,694	100%
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%
<p>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.</p>					

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

**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		
Revenues				
Taxes:				
Property	\$ 46,302,099	\$ 46,302,099	\$ 46,479,615	\$ 177,516
Sales	46,879,930	46,879,930	48,440,527	1,560,597
Frontage	4,491,891	4,491,891	4,614,095	122,204
Lodging	2,000,000	2,000,000	2,235,197	235,197
Amusement	13,519	13,519	13,005	(514)
Penalties and Interest	75,000	75,000	136,477	61,477
Total Taxes	99,762,439	99,762,439	101,918,916	2,156,477
Licenses and Permits	4,328,074	4,328,074	4,641,986	313,912
Intergovernmental Revenue				
Federal Shared Revenues:				
Federal Grants	4,396,847	4,396,847	5,274,189	877,342
State Shared Revenues:				
Motor Vehicle Licenses	1,800,000	1,800,000	2,374,697	574,697
Bank Franchise Tax	655,000	655,000	674,257	19,257
Liquor Tax Reversion	760,600	760,600	789,304	28,704
Health License Reversion	127,000	127,000	157,271	30,271
Fire Insurance Premium Reversion	395,000	395,000	414,048	19,048
Port of Entry Fees	55,000	55,000	64,388	9,388
Total State Shared Revenues	3,792,600	3,792,600	4,473,965	681,365
State Grants	-	-	8,740	8,740
County Shared Revenues:				
Wheel Tax	195,000	195,000	174,168	(20,832)
Contributions	973,831	973,831	949,830	(24,001)
Total County Shared Revenues	1,168,831	1,168,831	1,123,998	(44,833)
Total Intergovernmental Revenues	9,358,278	9,358,278	10,880,892	1,522,614
Special Assessments	186,040	186,040	72,228	(113,812)
Charges for Goods and Services	6,519,252	6,519,252	6,191,797	(327,455)
Fines and Forfeitures	761,700	761,700	713,903	(47,797)
Investment Revenue	413,465	413,465	240,101	(173,364)
Rentals/Operating Leases	220,668	220,668	210,906	(9,762)
Contributions	152,725	152,725	126,848	(25,877)
Miscellaneous Revenue	84,300	84,300	212,862	128,562
Total Revenues	121,786,941	121,786,941	125,210,439	3,423,498

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government:				
Mayor	498,585	507,930	473,597	34,333
Attorney	1,446,574	1,469,376	1,391,259	78,117
Human Resources	1,106,234	1,120,315	1,085,707	34,608
City Council	1,335,562	1,348,986	1,128,871	220,115
Finance	1,942,987	1,980,419	1,930,484	49,935
Facilities Management	1,297,294	1,305,868	1,251,257	54,611
Central Services	2,626,316	2,664,300	2,478,745	185,555
Media Services	1,445,242	1,462,536	1,437,298	25,238
Total General Government	<u>11,698,794</u>	<u>11,859,730</u>	<u>11,177,218</u>	<u>682,512</u>
Public Safety:				
Fire	21,341,922	21,341,922	21,001,392	340,530
Police	28,390,691	28,727,908	28,508,707	219,201
Total Public Safety	<u>49,732,613</u>	<u>50,069,830</u>	<u>49,510,099</u>	<u>559,731</u>
Highways and Streets:				
Engineering	6,753,820	6,846,193	6,645,450	200,743
Public Works Administration	124,805	126,679	121,547	5,132
Streets	14,200,671	14,268,991	13,281,917	987,074
Total Highways and Streets	<u>21,079,296</u>	<u>21,241,863</u>	<u>20,048,914</u>	<u>1,192,949</u>
Public Health:				
Health	9,072,951	9,294,432	9,244,495	49,937
Culture and Recreation:				
Arena	824,861	824,861	738,271	86,590
Libraries	5,867,773	5,948,503	5,670,724	277,779
Siouxland Museum	475,221	475,221	405,904	69,317
Parks and Recreation	13,453,632	13,535,651	13,394,238	141,413
Total Culture and Recreation	<u>20,621,487</u>	<u>20,784,236</u>	<u>20,209,137</u>	<u>575,099</u>
Urban and Economic Development:				
Planning and Building Services	4,527,293	4,595,289	4,488,083	107,206
Community Development	1,296,114	1,302,764	1,121,581	181,183
Convention Visitors Bureau	2,000,000	2,229,300	2,229,291	9
Total Urban and Economic Development	<u>7,823,407</u>	<u>8,127,353</u>	<u>7,838,955</u>	<u>288,398</u>
Total Expenditures	<u>120,028,548</u>	<u>121,377,444</u>	<u>118,028,818</u>	<u>3,348,626</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	35,000	35,000	37,760	2,760
Damage Recovery	29,500	29,500	30,758	1,258
Transfers Out	(5,701,509)	(5,712,072)	(5,701,509)	10,563
Total Other Financing Sources (Uses)	<u>(5,637,009)</u>	<u>(5,647,572)</u>	<u>(5,632,991)</u>	<u>14,581</u>
Net Change in Fund Balances	<u>(3,878,616)</u>	<u>(5,238,075)</u>	<u>1,548,630</u>	<u>6,786,705</u>
Fund Balances, January 1	<u>46,193,821</u>	<u>46,193,821</u>	<u>46,193,821</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 42,315,205</u>	<u>\$ 40,955,746</u>	<u>\$ 47,742,451</u>	<u>\$ 6,786,705</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,475,584	\$ 5,475,584	\$ 5,747,678	\$ 272,094
Charges for Goods and Services	10,000	10,000	18,796	8,796
Investment Revenue	50,000	50,000	(57,669)	(107,669)
Contributions	-	-	500	500
Total Revenues	<u>5,535,584</u>	<u>5,535,584</u>	<u>5,709,305</u>	<u>173,221</u>
Expenditures				
Culture and Recreation:				
Entertainment Tax	2,362,000	2,362,000	2,334,039	27,961
Arena	93,062	93,062	85,451	7,611
Events Center	-	45,000	45,000	-
Pavilion	1,925,045	2,480,845	2,199,117	281,728
Total Culture and Recreation	<u>4,380,107</u>	<u>4,980,907</u>	<u>4,663,607</u>	<u>317,300</u>
Urban and Economic Development:				
Convention Center	1,537,650	1,661,179	1,335,832	325,347
Total Urban and Economic Development	<u>1,537,650</u>	<u>1,661,179</u>	<u>1,335,832</u>	<u>325,347</u>
Total Expenditures	<u>5,917,757</u>	<u>6,642,086</u>	<u>5,999,439</u>	<u>642,647</u>
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	2,125	2,125
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,125</u>	<u>2,125</u>
Net Change in Fund Balances	(382,173)	(1,106,502)	(288,009)	817,993
Fund Balances, January 1	<u>5,699,440</u>	<u>5,699,440</u>	<u>5,699,440</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,317,267</u>	<u>\$ 4,592,938</u>	<u>\$ 5,411,431</u>	<u>\$ 817,993</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

**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		
Revenues				
Taxes	\$ 46,879,930	\$ 46,879,930	\$ 48,424,657	\$ 1,544,727
Licenses and Permits	90,000	90,000	86,570	(3,430)
Intergovernmental	135,000	2,512,731	1,489,542	(1,023,189)
Special Assessments	385,000	935,000	1,549,041	614,041
Rentals/Operating Leases	278,000	278,000	-	(278,000)
Investment Revenue	250,000	250,000	358,522	108,522
Contributions	430,000	2,569,450	2,799,140	229,690
Miscellaneous Revenue	-	-	14,875	14,875
Total Revenues	48,447,930	53,515,111	54,722,347	1,207,236
Expenditures				
General Government:				
Facilities Management	1,153,217	2,831,395	2,358,240	473,155
Sales and Use Tax	12,067,000	19,048,368	17,880,573	1,167,795
Central Services	657,895	715,763	658,993	56,770
Media Services	258,000	326,750	288,279	38,471
Transit	461,152	490,636	20,477	470,159
Total General Government	14,597,264	23,412,912	21,206,562	2,206,350
Public Safety:				
Fire	368,079	1,323,598	1,004,014	319,584
Police	699,825	797,681	750,404	47,277
Total Public Safety	1,067,904	2,121,279	1,754,418	366,861
Highways and Streets:				
Engineering	16,030,054	20,553,458	17,166,551	3,386,907
Street	8,392,200	10,228,301	8,861,749	1,366,552
Storm Drainage	263,750	1,526,337	1,285,899	240,438
Total Highways and Streets	24,686,004	32,308,096	27,314,199	4,993,897
Public Health:				
Health	17,800	517,800	17,894	499,906
Culture and Recreation:				
Arena	-	451,651	196,365	255,286
Events Center	500,000	539,500	515,765	23,735
Library	620,000	1,286,628	734,431	552,197
Parks and Recreation	5,186,684	13,091,070	7,663,649	5,427,421
Total Culture and Recreation	6,306,684	15,368,849	9,110,210	6,258,639
Urban and Economic Development:				
Planning and Building Services	46,600	142,579	97,194	45,385
Community Development	200,000	200,000	-	200,000
Total Urban and Economic Development	246,600	342,579	97,194	245,385
Total Expenditures	46,922,256	74,071,515	59,500,477	14,571,038
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	1,128,813	1,128,813
Damage Recovery	-	-	10,967	10,967
Revenue Bond Issuance	-	-	7,645,000	7,645,000
Revenue Bond Premium	-	-	4,617,175	4,617,175
Transfers In	-	-	127,938	127,938
Transfers Out	350,000	350,000	-	(350,000)
Total Other Financing Sources (Uses)	350,000	350,000	13,529,893	13,179,893
Net Change in Fund Balances	1,875,674	(20,206,404)	8,751,763	28,958,167
Fund Balances, January 1	29,404,267	29,404,267	29,404,267	-
Fund Balances, December 31	\$ 31,279,941	\$ 9,197,863	\$ 38,156,030	\$ 28,958,167

City of Sioux Falls
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 Year Ended December 31, 2012

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,658,800	\$ 1,658,800	\$ 560,649	\$ (1,098,151)
Investment Revenue	112,800	112,800	198,562	85,762
Rentals/Operating Leases	1,582,400	1,582,400	1,042,791	(539,609)
Contributions	500,000	500,000	24,673	(475,327)
Miscellaneous	-	-	(322)	(322)
Total Revenues	<u>3,854,000</u>	<u>3,854,000</u>	<u>1,826,353</u>	<u>(1,551,998)</u>
Expenditures				
Urban and Economic Development:				
Community Development	<u>4,493,177</u>	<u>4,493,177</u>	<u>2,017,957</u>	<u>2,475,220</u>
Total Expenditures	<u>4,493,177</u>	<u>4,493,177</u>	<u>2,017,957</u>	<u>2,475,220</u>
Other Financing Sources (Uses)				
Transfers In	<u>639,177</u>	<u>639,177</u>	<u>639,177</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>639,177</u>	<u>639,177</u>	<u>639,177</u>	<u>-</u>
Net Change in Fund Balances	-	-	447,573	923,222
Fund Balances, January 1	<u>1,840,101</u>	<u>1,840,101</u>	<u>1,840,101</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,840,101</u>	<u>\$ 1,840,101</u>	<u>\$ 2,287,674</u>	<u>\$ 923,222</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		
Revenues				
Taxes	\$ 5,168,475	\$ 5,168,475	\$ 5,790,260	\$ 621,785
Licenses and Permits	454	454	-	(454)
Investment Revenue	80,000	80,000	25,528	(54,472)
Rentals/Operating Leases	-	-	2,250	2,250
Special Assesments	191,070	191,070	695,097	504,027
Contributions	1,900,000	1,900,000	162,184	(1,737,816)
Total Revenues	<u>7,339,999</u>	<u>7,339,999</u>	<u>6,675,319</u>	<u>(664,680)</u>
Expenditures				
Highways and Streets	9,774,335	12,121,984	5,439,712	6,682,272
Total Expenditures	<u>9,774,335</u>	<u>12,121,984</u>	<u>5,439,712</u>	<u>6,682,272</u>
Other Financing Sources (Uses)				
Revenue Note Issuance	-	1,883,532	-	(1,883,532)
Total Other Funding Sources (Uses)	<u>-</u>	<u>1,883,532</u>	<u>-</u>	<u>(1,883,532)</u>
Net Change in Fund Balances	(2,434,336)	(2,898,453)	1,235,607	4,134,060
Fund Balances, January 1	<u>7,542,613</u>	<u>7,542,613</u>	<u>7,542,613</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,108,277</u>	<u>\$ 4,644,160</u>	<u>\$ 8,778,220</u>	<u>\$ 4,134,060</u>

Required Supplementary Information

Notes to Required Supplementary Information—Budgetary Reporting

The Schedule

The Budgetary Comparison Schedules present comparisons of the original and legally amended budget with actual amounts on a departmental level for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, and 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 \$28,479,912 during 2012. Of the supplemental appropriations \$12,464,000 was for the Sioux River South Interceptor in the Water Reclamation Fund. The remaining differential was due to capital encumbrances and carry-forwards.

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, 2012.

Combining Statements

A. Nonmajor Special Revenue Funds

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

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

Urban Conservation Fund—to account for the acquisition and subsequent resale of blighted properties for redevelopment within designated neighborhoods.

Big Sioux River Environmental Trust Fund—to account for the City's portion of funds from a Federal environmental fine levied against a city business. Funds are to be used for pollution control projects within the city of Sioux Falls.

B. Nonmajor Capital Projects Funds

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

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, and the Main Library renovation and expansion.

C. Nonmajor Permanent Funds

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

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

D. Internal Service Funds

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

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

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

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

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

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2012**

**Combining Balance Sheet
Nonmajor Governmental Funds**

	Special Revenue	Capital Project	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 1,748,778	\$ 13,426,117	\$ 70,239	\$ 15,245,134
Receivables:				
Accounts (net of allowance for uncollectibles)	38,828	-	-	38,828
Interest and Penalty	686	5,553	58	6,297
Due from Other Governments	93,103	-	-	93,103
Inventory of Supplies and Stores	232,363	-	-	232,363
Total Assets	<u>\$ 2,113,758</u>	<u>\$ 13,431,670</u>	<u>\$ 70,297</u>	<u>\$ 15,615,725</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 284,230	\$ 879,945	\$ -	\$ 1,164,175
Accrued Wages	98,624	-	-	98,624
Due to Other Funds	395,148	50,000	-	445,148
Total Liabilities	<u>778,002</u>	<u>929,945</u>	<u>-</u>	<u>1,707,947</u>
Fund Balances				
Nonspendable	232,363	-	26,764	259,127
Restricted	545,593	12,537,707	43,533	13,126,833
Assigned	877,595	-	-	877,595
Unassigned	(319,795)	(35,982)	-	(355,777)
Total Fund Balances	<u>1,335,756</u>	<u>12,501,725</u>	<u>70,297</u>	<u>13,907,778</u>
Total Liabilities and Fund Balances	<u>\$ 2,113,758</u>	<u>\$ 13,431,670</u>	<u>\$ 70,297</u>	<u>\$ 15,615,725</u>

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012

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

	Special Revenue	Capital Project	Permanent Funds	Total
Revenues				
Taxes	\$ -	\$ 280,751	\$ -	\$ 280,751
Intergovernmental	2,186,117	3,277	-	2,189,394
Charges for Goods and Services	934,130	-	-	934,130
Fines and Forfeitures	120	-	-	120
Investment Revenue	1,679	23,492	175	25,346
Rentals/Operating Leases	-	296,919	-	296,919
Contributions	-	-	10,101	10,101
Miscellaneous Revenue	11,049	-	-	11,049
Total Revenues	3,133,095	604,439	10,276	3,747,810
Expenditures				
Current:				
General Government	7,735,666	-	-	7,735,666
Highways and Streets	236,633	-	-	236,633
Culture and Recreation	-	41,034	7,111	48,145
Urban and Economic Development	-	76,407	-	76,407
Debt Service				
Principal	-	20,000	-	20,000
Interest and Fiscal Charges	-	66,540	-	66,540
Capital Outlay				
General Government	7,790	-	-	7,790
Highways and Streets	-	4,215,581	-	4,215,581
Culture and Recreation	1,367,789	4,324,730	-	5,692,519
Total Expenditures	9,347,878	8,744,292	7,111	18,099,281
Revenues Over (Under) Expenditures	(6,214,783)	(8,139,853)	3,165	(14,351,471)
Other Financing Sources (Uses)				
Sale of Surplus Property	456	-	-	456
Damage Recovery	31,272	-	-	31,272
Transfers In	4,362,332	-	-	4,362,332
Total Other Financing Sources (Uses)	4,394,060	-	-	4,394,060
Net Change in Fund Balances	(1,820,723)	(8,139,853)	3,165	(9,957,411)
Fund Balances, January 1	3,156,479	20,641,578	67,132	23,865,189
Fund Balances, December 31	\$ 1,335,756	\$ 12,501,725	\$ 70,297	\$ 13,907,778

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2012

**Combining Balance Sheet
 Nonmajor Special Revenue Funds**

	<u>Transit</u>	<u>Railroad Relocation</u>	<u>Urban Conservation</u>	<u>Big Sioux Environmental Trust</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 920,235	\$ -	\$ -	\$ 828,543	\$1,748,778
Receivables:					
Accounts (net of allowance for uncollectibles)	38,828	-	-	-	38,828
Interest and Penalty	-	-	-	686	686
Due from Other Governments	17,750	75,353	-	-	93,103
Inventory of Supplies and Stores	232,363	-	-	-	232,363
Total Assets	<u>\$1,209,176</u>	<u>\$ 75,353</u>	<u>\$ -</u>	<u>\$ 829,229</u>	<u>\$2,113,758</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 594	\$ -	\$ -	\$ 283,636	\$ 284,230
Accrued Wages	98,624	-	-	-	98,624
Due to Other Funds	-	395,148	-	-	395,148
Total Liabilities	<u>99,218</u>	<u>395,148</u>	<u>-</u>	<u>283,636</u>	<u>778,002</u>
Fund Balances					
Nonspendable	232,363	-	-	-	232,363
Restricted	-	-	-	545,593	545,593
Assigned	877,595	-	-	-	877,595
Unassigned	-	(319,795)	-	-	(319,795)
Total Fund Balances	<u>1,109,958</u>	<u>(319,795)</u>	<u>-</u>	<u>545,593</u>	<u>1,335,756</u>
Total Liabilities and Fund Balances	<u>\$1,209,176</u>	<u>\$ 75,353</u>	<u>\$ -</u>	<u>\$ 829,229</u>	<u>\$2,113,758</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

	<u>Transit</u>	<u>Railroad Relocation</u>	<u>Urban Conservation</u>	<u>Big Sioux Environmental Trust</u>	<u>Total</u>
Revenues					
Intergovernmental	\$ 2,105,013	\$ 81,104	\$ -	\$ -	\$ 2,186,117
Charges for Goods and Services	934,130	-	-	-	934,130
Fines and Forfeitures	120	-	-	-	120
Investment Revenue	23	(975)	-	2,631	1,679
Miscellaneous Revenue	11,049	-	-	-	11,049
Total Revenues	<u>3,050,335</u>	<u>80,129</u>	<u>-</u>	<u>2,631</u>	<u>3,133,095</u>
Expenditures					
Current:					
General Government	7,735,666	-	-	-	7,735,666
Highways and Streets	-	236,633	-	-	236,633
Capital Outlay					
General Government	7,790	-	-	-	7,790
Culture and Recreation	-	-	-	1,367,789	1,367,789
Total Expenditures	<u>7,743,456</u>	<u>236,633</u>	<u>-</u>	<u>1,367,789</u>	<u>9,347,878</u>
Revenues Over (Under) Expenditures	<u>(4,693,121)</u>	<u>(156,504)</u>	<u>-</u>	<u>(1,365,158)</u>	<u>(6,214,783)</u>
Other Financing Sources (Uses)					
Sale of Surplus Property	456	-	-	-	456
Damage Recovery	31,272	-	-	-	31,272
Transfers In	4,362,332	-	-	-	4,362,332
Total Other Financing Sources (Uses)	<u>4,394,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,394,060</u>
Net Change in Fund Balances	(299,061)	(156,504)	-	(1,365,158)	(1,820,723)
Fund Balances, January 1	<u>1,409,019</u>	<u>(163,291)</u>	<u>-</u>	<u>1,910,751</u>	<u>3,156,479</u>
Fund Balances, December 31	<u>\$ 1,109,958</u>	<u>\$ (319,795)</u>	<u>\$ -</u>	<u>\$ 545,593</u>	<u>\$ 1,335,756</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,904,698	\$ 4,053,534	\$ 2,105,013	\$ (1,948,521)
Charges for Goods and Services	830,000	830,000	934,130	104,130
Fines and Forfeitures	-	-	120	120
Investment Revenue	-	-	23	23
Miscellaneous Revenue	-	-	11,049	11,049
Total Revenues	4,734,698	4,883,534	3,050,335	(1,833,199)
Expenditures				
General Government:				
Transit	9,397,030	9,755,866	7,743,456	2,012,410
Total Expenditures	9,397,030	9,755,866	7,743,456	2,012,410
Other Financing Sources (Uses)				
Sale of Surplus Property	-	-	456	456
Damage Recovery	-	-	31,272	31,272
Transfers In	4,662,332	4,662,332	4,362,332	(300,000)
Total Other Financing Sources (Uses)	4,662,332	4,662,332	4,394,060	(268,272)
Net Change in Fund Balances	-	(210,000)	(299,061)	(89,061)
Fund Balances, January 1	1,409,019	1,409,019	1,409,019	-
Fund Balances, December 31	\$ 1,409,019	\$ 1,199,019	\$ 1,109,958	\$ (89,061)

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 36,565,745	\$ 81,104	\$ (36,484,641)
Investment Revenue	-	-	(975)	(975)
Total Revenues	-	36,565,745	80,129	(36,485,616)
Expenditures				
Highways and Streets:				
Engineering	-	36,535,745	236,633	36,299,112
Storm Drainage	-	30,000	-	30,000
Total Expenditures	-	36,565,745	236,633	36,329,112
Net Change in Fund Balances	-	-	(156,504)	(156,504)
Fund Balances, January 1	(163,291)	(163,291)	(163,291)	-
Fund Balances, December 31	<u>\$ (163,291)</u>	<u>\$ (163,291)</u>	<u>\$ (319,795)</u>	<u>\$ (156,504)</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 - Urban Conservation**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Urban and Economic Development				
Urban Conservation	350,000	350,000	-	350,000
Total Expenditures	350,000	350,000	-	350,000
Other Financing Sources (Uses)				
Transfer In	350,000	350,000	-	(350,000)
Total Other Financing Sources (Uses)	350,000	350,000	-	(350,000)
Net Change in Fund Balances	-	-	-	-
Fund Balances, January 1	-	-	-	-
Fund Balances, December 31	\$ -	\$ -	\$ -	\$ -

City of Sioux Falls
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**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Big Sioux Environmental Trust Fund**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 2,631	\$ 2,631
Total Revenues	-	-	2,631	2,631
Expenditures				
Culture and Recreation				
Parks and Recreation	-	1,866,054	1,367,789	498,265
Total Expenditures	-	1,866,054	1,367,789	498,265
Net Change in Fund Balances	-	(1,866,054)	(1,365,158)	500,896
Fund Balances, January 1	1,910,751	1,910,751	1,910,751	-
Fund Balances, December 31	<u>\$ 1,910,751</u>	<u>\$ 44,697</u>	<u>\$ 545,593</u>	<u>\$ 500,896</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
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**Combining Balance Sheet
 Nonmajor Capital Project Funds**

	<u>T.I.F. District</u>	<u>Sioux Falls Flood Control</u>	<u>Culture/Rec Bond Construction</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 603,071	\$ 5,669,998	\$ 7,153,048	\$ 13,426,117
Receivables:				
Interest and Penalty	<u>287</u>	<u>2,655</u>	<u>2,611</u>	<u>5,553</u>
Total Assets	<u>\$ 603,358</u>	<u>\$ 5,672,653</u>	<u>\$ 7,155,659</u>	<u>\$ 13,431,670</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ 879,945	\$ 879,945
Due to Other Funds	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Liabilities	50,000	-	879,945	929,945
Fund Balances				
Restricted	589,340	5,672,653	6,275,714	12,537,707
Unassigned	<u>(35,982)</u>	<u>-</u>	<u>-</u>	<u>(35,982)</u>
Total Fund Balances	<u>553,358</u>	<u>5,672,653</u>	<u>6,275,714</u>	<u>12,501,725</u>
Total Liabilities and Fund Balances	<u>\$ 603,358</u>	<u>\$ 5,672,653</u>	<u>\$ 7,155,659</u>	<u>\$ 13,431,670</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

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

	<u>T.I.F. District</u>	<u>Sioux Falls Flood Control</u>	<u>Culture/Rec Bond Constuction</u>	<u>Total</u>
Revenues				
Taxes	\$ 280,751	\$ -	\$ -	\$ 280,751
Intergovernmental	3,277	-	-	3,277
Investment Revenue	-	12,246	11,246	23,492
Rentals/Operating Leases	-	-	296,919	296,919
Total Revenues	<u>284,028</u>	<u>12,246</u>	<u>308,165</u>	<u>604,439</u>
Expenditures				
Current:				
Culture and Recreation	-	-	41,034	41,034
Urban and Economic Development	76,407	-	-	76,407
Debt:				
Principal	20,000	-	-	20,000
Interest and Fiscal Charges	66,540	-	-	66,540
Capital				
Highways and Streets	-	4,215,581	-	4,215,581
Culture and Recreation	-	-	4,324,730	4,324,730
Total Expenditures	<u>162,947</u>	<u>4,215,581</u>	<u>4,365,764</u>	<u>8,744,292</u>
Net Change in Fund Balances	121,081	(4,203,335)	(4,057,599)	(8,139,853)
Fund Balances, January 1	<u>432,277</u>	<u>9,875,988</u>	<u>10,333,313</u>	<u>20,641,578</u>
Fund Balances, December 31	<u>\$ 553,358</u>	<u>\$ 5,672,653</u>	<u>\$ 6,275,714</u>	<u>\$ 12,501,725</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 307,500	\$ 307,500	\$ 280,751	\$ (26,749)
Investment Revenue	-	-	3,277	3,277
Total Revenues	<u>307,500</u>	<u>307,500</u>	<u>284,028</u>	<u>(23,472)</u>
Expenditures				
Urban and Economic Development T.I.F. District	<u>307,500</u>	<u>307,500</u>	<u>162,947</u>	<u>144,553</u>
Total Expenditures	<u>307,500</u>	<u>307,500</u>	<u>162,947</u>	<u>144,553</u>
Net Change in Fund Balances	-	-	121,081	121,081
Fund Balances, January 1	<u>432,277</u>	<u>432,277</u>	<u>432,277</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 432,277</u>	<u>\$ 432,277</u>	<u>\$ 553,358</u>	<u>\$ 121,081</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

**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>		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 12,246	\$ 12,246
Total Revenues	-	-	12,246	12,246
Expenditures				
Highways and Streets: Flood Control	-	6,397,075	4,215,581	2,181,494
Total Expenditures	-	6,397,075	4,215,581	2,181,494
Net Change in Fund Balances	-	(6,397,075)	(4,203,335)	2,193,740
Fund Balances, January 1	9,875,988	9,875,988	9,875,988	-
Fund Balances, December 31	<u>\$ 9,875,988</u>	<u>\$ 3,478,913</u>	<u>\$ 5,672,653</u>	<u>\$ 2,193,740</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Culture/Rec Bond Construction Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 11,246	\$ 11,246
Rentals	-	-	296,919	296,919
Total Revenues	-	-	308,165	308,165
Expenditures				
Culture and Recreation:				
Library	-	4,650,234	2,048,376	2,601,858
Park	1,937,700	3,527,647	2,317,388	1,210,259
Total Expenditures	1,937,700	8,177,881	4,365,764	3,812,117
Other Financing Sources (Uses)				
Revenue Bond Issuance	1,937,700	1,937,700	-	(1,937,700)
Total Other Financing Sources (Uses)	1,937,700	1,937,700	-	(1,937,700)
Net Change in Fund Balances	-	(6,240,181)	(4,057,599)	2,182,582
Fund Balances, January 1	10,333,313	10,333,313	10,333,313	-
Fund Balances, December 31	<u>\$ 10,333,313</u>	<u>\$ 4,093,132</u>	<u>\$ 6,275,714</u>	<u>\$ 2,182,582</u>

**City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ -	\$ -	\$ 279,754	\$ 279,754
Total Revenues	<u>-</u>	<u>-</u>	<u>279,754</u>	<u>279,754</u>
Expenditures				
Culture and Recreation				
Events Center	-	114,450,000	13,108,370	101,341,630
Total Expenditures	<u>-</u>	<u>114,450,000</u>	<u>13,108,370</u>	<u>101,341,630</u>
Other Financing Sources (Uses)				
Revenue Bond Issuance	-	114,450,000	114,500,000	50,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>114,450,000</u>	<u>114,500,000</u>	<u>50,000</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>101,671,384</u>	<u>101,671,384</u>
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,671,384</u>	<u>\$ 101,671,384</u>

City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2012

Combining Balance Sheet
Nonmajor Permanent Funds

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 5,593	\$ 64,646	\$ 70,239
Receivables:			
Interest and Penalty	5	53	58
Total Assets	<u>\$ 5,598</u>	<u>\$ 64,699</u>	<u>\$ 70,297</u>
Fund Balances			
Nonspendable	\$ 2,000	\$ 24,764	\$ 26,764
Restricted	3,598	39,935	43,533
Total Fund Balances	<u>\$ 5,598</u>	<u>\$ 64,699</u>	<u>\$ 70,297</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

	<u>Cottam Memorial</u>	<u>Library Memorial</u>	<u>Total</u>
Revenues			
Investment Revenue	\$ 14	\$ 161	\$ 175
Contributions	-	10,101	10,101
Total Revenues	<u>14</u>	<u>10,262</u>	<u>10,276</u>
Expenditures			
Culture and Recreation	-	7,111	7,111
Total Expenditures	<u>-</u>	<u>7,111</u>	<u>7,111</u>
Net Change in Fund Balance	14	3,151	3,165
Fund Balances, January 1	<u>5,584</u>	<u>61,548</u>	<u>67,132</u>
Fund Balances, December 31	<u>\$ 5,598</u>	<u>\$ 64,699</u>	<u>\$ 70,297</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ 50	\$ 50	\$ 14	\$ (36)
Total Revenues	50	50	14	(36)
Expenditures				
Public Safety				
Cottam Memorial	400	400	-	400
Total Expenditures	400	400	-	400
Net Change in Fund Balance	(350)	(350)	14	364
Fund Balances, January 1	5,584	5,584	5,584	-
Fund Balances, December 31	\$ 5,234	\$ 5,234	\$ 5,598	\$ 364

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment Revenue	\$ 500	\$ 500	\$ 161	\$ (339)
Contributions	5,000	5,000	10,101	5,101
Total Revenues	5,500	5,500	10,262	4,762
Expenditures				
Culture and Recreation:				
Library Memorial	25,000	25,000	7,111	17,889
Total Expenditures	25,000	25,000	7,111	17,889
Net Change in Fund Balance	(19,500)	(19,500)	3,151	22,651
Fund Balances, January 1	61,548	61,548	61,548	-
Fund Balances, December 31	\$ 42,048	\$ 42,048	\$ 64,699	\$ 22,651

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2012**

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

	<u>Fleet Revolving</u>	<u>City Health/Life Benefit</u>
Assets		
Current:		
Cash and Cash Equivalents	\$ 6,575,412	\$ 13,829,147
Receivables:		
Accounts	439	238,272
Interest	5,448	11,787
Due from Other Governments	28,037	-
Inventory of Supplies	784,866	-
Total Current Assets	<u>7,394,202</u>	<u>14,079,206</u>
Noncurrent:		
Deposits	-	-
Buildings	113,145	-
Improvements Other Than Buildings	207,309	-
Machinery and Equipment	26,960,401	-
Construction in Progress	36,545	-
Less Accumulated Depreciation	<u>(17,461,496)</u>	<u>-</u>
Total Noncurrent Assets	<u>9,855,904</u>	<u>-</u>
Total Assets	<u>17,250,106</u>	<u>14,079,206</u>
Liabilities		
Current:		
Accounts Payable	7,857	-
Accrued Wages	30,190	4,477
Accrued Compensated Absences	75,000	5,000
Installment Obligations	1	-
Incurred But Not Reported Claims	-	2,000,000
Total Current Liabilities	<u>113,048</u>	<u>2,009,477</u>
Noncurrent:		
Accrued Compensated Absences	<u>3,762</u>	<u>20,074</u>
Total Noncurrent Liabilities	<u>3,762</u>	<u>20,074</u>
Total Liabilities	<u>116,810</u>	<u>2,029,551</u>
Net Position		
Net Investment in Capital Assets	9,855,903	-
Restricted for Liability Insurance Pool	-	-
Unrestricted	<u>7,277,393</u>	<u>12,049,655</u>
Total Net Position	<u>\$ 17,133,296</u>	<u>\$ 12,049,655</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2012

Combining Statement of Net Position
 Internal Service Funds (cont)

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ 2,344,155	\$ 3,326,267	\$ 1,384,947	\$ 27,459,928
-	96	-	238,807
1,962	2,761	1,149	23,107
-	-	-	28,037
-	2,260	-	787,126
<u>2,346,117</u>	<u>3,331,384</u>	<u>1,386,096</u>	<u>28,537,005</u>
-	-	1,141,359	1,141,359
-	-	-	113,145
-	250,295	-	457,604
-	1,806,640	-	28,767,041
-	-	-	36,545
-	(1,661,962)	-	(19,123,458)
-	394,973	1,141,359	11,392,236
<u>2,346,117</u>	<u>3,726,357</u>	<u>2,527,455</u>	<u>39,929,241</u>
-	137,868	-	145,725
5,294	-	3,585	43,546
5,000	-	5,000	90,000
-	-	-	1
-	-	-	2,000,000
<u>10,294</u>	<u>137,868</u>	<u>8,585</u>	<u>2,279,272</u>
<u>26,504</u>	<u>-</u>	<u>26,503</u>	<u>76,843</u>
<u>26,504</u>	<u>-</u>	<u>26,503</u>	<u>76,843</u>
<u>36,798</u>	<u>137,868</u>	<u>35,088</u>	<u>2,356,115</u>
-	394,973	-	10,250,876
-	-	1,141,359	1,141,359
<u>2,309,319</u>	<u>3,193,516</u>	<u>1,351,008</u>	<u>26,180,891</u>
<u>\$ 2,309,319</u>	<u>\$ 3,588,489</u>	<u>\$ 2,492,367</u>	<u>\$ 37,573,126</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

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

	Fleet Revolving	City Health/Life Benefit
Operating Revenues:		
Charges for Goods and Services - Internal	\$ 6,607,933	\$ 10,090,694
Charges for Goods and Services - Other	384,988	4,154,081
Total Operating Revenues	<u>6,992,921</u>	<u>14,244,775</u>
Operating Expenses:		
Personal Services	1,367,468	202,801
Casualty Loss	-	14,314,627
Insurance	92,928	153,666
Professional Services	2,096	1,111,401
Rent	101,102	-
Repairs and Maintenance	104,159	-
Supplies and Materials	569,533	1,145
Utilities and Bulk Energy	31,774	275
Depreciation	1,811,517	-
Other Current Expenses	2,937	1,485
Total Operating Expenses	<u>4,083,514</u>	<u>15,785,400</u>
Operating Income (Loss)	<u>2,909,407</u>	<u>(1,540,625)</u>
Nonoperating Revenues (Expenses):		
Investment Revenue	12,701	35,605
Gain (Loss) on Capital Assets	155,795	-
Miscellaneous	(1,900)	-
Interest Expense and Fiscal Agent Charges	(3,983)	-
Total Nonoperating Revenues (Expenses)	<u>162,613</u>	<u>35,605</u>
Income (Loss) Before Transfers	3,072,020	(1,505,020)
Capital Contributions	13,092	-
Transfers In	751,320	-
Transfers (Out)	(600,000)	-
Change in Net Position	<u>3,236,432</u>	<u>(1,505,020)</u>
Net Position-January 1	<u>13,896,864</u>	<u>13,554,675</u>
Net Position-December 31	<u>\$ 17,133,296</u>	<u>\$ 12,049,655</u>

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

**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>
\$ 850,002	\$ 2,088,429	\$ 1,232,688	\$ 20,869,746
-	-	-	4,539,069
<u>850,002</u>	<u>2,088,429</u>	<u>1,232,688</u>	<u>25,408,815</u>
155,132	-	167,157	1,892,558
977,426	-	-	15,292,053
826	-	965,982	1,213,402
110,840	70,453	22,493	1,317,283
561	17,502	-	119,165
-	-	-	104,159
6,929	1,918,295	619	2,496,521
635	1,617	105	34,406
-	147,136	-	1,958,653
1,638	17,504	117,114	140,678
<u>1,253,987</u>	<u>2,172,507</u>	<u>1,273,470</u>	<u>24,568,878</u>
<u>(403,985)</u>	<u>(84,078)</u>	<u>(40,782)</u>	<u>839,937</u>
7,815	9,347	3,617	69,085
-	8,401	-	164,196
1,130	758	1,099	1,087
-	-	-	(3,983)
<u>8,945</u>	<u>18,506</u>	<u>4,716</u>	<u>230,385</u>
<u>(395,040)</u>	<u>(65,572)</u>	<u>(36,066)</u>	<u>1,070,322</u>
-	-	-	13,092
-	700,000	-	1,451,320
-	-	-	(600,000)
<u>(395,040)</u>	<u>634,428</u>	<u>(36,066)</u>	<u>1,934,734</u>
<u>2,704,359</u>	<u>2,954,061</u>	<u>2,528,433</u>	<u>35,638,392</u>
<u>\$ 2,309,319</u>	<u>\$ 3,588,489</u>	<u>\$ 2,492,367</u>	<u>\$ 37,573,126</u>

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2012**

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

	Fleet Revolving	City Health/Life Benefit
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 384,988	\$ 4,087,521
Cash Receipts from Interfund Services Provided	6,620,912	10,090,694
Payments to Suppliers	(836,281)	(1,267,972)
Payment for Interfund Services Used	(11,031)	-
Payments to Employees	(1,369,794)	(198,755)
Claims Paid	-	(13,614,627)
Other Receipts	(1,901)	-
Net Cash Provided (Used) by Operating Activities	4,786,893	(903,139)
Cash Flows Provided (Used) By Noncapital Financing Activities:		
Transfers In	-	-
Transfers Out	(600,000)	-
Net Cash Flows Provided (Used) By Noncapital Financing Activities	(600,000)	-
Cash Flows from Capital and Related Financing Activities:		
Sale of Capital Assets	150,621	-
Purchase of Capital Assets	(1,975,944)	-
Interest Payments	(6,828)	-
Principal Payments-Installment Obligations	(191,989)	-
Net Cash Flows Used by Capital and Related Financing Activities	(2,024,140)	-
Cash Flows from Investing Activities:		
Investment Revenue Received	14,709	49,454
Net Increase (Decrease) in Cash and Cash Equivalents During the Year	2,177,462	(853,685)
Cash and Cash Equivalents, January 1	4,397,950	14,682,832
Cash and Cash Equivalents, December 31	<u>\$ 6,575,412</u>	<u>\$ 13,829,147</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 2,909,407	\$ (1,540,625)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,811,517	-
(Increase) Decrease in - Receivables	2,396	(66,560)
- Inventory	73,369	-
- Due from Other Governments	10,583	-
Increase (Decrease) in - Accounts Payable	(16,152)	-
- Accrued Wages	8,993	1,210
- Compensated Absences	(11,319)	2,836
- Incurred But Not Reported Claims	-	700,000
Other Revenue Sources (Uses)	(1,901)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,786,893</u>	<u>\$ (903,139)</u>
Noncash Investing, Capital and Financing Activities:		
Capital Contributions	\$ 13,092	\$ -

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

Combining Statement of Cash Flows
 Internal Service Funds (cont)

Workers' Compensation	General Services Revolving	Insurance Liability Pool	Total
\$ -	\$ 712	\$ -	\$ 4,473,221
850,002	2,088,429	1,232,688	20,882,725
(121,429)	(1,884,573)	(1,106,313)	(5,216,568)
-	-	-	(11,031)
(149,454)	-	(162,340)	(1,880,343)
(977,426)	-	-	(14,592,053)
1,130	758	1,099	1,086
<u>(397,177)</u>	<u>205,326</u>	<u>(34,866)</u>	<u>3,657,037</u>
-	700,000	-	700,000
-	-	-	(600,000)
-	700,000	-	100,000
-	8,401	-	159,022
-	(44,658)	-	(2,020,602)
-	-	-	(6,828)
-	-	-	(191,989)
-	(36,257)	-	(2,060,397)
<u>9,797</u>	<u>10,686</u>	<u>4,863</u>	<u>89,509</u>
(387,380)	879,755	(30,003)	1,786,149
<u>2,731,535</u>	<u>2,446,512</u>	<u>1,414,950</u>	<u>25,673,779</u>
<u>\$ 2,344,155</u>	<u>\$ 3,326,267</u>	<u>\$ 1,384,947</u>	<u>\$ 27,459,928</u>
\$ (403,985)	\$ (84,078)	\$ (40,782)	\$ 839,937
-	147,136	-	1,958,653
-	712	-	(63,452)
-	2,930	-	76,299
-	-	-	10,583
-	137,868	-	121,716
2,012	-	1,152	13,367
3,666	-	3,665	(1,152)
-	-	-	700,000
1,130	758	1,099	1,086
<u>\$ (397,177)</u>	<u>\$ 205,326</u>	<u>\$ (34,866)</u>	<u>\$ 3,657,037</u>
\$ -	\$ -	\$ -	

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Statistical Section

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

Contents	Page
Financial Trends	111
<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	121
<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	124
<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	128
<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	130
<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, 2012**

Statistics (Unaudited)

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 400,439,580	\$ 448,305,576	\$ 473,928,455	\$ 536,081,574
Restricted	41,912,609	34,692,980	42,473,254	35,907,724
Unrestricted	44,614,132	43,874,115	48,509,051	53,814,183
Total Governmental Activities Net Position	<u>486,966,321</u>	<u>526,872,671</u>	<u>564,910,760</u>	<u>625,803,481</u>
Business-type Activities				
Net Investment in Capital Assets	236,836,583	251,525,432	264,708,442	279,304,517
Restricted	8,414,598	7,566,196	7,680,030	7,922,881
Unrestricted	36,800,438	23,730,556	21,673,798	18,001,306
Total Business-type Activities Net Position	<u>282,051,619</u>	<u>282,822,184</u>	<u>294,062,270</u>	<u>305,228,704</u>
Primary Government				
Net Investment in Capital Assets	637,276,163	699,831,008	738,636,897	815,386,091
Restricted	50,327,207	42,259,176	50,153,284	43,830,605
Unrestricted	81,414,570	67,604,671	70,182,849	71,815,489
Total Primary Government Net Position	<u>\$ 769,017,940</u>	<u>\$ 809,694,855</u>	<u>\$ 858,973,030</u>	<u>\$ 931,032,185</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 Nine Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental Activities:				
General Government	\$ 16,084,588	\$ 16,787,357	\$ 16,668,888	\$ 16,812,452
Public Safety:				
Fire Protection	13,852,251	14,410,257	14,432,707	16,149,522
Police Protection	18,832,775	20,997,749	20,662,979	21,679,972
Highways and Streets	21,656,081	23,824,714	25,991,340	25,741,910
Public Health	5,548,686	6,319,475	6,288,178	6,501,873
Culture and Recreation:				
Arena	815,847	1,036,977	1,037,433	1,592,175
Libraries	4,345,945	4,374,502	4,944,077	5,157,613
Museum	-	-	-	-
Parks and Recreation	13,837,807	13,721,719	13,563,590	15,269,450
Pavilion	3,689,962	3,761,667	3,820,586	4,178,964
Urban and Economic Development:				
Convention Center/CVB	1,982,308	2,112,614	2,276,673	2,342,721
Community Development	3,123,067	2,571,962	2,572,801	3,524,370
Economic Development	-	-	-	-
Urban Conservation	-	-	-	-
TIF	-	-	-	-
Planning and Building Services	3,190,950	3,337,620	3,715,783	3,727,830
Interest on Long-Term Debt	3,733,257	3,162,636	2,596,902	2,334,457
Total Governmental Activities Expenses	<u>110,693,524</u>	<u>116,419,249</u>	<u>118,571,937</u>	<u>125,013,309</u>
Business-type Activities:				
Electric Light	4,395,688	4,554,118	5,075,181	4,887,717
Public Parking	2,072,884	2,933,507	1,842,290	2,155,659
Sanitary Landfill	2,522,770	8,073,541	3,307,532	4,013,197
Water	12,853,483	13,309,684	13,913,651	14,347,689
Water Reclamation	9,648,348	9,726,423	9,837,933	10,520,479
Total Business-type Activities Expenses	<u>31,493,173</u>	<u>38,597,273</u>	<u>33,976,587</u>	<u>35,924,741</u>
Total Primary Government Expenses	<u>\$ 142,186,697</u>	<u>\$ 155,016,522</u>	<u>\$ 152,548,524</u>	<u>\$ 160,938,050</u>

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Statistics (Unaudited)

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 561,894,231	\$ 648,991,192	\$ 673,277,985	\$ 691,873,817	\$ 733,682,722	\$ 678,849,535
79,780	79,780	17,966,676	18,586,803	50,184,507	146,088,172
<u>127,309,792</u>	<u>98,790,818</u>	<u>87,265,537</u>	<u>91,720,406</u>	<u>58,553,701</u>	<u>62,181,055</u>
<u>689,283,803</u>	<u>747,861,790</u>	<u>778,510,198</u>	<u>802,181,026</u>	<u>842,420,930</u>	<u>887,118,762</u>
278,787,575	303,460,632	309,430,296	310,357,701	306,222,298	313,422,448
11,772,282	11,115,564	10,241,959	9,536,161	10,194,319	12,013,161
<u>25,278,087</u>	<u>17,821,082</u>	<u>20,964,162</u>	<u>29,621,665</u>	<u>44,783,731</u>	<u>55,934,423</u>
<u>315,837,944</u>	<u>332,397,278</u>	<u>340,636,417</u>	<u>349,515,527</u>	<u>361,200,348</u>	<u>381,370,032</u>
840,681,806	952,451,824	982,708,281	1,002,231,518	1,039,905,020	992,271,983
11,852,062	11,195,344	28,208,635	28,122,964	60,378,826	158,101,333
<u>152,587,879</u>	<u>116,611,900</u>	<u>108,229,699</u>	<u>121,342,071</u>	<u>103,337,432</u>	<u>118,115,478</u>
<u>\$ 1,005,121,747</u>	<u>\$ 1,080,259,068</u>	<u>\$ 1,119,146,615</u>	<u>\$ 1,151,696,553</u>	<u>\$ 1,203,621,278</u>	<u>\$ 1,268,488,794</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 17,976,119	\$ 19,856,554	\$ 19,671,778	\$ 19,698,094	\$ 18,925,343	\$ 23,646,857
18,153,472	18,960,776	19,813,792	20,696,459	22,561,310	22,623,215
23,523,271	24,729,968	26,880,685	27,773,190	28,140,528	29,700,193
32,425,565	35,227,133	40,253,534	38,319,417	36,280,119	43,039,557
7,456,691	7,395,904	8,522,189	8,798,356	9,557,232	9,564,179
1,287,826	1,252,649	1,479,416	1,380,994	967,075	1,211,388
5,540,170	5,885,357	7,300,760	7,296,865	7,078,205	6,754,319
-	-	-	-	-	405,904
15,671,152	16,608,957	18,677,737	17,222,508	18,701,967	21,450,372
4,439,516	4,949,697	4,067,254	4,214,023	4,116,408	4,306,766
2,623,007	2,753,108	2,878,609	790,914	3,500,377	3,981,211
2,383,231	2,947,552	3,383,795	2,575,758	2,218,910	2,053,509
-	-	-	-	721,274	1,121,581
-	43,619	230	183	927,142	-
-	1,262,055	24,804	1,894,387	44,109	76,407
3,942,714	4,300,531	4,597,850	3,381,835	4,202,759	4,583,659
<u>2,037,236</u>	<u>3,270,391</u>	<u>3,669,719</u>	<u>4,779,272</u>	<u>3,991,584</u>	<u>5,349,209</u>
<u>137,459,970</u>	<u>149,444,251</u>	<u>161,222,152</u>	<u>158,822,255</u>	<u>161,934,342</u>	<u>179,868,326</u>
5,261,126	5,629,189	6,344,724	6,876,603	7,488,338	7,671,179
2,167,137	2,136,712	2,097,512	1,843,744	2,058,951	2,368,883
5,180,625	6,505,768	5,301,488	9,073,990	10,846,466	9,271,369
18,383,876	19,673,830	21,210,264	20,422,425	21,878,919	24,445,511
<u>12,720,089</u>	<u>14,298,947</u>	<u>15,706,439</u>	<u>17,350,325</u>	<u>18,184,423</u>	<u>18,604,090</u>
<u>43,712,853</u>	<u>48,244,446</u>	<u>50,660,427</u>	<u>55,567,087</u>	<u>60,457,097</u>	<u>62,361,032</u>
<u>\$ 181,172,823</u>	<u>\$ 197,688,697</u>	<u>\$ 211,882,579</u>	<u>\$ 214,389,342</u>	<u>\$ 222,391,439</u>	<u>\$ 242,229,358</u>

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Statistics (Unaudited)

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 2,106,341	\$ 3,077,205	\$ 3,708,396	\$ 2,502,068
Public Health	1,885,857	2,040,535	2,353,455	2,265,039
Urban and Economic Development	3,546,337	3,879,218	3,984,757	5,107,762
Other Activities	2,849,422	2,843,778	2,924,465	2,709,456
Operating Grants and Contributions	8,577,256	10,350,861	9,091,638	10,899,399
Capital Grants and Contributions	28,684,413	24,783,287	16,117,162	32,473,149
Total Governmental Activities Program Revenues	<u>47,649,626</u>	<u>46,974,884</u>	<u>38,179,873</u>	<u>55,956,873</u>
Business-type Activities:				
Charges for Services				
Water	13,843,494	13,857,261	14,057,551	15,910,153
Water Reclamation	8,650,354	8,586,610	8,667,074	8,837,777
Other Activities	10,080,947	10,885,835	11,432,010	12,296,924
Operating Grants and Contributions	173,185	69,358	21,875	210,285
Capital Grants and Contributions	5,094,139	7,705,116	10,107,337	9,620,305
Total Business-Type Activities Program Revenues	<u>37,842,119</u>	<u>41,104,180</u>	<u>44,285,847</u>	<u>46,875,444</u>
Total Primary Government Program Revenues	<u>85,491,745</u>	<u>88,079,064</u>	<u>82,465,720</u>	<u>102,832,317</u>
Net (Expense)/Revenue				
Governmental Activities	(63,043,898)	(69,444,365)	(80,392,064)	(69,056,436)
Business-type Activities	6,348,946	2,506,907	10,309,260	10,950,703
Total Primary Government Net Expense	<u>(56,694,952)</u>	<u>(66,937,458)</u>	<u>(70,082,804)</u>	<u>(58,105,733)</u>
General Revenue and Transfers				
Governmental Activities:				
Taxes				
Property Tax	27,781,824	28,752,477	30,271,442	32,492,570
Sales Tax	68,642,050	70,839,786	78,974,054	84,449,592
Frontage Tax	4,193,559	4,473,902	5,128,544	6,007,541
Amusement Tax	17,532	16,485	17,226	16,647
Penalties and Interest	91,404	70,564	-	-
Unrestricted State and County Shared Revenues	1,946,275	1,504,052	1,501,905	1,437,750
Unrestricted Investment Earnings	1,753,641	1,597,810	2,410,586	4,690,677
Miscellaneous Revenue, Net	953,057	137,024	163,471	411,619
Gain (Loss) on Bond Refunding	-	(313,000)	-	-
Gain (Loss) on Disposition of Capital Assets	1,242,472	151,675	135,163	-
Transfers	(163,564)	2,119,940	(172,238)	442,761
Total Governmental Activities General Revenues	<u>106,458,250</u>	<u>109,350,715</u>	<u>118,430,153</u>	<u>129,949,157</u>
Business-type Activities:				
Unrestricted State and County Shared Revenues	1,069,270	-	-	-
Unrestricted Investment Earnings	(321,393)	799,064	893,179	1,172,196
Miscellaneous Revenue, Net	(610,643)	(404,775)	(134,591)	(513,704)
Gain (Loss) on Disposition of Capital Assets	(162,263)	-	-	-
Transfers	-	(2,130,631)	172,238	(442,761)
Total Business-type Activities General Revenues	<u>(25,029)</u>	<u>(1,736,342)</u>	<u>930,826</u>	<u>215,731</u>
Total Primary Government General Revenues	<u>106,433,221</u>	<u>107,614,373</u>	<u>119,360,979</u>	<u>130,164,888</u>
Change in Net Position				
Governmental Activities	43,414,352	39,906,350	38,038,089	60,892,721
Business-type Activities	6,323,917	770,565	11,240,086	11,166,434
Total Primary Government	<u>\$ 49,738,269</u>	<u>\$ 40,676,915</u>	<u>\$ 49,278,175</u>	<u>\$ 72,059,155</u>

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Statistics (Unaudited)

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 3,083,794	\$ 3,189,992	\$ 2,791,359	\$ 2,884,707	\$ 2,850,456	\$ 3,003,165
2,774,100	3,392,462	4,004,617	4,637,330	4,862,265	4,518,363
4,629,973	3,390,437	3,948,676	2,954,201	2,743,178	3,966,631
3,050,654	2,653,598	2,437,934	2,524,051	2,368,410	2,652,009
10,322,911	10,876,879	11,476,676	11,176,428	12,622,108	12,549,063
27,524,191	31,428,759	18,077,122	6,070,410	14,614,690	27,734,005
<u>51,385,623</u>	<u>54,932,127</u>	<u>42,736,384</u>	<u>30,247,127</u>	<u>40,061,107</u>	<u>54,423,236</u>
18,044,570	19,814,189	20,980,694	22,064,401	26,836,570	34,515,284
10,612,568	12,453,800	14,371,411	16,581,957	18,173,936	20,082,561
14,498,484	16,660,758	17,875,020	19,106,903	19,529,981	19,513,349
7,163	74,516	16,500	183,152	3,139,429	96,678
6,960,242	10,769,116	3,864,064	1,130,057	129,364	5,616,165
<u>50,123,027</u>	<u>59,772,379</u>	<u>57,107,689</u>	<u>59,066,470</u>	<u>67,809,280</u>	<u>79,824,037</u>
<u>101,508,650</u>	<u>114,704,506</u>	<u>99,844,073</u>	<u>89,313,597</u>	<u>107,870,387</u>	<u>134,247,273</u>
(86,074,347)	(94,512,124)	(118,485,768)	(128,575,128)	(121,873,235)	(125,445,090)
6,410,174	11,527,933	6,447,262	3,499,383	7,352,183	17,463,005
<u>(79,664,173)</u>	<u>(82,984,191)</u>	<u>(112,038,506)</u>	<u>(125,075,745)</u>	<u>(114,521,052)</u>	<u>(107,982,085)</u>
35,020,856	37,755,218	40,405,348	43,367,740	44,960,402	46,760,366
89,810,091	93,503,420	90,768,780	93,667,937	100,083,396	104,885,378
7,137,175	8,962,556	9,776,145	9,977,720	9,936,174	10,404,355
17,686	14,304	13,122	14,509	14,191	13,005
-	-	-	-	-	-
9,065,523	7,202,802	5,421,627	5,518,952	8,406,127	5,687,154
5,831,556	6,326,364	1,865,406	1,867,418	1,211,979	1,218,828
828,064	298,205	304,614	37,504	501,232	1,645,898
-	-	-	-	-	-
-	-	-	-	-	-
702,359	(972,758)	286,875	(2,205,824)	(3,000,362)	(472,062)
<u>148,413,310</u>	<u>153,090,111</u>	<u>148,841,917</u>	<u>152,245,956</u>	<u>162,113,139</u>	<u>170,142,922</u>
-	-	-	-	-	-
3,379,486	4,149,547	215,305	1,368,569	795,673	513,138
1,521,939	(90,904)	2,155,706	1,805,334	536,603	1,721,479
-	-	-	-	-	-
<u>(702,359)</u>	<u>972,758</u>	<u>(286,875)</u>	<u>2,205,824</u>	<u>3,000,362</u>	<u>472,062</u>
<u>4,199,066</u>	<u>5,031,401</u>	<u>2,084,136</u>	<u>5,379,727</u>	<u>4,332,638</u>	<u>2,706,679</u>
<u>152,612,376</u>	<u>158,121,512</u>	<u>150,926,053</u>	<u>157,625,683</u>	<u>166,445,777</u>	<u>172,849,601</u>
62,338,963	58,577,987	30,356,149	23,670,828	40,239,904	44,697,832
10,609,240	16,559,334	8,531,398	8,879,110	11,684,821	20,169,684
<u>\$ 72,948,203</u>	<u>\$ 75,137,321</u>	<u>\$ 38,887,547</u>	<u>\$ 32,549,938</u>	<u>\$ 51,924,725</u>	<u>\$ 64,867,516</u>

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Statistics (Unaudited)

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 67,593	\$ 71,716	\$ 75,000	\$ 2,547,602
Unreserved Designated	-	-	-	-
Unreserved Undesignated	28,373,467	27,714,213	26,963,869	31,594,925
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 28,441,060</u>	<u>\$ 27,785,929</u>	<u>\$ 27,038,869</u>	<u>\$ 34,142,527</u>
Sales/Use Tax Fund				
Reserved	\$ 15,967,317	\$ 15,907,970	\$ 15,751,268	\$ 9,569,897
Unreserved Designated	-	-	-	-
Unreserved Undesignated	15,288,095	8,496,360	15,081,876	17,229,464
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Sales/Use Tax Fund	<u>\$ 31,255,412</u>	<u>\$ 24,404,330</u>	<u>\$ 30,833,144</u>	<u>\$ 26,799,361</u>
All Other Governmental Funds				
Reserved	\$ 9,621,790	\$ 8,952,601	\$ 8,283,603	\$ 6,014,307
Unreserved Designated	-	-	-	-
Unreserved Undesignated, Reported in				
Other Special Revenue Funds	4,008,520	5,205,385	5,908,032	4,948,344
Capital Projects Funds	-	-	-	710,228
Permanent Funds	-	-	-	47,171
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 13,630,310</u>	<u>\$ 14,157,986</u>	<u>\$ 14,191,635</u>	<u>\$ 11,720,050</u>

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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Statistics (Unaudited)

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 2,345,190	\$ 2,653,966	\$ 2,554,861	\$ 2,608,443	\$ -	\$ -
45,000	-	5,328,959	4,200,651	-	-
36,957,503	42,102,855	35,808,242	37,505,330	-	-
-	-	-	-	1,937,901	1,891,787
-	-	-	-	829,586	660,347
-	-	-	-	-	-
-	-	-	-	3,878,616	3,802,375
-	-	-	-	39,547,718	41,387,942
\$ 39,347,693	\$ 44,756,821	\$ 43,692,062	\$ 44,314,424	\$ 46,193,821	\$ 47,742,451
\$ 12,879,156	\$ 20,527,019	\$ 19,100,806	\$ 18,586,275	\$ -	\$ -
13,300,373	6,525,460	5,750,340	4,624,565	-	-
7,124,576	-	1,274,156	3,761,378	-	-
-	-	-	-	551,571	420,619
-	-	-	-	13,952,873	24,946,781
-	-	-	-	14,899,823	12,788,630
-	-	-	-	-	-
-	-	-	-	-	-
\$ 33,304,105	\$ 27,052,479	\$ 26,125,302	\$ 26,972,218	\$ 29,404,267	\$ 38,156,030
\$ 5,113,227	\$ 12,315,530	\$ 8,474,865	\$ 12,587,214	\$ -	\$ -
3,323,005	2,865,851	4,664,447	6,709,516	-	-
6,468,875	5,330,915	3,947,911	6,068,794	-	-
20,831,030	3,476,000	47,658,156	17,499,548	-	-
53,051	56,573	77,488	55,079	-	-
-	-	-	-	684,040	612,906
-	-	-	-	34,986,572	129,162,652
-	-	-	-	2,168,215	1,852,886
-	-	-	-	1,271,807	877,595
-	-	-	-	(163,291)	(449,552)
\$ 35,789,188	\$ 24,044,869	\$ 64,822,867	\$ 42,920,151	\$ 38,947,343	\$ 132,056,487

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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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes	\$ 100,345,843	\$ 106,930,944	\$ 115,433,917	\$ 124,996,801
Licenses and Permits	3,672,529	4,434,456	4,967,567	3,999,408
Intergovernmental	12,588,211	11,933,250	10,796,407	12,217,617
Charges for Goods and Services	4,253,360	5,084,610	5,127,607	4,864,967
Fines and Forfeitures	697,936	1,007,590	1,257,228	1,147,688
Investment Revenue	1,596,268	1,517,802	2,210,784	4,051,021
Miscellaneous Revenue	4,357,496	4,366,552	2,131,338	3,146,068
Total Revenues	<u>127,511,643</u>	<u>135,275,204</u>	<u>141,924,848</u>	<u>154,423,570</u>
Expenditures				
General Government	14,565,034	15,247,325	15,793,681	16,016,953
Public Safety	31,008,839	33,560,671	34,994,935	37,719,263
Highways and Streets	15,581,375	16,149,351	16,990,861	15,478,630
Health	5,331,012	6,153,515	6,360,635	6,581,397
Culture and Recreation	16,081,708	16,127,623	16,888,846	18,581,950
Urban and Economic Development	7,400,035	7,133,079	7,691,406	8,873,409
Capital Outlay	34,086,796	35,332,816	33,915,951	64,356,155
Debt Service:				
Principal	9,811,144	18,028,716	10,856,826	12,593,726
Interest and Fiscal Charges	3,733,257	3,162,636	2,596,902	2,324,911
Total Expenditures	<u>137,599,200</u>	<u>150,895,732</u>	<u>146,090,043</u>	<u>182,526,394</u>
Revenues Over (Under) Expenditures	(10,087,557)	(15,620,528)	(4,165,195)	(28,102,824)
Other Financing Sources (Uses)				
Sale of Surplus Property	1,300,719	851,694	762,479	58,297
Damage Recovery	63,110	47,800	50,028	55,583
Revenue Bond Proceeds	-	8,135,000	-	-
Revenue Note Proceeds	503,744	57,576	9,245,628	24,412,814
Revenue Bond Premiums	-	-	-	-
Capital Leases	-	-	108,500	-
Transfers In	5,751,114	3,452,888	3,124,303	3,397,959
Transfers Out	(5,919,770)	(3,902,967)	(3,410,341)	(3,104,710)
Total Other Financing Sources (Uses)	<u>1,698,917</u>	<u>8,641,991</u>	<u>9,880,597</u>	<u>24,819,943</u>
Net Change in Fund Balances	<u>\$ (8,388,640)</u>	<u>\$ (6,978,537)</u>	<u>\$ 5,715,403</u>	<u>\$ (3,282,881)</u>
Debt service as a percentage of noncapital expenditures	<u>13.08%</u>	<u>18.34%</u>	<u>11.99%</u>	<u>12.62%</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 135,566,774	\$ 139,246,212	\$ 140,673,212	\$ 147,540,040	\$ 153,664,809	\$ 162,162,262
4,905,762	4,620,792	3,539,554	3,815,042	3,850,330	4,728,556
19,055,293	16,233,111	19,446,146	17,471,105	19,409,318	15,120,477
5,749,598	5,983,889	6,454,626	7,105,551	7,230,413	7,144,723
1,144,087	1,148,629	1,085,482	881,888	702,752	714,023
4,884,276	5,176,063	1,383,341	1,442,577	934,139	1,070,144
2,741,154	4,990,786	5,675,751	4,190,847	4,205,420	7,231,142
<u>174,046,944</u>	<u>177,399,482</u>	<u>178,258,112</u>	<u>182,447,050</u>	<u>189,997,181</u>	<u>198,171,327</u>
17,521,164	18,930,598	17,773,201	18,004,633	17,921,999	21,612,706
40,596,795	42,147,680	44,280,248	46,407,723	48,072,844	49,510,099
18,848,850	19,353,843	22,252,260	22,169,072	20,424,966	22,680,005
7,403,952	7,172,343	8,266,169	8,620,518	9,358,568	9,244,495
19,373,119	19,908,324	21,432,196	20,965,099	21,157,732	21,940,762
8,248,768	10,510,757	9,984,869	9,048,244	10,793,599	10,848,808
49,661,414	65,176,323	56,928,185	65,534,796	46,455,185	68,211,982
4,720,576	8,214,680	9,438,935	21,135,030	11,293,473	12,494,028
2,037,236	3,259,583	3,668,192	4,878,135	4,169,210	5,651,169
<u>168,411,874</u>	<u>194,674,131</u>	<u>194,024,255</u>	<u>216,763,250</u>	<u>189,647,576</u>	<u>222,194,054</u>
5,635,070	(17,274,649)	(15,766,143)	(34,316,200)	349,605	(24,022,727)
236,552	118,645	405,971	502,223	76,344	1,169,154
46,088	31,362	60,545	44,742	76,424	72,997
26,065,912	3,324,260	51,805,000	12,060,000	-	122,145,000
3,256,692	976,468	1,157,796	444,298	42,438	-
-	-	611,784	650,701	-	4,617,175
-	-	-	-	-	-
4,259,958	4,510,371	5,869,611	4,550,672	5,018,331	5,129,447
(3,721,224)	(4,273,274)	(5,650,761)	(4,369,874)	(5,224,504)	(5,701,509)
<u>30,143,978</u>	<u>4,687,832</u>	<u>54,259,946</u>	<u>13,882,762</u>	<u>(10,967)</u>	<u>127,432,264</u>
<u>\$ 35,779,048</u>	<u>\$ (12,586,817)</u>	<u>\$ 38,493,803</u>	<u>\$ (20,433,438)</u>	<u>\$ 338,638</u>	<u>\$ 103,409,537</u>
<u>5.69%</u>	<u>8.86%</u>	<u>9.56%</u>	<u>17.20%</u>	<u>10.80%</u>	<u>11.78%</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes				
Property	\$ 27,062,951	\$ 28,501,245	\$ 30,271,442	\$ 32,492,570
Sales	33,513,125	36,015,533	38,133,177	41,290,585
Other	2,220,210	2,253,626	2,654,927	3,089,865
Total Taxes	<u>62,796,286</u>	<u>66,770,404</u>	<u>71,059,546</u>	<u>76,873,020</u>
Licenses and Permits	3,672,529	4,434,456	4,967,567	3,994,868
Intergovernmental (Federal/State/County)	7,142,421	7,816,186	6,866,364	6,800,111
Charges for Goods and Services	3,652,043	4,456,252	4,490,705	4,170,337
Fines and Forfeitures	697,936	1,007,510	1,256,988	1,147,628
Investment Revenue	1,013,881	694,799	1,367,970	2,798,696
Miscellaneous Revenue	924,132	851,096	916,362	881,627
Total Revenues	<u>79,899,228</u>	<u>86,030,703</u>	<u>90,925,502</u>	<u>96,666,287</u>
Expenditures				
General Government				
Mayor	315,094	481,024	320,775	355,082
Chief of Staff	204,737	-	-	-
Attorney	983,173	1,142,114	1,129,411	792,977
Human Resources	1,039,528	1,136,787	1,053,908	1,056,691
City Council	153,471	156,869	188,090	550,830
Finance	1,448,528	1,557,114	1,819,700	1,728,177
Facilities Management	965,074	999,677	989,168	855,214
Central Services	3,059,017	2,838,471	2,046,113	1,982,735
Media Services	-	-	1,239,707	1,145,606
General Government Services	1,796,062	1,811,570	1,892,362	1,995,890
Total General Government	<u>9,964,684</u>	<u>10,123,626</u>	<u>10,679,234</u>	<u>10,463,202</u>
Public Safety				
Fire	12,869,119	13,713,357	14,248,638	16,109,952
Police	16,521,054	18,428,911	20,113,896	21,629,120
Total Public Safety	<u>29,390,173</u>	<u>32,142,268</u>	<u>34,362,534</u>	<u>37,739,072</u>
Highways and Streets				
Engineering	5,040,487	5,421,227	5,150,221	4,957,935
Public Works Administration	425,332	516,236	455,199	504,657
Streets	9,439,329	9,223,310	10,358,547	8,978,377
Total Highways and Streets	<u>14,905,148</u>	<u>15,160,773</u>	<u>15,963,967</u>	<u>14,440,969</u>
Health				
Health	5,259,096	6,086,350	6,254,196	6,571,869
Total Health	<u>5,259,096</u>	<u>6,086,350</u>	<u>6,254,196</u>	<u>6,571,869</u>
Culture and Recreation				
Arena	510,732	531,639	616,270	1,109,475
Libraries	3,838,416	3,814,464	4,389,730	4,714,700
Museum	-	-	-	-
Parks and Recreation	9,044,217	9,493,696	9,817,417	11,024,797
General Government Services	-	-	-	-
Total Culture and Recreation	<u>13,393,365</u>	<u>13,839,799</u>	<u>14,823,417</u>	<u>16,848,972</u>
Urban and Economic Development				
Planning and Building Services	3,096,769	3,267,924	3,596,130	3,762,714
Economic Development	-	-	-	-
Convention and Visitors Bureau	765,145	793,682	812,782	840,427
Total Urban and Economic Development	<u>3,861,914</u>	<u>4,061,606</u>	<u>4,408,912</u>	<u>4,603,141</u>
Capital Outlay	2,024,305	2,368,680	2,119,474	384,590
Debt Service	61,734	61,414	61,734	61,354
Total Expenditures	<u>78,860,419</u>	<u>83,844,516</u>	<u>88,673,468</u>	<u>91,113,169</u>
Revenues Over (Under) Expenditures	1,038,809	2,186,187	2,252,034	5,553,118
Other Financing Sources (Uses)				
Sale of Surplus Property	27,551	44,524	34,002	57,586
Damage Recovery	56,168	44,394	50,028	32,769
Transfers In	81,246	403,032	80,275	430,777
Transfers Out	(2,900,130)	(3,333,268)	(3,163,399)	(2,604,500)
Total Other Financing Sources (Uses)	<u>(2,735,165)</u>	<u>(2,841,318)</u>	<u>(2,999,094)</u>	<u>(2,083,368)</u>
Net Change in Fund Balances	<u>\$ (1,696,356)</u>	<u>\$ (655,131)</u>	<u>\$ (747,060)</u>	<u>\$ 3,469,750</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.

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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**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 35,009,375	\$ 37,718,048	\$ 40,358,347	\$ 43,285,448	\$ 44,794,010	\$ 46,479,615
44,412,516	45,179,704	42,553,435	44,185,430	45,595,567	48,440,527
3,919,394	4,387,614	4,976,406	5,147,690	6,676,312	6,998,774
<u>83,341,285</u>	<u>87,285,366</u>	<u>87,888,188</u>	<u>92,618,568</u>	<u>97,065,889</u>	<u>101,918,916</u>
4,905,762	4,620,792	3,539,554	3,815,042	3,763,867	4,641,986
8,848,960	9,441,843	10,970,956	10,202,261	9,814,327	10,880,892
5,057,163	5,239,486	5,634,877	6,201,681	6,289,241	6,191,797
1,143,907	1,148,449	1,085,442	881,688	689,632	713,903
3,805,690	3,521,754	846,766	806,670	354,009	240,101
698,400	790,844	866,295	753,663	778,646	622,844
<u>107,801,167</u>	<u>112,048,534</u>	<u>110,832,078</u>	<u>115,279,573</u>	<u>118,755,611</u>	<u>125,210,439</u>
462,053	482,716	552,909	531,333	443,749	473,597
-	-	-	-	-	-
787,333	855,156	1,280,165	1,351,325	1,320,480	1,391,259
1,102,426	1,213,365	974,435	957,127	997,934	1,085,707
751,053	862,401	911,259	989,622	1,086,030	1,128,872
1,755,834	1,787,373	1,809,256	1,801,664	1,840,322	1,930,484
916,160	1,009,385	1,138,947	1,162,025	1,046,649	1,251,256
2,184,895	2,249,456	2,307,844	2,603,369	2,520,429	2,478,745
1,298,716	1,344,077	1,453,607	1,395,922	1,369,715	1,437,298
2,122,452	2,200,117	-	-	-	-
<u>11,380,922</u>	<u>12,004,046</u>	<u>10,428,422</u>	<u>10,792,387</u>	<u>10,625,308</u>	<u>11,177,218</u>
17,481,869	18,103,593	18,690,779	19,491,168	20,750,996	21,001,392
23,114,926	24,044,087	25,584,887	26,916,555	27,321,848	28,508,707
<u>40,596,795</u>	<u>42,147,680</u>	<u>44,275,666</u>	<u>46,407,723</u>	<u>48,072,844</u>	<u>49,510,099</u>
4,151,742	4,249,447	4,168,845	4,020,082	4,036,602	6,645,450
541,562	574,159	591,377	610,943	608,936	121,547
12,929,372	13,030,131	15,189,084	15,759,767	13,218,199	13,281,917
<u>17,622,676</u>	<u>17,853,737</u>	<u>19,949,306</u>	<u>20,390,792</u>	<u>17,863,737</u>	<u>20,048,914</u>
6,910,881	7,145,393	8,266,169	8,613,334	8,970,053	9,244,495
<u>6,910,881</u>	<u>7,145,393</u>	<u>8,266,169</u>	<u>8,613,334</u>	<u>8,970,053</u>	<u>9,244,495</u>
936,685	786,866	994,336	851,594	482,396	738,271
4,936,087	5,175,035	5,825,832	5,999,393	5,995,092	5,670,724
-	-	-	-	-	405,904
11,652,371	12,155,931	12,865,181	12,054,837	13,123,012	13,394,238
-	-	-	-	-	-
<u>17,525,143</u>	<u>18,117,832</u>	<u>19,685,349</u>	<u>18,905,824</u>	<u>19,600,500</u>	<u>20,209,137</u>
4,002,749	4,246,092	4,483,698	4,611,536	4,139,373	4,488,083
-	-	-	-	721,274	1,121,581
911,813	914,107	920,464	898,967	2,000,697	2,229,291
<u>4,914,562</u>	<u>5,160,199</u>	<u>5,404,162</u>	<u>5,510,503</u>	<u>6,861,344</u>	<u>7,838,955</u>
41,096	7,695	-	-	-	-
48,735	-	-	-	-	-
<u>99,040,810</u>	<u>102,436,582</u>	<u>108,009,074</u>	<u>110,620,563</u>	<u>111,993,786</u>	<u>118,028,818</u>
8,760,357	9,611,952	2,823,004	4,659,010	6,761,825	7,181,621
71,299	39,928	63,132	38,484	69,171	37,760
36,856	30,522	53,289	44,742	29,680	30,758
28,939	-	-	-	-	-
(3,692,285)	(4,273,274)	(4,004,184)	(4,119,874)	(4,981,279)	(5,701,509)
(3,555,191)	(4,202,824)	(3,887,763)	(4,036,648)	(4,882,428)	(5,632,991)
<u>\$ 5,205,166</u>	<u>\$ 5,409,128</u>	<u>\$ (1,064,759)</u>	<u>\$ 622,362</u>	<u>\$ 1,879,397</u>	<u>\$ 1,548,630</u>

2006 - City Clerk function was transferred from City Attorney to City Council.

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.

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

Fiscal Year	General Property Tax	General Sales Tax 1st Penny	Capital Improvement Sales Tax 2nd Penny ²	Entertainment Tax	Lodging Tax	Hotel BID Tax	Frontage Taxes	Other Taxes	Total Taxes
2003	\$ 27,781,824	\$ 33,513,125	\$ 30,796,042	\$ 3,532,214	\$ 420,144	\$ -	\$ 4,193,559	\$ 108,935	\$ 100,345,843
2004	28,752,477	36,015,533	33,164,929	3,998,372	438,682	-	4,473,902	87,049	106,930,944
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

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

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

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

Fiscal Year	City Direct Operating Rate	Overlapping Rates ¹							
		COUNTY		SCHOOL DISTRICT					
		Minnehaha	Lincoln	Sioux Falls	Brandon Valley	Tri-Valley	Harrisburg	Tea Area ²	Lennox
2003	\$ 4.54	\$ 2.80	\$ 2.44	\$ 10.88	\$ 11.71	\$ 10.42	\$ 11.88	\$ 11.08	\$ 11.08
2004	4.50	2.75	2.35	10.42	11.11	10.08	11.16	13.32	10.62
2005	4.49	2.74	2.32	10.09	10.82	9.76	11.58	13.28	13.26
2006	4.41	2.72	2.49	9.78	10.47	9.53	11.76	12.90	12.57
2007	4.36	2.82	2.30	9.34	10.02	9.19	11.43	12.31	12.13
2008	4.32	2.89	2.30	8.69	10.59	8.70	11.75	11.46	11.35
2009	4.36	2.87	2.30	8.51	10.35	8.58	12.01	10.86	11.08
2010	4.47	2.96	2.24	8.46	10.24	8.75	11.63	12.65	10.94
2011	4.50	2.95	2.36	8.37	10.24	8.75	11.93	12.59	10.95
2012	4.68	3.08	2.51	8.39	10.04	8.75	11.73	11.78	10.87

Source: Minnehaha and Lincoln Counties

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

² In July, 2003 the Lennox School District was divided into two districts, Lennox and Tea Area.

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

Fiscal Year Payable	Real Property		Public Utilities		Total		Ratio Taxable to Actual Assessed Value	Total Direct Tax Rate	Estimated Market Value
	Assessed Taxable Value	Assessed Actual Value	Assessed Taxable Value	Assessed Actual Value	Assessed Taxable Value	Assessed Actual Value			
2003	\$ 5,680,862,933	\$ 6,201,852,325	\$ 152,218,541	\$ 179,080,636	\$ 5,833,081,474	\$ 6,380,932,961	91.4%	\$ 4.54	\$ 6,862,448,793
2004	6,141,344,172	6,807,773,863	168,373,066	198,085,960	6,309,717,238	7,005,859,823	90.1%	4.50	7,423,196,751
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

Source: Minnehaha and Lincoln Counties

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

**Table IX
Property Tax Levies and Collections¹
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Total Direct Rate Applied ²
2003	\$ 26,479,327	\$ 26,073,386	98.47%	\$ 403,510	\$ 26,476,896	99.99%	4.54
2004	28,418,966	27,870,796	98.07%	546,230	28,417,026	99.99%	4.50
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%	916,468	37,919,439	99.79%	4.32
2009	40,701,216	39,541,018	97.15%	962,446	40,503,464	99.51%	4.36
2010	43,460,122	42,212,148	97.13%	528,717	42,740,865	98.35%	4.47
2011	44,468,887	43,492,915	97.81%	686,965	44,179,880	99.35%	4.50
2012	46,275,785	45,509,306	98.34%	-	45,509,306	98.34%	4.68

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

² Total Tax Levy divided by Total Assessed Taxable Value

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

2012 TOTAL ASSESSED ACTUAL VALUATION		<u>\$ 11,255,401,111</u>					
Taxpayer	Type of Business	2012			2003		
		Assessed Actual Value	Rank	% of Total City Taxable Assessed Value	Assessed Actual Value	Rank	% of Total City Taxable Assessed Value
SM Empire Mall LLC (SDG Maceric)	Shopping Malls	\$ 94,561,918	1	0.84%	\$ 95,226,517	1	1.49%
Sanford Health (Sioux Valley Hospit	Medical	93,259,394	2	0.83%	49,977,135	2	0.78%
Dunham Homes LLC	Real Estate	73,337,172	3	0.65%	29,431,156	5	0.46%
Avera Health (Presentation Sisters)	Medical	57,917,994	4	0.51%	23,994,821	7	0.38%
First National Bank	Financial	39,531,430	5	0.35%	-	-	-
Billion Family	Auto Dealer	37,659,209	6	0.33%	-	-	-
Wells Fargo Bank	Financial	37,301,084	7	0.33%	35,707,726	4	0.56%
123 Sioux Falls LLC (Citibank)	Financial	35,200,582	8	0.31%	36,818,352	3	0.58%
Wal-Mart (Wal-Mart & Sams)	Retail	34,759,670	9	0.31%	26,564,931	6	0.42%
Costello Properties	Real Estate	33,457,174	10	0.30%	-	-	-
Ronning Enterprises	Real Estate	-	-	-	22,189,902	8	0.35%
John Morrell & Company	Meat Processing	-	-	-	22,130,696	9	0.35%
Donald Babinski	Real Estate	-	-	-	19,827,602	10	0.31%
Totals		<u>\$ 536,985,627</u>		<u>4.77%</u>	<u>\$ 361,868,838</u>		<u>5.68%</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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture, Forestry, & Fishing	\$ 19,386	\$ 20,870	\$ 22,851	\$ 25,834	\$ 27,998	\$ 30,455	\$ 30,109	\$ 34,217	\$ 34,398	\$ 32,140
Mining & Construction	2,886	2,912	4,233	5,109	5,883	6,564	5,900	72,059	83,920	91,603
Manufacturing	102,550	115,789	144,691	157,938	148,733	156,820	122,441	153,925	156,037	163,755
Transportation & Public Utilities	183,304	216,030	215,983	198,355	186,646	203,780	190,471	535,418	465,213	513,651
Wholesale Trade	316,905	356,532	318,508	343,124	335,133	345,012	271,275	282,323	318,290	307,140
Retail Trade	1,852,293	1,960,404	2,098,708	2,152,396	2,348,563	2,419,152	2,217,304	2,396,416	2,519,526	2,690,145
Finance, Insurance, & Realestate	130,120	128,724	152,005	160,630	158,274	141,429	140,461	110,884	102,645	132,323
Services	571,234	589,605	615,023	690,822	751,113	745,272	679,137	861,798	914,367	950,807
Public Administration	187	230	157	152	145	126	347	108	313	424
Other	306	433	149	164	290	500	-	21	393	2,108
Total	<u>\$ 3,179,171</u>	<u>\$ 3,391,529</u>	<u>\$ 3,572,308</u>	<u>\$ 3,734,524</u>	<u>\$ 3,962,778</u>	<u>\$ 4,049,110</u>	<u>\$ 3,657,445</u>	<u>\$ 4,447,169</u>	<u>\$ 4,595,102</u>	<u>\$ 4,884,096</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 Increment Financing District Bonds	State Revolving Fund 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 ¹	Per Capita ¹
2003	\$61,925,000	\$ -	\$ 843,599	\$ 939,184	\$4,260,000	\$ -	\$ 4,850,000	\$ -	\$22,923,872	\$ 95,741,655	1.40%	\$ 701
2004	52,235,000	-	763,524	873,120	3,960,000	-	3,310,000	-	25,193,943	86,335,587	1.17%	618
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	88,544,260	2,290,000	27,949,710	866,187	70,000,000	1,066,607	-	1,141,862	85,183,251	277,041,877	2.85%	1,791
2011	81,250,000	2,265,000	24,103,169	595,556	70,000,000	723,323	-	866,945	99,127,657	278,931,650	2.66%	1,785
2012	194,995,000	2,245,000	20,121,899	310,809	70,000,000	-	-	585,113	110,610,843	398,868,664	n/a	2,512

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
¹ See table XX for personal income and population data.

Table XIII
 Legal Debt Margin Information
 Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Net Debt Applicable to the Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Debt Limit
2003	\$ 319,046,648	\$ 95,741,655	\$ 223,304,993	30.01%
2004	350,292,991	86,335,587	263,957,404	24.65%
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%

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

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

Government	Debt Outstanding	City's Share of Debt	
		Percentage ¹	Total
City of Sioux Falls	\$ 404,116,230	100.00%	\$ 404,116,230
Sioux Falls School District	101,375,000	98.64%	99,996,300
Tri-Valley School District	3,990,000	15.76%	628,824
Brandon Valley School District	25,720,000	9.41%	2,420,252
Harrisburg School District	105,155,000	61.78%	64,964,759
Tea Area School District	25,260,000	11.07%	2,796,282
Lennox School District	16,986,514	0.16%	27,178
Minnehaha County	36,961,014	73.97%	27,340,062
Lincoln County	9,047,869	53.25%	4,817,990
Total Direct and Overlapping Debt			\$ 607,107,878

Source: The individual entity specified.

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

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

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

Fiscal Year	Total Sales Tax Revenues ¹	Pledged ²				Repayment ³			
		Principal	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
2003	\$30,796,042	\$9,816,343	\$3,644,799	\$13,461,142	2.29	\$ 8,774,620	\$2,061,514	\$10,836,134	2.84
2004	33,164,929	10,500,356	2,873,113	13,373,469	2.48	9,447,492	1,677,715	11,125,207	2.98
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

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

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

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

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

Fiscal Year	Operating Revenue	Other Qualifying Revenue	Total Qualifying Revenue	Direct Operating Expenditures	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
						Principal	Interest	Total	
2003	\$ 3,331,129	\$ -	\$ 3,331,129	\$ 583,008	\$ 2,748,121	\$ 229,924	\$ 14,014	\$ 243,938	11.27
2004	3,905,414	-	3,905,414	769,407	3,136,007	137,652	27,505	165,157	18.99
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

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 ¹	State Revolving Fund			
2003	\$ 13,843,494	\$ -	\$ 13,843,494	\$ 8,752,262	\$ 5,091,232	\$ 1,470,000	\$ 726,135	\$ 696,482	\$ 2,892,617	1.76
2004	13,857,261	-	13,857,261	8,762,605	5,094,656	1,540,000	1,181,626	699,247	3,420,873	1.49
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

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

¹ 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	
2003	\$ 8,650,354	\$ -	\$ 8,650,354	\$ 5,350,667	\$ 3,299,687	\$ 2,083,633	\$ 410,162	\$ 2,493,795	1.32
2004	8,586,610	-	8,586,610	5,337,657	3,248,953	1,962,571	387,777	2,350,348	1.38
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

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	
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2004	-	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-
2007	6,499,815	563,663	7,063,478	3,549,780	3,513,698	-	24,186	24,186	145.28
2008	7,840,266	683,145	8,523,411	4,521,690	4,001,721	128,378	59,180	187,558	21.34
2009	9,098,664	293,565	9,392,229	2,844,018	6,548,211	327,790	57,009	384,799	17.02
2010	10,210,427	186,130	10,396,557	5,228,318	5,168,239	519,194	82,920	602,114	8.58
2011	10,130,194	179,169	10,309,363	8,158,147	2,151,216	493,198	70,495	563,693	3.82
2012	9,968,190	246,197	10,214,387	6,206,242	4,008,145	505,244	57,274	562,518	7.13

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

Fiscal Year	City Population ¹	MSA Population ²	Personal Income ³	Per Capita Personal Income ³	Annual Pay for Workers Covered by Unemployment ⁵	Annual Average Labor Force ⁵	Annual Average Employment ⁵	Annual Average Unemployment Rate ⁵	School Enrollment ⁶
2002	133,557	197,895	\$ 6,492,812,000	\$ 32,809	\$ 29,682	114,480	111,305	2.8%	19,478
2003	136,674	203,151	6,858,642,000	34,672	30,855	116,510	112,955	3.1%	19,623
2004	139,624	209,325	7,356,724,000	36,360	32,032	118,790	114,790	3.4%	20,337
2005	142,453	215,259	7,844,587,000	37,969	33,257	120,280	116,370	3.3%	19,630
2006	145,245	222,072	8,374,058,000	39,579	34,531	123,175	119,810	2.7%	19,821
2007	148,329	227,961	8,914,542,000	41,092	36,055	126,810	123,600	2.5%	20,006
2008	150,987	233,503	9,509,747,000	42,859	36,981	129,030	125,490	2.7%	20,756
2009	153,325	238,122	9,257,113,000	40,976	37,548	128,820	122,185	5.1%	20,870
2010	154,709	239,000	9,714,806,000	42,399	38,447	128,420	121,920	5.1%	21,390
2011	156,300	231,000	10,479,605,000	45,087	39,518	130,245	124,465	4.4%	21,999
2012	158,800	236,170	n/a	n/a	n/a	130,893	125,595	4.1%	22,342

¹ 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.

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

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

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

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

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

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

Employer	Type of Business	2012			2003		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Sanford Health (Sioux Valley Hospital)	Medical	7,703	1	5.9%	5,379	1	4.8%
Avera Health	Medical	5,291	2	4.0%	3,449	2	3.1%
John Morrell & Company	Meat Processing	3,300	3	2.5%	3,301	3	2.9%
Sioux Falls School District	Education	3,000	4	2.3%			0.0%
Citigroup	Financial	2,900	5	2.2%	3,200	4	2.8%
Wells Fargo	Financial	2,832	6	2.2%	2,316	5	2.1%
Hy-Vee Food Stores	Retail Grocery	2,733	7	2.1%	1,687	6	1.5%
Evangelical Lutheran Good Samaritan Society	Medical	1,426	8	1.1%	1,200	8	1.1%
City of Sioux Falls	Government	1,133	9	0.9%			0.0%
WalMart/Sam's Club	Retail	1,056	10	0.8%	1,152	9	1.0%
Midwest Coast Transport	Transportation	-	-	-	1,290	7	1.1%
First PREMIER Bank/PREMIER Bankcard	Financial	-	-	-	1,044	10	0.9%
Totals		31,374		24.0%	24,018		21.3%

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Natural Resources, Mining & Construction	6,600	6,800	7,400	7,700	7,700	7,800	7,100	6,600	6,500	6,700
Manufacturing	12,100	12,300	12,700	13,000	13,100	13,500	12,300	11,900	12,500	13,000
Wholesale Trade	6,000	6,100	6,400	6,600	6,700	6,800	6,700	6,700	7,100	7,300
Retail Trade	16,100	16,300	16,200	16,200	16,600	16,700	16,400	16,500	17,000	17,400
Transportation, Warehousing & Utilities	4,400	4,500	4,700	5,000	5,100	5,200	5,000	4,900	4,900	4,900
Information	2,600	2,700	2,900	3,000	3,100	3,100	3,000	2,900	2,900	2,700
Financial Activities	15,000	15,200	15,400	15,800	16,700	16,700	16,300	15,500	15,200	15,800
Professional & Business Services	8,400	8,300	9,400	10,100	10,900	11,300	10,900	11,300	12,200	12,800
Educational & Health Services	21,600	22,000	22,500	23,000	23,700	24,800	25,500	26,500	27,300	28,500
Leisure & Hospitality	11,500	11,900	12,100	12,700	13,000	13,100	12,900	12,700	13,000	13,100
Other Services	5,000	5,100	4,500	4,600	4,600	4,700	4,700	4,800	4,700	4,700
Total Government	11,400	11,600	11,600	11,900	12,100	12,400	12,800	13,000	12,800	13,000
Total	120,700	122,800	125,900	129,500	133,300	136,200	133,600	133,400	136,100	139,800

Source: South Dakota Department of Labor, Labor Market Information Center, produced in cooperation with the U.S. Bureau of Labor Statistics
Note: Totals may not sum due to rounding

**Table XXIII
Building Permit and Construction Values
Last Ten Fiscal Years**

Fiscal Year	New Non-Residential		New Residential		Existing		Total			City Square Miles
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	New Residential Units	Value	
2003	79	\$80,970,352	1,158	\$171,642,746	5,460	\$ 94,031,990	6,697	1,701	\$346,645,088	61.55
2004	78	93,465,737	1,181	186,681,809	5,643	116,789,607	6,902	1,603	396,937,153	62.71
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

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

**City of Sioux Falls
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Statistics (Unaudited)

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

	Year-end Authorized Positions									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Mayor	4	4	6	4	4	4	4	4	4	4
Chief of Staff	2	2	-	-	-	-	-	-	-	-
Finance	22	22	20	23	23	22	21	21	21	21
Attorney	13	13	16	8	8	8	11	11	11	11
Human Resources	11	11	11	11	12	12	11	11	11	11
City Council	8	8	8	11	14	15	15	15	16	16
Facilities Management	11	11	11	12	12	12	11	11	11	15
Central Services	35	36	22	23	23	23	25	25	26	26
Media Services	-	-	15	15	15	15	15	14	14	14
Total General Government	106	107	109	107	111	111	113	112	114	118
Public Safety										
Fire	175	175	178	193	193	194	194	194	194	194
Police	231	238	244	253	253	254	259	267	267	264
Total Public Safety	406	413	422	446	446	448	453	461	461	458
Highways and Streets										
Public Works										
Administration	12	12	10	10	10	10	11	10	5	5
Engineering	58	58	57	57	49	49	51	51	65	66
Street	65	65	66	66	74	75	78	78	50	50
Total Highways and Streets	135	135	133	133	133	134	140	139	120	121
Public Health	50	51	52	50	54	56	59	64	64	64
Culture and Recreation										
Libraries	55	56	62	62	62	62	62	62	62	62
Parks and Recreation	66	67	69	70	70	70	71	71	69	69
Total Culture and Recreation	121	123	131	132	132	132	133	133	131	131
Urban and Economic Development										
Planning and Building Services	37	37	41	41	42	43	43	43	42	42
Community Development	8	8	8	8	8	8	9	9	11	11
Total Urban and Economic Development	45	45	49	49	50	51	52	52	53	53
Enterprise										
Fleet	19	19	19	19	19	19	19	19	18	18
Light	11	11	11	11	11	11	12	12	12	12
Public Parking Facilities	15	15	15	15	15	15	15	15	13	13
Sanitary Landfill	17	19	22	22	22	25	25	27	28	27
Water	50	50	50	50	50	49	48	48	65	65
Water Reclamation	51	52	50	50	50	50	52	53	54	53
Total Enterprise	163	166	167	167	167	169	171	174	190	188
Total	1026	1040	1063	1084	1093	1101	1121	1135	1133	1133

2005 - Chief of Staff was moved to Mayor; Media Services department was separated from Central Services.

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 attendents added Central Servies 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

**City of Sioux Falls
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Statistics (Unaudited)

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire										
Number of Employees (Uniformed)	168	168	171	185	185	186	186	186	186	186
Number of Employees (Non-Uniform)	7	7	7	8	8	8	8	8	8	9
Total Responses	7,892	8,258	8,624	8,612	8,939	9,547	9,206	9,917	9,809	10,342
Structure Fires	163	164	175	160	169	182	170	161	188	198
Vehicle Fires	95	87	74	98	86	75	73	66	93	77
EMS Calls	4,206	4,359	4,650	4,834	4,900	5,321	5,234	5,651	5,312	5,699
Water Hydrants	5,879	6,167	6,427	6,756	7,023	7,423	7,640	7,818	8,538	7,597
Fire Insurance Rating	3	3	3	3	3	3	3	3	3	3
Police										
Number of Sworn Officers	198	205	211	216	216	217	221	230	230	232
Number of Civilian Employees	33	33	33	37	37	37	38	38	38	38
Aggravated Assaults	221	284	253	282	235	321	178	294	253	392
Arsons	36	37	22	31	44	43	28	29	63	56
Auto Thefts	297	355	329	241	296	270	282	237	292	316
Burglaries	803	945	682	841	695	752	786	1,065	889	870
Drunk Driving Arrests	1,235	1,526	1,913	1,850	1,765	1,556	1,473	1,288	1,486	1,387
Homicides	2	3	4	7	2	6	1	5	6	3
Larcenies	3,317	3,737	3,253	2,932	3,100	3,309	3,837	3,885	3,959	4,269
Rapes	117	119	145	136	121	149	146	113	116	153
Robberies	43	44	71	55	76	62	73	60	101	83
Traffic Citations Issued	32,037	35,555	36,610	38,611	41,080	37,062	38,637	39,977	33,686	36,020
Highways and Streets										
Snow Events	7	3	6	1	7	5	3	7	3	3
Pothole Patching (Tons)	409	507	668	2,197	891	878	1,169	1,319	1,104	476
Street Sweeping (Curb Miles)	10,425	11,600	12,725	13,320	10,552	10,983	12,969	8,284	5,574	9,106
Library										
Number of Items Borrowed	1,336,817	1,356,000	1,473,350	1,566,996	1,613,619	1,711,237	1,835,501	1,906,372	1,963,918	2,024,141
Number of Active Library Cardholders	86,952	93,570	89,212	92,409	93,920	96,525	103,075	92,112	97,487	98,493
Lights										
Private Accounts	2,067	2,081	2,066	2,059	2,066	2,102	2,105	2,113	2,113	2,159
Governmental Accounts	418	429	426	423	425	486	415	422	421	423
Kilowatt Hours Sold	82,370,430	87,395,067	89,122,786	88,291,049	94,344,587	86,200,052	83,904,966	84,563,342	84,490,689	84,207,376
Capacity (KVA)	22,500	30,000	30,000	25,000	30,000	30,000	30,000	30,000	30,000	30,000

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Statistics (Unaudited)

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parks and Recreation										
Rounds of Golf Played (all courses)	131,449	130,112	127,755	127,966	129,691	125,819	129,449	124,655	116,895	130,123
Park Events and Picnics	426,961	275,776	316,173	315,400	363,290	416,920	438,805	321,471	351,075	300,733
Pool Attendance	336,144	235,350	317,683	326,538	325,052	325,682	332,377	319,769	314,823	338,453
Public Parking										
Parking Ramps-Parking Spaces	2,135	2,135	2,071	2,069	2,069	2,069	2,071	2,071	2,071	1,633
Surface Parking Lots-Parking Spaces	780	804	860	859	871	869	992	1,012	1,012	923
Total Spaces Available for Lease	2,792	2,801	2,767	2,772	2,782	2,798	2,917	2,911	2,911	2,371
On Street Parking Meters	1,027	1,011	958	968	964	954	948	915	915	949
On Street Handicapped Spaces	24	24	26	26	37	37	37	37	37	37
Total Number of Parking Spaces	3,966	3,974	3,915	3,922	3,941	3,929	4,048	4,028	4,028	3,542
Lease Rate	93%	96%	97%	99%	96%	95%	77%	73%	76%	73%
Transit										
Ridership-Transit	657,448	684,469	715,480	803,450	835,621	905,780	927,282	937,258	996,316	1,026,715
Ridership-Paratransit	111,671	110,421	112,066	127,118	117,694	120,434	127,075	133,736	141,323	146,290
Regular Routes	11	11	12	12	12	12	13	13	12	12
Seasonal Routes	5	5	4	4	4	4	4	4	5	5
Miles Driven-Transit	700,029	716,766	709,096	703,298	700,446	719,079	718,673	732,438	726,152	741,534
Miles Driven-Paratransit	555,532	549,332	539,848	580,425	563,894	575,705	604,836	646,820	651,007	653,723
Sanitary Landfill										
MSW Landfill Closure Year	n/a	n/a	n/a	n/a	n/a	2060	2063	2071	2077	2078
MSW Tons Received	n/a	n/a	n/a	176,179	176,410	176,985	169,932	169,327	172,507	167,141
C&D Landfill Closure Year	n/a	n/a	n/a	n/a	n/a	2039	2039	2039	2036	2048
C&D Tons Received	n/a	n/a	n/a	65,047	68,227	58,019	50,832	55,640	50,782	46,311
Cubic Feed of Landfill Gas Sold	-	-	-	-	-	-	478,199,519	832,687,131	955,748,919	979,249,548
Water										
Water Services	41,198	42,460	43,670	45,250	45,870	46,439	47,047	47,873	48,509	50,676
Daily Plant Capacity (thousands of gallons)	53,500	53,500	53,500	53,500	53,500	53,500	53,500	53,500	53,500	75,000
Average Daily Consumption (thousands of gallon)	22,328	22,660	21,924	22,931	22,326	22,461	19,744	6,708	19,851	22,128
Wastewater										
Customers	40,391	42,157	43,325	44,046	45,642	46,352	46,556	47,270	48,094	48,815
Daily Plant Capacity (thousands of gallons)	19,700	19,700	19,700	19,700	19,700	19,700	21,000	21,000	21,000	21,000
Average Daily Flow-Domestic (thousands)	11,444	12,002	11,201	11,378	11,348	11,558	11,107	10,844	12,092	11,030
Average Daily Flow-Industrial (thousands)	1,450	1,016	1,139	1,168	1,485	1,112	976	1,050	125	875
Average Daily Flow-Extraneous (thousands)	740	1,979	2,120	2,373	2,605	2,567	2,390	6,113	5,182	2,042

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Statistics (Unaudited)

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire										
Fire Stations	8	8	8	9	9	9	10	10	10	10
Fire Training Center	1	1	1	1	1	1	1	1	1	1
Fire Trucks	16	17	17	18	18	18	17	17	17	20
Emergency Management										
Emergency Warning Sirens	48	51	56	60	62	65	69	71	71	73
Police										
Patrol Units (marked)	53	53	68	68	68	68	71	71	71	71
Highways and Streets										
Streets paved (miles)	686	693	705	739	760	771	783	784	789	796
Street Lights	13,341	14,177	14,776	15,316	15,825	16,155	16,689	16,998	17,125	17,519
Traffic Signals	209	216	222	224	227	236	238	241	241	248
Library										
Books	389,860	402,007	413,511	376,789	348,081	290,932	276,640	277,985	272,013	271,215
Ematerials	-	-	-	-	-	-	-	2,612	6,192	10,946
Audio/Visual Items	39,945	44,263	55,344	53,586	52,924	63,707	52,819	51,664	51,941	53,656
2006, 2007, 2008, and 2009 decrease due to removal of old, outdated, and unused books and audio/visual items.										
Lights										
Primary three-phase distribution lines (miles)	80	79	79	93	93	93	93	93	93	89
Underground distribution lines (miles)	38	40	40	60	60	60	57	57	57	60
Parks and Recreation										
Acreage	2,792	2,863	2,874	2,874	2,880	2,913	3,045	3,103	3,154	3,154
Parks	65	65	67	68	69	70	72	72	73	75
Swimming Pools	6	6	6	6	6	6	6	6	6	6
Wading Pools	2	2	2	1	1	1	1	1	1	1
Spray Pools	-	-	-	1	1	1	1	1	1	1
Soccer Fields	51	53	54	54	54	56	60	60	60	60
Tennis Courts	31	31	35	35	35	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	4	4	12	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**

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parks and Recreation (cont)										
Baseball Stadium	1	1	1	1	1	1	1	1	1	1
Baseball Fields	39	39	34	34	34	36	34	34	34	34
Softball Fields	67	67	68	68	68	74	74	74	74	73
Zoo	1	1	1	1	1	1	1	1	1	1
Park Bandshells	2	2	2	2	2	2	2	2	2	2
Moveable Bandshell	1	1	1	1	1	1	1	1	1	1
Greenway Recreation Trail (miles)	16.09	19.12	19.12	19.12	19.12	24.79	24.79	24.79	26.54	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	17	17	18	17	18	18
Basketball Courts (Outdoor)	20	20	22	22	22	22	23	23	23	24
Community Centers (school owned)	5	5	5	5	5	5	5	5	5	5
Public Parking										
Parking Ramps	5	5	5	5	5	5	5	5	5	4
Surface Parking Lots	13	13	15	15	14	15	15	15	15	14
Sanitary Landfill										
Landfill area (acres)	611	611	617	697	706	706	706	706	706	706
Transit										
Fixed Route Buses	27	31	31	31	31	31	31	31	31	31
Paratransit Buses	22	23	23	22	22	22	22	22	22	23
Water										
Water Mains (miles)	790	819	848	877	905	938	953	964	997	962
Wellfield (miles)	54	57	57	57	57	57	57	57	57	57
Wastewater										
Storm Sewer (miles)	268	290	335	352	386	400	408	409	412	400
Sanitary Sewer (miles)	670	688	715	735	772	798	806	813	817	824

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Single Audit Section

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**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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2013 which includes a reference to other auditors. Other auditors 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 significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

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

Purpose of this Report

This report is intended 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 cursive script that reads "Eric Sully LLP". The signature is written in black ink and is positioned above the printed name and address.

Sioux Falls, South Dakota
March 21, 2013



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, 2012. 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.

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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2012.

Other Matters

The City's basic financial statements include the operations of the Housing and Redevelopment Commission (discretely presented component unit), which received \$12,454,626 in federal awards which are not included on the schedule of expenditures of federal awards for the year ended December 31, 2012. 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.

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.

Eide Bailly LLP

Sioux Falls, South Dakota
March 21, 2013

City of Sioux Falls
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2012

	CFDA Numbers	Pass Through / Identifying Number	Expenditures		
<u>Department of Housing and Urban Development</u>					
<i>Direct Federal Funding:</i>					
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 786,450		
HOME Investment Partnership Program	14.239	N/A	504,349		
Total Department of Housing and Urban Development				\$	1,290,799
<u>Department of the Interior</u>					
<i>Indirect Federal Funding passed through-</i>					
State Historical Preservation Office					
Historic Preservation Fund Grants-In-Aid	15.904	SD-08-22	19,999		
Total Department of the Interior					19,999
<u>Department of Justice</u>					
<i>Direct Federal Funding</i>					
Edward Byrne Memorial Justice Assistance Grant					
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	283,063		
Public Safety Partnership & Community Policing Grant					
Recovery Act Funded	16.710	N/A	663,594		
<i>Indirect Federal Funding passed through-</i>					
South Dakota Network Against Family Violence & Sexual Assault, Inc.					
Violence Against Women Formula Grant					
Recovery Act Funded	16.588	N/A	95,868		
Total Department of Justice					1,042,525
<u>Department of Transportation</u>					
<i>Direct Federal Funding:</i>					
Federal Transit Formula Grants 5307	20.507	N/A	\$ 1,975,020		
Federal Transit Formula Grants 5309	20.500	N/A	235,507		
Federal Stimulus SD-96-002	20.500	N/A	7,706		
Cluster subtotal				2,218,233	
Job Access Reverse Commute Grant 5316	20.516	N/A	17,365		
New Freedom Program Grant 5317	20.521	N/A	9,350		
Cluster subtotal				26,715	
<i>Indirect Federal Funding passed through-</i>					
Southeastern Council of Governments					
Highway Planning and Construction					
Federal Highway Grant	20.205	N/A	987,337		
SD Department of Transportation					
Highway Planning and Construction					
Bike Trail Project	20.205	N/A	66,469		
Federal Transit Metropolitan Planning Grants					
Highway Planning and Construction					
Section 8 Grant	20.505	N/A	10,417		
20.205 total				1,064,223	
SD Department of Public Safety					
Alcohol Impaired Driving Countermeasures Incentive	20.601	N/A	337,105		
Total Department of Transportation					3,646,276
<u>Environmental Protection Agency</u>					
<i>Indirect Federal Funding passed through-</i>					
SD Department of Environment and Natural Resources:					
Capitalization Grants for Clean Water State Revolving	66.458	N/A	805		
Total Environmental Protection Agency					805

City of Sioux Falls
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2012

	CFDA Numbers	Pass Through / Identifying Number	Expenditures	
<u>Department of Health and Human Services</u>				
<i>Direct Federal Funding:</i>				
Consolidated Health Centers	93.224	N/A	1,838,984	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	393,462	
<i>Indirect Federal Funding passed through-</i>				
SD Department of Health				
HPPPartnership Grant	93.889	09OPP01	52,005	
Public Health Emergency Preparedness	93.069	09OPP01	140,768	
Community Transformation Grant	93.531	N/A	159,214	
HIV Prevention Activities_Health Department Based	93.940	10SC090761	73,263	
Patient Navigation	93.191	N/A	163,000	
Family Planning Services	93.217	N/A	500	
Partnership 288M	93.Unknown	N/A	1,257	
Lutheran Social Services of South Dakota				
Refugee and Entrant Assistance Discretionary Grants	93.576	N/A	81,577	
Total Department of Health and Human Services				2,904,030
<u>Equal Employment Opportunity Commission</u>				
<i>U,S, Commission on Civil Rights</i>				
Clearinghouse Services, Civil Rights Discrimination Complaints	30.002	N/A	14,750	
Total Equal Employment Opportunity Commission				14,750
<u>Department of Homeland Security</u>				
<i>Direct Federal Funding</i>				
Assistance to Firefighters Grant	97.044	N/A	76,360	
Emergency Management Performance Grants	97.042	N/A	55,710	
Total Department of Homeland Security				132,070
<u>Executive Office of the President - Office of National Drug Control Policy</u>				
<i>Direct Federal Funding:</i>				
High Intensity Drug Trafficking Areas Program	95.001	N/A	156,304	
Total Executive Office of the President				156,304
<u>Department of Energy</u>				
<i>Direct Federal Funding</i>				
ARRA - Energy Efficient and Conservation Block Grant Recovery Act Funded	81.128	N/A	93,245	
Total Department of Energy				93,245
<u>National Endowment for the Humanities</u>				
<i>Direct Federal Funding:</i>				
High Intensity Drug Trafficking Areas Program	45.164	N/A	1,955	
Total National Endowment for the Humanities				1,955
Total Expenditures of Federal Awards			\$ 9,302,758	

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - General

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting.

The balance of the notes payable from the State Revolving Fund was \$113,398,668 as of December 31, 2012. Approximately \$17,334,075 of this balance consists of federal funds.

Note 2 - Agency or Pass-Through Number

The 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 3 - Subrecipients

<u>Sub recipients provided federal awards</u>	<u>CFDA #</u>	<u>Dollar Amount</u>
ICAP Bright Futures	14.218	57,666
Sioux Falls Housing	14.239	<u>161,631</u>
Total		<u>\$ 219,297</u>

Note 4 - Flood Control Project

The US Army Corps of Engineers is completing the levee system Operations and Maintenance Manual along with the certification for the levee system in the western and southern part of the city. Completion of these items is anticipated in late summer or early fall at which time documentation will be submitted to the Federal Emergency Management Administration for starting the process to update impacted Flood Insurance Rate Maps. The updating of the maps will result in approximately 1,500 properties being removed from the FEMA designated AE Flood Zone which requires properties to have flood insurance. Phase 3 work is being completed with only two closure structures remaining to be built. These structures will be built on 60th Street North to improve flood protection in that area.

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

Part I: Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported
 in accordance with Section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG/Entitlement Grants
16.710	ARRA - Public Safety Partnership & Community Policing Grant
20.601	Alcohol Impaired Driving Countermeasures Incentive Grant
93.224	Consolidated Health Centers

Dollar threshold used to distinguish
 between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

Part II: Findings Related to the Financial Statement Audit

There were no findings in the current year in relation to the financial statement audit.

Part III: Findings and Questioned Costs for Major Federal Award Programs

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

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