CITY OF PIERRE, SOUTH DAKOTA

Financial Statements

December 31, 2024

CASEY • PETERSON

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CASEY • PETERSON
CPAs & FINANCIAL ADVISORS

Independent Auditor's Report

City Commission
City of Pierre, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pierre, South Dakota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing and Redevelopment Commission of the City of Pierre, South Dakota, a discreetly presented component unit, which represents less than 1% of the assets and net position and 3.3% of revenues of the governmental activities as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. 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 of the City of Pierre, South Dakota is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), the Schedule of Pension Contributions, and the Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 about 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Passenger Facility Charges are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Passenger Facility Charges, and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Passenger Facility Charges, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota
July 17, 2026

BASIC FINANCIAL STATEMENTS

City of Pierre, South Dakota
Statement of Net Position
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
ASSETS				
Cash and Cash Equivalents	$ 13,765,051	$ 11,052,855	$ 24,817,906	$ 920,648
Receivables	3,505,411	5,387,286	8,892,697	34,274
Internal Balances	(919,747)	919,747	-	-
Inventories	243,103	4,933,288	5,176,391	-
Prepaid Expenses	35,397	-	35,397	40,773
Restricted Assets:				
Cash and Cash Equivalents	54,464	11,102,419	11,156,883	-
Net Pension Asset	11,260	4,484	15,744	558
Capital Assets:				
Land and Construction in Progress	15,753,251	6,396,628	22,149,879	196,904
Other Capital Assets, Net of Depreciation and Amortization	86,484,294	140,382,364	226,866,658	855,138
TOTAL ASSETS	118,932,484	180,179,071	299,111,555	2,048,295
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related Deferred Outflows	1,926,490	767,090	2,693,580	48,481
OPEB-related Deferred Outflows	67,970	30,384	98,354	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,994,460	797,474	2,791,934	48,481
LIABILITIES				
Accounts Payable	3,215,929	2,771,424	5,987,353	72,590
Other Current Liabilities	226,033	885,545	1,111,578	34,358
Unearned Revenue	164,049	124,847	288,896	27,035
Noncurrent Liabilities:				
Landfill Closure and Post-closure Costs	-	889,298	889,298	-
Due Within One Year	1,493,173	2,527,110	4,020,283	5,948
Due in More than One Year	13,427,376	62,798,510	76,225,886	7,645
TOTAL LIABILITIES	18,526,560	69,996,734	88,523,294	147,576

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position (Continued)
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
DEFERRED INFLOWS OF RESOURCES				
Pension-related Deferred Inflows	1,427,954	568,582	1,996,536	27,872
Lease-related Deferred Inflows	259,970	611,268	871,238	-
OPEB-related Deferred Inflows	319,690	129,994	449,684	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,007,614	1,309,844	3,317,458	27,872
NET POSITION				
Net Investment in Capital Assets	89,044,654	80,600,058	169,644,712	1,045,228
Restricted for:				
SDRS Pension Purposes	509,796	202,992	712,788	21,167
Cemetery	54,464	-	54,464	-
Other Purposes:				
Surface Transportation Program	4,609,712	-	4,609,712	-
Special Sales Tax	2,149,161	-	2,149,161	-
Storm Drainage	1,330,912	-	1,330,912	-
911 Purposes	660,802	-	660,802	-
Library	55,501	-	55,501	-
Other Donor Restricted Purposes	176,737	-	176,737	-
Unrestricted	1,801,031	28,866,917	30,667,948	854,933
TOTAL NET POSITION	$ 100,392,770	$ 109,669,967	$ 210,062,737	$ 1,921,328

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Activities
For the Year Ended December 31, 2024

					Net (Expense) Revenue and Changes in Net Position			
								Component Unit
Functions/Programs	Expenses	Charges for Services	Capital Grants, Loans, and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	$ 7,163,882	$ 3,372,160	$ -	$ -	$ (3,791,722)	$ -	$ (3,791,722)	$ -
Public Safety	4,823,203	266,702	-	687,479	(3,869,022)	-	(3,869,022)	-
Public Works	4,146,031	1,448,997	524,141	6,806	(2,166,087)	-	(2,166,087)	-
Health and Welfare	325,458	-	1,356,159	28,050	1,058,751	-	1,058,751	-
Culture and Recreation	5,176,851	1,468,999	438,326	656,825	(2,612,701)	-	(2,612,701)	-
Conservation and Development	1,143,371	875	-	-	(1,142,496)	-	(1,142,496)	-
Interest on Long-term Debt*	304,176	-	-	-	(304,176)	-	(304,176)	-
Total Governmental Activities	23,082,972	6,557,733	2,318,626	1,379,160	(12,827,453)	-	(12,827,453)	-
Business-type Activities:								
Water	4,761,114	4,611,781	-	-	-	(149,333)	(149,333)	-
Electric	16,492,906	15,750,711	-	-	-	(742,195)	(742,195)	-
Waste Water	3,521,752	3,826,836	-	-	-	305,084	305,084	-
Airport	2,470,858	165,835	1,521,817	-	-	(783,206)	(783,206)	-
Garbage	173,902	71,278	-	-	-	(102,624)	(102,624)	-
Landfill	2,234,389	1,996,052	-	-	-	(238,337)	(238,337)	-
Total Business-type Activities	29,654,921	26,422,493	1,521,817	-	-	(1,710,611)	(1,710,611)	-
Total Primary Government	$ 52,737,893	$ 32,980,226	$ 3,840,443	$ 1,379,160	(12,827,453)	(1,710,611)	(14,538,064)	-
COMPONENT UNIT								
Housing and Redevelopment Commission	$ 1,643,186	$ 251,335	$ 54,637	$ 1,447,171				109,957

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Activities (Continued)
For the Year Ended December 31, 2024

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
GENERAL REVENUES				
Taxes:				
Property Taxes	3,979,459	-	3,979,459	-
Sales Taxes	12,914,688	-	12,914,688	-
State Shared Revenues	1,134,394	-	1,134,394	-
County Shared Revenue	15,895	-	15,895	-
Unrestricted Investment Earnings	1,380,931	79,660	1,460,591	7,661
Other General Revenues	216,346	293,250	509,596	263,452
Transfers	2,538,546	(2,538,546)	-	-
Gain (Loss) on Disposal of Fixed Assets	77,623	(52,950)	24,673	(22,364)
Total General Revenues	22,257,882	(2,218,586)	20,039,296	248,749
CHANGE IN NET POSITION	9,430,429	(3,929,197)	5,501,232	358,706
NET POSITION - BEGINNING	90,962,341	113,599,164	204,561,505	1,562,622
NET POSITION - ENDING	$ 100,392,770	$ 109,669,967	$ 210,062,737	$ 1,921,328

*The City does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Balance Sheet - Governmental Funds
December 31, 2024

	General Fund	Capital Improvement Fund	Special Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 1,706,579	$ 4,360,637	$ 2,023,904	$ 2,542,604	$ 10,633,724
Taxes Receivable, Delinquent	60,219	18,342	-	-	78,561
Accounts Receivable, Net	137,387	96,173	-	34,072	267,632
Unbilled Accounts Receivable	-	-	-	56,751	56,751
Due from Other Governments	1,256,783	1,135,065	125,257	300,653	2,817,758
Leases Receivable	259,946	-	-	-	259,946
Inventory of Supplies	174,580	-	-	68,523	243,103
Prepaid Expenses	35,020	-	-	377	35,397
Restricted Cash and Cash Equivalents	-	-	-	54,464	54,464
TOTAL ASSETS	$ 3,630,514	$ 5,610,217	$ 2,149,161	$ 3,057,444	$ 14,447,336
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 2,197,380	$ 921,148	$ -	$ 14,023	$ 3,132,551
Payroll Liabilities	65,962	-	-	10,852	76,814
Revenue Collected in Advance	162,472	-	-	1,577	164,049
Total Liabilities	2,425,814	921,148	-	26,452	3,373,414
Deferred Inflows of Resources:					
Lease Related Deferred Inflows	259,970	-	-	-	259,970
Unavailable Revenues	565,887	473,486	59,203	52,858	1,151,434
Total Deferred Inflows of Resources	825,857	473,486	59,203	52,858	1,411,404
Fund Balances:					
Nonspendable	209,600	-	-	118,900	328,500
Restricted	4,786,449	-	2,089,958	1,930,498	8,806,905
Committed	-	4,215,583	-	928,736	5,144,319
Unassigned	(4,617,206)	-	-	-	(4,617,206)
Total Fund Balances	378,843	4,215,583	2,089,958	2,978,134	9,662,518
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,630,514	$ 5,610,217	$ 2,149,161	$ 3,057,444	$ 14,447,336

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024

Total Fund Balances - Governmental Funds	$	9,662,518
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and, therefore, is not reported in the governmental funds.		11,260
Pension and OPEB-related deferred outflows are not available financial resources and, therefore, are not reported in the governmental funds.		1,994,460
Pension and OPEB-related deferred inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(1,747,644)
Capital and right-of-use assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		102,237,545
Long-term liabilities, including bonds payable, capital leases payable, lease obligations, accrued leave payable, and accrued other post employment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(14,920,549)
Receipts collected after year-end but not available soon enough to pay for current period expenditures are deferred in the governmental funds.		1,151,434
Payables for interest are recognized as liabilities in the government-wide financial statements, but are recognized when paid in the governmental funds.		(17,038)
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.		2,020,784
Net Position - Governmental Activities	$	100,392,770

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Capital Improvement Fund	Special Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
General Property Taxes	$ 3,684,886	$ -	$ -	$ 280,370	$ 3,965,256
General Sales and Use Taxes	5,653,028	5,653,028	682,061	231,773	12,219,890
Penalties and Interest on Delinquent Taxes	11,925	-	-	-	11,925
Licenses and Permits	524,804	-	-	-	524,804
Intergovernmental Revenue:					
Federal Grants	1,380,055	-	-	-	1,380,055
State Grants	581,441	-	-	688,481	1,269,922
State Shared Revenues:					
Bank Franchise	266,644	-	-	-	266,644
Liquor Tax Reversion	95,193	-	-	-	95,193
Motor Vehicle Licenses (5%)	116,506	-	-	-	116,506
Local Government Highway and Bridge Fund	357,613	-	-	-	357,613
911 Telephone Surcharge	-	-	-	285,552	285,552
County Shared Revenues:					
County Road Tax (25%)	6,004	-	-	-	6,004
Other	9,891	-	-	-	9,891
Charges for Goods and Services:					
General Government	2,616,319	-	-	153,520	2,769,839
Public Safety	10,526	-	-	251,560	262,086
Highways and Streets	800	911,412	-	481,076	1,393,288
Culture and Recreation	1,453,121	-	-	-	1,453,121
Cemetery	34,505	-	-	-	34,505
Fines and Forfeits:					
Court Fines and Costs	716	-	-	-	716
Library	-	-	-	10	10
Parking Meter Fines	2,090	-	-	-	2,090
Miscellaneous Revenues:					
Investment Earnings	1,380,523	-	-	408	1,380,931
Rentals	27,591	-	-	-	27,591
Special Assessments	4,928	10,501	-	-	15,429
Contributions from Private Sources	816,915	222,904	-	7,990	1,047,809
Other	161,098	5,640	-	8,564	175,302
TOTAL REVENUES	19,197,122	6,803,485	682,061	2,389,304	29,071,972

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Continued)
For the Year Ended December 31, 2024

	General Fund	Capital Improvement Fund	Special Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES					
General Government:					
Legislative	$ 149,947	$ -	$ -	$ -	$ 149,947
Elections	3,660	-	-	-	3,660
Financial Administration	3,218,805	-	-	-	3,218,805
Other	3,436,770	-	-	129,117	3,565,887
Public Safety:					
Police	2,174,482	-	-	1,374,953	3,549,435
Fire	424,893	484,728	-	-	909,621
Public Works:					
Highways and Streets	58,184	1,404,926	-	223,060	1,686,170
Cemeteries	222,238	-	-	-	222,238
Transit	125,000	-	-	-	125,000
Health and Welfare:					
Health	55,372	-	-	-	55,372
Ambulance	-	182,980	-	-	182,980
Other	79,130	-	-	-	79,130
Culture and Recreation:					
Recreation	1,200,951	-	-	-	1,200,951
Parks	2,017,717	-	-	-	2,017,717
Libraries	760,382	-	-	14,923	775,305
Museum	21,335	-	-	-	21,335
Conservation and Development:					
Economic Development	961,353	-	-	182,018	1,143,371
Debt Service	-	1,157,550	380,993	181,320	1,719,863
Capital Outlay	5,631,123	1,936,465	-	72,128	7,639,716
TOTAL EXPENDITURES	20,541,342	5,166,649	380,993	2,177,519	28,266,503
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,344,220)	1,636,836	301,068	211,785	805,469
OTHER FINANCING SOURCES					
Net transfers In	1,900,000	362,070	99,050	138,880	2,500,000
Insurance Proceeds	86,790	-	-	-	86,790
Sale of Municipal Property	129,556	-	-	-	129,556
Total Other Financing Sources	2,116,346	362,070	99,050	138,880	2,716,346
NET CHANGE IN FUND BALANCES	772,126	1,998,906	400,118	350,665	3,521,815
FUND BALANCE - BEGINNING	(393,283)	2,216,677	1,689,840	2,627,469	6,140,703
FUND BALANCE - ENDING	$ 378,843	$ 4,215,583	$ 2,089,958	$ 2,978,134	$ 9,662,518

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds	$ 3,521,815
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 in which capital outlays exceeded depreciation in the current period.	4,015,730
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,409,795
In the Statement of Activities, gains and losses on disposal of capital assets are reported, whereas in the fund financial statements, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	(20,798)
Changes in pension-related deferred outflows/inflows are direct components of the pension asset and are not reflected in the governmental funds.	(301,052)
Changes in OPEB-related deferred outflows/inflows are direct components of the OPEB liability and are not reflected in the governmental funds.	88,935
Lease payments are reported in the governmental funds as they are paid while lease payments are reported as reductions in liabilities in the Statement of Activities. Right-of-use leased assets are also amortized in the Statement of Activities. This is the net impact to the Statement of Activities for reductions in liabilities and amortization of assets.	(1,050)
Sales tax revenues, special assessments, grants, and other revenue are reported in the period to be financed by the property tax levy, special assessments, and grants for both the governmental funds and the governmental activities, but in the fund statement, any amounts that are not "available" are offset with deferred inflows.	710,494
Governmental funds do not reflect the change in accrued interest, but the Statement of Activities reflects the change in the liability through expenditures.	5,891
Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in this liability through expenditures.	(75,055)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net income of the internal service funds is reported with governmental activities.	75,724
Change in Net Position of Governmental Activities	$ 9,430,429

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Proprietary Funds
December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ 4,973,135	$ -	$ 6,079,720	$ -	$ -	$ 11,052,855	$ 3,131,327
Accounts Receivable, Net	24,795	357,304	27,964	42,727	152,390	605,180	24,763
Unbilled Accounts Receivable	400,240	1,903,225	420,445	-	21,602	2,745,512	-
Due from Other Funds	-	-	1,390,853	-	-	1,390,853	-
Due from Other Governments	-	-	-	1,432,628	-	1,432,628	-
Inventory of Supplies	668,447	3,995,956	38,842	93,909	136,134	4,933,288	-
Total Current Assets	6,066,617	6,256,485	7,957,824	1,569,264	310,126	22,160,316	3,156,090
Noncurrent Assets:							
Restricted Cash and Cash Equivalents	-	9,768,275	-	-	1,334,144	11,102,419	-
Net Pension Asset	783	1,324	773	566	1,038	4,484	-
Lease Receivables	-	-	-	603,966	-	603,966	-
Capital Assets:							
Land	399,662	31,675	49,434	235,889	4,041,171	4,757,831	-
Buildings and Infrastructure	55,809,408	1,672,964	44,449,191	54,073,474	3,703,002	159,708,039	-
Improvements	-	40,478,600	-	-	-	40,478,600	-
Machinery and Equipment	2,934,819	3,711,519	4,152,428	4,653,033	4,507,951	19,959,750	-
Right-of-use Leased Assets	-	-	-	6,930	-	6,930	-
Construction in Progress	159,718	778,816	42,709	631,429	26,125	1,638,797	-
Less: Accumulated Depreciation and Amortization	(11,773,778)	(15,653,581)	(21,996,658)	(26,065,934)	(4,281,004)	(79,770,955)	-
Total Noncurrent Assets	47,530,612	40,789,592	26,697,877	34,139,353	9,332,427	158,489,861	-
TOTAL ASSETS	53,597,229	47,046,077	34,655,701	35,708,617	9,642,553	180,650,177	3,156,090

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Proprietary Funds (Continued)
December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
DEFERRED OUTFLOWS OF RESOURCES							
Pension-related Deferred Outflows	133,972	226,497	132,213	96,836	177,572	767,090	-
OPEB-related Deferred Outflows	6,622	10,706	4,380	3,028	5,648	30,384	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	140,594	237,203	136,593	99,864	183,220	797,474	-
LIABILITIES							
Current Liabilities:							
Accounts Payable	139,860	793,594	1,705,174	64,301	68,495	2,771,424	82,206
Incurred But Not Reported Claims	-	-	-	-	-	-	133,353
Accrued Interest Payable	103,448	25,138	45,553	-	-	174,139	-
Accrued Wages Payable	5,335	8,644	4,613	2,995	6,428	28,015	-
Accrued Taxes Payable	-	106	-	-	28	134	-
Customer Deposits	-	683,257	-	-	-	683,257	-
Revenue Collected in Advance	22,487	82,689	17,846	-	1,825	124,847	-
Due to Other Funds	-	604,727	-	581,622	204,504	1,390,853	-
Revenue Bond Payable - Current	848,546	825,138	815,394	-	-	2,489,078	-
Lease Liability - Current	-	-	-	1,497	-	1,497	-
Accrued Leave Payable - Current	2,398	13,385	4,950	711	15,091	36,535	-
Total Current Liabilities	1,122,074	3,036,678	2,593,530	651,126	296,371	7,699,779	215,559
Noncurrent Liabilities:							
Revenue Bonds Payable	32,255,129	13,353,871	16,519,242	-	-	62,128,242	-
Accrued Leave Payable	21,577	120,464	44,551	6,398	135,818	328,808	-
Accrued Landfill Closure and Post-closure Costs	-	-	-	-	889,298	889,298	-
Lease Liability	-	-	-	1,005	-	1,005	-
Net OPEB Obligation	66,428	99,678	55,804	43,151	75,394	340,455	-
Total Noncurrent Liabilities	32,343,134	13,574,013	16,619,597	50,554	1,100,510	63,687,808	-
TOTAL LIABILITIES	33,465,208	16,610,691	19,213,127	701,680	1,396,881	71,387,587	215,559

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Proprietary Funds (Continued)
December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
DEFERRED INFLOWS OF RESOURCES							
Pension-related Deferred Inflows	99,303	167,884	97,999	71,777	131,619	568,582	-
Lease-related Deferred Inflows	-	-	-	611,268	-	611,268	-
OPEB-related Deferred Inflows	26,206	41,357	16,712	16,341	29,378	129,994	-
TOTAL DEFERRED INFLOWS OF RESOURCES	125,509	209,241	114,711	699,386	160,997	1,309,844	-
NET POSITION							
Net Investment in Capital Assets	14,390,154	16,840,984	7,839,356	33,532,319	7,997,245	80,600,058	-
Restricted for:							
SDRS Pension Purposes	35,452	59,937	34,987	25,625	46,991	202,992	-
Unrestricted	5,721,500	13,562,427	7,590,113	849,471	223,659	27,947,170	2,940,531
TOTAL NET POSITION	$ 20,147,106	$ 30,463,348	$ 15,464,456	$ 34,407,415	$ 8,267,895	$ 108,750,220	$ 2,940,531
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Enterprise Funds' participation in the activities conducted in the internal service fund.						919,747	
Net Position of Business-type Activities						$ 109,669,967	

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
OPERATING REVENUE							
Charges for Goods and Services	$ 2,757,542	$ 14,583,314	$ 2,461,906	$ 162,913	$ 2,063,133	$ 22,028,808	$ 2,578,462
Revenue Dedicated to Servicing Debt	1,851,017	-	1,291,197	-	-	3,142,214	-
Miscellaneous	3,222	1,167,397	73,733	2,922	4,197	1,251,471	-
Total Operating Revenue	4,611,781	15,750,711	3,826,836	165,835	2,067,330	26,422,493	2,578,462
OPERATING EXPENSES							
Personnel Services	895,028	1,297,629	777,154	579,579	1,042,975	4,592,365	1,493,840
Other Current Expenses	1,257,469	1,880,016	952,042	420,740	715,789	5,226,056	970,766
Materials (Cost of Goods Sold)	437,848	9,351,933	126,790	61,427	217,166	10,195,164	-
Depreciation and Amortization	1,737,872	3,529,954	1,413,374	1,413,507	442,191	8,536,898	-
Total Operating Expenses	4,328,217	16,059,532	3,269,360	2,475,253	2,418,121	28,550,483	2,464,606
OPERATING INCOME (LOSS)	283,564	(308,821)	557,476	(2,309,418)	(350,791)	(2,127,990)	113,856
NONOPERATING REVENUE (EXPENSE)							
Capital Grants	-	-	-	1,521,817	-	1,521,817	-
Investment Earnings	-	-	-	-	79,660	79,660	-
Rental Revenue	-	15,876	-	277,269	100	293,245	-
Interest Expense	(440,650)	(441,821)	(260,075)	(24)	-	(1,142,570)	-
Other Revenues	-	-	5	-	-	5	-
Gain (Loss) on Disposition of Assets	3,138	43,150	283	1,556	(101,077)	(52,950)	-
Total Nonoperating Revenue (Expense)	(437,512)	(382,795)	(259,787)	1,800,618	(21,317)	699,207	-

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds (Continued)
For the Year Ended December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(153,948)	(691,616)	297,689	(508,800)	(372,108)	(1,428,783)	113,856
Net Transfers In (Out)	(57,573)	(2,500,000)	5,527	-	13,500	(2,538,546)	-
CHANGE IN NET POSITION	(211,521)	(3,191,616)	303,216	(508,800)	(358,608)	(3,967,329)	113,856
NET POSITION - BEGINNING	20,358,627	33,654,964	15,161,240	34,916,215	8,626,503	112,717,549	2,826,675
NET POSITION - ENDING	$ 20,147,106	$ 30,463,348	$ 15,464,456	$ 34,407,415	$ 8,267,895	$ 108,750,220	$ 2,940,531

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Reconciliation of the Proprietary Funds Statement of Revenues, Expenditures, and Changes in Net Position to the Statement of Activities
For the Year Ended December 31, 2024

Change in Net Position - Total Proprietary Funds	$ (3,967,329)
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of the enterprise funds' participation in the activities conducted in the internal service fund.	38,132
Change in Net Position of Business-type Activities	$ (3,929,197)

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES							
Receipts from Customers	$ 4,574,966	$ 15,463,816	$ 5,409,457	$ 218,692	$ 2,057,117	$ 27,724,048	$ 2,555,299
Payments to Suppliers	(2,434,103)	(12,200,293)	(1,506,239)	(558,156)	(900,005)	(17,598,796)	(888,986)
Payments to Employees	(864,804)	(1,263,370)	(760,009)	(596,205)	(1,004,006)	(4,488,394)	(1,472,487)
Net Cash Provided (Used) by Operating Activities	1,276,059	2,000,153	3,143,209	(935,669)	153,106	5,636,858	193,826
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES							
Due to (from) Other Funds	-	4,636,775	(104,706)	(4,730,145)	(193,057)	(391,133)	-
Transfers (to) from Other Funds	-	(2,500,000)	-	-	-	(2,500,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	2,136,775	(104,706)	(4,730,145)	(193,057)	(2,891,133)	-
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital Grants and Contributions	-	-	-	7,291,920	-	7,291,920	-
Proceeds from Debt Issuance	-	-	1,268,440	-	-	1,268,440	-
Proceeds from Sale of Capital Assets	3,667	84,452	-	1,556	16,316	105,991	-
Other Receipts	-	15,876	5	259,470	100	275,451	-
Purchase of Capital Assets	(2,352,039)	(1,978,892)	(2,516,816)	(1,887,108)	(26,125)	(8,760,980)	-
Debt Principal Paid	(753,287)	(801,426)	(737,470)	-	-	(2,292,183)	-
Debt Interest Paid	(424,062)	(443,285)	(254,903)	(24)	-	(1,122,274)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,525,721)	(3,123,275)	(2,240,744)	5,665,814	(9,709)	(3,233,635)	-

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES							
Cash Invested in Restricted/Reserve Accounts	-	(1,013,653)	-	-	(30,000)	(1,043,653)	-
Cash Received for Interest	-	-	-	-	79,660	79,660	-
Net Cash Provided (Used) by Investing Activities	-	(1,013,653)	-	-	49,660	(963,993)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,249,662)	-	797,759	-	-	(1,451,903)	193,826
CASH AND CASH EQUIVALENTS - BEGINNING	7,222,797	-	5,281,961	-	-	12,504,758	2,937,501
CASH AND CASH EQUIVALENTS - ENDING	$ 4,973,135	$ -	$ 6,079,720	$ -	$ -	$ 11,052,855	$ 3,131,327

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended December 31, 2024

	Enterprise Funds						
	Water Fund	Electric Fund	Waste Water Fund	Airport Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating Income (Loss)	$ 283,564	$ (308,821)	$ 557,476	$ (2,309,418)	$ (350,791)	$ (2,127,990)	$ 113,856
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation & Amortization Expense	1,737,872	3,529,954	1,413,374	1,413,507	442,191	8,536,898	-
Change in Assets and Liabilities:							
Accounts Receivables/Unbilled Receivables	(26,270)	(263,151)	1,584,648	52,857	(10,122)	1,337,962	(23,163)
Inventories	(252,396)	(971,163)	34,248	(32,225)	(4,147)	(1,225,683)	-
Pension-related Deferred Outflows	23,910	27,438	17,226	38,546	25,882	133,002	-
OPEB-related Deferred Outflows	757	1,135	636	492	859	3,879	-
Accounts and Other Payables	(486,353)	2,711	(461,655)	(43,761)	37,069	(951,989)	103,133
Accrued Taxes Payable	(40)	106		-	28	94	-
Accrued Wages Payable	2,227	1,965	624	(1,461)	1,489	4,844	-
Revenue Collected in Advance	(10,545)	(34,363)	(2,024)	-	(91)	(47,023)	-
Customer Deposits	-	10,619	-	-	-	10,619	-
Accrued Leave Payable	8,825	4,043	806	(28,088)	16,774	2,360	-
Pension-related Deferred Inflows	(3,646)	2,301	555	(16,501)	(1,047)	(18,338)	-
OPEB-related Deferred Inflows	(11,280)	(16,926)	(9,476)	(7,328)	(12,803)	(57,813)	-
OPEB Liability	8,183	12,357	5,619	(3,467)	6,232	28,924	-
Pension-related Asset/Liability	1,251	1,948	1,152	1,178	1,583	7,112	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,276,059	$ 2,000,153	$ 3,143,209	$ (935,669)	$ 153,106	$ 5,636,858	$ 193,826
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES							
Capital Assets Contributed by Other Funds	$ (57,573)	$ -	$ 5,527	$ -	$ 13,500	$ (38,546)	$ -

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Fiduciary Funds
December 31, 2024

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 823
LIABILITIES	
Accounts Payable	7,368
NET POSITION	
Unrestricted	$ (6,545)

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended December 31, 2024

		Custodial Fund
ADDITIONS		
Health Savings Deposits	$	159,031
DEDUCTIONS		
Employee Flex Spending		167,389
CHANGE IN NET POSITION		(8,358)
NET POSITION - BEGINNING		1,813
NET POSITION - ENDING	$	(6,545)

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The reporting entity of the City of Pierre, South Dakota (the City) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or if there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the City (primary government). The City may also be financially accountable for another organization if that organization is fiscally dependent on the City.

Financial statements of the Housing and Redevelopment Commission of the City are discretely presented in the accompanying financial statements under “component units.” The financial information is as of and for the year ended June 30, 2024. The financial statements have been audited by other auditors. The component unit is reported using the accrual basis of accounting. Separate financial statements for the component unit can be obtained from the Housing and Redevelopment Commission of the City of Pierre, PO Box 937, Pierre, SD 57501.

The component unit is a governmental unit formed to provide low-income housing to residents of the City. The City Commission appoints the board members of the component unit, thus having control over it. The City Commission has the statutory authority to approve or deny any proposed Commission housing Projects (SDCL 11-7-49 through 49. I, 11-7-53 and 11-7-78) and to approve or disapprove the Housing Commission's intent to issue long-term debt, by disapproving a proposed project to be so financed. (SDCL 11-7-53.2)

The City participates in a cooperative unit for the Exposition Building (Hughes County, Stanley County, and the City of Fort Pierre (see Note 20). Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the City.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City and between the City and its discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.A above, and may be classified as either governmental or business-type activities. See the discussion of the individual component unit in Note 1.A above.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental and proprietary funds are reported in separate columns.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or if it meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the funds' operations.

The funds of the City are described below:

Governmental Funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are legally restricted to expenditures for specified purposes. The City's special revenue funds are as follows:

> *Special Sales Tax Fund* - A fund established by ordinance to account for the collection of a one percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food, and admissions. Proceeds from this tax are used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium, or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the city (SDCL 10-52A-2). This fund was established through local ordinance. This is a major fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The remainder of the City's Special Revenue Funds are not major funds and are reported in the aggregate in the Nonmajor Governmental Funds column on the fund financial statements. The following is a listing of the funds: Occupancy Tax Fund; E-911 Fund; Library Trust Fund; Police Pistol Fund; Police Cadets Fund; Public/Education Government Channel Fund; and Storm Drainage Fund.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TIF Funds - To account for the property taxes which may be used only for the payment of the applicable TIF bonds. The City has three of these debt service funds (TIF #4, #6, and #7). These are not major funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Capital Improvement Fund - A fund established by ordinance to account for a portion of the City's general sales tax. Proceeds from this tax are to be used for capital outlay expenditures and for retiring capital improvement indebtedness for both governmental and business-type activity debt. This is a major fund.

Permanent Funds - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs - that is for the benefit of the City and its citizenry.

Cemetery Perpetual Care Fund - To account for the payments received for perpetual care of cemeteries which is permanently set aside and for which only the income from the trust fund investments is used for the care and maintenance of the cemetery (SDCL 9-32-18). This is not a major fund.

Proprietary Funds:

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 City's enterprise funds and of the government'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.

Enterprise Funds - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund - Financed primarily by user charges this fund accounts for the construction and operation of the City waterworks system and related facilities (SDCL 9-47-1). This is a major fund.

Electric Fund - Financed primarily by user charges this fund accounts for the construction and operation of the municipal electrical system and related facilities (SDCL 9-39-1 and 9-39-96). This is a major fund.

Waste Water Fund - Financed primarily by user charges this fund accounts for the construction and operation of the municipal sewer system and related facilities (SDCL 9-48-2 and 9-48-29). This is a major fund.

Airport Fund - Financed primarily by user charges, this fund accounts for the acquisition, construction, and operation of a municipal airport (SDCL 50-7-2). This is a major fund.

The City reports the following nonmajor enterprise funds:

Garbage Fund - To account for the collection and disposal of solid waste from the City (SDCL 9-32-11 and 34A-6).

Landfill Fund - To account for the construction and operation of the landfill for the City.

Internal Services Funds - Internal Services Funds are used to account for the financing of goods or services provided by one department or custodial to other departments or agencies of the primary government and its component units or to other governments, on a cost-reimbursement basis. The Health Insurance Fund and Medical Spending Fund are the only internal service funds maintained by the City. Internal service funds are never considered to be major funds.

Fiduciary Funds:

Custodial Fund - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefits) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of various pass-through funds. Fiduciary Funds are never considered to be major funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” receipts and disbursements are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, the governmental, business-type, and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests) and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the City, the length of that cycle is 30 days. The revenues that are accrued at December 31, 2024 are sales tax, real estate taxes, state shared revenues, and miscellaneous other revenues. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported unavailable revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses," including employee health insurance, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reductions occur in the Internal Service Fund so that expenses are reported only in the function to which they relate.
3. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement.

E. DEPOSITS AND INVESTMENTS

For the purpose of financial reporting and the Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at the date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

F. CAPITAL ASSETS

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that are normally stationary and can be preserved for a significantly greater number of years than most capital assets.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 1980 are recorded at cost and classified as "Improvements other than Buildings."

For capital assets, construction-period interest is not capitalized, in accordance with U.S. GAAP.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in government-wide or fund financial statements.

Government-wide Statements:

All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land and land rights	***	***	***
Buildings	$ 5,000	Straight-line	40 - 99 years
Improvements other than buildings	5,000	Straight-line	10 - 25 years
Machinery and equipment	5,000	Straight-line	3 - 25 years
Infrastructure	5,000	Straight-line	25 - 50 years
Utilities, property, and improvements	5,000	Straight-line	10 - 50 years

***Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

G. LONG-TERM LIABILITIES

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of compensated absences, revenue bonds payable, other post-employment benefits, lease liabilities, and direct financing arrangements.

In the governmental fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as in the government-wide statements.

H. PROGRAM REVENUES

Program revenues derive directly from the program itself or parties other than the City's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. *Charges for Services* - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. *Program-specific Operating Grants and Contributions* - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. *Program-specific Capital Grants and Contributions* - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

I. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that apply to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

J. PROPRIETARY FUNDS REVENUE AND EXPENSE CLASSIFICATION

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

K. CASH AND CASH EQUIVALENTS

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, each proprietary fund's unrestricted equity in the cash management pool is considered to be cash equivalents for the purpose of the Statement of Cash Flows, excluding funds that are held in reserve or restricted.

L. RESTRICTED ASSETS

Certain debt proceeds of the City's governmental and enterprise funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. Also, certain resources have been set aside to fund capital asset construction and future landfill closure and post-closure costs.

M. EQUITY CLASSIFICATION

Government-wide Statements:

Equity is classified as net position and is displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisitions, construction, or improvement of those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position - Consists of net position with constraints placed on its use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may be distinguished between "Nonspendable," "Restricted," "Committed," "Assigned," and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is classified as unrestricted.

N. APPLICATION OF NET POSITION

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

O. FUND BALANCE CLASSIFICATION POLICIES AND PROCEDURES

In accordance with Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable Fund Balance - Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted Fund Balance - Amounts constrained to specific purposes that are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end.

Assigned Fund Balance - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates the authority.

Unassigned Fund Balance - Positive fund balance within the General Fund which has not been classified in the above-mentioned categories and negative fund balance in other governmental funds.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Commission through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or other purposes).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City uses restricted/committed amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar-for-dollar spending. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

In June 2016, the City approved Resolution #2584, which was a resolution establishing a policy in which the City will attempt to maintain an individual fund undesignated reserve balance of 16% of annual estimated revenues. This estimate will be updated annually for current budget figures and the Commission will review the undesignated fund balance as it relates to this policy annually as part of the annual budget process or annual financial reporting process.

A schedule of fund balances reported on the balance sheet of the governmental funds is as follows:

	General Fund	Capital Improvement Fund	Special Tax Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	$ 174,580	$ -	$ -	$ 68,523	$ 243,103
Prepaid Expenses	35,020	-	-	377	35,397
Cemetery	-	-	-	50,000	50,000
Restricted for:					
Public Works	4,786,053	-	-	-	4,786,053
Special Sales Tax	-	-	2,089,958	-	2,089,958
Storm Drainage	-	-	-	1,245,574	1,245,574
Library	-	-	-	55,501	55,501
911	-	-	-	624,959	624,959
Cemetery	-	-	-	4,464	4,464
Culture and Recreation	396	-	-	-	396
Committed to:					
Capital Improvements	-	4,215,583	-	-	4,215,583
Culture and Recreation	-	-	-	43,043	43,043
Police Pistol	-	-	-	56,671	56,671
Police Cadets	-	-	-	16,026	16,026
Occupancy Tax	-	-	-	812,996	812,996
Unassigned	(4,617,206)	-	-	-	(4,617,206)
Total Fund Balances	$ 378,843	$ 4,215,583	$ 2,089,958	$ 2,978,134	$ 9,662,518

P. PENSIONS

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. The City's contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	Appropriations	Total Spent	Overdraft of Expenditures
General Fund:			
Financial Administration	$ 3,152,125	$ 3,225,245	$ 73,120

The City will review all budgeting and budget amendments monthly to ensure the budget is not over-expended.

R. LEASES

Lessee:

The City is a lessee for noncancelable leases of equipment. The City recognizes a lease liability and an intangible right-of-use asset (lease asset) in the government-wide financial statements. The City recognizes right-of-use lease assets and lease liabilities with an initial, individual value of $5,000 or more.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lessor:

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

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The City follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

Deposits - The City’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1, and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts that exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost plus interest if the account is the add-on type.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investments. The City’s policy is to credit all income from deposits and investments to the fund making the investment.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - In general, SDCL 4-5-6 permits City funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. The City reported no investments at December 31, 2024.

Credit Risk - State law limits eligible investments for the City, as discussed above. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk - Deposits - The risk that in the event of a depository failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial risk. As of December 31, 2024, the City's deposits in financial institutions were not exposed to credit risk as all deposits were fully insured or collateralized.

Custodial Credit Risk (Component Unit) - The Commission does not have a deposit policy of custodial risk. As of December 31, 2024, the Commission's deposits were fully insured or collateralized and were not exposed to custodial risk.

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer.

NOTE 3 - RESTRICTED ASSETS

Assets restricted for use for a specific purpose through segregation of balances in separate accounts are as follows:

Purpose	Amount
Governmental Activities:	
Cemetery Perpetual Care	$ 54,464
Pension	11,260
Total Governmental Activities	$ 65,724
Business-type Activities:	
Debt Service Covenants	$ 9,085,118
Customer Deposits	683,157
Landfill Expansion and Post-closure Costs	1,334,144
Pension	4,484
Total Business-type Activities	$ 11,106,903

NOTE 4 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

- *General Fund* - $1,105,183 due from state government for 1% city sales tax; $95,193 due from state government for liquor tax reversion funds; $56,045 due from Hughes County for property taxes; and $362 due from state government for grant reimbursements.
- *Capital Improvement Fund* - $1,135,065 due from state government for 1% city sales tax.
- *Special Sales Tax Fund* - $125,257 due from state government for 1% city sales tax.
- *Airport Fund* - $1,432,628 due from the federal government for grant.
- *E-911 Fund* - $300,653 due from state government for state radio charges.

NOTE 6 - INVENTORY

Inventory in the General Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Inventory in the storm drainage fund and the proprietary funds is recorded as an asset when acquired. The consumption of inventories is charged to expense as it is consumed. Inventories are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-wide Financial Statements

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements

In the fund financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed. Material supply inventories are offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current position.

NOTE 7 - UNAVAILABLE REVENUE

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported unavailable revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met. The governmental funds report unavailable delinquent property tax revenues, sales tax revenues, and other grant revenues not considered available as of year-end.

NOTE 8 - PROPERTY TAXES

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The City is permitted by several state statutes to levy varying amounts of taxes per $1,000 of taxable valuation on taxable real property in the City.

NOTE 9 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2024 is as follows:

Primary Government	Balance 1/1/2024	Additions	Transfers and Retirements	Balance 12/31/2024
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 15,627,918	$ 125,333	$ -	$ 15,753,251
Construction in Progress	21,047,264	3,354,552	(24,401,816)	-
Capital Assets Being Depreciated:				
Buildings	30,326,418	236,544	12,435	30,575,397
Improvements Other Than Buildings	59,164,575	2,960,435	22,532,285	84,657,295
Machinery and Equipment	16,244,315	962,852	(493,565)	16,713,602
Totals at Historical Cost	142,410,490	7,639,716	(2,350,661)	147,699,545
Less Accumulated Depreciation for:				
Buildings	13,937,443	816,513	-	14,753,956
Improvements Other Than Buildings	20,624,297	1,981,080	(1,857,096)	20,748,281
Machinery and Equipment	9,771,858	864,939	(511,313)	10,125,484
Total Accumulated Depreciation	44,333,598	3,662,532	(2,368,409)	45,627,721
Net Capital Assets	98,076,892	3,977,184	17,748	102,071,824
Right-of-use Leased Assets Being Amortized:				
Right-of-use Leased Equipment	229,953	96,903	(35,452)	291,404
Less Accumulated Amortization for:				
Right-of-use Leased Equipment	70,097	91,038	(35,452)	125,683
Net Right-of-use Leased Assets	159,856	5,865	-	165,721
Governmental Activities Capital Assets, Net	$ 98,236,748	$ 3,983,049	$ 17,748	$ 102,237,545

Depreciation and amortization expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 161,414
Public Safety	281,712
Public Works	2,159,592
Health and Welfare	3,792
Culture and Recreation	1,147,060
Total Depreciation and Amortization Expense - Governmental Activities	$ 3,753,570

NOTE 9 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Primary Government	Balance 1/1/2024	Additions	Transfers & Retirements	Balance 12/31/2024
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 4,757,831	$ -	$ -	$ 4,757,831
Construction in Progress	24,169,700	4,252,054	(26,782,957)	1,638,797
Capital Assets Being Depreciated:				
Buildings	132,807,133	503,917	26,396,989	159,708,039
Improvements Other than Buildings	40,245,581	775,542	(542,523)	40,478,600
Machinery and Equipment	18,667,088	847,096	445,566	19,959,750
Totals at Historical Cost	220,647,333	6,378,609	(482,925)	226,543,017
Less Accumulated Depreciation for:				
Buildings	29,163,604	2,668,793	-	31,832,397
Improvements Other than Buildings	29,746,718	1,251,911	(270,445)	30,728,184
Machinery and Equipment	13,133,767	4,614,724	(542,521)	17,205,970
Total Accumulated Depreciation	72,044,089	8,535,428	(812,966)	79,766,551
Net Capital Assets	148,603,244	(2,156,819)	330,041	146,776,466
Right-of-use Leased Assets Being Amortized:				
Right-of-use Leased Equipment	6,930	-	-	6,930
Less Accumulated Amortization for:				
Right-of-use Leased Equipment	2,936	1,468	-	4,404
Net Right-of-use Leased Assets	3,994	(1,468)	-	2,526
Business-type Activities Capital Assets, Net	$ 148,607,238	$ (2,158,287)	$ 330,041	$ 146,778,992

Depreciation and amortization expense was charged to functions as follows:

Business-type Activities:	
Water	$ 1,737,872
Electric	3,529,954
Waste Water	1,413,374
Airport	1,413,505
Garbage	6,002
Landfill	436,189
Total Depreciation and Amortization Expense - Business-type Activities	$ 8,536,896

NOTE 9 - CHANGES IN CAPITAL ASSETS (CONTINUED)

The City had active construction projects as of December 31, 2024. At year-end, the City had commitments with contractors and ongoing projects as follows:

	Project Authorization	Expended Through 12/31/24	Committed
Infrastructure Phase I	$ 9,000,000	$ 778,816	$ 8,221,184
Runway 13-31 Project	7,200,000	553,640	6,646,360
Euclid Water Main Replacement	2,591,608	159,718	2,431,890
Landfill Cell #4	1,819,200	26,125	1,793,075
Final Clarifier	100,000	42,709	57,291
ARFF Truck Replacement	80,000	77,789	2,211
	$ 20,790,808	$ 1,638,797	$ 19,152,011

Interest costs incurred before the end of a construction period are expensed and not included in the historical cost of the associated capital asset reported in a business-type activity or enterprise fund.

NOTE 10 - CHANGES IN COMPONENT UNIT CAPITAL ASSETS

A summary of changes in component unit capital assets for the year ended June 30, 2024 is as follows:

Component Unit	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024
Governmental Activities:				
Capital Assets not Being Depreciated/Amortized:				
Land	$ 80,645	$ -	$ -	$ 80,645
Construction in Progress	-	116,259	-	116,259
Total Capital Assets not Being Depreciated/Amortized	80,645	116,259	-	196,904
Capital Assets Being Depreciated/Amortized:				
Buildings and Improvements	3,458,811	120,351	(55,803)	3,523,359
Furniture and Equipment	67,782	1,076	(1,497)	67,361
Intangible Lease Assets	6,928	7,525	(6,927)	7,526
Total Capital Assets Being Depreciated/Amortized	3,533,521	128,952	(64,227)	3,598,246
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	2,637,386	82,890	(33,439)	2,686,837
Furniture and Equipment	54,480	2,535	(1,497)	55,518
Intangible Lease Assets	6,057	1,623	(6,927)	753
Total Accumulated Depreciation/Amortization	2,697,923	87,048	(41,863)	2,743,108
Total Capital Assets Being Depreciated/Amortized, Net	835,598	41,904	(22,364)	855,138
Governmental Activities Capital Assets, Net	$ 916,243	$ 158,163	$ (22,364)	$ 1,052,042

NOTE 11 - LONG-TERM DEBT

The City has revenue bonds and tax-increment financing direct placements related to governmental activities totaling $13,039,900 and $152,991, respectively, and revenue bonds related to business-type activities totaling $64,617,320. The City has pledged sales taxes and utility customer revenues for the payment of the revenue bonds. There are several limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

A summary of changes in long-term debt is as follows:

Primary Government	1/1/2024	Additions	Deletions	12/31/2024	Due Within One Year	Interest Paid
Governmental Activities:						
Bonds Payable:						
Tax Increment Financing	$ 540,144	$ -	$ (153,697)	$ 386,447	$ 128,956	$ 27,623
Revenue	13,909,551	-	(1,256,098)	12,653,453	1,199,187	277,895
Total Bonds Payable	14,449,695	-	(1,409,795)	13,039,900	1,328,143	305,518
Accrued Compensated Absences	867,971	75,055	-	943,026	94,000	-
Direct Financing Arrangements	146,073	96,906	(89,988)	152,991	71,030	10,272
OPEB	749,263	35,369	-	784,632	-	-
Total Governmental Activities	16,213,002	207,330	(1,499,783)	14,920,549	1,493,173	315,790
Business-type Activities:						
Bonds Payable:						
Revenue	66,909,504	-	(2,292,184)	64,617,320	2,489,078	1,120,665
Accrued Compensated Absences	362,983	2,360	-	365,343	36,535	-
Direct Financing Arrangements	3,987	-	(1,485)	2,502	1,497	24
OPEB	311,532	28,923	-	340,455	-	-
Total Business-type Activities	67,588,006	31,283	(2,293,669)	65,325,620	2,527,110	1,519,481
Total Primary Government	$ 83,801,008	$ 238,613	$ (3,793,452)	$ 80,246,169	$ 4,020,283	$ 1,835,271

Component Unit	7/1/2023	Increase	Decrease	6/30/2024	Due Within One Year
Accrued Compensated Absences	$ 8,582	$ 10,654	$ (12,457)	$ 6,779	$ 4,499
Direct Financing Arrangements	871	7,525	(1,582)	6,814	1,449
	$ 9,453	$ 18,179	$ (14,039)	$ 13,593	$ 5,948

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Debt payable at December 31, 2024 was comprised of the following:

Government Activities Debt:		
Revenue Bonds:		
2010 Tax Increment Revenue Bond for TIF District No. 6. Payable in semi-annual installments of approximately $80,000, including interest at 5.6%. Paid out of a debt service fund. Due in 2026.	$	386,447
State Revolving Fund Loan for landfill remediation. Payable in quarterly installments of $10,685, including interest at 3.25%. Paid out of the Capital Improvement Fund. Due in 2031.		249,522
2015 Sales Tax Revenue Bond. Payable in quarterly installments of $22,883, including interest at 2.25%. Paid out of the Special Tax Fund. Due in 2025.		90,258
2016 Solid Waste Revenue Bond for landfill baler replacement. Payable in semi-annual installments of $21,938, including interest at 2.25%. Paid out of the Special Tax Fund. Due in 2026.		85,336
2016 Sales Tax Revenue Bond. Payable in semi-annual installments of varying amounts, including interest ranging from 2.25% to 3.90%. Paid out of the Capital Improvement Fund and Waste Water Fund. Due in 2036.		4,197,719
2017 Sales Tax Revenue Bond for the Hilger's Gulch Sanitary Sewer Phase 1. Only a portion of the $1,450,000 has been drawn. Payable in quarterly installments of $40,582 beginning August 2019, including interest at 2.25%. Paid out of the Special Tax Fund. Due in 2029.		389,600
2020 Sales Tax Revenue Bond for the Outdoor Pool. Payable in semi-annual installments of $387,370, including interest at 1.94%. Paid out of the General Fund. Due in 2035.		7,641,018
Total Revenue Bonds		13,039,900
Compensated Absences:		
The liability for compensated absences represents leave benefits earned as of December 31, 2024:		
Annual Leave		491,690
Sick Leave		436,931
Comp Leave		14,405
Total Compensated Absences		943,026
Right-of-use Leases		152,991
Other Post Employment Benefits		784,632
Total Governmental Activities Debt		14,920,549

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Business-type Activities Debt:	
Revenue Bonds:	
2016 Sales Tax Revenue Bond. Payable in semi-annual installments of varying amounts, including interest ranging from 2.25% to 3.90%, Paid out of the Capital Improvement Fund and Waste Water Fund. Due in 2036.	639,658
Electric Revenue Refunding Bonds, Series 2019, to refund bonds previously issued for a new electric substation. Payable in semi-annual installments of $337,340, including interest at 2.98%. Paid out of the Electric Fund. Due in 2039.	8,113,009
Electric Revenue Bonds, Series 2017 for electric infrastructure. Payable in semi-annual installments of varying amounts, including interest at 2.98%. Paid out of the Electric Fund. Due in 2037.	6,066,000
2016 Clean Water State Revolving Fund for waste water treatment facility improvements. Only a portion of the $3,821,100 has been drawn. Payments began in 2019 with interest at 2.25% and a .75% surcharge. Due in 2039.	2,087,582
2021 Clean Water State Revolving Fund for waste water treatment facility improvements. Only a portion of the $15,310,000 has been drawn. Payments began in 2023 with interest at 2.0% and a .5% surcharge. Due in 2043.	14,607,396
2020 Drinking Water State Revolving Fund for waste water treatment facility construction. Only a portion of the $38,000,000 has been drawn. Payments began in 2022 with interest at 2.0% and a .5% surcharge. Due in 2052.	33,103,675
Total Revenue Bonds	64,617,320
Compensated Absences:	
The liability for compensated absences represents leave benefits earned as of December 31, 2024:	
Annual Leave	193,997
Sick Leave	167,710
Comp Leave	3,636
Total Compensated Absences	365,343
Right-of-use Leases	2,502
Other Post Employment Benefits	340,455
Total Business-type Activities Debt	65,325,620
Total Primary Government	$ 80,246,169
Component Unit Compensated Absences	$ 6,779

NOTE 11 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of December 31, 2024, excluding compensated absences, direct financing arrangements, and other post-employment benefits, are as follows:

Governmental Activities:

	Revenue Bonds		Tax Increment Financing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending December 31						
2025	$ 1,199,187	$ 255,646	$ 128,956	$ 19,505	$ 1,328,143	$ 275,151
2026	1,137,841	230,864	136,146	12,315	1,273,987	243,179
2027	1,112,510	207,095	121,345	4,724	1,233,855	211,819
2028	1,136,022	183,562	-	-	1,136,022	183,562
2029	1,058,757	160,387	-	-	1,058,757	160,387
2030 - 2034	5,470,674	467,145	-	-	5,470,674	467,145
2035 - 2039	1,538,462	31,010	-	-	1,538,462	31,010
	$ 12,653,453	$ 1,535,709	$ 386,447	$ 36,544	$ 13,039,900	$ 1,572,253

Business-type Activities:

	Revenue Bonds	
	Principal	Interest
Year Ending December 31		
2025	$ 2,489,078	$ 1,600,440
2026	2,546,766	1,536,451
2027	2,611,425	1,471,137
2028	2,678,242	1,403,921
2029	2,746,714	1,334,952
2030 - 2034	14,834,068	5,574,957
2035 - 2039	15,360,481	3,604,343
2040 - 2044	9,981,359	2,063,808
2045 - 2049	7,345,712	995,409
2050 - 2054	4,023,475	139,951
	$ 64,617,320	$ 19,725,369

NOTE 11 - LONG-TERM DEBT (CONTINUED)

The remaining principal and interest payments on right-of-use leases are as follows:

Ending December 31	Governmental Leases Principal	Governmental Leases Interest	Busines-type Leases Principal	Busines-type Leases Interest	Total Principal	Total Interest
2025	$ 71,030	$ 414	$ 1,497	$ 13	$ 72,527	$ 427
2026	73,815	313	1,005	2	74,820	315
2027	5,232	209	-	-	5,232	209
2028	1,622	104	-	-	1,622	104
2029	1,292	17	-	-	1,292	17
	$ 152,991	$ 1,057	$ 2,502	$ 15	$ 155,493	$ 1,072

Further information on these leases can be found in Note 13.

NOTE 12 - CONDUIT DEBT

During the year ended December 31, 2018, the City issued revenue bonds to provide financial assistance to Capital Area Counseling Service, Inc. to finance the construction of a health and addiction treatment office building that has been deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the constructed facilities will be retained by Capital Area Counseling Service, Inc. Neither the City, the State of South Dakota, nor any political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2024, these conduit bonds had an unpaid principal amount of $2,043,043.

During the year ended December 31, 2023, the City authorized the issuance of revenue bonds to provide financial assistance to the Oahe YMCA for facility improvements up to $3.5 million. The debt is being drawn as construction proceeds. As of December 31, 2024, these conduit bonds had an unpaid principal balance of $2,500,000.

NOTE 13 - LEASES

Lessee

The City entered into a five-year lease for golf carts during the year ended December 31, 2023. An initial lease liability was recorded in the amount of $156,561. As of December 31, 2024, the value of the lease liability was $83,285. The City is required to make six monthly fixed payments of $7,447. The lease has an interest rate of 6.5%. The value of the right-of-use assets as of December 31, 2024 was $156,561 with accumulated amortization of $78,280. The golf carts are included on the Leased Equipment line of the governmental activities table in Note 9. The lease terminates at the end of the golf season in 2026.

The City leases office equipment for various departments, including copiers and postage machines. These leases require monthly fixed payments ranging from $33 to $200 and terminate from 2024 to 2027. As of December 31, 2024, the value of the lease liability was $72,208. The leases have interest rates ranging from 0.26% to 6.5%. The value of the right-of-use assets as of December 31, 2024 was $141,773 with accumulated amortization of $51,807. The office equipment is included on the Leased Equipment line of the governmental and business-type activities tables in Note 9.

NOTE 13 - LEASES (CONTINUED)

Lessor

The City leases hangar space at the airport under various agreements. These agreements require annual payments ranging from $120 to $3,675 and terminate between 2029 and 2051. As of December 31, 2024, the value of the lease receivable was $68,448. The lessees are required to make annual variable fixed in substance principal and interest payments of $35,358. The leases have an interest rate of 3.5%. The value of the deferred inflow of resources as of December 31, 2024 was $70,762 and the City recognized lease revenues of $27,118 for the year then ended. The lessees may have options to extend for up to 60 months. These lease agreements are reflected in the Airport Fund.

The City leases space in the airport terminal to the Transportation Security Administration under a 120-month agreement. An initial lease receivable was recorded in the amount of $190,817. As of December 31, 2024, the value of the lease receivable was $151,468. The lessee is required to make monthly fixed payments of $2,127. The lease has an interest rate of 3.1270%. The value of the deferred inflow of resources as of December 31, 2024 was $146,242 and the City recognized lease revenues of $6,412 for the year then ended. The lessee has one option to extend the lease for 60 months. This lease agreement is reflected in the Airport Fund.

The City leases land around the airport under various agreements. These agreements require annual payments ranging from $120 to $3,675 and terminate between 2024 and 2051. As of December 31, 2024, the value of the lease receivable was $245,483. The lessees are required to make annual variable principal and interest payments of $17,750 based on a CPI index of 0.0%. The leases have interest rates of 1.695%. The value of the deferred inflow of resources as of December 31, 2024 was $251,179 and the City recognized lease revenues of $28,556 for the year then ended. The lessees may have options to extend for up to 60 months. These lease agreements are reflected in the Airport Fund.

During the year ended December 31, 2024, the City entered into a two-year lease with Key Lime Air Corporation, DBA Denver Air Connection. An initial lease receivable was recorded in the amount of $70,999. As of December 31, 2024, the value of the lease receivable was $24,200. The lessee is required to make monthly variable fixed in substance principal and interest payments of $4,086. The lease has an interest rate of 3.5%. The value of the deferred inflow of resources as of December 31, 2024 was $23,695 and the City recognized $47,333 of lease revenues for the year then ended. This lease agreement is reflected in the Airport Fund.

The City has a 252-month lease agreement for the use of FBO - Mustang Aviation 2018-2042 Frontage, Parking, Grass Area. An initial lease receivable in the amount of $23,487 was recorded on January 1, 2022. As of December 31, 2024, the value of the lease receivable is $19,506. The lessee is required to make annual variable principal and interest payments of $1,266 based on a CPI index of 0.00%. The lease has an interest rate of 1.695%. The value of the deferred inflow of resources as of December 31, 2024 was $20,129 and the City recognized lease revenue of $1,118 during the year then ended. The lessee has two extension options, each for 60 months. This lease agreement is reflected in the Airport Fund.

NOTE 13 - LEASES (CONTINUED)

The City has a 252-month lease agreement for the use of FBO - Mustang Aviation 2018-2042 Frontage, Parking, Grass Area. An initial lease receivable in the amount of $102,581 was recorded on January 1, 2022. As of December 31, 2024, the value of the lease receivable was $84,299. The lessee is required to make annual fixed payments of $5,749. The lease has an interest rate of 1.695%. The value of the deferred inflow of resources as of December 31, 2024 was $87,944 and the City recognized lease revenue of $4,885 during the year then ended. The lessee has two extension options, each for 60 months. This lease agreement is reflected in the Airport Fund.

The City has a 162-month lease for the use of facilities at the airport. Initial lease receivables were recorded in the amount of $15,730. As of December 31, 2024, the value of the lease receivable was $10,562. The lessee is required to make annual fixed payments of $1,142. The lease has an interest rate of 1.446%. The value of deferred inflows of resources as of December 31, 2024 was $11,347 and the City recognized lease revenue of $1,079 during the year then ended. This lease agreement is reflected in the Airport Fund.

The City has a 1024-month lease for the use of land by the Pierre Economic Development Corporation. An initial lease receivable was recorded in the amount of $215,500. As of December 31, 2024, the value of the lease receivable was $205,000. The lessee is required to make annual fixed payments of $2,500. The lease has a 0.0% interest rate. The value of the deferred inflow of resources as of December 31, 2024 was $205,023 and the City recognized $2,490 of lease revenue for the year then ended. The lessee has one extension option for 600 months. This lease is reflected in the General Fund.

The City leases various properties under agreements ranging from 12 to 72 months. As of December 31, 2024, the value of the lease receivable was $54,946. The lease agreements require annual fixed payments ranging from $220 to $7,391. The leases have interest rates ranging from 0.38% to 2.145%. The value of deferred inflows of resources as of December 31, 2024 was $54,947 and the City recognized $13,188 of lease revenues for the year ended. These leases are reflected in the General Fund.

NOTE 14 - INTERFUND BALANCES AND TRANSFERS

Interfund payables due to the Waste Water Fund as of December 31, 2024 consist of the following:

	Interfund Payables
Major Funds:	
Electric Fund	$ 604,727
Airport Fund	581,622
Non-major Funds:	
Garbage Fund	103,598
Landfill Fund	100,906
	$ 1,390,853

NOTE 14 - INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Transfers for the year ending December 31, 2024 were as follows:

	Transfers To:							
Transfers From:	General Fund	Capital Improvement Fund	Special Tax Fund	Waste Water Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	General Fixed Assets	Total
General Fund	$ -	$ 600,000	$ -	$ -	$ -	$ -	$ -	$ 600,000
Capital Improvement Fund	-	-	-	-	237,930	-	-	237,930
Nonmajor Governmental Funds	-	-	99,050	-	-	-	-	99,050
Electric Fund	2,500,000	-	-	-	-	-	-	2,500,000
Water Fund	-	-	-	5,527	-	13,500	38,546	57,573
	$ 2,500,000	$ 600,000	$ 99,050	$ 5,527	$ 237,930	$ 13,500	$ 38,546	$ 3,494,553

All transfers were used to subsidize operations within funds.

NOTE 15 - RETIREMENT PLAN

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a hybrid defined-benefit pension plan designed with several defined contribution plan-type provisions and administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. Authority for establishing, administering, and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://sdrs.sd.gov/publications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

Benefits Provided

SDRS has four different classes of employees: Class A general members; Class B public safety and judicial members; Class C Cement Plant Retirement Fund members; and Class D Department of Labor and Regulations members.

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

NOTE 15 - RETIREMENT PLAN (CONTINUED)

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum, such that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the years ended December 31, 2024, 2023, and 2022 was $658,479, $650,284, and $609,387, respectively, and was equal to the required contributions each year.

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Pension Liability (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2024, SDRS was 100.03% funded and, accordingly, has a net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the City as of this measurement period ending June 30, 2024, and reported by the City as of December 31, 2024 were as follows:

Proportionate Share of Total Pension Liability	$ 58,020,103
Less: Proportionate Share of Net Position Restricted for Pension Benefits	58,035,847
Proportionate Share of Net Pension Liability (Asset)	$ (15,744)

At December 31, 2024, the City reported a liability (asset) of $(15,743) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the City's proportion was 0.388920% which was a 0.026534% decrease from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the City recognized pension expense (reduction of pension expense) of $422,830. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,457,848	$ -
Changes in Assumption	259,563	1,978,529
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	593,012	-
Changes in Proportion and Difference Between the Contributions and Proportionate Share of Contributions	50,836	18,007
Contributions Subsequent to the Measurement Date	332,321	-
	$ 2,693,580	$ 1,996,536

There is $332,321 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reductions of pension expense) as follows:

Year Ended December 31	
2025	$ (539,396)
2026	766,236
2027	87,090
2028	50,793
2029	-
Thereafter	-
	$ 364,723

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expenses. This is composed on an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.71%

Mortality Rates

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

Active and Terminated Vested Members:

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

Retired Members:

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

Beneficiaries:

- PubG-2010 contingent survivor mortality table

Disabled Members:

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for the management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed-income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
	100.0%	

Discount Rate

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

Sensitivity of Liability (Assets) to Changes in the Discount Rate

The following presents the City's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability (Asset)	$ 7,999,936	$ (15,744)	$ (6,575,066)

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued SDRS financial report.

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2024, the City managed its risks as follows:

Employee Health Insurance

The City has established a group health self-insurance fund to pay for medical claims of city employees and their covered dependents. Payments to the fund are actuarially determined and are to cover individual claims up to $40,000 and any administrative costs relative to the processing of the claims. Medical claims exceeding this amount are covered through a private insurance carrier, up to a specific annual maximum of $2,000,000 per member. An estimated liability for claims incurred but not paid is accrued based on the past experience of the plan. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Changes in the amount of claims liabilities in the last three years were as follows:

	Balance at January 1	Claims and Changes in Estimates	Claim Payments	Balance at December 31
2024	$ 112,000	$ 1,471,145	$ 1,449,792	$ 133,353
2023	40,944	1,343,766	1,272,710	112,000
2022	54,812	972,815	986,683	40,944

Worker's Compensation

The City joined the South Dakota Municipal League Worker's Compensation Fund (the Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first $650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of $2,000,000 per incident.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

NOTE 16 - RISK MANAGEMENT (CONTINUED)

Liability Insurance

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

The City carries deductibles between $0 and $15,000 for the coverage provided. The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits

The City provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

Component Unit

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission managed its risks by purchasing liability insurance from a commercial carrier for risks related to torts, theft or damage of property, and errors and omissions; health insurance from a commercial insurance carrier; and liability insurance for worker's compensation. The Commission provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 17 - CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each Statement of Net Position date. The $889,298 reported as landfill closure and post-closure care liability at December 31, 2024, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the old landfill, which was closed in 2006, and 9.29% of the new landfill, which opened in 2006. The City will recognize the remaining estimated cost of closure and post-closure care of approximately $6.4 million for the operating landfill as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2024. The closure and post-closure costs have been calculated using a closure period when the largest amount of landfill would be open and require the most costly closure activity. This conservative approach assumes a partial closure date of 2069. The ultimate capacity of the landfill is expected to be reached sometime after 2144. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care. The City was in compliance with these requirements, and at December 31, 2024, the City had contributed $1,178,666 to this trust. The City expects that any future inflation costs will be paid from earnings on these investments and future contributions. However, if investment earnings are inadequate or additional closure or post-closure care requirements are determined (due to changes in technology or applicable laws or regulations); these costs may need to be covered by charges to future users of the solid waste system or from future non-ad valorem assessments.

NOTE 18 - POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description

The City's Post Employment Health Care Plan is a single-employer defined benefit healthcare plan that provides medical benefits to eligible retirees and their spouses. The Plan is authorized by SDCL 6-1-16 and is administered by the City. The Plan does not issue a stand-alone financial report.

Funding Policy

The contributions of plan members and the City are established by City policy. The required contribution is based on projected "pay-as-you-go" financial requirements, with an additional amount to pre-fund benefits as determined annually by the City.

NOTE 18 - POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN (CONTINUED)

Changes in Liability

For the year ended December 31, 2024, the beginning balance of OPEB liability was $1,060,794. Total OPEB liability was determined as of the measurement date, which is January 1, 2024. The changes in total OPEB liability for 2024 were as follows:

Total OPEB Liability - December 31, 2023	$	1,060,794
Changes for the Year:		
Service Cost		67,448
Interest on Total OPEB Liability		43,803
Assumption Changes		20,036
Differences Between Expected and Actual Experience		-
Benefit Payments		(66,994)
Total OPEB Liability - December 31, 2024	$	1,125,087

For the year ended December 31, 2024, the City recognized OPEB expense of ($49,639). OPEB expense was determined as follows:

Service Cost	$	67,448
Interest on Total OPEB Liability		43,803
Liability Gain or Loss		(135,300)
Assumption Changes		(25,590)
	$	(49,639)

For the year ended December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Gains or Losses	$ -	$ 276,938
Changes in Assumption	34,420	172,746
Contributions Subsequent to the Measurement Date	63,934	-
	$ 98,354	$ 449,684

NOTE 18 - POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense (revenue) as follows:

Year Ended December 31	
2025	$ (143,542)
2026	(161,257)
2027	(56,902)
2028	(56,901)
2029	3,338
Thereafter	-
	$ (415,264)

Actuarial Methods and Assumptions

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

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal level percentage of pay actuarial cost method was used to determine the total OPEB liability.

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following assumptions:

- Since the plan is not funded by an irrevocable trust, the discount rate is set by reviewing 20-year municipal bond yields. The discount rate used is 3.70%.
- The municipal bond rate assumption was set by considering published rate information for 20-year high-quality, tax-exempt, general obligation municipal bonds as of the measurement date.
- Mortality rates were based on the Pub-2010 Public Retirement Plans General Headcount – Weighted Mortality Tables with the MP-2021 Generational Improvement Scale.
- Medical trend rates were chosen based on a review of historical healthcare increase rates, projected healthcare increase rates, and projected healthcare expenditures as a percentage of GDP. Medical trend rate was 6.25% as of January 1, 2024 grading to 5.00% over 6 years and then to 4.00% over the next 48 years.
- The future retiree participation rate was assumed to be 75% for pre-65 where the subsidy is available and 35% for pre-65 where the subsidy is not available.
- The salary scale was determined based on the long-term inflation assumption plus any additional wage increase assumption in excess of inflation. The long-term inflation assumption has been chosen based on a review of historical changes in the Consumer Price Index. Annual salary increases and inflation rates used were:

Service	General Inflation	Salary Increases
All	2.5%	3.2%

NOTE 18 - POST EMPLOYMENT BENEFITS - HEALTHCARE PLAN (CONTINUED)

Sensitivity Analysis

The following represents the City's total OPEB liability, calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 2.7%	Current Discount Rate 3.7%	1% Increase 4.7%
Total OPEB Liability	$ 1,206,177	$ 1,125,087	$ 1,050,072

The following represents the City's total OPEB liability, calculated using current medical trend rates, as well as what the City's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease 4.0%	Current Discount Rate 5.0%	1% Increase 6.0%
Total OPEB Liability	$ 1,024,613	$ 1,125,087	$ 1,242,204

NOTE 19 - SIGNIFICANT COMMITMENTS

The City has long-term contracts for the purchase of electrical energy with the Western Area Power Administration and the Missouri Basin Municipal Power Agency. These contracts expire on December 31, 2050 and January 1, 2030, respectively. According to the terms of the contracts, the City is obligated to purchase all of its electrical energy from these two sources. No minimum purchase requirements have been established in the contracts.

The City was a party to litigation with the engineering firm, contractor, and subcontractors on the waste water treatment project. Subsequent to year-end, the litigation was settled, resulting in payment to the City by the engineer and contractor and payment by the City to the contractor for distribution to the subcontractor. The net obligation of the City was included in accounts payable as of December 31, 2024.

During the year ended December 31, 2024, the City approved a resolution for the issuance of $1,303,200 of SRF loan proceeds and $325,000 of grant proceeds for the design and construction of Landfill Cell #4. During the year ended December 31, 2025, the project was bid and awarded for $1,822,534. The City requested additional loan funding to cover the cost of the project and the loan amount was approved for $1,819,200.

In late December 2024, the City awarded a bid of $5,865,525 for water and sanitary sewer improvements in coordination with the SD Department of Transportation's reconstruction of US Highway 14. The City authorized a revenue bond in the amount of $5,075,823 to pay for this project.

NOTE 20 - EXPOSITION BUILDING

The City participates in a joint venture, known as Exposition Building, which is a joint operation between the City of Pierre, Fort Pierre, and Stanley and Hughes counties for the construction and operation of a multiple-use exposition building located at the Stanley County Fairgrounds in Fort Pierre, South Dakota. The primary use of the facility during the winter months will be for hockey and for multiple uses during other times of the year. Construction was completed in 1999. Interest in the facility is as follows:

City of Pierre	35%
City of Fort Pierre	15%
Stanley County	15%
Hughes County	35%

The City's interest in the facility as of December 31, 2024 is reported as a capital asset. Hughes County is acting in the capacity of fiscal agent. Financial information for the joint operation is available from the Hughes County Finance Office.

The joint operations governing board is composed of four representatives, one from each participating entity. The board is responsible for adopting the budget and setting service fees at a level adequate to fund the adopted budget. Each member contributes to the annual operating budget of the Exposition Building. At December 31, 2024, this joint operation had total cash of $85,876, of which the City’s deposits were 35%, or $30,057.

NOTE 21 - PLEDGED REVENUES

The City has pledged future electric customers’ revenues, net of specified operating expenses, to repay $14,179,009 in electric fund revenue bonds issued in 2017 and 2019. Proceeds from the bonds provided financing for the construction of electrical infrastructure. The bonds are payable solely from electric customer net revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require less than 24% of net revenues. The total principal and interest remaining to be paid on the bonds is $17,479,488. Principal and interest paid for the current year and total customer net revenue were $1,242,046 and $3,221,133, respectively.

The City has pledged future sewer customers' revenues, net of specified operating expenses, to repay $17,334,636 in waste water fund revenue bonds issued in 2010, 2017, and 2023. The bonds were used to refinance bonds issued in 1996 and 2009 and to construct a new waste water treatment plant. The bonds are payable solely from waste water customer net revenues and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 11% of net revenues. The total principal and interest remaining to be paid on the bonds is $20,914,930. Principal and interest paid for the current year and total customer net revenue were $1,119,929 and $1,970,850, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay $33,103,675 in water fund revenue bonds issued in 2020. Proceeds from the bonds provided financing for the construction of a new water treatment plant. The bonds are payable solely from water customer net revenues and are payable through 2052. Annual principal and interest payments on the bonds are expected to require less than 53% of net revenues. The total principal and interest remaining to be paid on the bonds is $45,948,271. Principal and interest paid for the current year and total customer net revenue were $1,749,664 and $2,021,436, respectively.

NOTE 22 - SIGNIFICANT CONTINGENCIES - LITIGATION

The City, at times, may be a defendant in lawsuits arising principally in the normal course of operations. The City has retained legal counsel for suits as they arise and works with insurance carriers on the defense of claims as applicable. As of December 31, 2024, there were no pending claims against the City.

NOTE 23 - TAX ABATEMENTS

The City has two active TIF districts in which the City has entered into an agreement with the developer (sponsor) of the TIF district. Under each agreement, property tax increments received by the City are paid to the project sponsor as a grant to cover eligible project expenses approved by resolution by the City Commission, as allowed by South Dakota Codified Law Section 11-9. The project sponsor bears the risk that increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses and the City bears no responsibility to make up any shortfall. When all approved project costs are paid or the TIF is dissolved in accordance with state statutes, all property tax revenue will be distributed to the appropriate taxing entities. Increments totaling $280,370 were received by the City and paid to project sponsors during 2024.

The City operates a Sales Tax Abatement program. The program allows for qualifying applicants to be rebated 1.25% of the sales tax generated from local retail sales for a predetermined amount of funding or period of time, whichever comes first. The agreements generally cover a term of 5 years or $200,000, whichever comes first. The agreements require sales taxes related to a specific type of retail operation to increase by $2 million from the baseline revenues. The City will reimburse 1.25% of the sales above the baseline plus the $2 million.

The City entered into a sales tax abatement agreement during the year ended December 31, 2021 for a local business. The first payment of this rebate would have been in November of 2022, though sales were not above the required threshold for the applicable time period. No accrual has been made at this time as a payment is not likely in 2025.

The City entered into a sales tax abatement agreement during the year ended December 31, 2024 for a local business that was to construct a new facility. No accrual has been made at this time as there is no payment expected in 2025 as the construction project has not been started.

NOTE 24 - SUBSEQUENT EVENTS

Subsequent to year-end, the City was awarded $7.2 million for the rehabilitation of runway 13-31 at the airport. This project will primarily be paid with federal grant funds under the airport improvement program.

Management has evaluated subsequent events through the date of the independent auditor’s report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Pierre, South Dakota
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Taxes:				
General Property Taxes	$ 3,720,990	$ 3,720,990	$ 3,673,026	$ (47,964)
General Sales and Use Taxes	4,953,648	4,953,648	6,661,311	1,707,663
Penalties and Interest on Delinquent Taxes	9,000	9,000	11,476	2,476
Licenses and Permits	413,900	413,900	535,007	121,107
Intergovernmental Revenue:				
Federal Grants	225,000	225,000	25,199	(199,801)
State Grants	320,000	320,000	581,440	261,440
State Shared Revenue:				
Bank Franchise	157,000	157,000	266,644	109,644
Liquor Tax Reversion	100,000	100,000	121,912	21,912
Motor Vehicle Licenses (5%)	119,000	119,000	116,196	(2,804)
Local Government Highway and Bridge Fund	344,000	344,000	428,764	84,764
County Shared Receipts:				
County Road Tax (25%)	6,000	6,000	12,008	6,008
Other	12,000	12,000	-	(12,000)
Charges for Goods and Services:				
General Government	2,313,000	2,313,000	2,327,387	14,387
Public Safety	24,437	24,437	83,391	58,954
Highways and Streets	-	-	800	800
Culture and Recreation	895,475	895,475	836,524	(58,951)
Cemetery	39,000	39,000	35,301	(3,699)
Fines and Forfeits:				
Court Fines and Costs	5,000	5,000	716	(4,284)
Parking Meter Fines	4,700	4,700	2,205	(2,495)
Miscellaneous Revenue:				
Investment Earnings	100	100	-	(100)
Rentals	47,235	47,235	10,490	(36,745)
Special Assessments	5,100	5,100	5,003	(97)
Contributions from Private Sources	5,200	5,200	19,785	14,585
Other	141,750	141,750	142,047	297
TOTAL REVENUES	13,861,535	13,861,535	15,896,632	2,035,097

See independent auditor’s report and notes to the required supplementary information.

City of Pierre, South Dakota
Budgetary Comparison Schedule - General Fund - Budgetary Basis
(Continued)
For the Year Ended December 31, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
General Government:				
Legislative	$ 139,049	$ 156,145	$ 149,959	$ 6,186
Elections	10,600	10,600	3,660	6,940
Financial Administration	2,902,125	3,152,125	3,225,245	(73,120)
Other	2,240,134	2,240,134	2,051,580	188,554
Public Safety:				
Police	3,154,700	3,154,700	2,775,324	379,376
Fire	530,198	530,198	483,308	46,890
Public Works:				
Highways and Streets	2,139,993	2,139,993	2,121,460	18,533
Cemeteries	247,664	257,664	259,783	(2,119)
Transit	125,000	125,000	125,000	-
Health and Welfare:				
Health	19,300	42,600	43,229	(629)
Other	79,130	79,130	79,130	-
Culture and Recreation:				
Recreation	1,215,926	1,145,391	477,058	668,333
Parks	2,467,336	2,505,336	2,413,841	91,495
Libraries	927,715	927,715	843,819	83,896
Museum	21,500	21,500	21,335	165
Conservation and Development:				
Economic Development	1,022,179	1,023,679	947,095	76,584
TOTAL EXPENDITURES	17,242,549	17,511,910	16,020,826	1,491,084
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,381,014)	(3,650,375)	(124,194)	3,526,181
OTHER FINANCING SOURCES (USES)				
Transfers In	2,715,598	2,715,598	2,535,833	(179,765)
Transfers Out	(635,833)	(635,833)	(635,833)	-
Contingency	(250,000)	-	-	-
Insurance Proceeds	-	-	106,002	106,002
Sale of City Property	-	-	129,766	129,766
TOTAL OTHER FINANCING SOURCES (USES)	1,829,765	2,079,765	2,135,768	56,003
NET CHANGE IN FUND BALANCES	(1,551,249)	(1,570,610)	2,011,574	3,582,184
FUND BALANCE - BEGINNING	(393,283)	(393,283)	(393,283)	-
FUND BALANCE - ENDING	$ (1,944,532)	$ (1,963,893)	$ 1,618,291	$ 3,582,184

See independent auditor’s report and notes to the required supplementary information.

City of Pierre, South Dakota
Budgetary Comparison Schedule - Special Sales Tax Fund - Budgetary Basis
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Taxes:				
General Sales and Use Taxes	$ 540,000	$ 540,000	$ 667,736	$ 127,736
Investment Earnings	1,000	1,000	-	(1,000)
TOTAL REVENUES	541,000	541,000	667,736	126,736
EXPENDITURES				
Debt Service	380,995	380,995	380,993	2
EXCESS OF REVENUES OVER EXPENDITURES	160,005	160,005	286,743	126,738
OTHER FINANCING SOURCES				
Transfers In	99,050	99,050	99,050	-
NET CHANGE IN FUND BALANCES	259,055	259,055	385,793	126,738
FUND BALANCE - BEGINNING	1,689,840	1,689,840	1,689,840	-
FUND BALANCE - ENDING	$ 1,948,895	$ 1,948,895	$ 2,075,633	$ 126,738

See independent auditor's report and notes to the required supplementary information.

City of Pierre, South Dakota
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018
Service Cost	$ 67,448	$ 62,586	$ 83,740	$ 81,301	$ 85,201	$ 71,176	$ 65,504
Interest on Total OPEB Liability	43,803	28,625	28,255	57,852	70,299	62,770	60,959
Assumption Changes	20,036	(183,714)	-	(150,813)	106,357	54,613	-
Differences Between Expected and Actual Experience	-	(177,737)	-	(475,351)	-	(158,721)	-
Benefit Payments	(66,994)	(74,900)	(69,900)	(124,585)	(101,459)	(90,754)	(63,963)
Net Change in Total OPEB Liability	64,293	(345,140)	42,095	(611,596)	160,398	(60,916)	62,500
Net OPEB Obligation - Beginning	1,060,794	1,405,934	1,363,839	1,975,435	1,815,037	1,875,953	1,813,453
Net OPEB Obligation - Ending	$ 1,125,087	$ 1,060,794	$ 1,405,934	$ 1,363,839	$ 1,975,435	$ 1,815,037	$ 1,875,953
City's Covered-employee Payroll	$ 9,488,039	$ 9,211,688	$ 8,421,716	$ 8,176,423	$ 8,139,731	$ 7,902,651	$ 8,060,063
Total OPEB Liability as a Percentage of Covered-employee Payroll	11.86%	11.52%	16.69%	16.68%	24.27%	22.97%	23.27%

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See independent auditor’s report and notes to the required supplementary information.

City of Pierre, South Dakota
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
South Dakota Retirement System

Fiscal Year Ending*	City's Proportion of the Net Pension Liability/Asset	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset
12/31/2024	0.388920%	$ (15,743)	$ 10,288,779	0.15%	100.03%
12/31/2023	0.415454%	(40,549)	10,119,387	0.40%	100.07%
12/31/2022	0.401531%	(37,945)	9,024,293	0.42%	100.10%
12/31/2021	0.418920%	(3,208,211)	8,946,150	35.86%	105.52%
12/31/2020	0.415987%	(18,066)	8,608,423	0.21%	100.04%
12/31/2019	0.421337%	(44,651)	8,444,228	0.53%	100.09%
12/31/2018	0.431913%	(10,073)	8,472,104	0.12%	100.02%
12/31/2017	0.433107%	(39,305)	8,290,255	0.47%	100.10%
12/31/2016	0.456733%	1,542,797	8,170,878	18.88%	96.89%
12/31/2015	0.454908%	(1,929,396)	7,814,078	24.69%	104.10%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset), which is 6/30.

See independent auditor's report and notes to the required supplementary information.

City of Pierre, South Dakota
Schedule of Pension Contributions
South Dakota Retirement System

Year Ending	Statutorily Required Contribution	Contribution Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2024	$ 658,479	$ 658,479	$ -	$ 10,417,730	6.32%
12/31/2023	$ 650,284	$ 650,284	$ -	$ 10,279,429	6.33%
12/31/2022	$ 609,387	$ 609,387	$ -	$ 9,574,707	6.36%
12/31/2021	$ 564,483	$ 564,483	$ -	$ 8,861,076	6.37%
12/31/2020	$ 559,013	$ 559,013	$ -	$ 8,782,302	6.37%
12/31/2019	$ 547,289	$ 547,289	$ -	$ 8,600,267	6.36%
12/31/2018	$ 540,673	$ 540,673	$ -	$ 8,506,337	6.36%
12/31/2017	$ 529,917	$ 529,917	$ -	$ 8,318,683	6.37%
12/31/2016	$ 528,468	$ 528,468	$ -	$ 8,295,292	6.37%
12/31/2015	$ 508,955	$ 508,955	$ -	$ 7,988,543	6.37%

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See independent auditor’s report and notes to the required supplementary information.

City of Pierre, South Dakota
Notes to the Required Supplementary Information
For the Year Ended December 31, 2024

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular Council meeting in September of each year, or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operating budget is legally binding, and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year-end unless encumbered by resolution to the governing board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund.
7. Budgets for the General Fund and Special Revenue funds are adopted on a cash basis and do not reflect accruals for receivables or payables.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The City is reporting financial position, results of operations, and changes in fund balances in conformity with GAAP while the budgetary comparison schedules are presented on the cash basis to provide meaningful comparison of actual results with the budget. The major differences between the cash basis and the GAAP basis are that all capital outlay expenditures are recorded with other functional expenses for budget purposes rather than as a separate line item for GAAP purposes and intergovernmental expenditures are eliminated for GAAP purposes but are included on the budgetary basis. Cash basis only reports revenues received and expenses disbursed. Also, certain grants that the State of South Dakota administers on the City's behalf, whereby the State pays vendors directly, are excluded from these schedules as the City does not budget for those expenses as they do not pay the vendors directly in these instances. Lastly, the City does not budget for the issuance of new long-term debt or the repayment of existing long-term debt as part of a refunding transaction.

NOTE 3 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following represents the overdrafts of the expenditures compared to appropriations at the legal level of budgetary control for the General Fund.

General Government: Financial Administration	$	73,120

NOTE 4 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Changes in Benefit Terms

No significant changes.

Changes in Actuarial Assumptions

No significant changes.

NOTE 4 - SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023 Actuarial Valuation.

The details of the changes since the last valuation are as follows.

Benefit Provision Changes

During the 2024 Legislative Session, no significant SDRS benefit changes were made.

Actuarial Method Changes

No changes in actuarial methods have been made since the prior valuation.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in an FVFR equal to or exceeding 100%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

SUPPLEMENTARY INFORMATION

City of Pierre, South Dakota
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2024

	Occupancy Tax Fund	E-911 Fund	Library Trust Fund	Police Pistol Fund	Police Cadets Fund	Public/ Education Government Channel Fund	Cemetery Perpetual Care Fund	Storm Drainage Fund	TIF Funds	Total Nonmajor Governmental Funds
ASSETS										
Cash and Cash Equivalents	$ 798,246	$ 380,385	$ 55,501	$ 54,149	$ 16,026	$ 33,147	$ -	$ 1,205,150	$ -	$ 2,542,604
Accounts Receivable, Net	14,750	2,454	-	3,000	-	11,803	-	2,065	-	34,072
Unbilled Accounts Receivable	-	-	-	-	-	-	-	56,751	-	56,751
Due From Other Governments	-	300,653	-	-	-	-	-	-	-	300,653
Prepaid Expenses	377	-	-	-	-	-	-	-	-	377
Inventory of Supplies	-	-	-	-	-	-	-	68,523	-	68,523
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	54,464	-	-	54,464
TOTAL ASSETS	$ 813,373	$ 683,492	$ 55,501	$ 57,149	$ 16,026	$ 44,950	$ 54,464	$ 1,332,489	$ -	$ 3,057,444
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts Payable	$ -	$ 11,838	$ -	$ 478	$ -	$ 1,707	$ -	$ -	$ -	$ 14,023
Payroll Liabilities	-	10,852	-	-	-	-	-	-	-	10,852
Revenue Collected in Advance	-	-	-	-	-	-	-	1,577	-	1,577
Total Liabilities	-	22,690	-	478	-	1,707	-	1,577	-	26,452
Deferred Inflows of Resources:										
Unavailable Revenues	-	35,843	-	-	-	200	-	16,815	-	52,858
Fund Balances:										
Nonspendable	377	-	-	-	-	-	50,000	68,523	-	118,900
Restricted	-	624,959	55,501	-	-	-	4,464	1,245,574	-	1,930,498
Committed	812,996	-	-	56,671	16,026	43,043	-	-	-	928,736
Total Fund Balances	813,373	624,959	55,501	56,671	16,026	43,043	54,464	1,314,097	-	2,978,134
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 813,373	$ 683,492	$ 55,501	$ 57,149	$ 16,026	$ 44,950	$ 54,464	$ 1,332,489	$ -	$ 3,057,444

See independent auditor’s report.

City of Pierre, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Occupancy Tax Fund	E-911 Fund	Library Trust Fund	Police Pistol Fund	Police Cadets Fund	Public/ Education Government Channel Fund	Cemetery Perpetual Care Fund	Storm Drainage Fund	TIF Funds	Total Nonmajor Governmental Funds
REVENUES										
Taxes:										
General Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 280,370	$ 280,370
General Sales and Use Taxes	231,773	-	-	-	-	-	-	-	-	231,773
Intergovernmental Revenue:										
State Grants	-	684,481	-	-	-	4,000	-	-	-	688,481
State Shared Revenues:										
911 Remittances	-	285,552	-	-	-	-	-	-	-	285,552
Charges for Goods and Services:										
General Government	-	-	-	-	-	153,520	-	-	-	153,520
Public Safety	-	233,560	-	18,000	-	-	-	-	-	251,560
Highways and Streets	-	-	-	-	-	-	-	481,076	-	481,076
Fines and Forfeits:										
Library	-	-	10	-	-	-	-	-	-	10
Miscellaneous Revenues:										
Investment Earnings	-	-	408	-	-	-	-	-	-	408
Contributions From Private Sources	-	-	5,042	-	2,948	-	-	-	-	7,990
Other	-	3,900	4,626	-	-	-	-	38	-	8,564
TOTAL REVENUES	231,773	1,207,493	10,086	18,000	2,948	157,520	-	481,114	280,370	2,389,304

See independent auditor’s report.

City of Pierre, South Dakota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (Continued)
For the Year Ended December 31, 2024

EXPENDITURES	Occupancy Tax Fund	E-911 Fund	Library Trust Fund	Police Pistol Fund	Police Cadets Fund	Public/ Education Government Channel Fund	Cemetery Perpetual Care Fund	Storm Drainage Fund	TIF Funds	Total Nonmajor Governmental Funds
General Government:										
Other	-	-	-	-	-	129,117	-	-	-	129,117
Public Safety:										
Police	-	1,364,849	-	6,544	3,560	-	-	-	-	1,374,953
Public Works:										
Highways and Streets	-	-	-	-	-	-	-	223,060	-	223,060
Culture and Recreation:										
Libraries	-	-	14,923	-	-	-	-	-	-	14,923
Conservation and Development:										
Economic Development	182,018	-	-	-	-	-	-	-	-	182,018
Debt Service	-	-	-	-	-	-	-	-	181,320	181,320
Capital Outlay	-	10,426	-	-	-	-	-	61,702	-	72,128
TOTAL EXPENDITURES	182,018	1,375,275	14,923	6,544	3,560	129,117	-	284,762	181,320	2,177,519
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,755	(167,782)	(4,837)	11,456	(612)	28,403	-	196,352	99,050	211,785
OTHER FINANCING SOURCES (USES)										
Transfers In (Out)	-	237,930	-	-	-	-	-	-	(99,050)	138,880
NET CHANGE IN FUND BALANCES	49,755	70,148	(4,837)	11,456	(612)	28,403	-	196,352	-	350,665
FUND BALANCE - BEGINNING	763,618	554,811	60,338	45,215	16,638	14,640	54,464	1,117,745	-	2,627,469
FUND BALANCE - ENDING	$ 813,373	$ 624,959	$ 55,501	$ 56,671	$ 16,026	$ 43,043	$ 54,464	$ 1,314,097	$ -	$ 2,978,134

See independent auditor's report.

City of Pierre, South Dakota
Combining Statement of Net Position - Nonmajor Enterprise Funds
December 31, 2024

	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Accounts Receivable, Net	$ -	$ 152,390	$ 152,390
Unbilled Accounts Receivable	-	21,602	21,602
Inventory of Supplies	18,347	117,787	136,134
Total Current Assets	18,347	291,779	310,126
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	1,334,144	1,334,144
Net Pension Assets	95	943	1,038
Capital Assets:			
Land	-	4,041,171	4,041,171
Buildings and Infrastructure	-	3,703,002	3,703,002
Machinery and Equipment	172,551	4,335,400	4,507,951
Construction in Progress	-	26,125	26,125
Less: Accumulated Depreciation and Amortization	(33,004)	(4,248,000)	(4,281,004)
Total Noncurrent Assets	139,642	9,192,785	9,332,427
TOTAL ASSETS	157,989	9,484,564	9,642,553
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	16,204	161,368	177,572
OPEB-related Deferred Outflows	592	5,056	5,648
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,796	166,424	183,220

See independent auditor’s report.

City of Pierre, South Dakota
Combining Statement of Net Position - Nonmajor Enterprise Funds (Continued)
December 31, 2024

	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,450	67,045	68,495
Accrued Wages Payable	295	6,133	6,428
Accrued Taxes Payable	-	28	28
Current Portion of Leave Payable	1,291	13,800	15,091
Due to Other Funds	103,598	100,906	204,504
Revenue Collected in Advance	-	1,825	1,825
Total Current Liabilities	106,634	189,737	296,371
Noncurrent Liabilities:			
Accrued Leave Payable	11,618	124,200	135,818
Accrued Landfill Closure and Post-closure Costs	-	889,298	889,298
Net OPEB Liability	6,851	68,543	75,394
Total Noncurrent Liabilities	18,469	1,082,041	1,100,510
TOTAL LIABILITIES	125,103	1,271,778	1,396,881
DEFERRED INFLOWS OF RESOURCES			
Pension-related Deferred Inflows	12,010	119,609	131,619
OPEB-related Deferred Inflows	2,470	26,908	29,378
TOTAL DEFERRED INFLOWS OF RESOURCES	14,480	146,517	160,997
NET POSITION			
Net Investment in Capital Assets	139,547	7,857,698	7,997,245
Restricted for:			
SDRS Pension Purposes	4,289	42,702	46,991
Unrestricted	(108,634)	332,293	223,659
TOTAL NET POSITION	$ 35,202	$ 8,232,693	$ 8,267,895

See independent auditor’s report.

City of Pierre, South Dakota
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2024

	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for Goods and Services	$ 71,188	$ 1,991,945	$ 2,063,133
Miscellaneous	90	4,107	4,197
Total Operating Revenue	71,278	1,996,052	2,067,330
OPERATING EXPENSES			
Personal Services	97,323	945,652	1,042,975
Other Current Expenses	55,828	659,961	715,789
Materials (Cost of Goods Sold)	15,781	201,385	217,166
Depreciation and Amortization	6,002	436,189	442,191
Total Operating Expenses	174,934	2,243,187	2,418,121
OPERATING LOSS	(103,656)	(247,135)	(350,791)
NONOPERATING REVENUE (EXPENSE)			
Investment Earnings	-	79,660	79,660
Rental Revenue	-	100	100
Loss on Disposition of Assets	-	(101,077)	(101,077)
Net Nonoperating Revenue (Expense)	-	(21,317)	(21,317)
NET INCOME BEFORE TRANSFERS	(103,656)	(268,452)	(372,108)
Transfers In	-	13,500	13,500
CHANGE IN NET POSITION	(103,656)	(254,952)	(358,608)
NET POSITION - BEGINNING	138,858	8,487,645	8,626,503
NET POSITION - ENDING	$ 35,202	$ 8,232,693	$ 8,267,895

See independent auditor’s report.

City of Pierre, South Dakota
Combining Statement of Cash Flows - Nonmajor Enterprise Funds
For the Year Ended December 31, 2024

	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES			
Receipts from Customers	$ 71,278	$ 1,985,839	$ 2,057,117
Payments to Suppliers	(79,838)	(820,167)	(900,005)
Payments to Employees	(94,180)	(909,826)	(1,004,006)
Net Cash Provided (Used) by Operating Activities	(102,740)	255,846	153,106
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES			
Due to Other Funds	102,740	(295,797)	(193,057)
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Other Receipts	-	100	100
Proceeds from Sale of Capital Assets	-	16,316	16,316
Purchase of Capital Assets	-	(26,125)	(26,125)
Net Cash Used by Capital and Related Financing Activities	-	(9,709)	(9,709)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES			
Cash Invested in Reserve Account	-	(30,000)	(30,000)
Cash Received for Interest	-	79,660	79,660
Net Cash Provided by Investing Activities	-	49,660	49,660

City of Pierre, South Dakota
Combining Statement of Cash Flows - Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2024

	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS - BEGINNING	-	-	-
CASH AND CASH EQUIVALENTS - ENDING	$ -	$ -	$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Loss	$ (103,656)	$ (247,135)	$ (350,791)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	6,002	436,189	442,191
Change in Assets and Liabilities:			
Accounts Receivables/Unbilled Receivables	-	(10,122)	(10,122)
Inventories	(9,101)	4,954	(4,147)
Pension-related Deferred Outflows	165	25,717	25,882
OPEB-related Deferred Outflows	78	781	859
Accounts and Other Payables	871	36,198	37,069
Accrued Taxes Payable	-	28	28
Accrued Wages Payable	(240)	1,729	1,489
Revenue Collected in Advance	-	(91)	(91)
Accrued Leave Payable	1,594	15,180	16,774
Pension-related Deferred Inflows	1,336	(2,383)	(1,047)
OPEB-related Deferred Inflows	(1,163)	(11,640)	(12,803)
OPEB Liability	1,258	4,974	6,232
Pension-related Asset/Liability	116	1,467	1,583
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (102,740)	$ 255,846	$ 153,106

City of Pierre, South Dakota
Statement of Cash Flows - Discretely Presented Component Unit
For the Year Ended June 30, 2024

	Housing and Redevelopment Commission
OPERATING ACTIVITIES	
Receipts from Tenant Payments	$ 250,270
Receipts from Tenants Through Escrow	200
Payments to Employees	(208,741)
Payments to Others for Goods and Services	(297,071)
Housing Assistance Payments	(1,001,290)
Net Cash Used by Operating Activities	(1,256,632)
NONCAPITAL FINANCING ACTIVITIES	
Operating Grants Received	1,463,287
Other Revenue Received	263,452
Net Cash Provided by Noncapital Financing Activities	1,726,739
CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants Received	54,637
Issuance of Leases Payable	7,525
Principal Paid on Leases Payable	(1,582)
Interest Paid on Leases Payable	(100)
Acquisition of Capital Assets	(245,211)
Net Cash Used by Capital and Related Financing Activities	(184,731)
INVESTING ACTIVITIES	
Interest Income	7,949
NET CHANGE IN CASH AND CASH EQUIVALENTS	293,325
CASH AND CASH EQUIVALENTS - BEGINNING	627,323
CASH AND CASH EQUIVALENTS - ENDING	$ 920,648

See independent auditor’s report.

City of Pierre, South Dakota
Statement of Cash Flows - Discretely Presented Component Unit (Continued)
For the Year Ended June 30, 2024

	Housing and Redevelopment Commission
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (1,391,851)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization Expense	87,048
Accounts Receivable - Tenants	(3,261)
Accounts Receivable - Fraud Recovery	1,360
Prepaid Expenses	(13,284)
Inventories	245
Pension-related Assets	2,314
Accounts Payable - Vendors	44,833
Accounts Payable - Other Government	1,769
Accrued Expenses	(1,476)
Accrued Compensated Absences	(1,803)
Unearned Revenue	836
Other Current Liabilities	16,438
Tenant Security Deposits	200
NET CASH USED BY OPERATING ACTIVITIES	$ (1,256,632)

See independent auditor’s report.

City of Pierre, South Dakota
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended December 31, 2024

	Net Collected
First Quarter 2024	$ 14,002
Second Quarter 2024	11,221
Third Quarter 2024	16,898
Fourth Quarter 2024	18,085
Total PFC Collections for 2024	60,206
Total PFC Collections for 2023	63,522
Total PFC Collections for 2022	69,342
Total PFC Collections for 2021	66,640
Total PFC Collections for 2020	45,098
Total PFC Collections for 2019	58,458
Total PFC Collections for 2018	34,691
Total PFC Collections for 2017	49,722
Total PFC Collections for 2016	23,858
Total PFC Collections for 2015	28,799
Total PFC Collections for 2014	38,605
Total PFC Collections for 2013	59,251
Total PFC Collections for 2012	50,094
Total PFC Collections for 2011	64,728
Total PFC Collections for 2010	59,124
Total PFC Collections for 2009	43,809
Total PFC Collections for 2008	53,314
Total PFC Collections for 2007	46,383
Total PFC Collections for 2006	57,317
Total PFC Collections for 2005	67,975
Total PFC Collections for 2004	72,726
Total PFC Collections for 2003	51,697
Total PFC Collections for 2003 - 2024	$ 1,165,359
Total Allowable PFC	$ 2,070,789
Net Collections to Date	(1,165,359)
Remaining Amount to Collect	$ 905,430

See independent auditor's report.

SINGLE AUDIT INFORMATION

CASEY • PETERSON
CPAs & FINANCIAL ADVISORS

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

City Commission
City of Pierre, 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, each major fund, the discretely presented component unit and the aggregate remaining fund information of City of Pierre, South Dakota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 17, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Commission of the City of Pierre, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-003, and 2024-004 to be material weaknesses.

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. No significant deficiencies are reported in the Schedule of Findings and Questioned Costs.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-004.

City of Pierre's Response to Findings

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

Purpose of this Report

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

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota
July 17, 2026

Independent Auditor's Report on Compliance for Each
Major Federal Program and Report on Internal Control
over Compliance in Accordance with the Uniform Guidance

City Commission
City of Pierre, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Pierre, South Dakota's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's financial statements include the operations of the Housing and Redevelopment Commission of the City of Pierre, which expended $1,468,494 in federal awards. This amount is not included in the City's Schedule of Expenditures of Federal Awards for the year ended December 31, 2024. Our audit, described below, did not include the operations of the Housing and Redevelopment Commission of the City of Pierre because the Commission engaged other auditors to perform an audit of compliance.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Award Program

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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota
July 17, 2026

City of Pierre, South Dakota
Schedule of Findings and Questioned Costs
December 31, 2024

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

a. The Independent Auditor's Report expressed unmodified opinions on the financial statements of the City of Pierre, South Dakota.

b. Material weaknesses or significant deficiencies related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

c. Instances of noncompliance material to the financial statements of the City were reported in accordance with *Governmental Auditing Standards*.

d. No instances of noncompliance, material weaknesses, or significant deficiencies in internal control over the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.

e. The Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance expressed an unmodified opinion on the major federal programs.

f. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are included in this schedule.

g. The federal award tested as a major program was:

Assistance Listing #14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

h. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

i. The City of Pierre, South Dakota did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weakness
Noncompliance
Late Filing of Audit with Federal Audit Clearinghouse

2024-001 *Condition:* The Uniform Guidance requires that audits be submitted to the federal audit clearinghouse within the earlier of 30 days of completion of the audit or nine months of year-end. The City's audit was not filed within nine months of year-end.

Criteria: The Uniform Guidance at 2CFR Part 200 Subpart F section 200.507(c) requires that an audit be completed and the reporting required under this section be submitted within the earlier of 30 calendar days after the receipt of the auditor's report or nine months after the end of the audit period.

Cause: The City had significant turnover in Finance Office personnel during the year ended December 31, 2024, resulting in the 2024 audit being delayed.

Effect: The City's submission of the audit was late. The City cannot be considered a low-risk auditee for the next audit period. The City's federal funding may also be at risk due to the late reporting to various federal agencies.

Repeat of Prior Year Finding: Yes. This finding was reported in 2023.

Auditor's Recommendation: We recommend that management work on improving internal control systems and processes in order to complete future audits within the required time frame.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Material Weakness
Internal Control over Financial Reporting
Material Adjustments

2024-002 Condition: During the course of the audit, material adjustments to the City's recorded account balances were proposed which, if not recorded, would have resulted in a material misstatement of the City's financial statements.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with generally accepted accounting principles.

Cause: The City had significant turnover in Finance Office personnel during the year ended December 31, 2024, resulting in internal control systems not being followed.

Effect: Material adjustments were proposed to the City's recorded account balances.

Repeat of Prior Year Finding: Yes, this finding was reported in 2023.

Auditor's Recommendation: We recommend that management hire and train additional staff such that internal control processes identify errors.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Material Weakness
Internal Control over Financial Reporting
Preparation of Schedule of Expenditures of Federal Awards

2024-003 Condition: Material corrections were required to the Schedule of Expenditures of Federal Awards and accompanying notes.

Criteria: Establishing internal controls over the preparation of the Schedule of Expenditures of Federal Awards is the responsibility of management. The City should have an internal control system in place related to the oversight and review of the preparation of the schedule. The Uniform Guidance requires the auditee to prepare appropriate schedules in accordance with section 200.510.

Cause: The City had significant turnover in Finance Office personnel during the year ended December 31, 2024, resulting in internal control systems not being followed.

Effect: Material corrections to amounts presented on the Schedule of Expenditures of Federal Awards were required.

Repeat of Prior Year Finding: Yes, this finding was reported in 2023.

Auditor's Recommendation: We recommend that management develop a system of internal control to ensure the proper reporting of the Schedule of Expenditures of Federal Awards.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Material Weakness
Noncompliance
Budgetary Overexpenditure

2024-004 *Condition:* The City overspent budgeted appropriations in the financial administrative department.

Criteria: SDCL 9-21-9 states that the City shall not spend, for any purpose or department, in excess of the total amount appropriated for such purpose or department.

Cause: The City overlooked the budgetary shortfall in its comparison of budgeted to actual expenses. The governing body did not adopt a supplemental appropriation ordinance.

Effect: The City did not comply with South Dakota state statutes.

Repeat of Prior Year Finding: No

Auditor's Recommendation: We recommend the City review state statutes regarding budgeting and budget amendments. The budget should be monitored monthly and amended as necessary. Budget-to-actual reports reviewed should contain all expenditures by department to ensure departments are within budget requirements.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

There were no findings related to the audit of major federal award programs.

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (UNAUDITED)

FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weakness
Noncompliance
Late Filing of Audit with Federal Audit Clearinghouse

2023-001 *Condition:* The Uniform Guidance requires that audits be submitted to the federal audit clearinghouse within the earlier of 30 days of completion of the audit or nine months of year-end. The City's audit was not filed within nine months of year-end.

Criteria: The Uniform Guidance at 2CFR Part 200 Subpart F section 200.507(c) requires that an audit be completed and the reporting required under this section be submitted with the earlier of 30 calendar days after the receipt of the auditor's report or nine months after the end of the audit period.

Auditor's Recommendation: We recommend that management work on improving internal control systems and processes in order to complete future audits within the required time frame.

Current Status: This finding has been reported in the current year.

Material Weakness
Internal Control over Financial Reporting

2023-002 *Condition*: During the course of the audit, material audit adjustments to the City's recorded account balances and the Schedule of Expenditures of Federal Awards were proposed which, if not recorded, would have resulted in a material misstatement of the City's financial statements and Schedule of Expenditures of Federal Awards.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with generally accepted accounting principles. The City should have an internal control system designed for the drafting of the Schedule of Expenditures of Federal Awards. The Uniform Guidance requires that the auditee prepare an appropriate Schedule of Expenditures of Federal Awards in accordance with Section 200.510.

Auditor's Recommendation: We recommend that management hire and train additional staff such that internal control processes identify errors.

Current Status: This finding was reported in the current year as findings 2024-002 and 2024-003.

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

U.S. Department of Transportation: Airport Improvement Program ALN #20.10-6
Material Weakness
Internal Control over Compliance, Noncompliance

2023-003 See finding 2023-002 for a description of the condition, criteria, auditor's recommendation, and current status.

CORRECTIVE ACTION PLAN (UNAUDITED)

The City of Pierre, South Dakota respectfully submits the following Corrective Action Plan for the year ended December 31, 2024.

Name and address of independent public accounting firm:

Casey Peterson, LTD
909 St. Joseph St., Ste 101
Rapid City, SD 57701

The findings from the 2024 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weakness
Noncompliance
Late Filing of Audit with Federal Audit Clearinghouse

2024-001 *Condition:* The Uniform Guidance requires that audits be submitted to the federal audit clearinghouse within the earlier of 30 days of completion of the audit or nine months of year-end. The City's audit was not filed within nine months of year-end.

Criteria: The Uniform Guidance at 2CFR Part 200 Subpart F section 200.507(c) requires that an audit be completed and the reporting required under this section be submitted with the earlier of 30 calendar days after the receipt of the auditor's report or nine months after the end of the audit period.

Auditor's Recommendation: We recommend that management work on improving internal control systems and processes in order to complete future audits within the required time frame.

Management's Response: Management agrees with the auditor's recommendation and is implementing new training procedures for staff to assist with the audit process. The Finance Officer is responsible for this corrective action.

Material Weakness
Internal Control over Financial Reporting
Material Adjustments

2024-002 Condition: During the course of the audit, material adjustments to the City's recorded account balances were proposed which, if not recorded, would have resulted in a material misstatement of the City's financial statements.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with generally accepted accounting principles.

Auditor's Recommendation: We recommend that management hire and train additional staff such that internal control processes identify errors.

2301 Patron Parkway, Pierre, SD 57501
Phone: 773.7407 • Fax: 773.7406
CITYOFPIERRE.ORG

CITY OF PIERRE
SOUTH DAKOTA

CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)

Management's Response: Management agrees with the auditor's recommendation and is in the process of hiring staff to fill vacancies and implementing a cross-training plan to avoid missed processes during staff turnover. The Finance Officer is responsible for this corrective action.

Material Weakness
Internal Control over Financial Reporting
Preparation of Schedule of Expenditures of Federal Awards

2024-003 Condition: Material corrections were required to the Schedule of Expenditures of Federal Awards and accompanying notes.

Criteria: Establishing internal controls over the preparation of the Schedule of Expenditures of Federal Awards is the responsibility of management. The City should have an internal control system in place related to the oversight and review of the preparation of the schedule. The Uniform Guidance requires the auditee to prepare appropriate schedules in accordance with section 200.510.

Auditor's Recommendation: We recommend that management develop a system of internal control to ensure the proper reporting of the Schedule of Expenditures of Federal Awards.

Management's Response: Management agrees with the auditor's recommendation and is in the process of hiring staff to fill vacancies and implementing a cross-training plan to avoid missed processes during staff turnover. The Finance Officer is responsible for this corrective action.

Material Weakness
Noncompliance
Budgetary Overexpenditure

2024-004 *Condition:* The City overspent budgeted appropriations in the financial administrative department.

Criteria: SDCL 9-21-9 states that the City shall not spend, for any purpose or department, in excess of the total amount appropriated for such purpose or department.

Auditor's Recommendation: We recommend the City review state statutes regarding budgeting and budget amendments. The budget should be monitored monthly and amended as necessary. Budget-to-actual reports reviewed should contain all expenditures by department to ensure departments are within budget requirements.

Management's Response: Management agrees with the auditor's recommendation, and the City will review all budgeting and budget amendments on a monthly basis.

2301 Patron Parkway, Pierre, SD 57501
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CITYOFPIERRE.ORG

CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

There were no findings related to the audit of major federal award programs.

If there are questions regarding this plan, please contact Lacey Walz at 605-773-7407.

Lacey Walz, Finance Officer
City of Pierre, South Dakota

2301 Patron Parkway, Pierre, SD 57501
Phone: 773.7407 • Fax: 773.7406
CITYOFPIERRE.ORG

City of Pierre, South Dakota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

	Assistance Listing	Cluster/Program Name	Pass-through Entity	Pass-through Entity Identifying Number	Amount
		U.S. Department of Transportation			
	20 . 106	Airport Improvement Program	N/A	3-46-0044-43,48,49,50	$ 1,193,610
COVID-19	20 . 106	Airport Improvement Program CRRSSA	N/A	3-46-044-46	189,853
		Total Airport Improvement Program	N/A		1,383,463
		Highway Safety Cluster:			
	20 . 616	National Priority Safety Programs	SD Dept. of Public Safety	N/A	6,655
		Total Highway Safety Cluster			6,655
		Total U.S. Department of Transportation			1,390,118
		U.S. Department of Housing and Urban Development			
COVID-19	14 . 228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Note 4)	SD Governor's Office of Economic Development	N/A	1,356,159
		U.S. Department of the Interior			
	15 . 904	Historic Preservation Fund Grants-in-aid	SD Department of Education	2021G-818	17,090
		Total Expenditures of Federal Awards			$ 2,763,367

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Pierre, SD (City) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: The City of Pierre has not elected to use the 10% de minimis cost rate.

NOTE 3: Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4: Tested as major program.

NOTE 5: Subrecipients are as follows:

14 . 228	Community Development Block Grant	Missouri Shores Domestic Violence Center	$ 1,356,159

See independent auditor’s report.