

CITY OF PIERRE, SOUTH DAKOTA

Financial Statements

December 31, 2021

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December 31, 2021**

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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, 2021, 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 units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, 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 discretely presented component unit, which represent less than 1% of the assets and net position and 2.3% of revenues of the governmental activities as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and 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.

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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 one year after the date that the financial statements are issued.

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 evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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), Schedule of Pension Contribution, and 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 *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 September 12, 2022 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 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
September 12, 2022

BASIC FINANCIAL STATEMENTS

City of Pierre, South Dakota
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
ASSETS				
Cash and Cash Equivalents	\$ 19,999,859	\$ 18,971,975	\$ 38,971,834	\$ 668,487
Certificates of Deposit	1,664,324	-	1,664,324	-
Receivables	3,743,547	5,963,559	9,707,106	28,576
Internal Balances	(693,049)	693,049	-	-
Inventories	345,606	1,948,804	2,294,410	500
Other Assets	-	-	-	23,820
Restricted Assets:				
Cash and Cash Equivalents	54,464	7,857,068	7,911,532	-
Net Pension Asset	2,318,289	889,922	3,208,211	275
Capital Assets				
Land and Construction in Progress	20,207,195	37,258,919	57,466,114	102,993
Other Capital Assets, Net of Depreciation	56,267,804	90,974,336	147,242,140	292,815
TOTAL ASSETS	<u>103,908,039</u>	<u>164,557,632</u>	<u>268,465,671</u>	<u>1,117,466</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related Deferred Outflows	2,939,180	1,170,161	4,109,341	43,486
OPEB-related Deferred Outflows	116,919	51,190	168,109	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,056,099</u>	<u>1,221,351</u>	<u>4,277,450</u>	<u>43,486</u>
LIABILITIES				
Accounts Payable	1,029,166	5,059,591	6,088,757	23,334
Other Current Liabilities	109,774	712,010	821,784	13,161
Unearned Revenue	116,662	145,722	262,384	72,792
Noncurrent Liabilities:				
Landfill Closure and Post-closure Costs	-	670,708	670,708	-
Due Within One Year	1,422,911	1,353,649	2,776,560	3,600
Due in More than One Year	17,697,598	48,941,863	66,639,461	3,500
TOTAL LIABILITIES	<u>20,376,111</u>	<u>56,883,543</u>	<u>77,259,654</u>	<u>116,387</u>

The accompanying notes are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Commission
DEFERRED INFLOWS OF RESOURCES				
Pension-related Deferred Inflows	4,474,406	1,723,623	6,198,029	35,775
OPEB-related Deferred Inflows	423,745	177,417	601,162	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,898,151</u>	<u>1,901,040</u>	<u>6,799,191</u>	<u>35,775</u>
NET POSITION				
Net Investment in Capital Assets	64,586,176	77,063,201	141,649,377	395,808
Restricted for:				
SDRS Pension Purposes	783,063	336,460	1,119,523	7,986
Cemetery	54,464	-	54,464	-
Other Purposes:				
Special Sales Tax	849,830	-	849,830	-
Storm Drainage	687,870	-	687,870	-
Library	58,820	-	58,820	-
Surface Transportation Program	3,651,600	-	3,651,600	-
911 Purposes	676,562	-	676,562	-
Pickleball Purposes	79,657	-	79,657	-
Airshow Purposes	6,609	-	6,609	-
Pool Construction	8,939,063	-	8,939,063	-
Tri-Centennial	396	-	396	-
Unrestricted	<u>1,315,766</u>	<u>29,594,739</u>	<u>30,910,505</u>	<u>604,996</u>
TOTAL NET POSITION	<u>\$ 81,689,876</u>	<u>\$ 106,994,400</u>	<u>\$ 188,684,276</u>	<u>\$ 1,008,790</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Charges for Services	Capital Grants, Loans, and Contributions	Operating Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government	\$ 4,930,966	\$ 2,795,204	\$ 224,491	\$ 3,015,639
Public Safety	4,105,773	315,072	-	645,797
Public Works	3,663,075	1,004,074	659,712	339
Health and Welfare	34,438	6,000	-	14,964
Culture and Recreation	4,121,448	720,242	847,929	29,638
Conservation and Development	1,099,583	-	-	-
Interest on Long-term Debt*	455,687	-	-	-
Total Governmental Activities	<u>18,410,970</u>	<u>4,840,592</u>	<u>1,732,132</u>	<u>3,706,377</u>
Business-type Activities:				
Water	2,242,888	4,784,399	-	47,864
Electric	12,590,944	17,142,778	-	2,224
Waste Water	2,296,824	3,767,310	-	44,432
Airport	2,311,404	162,108	1,059,402	-
Garbage	125,439	82,316	-	-
Landfill	1,792,276	1,713,163	-	-
Total Business-type Activities	<u>21,359,775</u>	<u>27,652,074</u>	<u>1,059,402</u>	<u>94,520</u>
Total Primary Government	<u>\$ 39,770,745</u>	<u>\$ 32,492,666</u>	<u>\$ 2,791,534</u>	<u>\$ 3,800,897</u>
COMPONENT UNIT				
Housing and Redevelopment Commission	<u>\$ 1,193,328</u>	<u>\$ 211,062</u>	<u>\$ 24,629</u>	<u>\$ 1,027,364</u>

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

GENERAL REVENUES

Taxes:

Property Taxes

Sales Taxes

State Shared Revenues

County Shared Revenue

Unrestricted Investment Earnings

Other General Revenues

Transfers

Gain (Loss) on Disposal of Fixed Assets

Total General Revenues

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Unit Housing and Redevelopment Commission
\$ 1,104,368	\$ -	\$ 1,104,368	\$ -
(3,144,904)	-	(3,144,904)	-
(1,998,950)	-	(1,998,950)	-
(13,474)	-	(13,474)	-
(2,523,639)	-	(2,523,639)	-
(1,099,583)	-	(1,099,583)	-
<u>(455,687)</u>	<u>-</u>	<u>(455,687)</u>	<u>-</u>
<u>(8,131,869)</u>	<u>-</u>	<u>(8,131,869)</u>	<u>-</u>
-	2,589,375	2,589,375	-
-	4,554,058	4,554,058	-
-	1,514,918	1,514,918	-
-	(1,089,894)	(1,089,894)	-
-	(43,123)	(43,123)	-
-	<u>(79,113)</u>	<u>(79,113)</u>	<u>-</u>
<u>-</u>	<u>7,446,221</u>	<u>7,446,221</u>	<u>-</u>
<u>(8,131,869)</u>	<u>7,446,221</u>	<u>(685,648)</u>	<u>-</u>
			<u>69,727</u>
3,651,101	-	3,651,101	-
9,538,444	-	9,538,444	-
793,872	-	793,872	-
18,131	-	18,131	-
25,415	35,362	60,777	5,330
182,838	422,390	605,228	4,410
2,382,878	(2,382,878)	-	-
<u>146,687</u>	<u>28,595</u>	<u>175,282</u>	<u>-</u>
<u>16,739,366</u>	<u>(1,896,531)</u>	<u>14,842,835</u>	<u>9,740</u>
8,607,497	5,549,690	14,157,187	79,467
<u>73,082,379</u>	<u>101,444,710</u>	<u>174,527,089</u>	<u>929,323</u>
<u>\$ 81,689,876</u>	<u>\$ 106,994,400</u>	<u>\$ 188,684,276</u>	<u>\$ 1,008,790</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Balance Sheet - Governmental Funds
December 31, 2021

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Special Sales Tax Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,956,351	\$ 1,176,994	\$ 744,247
Certificate of Deposits	1,664,324	-	-
Tax Receivable, Delinquent	64,802	19,419	-
Accounts Receivable, Net	136,031	2,779	-
Unbilled Accounts Receivable	-	-	-
Due From Other Governments	2,275,435	910,661	105,581
Inventory of Supplies	224,247	-	-
Restricted Cash and Cash Equivalents	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 18,321,190</u></u>	<u><u>\$ 2,109,853</u></u>	<u><u>\$ 849,828</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 483,962	\$ 511,637	\$ -
Payroll Liabilities	22,470	-	-
Due to Other Funds	-	-	-
Revenue Collected in Advance	<u>114,450</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>620,882</u>	<u>511,637</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable Revenues	<u>1,666,692</u>	<u>356,061</u>	<u>47,502</u>
Fund Balances:			
Nonspendable	224,247	-	-
Restricted	12,784,723	-	802,326
Committed	19,650	1,242,155	-
Assigned	2,329,301	-	-
Unassigned	<u>675,695</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>16,033,616</u>	<u>1,242,155</u>	<u>802,326</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 18,321,190</u></u>	<u><u>\$ 2,109,853</u></u>	<u><u>\$ 849,828</u></u>

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 1,832,454	\$ 17,710,046
-	1,664,324
-	84,221
67,183	205,993
56,549	56,549
78,046	3,369,723
121,359	345,606
54,464	54,464
<u>\$ 2,210,055</u>	<u>\$ 23,490,926</u>
\$ 24,652	\$ 1,020,251
2,935	25,405
6,428	6,428
2,212	116,662
<u>36,227</u>	<u>1,168,746</u>
<u>39,822</u>	<u>2,110,077</u>
171,359	395,606
1,283,295	14,870,344
679,352	1,941,157
-	2,329,301
-	675,695
<u>2,134,006</u>	<u>20,212,103</u>
<u>\$ 2,210,055</u>	<u>\$ 23,490,926</u>

The accompanying notes are an integral part of this statement.

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City of Pierre, South Dakota
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2021

Total Fund Balances - Governmental Funds	\$ 20,212,103
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 funds.	2,318,289
Pension and OPEB-related deferred outflows are not available financial resources and, therefore, are not reported in the funds.	3,056,099
Pension and OPEB-related deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(4,898,151)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,474,999
Long-term liabilities, including bonds payable, capital leases payable, 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 funds.	(19,120,509)
Receipts collected after year-end, but not available soon enough to pay for current period expenditures, are deferred in the funds.	2,110,077
Payables for interest are recognized as liabilities in the government-wide financial statements, but are recognized when paid in the governmental funds.	(23,129)
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.	<u>1,560,098</u>
Net Position - Governmental Funds	<u>\$ 81,689,876</u>

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, 2021

	General Fund	Capital Improvement Fund	Special Tax Fund
REVENUES			
Taxes:			
General Property Taxes	\$ 3,393,978	\$ -	\$ -
General Sales and Use Taxes	4,388,201	4,330,122	473,016
Penalties and Interest on Delinquent Taxes	12,841	-	-
Licenses and Permits	416,140	-	-
Intergovernmental Revenue:			
Federal Grants	1,752,594	-	-
State Grants	696,796	-	-
State Shared Revenues:			
Bank Franchise	154,683	-	-
Liquor Tax Reversion	126,620	-	-
Motor Vehicle Licenses (5%)	115,442	-	-
Local Government Highway and Bridge Fund	343,587	-	-
911 Telephone Surcharge	-	-	-
County Shared Revenues:			
County Road Tax (25%)	6,004	-	-
Other	12,127	-	-
Charges for Goods and Services:			
General Government	2,210,415	-	-
Public Safety	69,857	-	-
Highways and Streets	-	475,484	-
Health	6,000	-	-
Culture and Recreation	719,220	-	-
Cemetery	43,389	-	-
Fines and Forfeits:			
Court Fines and Costs	2,893	-	-
Library	-	-	-
Parking Meter Fines	4,080	-	-
Miscellaneous Revenues:			
Investment Earnings	20,087	1,403	943
Rentals	134,753	-	-
Special Assessments	5,329	16,426	-
Contributions from Private Sources	481,718	270,878	-
Other	224,741	92,812	-
TOTAL REVENUES	<u>15,341,495</u>	<u>5,187,125</u>	<u>473,959</u>

The accompanying notes are an integral part of this statement.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 277,710	\$ 3,671,688
215,942	9,407,281
-	12,841
-	416,140
168,926	1,921,520
469,347	1,166,143
-	154,683
-	126,620
-	115,442
-	343,587
242,383	242,383
-	6,004
-	12,127
168,649	2,379,064
238,242	308,099
485,201	960,685
-	6,000
187	719,407
-	43,389
-	2,893
835	835
-	4,080
2,982	25,415
-	134,753
-	21,755
7,832	760,428
<u>4,408</u>	<u>321,961</u>
<u>2,282,644</u>	<u>23,285,223</u>

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, 2021

	General Fund	Capital Improvement Fund	Special Tax Fund
EXPENDITURES			
General Government:			
Legislative	\$ 118,016	\$ -	\$ -
Elections	2,480	-	-
Financial Administration	2,989,604	-	-
Other	1,723,706	-	-
Public Safety:			
Police	2,680,201	-	-
Fire	370,159	31,211	-
Public Works:			
Highways and Streets	1,351,010	299,610	-
Cemeteries	204,862	-	-
Transit	125,000	-	-
Health and Welfare:			
Health	11,147	-	-
Ambulance	-	66,000	-
Other	62,856	-	-
Culture and Recreation:			
Recreation	375,608	-	-
Parks	1,958,655	-	-
Libraries	792,679	-	-
Museum	34,047	-	-
Conservation and Development:			
Economic Development	980,542	-	753
Debt Service	-	1,197,477	381,085
Capital Outlay	<u>3,868,412</u>	<u>5,364,986</u>	<u>-</u>
TOTAL EXPENDITURES	<u>17,648,984</u>	<u>6,959,284</u>	<u>381,838</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	<u>(2,307,489)</u>	<u>(1,772,159)</u>	<u>92,121</u>
OTHER FINANCING SOURCES			
Transfers In	189,775	2,015,022	82,066
Sale of Municipal Property	<u>275,187</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>464,962</u>	<u>2,015,022</u>	<u>82,066</u>
NET CHANGE IN FUND BALANCES	(1,842,527)	242,863	174,187
FUND BALANCE - BEGINNING	<u>17,876,143</u>	<u>999,292</u>	<u>628,139</u>
FUND BALANCE - ENDING	<u>\$ 16,033,616</u>	<u>\$ 1,242,155</u>	<u>\$ 802,326</u>

The accompanying notes are an integral part of this statement.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 118,016
-	2,480
-	2,989,604
132,112	1,855,818
1,122,407	3,802,608
-	401,370
126,277	1,776,897
-	204,862
-	125,000
-	11,147
-	66,000
-	62,856
-	375,608
-	1,958,655
3,429	796,108
-	34,047
118,289	1,099,584
195,644	1,774,206
<u>573,344</u>	<u>9,806,742</u>
<u>2,271,502</u>	<u>27,261,608</u>
<u>11,142</u>	<u>(3,976,385)</u>
59,957	2,346,820
<u>-</u>	<u>275,187</u>
<u>59,957</u>	<u>2,622,007</u>
71,099	(1,354,378)
<u>2,062,907</u>	<u>21,566,481</u>
<u>\$ 2,134,006</u>	<u>\$ 20,212,103</u>

The accompanying notes are an integral part of this statement.

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City of Pierre, South Dakota
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-wide Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ (1,354,378)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,515,460
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,318,520
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.	(128,500)
Changes in pension-related deferred outflows/inflows are direct components of the pension asset and are not reflected in the governmental funds.	575,656
Changes in OPEB-related deferred outflows/inflows are direct components of the OPEB liability and are not reflected in the governmental funds.	19,269
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.	1,177,402
Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in this liability through expenditures.	49,305
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.	<u>434,763</u>
Change in Net Position of Governmental Activities	<u>\$ 8,607,497</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Proprietary Funds
December 31, 2021

	Water Fund	Electric Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 8,421,302	\$ 4,304,201
Accounts Receivable, Net	1,191,601	284,222
Unbilled Accounts Receivable	392,008	1,691,335
Due from Other Funds	-	-
Due from Other Governments	-	-
Inventory of Supplies	253,135	1,518,840
Total Current Assets	10,258,046	7,798,598
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	-	6,612,924
Net Pension Asset	181,706	288,999
Capital Assets:		
Land	399,662	31,675
Buildings and Infrastructure	15,281,733	1,605,064
Improvements	-	39,794,793
Machinery and Equipment	3,371,641	2,741,149
Construction in Progress	28,373,845	-
Less: Accumulated Depreciation	(8,284,699)	(9,927,605)
Total Noncurrent Assets	39,323,888	41,146,999
TOTAL ASSETS	49,581,934	48,945,597
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related Deferred Outflows	239,362	366,346
OPEB-related Deferred Outflows	10,665	16,761
TOTAL DEFERRED OUTFLOWS OF RESOURCES	250,027	383,107

The accompanying notes are an integral part of this statement.

Enterprise Funds				
Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 5,791,322	\$ 735,528	\$ 4,584	\$ 19,256,937	\$ 2,289,813
785,295	28,405	103,147	2,392,670	27,061
409,705	-	18,047	2,511,095	-
6,428	-	-	6,428	-
-	1,059,794	-	1,059,794	-
54,678	42,528	79,623	1,948,804	-
<u>7,047,428</u>	<u>1,866,255</u>	<u>205,401</u>	<u>27,175,728</u>	<u>2,316,874</u>
-	-	1,244,144	7,857,068	-
117,256	93,171	208,790	889,922	-
49,434	235,889	4,041,171	4,757,831	-
29,432,289	46,609,777	3,320,468	96,249,331	-
-	-	-	39,794,793	-
4,532,671	3,842,868	3,462,155	17,950,484	-
3,852,286	268,423	6,534	32,501,088	-
<u>(19,480,137)</u>	<u>(21,815,309)</u>	<u>(3,512,522)</u>	<u>(63,020,272)</u>	<u>-</u>
<u>18,503,799</u>	<u>29,234,819</u>	<u>8,770,740</u>	<u>136,980,245</u>	<u>-</u>
<u>25,551,227</u>	<u>31,101,074</u>	<u>8,976,141</u>	<u>164,155,973</u>	<u>2,316,874</u>
211,677	103,567	249,209	1,170,161	-
7,541	6,008	10,215	51,190	-
<u>219,218</u>	<u>109,575</u>	<u>259,424</u>	<u>1,221,351</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

City of Pierre, South Dakota
Statement of Net Position - Proprietary Funds (Continued)
December 31, 2021

	Water Fund	Electric Fund
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,901,755	\$ 1,147,106
Incurred But Not Reported Claims	-	-
Accrued Interest Payable	-	29,403
Accrued Wages Payable	1,842	3,886
Customer Deposits	-	667,431
Revenue Collected in Advance	17,787	116,180
Due to Other Funds	-	-
Revenue Bond Payable - Current	415,501	754,103
Accrued Leave Payable - Current	5,029	10,236
Total Current Liabilities	3,341,914	2,728,345
Noncurrent Liabilities:		
Revenue Bonds Payable	25,651,792	15,759,520
Accrued Leave Payable	62,019	126,243
Accrued Landfill Closure and Post-closure Costs	-	-
Net OPEB Obligation	80,465	127,724
Total Noncurrent Liabilities	25,794,276	16,013,487
TOTAL LIABILITIES	29,136,190	18,741,832
DEFERRED INFLOWS OF RESOURCES		
Pension-related Deferred Inflows	349,840	563,268
OPEB-related Deferred Inflows	36,271	56,421
TOTAL DEFERRED INFLOWS OF RESOURCES	386,111	619,689
NET POSITION		
Net Investment in Capital Assets	11,464,250	17,731,453
Restricted for:		
SDRS Pension Purposes	71,228	92,077
Unrestricted	8,774,182	12,143,653
TOTAL NET POSITION	\$ 20,309,660	\$ 29,967,183

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.

Net Position of Business-type Activities

The accompanying notes are an integral part of this statement.

<u>Waste Water Fund</u>	<u>Airport Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
\$ 926,461	\$ 43,654	\$ 40,615	\$ 5,059,591	\$ 8,915
-	-	-	-	54,812
10,553	-	-	39,956	-
1,337	1,033	2,953	11,051	-
-	-	-	667,431	-
10,772	-	983	145,722	-
-	-	284,962	284,962	-
151,297	-	-	1,320,901	-
2,605	2,215	12,663	32,748	-
<u>1,103,025</u>	<u>46,902</u>	<u>342,176</u>	<u>7,562,362</u>	<u>63,727</u>
6,726,612	-	-	48,137,924	-
33,010	27,323	156,173	404,768	-
-	-	670,708	670,708	-
50,833	48,706	91,443	399,171	-
<u>6,810,455</u>	<u>76,029</u>	<u>918,324</u>	<u>49,612,571</u>	<u>-</u>
<u>7,913,480</u>	<u>122,931</u>	<u>1,260,500</u>	<u>57,174,933</u>	<u>63,727</u>
241,379	174,811	394,325	1,723,623	-
23,305	21,843	39,577	177,417	-
<u>264,684</u>	<u>196,654</u>	<u>433,902</u>	<u>1,901,040</u>	<u>-</u>
11,408,044	29,141,648	7,317,806	77,063,201	-
87,554	21,927	63,674	336,460	-
6,096,683	1,727,489	159,683	28,901,690	2,253,147
<u>\$ 17,592,281</u>	<u>\$ 30,891,064</u>	<u>\$ 7,541,163</u>	<u>\$ 106,301,351</u>	<u>\$ 2,253,147</u>

693,049

\$ 106,994,400

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, 2021

	Water Fund	Electric Fund
OPERATING REVENUE		
Charges for Goods and Services	\$ 3,933,138	\$ 14,989,537
Revenue Dedicated to Servicing Debt	847,240	-
Miscellaneous	4,021	2,153,241
Total Operating Revenue	<u>4,784,399</u>	<u>17,142,778</u>
OPERATING EXPENSES		
Personnel Services	730,524	1,056,837
Other Current Expenses	685,251	1,793,967
Materials (Cost of Goods Sold)	311,600	7,623,020
Depreciation	560,123	1,650,887
Total Operating Expenses	<u>2,287,498</u>	<u>12,124,711</u>
OPERATING INCOME (LOSS)	<u>2,496,901</u>	<u>5,018,067</u>
NONOPERATING REVENUE (EXPENSE)		
Capital Grants	-	-
Investment Earnings	8,155	15,909
Rental Revenue	-	15,120
Interest Expense	-	(509,758)
Insurance Proceeds	-	50,258
Other Revenues	-	-
Gain (Loss) on Disposition of Assets	35,540	50,643
Total Nonoperating Revenue (Expense)	<u>43,695</u>	<u>(377,828)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,540,596	4,640,239
Capital Contributions	47,864	2,224
Transfers In (Out)	(21,750)	(2,514,308)
CHANGE IN NET POSITION	2,566,710	2,128,155
NET POSITION - BEGINNING	<u>17,742,950</u>	<u>27,839,028</u>
NET POSITION - ENDING	<u>\$ 20,309,660</u>	<u>\$ 29,967,183</u>

The accompanying notes are an integral part of this statement.

Enterprise Funds				
Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 2,661,505	\$ 162,103	\$ 1,786,583	\$ 23,532,866	\$ 2,614,056
1,053,507	-	-	1,900,747	-
52,298	5	8,896	2,218,461	-
<u>3,767,310</u>	<u>162,108</u>	<u>1,795,479</u>	<u>27,652,074</u>	<u>2,614,056</u>
457,707	427,169	826,055	3,498,292	1,194,361
720,623	265,654	575,901	4,041,396	804,907
7,425	97,579	235,448	8,275,072	-
1,047,678	1,540,423	326,570	5,125,681	-
<u>2,233,433</u>	<u>2,330,825</u>	<u>1,963,974</u>	<u>20,940,441</u>	<u>1,999,268</u>
<u>1,533,877</u>	<u>(2,168,717)</u>	<u>(168,495)</u>	<u>6,711,633</u>	<u>614,788</u>
-	1,059,402	-	1,059,402	-
5,861	1,006	4,432	35,363	2,771
-	297,697	100	312,917	-
(92,372)	-	-	(602,130)	-
-	-	-	50,258	-
59,214	-	-	59,214	-
26,241	(26,172)	(57,657)	28,595	-
<u>(1,056)</u>	<u>1,331,933</u>	<u>(53,125)</u>	<u>943,619</u>	<u>2,771</u>
1,532,821	(836,784)	(221,620)	7,655,252	617,559
44,432	-	-	94,520	-
-	-	153,180	(2,382,878)	-
1,577,253	(836,784)	(68,440)	5,366,894	617,559
<u>16,015,028</u>	<u>31,727,848</u>	<u>7,609,603</u>	<u>100,934,457</u>	<u>1,635,588</u>
<u>\$ 17,592,281</u>	<u>\$ 30,891,064</u>	<u>\$ 7,541,163</u>	<u>\$ 106,301,351</u>	<u>\$ 2,253,147</u>

The accompanying notes are an integral part of this statement.

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City of Pierre, South Dakota
Reconciliation of the Proprietary Funds Statement of Revenues,
Expenditures, and Change in Net Position to the Statement of Activities
For the Year Ended December 31, 2021

Change in Net Position - Total Proprietary Funds \$ 5,366,894

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.

182,796

Change in Net Position of Business-type Activities \$ 5,549,690

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2021

	Water Fund	Electric Fund
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		
Receipts from Customers	\$ 10,749,930	\$ 17,096,963
Payments to Suppliers	(33,861)	(9,436,353)
Payments to Employees	(775,367)	(1,147,793)
Net Cash from (Used by) Operating Activities	<u>9,940,702</u>	<u>6,512,817</u>
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES		
Due to (from) Other Funds	-	-
Transfers (to) from Other Funds	-	(2,500,000)
Net Cash from (Used by) Noncapital Financing Activities	<u>-</u>	<u>(2,500,000)</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	47,864	12,315
Proceeds from Debt Issuance	18,927,460	-
Proceeds from Sale of Capital Assets	35,540	56,276
Other Receipts	-	15,120
Purchase of Capital Assets	(21,458,661)	(1,293,865)
Insurance Proceeds	-	50,258
Debt Principal Paid	-	(733,470)
Debt Interest Paid	-	(511,098)
Net Cash from (Used by) Capital and Related Financing Activities	<u>(2,447,797)</u>	<u>(2,404,464)</u>
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES		
Cash (Invested in) Provided by Restricted/Reserve Accounts	-	(1,126,923)
Cash Received for Interest	8,155	15,909
Net Cash from (Used by) Investing Activities	<u>8,155</u>	<u>(1,111,014)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,501,060	497,339
BALANCE - BEGINNING	<u>920,242</u>	<u>3,806,862</u>
BALANCE - ENDING	<u>\$ 8,421,302</u>	<u>\$ 4,304,201</u>

The accompanying notes are an integral part of this statements.

Enterprise Funds				
Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 4,065,230	\$ 168,196	\$ 1,810,995	\$ 33,891,314	\$ 3,087,652
(381,726)	(564,098)	(730,746)	(11,146,784)	(796,950)
<u>(486,652)</u>	<u>(442,769)</u>	<u>(863,686)</u>	<u>(3,716,267)</u>	<u>(1,800,392)</u>
<u>3,196,852</u>	<u>(838,671)</u>	<u>216,563</u>	<u>19,028,263</u>	<u>490,310</u>
(875)	-	153,028	152,153	-
<u>-</u>	<u>-</u>	<u>153,180</u>	<u>(2,346,820)</u>	<u>-</u>
<u>(875)</u>	<u>-</u>	<u>306,208</u>	<u>(2,194,667)</u>	<u>-</u>
44,432	1,856,948	-	1,961,559	-
2,633,286	-	-	21,560,746	-
26,241	12,673	79,345	210,075	-
59,214	297,697	100	372,131	-
(2,651,527)	(594,221)	(593,545)	(26,591,819)	-
-	-	-	50,258	-
(149,032)	-	-	(882,502)	-
<u>(92,870)</u>	<u>-</u>	<u>-</u>	<u>(603,968)</u>	<u>-</u>
<u>(130,256)</u>	<u>1,573,097</u>	<u>(514,100)</u>	<u>(3,923,520)</u>	<u>-</u>
-	-	(30,000)	(1,156,923)	-
<u>5,861</u>	<u>1,006</u>	<u>4,430</u>	<u>35,361</u>	<u>2,771</u>
<u>5,861</u>	<u>1,006</u>	<u>(25,570)</u>	<u>(1,121,562)</u>	<u>2,771</u>
3,071,582	735,432	(16,899)	11,788,514	493,081
<u>2,719,740</u>	<u>96</u>	<u>21,483</u>	<u>7,468,423</u>	<u>1,796,732</u>
<u>\$ 5,791,322</u>	<u>\$ 735,528</u>	<u>\$ 4,584</u>	<u>\$ 19,256,937</u>	<u>\$ 2,289,813</u>

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended December 31, 2021

	Water Fund	Electric Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED BY) OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,496,901	\$ 5,018,067
Adjustments to Reconcile Operating Income to Net Cash from (Used by) Operating Activities:		
Depreciation Expense	560,123	1,650,887
Change in Assets and Liabilities:		
Accounts Receivables/Unbilled Receivables	5,944,507	(153,434)
Due from Other Government	8,198	-
Inventories	15,211	(242,893)
Pension-related Deferred Outflows	(81,778)	(130,086)
OPEB-related Deferred Outflows	4,809	7,634
Accounts and Other Payables	947,781	223,527
Accrued Landfill Closure and Post-closure Costs	-	-
Accrued Wages Payable	(294)	75
Revenue Collected in Advance	12,826	96,368
Customer Deposits	-	11,251
Accrued Leave Payable	447	(2,793)
Pension-related Deferred Inflows	217,391	345,811
OPEB-related Deferred Inflows	29,225	46,389
OPEB Liability	(33,899)	(70,468)
Pension-related Asset/Liability	(180,746)	(287,518)
NET CASH FROM (USED BY) OPERATING ACTIVITIES	<u>\$ 9,940,702</u>	<u>\$ 6,512,817</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Debt Issued to Finance Capital Assets	<u>\$ 26,067,293</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statements.

Enterprise Funds				
Waste Water Fund	Airport Fund	Other Enterprise Funds	Totals	Internal Service Funds
\$ 1,533,877	\$ (2,168,717)	\$ (168,495)	\$ 6,711,633	\$ 614,788
1,047,678	1,540,423	326,570	5,125,681	-
285,854	6,088	14,816	6,097,831	471,860
4,785	-	-	12,983	-
(48,012)	2,362	10,906	(262,426)	-
(52,530)	(41,914)	(93,999)	(400,307)	-
3,038	2,911	5,465	23,857	-
394,334	(203,227)	12,841	1,375,256	(596,338)
-	-	56,856	56,856	-
249	16	254	300	-
7,281	-	700	117,175	-
-	-	-	11,251	-
5,230	2,596	12,633	18,113	-
139,641	111,420	249,879	1,064,142	-
18,462	17,690	33,213	144,979	-
(26,933)	(15,681)	(37,318)	(184,299)	-
(116,102)	(92,638)	(207,758)	(884,762)	-
<u>\$ 3,196,852</u>	<u>\$ (838,671)</u>	<u>\$ 216,563</u>	<u>\$ 19,028,263</u>	<u>\$ 490,310</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,067,293</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>(736)</u>
NET POSITION	
Restricted for Employees	\$ <u><u>(736)</u></u>

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Donations	\$ 142,067
DEDUCTIONS	
Employee Flex Spending	<u>134,073</u>
CHANGE IN NET POSITION	7,994
NET POSITION - BEGINNING	<u>(8,730)</u>
NET POSITION - ENDING	<u>\$ (736)</u>

The accompanying notes are an integral part of this statements.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 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, 2021. 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. 1, 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. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 a 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 Fund Types - 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The remaining of the City's Special Revenue Funds are not major funds and are reported in the aggregate in the Other Governmental Funds Column on the fund financial statements. The following is a listing of the funds: Occupancy Tax Fund; E-911 Fund; Library Fund; Police Pistol Fund; Police Cadet 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.)

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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.

Wastewater 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 non-major 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 landfill operation 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.

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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 which are accrued at December 31, 2021 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 collecting within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at the date of acquisition exceeds three months, and/or those types of investments authorized by South Dakota Codified Laws (SDCL) 4-5-6.

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 normally are stationary and normally 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 US 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 estimated fair 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation 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 is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position/Balance Sheet. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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, and capital leases.

In the 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.
2. Program-specific Operating Grants and Contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Program-specific Capital Grants and Contributions - These arise from mandatory and voluntary non-exchange 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 Financial 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 (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.

Restricted Net Position - Consists of net position with constraints placed on their 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."

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish 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 restricted.

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) 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 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 for other purposes).

The City uses restricted/committed amounts first when both restricted and unrestricted fund balance is 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:					
Nonspendable:					
Inventory	\$ 224,247	\$ -	\$ -	\$ 121,359	\$ 345,606
Cemetery	-	-	-	50,000	50,000
Restricted for:					
Public Works	12,784,327	-	-	-	12,784,327
Special Sales Tax	-	-	802,326	-	802,326
Storm Drainage	-	-	-	566,510	566,510
Library	-	-	-	58,819	58,819
911	-	-	-	653,502	653,502
Cemetery	-	-	-	4,464	4,464
Culture and Recreation	396	-	-	-	396
Committed to:					
Capital Improvements	-	1,242,155	-	-	1,242,155
Culture and Recreation	19,650	-	-	73,502	93,152
Police Pistol	-	-	-	25,675	25,675
Police Cadets	-	-	-	16,090	16,090
Occupancy Tax	-	-	-	564,085	564,085
Assigned to:					
Applied to Next Year's Budget	2,098,752	-	-	-	2,098,752
Capital Accumulations	230,549	-	-	-	230,549
Unassigned	675,695	-	-	-	675,695
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 16,033,616</u>	<u>\$ 1,242,155</u>	<u>\$ 802,326</u>	<u>\$ 2,134,006</u>	<u>\$ 20,212,103</u>

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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 which 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.

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, 2021.

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, 2021, the City's deposits in financial institutions were not exposed to credit risk as all deposits were fully insured or collateralized and were not exposed to custodial risk.

Custodial Credit Risk (Component Unit) - The Commission does not have a deposit policy of custodial risk. As of June 30, 2021, 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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	2,318,289
Total Governmental	\$ 2,372,753
Business-type Activities:	
Debt Service Covenants	\$ 5,945,493
Customer Deposits	667,431
Landfill Expansion and Post-closure Costs	1,244,144
Pension	889,922
Total Business-type	\$ 8,746,990

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* - \$910,661 due from state government for 1% city sales tax; \$25,776 due from state government for liquor tax reversion funds; and \$1,338,998 due from state government for grant reimbursements.
- *Capital Improvement Fund* - \$910,661 due from state government for 1% city sales tax.
- *Special Sales Tax Fund* - \$105,581 due from state government for 1% city sales tax.
- *Airport Fund* - \$1,059,794 due from the federal government for grant.
- *E-911 Fund* - \$78,046 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 6 - INVENTORY (CONTINUED)

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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 9 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2021 is as follows:

Primary Government	Balance 1/1/2021	Increase	Decrease	Balance 12/31/2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 15,028,056	\$ -	\$ -	\$ 15,028,056
Construction in Progress	650,355	5,204,102	(675,318)	5,179,139
Total Capital Assets Not Being Depreciated	<u>15,678,411</u>	<u>5,204,102</u>	<u>(675,318)</u>	<u>20,207,195</u>
Capital Assets Being Depreciated:				
Buildings	30,517,885	306,240	(8,718)	30,815,407
Improvements Other Than Buildings	49,381,826	3,025,635	(1,171,578)	51,235,883
Machinery and Equipment	13,788,311	2,040,596	(921,238)	14,907,669
Total Capital Assets Being Depreciated	<u>93,688,022</u>	<u>5,372,471</u>	<u>(2,101,534)</u>	<u>96,958,959</u>
Less Accumulated Depreciation for:				
Buildings	12,014,425	874,611	(8,719)	12,880,317
Improvements Other Than Buildings	18,111,820	1,710,570	(1,065,717)	18,756,673
Machinery and Equipment	9,152,151	742,159	(840,145)	9,054,165
Total Accumulated Depreciation	<u>39,278,396</u>	<u>3,327,340</u>	<u>(1,914,581)</u>	<u>40,691,155</u>
Total Capital Assets Being Depreciated, Net	<u>54,409,626</u>	<u>2,045,131</u>	<u>(186,953)</u>	<u>56,267,804</u>
Governmental Activity Capital Assets, Net	<u>\$ 70,088,037</u>	<u>\$ 7,249,233</u>	<u>\$ (862,271)</u>	<u>\$ 76,474,999</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 190,349
Public Safety	193,331
Public Works	1,740,487
Health and Welfare	34,144
Culture and Recreation	<u>1,169,029</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,327,340</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 9 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Primary Government	Balance 1/1/2021	Increase	Decrease	Balance 12/31/2021
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,757,831	\$ -	\$ -	\$ 4,757,831
Construction in Progress	<u>8,377,329</u>	<u>24,189,101</u>	<u>(65,342)</u>	<u>32,501,088</u>
Total Capital Assets Not Being Depreciated	<u>13,135,160</u>	<u>24,189,101</u>	<u>(65,342)</u>	<u>37,258,919</u>
Capital Assets Being Depreciated:				
Buildings	47,957,119	86,958	-	48,044,077
Improvements Other Than Buildings	86,900,762	1,406,962	(307,677)	88,000,047
Machinery and Equipment	<u>17,282,306</u>	<u>1,365,061</u>	<u>(696,883)</u>	<u>17,950,484</u>
Total Capital Assets Being Depreciated	<u>152,140,187</u>	<u>2,858,981</u>	<u>(1,004,560)</u>	<u>153,994,608</u>
Less Accumulated Depreciation for:				
Buildings	24,111,189	1,533,147	-	25,644,336
Improvements Other Than Buildings	25,936,087	1,034,879	(479,347)	26,491,619
Machinery and Equipment	<u>8,634,340</u>	<u>2,557,655</u>	<u>(307,678)</u>	<u>10,884,317</u>
Total Accumulated Depreciation	<u>58,681,616</u>	<u>5,125,681</u>	<u>(787,025)</u>	<u>63,020,272</u>
Total Capital Assets Being Depreciated, Net	<u>93,458,571</u>	<u>(2,266,700)</u>	<u>(217,535)</u>	<u>90,974,336</u>
Business-type Activity Capital Assets, Net	<u>\$ 106,593,731</u>	<u>\$ 21,922,401</u>	<u>\$ (282,877)</u>	<u>\$ 128,233,255</u>

Depreciation expense was charged to functions as follows:

Business-type Activities:	
Water	\$ 560,123
Electric	1,650,887
Waste Water	1,047,678
Airport	1,540,423
Landfill	<u>326,570</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 5,125,681</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 9 - CHANGES IN CAPITAL ASSETS (CONTINUED)

The City had active construction projects as of December 31, 2021. At year-end, the City had commitments with contractors and ongoing projects as follows:

	Project Authorization	Expended Through 12/31/21	Committed
Airport Road	\$ 2,203,485	\$ 2,195,775	\$ 7,710
Street Plow Truck	189,434	86,999	102,435
Outdoor Swimming Pool	13,000,000	2,199,117	10,800,883
Black Hills Drive	378,088	1,699	376,389
Pickleball Court Project	250,000	945	249,055
Washbay	1,000,000	46,430	953,570
Highland Avenue Reconstruction	1,554,637	648,174	906,463
Water Treatment Plant	38,000,000	28,306,822	9,693,178
Euclid Water Main Replacement	2,591,608	67,023	2,524,585
Wastewater Plant Improvements Phase 3	13,000,000	3,810,976	9,189,024
Wells Avenue Sanitary Repair	500,000	37,630	462,370
Winchester Lift Station Improvement	13,553	3,680	9,873
Runway 7-25 Rehabilitation	9,150,000	268,423	8,881,577
Landfill Rubble Expansion	313,014	6,534	306,480
	<u>\$ 82,143,819</u>	<u>\$ 37,680,227</u>	<u>\$ 44,463,592</u>

During the year ended December 31, 2021, the City implemented GASB No. 89, *Accounting for the Interest Cost Incurred Before the End of a Construction Period*. 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 10 - CHANGES IN COMPONENT UNIT CAPITAL ASSETS

A summary of changes in component unit capital assets for the year ended June 30, 2021 is as follows:

Component Unit	Balance 7/1/2020	Increase	Decrease	Balance 6/30/2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 80,645	\$ -	\$ -	\$ 80,645
Construction in Progress	<u>-</u>	<u>22,348</u>	<u>-</u>	<u>22,348</u>
Total Capital Assets Not Being Depreciated	80,645	22,348	-	102,993
Capital Assets Being Depreciated:				
Buildings and Improvements	2,845,481	10,229	-	2,855,710
Furniture and Equipment	<u>70,406</u>	<u>1,142</u>	<u>-</u>	<u>71,548</u>
Total Capital Assets Being Depreciated	<u>2,915,887</u>	<u>11,371</u>	<u>-</u>	<u>2,927,258</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	2,538,304	44,281	-	2,582,585
Furniture and Equipment	<u>46,438</u>	<u>5,420</u>	<u>-</u>	<u>51,858</u>
Total Accumulated Depreciation	<u>2,584,742</u>	<u>49,701</u>	<u>-</u>	<u>2,634,443</u>
Total Capital Assets Being Depreciated, Net	<u>331,145</u>	<u>(38,330)</u>	<u>-</u>	<u>292,815</u>
Governmental Activity Capital Assets, Net	<u>\$ 411,790</u>	<u>\$ (15,982)</u>	<u>\$ -</u>	<u>\$ 395,808</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 11 - LONG-TERM DEBT

The City has revenue bonds and tax-increment financing direct placements related to governmental activities totaling \$16,417,833 and \$815,302, respectively, and revenue bonds related to business-type activities totaling \$49,458,825. 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	01/01/21	Increase	Decrease	12/31/21	Due Within One Year	Interest Paid
Governmental Activities:						
Bonds Payable:						
Tax Increment Financing	\$ 962,029	\$ -	\$ (146,727)	\$ 815,302	\$ 124,706	\$ 76,459
Revenue	<u>17,589,626</u>	<u>-</u>	<u>(1,171,793)</u>	<u>16,417,833</u>	<u>1,228,805</u>	<u>379,228</u>
Total Debt	18,551,655	-	(1,318,520)	17,233,135	1,353,511	455,687
Accrued Compensated Absences	972,010	-	(49,304)	922,706	69,400	-
OPEB	<u>1,391,964</u>	<u>-</u>	<u>(427,296)</u>	<u>964,668</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>20,915,629</u>	<u>-</u>	<u>(1,795,120)</u>	<u>19,120,509</u>	<u>1,422,911</u>	<u>455,687</u>
Business-type Activities:						
Bonds Payable:						
Revenue	<u>28,780,581</u>	<u>21,560,746</u>	<u>(882,502)</u>	<u>49,458,825</u>	<u>1,320,901</u>	<u>602,129</u>
Total Debt	28,780,581	21,560,746	(882,502)	49,458,825	1,320,901	602,129
Accrued Compensated Absences	419,401	18,115	-	437,516	32,748	-
OPEB	<u>583,470</u>	<u>-</u>	<u>(184,299)</u>	<u>399,171</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>29,783,452</u>	<u>21,578,861</u>	<u>(1,066,801)</u>	<u>50,295,512</u>	<u>1,353,649</u>	<u>602,129</u>
Total Primary Government	<u>\$ 50,699,081</u>	<u>\$ 21,578,861</u>	<u>\$ (2,861,921)</u>	<u>\$ 69,416,021</u>	<u>\$ 2,776,560</u>	<u>\$ 1,057,816</u>
Component Unit						
Accrued Compensated Absences	<u>\$ 6,563</u>	<u>\$ 7,718</u>	<u>\$ (7,181)</u>	<u>\$ 7,100</u>	<u>\$ 3,600</u>	

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Debt payable at December 31, 2021 was comprised of the following:

Government Activity Debt:

Revenue Bonds:

2010 Tax Increment Revenue Bond for TIF District No. 6 Loan. Payable in semi-annual installments of approximately \$80,000 at 5.6% interest. Paid by a Debt Service fund. Due in 2026.	\$ 765,473
2008 Tax Increment Revenue Bond for TIF District No. 4 Loan. Payable in semi-annual installments at 4.5% interest. Paid by a Debt Service fund. Due in 2024.	49,829
State Revolving Fund Loan - Solid Waste Landfill and Baler. Payable in semi-annual installments of \$20,056, including interest at 3.0%. Paid out of the Capital Improvement Fund. Due in 2023.	77,305
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.	348,130
State Revolving Fund Loan for the development of a landfill. Payable in quarterly installments of \$20,918, including interest at 3.5%. Paid out of the Capital Improvement Fund. Due in 2025.	237,298
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.	349,196
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.	206,391
2016 Sales Tax Revenue Bond. Payable in semi-annual installments of varying amounts, including interest rates ranging from 2.25% to 3.90%. Paid out of the Capital Improvement Fund and Waste Water Fund. Due in 2036.	5,081,482
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.	659,692
2020 Sales Tax Revenue Bond for the Outdoor Pool. Payable in semi-annual installments of \$387,370 beginning 2021, including interest at 1.94% Paid out of the General Fund. Due in 2035.	<u>9,458,339</u>
Total Revenue Bonds	<u>17,233,135</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Compensated Absences:

The liability for compensated absences represents leave benefits earned as of December 31, 2021:

Annual Leave	461,263
Sick Leave	452,534
Comp Leave	<u>8,909</u>

Total Compensated Absences	<u>922,706</u>
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Other Post Employment Benefits	<u>964,668</u>
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Total Governmental Activity Debt	<u>19,120,509</u>
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Business-type Activity Debt:

Revenue Bonds:

2016 Sales Tax Revenue Bond. Payable in semi-annual installments of varying amounts, including interest rates ranging from 2.25% to 3.90%. Paid out of the Capital Improvement Fund and Waste Water Fund. Due in 2036.	774,993
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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 rates at 2.98%. Paid out of the Electric Fund. Due in 2039.	9,346,624
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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.	7,167,000
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2016 Clean Water State Revolving Fund for Wastewater Treatment Facility Improvements. Only a portion of the \$3,821,100 has been drawn. Payments will begin in 2019 with interest at 2.25% and a .75% surcharge. Due in 2039.	2,424,763
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2021 Clean Water State Revolving Fund for Wastewater Treatment Facility Improvements. Only a portion of the \$15,310,000 has been drawn. Payments will begin in 2023 with interest at 2.0% and a .5% surcharge. Due in 2043.	3,678,153
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2020 Drinking Water State Revolving Fund for Water Treatment Facility Construction. Only a portion of the \$38,000,000 has been drawn. Payments will begin in 2022 with interest at 2.0% and a .5% surcharge. Due in 2052.	<u>26,067,292</u>
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Total Revenue Bonds	<u>49,458,825</u>
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City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Compensated Absences:

Compensated Absences of Enterprise:

Employees:

Annual Leave	208,335
Sick Leave	227,147
Comp Leave	2,034

Total Compensated Absences 437,516

Other Post Employment Benefits 399,171

Total Business-type Activity Debt 50,295,512

Total Primary Government \$ 69,416,021

Component Unit Compensated Absences \$ 7,100

The annual requirements to amortize all debt outstanding as of December 31, 2021, excluding compensated absences 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						
2022	\$ 1,228,805	\$ 365,941	\$ 124,706	\$ 42,693	\$ 1,353,511	\$ 408,634
2023	1,257,924	336,821	131,487	35,913	1,389,411	372,734
2024	1,247,348	307,283	135,477	28,763	1,382,825	336,046
2025	1,191,932	279,030	126,883	21,579	1,318,815	300,609
2026	1,126,720	252,730	133,957	14,504	1,260,677	267,234
2027 - 2031	5,438,536	968,925	162,792	7,623	5,601,328	976,548
2032 - 2036	4,926,568	337,568	-	-	4,926,568	337,568
2037 - 2041	-	-	-	-	-	-
	\$ 16,417,833	\$ 2,848,298	\$ 815,302	\$ 151,075	\$ 17,233,135	\$ 2,999,373

Business-type Activities:

	Revenue Bonds	
	Principal	Interest
Year Ending December 31		
2022	\$ 1,320,901	\$ 2,963,121
2023	1,935,704	2,210,507
2024	2,461,241	1,704,242
2025	2,525,377	1,640,781
2026	2,590,846	1,575,450
2027 - 2031	12,078,946	6,274,399
2032 - 2036	12,036,755	4,149,475
2037 - 2041	9,177,700	2,565,365
2042 - 2045	5,331,355	115,572
	\$ 49,458,825	\$ 23,198,912

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 cost-sharing, multiple-employer, hybrid, defined-benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions 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 three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of the 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.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory services. At retirement, married Generational members may elect a single-life benefit, a 60% joint and survivor benefit, or a 100% joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5% 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, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 15 - RETIREMENT PLAN (CONTINUED)

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, 2021, 2020, and 2019 were \$564,483, \$559,013, and \$547,289 respectively, and were equal to the required contributions each year.

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

At June 30, 2021, SDRS was 105.52% 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, 2021, and reported by the City as of December 31, 2021 were as follows:

Proportionate Share of Total Pension Liability	\$ 58,088,998
Less: Proportionate Share of Net Position Restricted for Pension Benefits	<u>61,297,209</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (3,208,211)</u>

At December 31, 2021, the City reported a liability (asset) of \$(3,208,211) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021 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, 2021, the City's proportion was 0.418920% which was a 0.002933% increase from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense (reduction of pension expense) of \$(796,582). At December 31, 2021, 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	\$ 115,183	\$ 8,411
Changes in Assumption	3,689,409	1,606,625
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,582,993
Changes in Proportion and Difference Between the Contributions and Proportionate Share of Contributions	23,860	-
Contributions Subsequent to the Measurement Date	280,889	-
	<u>\$ 4,109,341</u>	<u>\$ 6,198,029</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 15 - RETIREMENT PLAN (CONTINUED)

There is \$280,889 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, 2022. 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	
2022	\$ (574,447)
2023	(394,283)
2024	(111,562)
2025	(1,289,285)
2026	-
Thereafter	-
	\$ (2,369,577)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expenses. This is composed on an average inflation rate of 2.25% and real returns of 4.25%.
Future COLAs	2.25%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white-collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on RP-2014 Disabled Retiree Mortality Table, adjusted to 2016 projected generationally with Scale MP-2016. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 15 - RETIREMENT PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	<u>100.0%</u>	

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,194,891	\$ (3,208,211)	\$ (10,029,572)

Pension Plan Fiduciary Net Position

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

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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, 2021, 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 upon the past experience of the plan.

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
2021	\$ 660,843	\$ 1,114,411	\$ 1,720,442	\$ 54,812
2020	67,280	1,930,154	1,336,591	660,843
2019	283,714	1,074,887	1,291,321	67,280

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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 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 a claims-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.

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

The City of Pierre reflected the effects of the new SDPAA policy in the financial statements as a Change in Accounting Estimate in the Statement of Activities and the Fund Operating Statements and also eliminated the reporting of the Deposit on the Statement of Net Position and Fund Balance Sheet.

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 workmen'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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 thirty 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 \$670,708 reported as landfill closure and post-closure care liability at December 31, 2021, 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 7.79% of the new landfill which opened in 2006. The City will recognize the remaining estimated cost of closure and post-closure care of approximately \$5.6 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 2021. 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, 2021, the City had contributed \$1,088,666 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 which 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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

Changes in Liability

For the year ended December 31, 2021, the beginning balance of OPEB liability was \$1,975,435. Total OPEB liability was determined as of the measurement date, which is January 1, 2021. The changes in total OPEB liability for 2021 were as follows:

Total OPEB Liability - December 31, 2020	\$	1,975,435
Changes for the Year:		
Service Cost		81,301
Interest on Total OPEB Liability		57,852
Assumption Changes		(150,814)
Differences Between Expected and Actual Experience		(475,350)
Benefit Payments		<u>(124,585)</u>
Total OPEB Liability - December 31, 2021	\$	<u>1,363,839</u>

For the year ended December 31, 2021, the City recognized OPEB expense of \$35,167. OPEB expense was determined as follows:

Service Cost	\$	81,301
Interest on Total OPEB Liability		57,852
Liability Gain or Loss		(105,680)
Assumption Changes		<u>1,694</u>
OPEB Expense	\$	<u>35,167</u>

For the year ended December 31, 2021, 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	\$ -	\$ 475,484
Changes in Assumption	98,209	125,678
Contributions Subsequent to the Measurement Date	<u>69,900</u>	<u>-</u>
	<u>\$ 168,109</u>	<u>\$ 601,162</u>

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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		
2022	\$	(103,986)
2023		(103,986)
2024		(103,986)
2025		(86,640)
2026		(104,355)
Thereafter		-
	<u>\$</u>	<u>(502,953)</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and included the types of benefits provided at the time of each valuation and the historical pattern sharing of 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 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, 2021 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 2.90%.
- 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 RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with the MP-2018 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 6.50% as of January 1, 2021 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:

<u>Service</u>	<u>General Inflation</u>	<u>Salary Increases</u>
All	2.0%	3.0%

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

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 1.9%	Current Discount Rate 2.9%	1% Increase 3.9%
Total OPEB Liability	\$ 2,177,478	\$ 1,363,839	\$ 1,844,076

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 are one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Total OPEB Liability	\$ 1,812,080	\$ 1,363,839	\$ 2,165,121

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.

During the year ended December 31, 2021, the board approved a lease-to-own agreement with Midwest Turf & Irrigation for equipment at the Golf Course. The lease term is 4 years, with annual payments of \$84,283. As of year-end, not all equipment has been received and payments have not started.

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 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, 2021 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.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 20 - EXPOSITION BUILDING (CONTINUED)

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, 2021, 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 \$16,513,624 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 7% of net revenues. The total principal and interest remaining to be paid on the bonds is \$21,207,819. Principal and interest paid for the current year and total customer net revenue were \$1,244,568 and \$17,112,919, respectively.

The City has pledged future sewer customers' revenues, net of specified operating expenses, to repay \$3,199,756 in waste water fund revenue bonds issued in 2010 and 2017. The bonds were used to refinance bonds issued in 1996 and 2009. Proceeds from the refinanced bonds provided financing for the construction of sewer infrastructure and for repairs to the waste water system, not all funds have been drawn down. The bonds are payable solely from waste water customer net revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require less than 5% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,088,398. Principal and interest paid for the current year and total customer net revenue were \$241,810 and \$3,789,641, 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, 2021, there were no pending claims against the City.

NOTE 23 - TAX ABATEMENTS

The City has three 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 \$277,710 were received by the City and paid to project sponsors during 2021. Subsequent to year-end, the City approved the dissolution of TIF #5 due to the debt being repaid.

City of Pierre, South Dakota
Notes to the Financial Statements
December 31, 2021

NOTE 23 - TAX ABATEMENTS (CONTINUED)

During the year ended December 31, 2021, the City agreed to a sale tax abatement as allowed under the City's 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. This agreement covers a term of 5 years or \$150,000, whichever comes first. The agreement requires 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 first payment of this rebate would be in November of 2022, though at this time it does not appear sales were above the required threshold for the applicable time period. No accrual has been made at this time as the payment is not likely in November 2022.

NOTE 24 - EMERGING ACCOUNTING STANDARDS

The Government Accounting Standards Board issued GASB Statement No. 87, *Leases*. GASB 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement will be implemented by the City in the year ended December 31, 2022.

The Government Accounting Standards Board issued GASB Statement No. 91, *Conduit Debt Obligations*. This statement clarifies the existing definition of conduit debt obligations and established that they are not a liability of the issuer as well as establishes standards for accounting and financial reporting for additional commitments and voluntary commitments extended by issuers, and improves required note disclosures. This statement will be implemented by the City in the year ended December 31, 2022.

The Government Accounting Standards Board issued GASB Statement No. 95, *Subscription-Based Information Technology Arrangement*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Under this statement, a government generally should recognize a right-to-use subscription asset - an intangible asset and a corresponding liability. This statement will be implemented by the City in the year ended December 31, 2023.

Management has not yet determined the effect these accounting standards will have on the City's financial statements.

NOTE 25 - SUBSEQUENT EVENTS

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.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Pierre, South Dakota
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
General Property Taxes	\$ 3,382,632	\$ 3,382,632	\$ 3,445,360	\$ 62,728
General Sales and Use Taxes	4,080,000	4,080,000	4,656,517	576,517
Penalties and Interest on Delinquent Taxes	4,000	4,000	158	(3,842)
Licenses and Permits	350,200	350,200	410,526	60,326
Intergovernmental Revenue:				
Federal Grants	225,000	243,013	746,000	502,987
State Grants	426,000	426,000	32,190	(393,810)
State Shared Revenue:				
Bank Franchise	110,000	110,000	154,683	44,683
Liquor Tax Reversion	90,000	90,000	100,843	10,843
Motor Vehicle Licenses (5%)	105,000	105,000	119,564	14,564
Local Government Highway and Bridge Fund	320,000	320,000	341,886	21,886
County Shared Receipts:				
County Road Tax (25%)	6,000	6,000	6,004	4
Other	12,000	12,000	12,127	127
Charges for Goods and Services:				
General Government	2,004,332	2,004,332	2,010,240	5,908
Public Safety	22,437	22,437	58,156	35,719
Health	16,500	16,500	6,000	(10,500)
Culture and Recreation	641,100	641,100	719,468	78,368
Cemetery	44,000	44,000	46,625	2,625
Fines and Forfeits:				
Court Fines and Costs	5,000	5,000	2,893	(2,107)
Parking Meter Fines	4,700	4,700	4,080	(620)
Miscellaneous Revenue:				
Investment Earnings	100	100	519	419
Rentals	122,835	122,835	145,552	22,717
Special Assessments	5,100	5,100	5,329	229
Contributions From Private Sources	5,200	5,200	21,066	15,866
Other	128,250	128,250	183,537	55,287
TOTAL REVENUES	<u>12,110,386</u>	<u>12,128,399</u>	<u>13,229,323</u>	<u>1,100,924</u>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
Legislative	\$ 103,065	\$ 121,928	\$ 118,017	\$ 3,911
Elections	10,600	2,600	2,480	120
Financial Administration	2,392,988	2,481,988	2,422,909	59,079
Other	1,952,870	2,001,550	1,952,558	48,992
Public Safety:				
Police	2,871,503	2,871,503	2,795,088	76,415
Fire	515,018	515,018	444,177	70,841
Public Works:				
Highways and Streets	2,994,921	3,445,385	2,511,817	933,568
Cemeteries	244,361	244,361	201,576	42,785
Transit	125,000	125,000	125,000	-
Health and Welfare:				
Health	19,300	19,300	18,422	878
Other	62,856	62,856	62,856	-
Culture and Recreation:				
Recreation	382,539	424,475	379,435	45,040
Parks	2,311,473	2,465,388	2,465,272	116
Libraries	824,173	1,244,479	865,658	378,821
Museum	45,500	45,500	34,047	11,453
Conservation and Development:				
Economic Development	993,705	994,290	980,541	13,749
TOTAL EXPENDITURES	<u>15,849,872</u>	<u>17,065,621</u>	<u>15,379,853</u>	<u>1,685,768</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,739,486)</u>	<u>(4,937,222)</u>	<u>(2,150,530)</u>	<u>2,786,692</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,577,939	2,832,833	2,599,939	(232,894)
Transfers Out	-	(400,079)	(153,180)	246,899
Sale of City Property	129,000	129,000	274,109	145,109
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,706,939</u>	<u>2,561,754</u>	<u>2,720,868</u>	<u>159,114</u>
NET CHANGE IN FUND BALANCES	(1,032,547)	(2,375,468)	570,338	2,945,806
FUND BALANCE - BEGINNING	<u>17,876,143</u>	<u>17,876,143</u>	<u>17,876,143</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 16,843,596</u>	<u>\$ 15,500,675</u>	<u>\$ 18,446,481</u>	<u>\$ 2,945,806</u>

See independent auditor's report and accompanying 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, 2021

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
General Sales and Use Taxes	\$ 540,000	\$ 540,000	\$ 548,086	\$ 8,086
Investment Earnings	<u>1,000</u>	<u>1,000</u>	<u>943</u>	<u>(57)</u>
TOTAL REVENUES	<u>541,000</u>	<u>541,000</u>	<u>549,029</u>	<u>8,029</u>
EXPENDITURES				
Conservation and Development:				
Economic Development	159,914	159,914	752	159,162
Debt Service	<u>381,086</u>	<u>381,086</u>	<u>381,086</u>	<u>-</u>
TOTAL EXPENDITURES	<u>541,000</u>	<u>541,000</u>	<u>381,838</u>	<u>159,162</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>167,191</u>	<u>167,191</u>
OTHER FINANCING SOURCES				
Transfers In	<u>-</u>	<u>-</u>	<u>82,066</u>	<u>82,066</u>
NET CHANGE IN FUND BALANCES	-	-	249,257	249,257
FUND BALANCE - BEGINNING	<u>628,139</u>	<u>628,139</u>	<u>628,139</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 628,139</u>	<u>\$ 628,139</u>	<u>\$ 877,396</u>	<u>\$ 249,257</u>

See independent auditor's report and accompanying 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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 81,301	\$ 85,201	\$ 71,176	\$ 65,504
Interest on Total OPEB Liability	57,852	70,299	62,770	60,959
Assumption Changes	(150,814)	106,357	54,613	-
Differences Between Expected and Actual Experience	(475,351)	-	(158,721)	-
Benefit Payments	<u>(124,585)</u>	<u>(101,459)</u>	<u>(90,754)</u>	<u>(63,963)</u>
Net Change in Total OPEB Liability	(611,597)	160,398	(60,916)	62,500
Net OPEB Obligation - Beginning	<u>1,975,435</u>	<u>1,815,037</u>	<u>1,875,953</u>	<u>1,813,453</u>
Net OPEB Obligation - Ending	<u>\$ 1,363,838</u>	<u>\$ 1,975,435</u>	<u>\$ 1,815,037</u>	<u>\$ 1,875,953</u>
City's Covered-employee Payroll	\$ 8,176,423	\$ 8,139,731	\$ 7,902,651	\$ 8,060,063
Total OPEB Liability as a Percentage of Covered-employee Payroll	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 accompanying 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)	Proportionate Share of the Net Pension Liability (Asset) (a)	City's Covered- employee Payroll (b)	City's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
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. 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 accompanying notes to the required supplementary information.

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

Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions in (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/c)
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%

*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 accompanying notes to the required supplementary information.

City of Pierre, South Dakota
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

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 and Special Revenue Funds.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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 Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual 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 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Changes in Benefit Terms:

No significant changes.

Changes in Actuarial Assumptions:

Assumption Changes for the fiscal year ending December 31, 2021:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The discount rate was changed from 2.90% to 2.00%.

City of Pierre, South Dakota
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NOTE 4 - SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation:

The June 30, 2021 actuarial valuation reflects no changes in actuarial methods from the June 30, 2020 actuarial valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

Benefit Provision Changes:

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Changes in Actuarial Assumptions:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes:

No changes in actuarial methods were made since the prior valuation.

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SUPPLEMENTARY INFORMATION

City of Pierre, South Dakota
Combining Balance Sheet- Nonmajor Governmental Funds
December 31, 2021

	<u>Occupancy Tax Fund</u>	<u>E-911 Fund</u>	<u>Library Trust Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 568,164	\$ 580,366	\$ 58,819
Accounts Receivable, Net	15,248	25,077	-
Unbilled Accounts Receivable	-	-	-
Due From Other Governments	-	78,046	-
Inventory of Supplies	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 583,412</u>	<u>\$ 683,489</u>	<u>\$ 58,819</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 19,327	\$ 3,991	\$ -
Payroll Liabilities	-	2,935	-
Due To Other Funds	-	-	-
Revenue Collected in Advance	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>19,327</u>	<u>6,926</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable Revenues	<u>-</u>	<u>23,061</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	-	653,502	58,819
Committed	<u>564,085</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>564,085</u>	<u>653,502</u>	<u>58,819</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 583,412</u>	<u>\$ 683,489</u>	<u>\$ 58,819</u>

<u>Police Pistol Fund</u>	<u>Police Cadets Fund</u>	<u>Public/ Education Government Channel Fund</u>	<u>Perpetual Care Fund</u>	<u>Storm Drainage Fund</u>	<u>TIF Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 26,884	\$ 16,090	\$ 54,295	\$ -	\$ 527,836	\$ -	\$ 1,832,454
-	-	19,332	-	7,526	-	67,183
-	-	-	-	56,549	-	56,549
-	-	-	-	-	-	78,046
-	-	-	-	121,359	-	121,359
-	-	-	54,464	-	-	54,464
<u>\$ 26,884</u>	<u>\$ 16,090</u>	<u>\$ 73,627</u>	<u>\$ 54,464</u>	<u>\$ 713,270</u>	<u>\$ -</u>	<u>\$ 2,210,055</u>
\$ 1,209	\$ -	\$ 125	\$ -	\$ -	\$ -	\$ 24,652
-	-	-	-	-	-	2,935
-	-	-	-	6,428	-	6,428
-	-	-	-	2,212	-	2,212
<u>1,209</u>	<u>-</u>	<u>125</u>	<u>-</u>	<u>8,640</u>	<u>-</u>	<u>36,227</u>
-	-	-	-	16,761	-	39,822
-	-	-	50,000	121,359	-	171,359
-	-	-	4,464	566,510	-	1,283,295
<u>25,675</u>	<u>16,090</u>	<u>73,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>679,352</u>
<u>25,675</u>	<u>16,090</u>	<u>73,502</u>	<u>54,464</u>	<u>687,869</u>	<u>-</u>	<u>2,134,006</u>
<u>\$ 26,884</u>	<u>\$ 16,090</u>	<u>\$ 73,627</u>	<u>\$ 54,464</u>	<u>\$ 713,270</u>	<u>\$ -</u>	<u>\$ 2,210,055</u>

City of Pierre, South Dakota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Occupancy Tax Fund	E-911 Fund	Library Trust Fund
REVENUES			
Taxes:			
General Property Taxes	\$ -	\$ -	\$ -
General Sales and Use Taxes	215,942	-	-
Intergovernmental Revenue:			
State Grants	-	469,347	-
Federal Grants	-	168,926	-
State Shared Revenues:			
911 Remittances	-	242,383	-
Charges for Goods and Services:			
General Government	-	-	-
Public Safety	-	220,242	-
Highways and Streets	-	-	-
Culture and Recreation	-	-	187
Fines and Forfeits:			
Library	-	-	835
Miscellaneous Revenues:			
Investment Earnings	709	751	230
Contributions From Private			
Sources	-	-	4,107
Other	-	3,649	759
TOTAL REVENUES	216,651	1,105,298	6,118

<u>Police Pistol Fund</u>	<u>Police Cadets Fund</u>	<u>Public/ Education Government Channel Fund</u>	<u>Perpetual Care Fund</u>	<u>Storm Drainage Fund</u>	<u>TIF Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 277,710	\$ 277,710
-	-	-	-	-	-	215,942
-	-	-	-	-	-	469,347
-	-	-	-	-	-	168,926
-	-	-	-	-	-	242,383
-	-	168,649	-	-	-	168,649
18,000	-	-	-	-	-	238,242
-	-	-	-	485,201	-	485,201
-	-	-	-	-	-	187
-	-	-	-	-	-	835
29	-	96	-	1,167	-	2,982
-	3,725	-	-	-	-	7,832
-	-	-	-	-	-	4,408
<u>18,029</u>	<u>3,725</u>	<u>168,745</u>	<u>-</u>	<u>486,368</u>	<u>277,710</u>	<u>2,282,644</u>

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, 2021

EXPENDITURES	<u>Occupancy Tax Fund</u>	<u>E-911 Fund</u>	<u>Library Trust Fund</u>
General Government:			
Other	\$ -	\$ -	\$ -
Public Safety:			
Police	-	1,115,327	-
Public Works:			
Highways and Streets	-	-	-
Culture and Recreation:			
Libraries	-	-	3,429
Conservation and Development:			
Economic Development	118,289	-	-
Debt Service	-	-	-
Intergovernmental			
Capital Outlay	-	49,738	-
TOTAL EXPENDITURES	<u>118,289</u>	<u>1,165,065</u>	<u>3,429</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>98,362</u>	<u>(59,767)</u>	<u>2,689</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(22,000)</u>	<u>206,129</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	76,362	146,362	2,689
FUND BALANCE - BEGINNING	<u>487,723</u>	<u>507,140</u>	<u>56,130</u>
FUND BALANCE - ENDING	<u>\$ 564,085</u>	<u>\$ 653,502</u>	<u>\$ 58,819</u>

<u>Police Pistol Fund</u>	<u>Police Cadets Fund</u>	<u>Public/ Education Government Channel Fund</u>	<u>Perpetual Care Fund</u>	<u>Storm Drainage Fund</u>	<u>TIF Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 132,112	\$ -	\$ -	\$ -	\$ 132,112
5,291	1,789	-	-	-	-	1,122,407
-	-	-	-	126,277	-	126,277
-	-	-	-	-	-	3,429
-	-	-	-	-	-	118,289
-	-	-	-	-	195,644	195,644
-	-	-	-	523,606	-	573,344
<u>5,291</u>	<u>1,789</u>	<u>132,112</u>	<u>-</u>	<u>649,883</u>	<u>195,644</u>	<u>2,271,502</u>
<u>12,738</u>	<u>1,936</u>	<u>36,633</u>	<u>-</u>	<u>(163,515)</u>	<u>82,066</u>	<u>11,142</u>
<u>-</u>	<u>-</u>	<u>(42,106)</u>	<u>-</u>	<u>-</u>	<u>(82,066)</u>	<u>59,957</u>
12,738	1,936	(5,473)	-	(163,515)	-	71,099
<u>12,937</u>	<u>14,154</u>	<u>78,975</u>	<u>54,464</u>	<u>851,384</u>	<u>-</u>	<u>2,062,907</u>
<u>\$ 25,675</u>	<u>\$ 16,090</u>	<u>\$ 73,502</u>	<u>\$ 54,464</u>	<u>\$ 687,869</u>	<u>\$ -</u>	<u>\$ 2,134,006</u>

City of Pierre, South Dakota
Combining Statement of Net Position - Nonmajor Enterprise Funds
December 31, 2021

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Garbage Fund	Landfill Fund	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,584	\$ -	\$ 4,584
Accounts Receivable, Net	-	103,147	103,147
Unbilled Accounts Receivable	-	18,047	18,047
Due From Other Governments	-	-	-
Inventory of Supplies	<u>12,188</u>	<u>67,435</u>	<u>79,623</u>
Total Current Assets	<u>16,772</u>	<u>188,629</u>	<u>205,401</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	1,244,144	1,244,144
Net Pension Assets	18,489	190,301	208,790
Capital Assets:			
Land	-	4,041,171	4,041,171
Buildings and Infrastructure	-	3,320,468	3,320,468
Machinery and Equipment	123,940	3,338,215	3,462,155
Construction in Progress	-	6,534	6,534
Less: Accumulated Depreciation	<u>(123,940)</u>	<u>(3,388,582)</u>	<u>(3,512,522)</u>
Total Noncurrent Assets	<u>18,489</u>	<u>8,752,251</u>	<u>8,770,740</u>
TOTAL ASSETS	<u>35,261</u>	<u>8,940,880</u>	<u>8,976,141</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	34,121	215,088	249,209
OPEB-related Deferred Outflows	<u>993</u>	<u>9,222</u>	<u>10,215</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>35,114</u>	<u>224,310</u>	<u>259,424</u>

	Enterprise Funds		
	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
LIABILITIES			
Current Liabilities:			
Accounts Payable	748	39,867	40,615
Accrued Wages Payable	232	2,721	2,953
Current Portion of Leave	2,106	10,557	12,663
Due to Other Funds	-	284,962	284,962
Revenue Collected in Advance	-	983	983
Total Current Liabilities	<u>3,086</u>	<u>339,090</u>	<u>342,176</u>
Noncurrent Liabilities:			
Accrued Leave Payable	25,975	130,198	156,173
Accrued Landfill Closure and Post-closure Costs	-	670,708	670,708
Net OPEB Liability	<u>8,257</u>	<u>83,186</u>	<u>91,443</u>
Total Noncurrent Liabilities	<u>34,232</u>	<u>884,092</u>	<u>918,324</u>
TOTAL LIABILITIES	<u>37,318</u>	<u>1,223,182</u>	<u>1,260,500</u>
DEFERRED INFLOWS OF RESOURCES			
Pension-related Deferred Inflows	35,676	358,649	394,325
OPEB-related Deferred Inflows	<u>3,564</u>	<u>36,013</u>	<u>39,577</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>39,240</u>	<u>394,662</u>	<u>433,902</u>
NET POSITION			
Net Investment in Capital Assets	-	7,317,806	7,317,806
Restricted for:			
SDRS Pension Purposes	16,934	46,740	63,674
Unrestricted	<u>(23,117)</u>	<u>182,800</u>	<u>159,683</u>
TOTAL NET POSITION	<u>\$ (6,183)</u>	<u>\$ 7,547,346</u>	<u>\$ 7,541,163</u>

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City of Pierre, South Dakota
Combining Statement of Revenues, Expenses, and
Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Enterprise Funds		
	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Charges for Goods and Services	\$ 82,252	\$ 1,704,331	\$ 1,786,583
Miscellaneous	64	8,832	8,896
Total Operating Revenue	<u>82,316</u>	<u>1,713,163</u>	<u>1,795,479</u>
OPERATING EXPENSES			
Personal Services	75,338	750,717	826,055
Other Current Expenses	44,134	531,767	575,901
Materials (Cost of Goods Sold)	11,016	224,432	235,448
Depreciation	-	326,570	326,570
Total Operating Expenses	<u>130,488</u>	<u>1,833,486</u>	<u>1,963,974</u>
OPERATING LOSS	<u>(48,172)</u>	<u>(120,323)</u>	<u>(168,495)</u>
NON OPERATING REVENUE (EXPENSE)			
Capital Grants	-	-	-
Investment Earnings	2	4,430	4,432
Rental Revenue	-	100	100
Insurance Proceeds	-	-	-
Gain on Disposition of Assets	-	(57,657)	(57,657)
Total Nonoperating Revenue (Expense)	<u>2</u>	<u>(53,127)</u>	<u>(53,125)</u>
NET POSITION BEFORE TRANSFERS	(48,170)	(173,450)	(221,620)
Transfers In	<u>41,983</u>	<u>111,197</u>	<u>153,180</u>
CHANGE IN NET POSITION	(6,187)	(62,253)	(68,440)
NET POSITION - BEGINNING	<u>4</u>	<u>7,609,599</u>	<u>7,609,603</u>
NET POSITION - ENDING	<u>\$ (6,183)</u>	<u>\$ 7,547,346</u>	<u>\$ 7,541,163</u>

City of Pierre, South Dakota
Combining Statement of Cash Flows - Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Enterprise Funds		
	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES			
Receipts from Customers	\$ 82,746	\$ 1,728,249	\$ 1,810,995
Payments to Suppliers	(62,505)	(668,241)	(730,746)
Payments to Employees	(79,123)	(784,563)	(863,686)
Net Cash Provided (Used) by Operating Activities	<u>(58,882)</u>	<u>275,445</u>	<u>216,563</u>
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES			
Due to Other Funds	-	153,028	153,028
Transfers from Other Funds	41,983	111,197	153,180
Net Cash Provided by Noncapital Operating Activities	<u>41,983</u>	<u>264,225</u>	<u>306,208</u>
CASH FLOWS FROM (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Other Receipts	-	100	100
Proceeds from Sale of Capital Assets	-	79,345	79,345
Purchase of Capital Assets	-	(593,545)	(593,545)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(514,100)</u>	<u>(514,100)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES			
Cash Invested in Reserve Account	-	(30,000)	(30,000)
Cash Received for Interest	-	4,430	4,430
Net Used by Investing Activities	<u>-</u>	<u>(25,570)</u>	<u>(25,570)</u>

	Enterprise Funds		
	Garbage Fund	Landfill Fund	Total Nonmajor Enterprise Funds
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16,899)	-	(16,899)
BALANCE - BEGINNING	21,483	-	21,483
BALANCE - ENDING	<u>\$ 4,584</u>	<u>\$ -</u>	<u>\$ 4,584</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (48,172)	\$ (120,323)	\$ (168,495)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	326,570	326,570
Change in Assets and Liabilities:			
Accounts Receivables/Unbilled Receivables	430	14,386	14,816
Inventories	(7,311)	18,217	10,906
Pension-related Deferred Outflows	(8,322)	(85,677)	(93,999)
OPEB-related Deferred Outflows	493	4,972	5,465
Accounts and Other Payables	(44)	12,885	12,841
Accrued Landfill Closure and Post-closure Costs	-	56,856	56,856
Accrued Wages Payable	(28)	282	254
Revenue Collected in Advance	-	700	700
Accrued Leave Payable	1,914	10,719	12,633
Pension Related Deferred Inflows	22,123	227,756	249,879
OPEB-related Deferred Inflows	2,999	30,214	33,213
OPEB Liability	(4,570)	(32,748)	(37,318)
Pension-related Asset/Liability	(18,394)	(189,364)	(207,758)
NET CASH FROM (USED BY) OPERATING ACTIVITIES	<u>\$ (58,882)</u>	<u>\$ 275,445</u>	<u>\$ 216,563</u>

City of Pierre, South Dakota
Statement of Cash Flows - Discretely Presented Component Unit
For the Year Ended June 30, 2021

	<u>Housing and Redevelopment Commission</u>
OPERATING ACTIVITIES	
Receipts from Tenant Payments	\$ 222,692
Receipts from Tenants Through Escrow	(160)
Payments to Employees	(193,641)
Payments to Others for Goods and Services	(266,364)
Housing Assistance Payments	<u>(666,809)</u>
Net Cash Used for Operating Activities	<u>(904,282)</u>
NONCAPITAL FINANCING ACTIVITIES	
Operating Grants Received	1,005,422
Other Revenue Received	<u>33,284</u>
Net Cash from Noncapital Financing Activities	<u>1,038,706</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants Received	24,629
Acquisition of Capital Assets	<u>(33,720)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(9,091)</u>
INVESTING ACTIVITIES	
Interest Income	<u>5,366</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	130,699
BALANCE - BEGINNING	<u>537,788</u>
BALANCE - ENDING	<u><u>\$ 668,487</u></u>

See independent auditor's report.

	<u>Housing and Redevelopment Commission</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating Loss	\$ (982,266)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	49,702
Accounts Receivable - Tenants	(309)
Accounts Receivable - Fraud Recovery	4,084
Prepaid Expenses	(512)
Inventories	(41)
Pension-related Assets	13,056
Accounts Payable - Vendors	(1,266)
Accounts Payable - Other Government	3,036
Accrued Expenses	306
Accrued Compensated Absences	538
Unearned Revenue	7,855
Other Current Liabilities	1,694
Tenant Security Deposits	<u>(160)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (904,282)</u>

See independent auditor's report.

City of Pierre, South Dakota
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended December 31, 2021

	<u>Net Collected</u>
First Quarter 2021	\$ 4,735
Second Quarter 2021	13,969
Third Quarter 2021	22,279
Fourth Quarter 2021	<u>25,657</u>
 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	<u>51,697</u>
 Total PFC Collections for 2003 - 2021	 <u>\$ 972,289</u>
 Total Allowable PFC	 \$ 2,070,789
Net Collections to Date	<u>(972,289)</u>
 Remaining Amount to Collect	 <u>\$ 1,098,500</u>

See independent auditor's report.

SINGLE AUDIT INFORMATION

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 12, 2022.

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.

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity'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

September 12, 2022

Independent Auditor's Report on Compliance for
Each Major Program and Report on Internal Control
over Compliance Required by 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, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2021.

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.

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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 internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance that are required to be reported in accordance with the Uniform Guidance.

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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

September 12, 2022

City of Pierre, South Dakota
Schedule of Findings and Questioned Costs
December 31, 2021

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

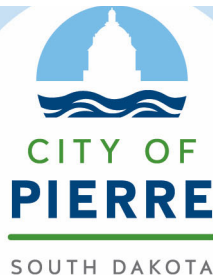
- a. The Independent Auditor's Report expressed unmodified opinions on the financial statements of the City of Pierre, South Dakota.
- b. No material weaknesses or significant deficiencies related to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material related to the audit of the financial statements of the City of Pierre, South Dakota that are required to be reported in accordance with *Governmental Auditing Standards* were noted during the audit.
- 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 Required by Uniform Guidance.
- e. The Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by Uniform Guidance expressed an unmodified opinion on the major federal programs.
- f. Audit findings are required to be reported in accordance with 2 CFR section 200.516(a.). There were no findings to report for the current year in this schedule.
- g. The federal awards tested as a major program were:
 - Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing #21.027
 - Airport Improvement Grant, Assistance Listing #20.106
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. City of Pierre, South Dakota did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings related to the financial statement audit.

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

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



PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENTS AUDIT

Material Weakness

Internal Control over Financial Reporting

2020-001 *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 GAAP. The City should have an internal control system designed for drafting the Schedule of Expenditures of Federal Awards. The Uniform Guidance requires the auditee to prepare an appropriate Schedule of Expenditures of Federal Awards in accordance with Section 200.510.

Auditor's Recommendation: We recommend a more thorough review and reconciliation process be put into place for year-end balances and the Schedule of Expenditures of Federal Awards to ensure proper accounting principles have been followed.

Repeat Finding: This finding was not a repeat finding.

Current Status: This finding was resolved.

FINDINGS AND QUESTION COSTS - MAJOR FEDERAL PROGRAM AUDIT

U.S. Treasury: Coronavirus Relief Fund CARES - Pandemic Response, CFDA #20.019

Material Weakness

Internal Control over Compliance

Noncompliance

2020-002 See finding 2020-001 for a description of the condition, repeat finding, auditor's recommendation, and current status.

City of Pierre, South Dakota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

CFDA Numbers	Cluster/Program Name	Pass-through Entity	Pass-through Entity Identifying Number	Amount
<u>Department of Transportation</u>				
20 . 106	Airport Improvement Program (Note 4)	N/A	3-46-0044-42,44	\$311,707
COVID-19 20 . 106	Airport Improvement Program CRRSSA (Note 4)	N/A	3-46-044-46	\$745,384
<i>Highway Safety Cluster:</i>				
20 . 616	State and Community Highway Safety	SD Dept. of Public Safety	N/A	<u>940</u>
Total Highway Safety Cluster				<u>940</u>
Total Department of Transportation				<u>\$1,058,031</u>
<u>US Treasury</u>				
COVID-19 21 . 019	Coronavirus Relief Fund CARES - Pandemic Response	SD Bureau of Finance and Management	CRF12054968	10,900
COVID-19 21 . 027	Coronavirus State and Local Fiscal Recovery Funds (Note 4)	SD Bureau of Finance and Management	717890	<u>2,507,791</u>
Total U.S. Treasury				<u>2,518,691</u>
<u>Department of the Interior</u>				
15 . 904	Historic Preservation Fund Grants-in-aid	SD Department of Education	2021G-818	<u>14,827</u>
<u>National Foundation on the Art and the Humanities</u>				
45 . 310	LSTA ARPA State Grants	SD Department of Education	2021G-836	<u>77,180</u>
Total Expenditures of Federal Awards				<u>\$ 3,668,729</u>

See independent auditor's report.

City of Pierre, South Dakota
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended December 31, 2021

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Pierre and is on the accrual basis of accounting. The information in this schedule is presented in accordance with the Uniform Guidance. The City of Pierre received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient, if any, is treated as an expenditure when it is paid to the subrecipient. During the year ended December 31, 2021, there were no amounts passed through to subrecipients.

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

NOTE 3: Both governmental fund types and proprietary fund types account for the City of Pierre's federal grant activity. For governmental fund types, expenditures in the Schedule of Expenditures of Federal Awards are recognized on the modified accrual basis - when they become a demand on current available financial resources. For proprietary fund types, expenditures in the Schedule of Expenditures of Federal Awards are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E - Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Pierre's summary of significant accounting policies is presented in Note 1 in the City of Pierre's basic financial statements.

NOTE 4: Tested as major program.

See independent auditor's report.