



# FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

CITY OF RAPID CITY, SOUTH DAKOTA  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

---

**TABLE OF CONTENTS**

Independent Auditors' Report .....	1
Management's Discussion and Analysis (Unaudited) .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities...	18
Statement of Net Position – Proprietary Funds .....	19
Reconciliation of the Proprietary Funds Net Position to the Statement of Net Position.....	21
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	22
Reconciliation of the Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position to the Statement of Activities .....	24
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position and Statement of Changes In Fiduciary Net Position .....	27
Notes to the Financial Statements.....	28
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund.....	65
Budgetary Comparison Schedule – Capital Improvements & Vision Fund.....	67
Notes to Required Supplementary Information – Budgetary Reporting.....	68
Schedule of City's Pension Contributions.....	69
Schedule of City's Proportionate Share of Net Pension Asset .....	70
Notes to Required Supplementary Information – Pension Contributions and Net Pension Asset Schedules.....	71
Schedule of OPEB Liability and Changes in Employer's Net OPEB Liability .....	73

## TABLE OF CONTENTS (CONTINUED)

### Other Supplementary Information:

#### Combining and Individual Nonmajor Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds .....	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds .....	79
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	84
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds.....	86
Combining Statement of Cash Flows – Nonmajor Proprietary Funds .....	88
Combining Statement of Net Position – Internal Service Funds.....	90
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds .....	91
Combining Statement of Cash Flows – Internal Service Funds .....	92

### OTHER REPORTS

Schedule of Expenditures of Federal Awards .....	93
Notes to the Schedule of Expenditures of Federal Awards.....	94
Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	95
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	97
Schedule of Findings .....	99
Summary Schedule of Prior Audit Findings .....	104
Corrective Action Plan .....	106



810 Quincy Street  
P.O. Box 3140, Rapid City, South Dakota 57709  
Telephone (605) 342-5630 • e-mail: [info@ktllp.com](mailto:info@ktllp.com)

## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Rapid City  
Rapid City, South Dakota

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF RAPID CITY** (the City), as of and for the year ended December 31, 2022, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter – Effect of Adopting New Accounting Standard***

As discussed in Note 1 to the financial statements, the Governmental Accounting Standards Board issued GASB 87, Leases, which was adopted by the City as of January 1, 2022, and supersedes prior lease guidance. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and there 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 other internal control matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison, other post-employment benefits (OPEB) schedules, and pension schedules on pages 4 through 11 and 65 through 73 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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.

### ***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 accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in dark ink, reading "Ketel Thorstenson, LLP". The signature is fluid and cursive, with the letters "K", "T", and "L" being particularly prominent.

KETEL THORSTENSON, LLP  
Certified Public Accountants

September 18, 2023

**CITY OF RAPID CITY, SOUTH DAKOTA**  
**Management's Discussion and Analysis (Unaudited)**

As management of the City of Rapid City, we offer readers of the City of Rapid City's financial statements this narrative overview and analysis of the financial activities of the City of Rapid City for the fiscal year ended December 31, 2022. We encourage readers to consider it in conjunction with the additional information presented in the basic financial statements and the notes to the financial statements.

The City of Rapid City provides many municipal services including public safety, streets, parks, general administration and public utilities. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. Financial accountability is determined by several different factors including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits, and separate legal entity status.

***Financial Highlights***

- The assets of the City of Rapid City exceeded its liabilities at the close of the most recent fiscal year by \$1,015,831,196 (Net position). Of this amount, \$197,593,906 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$42,396,117 during 2022.
- As of the close of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$126,423,813.
- At the end of the current fiscal year, fund balance for the general fund was \$40,221,683 or about fifty-five percent of total general fund expenditures.
- The City of Rapid City's total debt decreased by \$10,652,823 during the current fiscal year. Attributing factors include the payoffs of the 2011 Wastewater Refunding Bonds and four tax increment districts.

***Overview of the Financial Statements***

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

**Government-wide financial statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Rapid City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Rapid City include general government, public safety, public works, health & welfare, conservation and development, and culture and recreation. The business-type activities of the City of Rapid City include water, water reclamation, airport, solid waste, stormwater, civic center, golf, parking, ambulance, energy plant and transportation terminal.

The government-wide financial statements can be found on pages 12-13 of this report.

### **Fund Financial Statements.**

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

### **Governmental Funds**

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and both special revenue funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Rapid City adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-18 of this report.



### **Proprietary Funds**

The City of Rapid City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Rapid City uses enterprise funds to account for its water, water reclamation, airport, solid waste, stormwater, civic center, golf, parking, ambulance, energy plant and transportation terminal operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City of Rapid City's various functions. The City of Rapid City uses internal service funds to account for its worker's compensation, health and liability insurance and unemployment compensation management. These services benefit all functions and they have been allocated to each based on the ratio of the individual function's payroll to the total payroll of the City in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, water reclamation, solid waste, airport and civic center which are considered to be major funds of the City of Rapid City. Data from the other nine enterprise funds are combined into a single aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 19-26 of this report.

### **Fiduciary Funds**

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

The basic fiduciary fund financial statements can be found on page 27 of this report.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-64 of this report.

### **Required Supplementary Information**

The Management's Discussion and Analysis (pages 3-10) and the section that follows the basic financial statements (pages 65-73) are considered required supplementary information to the basic financial statements. This section that follows the basic financial statements includes a Budgetary Comparison Schedule, and related notes, for the General Fund and the Capital Improvements and Vision fund which both have a legally adopted annual budget. It also includes the City's schedules for pension contributions and proportionate share of net pension asset and related notes for the pension contributions and proportionate share of net pension asset schedules. In addition, the City's schedule of OPEB liability and changes in the employer's net OPEB liability is included in this required supplemental information.

### **Other Information**

The supplementary combining statements referred to earlier in connection with non-major governmental and proprietary funds and internal service funds are presented immediately following the required supplementary information and can be found on pages 74-92 of this report.

### ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rapid City, assets exceeded liabilities by \$1,015,831,196 at the close of the most recent fiscal year.

By far the largest portion of the City of Rapid City's total assets (78.6%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Rapid City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rapid City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Following is a comparison between the current and prior year's assets, liabilities and changes in net position.

#### **CITY OF RAPID CITY'S NET POSITION (in thousands)**

	<b>Government Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2021	2022	2021	2022	2021	2022
<u>Assets:</u>						
Current and Other Assets	\$ 166,353	\$ 154,553	\$ 113,548	\$ 121,842	\$ 279,901	\$ 276,396
Capital Assets	299,473	305,757	677,054	690,148	976,527	995,904
Deferred Outflows	3,164	19,107	1,281	7,761	4,445	26,868
Total Assets	468,990	479,417	791,883	819,750	1,260,873	1,299,167
<u>Liabilities</u>						
Long-term liabilities outstanding	129,814	123,627	73,912	71,344	203,726	194,971
Other liabilities	45,296	38,967	20,665	18,307	65,961	57,275
Deferred Inflows	14,719	21,435	3,033	9,656	17,752	31,090
Total liabilities	189,829	184,029	97,610	99,307	287,439	283,336
<u>Net position:</u>						
Net Investment in capital assets	161,554	177,439	603,180	620,471	764,734	797,910
Restricted	35,804	13,056	7,283	7,271	43,087	20,327
Unrestricted	81,803	104,893	83,810	92,701	165,613	197,594
Total net position	\$ 279,161	\$ 295,388	\$ 694,273	\$ 720,443	\$ 973,434	\$ 1,015,831

A portion of the City of Rapid City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$197,593,906 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Rapid City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Changes in Net Assets:**  
**City of Rapid City's Changes in Net Position**  
**(In Thousands)**

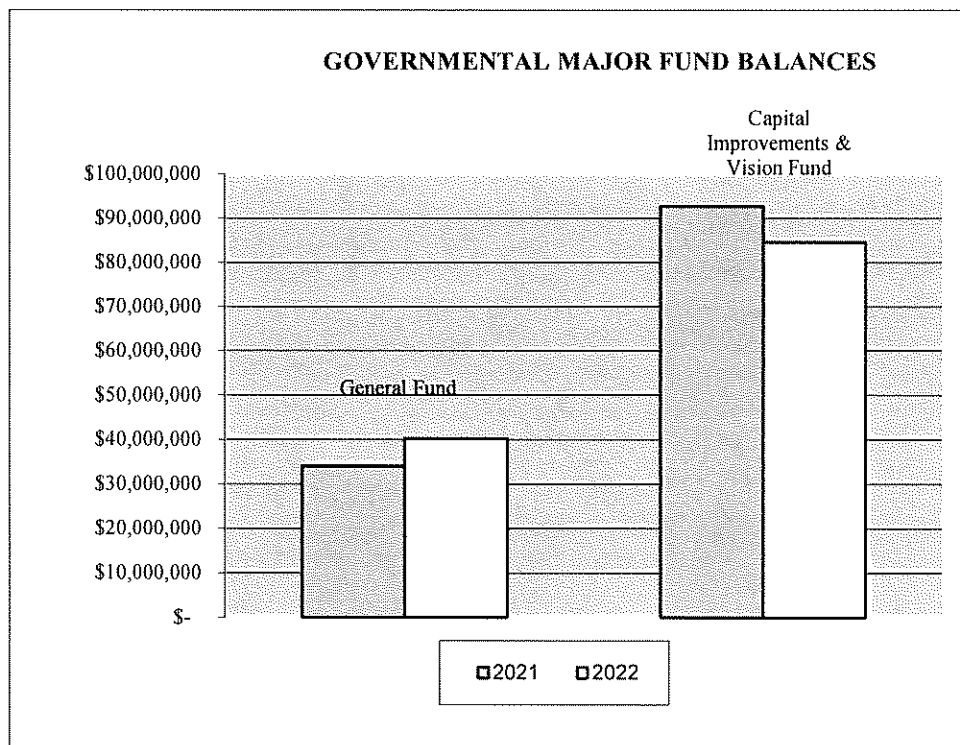
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 8,334	\$ 9,332	\$ 73,857	\$ 81,746	\$ 82,191	\$ 91,078
Operating grants & contributions	5,544	6,276	4,447	6,396	9,991	12,672
Capital grants and contributions	5,855	5,815	11,990	9,762	17,845	15,577
General Revenues						
Property taxes	32,035	32,896	-	-	32,035	32,896
Other taxes	73,508	78,174	6,449	6,994	79,957	85,168
State/County shared revenue	1,858	2,005	-	-	1,858	2,005
Unrestricted investment earnings	(4)	167	109	343	105	510
Lease proceeds	-	-	-	100	-	100
Other	642	774	565	518	1,207	1,292
Total Revenues	127,772	135,439	97,417	105,859	225,189	241,298
<b>Expenses:</b>						
General government	5,143	5,820	-	-	5,143	5,820
Public safety	38,128	41,355	-	-	38,128	41,355
Public works	19,745	23,370	-	-	19,745	23,370
Health and welfare	4,214	4,708	-	-	4,214	4,708
Culture & recreation	14,292	16,421	-	-	14,292	16,421
Conservation & development	5,386	8,461	-	-	5,386	8,461
Interest on long-term debt	6,587	17,206	-	-	6,587	17,206
Miscellaneous	2,095	2,024	-	-	2,095	2,024
Water reclamation	-	-	11,613	11,482	11,614	11,482
Water	-	-	13,969	15,568	13,969	15,568
Golf	-	-	1,158	1,365	1,158	1,365
Executive Golf	-	-	319	368	319	368
Airport	-	-	10,422	10,773	10,422	10,773
Waste collection	-	-	2,914	4,009	2,914	4,009
Waste disposal	-	-	7,247	7,966	7,247	7,966
Civic center	-	-	13,101	17,764	13,101	17,764
Stormwater	-	-	4,013	3,468	4,013	3,468
Cemetery	-	-	-	-	-	-
Parking	-	-	834	943	834	943
Energy plant	-	-	660	716	660	716
Transportation terminal	-	-	172	103	172	103
Ambulance	-	-	4,578	5,013	4,578	5,013
Total Expenses	95,590	119,364	71,000	79,538	166,589	198,902
Excess revenues before contributions, transfers special and extraordinary items	32,182	16,075	26,417	26,321	58,599	42,396
Fund Transfers	(63,801)	152	63,801	(152)	-	-
Change in Net Position	(31,619)	16,227	90,218	26,169	58,599	42,396
Net Position, beginning, as previously reported	310,780	279,161	604,056	694,274	914,836	973,435
<b>NET POSITION – ENDING</b>	<b>\$ 279,161</b>	<b>\$ 295,388</b>	<b>\$ 694,274</b>	<b>\$ 720,443</b>	<b>\$ 973,435</b>	<b>\$ 1,015,831</b>

## Financial Analysis of the Government's funds

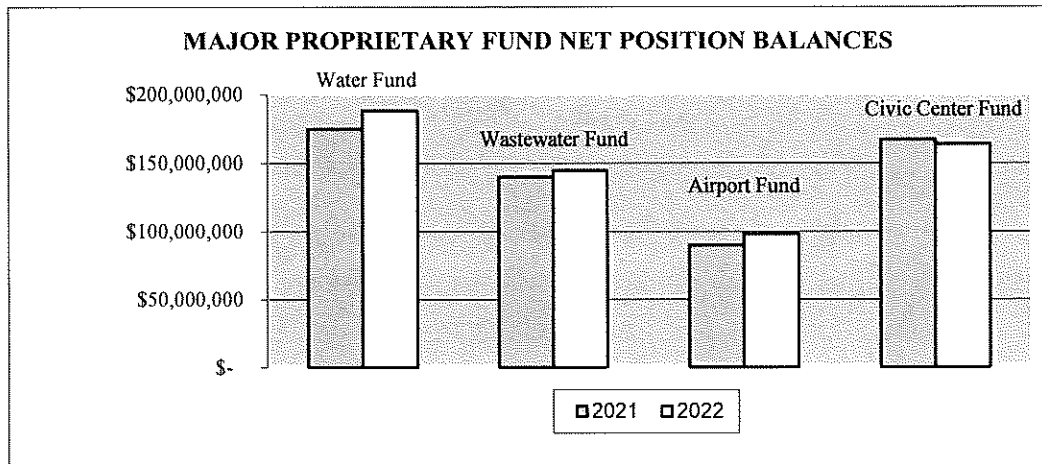
**Governmental Funds** The focus of the City of Rapid City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Rapid City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$126,423,813. Approximately 22.6% of this total amount, \$28,601,807 constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as 1) nonspendable (for inventories, notes receivable, advances to other funds, and perpetual care cemetery endowment of \$5,527,329), 2) restricted (for debt service, perpetual care cemetery, library, business improvement districts, capital projects and grants of \$7,494,662), 3) Committed (for capital improvements/replacements, capital improvements & vision and the erosion and sediment control funds of \$80,020,859.), 4) Assigned (2023 appropriations \$4,779,156).

The General Fund balance increased by \$6,200,039 in 2022, which was primarily due to increases in property tax, sales tax and federal grant revenues. The Capital Improvements & Vision Fund balance decreased by \$(8,156,861) which is due to increase in economic and debt service expenditures.



**Proprietary Funds** The City of Rapid City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.



The unrestricted net positions in the respective major proprietary funds are: Water - \$31,222,791, Wastewater - \$20,289,006, Airport - \$22,811,261 and Civic Center - \$2,931,443.

### ***Budgetary Highlights***

**General Fund** Supplemental appropriations primarily involve grant funds or “windfalls”. The City of Rapid City’s budget to actual schedules for major governmental funds can be found on pages 64-67. In general, total expenditures for each of these funds did not exceed budgeted amounts.

### ***Capital Asset and Debt Administration***

**Capital Assets** The City of Rapid City’s net investment in capital assets for its governmental and business type activities as of December 31, 2022 amounts to \$995,904,624 (net of accumulated depreciation and related debt) which is a \$231,169,862 increase from 2021. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment.

Major capital asset events during the current fiscal year included the following: Saint Cloud reconstruction; Fire Station #1 remodel; Elk Vale lifts station project; Wastewater Reclamation project; Airport expansion projects; various infrastructure improvements as well as replacement of multiple vehicles and large pieces of equipment.

## Capital Assets and Debt Administration – Continued

### City of Rapid City's Capital Assets (Net of Depreciation) (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land and land improvements	\$ 48,499	\$ 49,224	\$ 19,563	\$ 19,573	\$ 68,062	\$ 68,797
Buildings	102,708	103,826	321,474	321,610	424,182	425,436
Improvements	394,824	408,270	586,185	607,426	981,009	1,015,696
Machinery and equipment	37,756	40,556	38,918	42,348	76,674	82,903
Construction in Progress	5,432	10,164	13,898	24,602	19,330	34,766
Total	589,219	612,040	980,038	1,015,558	1,569,257	1,627,597
Less accumulated depreciation	(289,746)	(306,283)	(302,984)	(325,410)	(592,730)	(631,693)
Total capital assets	\$ 299,473	\$ 305,757	\$ 677,054	\$ 690,148	\$ 976,527	\$ 995,905

### Long-term debt

#### City of Rapid City's Outstanding Debt (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenue Bonds	\$ 120,560	\$ 115,730	\$ 70,039	\$ 64,784	\$ 190,599	\$ 180,514
Unamortized Premium/Discounts	775	675	3,724	3,499	4,499	4,174
Loans Payable	71	41	111	952	182	993
Landfill Closure	-	-	4,350	4,530	4,350	4,530
Tax Increment Financing	12,739	8,092	-	-	12,739	8,092
Lease	3,774	3,780	-	-	3,774	3,780
Other Post Employment Benefits	16,550	18,872	6,710	8,221	23,260	27,093
Compensated Absences	2,112	2,313	979	1,201	3,091	3,514
Total	\$ 156,581	\$ 149,503	\$ 85,913	\$ 83,187	\$ 242,494	\$ 232,690

The City of Rapid City maintains an AAA to Baa3 rating from Moody's on all of its revenue debt.

State statute limits the amount of general obligation debt a South Dakota city may issue to assessed value of taxable property. The current debt limitation for the City of Rapid City is \$2,116,817,442. \$151,730,407 of the City's outstanding debt is counted within the statutory limitation although the debt is wholly or partially financed by revenues other than a general tax levy.

Additional information on the City of Rapid City's long-term debt can be found in Note 7 to the Financial Statements.

### Known fact, decisions or conditions

There are no known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.

**Requests for Information** This financial report is designed to provide a general overview of the City of Rapid City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Rapid City, Finance Director, 300 Sixth Street, Rapid City, SD 57701. Component unit financial statements may be obtained by contacting the Museum Alliance of Rapid City, Inc. at 222 New York St., Rapid City SD 57701.

**CITY OF RAPID CITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 74,379,305	\$ 86,687,318	\$ 161,066,623	\$ 131,584
Investments	42,904,296	9,709,372	52,613,668	99,031
Accounts Receivable, Net	9,199,960	9,187,259	18,387,219	75,987
Lease Receivable	-	5,476,454	5,476,454	-
Internal Balances	5,745,284	(5,745,284)	-	-
Due from Other Governments	1,245,561	4,853,515	6,099,076	-
Other Assets	709,267	1,412,670	2,121,937	41,507
Net Pension Asset	163,463	65,017	228,480	-
Restricted Assets:				
Cash with Fiscal Agent	4,669,731	5,080,054	9,749,785	-
Restricted Cash	14,862,476	585,379	15,447,855	-
Restricted Investments	673,567	4,530,000	5,203,567	46,919
Capital Assets:				
Land and Construction in Progress	59,388,627	44,174,372	103,562,999	-
Other Capital Assets, Net of Depreciation	246,368,186	645,973,439	892,341,625	162,246
<b>TOTAL ASSETS</b>	<b>460,309,723</b>	<b>811,989,565</b>	<b>1,272,299,288</b>	<b>557,274</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Related Deferred Outflows	14,854,831	5,908,293	20,763,124	-
OPEB Related Deferred Outflows	4,252,552	1,852,495	6,105,047	-
Total Deferred Outflows of Resources:	19,107,383	7,760,788	26,868,171	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>479,417,106</b>	<b>819,750,353</b>	<b>1,299,167,459</b>	<b>557,274</b>
<b>LIABILITIES:</b>				
Accounts Payable	10,976,150	4,071,800	15,047,950	8,447
Amount Held for Others	2,115,777	-	2,115,777	-
OPEB Liability	18,872,130	8,221,068	27,093,198	-
Other Current Liabilities	7,003,180	6,014,567	13,017,747	18,632
Noncurrent Liabilities	123,627,056	71,344,145	194,971,201	-
<b>TOTAL LIABILITIES</b>	<b>162,594,293</b>	<b>89,651,580</b>	<b>252,245,873</b>	<b>27,079</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Lease Related Deferred Inflows	-	5,476,454	5,476,454	-
ARPA Related Deferred Inflows	11,927,714	397,907	12,325,621	-
Pension Related Deferred Inflows	9,507,000	3,781,315	13,288,315	-
Total Deferred Outflows of Resources:	21,434,714	9,655,676	31,090,390	-
<b>NET POSITION:</b>				
Net Investment in Capital Assets	177,439,219	620,470,859	797,910,078	162,246
Restricted for:				
Debt Service	4,669,731	5,079,260	9,748,991	-
Cemetery Trust Fund - Expendable	112,386	-	112,386	-
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-
Other Purposes - TID Debt Service	2,030,189	-	2,030,189	-
Other Purposes - Business Impr District	11,325	-	11,325	-
Other Purposes - Grants	100,327	-	100,327	-
Other Purposes - Library	570,704	-	570,704	-
Other Purposes - Pension	5,511,294	2,191,995	7,703,289	-
Unrestricted	104,892,924	92,700,982	197,593,906	367,949
<b>TOTAL NET POSITION</b>	<b>295,388,099</b>	<b>720,443,097</b>	<b>1,015,831,196</b>	<b>530,195</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 479,417,106</b>	<b>\$ 819,750,353</b>	<b>\$ 1,299,167,458</b>	<b>\$ 557,274</b>

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

**CITY OF RAPID CITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	----- Program Revenues -----				Net (Expense) Revenue and ----- Changes in Net Position -----			Component Unit MARC
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Functions/Programs</b>								
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government	\$ 5,819,899	\$ 2,063,070	\$ 962,161	\$ -	\$ (2,794,668)	\$ -	\$ (2,794,668)	\$ -
Public Safety	41,354,634	1,536,067	2,253,244	454,000	(37,111,323)	-	(37,111,323)	-
Public Works	23,370,116	918,404	-	5,360,998	(17,090,714)	-	(17,090,714)	-
Health and Welfare	4,707,982	252,798	1,862,336	-	(2,592,848)	-	(2,592,848)	-
Culture, Recreation	16,420,786	2,240,470	23,776	-	(14,156,540)	-	(14,156,540)	-
Conservation and Development	8,461,453	2,255,284	1,174,547	-	(5,031,622)	-	(5,031,622)	-
Interest on Long Term Debt (1)	17,205,716	-	-	-	(17,205,716)	-	(17,205,716)	-
Miscellaneous Expenditures	2,023,659	65,644	-	-	(1,958,015)	-	(1,958,015)	-
<b>Total Governmental Activities</b>	<b>119,364,244</b>	<b>9,331,737</b>	<b>6,276,064</b>	<b>5,814,998</b>	<b>(97,941,445)</b>	<b>-</b>	<b>(97,941,445)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Water	15,568,256	26,099,288	-	2,537,539	-	13,068,571	13,068,571	-
Water Reclamation	11,481,703	14,502,541	-	1,566,190	-	4,587,028	4,587,028	-
Airport	10,772,668	10,310,497	6,395,780	1,558,791	-	7,492,400	7,492,400	-
Solid Waste Disposal	7,965,636	7,388,632	-	258,602	-	(318,402)	(318,402)	-
Civic Center	17,764,102	8,278,377	-	183,524	-	(9,302,201)	(9,302,201)	-
Solid Waste Collection	4,008,861	4,198,011	-	-	-	189,150	189,150	-
Stormwater Utility	3,468,253	2,580,182	-	3,657,510	-	2,769,439	2,769,439	-
Executive Golf Course	368,022	295,315	-	-	-	(72,707)	(72,707)	-
Golf Course	1,364,663	1,028,823	-	-	-	(335,840)	(335,840)	-
Parking Lot & Area	943,487	1,590,549	-	-	-	647,062	647,062	-
Energy Plant	716,382	651,148	-	-	-	(65,234)	(65,234)	-
Ambulance	5,013,194	4,796,231	-	-	-	(216,963)	(216,963)	-
Transportation Terminal	102,693	26,634	-	-	-	(76,059)	(76,059)	-
<b>Total Business-type Activities</b>	<b>79,537,920</b>	<b>81,746,228</b>	<b>6,395,780</b>	<b>9,762,156</b>	<b>-</b>	<b>18,366,244</b>	<b>18,366,244</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 198,902,164</b>	<b>\$ 91,077,965</b>	<b>\$ 12,671,844</b>	<b>\$ 15,577,154</b>	<b>\$ (97,941,445)</b>	<b>\$ 18,366,244</b>	<b>\$ (79,575,201)</b>	<b>\$ -</b>
<b>Component Unit:</b>								
Museum Alliance of Rapid City, Inc. (MARC)	\$ 759,953	\$ 637,898	\$ 72,018					\$ (50,037)
<b>General Revenues:</b>								
Taxes:								
Property Taxes					32,896,318	-	32,896,318	-
Sales Taxes					77,116,022	6,746,027	83,862,049	-
Other Taxes					1,057,945	247,533	1,305,478	-
State Shared Revenue					2,005,491	-	2,005,491	-
Lease Proceeds					-	100,319	100,319	-
Unrestricted Investment Earnings (Loss)					166,793	342,900	509,693	-
Miscellaneous Revenue					773,566	518,404	1,291,970	-
Transfers					152,028	(152,028)	-	-
<b>Total General Revenue, Loss and Transfers</b>					<b>114,168,163</b>	<b>7,803,155</b>	<b>121,971,318</b>	<b>-</b>
<b>Change in Net Position</b>					<b>16,226,718</b>	<b>26,169,399</b>	<b>42,396,117</b>	<b>(50,037)</b>
<b>Net Position, Beginning, as previously reported</b>					<b>279,161,381</b>	<b>694,273,698</b>	<b>973,435,079</b>	<b>580,232</b>
<b>Net Position, Ending</b>					<b>\$ 295,388,099</b>	<b>\$ 720,443,097</b>	<b>\$ 1,015,831,196</b>	<b>\$ 530,195</b>

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

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



**CITY OF RAPID CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	General Fund	Capital Improvements & Vision Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Assets:				
101 Cash and Cash Equivalents (Note 2)	\$ 23,281,043	\$ 42,332,222	\$ 2,637,313	\$ 68,250,578
106 Cash with Fiscal Agent, Restricted (Note 2)	-	4,669,731	-	4,669,731
107.1 Restricted Cash and Cash Equivalents (Note 2)	14,176,282	-	686,194	14,862,476
107.1 Restricted Investments (Note 2)	673,567	-	-	673,567
151 Investments (Note 2)	7,427,896	34,525,485	36,876	41,990,257
110 Property Taxes Receivable--Delinquent	108,470	-	109,986	218,456
110 Sales Tax Receivable	3,717,165	3,717,165	-	7,434,330
115 Accounts Receivable, Net	583,494	-	10,420	593,914
121 Special Assessments Receivable--Current	1,358	-	45,098	46,456
122 Special Assessments Receivable--Delinquent	83,299	-	105	83,404
123 Special Assessments Receivable--Deferred	34,639	-	-	34,639
128 Notes Receivable (Note 3)	154,680	64,035	-	218,715
131 Due from Other Funds (Note 9)	1,883,765	219,134	-	2,102,899
133 Advance to Other Funds (Note 9)	4,613,382	-	-	4,613,382
132 Due from Other Governments (Note 4)	1,042,604	-	202,957	1,245,561
135 Interest Receivable	92,579	23,476	4,563	120,618
144 Inventory	709,267	-	-	709,267
<b>TOTAL ASSETS</b>	<b>\$ 58,583,490</b>	<b>\$ 85,551,248</b>	<b>\$ 3,733,512</b>	<b>\$ 147,868,250</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES:</b>				
Liabilities:				
201 Claims Payable	2,146,512	972,158	630,110	3,748,780
216 Wages Payable	1,946,641	-	2,993	1,949,634
219 Amounts Held for Others	2,115,777	-	-	2,115,777
208 Due to Other Funds (Note 9)	-	-	1,375,225	1,375,225
Total Liabilities	6,208,930	972,158	2,008,328	9,189,416
Deferred Inflows of Resources:				
245 Unavailable Revenue -- Property Taxes	107,452	-	61,804	169,256
246 Unavailable Revenue -- Special Assessments	117,711	-	40,340	158,051
246 Unavailable Revenue -- Grants (ARPA)	11,927,714	-	-	11,927,714
Total Deferred Inflows of Resources:	12,152,877	-	102,144	12,255,021
Fund Balances:				
263 Nonspendable				
263.01 Inventory	709,267	-	-	709,267
263.04 Advances	4,613,382	-	-	4,613,382
263.05 Notes Receivables	154,680	-	-	154,680
263.51 Perpetual Care Cemetery	-	-	50,000	50,000
264 Restricted				
264.01 Debt Service	-	4,669,731	2,030,189	6,699,920
264.03 Cemetery Perpetual Care	-	-	112,386	112,386
264.05 Library	-	-	570,704	570,704
264.09 Business Improvement District	-	-	11,325	11,325
264.97 Grant	-	-	100,327	100,327
265 Committed				
265.04 Vision & Capital Improvements	-	79,909,359	-	79,909,359
265.99 Erosion/Sediment Control	-	-	111,500	111,500
266 Assigned				
266.01 Assigned for Next Year's Appropriation	4,779,156	-	-	4,779,156
267 Unassigned (Note 12)	29,965,198	-	(1,363,391)	28,601,807
Total Fund Balances	40,221,683	84,579,090	1,623,040	126,423,813
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 58,583,490</b>	<b>\$ 85,551,248</b>	<b>\$ 3,733,512</b>	<b>\$ 147,868,250</b>

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

**CITY OF RAPID CITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

Total Fund Balances - Governmental Funds	\$ 126,423,813
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	163,463
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	305,756,813
Pension related deferred outflows are components of the net pension asset and therefore not reported in the funds.	14,854,831
Long term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore not reported in the funds.	(130,630,236)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(352,746)
Property Taxes (delinquent )and special assessments (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	327,307
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 the governmental activities in the statement of net position.	2,971,432
Pension related deferred inflows are componets of the net pension asset and therefore not reported in the funds.	(9,507,000)
Other post-employment benefits (OPEB) is not due and payable in the current period and therefore not reported in the funds.	(18,872,130)
OPEB-related deferred outflows are components of the OPEB liability and are therefore not reported in the funds.	4,252,552
Total Net Position - Governmental Activities	<u>\$ 295,388,099</u>

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

**CITY OF RAPID CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Capital Improvements & Vision Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
310 Taxes:				
311 General Property Taxes	\$ 21,135,649	\$ -	\$ 9,226,783	\$ 30,362,432
313 General Sales and Use Taxes	38,557,648	38,558,374	-	77,116,022
314 Gross Receipts Business Taxes	715,418	-	1,649,212	2,364,630
320 Licenses and Permits	4,328,618	-	-	4,328,618
330 Intergovernmental Revenue:				
331 Federal Grants	4,201,720	-	687,561	4,889,281
331.01 Federal Grants - ARPA	962,161	-	-	962,161
331.01 CARES ACT Funds (COVID)	-	-	288,810	288,810
334 State Grants	589,822	-	-	589,822
334.02 Surface Transportation Program (STP)	-	2,671,301	-	2,671,301
335 State Shared Revenue:				
335.01 Bank Franchise Tax	282,198	-	-	282,198
335.03 Liquor Tax Reversion	523,461	-	-	523,461
335.04 Motor Vehicle Licenses (5%)	68,038	-	-	68,038
335.06 Fire Insurance Reversion	346,909	-	-	346,909
335.08 Local Government Highway and Bridge Fund	784,885	-	-	784,885
338 County Shared Revenue:				
338.01 County Road Tax (25%)	644,656	-	-	644,656
340 Charges for Goods and Services:				
341 General Government	517,005	-	-	517,005
342 Public Safety	1,465,887	-	-	1,465,887
343 Public Works	190,616	-	-	190,616
345 Health & Welfare	245,898	-	-	245,898
346 Culture and Recreation	2,189,649	-	-	2,189,649
348 Cemetery	262,000	-	14,840	276,840
349 Conservation & Development	-	-	65,644	65,644
350 Fines and Forfeits:				
351 Court Fines and Costs	759	-	-	759
354 Library	-	-	50,821	50,821
360 Miscellaneous Revenue:				
361 Interest Earnings (Loss)	365,484	(273,936)	75,245	166,793
362 Rentals	271,817	-	-	271,817
363 Special Assessments	-	-	255,228	255,228
367 Contributions and Donations	-	-	88,100	88,100
369 Other	263,625	51,236	98,788	413,649
Total Revenue	78,913,923	41,006,975	12,501,032	132,421,930
<b>Expenditures:</b>				
410 General Government:				
412 Executive-Mayor & Council	885,673	-	-	885,673
414 Financial - Human Resources	619,905	-	-	619,905
414 Financial - Information Technology	1,166,640	169,859	-	1,336,499
414 Financial - Finance	766,643	-	-	766,643
414 Financial - Attorney	519,483	-	-	519,483
419 Other - Government Buildings	1,194,934	5,805	-	1,200,739
420 Public Safety:				
421 Police	21,263,466	-	-	21,263,466
422 Fire	14,978,941	-	-	14,978,941
429 Other Protection-Code Enforcement	252,864	-	-	252,864
429 Other Protection-Emergency Mgt	1,726,736	-	-	1,726,736

**CITY OF RAPID CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Capital Improvements & Vision Fund	Other Governmental Funds	Total Governmental Funds
430 Public Works:				
431 Highways and Streets	7,027,859	269,332	-	7,297,191
43x Administration	1,475,895	2,161,432	-	3,637,327
440 Health and Welfare:				
441 Health	933,986	-	-	933,986
444 Humane Society	379,854	-	-	379,854
449 Other - Public Transit	2,754,389	-	-	2,754,389
449 Other - Air Quality	77,547	-	-	77,547
450 Culture and Recreation:				
451 Recreation	438,602	-	-	438,602
451 Swimming Pools	2,697,660	-	-	2,697,660
451 Ice Arena	797,486	-	-	797,486
452 Parks	3,506,698	657	-	3,507,355
455 Libraries	3,372,481	-	27,016	3,399,497
457 Historical Preservation	27,826	-	-	27,826
459 Other - Parks & Rec Administration	721,155	-	-	721,155
459 Other - Retired Senior (RSVP)	-	-	120,171	120,171
459 Other - Cemetery	384,721	-	287	385,008
459 Other - Subsidies	747,498	-	-	747,498
460 Conservation and Development:				
465 Economic Development	267,500	6,000,000	-	6,267,500
465 Community Development	110,471	-	1,045,559	1,156,030
465 Transportation Planning	429,748	-	-	429,748
465 GIS Information System	214,193	-	-	214,193
470 Debt Service	32,016	20,655,147	6,487,156	27,174,319
485 Capital Outlay	2,851,290	19,890,124	-	22,741,414
490 Miscellaneous:				
492 Other Expenditures	34,643	-	1,992,744	2,027,387
Total Expenditures	72,658,803	49,152,356	9,672,933	131,484,092
Excess of Revenue Over (Under)				
Expenditures	6,255,120	(8,145,381)	2,828,099	937,838
Other Financing Sources (Uses):				
391.01 Transfers In (Out) (Note 9)	(90,883)	(11,480)	275,000	172,637
391.03 Sale of Municipal Property	35,802	-	21,000	56,802
Total Other Financing Sources (Uses)	(55,081)	(11,480)	296,000	229,439
Net Change in Fund Balances	6,200,039	(8,156,861)	3,124,099	1,167,277
Fund Balance (Deficit) - Beginning	34,021,644	92,735,951	(1,501,059)	125,256,536
<b>FUND BALANCE - ENDING</b>	<b>\$ 40,221,683</b>	<b>\$ 84,579,090</b>	<b>\$ 1,623,040</b>	<b>\$ 126,423,813</b>

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

**CITY OF RAPID CITY**  
**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, 2022**

Net change in fund balances - total government funds	\$ 1,167,277
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital Outlay	22,741,414
Depreciation	(16,945,001)
	<u>5,796,413</u>
Capital assets contributed to the City by development.	2,689,697
Capital assets transferred to proprietary funds.	(2,156,783)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position (net of premium).	9,600,942
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds. The amount represents the change in accrued interest during the current period.	(20,077)
In the Statement of Activities, the gains and losses on disposal of capital assets are reported, whereas in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	(45,392)
Changes in the other post employment benefit obligations related deferred outflows/inflows and related post employment expenses/revenue are not reported as expenditures in the governmental fund statements.	(1,232,826)
Governmental funds report property taxes, special assessments and grants as revenue when funds become available, but the statement of activities includes the property tax, special assessments and grants as revenue when earned.	192,373
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	(200,531)
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds has been prorated to governmental activities and business-type activities based on the proportionate share of wages.	(478,298)
Changes in the pension related deferred outflows/inflows, pension liability/asset and related pension expenses/revenue are not reported as expenditures in the governmental fund statements.	913,922
Change in Net Position of Governmental Activities	<u><u>\$ 16,226,718</u></u>

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

**CITY OF RAPID CITY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2022**

	Enterprise Funds			
	Water Fund	Wastewater Fund	Airport Fund	Civic Center Enterprise Fund
<b>ASSETS:</b>				
Current Assets:				
101 Cash and Cash Equivalents	\$ 27,464,647	\$ 15,699,308	\$ 20,651,087	\$ 4,839,943
106 Cash with Fiscal Agent, Restricted	4,275,709	8,299	796,046	-
107.1 Restricted Cash and Cash Equivalents	-	585,379	-	-
107.1 Restricted Investments	-	-	-	-
151 Investments	4,919,064	3,907,461	-	75,768
115 Accounts Receivable	754,993	711,795	238,348	118,861
116 Estimated Uncollectable Accounts Receivable	(200,000)	(150,000)	(45,000)	-
117 Unbilled Accounts Receivable	963,777	714,392	-	-
110 Sales Tax Receivable	-	-	-	429,332
121 Special Assessments Receivable--Current	-	-	-	-
122 Special Assessments Receivable--Delinquent	-	-	-	-
130 Lease Receivable	-	-	5,476,454	-
131 Due from Other Funds	-	221,887	-	-
132 Due from Other Government	14,640	-	4,768,352	16,051
135 Interest Receivable	12,552	19	-	-
142 Inventory of Stores Purchased for Resale	1,077,590	23,896	-	241,121
Total Current Assets	39,282,972	21,722,436	31,885,287	5,721,076
Noncurrent Assets:				
196 Net Pension Asset	10,160	7,612	6,949	10,909
Capital Assets :				
160 Land	7,770,035	2,272,077	1,093,689	1,091,682
162 Buildings	23,180,325	35,345,407	42,471,012	191,159,582
164 Improvements Other than Bldg	249,854,499	143,294,190	94,078,686	11,021,998
164 Furniture & Equipment	1,365,702	2,464,373	3,279,268	4,598,205
166 Machinery and Equipment	1,392,449	2,657,970	4,872,265	1,252,865
168 Construction Work in Progress	5,293,583	12,734,858	4,265,045	-
Less: Accumulated Depreciation	(88,664,664)	(63,882,511)	(67,845,071)	(46,538,684)
Total Noncurrent Assets	200,202,089	134,893,976	82,221,843	162,596,557
Deferred Outflows of Resources:				
196 Pension Related Deferred Outflows	923,321	691,723	631,454	991,367
196 OPEB Related Deferred Outflows	306,472	231,187	204,067	340,370
Total Deferred Outflows of Resources:	1,229,793	922,910	835,521	1,331,737
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 240,714,854</b>	<b>\$ 157,539,322</b>	<b>\$ 114,942,651</b>	<b>\$ 169,649,370</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES:</b>				
Current Liabilities:				
202 Accounts Payable	\$ 937,080	\$ 724,122	\$ 1,471,314	\$ 203,322
208 Due to Other Funds	-	-	-	92,832
215 Accrued Interest Payable	139,699	54,066	29,075	2,308
220 Customer Deposits	1,247,344	-	-	-
216 Wages Payable	141,321	113,860	98,585	209,922
226 Bonds Payable Current	2,123,891	606,460	405,000	330,000
226 Notes Payable Current	-	-	-	-
230 Compensated Absences Payable -- Current	15,000	5,000	5,000	10,000
Total Current Liabilities	4,604,335	1,503,508	2,008,974	848,384
157 Unamortized Premium	2,468,875	223,940	805,857	-
209 Advance from Other Funds	-	-	-	850,111
231 OPEB Long-Term Obligation	1,360,071	1,025,967	905,617	1,510,508
231 Bonds Payable	43,355,199	9,603,416	6,670,000	1,690,000
231 Notes Payable	-	-	-	-
233 Accrued Leave Payable	250,429	176,286	98,096	251,000
235 Accrued Landfill Closure and Postclosure	-	-	-	-
Total Noncurrent Liabilities	47,434,574	11,029,609	8,479,570	4,301,619
Deferred Inflows of Resources:				
248 Deferred Inflows--ARPA	-	-	397,907	-
248 Lease Related Deferred Inflows	-	-	5,476,454	-
248 Pension Related Deferred Inflows	590,927	442,704	404,131	634,476
Total Deferred Inflows of Resources:	590,927	442,704	6,278,492	634,476
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES:</b>	<b>52,629,836</b>	<b>12,975,821</b>	<b>16,767,036</b>	<b>5,784,479</b>
<b>NET POSITION:</b>				
253.10 Net Investment in Capital Assets	152,243,964	124,010,358	74,334,037	160,565,648
253.20 Restricted Net Position, Restricted for:				
253.22 Revenue Bond Retirement	4,275,709	7,506	796,045	-
253.29 SDRS - Pension	342,554	256,631	234,272	367,800
253.90 Unrestricted Net Position	31,222,791	20,289,006	22,811,261	2,931,443
TOTAL NET POSITION	188,085,018	144,563,501	98,175,615	163,864,891
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 240,714,854</b>	<b>\$ 157,539,322</b>	<b>\$ 114,942,651</b>	<b>\$ 169,649,370</b>

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

Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 18,032,333	\$ 86,687,318	\$ 6,128,727
-	5,080,054	-
-	585,379	-
4,530,000	4,530,000	-
807,079	9,709,372	914,039
9,293,096	11,117,093	448,764
(6,457,000)	(6,852,000)	-
338,446	2,016,615	-
157	429,489	-
2,441,778	2,441,778	-
13,756	13,756	-
-	5,476,454	-
-	221,887	-
54,472	4,853,515	-
7,957	20,528	-
70,063	1,412,670	-
29,132,137	127,743,908	7,491,530
29,387	65,017	-
7,345,366	19,572,849	-
29,453,712	321,610,038	-
109,176,416	607,425,789	-
9,269,822	20,977,370	-
11,194,601	21,370,150	-
2,308,037	24,601,523	-
(58,478,978)	(325,409,908)	-
110,298,363	690,212,828	-
2,670,428	5,908,293	-
770,399	1,852,495	-
3,440,827	7,760,788	-
\$ 142,871,327	\$ 825,717,524	\$ 7,491,530
\$ 735,962	\$ 4,071,800	\$ 4,923,572
856,729	949,561	-
1,065	226,213	-
-	1,247,344	-
355,418	919,106	1,418
-	3,465,351	-
105,053	105,053	-
16,500	51,500	-
2,070,727	11,035,928	4,924,990
-	3,498,672	-
3,763,271	4,613,382	-
3,418,905	8,221,068	-
-	61,318,615	-
847,140	847,140	-
373,907	1,149,718	-
4,530,000	4,530,000	-
12,933,223	84,178,595	-
-	397,907	-
-	5,476,454	-
1,709,077	3,781,315	-
1,709,077	9,655,676	-
16,713,027	104,870,199	4,924,990
109,316,853	620,470,859	-
-	5,079,260	-
990,738	2,191,995	-
15,850,709	93,105,210	2,566,540
126,158,300	720,847,325	2,566,540
\$ 142,871,327	\$ 825,717,524	\$ 7,491,530

**CITY OF RAPID CITY  
RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

Total Net Position - Enterprise Funds	\$ 720,847,325
---------------------------------------	----------------

Amounts reported for business-type activities in the statement  
of net position are different because:

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	(404,228)
---	-----------

Total Net Position - Business-type Activities	<u>\$ 720,443,097</u>
---	-----------------------

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



**CITY OF RAPID CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2022**

	<b>Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>
<b>Operating Revenue:</b>			
380 Charges for Goods and Services	\$ 26,106,149	14,502,541	\$ 10,310,497
Total Operating Revenues	26,106,149	14,502,541	10,310,497
<b>Operating Expenses:</b>			
410 Personal Services	3,628,116	2,719,032	2,755,874
420 Other Current Expense	4,025,816	3,904,575	4,335,415
426.2 Materials (Cost of Goods Sold)	537,718	58,419	-
457 Depreciation	5,542,840	4,476,439	3,389,068
Total Operating Expenses	13,734,490	11,158,465	10,480,357
Operating Income (Loss)	12,371,659	3,344,076	(169,860)
<b>Nonoperating Revenue (Expense):</b>			
361 Investment Earnings (Loss)	209,881	93,682	116,816
470 Interest Expense and Fiscal Charges	(1,799,254)	(297,205)	(269,332)
366 (Loss) Gain on Disposition of Capital Assets	(6,861)	-	-
366 Sale of Capital Assets	-	2,983	7,638
369.05 Other Taxes	29	78,725	168,306
313 Sales Tax	18,868	-	164,439
369 Other	104,785	23,950	155,812
Total Nonoperating Revenue (Expense)	(1,472,552)	(97,865)	343,679
Income (Loss) Before Capital Grants and Transfers	10,899,107	3,246,211	173,819
330 Capital Grants	-	-	1,558,791
331.01 CARES ACT Funds (COVID)	-	-	2,630,881
331.01 Grant Funds - ARPA	-	-	3,764,899
391.02 Lease Proceeds	-	-	100,319
391.7 Capital Contributions	-	442,188	-
391.7 Contributions from Developers/Others	2,537,539	1,124,002	-
391.7 Capital Asset Transfers	-	-	-
391.1 Transfers In (Out)	(93,545)	(116,223)	-
Net Capital Grants, Contributions and Transfers	2,443,994	1,449,967	8,054,890
Change in Net Position	13,343,101	4,696,178	8,228,709
Net Position - Beginning	174,741,917	139,867,323	89,946,906
NET POSITION - ENDING	\$ 188,085,018	\$ 144,563,501	\$ 98,175,615

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

Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 8,278,377	\$ 22,568,916	\$ 81,766,480	\$ 11,068,796
8,278,377	22,568,916	81,766,480	11,068,796
6,350,011	9,904,242	25,357,275	124,553
5,220,177	8,880,841	26,366,824	11,616,449
1,894,988	69,802	2,560,927	-
4,222,985	4,994,693	22,626,025	-
17,688,161	23,849,578	76,911,051	11,741,002
(9,409,784)	(1,280,662)	4,855,430	(672,206)
11,717	(89,196)	342,900	(15,262)
(37,613)	(14,862)	(2,418,266)	-
-	(13,391)	(20,252)	-
1,436	-	12,057	-
-	473	247,533	-
6,037,538	525,182	6,746,027	-
126,320	95,480	506,347	-
6,139,398	503,686	5,416,346	(15,262)
(3,270,386)	(776,976)	10,271,776	(687,468)
-	258,602	1,817,393	-
-	-	2,630,881	-
-	-	3,764,899	-
-	-	100,319	-
183,524	1,510,462	2,136,174	-
-	2,147,048	5,808,589	-
-	20,609	20,609	-
(161,736)	198,867	(172,637)	-
21,788	4,135,588	16,106,227	-
(3,248,598)	3,358,613	26,378,003	(687,468)
167,113,489	122,799,687	694,469,322	3,254,008
\$ 163,864,891	\$ 126,158,300	\$ 720,847,325	\$ 2,566,540

**CITY OF RAPID CITY  
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net change in net position - Enterprise funds	\$ 26,378,003
Amounts reported for business-type activities in the statement of activities are different because:	
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of Enterprise Funds' participation in the activities conducted in the internal service fund	(208,604)
Change in Net Position of Business-type Activities	<u>\$ 26,169,399</u>

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

**CITY OF RAPID CITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			
	Water Fund	Wastewater Fund	Airport Fund	Civic Center Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipt from Customers	\$ 26,321,032	\$ 14,642,847	\$ 7,097,005	\$ 8,374,599
Payments to Suppliers	(5,853,096)	(5,597,772)	(3,434,624)	(7,283,216)
Payments to Employees	(3,523,325)	(2,619,703)	(2,633,016)	(6,246,327)
Net Cash Provided (Used) by Operating Activities	16,944,611	6,425,372	1,029,365	(5,154,944)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Airport Property Tax and Gross Receipts Tax (Civic Center)	-	-	332,745	6,037,538
Internal Activity - (Payment) Receipts to Other Funds	-	1,602,536	-	-
Transfers In (Out)	(93,545)	(116,223)	-	(161,736)
Net Cash Provided (Used) by Operating Subsidies and Transfers	(93,545)	1,486,313	332,745	5,875,802
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital Grants	-	-	1,558,791	-
Purchase of Capital Assets	(6,781,510)	(9,070,104)	(6,765,569)	(351,853)
Principal Paid on Capital Debt	(2,096,248)	(2,453,761)	(385,000)	(320,000)
Interest Paid on Capital Debt	(1,813,352)	(308,589)	(269,995)	(37,978)
Other Receipts (Payments)	123,682	102,675	6,551,592	126,320
Net Cash (Used) by capital and related financing Activities	(10,567,428)	(11,729,779)	689,819	(583,511)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of Investments	(3,809,689)	(2,810,457)	-	(20,900)
Interest Earnings	198,437	94,742	116,816	11,771
Net Cash Provided (Used) by Investing Activities	(3,611,252)	(2,715,715)	116,816	(9,129)
Net Increase (Decrease) in Cash and Cash Equivalents	2,672,386	(6,533,809)	2,168,745	128,218
Balances - Beginning	29,067,970	22,826,795	19,278,388	4,711,725
Balances- Ending	\$ 31,740,356	\$ 16,292,986	\$ 21,447,133	\$ 4,839,943
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ 12,371,659	\$ 3,344,076	\$ (169,860)	\$ (9,409,784)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	5,542,840	4,476,439	3,389,068	4,222,985
Change in Assets and Liabilities:				
Receivables	222,335	140,306	(49,813)	81,186
Inventories	(182,427)	1,663	-	44,890
Customer Deposits	39,568	-	-	-
Due from other Governments	(7,452)	-	(3,163,679)	15,036
Accounts and Other Payables	(1,146,703)	(1,636,441)	900,791	(212,941)
Accrued Wages Payable	10,353	29,248	13,586	15,390
Other Post Employment Benefits	221,430	165,370	239,130	282,053
Accrued Leave Payable	44,212	31,551	17,670	7,944
Pension Asset	721,965	547,239	451,055	754,673
Pension/OPEB Related Deferred Outflows	(1,012,108)	(758,452)	(707,456)	(1,096,607)
Pension Related Deferred Inflows	118,939	84,373	108,873	140,231
Net Cash Provided (Used) by Operating Activities	\$ 16,944,611	\$ 6,425,372	\$ 1,029,365	\$ (5,154,944)
<b>Noncash Investing, Capital and Financing Activities:</b>				
Gain (Loss) on Disposal of Capital Assets Not Affecting Operating Income	\$ (6,861)	\$ -	\$ -	\$ -
Contribution of Assets from Others	2,537,539	1,566,190	-	183,524
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>				
101 Cash and Cash Equivalents	\$ 27,464,647	\$ 15,699,308	\$ 20,651,087	\$ 4,839,943
106 Cash with Fiscal Agent, Restricted	4,275,709	8,299	796,046	-
107.1 Restricted Cash and Cash Equivalents	-	585,379	-	-
	\$ 31,740,356	\$ 16,292,986	\$ 21,447,133	\$ 4,839,943

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

Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 23,321,863	\$ 79,757,346	\$ 11,012,210
(9,177,868)	(31,346,576)	(10,867,224)
(9,576,963)	(24,599,334)	(124,329)
4,567,032	23,811,436	20,657

-	6,370,283	-
3,915,000	5,517,536	-
198,867	(172,637)	-
4,113,867	11,715,182	-

258,602	1,817,393	-
(4,821,163)	(27,790,199)	-
(54,293)	(5,309,302)	-
(13,905)	(2,443,819)	-
620,980	7,525,249	-
(4,009,779)	(26,200,678)	-

-	(6,641,046)	-
(92,749)	329,018	(266,724)
(92,749)	(6,312,028)	(266,724)

4,578,371	3,013,912	(246,067)
-----------	-----------	-----------

13,453,961	89,338,839	6,374,794
------------	------------	-----------

\$ 18,032,332	\$ 92,352,751	\$ 6,128,727
---------------	---------------	--------------

\$ (1,280,662)	\$ 4,855,430	\$ (672,206)
----------------	--------------	--------------

4,994,693	22,626,025	-
-	-	-
752,947	1,146,961	(56,586)
(20,995)	(156,869)	-
-	39,568	-
-	(3,156,095)	-
(206,230)	(2,301,524)	749,225
55,682	124,259	224
602,738	1,510,721	-
120,710	222,087	-
2,156,832	4,631,764	-
(2,904,846)	(6,479,469)	-
296,163	748,579	-
\$ 4,567,032	\$ 23,811,436	\$ 20,657

\$ (13,391)	\$ (20,252)	\$ -
3,678,119	7,965,372	-

\$ 18,032,332	\$ 86,687,318	\$ 6,128,727
-	5,080,054	-
-	585,379	-
\$ 18,032,332	\$ 92,352,751	\$ 6,128,727

**CITY OF RAPID CITY  
STATEMENT FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2022**

	<b>Custodial Funds</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 442,674
Total Assets	<u>442,674</u>
<b>LIABILITIES:</b>	
Accounts Payable	1,002
Amounts Held for Others	<u>42,185</u>
Total Liabilities	<u>43,187</u>
<b>NET POSITION:</b>	
Restricted for:	
Individuals, organization and other governments	399,487
Total Net Postion	<u>\$ 399,487</u>

**CITY OF RAPID CITY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2022**

	<b>Custodial Funds</b>
<b>ADDITONS:</b>	
Member Contributions	\$ 371,125
Adminstrative Fees	85,615
Miscellaneous	
Total Additions	<u>456,740</u>
<b>DEDUCTIONS</b>	
Payments to individuals, organization and other governments	353,863
Adminstrative Fees	<u>12,027</u>
Total Deductions	<u>365,890</u>
Net increase in fiduciary net postions	90,850
Net Position - Beginning	<u>308,637</u>
Net Position - Ending	<u>\$ 399,487</u>

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The reporting entity of the City of Rapid City (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 for which the primary government has a fiduciary responsibility); 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.

The Museum Alliance of Rapid City, Inc. (MARC), a separate non-profit corporation, was formed as a special agent of the City to operate and maintain the Journey museum. The MARC is reported as a discretely reported component unit on the City's Statement of Position and Statement of Activities as the MARC is financially dependent on the City. For the year ending December 31, 2022 the MARC received a qualified opinion as a result of not recording contributed rent in accordance with Accounting Standards Codification Topic 958, Not-for-Profit-Entities. More information on this qualification as well as obtaining a complete set financial statements can be obtained from the MARC Administrative Office, located at 222 New York St., Rapid City SD 57701.

B. BASIS OF PRESENTATION

*Government-Wide Financial Statements:*

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and the discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or 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 individual component units in Note 1.A. above.

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, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. BASIS OF PRESENTATION (Continued)

*Fund Financial Statements (Continued):*

A fund is considered major if it is the primary operating fund of the City or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise funds are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least 5 percent 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 fund's operations.

The funds of the City financial reporting entity are described below:

**Governmental Funds**

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

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

Capital Improvements  
& Vision Fund

Established by Rapid City Municipal Code Chapter 3.16.060 Capital Improvements & Vision Fund is the consolidation of the former Vision and Consolidated Construction funds. The purpose of the consolidation was to improve the City's ability to bond for future capital improvements and Vision fund projects in addition to obtaining more favorable interest rates on future bonds. Two separate set of accounts are maintained within this fund to account for sales tax revenues received to finance debt service and capital construction projects. In addition, this fund also accounts for sales tax revenue received to finance debt service and capital construction related to the City's long-term streets, water and sewer plans.

The following remaining Special Revenue funds are not considered to be major funds: Occupancy Tax, Downtown BID, Erosion/Sediment Control, Community Development, Rehabilitation Loan/Grant, Retired Senior Volunteer Program, Library Board and all TID funds. These funds are reported in the fund financial statements as "Other Governmental Funds".

*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 in relation to the various tax increment districts that have been established, none of which are considered major funds.



CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. BASIS OF PRESENTATION (Continued)

Governmental Funds (Continued)

*Permanent Fund* – 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 accounts 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 care and maintenance of the cemetery. (SDCL 9-32-18) This is not a major fund.

**Proprietary Funds**

*Enterprise Funds* - Enterprise funds may be used to report any activity for which a fee is charged to external customers 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.

1. 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.)
2. 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.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service.

The City reports the following major enterprise funds:

Water Fund	Financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1)
Wastewater Fund	Financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities. (SDCL 9-48-2)
Airport Fund	Financed primarily by user charges and grants, this fund accounts for the construction and operation of the municipal airport and current grant activities.
Civic Center	Financed primarily by user fees and third penny sales tax (SDCL 10-52), this fund accounts for the operation of the municipal civic center.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. BASIS OF PRESENTATION (Concluded)

*Internal Service Funds* - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the primary government on a cost reimbursement basis. The City maintains four internal service funds: Medical Insurance, Liability Insurance, Unemployment Insurance and Workers' Compensation Insurance. These funds are utilized to account for the corresponding insurances. Internal Service Funds are never considered to be major funds.

**Fiduciary Funds**

Fiduciary funds consist of the following subcategory and are never considered to be a major fund.

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

<u>Fund</u>	<u>Brief Description</u>
Section 125 Fund	To account for pre-tax withholdings from employees, directed for medical or childcare expenses.

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” revenues and expenditures or expenses 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, governmental, business-type and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

*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 fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

*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).

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

*Fund Financial Statements:*

All governmental fund types 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 for the City is 60 days.

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 deferred inflows of resources are considered unavailable revenues, where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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.

All proprietary and fiduciary fund types 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. CASH AND CASH EQUIVALENTS

The City pools the cash resources of its funds for cash management purposes. For the purpose of the proprietary funds' Statements of Cash Flows, the City considers all highly liquid investments as deposits, including restricted assets, with a term to maturity of three months or less at the date of acquisition, to be cash equivalents.

E. DEPOSITS AND INVESTMENTS

For the purpose of financial reporting, "cash and cash equivalents" includes all demand, savings accounts, certificates of deposit and cash management pools of the City that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. 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 date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6. All investments with original maturities greater than 18 months at the time of purchase are redeemable at the City's option, assuming the investments are marketable.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

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.
2. In order to minimize the doubling-up effect on the internal services fund activity, certain "centralized expenses" including an administrative overhead component, 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 reduction occurs in the General Fund, so that expenses are only reported in the function to which they relate.

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds" and are equally offset by a nonspendable fund balance, which indicates they are not a component of current assets, and do not constitute "available spendable resources." Interfund receivables and payables between funds within governmental activities and within the business-type activities are eliminated in the Statement of Net Position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

G. INVENTORIES

Inventories in all funds are stated at the lower of cost or market, using the first-in, first-out method cost flow assumption. Inventories consist of sand, salt and chemicals for snow removal, service connection repair materials and concession items.

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

*Fund Financial Statements:* In the fund financial statements, purchase of supply inventory items are recorded as expenditures at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

H. CAPITAL ASSETS

Capital assets include land, buildings, improvements other than buildings, furnishings and equipment, infrastructure, construction/development in progress 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 in nature and normally can be preserved for a significantly greater number of years than most capital assets.

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 the government-wide or fund financial statements.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. CAPITAL ASSETS (Continued)

*Government-Wide Financial Statements:*

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their acquisition value on the date donated. Capital assets donated by developers are recorded at estimated cost. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized. Historical cost was used to value the majority of the assets.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks 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 are classified as "Improvements Other than Buildings".

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 the proprietary fund's Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset and the capitalization threshold (the dollar values above which asset acquisitions are added to the capital assets accounts) is as follows:

Buildings	25-50 years	\$ 15,000
Improvements	10-50 years	\$ 15,000
Machinery and Equipment	3-20 years	\$ 5,000
Utility System	25-50 years	\$ 15,000
Infrastructure	25-50 years	\$ 15,000

Land is an inexhaustible capital asset and is not depreciated. Construction in Progress is not depreciated.

*Fund Financial Statements:*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as 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.

I. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits based on contract terms, years of service and age. All vacation time and estimated retirement severance are accrued when incurred in government-wide and proprietary fund financial statements and recorded as expenditures in the governmental fund statements when the employees use the benefits.

J. 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 financial statements. The long-term liabilities primarily consist of general revenue bonds, direct borrowings and contracts payable, financing obligations and compensated absences.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

J. LONG-TERM LIABILITIES (Continued)

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 financial statements.

K. LEASES

**Lessee:**

The City has no significant lessee transactions.

**Lessor:**

The City is a lessor for noncancellable leases of real estate, airport hangars and retail space. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

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

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

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

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

L. PROGRAM REVENUE

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

- a. 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.
- b. 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.
- c. 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.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

M. DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of net position reports a section for the net deferred outflows/inflows of resources balances.

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 the current year the City has recognized deferred outflows relating to pension asset and OPEB liability.

Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period. Deferred inflows of resources consist primarily of property taxes, special assessments, leases, grant revenue and pension.

N. PROPRIETARY FUNDS REVENUE AND EXPENSE CLASSIFICATION

In the proprietary fund's Statement of Revenues, Expenses and Changes in Fund 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.

O. EQUITY CLASSIFICATIONS

*Government-Wide Financial Statements:*

Equity is classified as Net Position and is displayed in three components:

1. 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 acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

*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 positions are available.

*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 is reported as Net Position-Restricted.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

O. EQUITY CLASSIFICATIONS (Continued)

*Fund Balance Classification Policies and Procedures*

The City classifies governmental fund balances as follows:

1. Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
4. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the City Council or by an official or body to which the City Council delegates the authority.
5. Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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. The City does not have a formal minimum fund balance policy.

P. RESTRICTED ASSETS

Certain assets are classified as restricted on the Statement of Net Position. These restrictions include those imposed by debt indenture covenants, tax increment financing district developer agreements, federal grant agreements, State law regarding use of cemetery perpetual care funds and landfill closure/post closure funds.

Q. USE OF ESTIMATES

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

U. PENSIONS

For purposes of measuring the net pension 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/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. City contributions and the net pension asset are recognized on an accrual basis of accounting.



CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

R. EMERGING ACCOUNTING STANDARDS

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based informational 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 at the City in the year ended December 31, 2023.

GASB Statement No. 99 Omnibus 2022. The objective of this Statement is to help communicate requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and clarifications of other certain provisions from GASB 34 as amended. As well as communicate clarifications related to leases, PPPs and SBITAs. This statement will be implemented at the City in the year ended December 31, 2023.

GASB Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences. Leave that has not been used, is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means should generally be recognized at the employee's pay rate as of the financial statement date. The standard also includes guidance for types of leave other than vacation, requires accrual of salary related payments, and changes the disclosure requirements. The statement is effective for the City's year ending December 31, 2024.

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

S. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

The City implemented GASB Statement No. 87, *Leases*, during the year ended December 31, 2022. The standard enhances the relevance and consistency of information of the government's leasing activities. The standard 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 based on the terms of the lease. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The standard was implemented using the facts and circumstances that existed at the beginning of the period of implementation, or January 1, 2022. Implementation of the standard had no effect on beginning net position as deferred inflows were equal to the lease receivable for lessor transactions.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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 of add-on type.

The actual bank balances at December 31, 2022 were as follows:

<u>Primary Government</u>	<u>Bank Balance</u>
Insured – FDIC	\$1,908,768
Uninsured, collateral jointly held by State's/City agent in the name of the State and the pledging financial institution in accordance with SDCL 4-6A-3	176,657,689
Total Deposits	<u>\$178,566,457</u>

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.

Investments are reported at fair value. Accordingly, changes in the market value of investments at year end are reflected as a component of earnings on investments.

Credit Risk – State law limits eligible investments for the City, as discussed above. In addition, the City has an investment policy that further limits 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 to it. The City's investment policy restricts the maximum holding per institution to 50% of the City's total pooled cash fund. As of December 31, 2022, none of the City's deposits in financial institutions were exposed to custodial credit risk.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The certificates of deposit, treasury notes, federal agency obligations, and government sponsored enterprises are measured as level 2 recurring fair value measurements according to the fair value hierarchy.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (Continued)

As of December 31, 2022, the City had the following investments:

Investment	Credit	Total	Less than 1 Year	1-5 Years	5-10 Years	10 Years or More
Certificates of Deposit	N/A	17,410,806	16,717,897	600,488	92,422	
US Treasury Notes	N/A	13,891,387	573,386	13,318,001		
<b>US Federal Agency Obligations:</b>						
GNMA (Ginnie Mae) Pool	AAA	883,092			68,235	814,857
<b>US Government Sponsored Enterprises:</b>						
FFCB (Federal Farm Credit Banks) Notes	AAA	2,834,899		2,834,899		
FFCB (Federal Farm Credit Banks) Bonds	AAA	2,440,992		2,059,498		381,494
FNMA (Fannie Mae) Pool	AAA	8,820,446	1,491,074	6,094,760	170,659	1,063,954
FNMA Notes	AAA	3,605,706		3,404,090		201,616
FHLMC (Freddie Mac) Pool	AAA	4,682,448	2,351,888	1,621,178	65,951	643,431
FHLMC Notes	AAA	681,089		681,089		
FHLB Notes	AAA	724,505	335,926	388,579		
FHLB Bonds	AAA	1,841,865	739,914	1,101,951		
Total		57,817,235	22,210,085	32,104,533	397,267	3,105,351

**Presented in the:**

Statements of Net Position

\$ 57,817,235

Interest Rate Risk – Pursuant to the City’s investment policy, portfolio duration must always remain within 1 to 5 years with individual securities required to have a maturity between 30-day Treasury Bills and final maturity of 30 years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Investments – The risk that, in the event of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City’s investment policy restricts the maximum holding per institution to 50% of the City’s total pooled cash fund. All investments are held in the City’s name with RBC Wealth Management, Edward Jones, Wells Fargo, and Black Hills Community Bank serving as custodians.

Concentration of Credit Risk – The City’s investment policy limits the amount that may be invested in any one financial institution to 50%, with exclusion of US Treasury securities. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded in the assessment of concentration of credit risk.

As of December 31, 2022, more than 5 percent of the City’s investments are in US Treasury Notes, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank Funding Corporation. The investments are 24.03%, 21.49%, 9.28% and 9.13%, respectively, of the City’s total investments.

At December 31, 2022 the City had the following in the cash with fiscal agent accounts:

Investment	Credit	Total	Less than 1 Year	1-5 Years
Money Market	N/A	4,669,731	4,669,731	
US Treasury Obligations	AAA	5,080,053	5,080,053	
Total		9,749,785	9,749,785	

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (Continued)

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City’s policy is to credit all income from investments to the fund making the investment, except for interest generated by the Cemetery Perpetual Care Fund, which must be credited to the General Fund, and used only for maintenance of the municipal cemetery, as required by SDCL 9-32-18.

Restricted Cash/Investments:

The City classifies cash and investments as restricted based on external and internal restrictions. Externally restricted cash and investment balances are restricted for the following specific purposes:

<u>Amount:</u>	<u>Purpose:</u>
\$9,749,785	Debt Service, by debt covenants
\$2,115,777	Amount Held for Others
\$4,530,000	Closure and Post-Closure Landfill Costs

NOTE 3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year; except for the Infrastructure Development Partnership Fund Notes Receivables totaling \$64,035 at December 31, 2022 that have a maximum repayment term of 10 years and the Life Safety Loan Receivable totaling \$154,680 at December 31, 2022 that has a maximum repayment term of 7 years. These notes are fully collateralized with letters of credit.

Business-Type Activities: Business Type Activities receivables are comprised of amounts owed to the City by City residents for services rendered such as water and sewer and interest income receivable.

Appropriate allowances for estimated uncollectible accounts have been established based on the City’s knowledge of current environmental conditions and historical losses

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 RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
NOTE 4. DUE FROM OTHER GOVERNMENTS

At December 31, 2022 the City's Due from Other Governments consisted of the following:

GOVERNMENTAL FUNDS:

General Fund	
Transportation Planning	\$ 49,965
Local Government Highway/Bridge	162,986
Liquor Tax Reversion	132,420
Motor Vehicle	31,903
Urban Mass Transit Grant	138,945
Homeland Security Grants	74,759
Police Grants	155,980
Fire Grants	66,534
Wildland Fire	56,194
Air Quality Grant	15,166
State Drug Funds	94,677
Local Counties/Agencies	63,075
<u>Total General Fund</u>	<u>1,042,604</u>
Community Development - CDBG	202,957
<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>	<b><u>\$ 1,245,561</u></b>

ENTERPRISE FUNDS:

Airport Fund	
Airport Improvement Projects (AIP)	\$ 502,004
Airport Improvement Projects (AIP) -- Emergency Funding	2,630,880
SCASD	37,397
Airport Improvement Projects (AIP) - ARPA	1,556,888
TSA Building Services	41,183
<u>Total Airport Fund</u>	<u>4,768,352</u>
Water Fund	
Bureau of Reclamation	14,640
<u>Total Water Fund</u>	<u>14,640</u>
Civic Center Fund	
Facility Rental - Pennington County	845
Facility Rental - Tribal	15,206
<u>Total Civic Center Fund</u>	<u>16,051</u>
Nonmajor Proprietary Funds	
Energy Plant - Rapid City Area Schools	54,472
<u>Total Nonmajor Proprietary Funds</u>	<u>54,472</u>
<b><u>TOTAL ENTERPRISE FUNDS</u></b>	<b><u>4,853,515</u></b>
<b><u>TOTAL ALL FUNDS</u></b>	<b><u>\$ 6,099,076</u></b>

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital Assets not being depreciated:					
Land	\$ 48,498,991	\$ 725,417	\$ -	\$ -	\$ 49,224,408
Construction in Progress	5,431,622	11,248,769	(6,516,172)	-	10,164,219
Total capital assets not being depreciated	53,930,613	11,974,186	(6,516,172)	-	59,388,627
Capital Assets being depreciated:					
Buildings	102,708,452	1,117,058		-	103,825,510
Improvements Other than Buildings	394,823,842	9,066,069	4,379,998	-	408,269,909
Machinery and Equipment	37,756,428	3,273,798	(20,609)	(453,920)	40,555,697
Total capital assets being depreciated	535,288,722	13,456,925	4,359,389	(453,920)	552,651,116
Less accumulated depreciation for:					
Buildings	(31,149,660)	(2,254,957)	-	-	(33,404,617)
Improvements Other than Buildings	(231,647,788)	(12,641,003)	-	-	(244,288,791)
Machinery and Equipment	(26,949,009)	(2,049,041)	-	408,528	(28,589,522)
Total accumulated depreciation	(289,746,457)	(16,945,001)	-	408,528	(306,282,930)
Total capital assets being depreciated, net	245,542,265	(3,488,076)	4,359,389	(45,392)	246,368,186
Governmental activities capital assets, net	\$ 299,472,878	\$ 8,486,110	\$ (2,156,783)	\$ (45,392)	\$ 305,756,813

Depreciation expense was charged to functions within governmental funds as follows:

Total General Government	\$ 1,327,696
Total Public Safety	1,060,134
Total Health and Welfare	199,306
Total Public Works	11,423,912
Total Culture and Recreation	2,883,554
Total Conservation & Development	50,399
<b>Total Governmental depreciation expense</b>	<b>\$ 16,945,001</b>

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5. CHANGES IN CAPITAL ASSETS (Continued)

Capital asset activity in business-type funds for the fiscal year ended December 31, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital Assets not being depreciated:					
Land	\$ 19,563,160	\$ 9,689	\$ -	\$ -	\$ 19,572,849
Construction in Progress	13,897,688	17,080,659	(6,376,824)	-	24,601,523
Total capital assets not being depreciated	33,460,848	17,090,348	(6,376,824)	-	44,174,372
Capital Assets being depreciated:					
Buildings	321,474,294	-	135,744	-	321,610,038
Improvements Other than Buildings	586,184,918	19,730,409	1,510,462	-	607,425,789
Machinery and Equipment	38,917,681	3,581,458	68,389	(220,008)	42,347,520
Total capital assets being depreciated	946,576,893	23,311,867	1,714,595	(220,008)	971,383,347
Less accumulated depreciation for:					
Buildings	(81,914,137)	(6,086,672)	-	-	(88,000,809)
Improvements Other than Buildings	(198,267,718)	(14,207,255)	-	-	(212,474,973)
Machinery and Equipment	(22,801,785)	(2,332,098)	-	199,757	(24,934,126)
Total accumulated depreciation	(302,983,640)	(22,626,025)	-	199,757	(325,409,908)
Total capital assets being depreciated, net	643,593,253	685,842	1,714,595	(20,251)	645,973,439
Business-type activities capital assets, net	\$ 677,054,101	\$ 17,776,190	\$ (4,662,229)	\$ (20,251)	\$ 690,147,811

Depreciation expense was charged to business-type funds as follows:

Total Water Enterprise	\$ 5,542,840
Total Wastewater Enterprise	4,476,439
Total Civic Center Enterprise	4,222,985
Total Airport Enterprise	3,389,068
Total Storm Water Utility Enterprise	2,539,418
Total Solid Waste Disposal Enterprise	1,519,601
Total Solid Waste Collection Enterprise	409,128
Total Golf Course Enterprise	166,544
Total Parking Lot Area Enterprise	131,460
Total Ambulance Enterprise	95,729
Total Energy Plant Enterprise	66,124
Total Executive Golf Enterprise	50,175
Total Transportation Terminal Enterprise	16,514
<b>Total Enterprise depreciation expense</b>	<b>\$ 22,626,025</b>

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6. CONSTRUCTION COMMITMENTS

The City had construction commitments of approximately \$80 million as of December 31, 2022. Individual project commitments of over \$100,000 were as follows:

Project Number/Name	Project Description	Total Costs		
		As of 12/31/2022	Total Contract	Remaining
20-2629	Wastewater Reclamation Facility	1,734,380	19,286,916	17,552,536
20-2612	Firestation #1 Improvements	864,129	15,387,390	14,523,262
22-2608	Misc Projects - ARPA Funded	952,075	8,184,148	7,232,073
22-5320	Airport Terminal Expansion	1,823,544	8,206,175	6,382,631
20-2670	Signal Drive & Kellogg Place	272,260	5,086,055	4,813,795
18-5279	AIP 61 Cares Dev-CAC	581,241	4,897,223	4,315,982
22-2487	St Cloud Reconstruction	146,412	4,330,704	4,184,293
22-2689	Block 75 Parking Ramp Improvements	211,171	3,949,456	3,738,285
22-2532	Sunburst Drive Recon	521,203	3,949,069	3,427,865
21-6180	Dinosaur Park Access	463,153	3,867,604	3,404,452
21-2643	Springbrook Acres	158,360	2,369,627	2,211,267
22-2675	City Hall Renovation Phase	6,549	844,000	837,451
19-2488	Omaha LaCrosse St	119,086	897,519	778,434
21-2682	Shepherd Hills Wtr Boo	220,375	955,645	735,270
22-2674	City Hall HVAC Upgrade	460,459	1,024,461	564,002
22-2530	Adams Street Water Main	445,753	990,995	545,242
20-2579	Sheridan Lk Rd Recon-C	396,812	928,960	532,148
22-2709	5th Street Panel Repair	174,315	699,184	524,869
20-2609	Wonderland Drive Area	74,464	563,407	488,943
19-2487	Saint Cloud Reconstruction	3,900,027	4,330,704	430,678
Training Tower	Fire Training Tower	454,000	850,000	396,000
21-5304	Multi Purpose Building	1,143,567	1,504,962	361,395
22-2714	West Side Police Precint	5,406	319,300	313,894
19-2540	Misc Capital Projects	408,249	697,342	289,093
22-2694	143rd Ave and Country	171,799	395,015	223,216
20-2571	SE Area Trunck Sewer	309,847	503,260	193,413
19-2535	Canyon Lake District	337,952	520,340	182,388
22-2711	Red Rock Canyon Upgrades	72,251	248,367	176,116
22-2668	South Truck Route DBDP	70,709	195,842	125,133
	Remainder	18,266,198	18,751,799	485,601
		<b>\$ 34,765,743</b>	<b>\$ 114,735,470</b>	<b>\$ 79,969,727</b>

Funding for these projects is provided from dedicated sales tax funds (Capital Improvement & Vision Fund), grants and charges for services. There are many projects that are included in Construction in Progress line item in Note 5 but are not included in this note because they have either been substantially completed but not put into service or they are only in the design stage with no commitment for further construction.



CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**Governmental Activities:**

As of December 31, 2022, the governmental long-term debt of the financial reporting entity consisted of the following:

Revenue Bonds

\$102,370,000 Sales Tax Revenue Bonds, Series 2021 serviced by the Capital Improvements & Vision Special Revenue Fund. Payable in annual principal installments of \$1,640,000 to \$5,985,000 through December 2046. Interest at .298 to 2.910 percent. \$99,460,000

\$10,630,000 Sales Tax Revenue Bonds, Series 2020 serviced by the Capital Improvements & Vision Special Revenue Fund. Payable in annual principal installments of \$1,015,000 to \$1,335,000 through December 2028. Interest at .45 to 1.50 percent. 7,940,000

\$11,025,000 Sales Tax Revenue Bonds, Series 2018 serviced by the Capital Improvements & Vision Special Revenue Fund. Payable in principal installments of \$930,000 to \$1,105,000 through December 2047. Interest at 5.00 percent. 8,330,000

Unamortized deferred premium 674,665

Total Revenue Bonds \$116,404,665

Compensated Absences:

Accrued Leave Payable Government Funds \$2,312,642

Financing Obligations

\$4,772,000 obligation dated September 6, 2011 with Pennington County, South Dakota for 44%, 61% and 10% interest in Public Safety Building, Evidence Lab and Parking Ramp, respectively. Due in annual installments of \$290,058 including interest of 4.11 percent. The final payment is due December 1, 2040. The obligation is serviced by the Capital Improvements & Vision Fund. \$3,779,971

Notes Payable

Note payable to Black Hills Community Bank dated April 16, 2019 to finance the purchase of maintenance equipment for Parks department. Maximum loan amount of \$145,000. Due in monthly installments of \$2,668, including interest at 3.90 percent. The final payment is due in April 2024. The loan is serviced by the General Fund. 41,083

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)  
Governmental-Type Activities (Continued)

Pledged Revenue – 2021 Sales Tax Bonds

The City has pledged the amount of the future debt service requirements on the issues or specific revenues based on debt documents for the retirement of the debt issues associated with the Capital Improvements & Vision fund. For the year ending December 31, 2022 principal and interest payments were \$1,640,000 and \$2,234,911, respectively. Sales tax revenue of \$38,558,374 was pledged against debt service requirements

Pledged Revenue – 2020 Sales Tax Refunding Bonds,

The City has pledged the amount of the future debt service requirements on the issues or specific revenues based on debt documents for the retirement of the debt issues associated with the Capital Improvements & Vision fund. For the year ending December 31, 2022 principal and interest payments were \$1,355,000 and \$92,855, respectively. Sales tax revenue of \$38,558,374 was pledged against debt service requirements

Pledged Revenue – 2018 Sales Tax Bonds

The City has pledged the amount of the future debt service requirements on the issues or specific revenues based on debt documents for the retirement of the debt issues associated with the Capital Improvements & Vision fund. For the year ending December 31, 2022 principal and interest payments were \$1,835,000 and \$4,160,450, respectively. Sales tax revenue of \$38,558,374 was pledged against debt service requirements

Tax Increment Financing District (TID) Liabilities

Tax increment financing is a method of financing improvements and development in an area which has been determined to be blighted according to the criteria set forth in SDCL 11-9. In some instances, the City pledges future tax revenues generated by the tax increment district to acquire public improvements within the established Tax Increment District which were constructed by a private developer.

The City has pledged all or some portion of future tax revenues to acquire public improvements within the established Tax Increment District which were constructed by a private developer. These transactions are accounted for as a collateralized borrowing, whereby the City recognizes a liability and capital assets equal to the amount of the public improvements being acquired. The City also uses some tax increment districts to fund improvements in which the City has obtained financing or has used reserves to fund all or some of the improvements, in which case the City follows its general policies outlined in Note 1.

In cases where the City purchases public improvements from private developers, the City agrees to deposit all positive tax increments received for that district in a special fund. Once the developer has completed the agreed upon improvements and has certified to the City the total costs of the improvements, as well as providing reasonable documentation regarding those costs, the City accepts and records the public improvement along with the related liability for the acquired assets. The City then begins making payment to the developer based on the amount of positive tax increments received.

Tax Increment Financing District (TID) Liabilities

It is a specific condition of the developer's agreement and a condition of the City's obligation that all sums payable shall be limited to the proceeds of the positive tax increment. It is also specifically agreed that the City has made no representation that the proceeds from such funds shall be sufficient to retire the indebtedness incurred by the developer to construct the public improvements.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES

Governmental-Type Activities (Continued)

At December 31, 2022, there were 6 active tax increment financing districts in which costs had been certified in part or in whole. The current principal balances shown below plus interest at the stated applicable rate over the life of the note represent the amount of future property taxes pledged to fund improvements related to these tax increment districts that have been certified as of December 31, 2022. The maximum payoff amounts represent the amount of future tax revenues that were pledged at the time of certification. Future property taxes generated over a 20-year period are projected to produce 100% of the debt service requirements presented below with the exception of TID 52 which will not generate sufficient property tax revenue to meet outstanding debt balance within allotted time.

During the year ended December 31, 2022, principal and interest expenditures and property tax revenues were \$6,487,156 and \$9,226,783 respectively. These amounts include property tax revenues and principal and interest expenditures related to improvements within tax increment districts funded with City debt or reserves. Each of the individual debt issues listed below have their own debt service fund from which the debt is serviced.

TID 39 – E Rapid Plaza – Created in 2003, maximum payoff \$3,621,662 including interest at 8.25 percent, expires 4/21/2023.	164,776
TID 47 – Tower Road – Created in 2004, maximum payoff \$4,894,289 including interest at 7.5 percent, expires 10/4/2024.	756,230
TID 52 – E. St Charles – Created in 2005, maximum payoff \$1,250,107 including interest at 5.85 percent, expires 5/2/2025.	329,435
TID 65 – Minnesota Street – Created in 2007, maximum payoff \$33,956,177 including interest at 4.95 percent, expires 9/4/2027.	339,359
TID 72 – East Saint Joseph Street – Created in 2012, maximum payoff \$4,095,341 including interest at 5.9 percent, expires 2/21/2032	1,944,362
TID 77 – Rushmore Gateway Corridor – Created in 2016, maximum payoff \$6,067,965 including interest at 5.5 percent, expires 4/4/2034	<u>4,557,713</u>
Total Tax Increment District Liabilities	<u>\$8,091,875</u>
Total Liabilities Payable	<u>\$130,630,236</u>

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)  
Governmental-Type Activities (Continued)

The annual requirements for maturity for governmental activities long-term debt (excluding compensated absences and other post-employment benefits) outstanding as of December 31, 2022, are as follows:

TOTAL GOVERNMENTAL FUNDS

Year Ending December 31	Revenue Bonds and Notes/Contract Payable		Financing Obligations		TID Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 5,066,006	\$ 2,708,511	\$ 157,888	\$ 120,454	\$ 1,659,286	\$ 348,746
2024	5,160,231	\$ 2,594,378	\$ 163,013	\$ 115,329	\$ 821,374	\$ 310,983
2025	5,275,077	\$ 2,470,060	\$ 168,304	\$ 110,038	\$ 894,554	\$ 272,880
2026	5,410,077	\$ 2,334,158	\$ 173,766	\$ 104,575	\$ 651,831	\$ 238,291
2027	5,441,431	\$ 2,216,139	\$ 179,407	\$ 98,935	\$ 678,312	\$ 208,960
2028-2032	22,047,155	\$ 10,026,020	\$ 988,262	\$ 403,448	\$ 3,386,518	\$ 373,401
2033-2037	23,112,155	\$ 7,937,144	\$ 1,159,408	\$ 232,302	-	-
2038-2042	26,092,155	\$ 4,956,685	\$ 789,923	\$ 45,104	-	-
2043-2047	18,841,461	\$ 1,176,659	-	-	-	-
TOTALS	\$ 116,445,748	\$ 36,419,754	\$ 3,779,971	\$ 1,230,185	\$ 8,091,875	\$ 1,753,261

The above noted annual requirements for maturity for the tax increment financing debt are based on actual tax increment revenues received in 2022; estimated tax increment revenues projected by Pennington County to receive in 2023; and estimated tax increment revenues as per the approved project plans.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

Government Activities:

	Liabilities Payable 1/1/2022	Issued	Retired	Liabilities Payable 12/31/2022	Due Within One Year
Financing Obligations	\$ 3,774,140	\$ 147,038	\$ (141,207)	\$ 3,779,971	\$ 157,888
Revenue Bonds	121,334,743		(4,930,078)	116,404,665	5,035,077
Notes Payable	70,875	-	(29,792)	41,083	30,929
Compensated Absence	2,112,110	1,845,433	(1,644,901)	2,312,642	120,000
TID	12,738,778	240,700	(4,887,603)	8,091,875	1,659,286
Total	\$ 140,030,646	\$ 2,233,171	\$ (11,633,581)	\$ 130,630,236	\$ 7,003,180

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)

**Business-Type Activities:**

As indicated below within the description for each debt issue, the City has pledged future revenues associated with various debt agreements. All debt secured by pledged revenues funded capital projects and improvements, or was used to refinance the debt that originally funded the capital projects and improvements, within the specific funds that pledged the future revenues. The current principal balance plus interest at the stated applicable rate over the life of the debt represents the amount of future debt requirements over the maturity dates listed below for each debt issue.

The City has pledged the amount of the future debt service requirements on the issues or 100% of the fee revenues generated by the Water Fund, Wastewater Fund and Airport Fund whichever is greater, or specific revenues based on debt documents for the retirement of the debt issues associated with those funds as indicated below. Below is a comparison, by Fund, of principal and interest payments and total pledged revenues for the current year.

	Water Fund	Wastewater Fund	Airport Fund	Civic Center Fund*
2022 Principal and Interest	\$3,750,758	\$2,750,966	\$654,332	\$357,613
Pledged Revenue	\$26,018,686	\$14,502,541	\$10,310,497	\$4,462,462

\* (Gross Receipts Revenue)

As of December 31, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds

\$46,030,000 Water Revenue Bonds of 2015. Interest only payments of \$901,603 through May 2020. Due in annual installments of \$1,565,000 to \$3,250,000 from November 2020 through November 2039. Interest at 3.625 to 5.0 percent. (This issue is being serviced by pledged Water Enterprise Fund revenues.)	41,125,000
\$5,000,000 Loan No. 6 from State Revolving Fund of 2011. Due in quarterly installments of \$45,660 to \$83,020 through 2031. Interest at 3.0 percent. (This issue is to be serviced by pledged Wastewater Fund revenues).	2,659,877
\$2,340,000 Gross Receipts Revenue Bonds of 2021. Due in annual installments of \$320,000 to \$350,000 through 2028. Interest payments at 1.39 percent. (This issue is to be financed by the Civic Center Fund).	2,020,000
\$8,025,000, Wastewater Refunding Bonds of 2021. Due in annual installments of \$335,000 to \$495,000 through 2040. Interest at 2.00 to 3.00 percent. (This issue is to be serviced by pledged Wastewater Fund revenue and monthly surcharge).	7,550,000

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)  
Business-Type Activities (Continued)

\$8,180,000 Airport PFC Revenue Refunding Bonds of 2019. Due in annual installments of \$355,000 to \$690,000 through 2035. Interest at 4.00 to 5.00 percent. (This issue is to be serviced by pledged Airport Passenger Facility Charge revenue).	7,075,000
\$6,000,000 Drinking Water Loan SRF 2 of 2009. Due in quarterly installments of \$100,997 through 2031. Interest at 3.0 percent. (This issue is to being serviced by pledged Water Enterprise Fund revenues).	3,331,263
\$1,626,000 Drinking Water Loan SRF 3 of 2017. Due in quarterly installments of \$27,649 through November 2039. Initial loan amount was \$4,626,000 of which \$3,000,000 was forgiven by issuer. (This issue is to being serviced by pledged Water Enterprise Fund revenues) Interest at 3.0 percent.	1,022,826
Plus, net unamortized discounts/premiums on bonds	3,498,672
Total Revenue Bonds	\$68,282,638
Compensated Absences:	
Accrued Leave payable from Water Fund	265,429
Accrued Leave payable from Wastewater Fund	181,286
Accrued Leave payable from Airport Fund	103,096
Accrued Leave payable from Civic Center Fund	261,000
Accrued Leave payable from Non-major Enterprise Funds	390,407
	\$1,201,218
<u>Financing Obligations</u>	
\$895,000 under an agreement with Black Hills Community Bank, dated August 19, 2022 for equipment at the Solid Waste facility which is security for the obligation. Due in monthly installments of \$9,001, including interest at 3.80 percent. The final payment is due August 20, 2032. The obligation is serviced by the Solid Waste Fund.	868,876
\$145,000 under an agreement with Black Hills Community Bank, dated September 22, 2020 for equipment at Executive Golf Course which is security for the obligation. Due in monthly installments of \$2,671, including interest at 3.95 percent. The final payment is due September 22, 2025. The obligation is serviced by the Executive Golf Course Fund.	83,247
Accrued Landfill Closure	4,530,000
Total Liabilities Payable	\$74,965,980

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES (Continued)  
Business-Type Activities (Continued)

The annual requirements for maturity for business-type activities long-term debt (excluding compensated absences, other post-employment benefits and accrued landfill closure) outstanding as of December 31, 2022, are as follows:

TOTAL BUSINESS TYPE ACTIVITIES

Year Ending December 31	Revenue Bonds		Financing Obligations	
	Principal	Interest	Principal	Interest
2023	\$ 3,690,175	\$ 2,364,787	\$ 105,053	\$ 35,010
2024	3,815,211	2,240,332	109,128	30,935
2025	3,930,853	2,111,168	105,437	26,543
2026	4,047,121	1,995,826	85,077	22,937
2027	4,199,036	1,841,722	88,414	19,600
2028-2032	21,107,181	7,345,630	459,014	45,055
2033-2037	19,526,750	3,278,445	-	-
2038-2042	7,966,311	407,869	-	-
TOTALS	<u>\$ 68,282,638</u>	<u>\$ 21,585,779</u>	<u>\$ 952,123</u>	<u>\$ 180,080</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	Liabilities Payable			Liabilities Payable	Due Within
	1/1/2022	Issued	Retired	12/31/2022	One Year
Financing Obligations	\$ 111,416	\$ 895,000	\$ (54,293)	\$ 952,123	\$ 105,053
Closure/Post-Closure	4,385,000	145,000	-	4,530,000	-
Revenue Bonds	73,762,472	-	(5,479,834)	68,282,638	3,690,175
Compensated Absence	979,131	898,690	(676,603)	1,201,218	51,500
Total	<u>\$ 79,238,019</u>	<u>\$ 1,938,690</u>	<u>\$ (6,210,730)</u>	<u>\$ 74,965,979</u>	<u>\$ 3,846,728</u>

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8. LEASES

**Lessor:**

The City's leasing operations consist of leasing land, airline hangars and retail space. A summary of leases by asset class are as follows:

Lease Asset	Lease Receivable December 31, 2022	Lease Revenue	Lease Interest Revenue	Deferred Inflows December 31, 2022
Land	\$ 399,659	\$ 104,117	\$ 9,776	\$ 397,975
Airport Hangars	1,648,067	1,503,800	66,594	1,627,196
Retail Space	3,428,728	68,441	96,667	3,451,283
	<u>\$ 5,476,454</u>	<u>\$ 1,676,358</u>	<u>\$ 173,037</u>	<u>\$ 5,476,454</u>

Future payments due to the City under non-cancelable long-term lease agreements are as follows for the years ending December 31:

	Principal	Interest
2023	\$ 1,743,629	\$ 138,782
2024	300,113	109,463
2025	132,610	102,177
2026	139,040	97,530
2027	122,567	92,899
2028-2032	515,799	419,084
2033-2037	638,349	331,412
2038-2042	678,282	233,927
2043-2047	812,631	120,797
2048-2052	393,434	15,297
Total	<u>\$ 5,476,454</u>	<u>\$ 1,661,368</u>



CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. INTERFUND TRANSACTIONS AND BALANCES

Interfund receivable and payable balances at December 31, 2022 were:

	Interfund Receivable	Interfund Payable
<b>General Fund:</b>	\$6,497,147	\$ --
<b>Special Revenue Funds:</b>		
Capital Improvements & Vision Fund	219,134	
TID 39 Fund		1,153,338
TID 64 Fund		221,887
<b>Total Governmental Funds</b>	<b>\$6,716,281</b>	<b>\$1,375,225</b>
<b>Enterprise Funds:</b>		
Wastewater Fund	\$221,887	\$ --
Civic Center		942,943
Parking Lot		4,000,000
Ambulance		220,000
Energy Plant Fund		245,000
Transportation Terminal Fund		155,000
<b>Total Enterprise Funds</b>	<b>\$221,887</b>	<b>\$5,562,943</b>

The General Fund loaned monies to Civic Center Fund for Monument capital improvements. The current portion expected to be repaid to the General Fund is \$92,832.

The General Fund loaned monies to Parking Lot Fund for capital improvements. The current portion expected to be repaid to the General Fund is \$348,377.

The General Fund loaned monies to Transportation Terminal Fund to cover operating deficit. The current portion expected to be repaid to the General Fund is \$155,000.

The General Fund loaned monies to Energy Plant Fund to cover operating deficit. The current portion expected to be repaid to the General Fund is \$245,000.

The General Fund loaned monies to Ambulance Fund to cover a capital purchase. The current portion expected to be repaid to the General Fund is \$108,352.

The General Fund loaned monies to Tax Increment District 39 Fund for infrastructure improvements. The current portion expected to be repaid to the General Fund is \$934,204.

The Capital Improvements & Vision Fund loaned monies to Tax Increment District 39 Fund to construct water mains. The current portion expected to be repaid to the Capital Improvements & Vision Fund is \$219,134.

The Wastewater Fund has pending reimbursement of tax proceeds from Tax Increment District 64. The current portion expected to be repaid to the Wastewater Fund is \$221,887.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 9. INTERFUND TRANSACTIONS AND BALANCES (Continued)

Interfund transfers during the year ended December 31, 2022 were as follows:

	Transfers In	Transfers Out
<b>GOVERNMENTAL FUNDS:</b>		
General Fund		
Capital Improvements and Vision Fund	11,480	-
Water	93,545	-
Wastewater	116,223	-
Civic Center	161,736	-
Airport	-	-
Nonmajor Governmental	-	275,000
Nonmajor Enterprise	101,133	300,000
Total General Fund	484,117	575,000
Capital Improvements and Vision Fund		
General Fund	727,151	738,631
Total Capital Improvements and Vision Fund	727,151	738,631
Nonmajor Governmental	275,000	-
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,486,268</b>	<b>\$ 1,313,631</b>
<b>ENTERPRISE FUNDS:</b>		
Water Fund		
General	\$ -	\$ 93,545
Total Water Fund	-	93,545
Wastewater Fund		
General	-	116,223
Total Wastewater Fund	-	116,223
Civic Center Fund		
General Fund	-	161,736
Total Civic Center Fund	-	161,736
Nonmajor Enterprise		
General Fund	300,000	101,133
	300,000	101,133
<b>TOTAL ENTERPRISE FUNDS</b>	<b>300,000</b>	<b>472,637</b>
<b>TOTAL TRANSFERS</b>	<b>\$ 1,786,268</b>	<b>\$ 1,786,268</b>

Transfers are used when surplus resources are available in one fund, and are needed in another fund to support essential functions of government, when the governing body so authorizes.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN

Plan Information:

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 are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

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

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

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent. All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% 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.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

The City's share of contributions to the SDRS for the fiscal years ended December 31, 2022, 2021, and 2020 were \$3,614,643, \$3,282,850 and \$3,125,208 respectively, equal to the required contributions each year.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and  
Deferred Inflows of Resources to Pensions:

At June 30, 2022, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ending June 30, 2022 and reported by the City as of December 31, 2022 are as follows:

Proportionate share of total pension liability	\$ 341,283,376
Less: Proportionate share of net position restricted for pension benefits	<u>341,511,856</u>
Proportionate share of net pension asset	<u>\$ (228,480)</u>

At December 31, 2022, the City reported a pension asset of \$228,480 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the City's proportion was 2.417600%, which is an increase of .119448% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized an increase in pension expense of \$2,122,781. At December 31, 2022 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.	\$ 4,349,259	\$ 14,770
Changes in assumption.	14,521,387	12,726,053
Net Difference between projected and actual earnings on pension plan investments.	-0-	547,542
City contributions subsequent to the measurement date.	1,892,478	-0-
TOTAL	<u>\$ 20,763,124</u>	<u>\$ 13,288,365</u>

The City's contributions subsequent to the measurement of \$1,892,478 will be reported as deferred outflows of resources related to pensions and recognized as a reduction to the net pension asset in the fiscal year ending December 31, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in a reduction of pension expense as follows:

Year Ended December 31:	
2023	\$1,501,287
2024	3,173,000
2025	(3,618,685)
2026	<u>4,526,617</u>
TOTAL	<u>\$5,582,219</u>

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Actuarial Assumptions:

The total pension asset in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66 percent at entry to 3.15 percent after 25 years of service.
Discount rate	6.50% net of pension plan investment expense
Future COLAs	2.10%

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	.4%
	-----	-----
Total	100%	
	=====	

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Discount Rate:

The discount rate used to measure the total pension asset was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at 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 asset.

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.50 percent, 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%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
City's proportionate share of the net pension liability(asset)	\$47,441,431	\$(228,480)	\$(39,187,390)

Pension Plan Fiduciary Net Position:

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

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description and Administration:

The City of Rapid City Healthcare Benefit Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The plan does not issue separately stated standalone financial statements.

Benefits Provided:

The Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Laws 6-1-16 and 9-14-35.

**Class A Members:** Employees who retire on or after age 55 with 5 years of service are eligible to continue coverage in the City's plan. For employees who retired under the Rule-of-85 provisions of the South Dakota Retirement System and who have 20 years of service with the City at retirement, the City will pay 100% of subscriber premium until the retiree reaches Medicare eligibility age. For employees who have less than 20 years of service with the City at retirement or did not retire under the Rule-of-85 provisions, the retiree must pay 100% of the subscriber premium until the retiree reaches Medicare eligibility age at which point the retiree is no longer eligible to participate in the plan. Spouses of eligible retirees are eligible to elect coverage. Retirees pay 100% of the premium for spousal coverage. Upon death of the retiree, surviving spouses of eligible retirees may continue coverage by paying 100% of the premium.

**Class B Public Safety:** Employees who retire on or after age 45 with 5 years of service are eligible to continue coverage in the City's plan. For employees who retired under the Rule-of-75 provisions of the South Dakota Retirement System and who have 20 years of service with the City at retirement, the City will pay 100% of subscriber premium until the retiree reaches Medicare eligibility age. For employees who have less than 20 years of service with the City at retirement or did not retire under the Rule-of-75 provisions, the retiree must pay 100% of the subscriber premium until the retiree reaches Medicare eligibility age at which point the retiree is no longer eligible to participate in the plan. Spouses of eligible retirees are eligible to elect coverage. Retirees pay 100% of the premium for spousal coverage. Upon death of the retiree, surviving spouses of eligible retirees may continue coverage by paying 100% of the premium.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Plan Membership:

The health plan is a self-insured PPO providing benefits to eligible participants. Currently, there are 802 active participants and 152 retirees who are participating in the plan.

Total OPEB Liability:

	Increase Total OPEB Liability
<b>Balance at December 31, 2021</b>	<b>\$ 23,260,633</b>
<b>Changes for the Year:</b>	
Service Cost	1,111,457
Interest on the total OPEB liability	474,434
Effect of economic/demographic gains or losses	2,299,600
Effect of assumption changes or inputs	1,428,538
Benefit Payments	<u>(1,481,464)</u>
Net Change in Total Pension Liability	<u>3,832,565</u>
<b>Balance at December 31, 2022</b>	<b><u>\$ 27,093,198</u></b>

The City's total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. Changes in total OPEB liability are as follows:

Actuarial Methods and Assumptions:

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following assumptions applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.0 percent
Salary increases	7.66 percent for initial year of service decreasing to 3.15 percent for years of service over 25.
Healthcare cost trend rates	6.10% for 2022, 6.60% for 2023 and 7.00% 2024. Then decreasing per year to an ultimate rate of 3.70 percent for 2074.
Retirees' share of Benefit-related costs	40% of projected health insurance premiums for retirees
Discount Rate	3.72 percent, 20-year tax exempt municipal bond rate as of December 31, 2023 based on 20-year Bond Buyer Go Index.

Mortality:

For Actives and Terminated Vested: PubG-2020 amount-weighted base mortality tables projected generationally with MP-2020 for General Employees(Class A), PubS-2010 amount-weighted base mortality projected with MP-2020 for Public Safety(Class B). For Retirees, add .093 factor to General Employees and 1.02 factor to Public Safety Employees.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Sensitivity Analysis:

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

	1% Decrease 1.06%	Discount Rate 2.06%	1% Increase 3.06%
Total OPEB Liability	\$ 28,103,185	\$ 27,093,198	\$ 23,809,120

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

The following represents the City's total OPEB liability, calculated using the current healthcare cost trend rates as well as the City's total OPEB liability using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 23,474,138	\$ 27,093,198	\$ 28,595,158

For the year ended December 31, 2022, the City recognized total OPEB expense of \$2,645,226. At December 31, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience (net)	\$ 2,916,193
Changes in assumptions (net)	2,169,702
Contributions subsequent to measurement date	1,019,152
Total	<u>\$ 6,105,047</u>

The City's contributions subsequent to the measurement date of \$1,019,152 will be recognized as OPEB expense for the year ending December 31, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2023	\$ 1,059,335
2024	1,051,559
2025	1,095,222
2026	1,045,842
2027	713,672
Thereafter	120,265
Total	<u>\$ 5,085,895</u>



CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12. DEFICIT FUND BALANCES/NET POSITION OF INDIVIDUAL NONMAJOR FUNDS:

As of December 31, 2022, the following individual nonmajor governmental funds had deficit fund balance in the amounts shown: Occupancy Tax (\$83,838), TID 39 (\$1,140,141), TID 64 (\$130,386) and Community Development (\$9,026), which will be funded through business tax, property tax and grant reimbursements received for the respective funds.

NOTE 13. RISK MANAGEMENT

The City 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 City carried commercial insurance for insurable risks of loss except for employee health insurance, liability insurance, worker's compensation and unemployment benefits. The City has established self-insurance internal service funds to pay for medical, worker's compensation and unemployment compensation claims of City employees and their covered dependents as well as the deductible portion of liability claims.

Payments to the self-insurance funds are actuarially determined and are to cover individual claims up to \$100,000 for health insurance, \$900,000 for workers' compensation, and any administrative costs relative to the processing of the claims. Maximum payment for liability claim is \$100,000.

The claims exceeding this amount are covered through private insurance carriers (up to \$5,000,000 per claim for liability claims). An estimated liability for claims incurred but not paid is accrued based upon confirmation from the City's third-party administrators for claims received within 60 days of year-end, and are reported as accounts payable. The City is a reimbursable employer for purposes of unemployment insurance.

The City has a reserve equity in the workers compensation fund of \$1,190,720 and reserve equity in the medical insurance fund of \$1,088,433, in the liability insurance fund of \$373,956 for the payment of such future claims. The unemployment insurance fund has a fund deficit of (\$86,569) primarily as a result of the number of claims filed that have not reached settlement. The City fully expects this to correct itself in upcoming years.

Changes in the aggregate liabilities of the self-insurance funds during 2021 were as follows:

	Liability Insurance	Workers Comp. Insurance	Medical Insurance	Unemployment Insurance
Benefit Claims Payable at January 1, 2021	\$275,181	\$3,101,625	\$627,349	\$8,479
Claims Incurred: Attributable to Insured Events of the Current Year	385,525	589,034	11,112,416	5,870
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(235,310)	(528,561)	(11,152,912)	(14,349)
Benefit Claims Payable December 31, 2021	\$425,396	\$3,162,098	\$586,853	\$-0-

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT (Continued)

Changes in the aggregate liabilities of the self-insurance funds during 2022 were as follows:

	Liability Insurance	Workers Comp. Insurance	Medical Insurance	Unemployment Insurance
Benefit Claims Payable at January 1, 2022	\$425,396	\$3,162,098	\$586,853	\$-0-
Claims Incurred: Attributable to Insured Events of the Current Year	196,202	772,441	10,643,565	4,241
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(266,632)	(462,632)	(10,133,749)	(4,241)
Benefit Claims Payable December 31, 2022	\$354,966	\$3,471,907	\$1,096,669	\$-0-

NOTE 14. CONTINGENT LIABILITIES

The City has been named as defendant in several lawsuits that have been referred to the City's insurance carriers. The City and its attorneys believe that any liability to the City would not be material, and that loss, if any, could be covered by insurance or would be substantially covered by the City's reserve for uninsured claims. The deductible is \$100,000 for general and auto liability and professional liability, and \$50,000 for building and property damage.

NOTE 15. LANDFILL

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 postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,530,000 reported as landfill closure and postclosure care liability at December 31, 2022 represents the cumulative amount reported to date based on 64.6% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2.51 million as the remaining estimated capacity is filled.

These costs are based on a 3.20% yearly inflation index. The City expects to close the landfill in the year 2038. The City does not record a remediation liability as management feels insurance coverage is adequate.

However, the recycling plant, in addition to the department's yard waste and proposed composting facility, are expected to extend the life. Actual costs may be higher or lower 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 finance closure and postclosure care. The City meets these compliance requirements and at December 31, 2022, investments of \$4,530,000 (Note 2) are held for these purposes. These contributions for the future closure and post-closure care of the landfill will be used to retire the non-current liability for closure and post-closure care reported on the enterprise balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

CITY OF RAPID CITY, SOUTH DAKOTA  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under SDCL 11-9. Under these agreements, the City may grant property tax abatements of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

For the year ended December 31, 2022, the City abated property taxes totaling \$1,723,922 under this program, for the following tax abatement agreements:

TID 64 - Cabela's – A 46.6% property tax abatement to Cabela's in the form of economic development and land for opening a store in an undeveloped area of the city. The abatement amounted to \$1,669,788.

TID 72 – Saint Joseph Street Student Housing – A 44.3% property tax abatement to a local developer for the purchase of land, demolition/cleanup and reconstruction costs associated with the development of a student apartment complex. The abatement amounted to \$ 54,134.

**CITY OF RAPID CITY**  
**BUDGETARY COMPARISON SCHEDULE (UNAUDITED)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
<b>Revenues:</b>				
310 Taxes:				
311 General Property Taxes	\$ 21,249,828	\$ 21,249,828	\$ 21,135,649	\$ (114,179)
313 General Sales and Use Taxes	34,548,379	34,548,379	38,557,648	4,009,269
314 Gross Receipts Business Taxes	783,067	783,067	715,418	(67,649)
320 Licenses and Permits	3,073,516	3,073,516	4,328,618	1,255,102
330 Intergovernmental Revenue:				
331 Federal Grants	415,381	1,687,916	4,201,720	2,513,804
331.01 ARPA Funds	550,000	550,000	962,161	412,161
334 State Grants	100,000	100,000	589,822	489,822
335 State Shared Revenue:				
335.01 Bank Franchise Tax	195,673	195,673	282,198	86,525
335.03 Liquor Tax Reversion	440,638	440,638	523,461	82,823
335.04 Motor Vehicle Licenses (5%)	76,962	76,962	68,038	(8,924)
335.06 Fire Insurance Reversion	264,560	264,560	346,909	82,349
335.08 Local Government Highway and Bridge Fund	800,000	800,000	784,885	(15,115)
338 County Shared Revenue:				
338.01 County Road Tax (25%)	650,287	650,287	644,656	(5,631)
340 Charges for Goods and Services:				
341 General Government	409,400	409,400	517,005	107,605
342 Public Safety	1,508,828	1,508,828	1,465,887	(42,941)
343 Public Works	220,000	220,000	190,616	(29,384)
345 Health & Welfare	387,978	387,978	245,898	(142,080)
346 Culture and Recreation	1,700,462	1,700,462	2,189,649	489,187
348 Cemetery	220,507	220,507	262,000	41,493
349 Conservation & Development	30,000	30,000	-	(30,000)
350 Fines and Forfeits:				
351 Court Fines and Costs	7,345	7,345	759	(6,586)
360 Miscellaneous Revenue:				
361 Interest Earnings	236,425	236,425	365,484	129,059
362 Rentals	145,614	145,614	271,817	126,203
367 Contributions and Donations	43,169	43,169	-	(43,169)
369 Other	414,880	417,270	263,625	(153,645)
Total Revenue	68,472,899	69,747,824	78,913,923	9,166,099
<b>Expenditures:</b>				
410 General Government:				
412 Executive-Mayor & Council	1,051,300	1,051,593	885,673	165,920
414 Financial - Human Resources	620,833	700,833	619,905	80,928
414 Financial - Information Technology	1,012,347	1,124,370	1,166,640	(42,270)
414 Financial - Finance	730,895	760,945	766,643	(5,698)
414 Financial - Attorney	575,610	621,000	519,483	101,517
419 Other - Government Bldgs	1,193,049	1,218,684	1,194,934	23,750
420 Public Safety:				
421 Police	19,783,657	21,633,272	21,263,466	369,806
422 Fire	14,350,156	15,124,508	14,978,941	145,567
429 Other Protection-Code Enforcement	410,834	478,996	252,864	226,132
429 Other Protection-Community Development	1,870,177	1,810,491	1,726,736	83,755
429 Other Protection-Emergency Mgt	1,009,615	1,009,615	-	1,009,615
430 Public Works:				
431 Highways and Streets	6,972,518	7,081,950	7,027,859	54,091
43x Administration	1,720,439	1,727,560	1,475,895	251,665
440 Health and Welfare:				
441 Health	904,720	904,720	933,986	(29,266)
444 Humane Society	379,854	379,854	379,854	-
449 Other - Public Transit	2,891,539	2,891,945	2,754,389	137,556
449 Other - Air Quality	77,608	77,608	77,547	61

**CITY OF RAPID CITY**  
**BUDGETARY COMPARISON SCHEDULE (UNAUDITED)**  
**GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

450 Culture and Recreation:				
451 Recreation	438,438	463,953	438,602	25,351
451 Swimming Pools	2,484,893	2,747,487	2,697,660	49,827
451 Ice Arena	745,618	817,757	797,486	20,271
452 Parks	3,439,620	3,549,505	3,506,698	42,807
455 Libraries	3,608,187	3,781,017	3,372,481	408,536
457 Historic Preservation	20,000	30,217	27,826	2,391
459 Other - Cemetery	465,701	466,816	384,721	82,095
459 Other - Parks & Recreation Admin	686,802	739,802	721,155	18,647
459 Other - Subsidies	502,250	502,250	747,498	(245,248)
460 Conservation and Development:				
465 Economic Development	280,000	280,000	267,500	12,500
465 Community Development - Non Grant	180,152	180,226	110,471	69,755
465 Transportation Planning	544,396	679,302	429,748	249,554
465 GIS Information System	224,531	259,531	214,193	45,338
470 Debt Service	33,000	33,000	32,016	984
485 Capital Outlay	2,503,469	4,710,234	2,851,290	1,858,944
490 Miscellaneous:				
492 Other Expenditures	129,100	130,500	34,643	95,857
Total Expenditures	<u>71,841,308</u>	<u>77,969,538</u>	<u>72,658,803</u>	<u>5,310,735</u>
Excess of Revenue Over (Under)				-
Expenditures	<u>(3,368,409)</u>	<u>(8,221,715)</u>	<u>6,255,120</u>	<u>14,476,835</u>
<b>Other Financing Sources (Uses):</b>				
391.01 Transfers In (out)	567,636	62,636	(90,883)	(153,519)
391.03 Sale of Municipal Property	43,169	43,169	35,802	(7,367)
391.02 Long-term debt issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>610,805</u>	<u>105,805</u>	<u>(55,081)</u>	<u>(160,886)</u>
Net Change in Fund Balances	(2,757,604)	(8,115,910)	6,200,039	14,315,949
Fund Balance - Beginning	<u>34,021,644</u>	<u>34,021,644</u>	<u>34,021,644</u>	<u>34,021,644</u>
<b>FUND BALANCE- ENDING</b>	<u><u>\$31,264,040</u></u>	<u><u>\$25,905,734</u></u>	<u><u>\$40,221,683</u></u>	<u><u>\$48,337,593</u></u>

The notes to the required supplementary information are an integral part of this statement.

**CITY OF RAPID CITY**  
**BUDGETARY COMPARISON SCHEDULE (UNAUDITED)**  
**CAPITAL IMPROVEMENTS & VISION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
<b>Revenues:</b>				
310 Taxes:				
313 General Sales and Use Taxes	\$ 34,329,050	46,309,050	\$ 38,558,374	\$ (7,750,676)
330 Intergovernmental Revenue:				
334.02 Surface Transportation Program (STP)	2,348,667	2,348,667	2,671,301	322,634
360 Miscellaneous Revenue:				
361 Interest Earnings (Loss)	-	-	(273,936)	(273,936)
369 Other	76,658	76,658	51,236	(25,422)
Total Revenue	36,754,375	48,734,375	41,006,975	(7,727,400)
<b>Expenditures:</b>				
410 General Government				
414 Financial - Community Resources	177,149	346,995	169,859	177,136
419 Other - Government Buildings	106,289	135,251	5,805	129,446
430 Public Works:				
431 Highways and Streets	234,867	234,867	269,332	(34,465)
43x Administration	337,567	2,437,567	2,161,432	276,135
452 Parks	106,289	106,289	657	105,632
460 Conservation & Development				
465 Economic Development	-	7,021,000	6,000,000	1,021,000
470 Debt Service	7,947,558	21,047,558	20,655,147	392,411
485 Capital Outlay	27,844,656	85,477,046	19,890,124	65,586,922
Total Expenditures	36,754,375	116,806,573	49,152,356	67,654,217
Excess of Revenue Over (Under)				
Expenditures	-	(68,072,198)	(8,145,381)	59,926,817
<b>Other Financing Uses:</b>				
391.01 Transfers In	-	-	(11,480)	(11,480)
Total Other Financing Uses	-	-	(11,480)	(11,480)
Net Change in Fund Balances	-	(68,072,198)	(8,156,861)	59,915,337
Fund Balance - Beginning	92,735,951	92,735,951	92,735,951	-
<b>FUND BALANCE- ENDING</b>	<b>\$ 92,735,951</b>	<b>\$ 24,663,753</b>	<b>\$ 84,579,090</b>	<b>\$ 59,915,337</b>

The notes to the required supplementary information are an integral part of this statement.

CITY OF RAPID CITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**Note 1. Budgets and Budgetary Accounting:**

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

1. At the first regular board 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 operation 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 five percent 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.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**CITY OF RAPID CITY**  
**SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**South Dakota Retirement System**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,614,643	\$ 3,282,850	\$ 3,125,208	\$ 3,076,469	\$ 3,023,407	\$ 2,901,980	\$ 2,823,742	\$ 2,758,308
Contributions in relation to the contractually required contribution	\$ 3,614,643	\$ 3,282,850	\$ 3,125,208	\$ 3,076,469	\$ 3,023,407	\$ 2,901,980	\$ 2,823,742	\$ 2,758,308
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's covered-employee payroll	\$ 59,495,532	\$ 53,362,369	\$ 48,114,793	\$ 49,841,773	\$ 49,193,976	\$ 47,363,396	\$ 43,669,915	\$ 40,981,064
Contributions as a percentage of covered-employee payroll	6.08%	6.15%	6.50%	6.17%	6.15%	6.13%	6.47%	6.73%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**CITY OF RAPID CITY**  
**PROPORTIONATE SHARE OF THE NET PENSION ASSET (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>South Dakota Retirement System</b>							
	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension asset	2.41760000%	2.29815200%	2.33836750%	2.39737200%	2.38893850%	2.35078350%	2.41148565%	2.39749350%
City's proportionate share of net pension liability (asset) *	\$ (228,480)	\$ (17,635,732)	\$ (101,555)	\$ (254,061)	\$ (55,716)	\$ (383,176)	\$ 8,157,148	\$ (10,168,455)
City's covered-employee payroll	\$ 56,442,263	\$ 49,356,048	\$ 49,416,543	\$ 49,656,578	\$ 49,193,976	\$ 42,836,501	\$ 40,621,932	\$ 38,764,455
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	-0.40%	-35.73%	-0.21%	-0.51%	-0.11%	-0.89%	20.08%	-26.23%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%

\* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CITY OF RAPID CITY  
NOTES TO THE PROPORTIONATE SHARE OF THE NET PENSION ASSET  
AND SCHEDULE OF PENSION CONTRIBUTIONS

**Changes from Prior Valuation**

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

**Benefit Provision Changes**

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

**Actuarial Assumption Changes**

As a result of an experience analysis covering the period from July 1, 2016, to June 30, 2021, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022, actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

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%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021, Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July

2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

CITY OF RAPID CITY  
NOTES TO THE PROPORTIONATE SHARE OF THE NET PENSION ASSET  
AND SCHEDULE OF PENSION CONTRIBUTIONS

**Actuarial Assumption Changes (Continued)**

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, Actuarial Valuation.

**Actuarial Method Changes**

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

**CITY OF RAPID CITY**  
**SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 1,111,457	\$ 967,723	\$ 783,471	\$ 853,858	\$ 770,934
Interest on the total OPEB Liability	474,434	577,077	741,097	653,494	694,458
Effect of economic/demographic gains or losses	2,299,600	-	1,960,976	-	(368,412)
Effect of assumptions changes or inputs	1,428,538	1,133,800	806,896	(981,535)	503,814
Benefit Payments	(1,481,464)	(1,525,138)	(1,452,668)	(1,304,498)	(598,410)
<b>Net Change In Total OPEB Liability</b>	<u>\$ 3,832,565</u>	<u>\$ 1,153,462</u>	<u>\$ 2,839,772</u>	<u>\$ (778,681)</u>	<u>\$ 1,002,384</u>
<b>Total OPEB Liability - Beginning</b>	23,260,633	22,107,171	19,267,399	20,046,080	19,043,696
<b>Total OPEB Liability - Ending</b>	<u>\$ 27,093,198</u>	<u>\$ 23,260,633</u>	<u>\$ 22,107,171</u>	<u>\$ 19,267,399</u>	<u>\$ 20,046,080</u>

**CITY OF RAPID CITY**  
**SCHEDULE OF OPEB LIABILITY (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Total OPEB Liability</b>	\$ 27,093,198	\$ 23,260,633	\$ 22,107,171	\$ 19,267,399	\$ 20,046,080
<b>Covered Payroll*</b>	59,495,532	53,352,369	48,114,793	49,841,773	49,193,976
<b>Total OPEB Liability as percent of Covered Payroll</b>	45.54%	43.60%	45.95%	38.66%	40.75%
<b>Employer Contributions</b>	1,019,150	2,027,860	1,668,658	2,139,996	1,256,271

\* GASB Statement No. 74/75 was implemented for the fiscal year ended December 31, 2017 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

**CITY OF RAPID CITY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	<b>Occupancy Tax Fund</b>	<b>Downtown BID Tax Fund</b>	<b>Erosion/ Sediment Control Fund</b>
<b>ASSETS:</b>			
Assets:			
101 Cash and Cash Equivalents	\$ 102,464	\$ 216,740	\$ 111,542
102 Restricted Cash	-	-	-
151 Investments	-	-	-
110 Property Tax Receivable	-	-	-
115 Accounts Receivable, Net	5,896	-	-
121 Special Assessments Receivable--Current	-	45,098	-
122 Special Assessments Receivable--Delinquent	-	105	-
132 Due from Other Government	-	-	-
135 Interest Receivable	-	2,178	-
<b>TOTAL ASSETS :</b>	<b>\$ 108,360</b>	<b>\$ 264,121</b>	<b>\$ 111,542</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>			
Liabilities:			
201 Claims Payable	\$ 192,198	\$ 212,456	\$ 42
208 Due to Other Funds	-	-	-
216 Wages Payable	-	-	-
Total Liabilities	192,198	212,456	42
Deferred Inflows of Resources:			
245 Unavailable Revenue -- Property Taxes	-	-	-
246 Unavailable Revenue -- Special Assessments	-	40,340	-
Total Deferred Inflows of Resources:	-	40,340	-
Fund Balances:			
263 Nonspendable			
263.51 Perpetual Care Cemetery	-	-	-
264 Restricted for:			
264.01 Debt Service	-	-	-
264.03 Cemetery Perpetual Care	-	-	-
264.05 Library	-	-	-
264.09 Business Improvement District	-	11,325	-
264.97 Grant Expenditures	-	-	-
265 Committed to:			
265.99 Erosion/Sediment Control	-	-	111,500
267 Unassigned	(83,838)	-	-
Total Fund Balances	(83,838)	11,325	111,500
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>	<b>\$ 108,360</b>	<b>\$ 264,121</b>	<b>\$ 111,542</b>

**CITY OF RAPID CITY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

<b>TID 84 Fund</b>	<b>TID 83 Fund</b>	<b>TID 82 Fund</b>	<b>TID 81 Fund</b>	<b>TID 80 Fund</b>	<b>TID 79 Fund</b>
\$ 170,209	\$ 105,314	\$ 391,560	\$ 482	\$ 4,460	\$ 199
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
670	3,560	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
19	40	-	-	-	-
<u>\$ 170,898</u>	<u>\$ 108,914</u>	<u>\$ 391,560</u>	<u>\$ 482</u>	<u>\$ 4,460</u>	<u>\$ 199</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
203	2,593	-	-	-	-
-	-	-	-	-	-
<u>203</u>	<u>2,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
170,695	106,321	391,560	482	4,460	199
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>170,695</u>	<u>106,321</u>	<u>391,560</u>	<u>482</u>	<u>4,460</u>	<u>199</u>
\$ 170,898	\$ 108,914	\$ 391,560	\$ 482	\$ 4,460	\$ 199

**CITY OF RAPID CITY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

TID 72 Fund		TID 74 Fund		TID 78 Fund		TID 70 Fund		TID 65 Fund		TID 64 Fund		TID 56 Fund	
\$	11	\$	633	\$	1,076	\$	574,928	\$	64,235	\$	63,317	\$	684,547
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	8,855	24,316	4,500	32,568	111	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	892	21	1,127	-	-	-	-	-
\$	11	\$	633	\$	9,931	\$	600,136	\$	68,756	\$	97,012	\$	684,658
<hr/>													
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
-	-	-	-	-	-	-	-	-	-	221,887	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	221,887	-	-	-
<hr/>													
-	-	-	-	8,855	2,906	1,988	5,511	112	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	8,855	2,906	1,988	5,511	112	-	-	-	-	-
<hr/>													
-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	633	1,076	597,230	66,768	-	684,546	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(130,386)	-	-	-
11	633	1,076	597,230	66,768	(130,386)	684,546	-	-	-	-	-	-	-
<hr/>													
\$	11	\$	633	\$	9,931	\$	600,136	\$	68,756	\$	97,012	\$	684,658

TID 54 Fund	TID 50 Fund	TID 52 Fund	TID 47 Fund	TID 40 Fund	TID 39 Fund	Community Development Fund
\$ 266	\$ 5,479	\$ 411	\$ 10	\$ 42	\$ 13,197	\$ -
-	-	-	-	-	-	8,629
-	-	-	-	-	-	-
-	10,634	-	29,002	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	202,957
-	-	-	-	-	-	13
\$ 266	\$ 16,113	\$ 411	\$ 29,012	\$ 42	\$ 13,197	\$ 211,599
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,625
-	-	-	-	-	1,153,338	-
-	-	-	-	-	-	-
-	-	-	-	-	1,153,338	220,625
-	10,634	-	29,002	-	-	-
-	-	-	-	-	-	-
-	10,634	-	29,002	-	-	-
-	-	-	-	-	-	-
266	5,479	411	10	42	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(1,140,141)	(9,026)
266	5,479	411	10	42	(1,140,141)	(9,026)
\$ 266	\$ 16,113	\$ 411	\$ 29,012	\$ 42	\$ 13,197	\$ 211,599



**CITY OF RAPID CITY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

<b>Rehabilitation Loan/Grant Fund</b>	<b>Cemetery Perpetual Care Fund</b>	<b>Retired Senior Volunteer Fund</b>	<b>Library Board Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 125,216	\$ 25	\$ 950	\$ 2,637,313
87,314	-	19,799	570,452	686,194
-	36,876	-	-	36,876
-	-	-	-	109,986
-	294	-	-	10,420
-	-	-	-	45,098
-	-	-	-	105
-	-	-	-	202,957
-	-	-	273.00	4,563
<u>\$ 87,314</u>	<u>\$ 162,386</u>	<u>\$ 19,824</u>	<u>\$ 571,675</u>	<u>\$ 3,733,512</u>
\$ -	\$ -	\$ 3,818	\$ 971	630,110
-	-	-	-	1,375,225
-	-	2,993	-	2,993
-	-	6,811	971	2,008,328
-	-	-	-	61,804
-	-	-	-	40,340
-	-	-	-	102,144
-	50,000	-	-	50,000
-	-	-	-	2,030,189
-	112,386	-	-	112,386
-	-	-	570,704	570,704
-	-	-	-	11,325
87,314	-	13,013	-	100,327
-	-	-	-	111,500
-	-	-	-	(1,363,391)
<u>87,314</u>	<u>162,386</u>	<u>13,013</u>	<u>570,704</u>	<u>1,623,040</u>
<u>\$ 87,314</u>	<u>\$ 162,386</u>	<u>\$ 19,824</u>	<u>\$ 571,675</u>	<u>\$ 3,733,512</u>

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Occupancy Tax Fund	Downtown BID Fund	Erosion/ Sediment Control Fund	TID 84 Fund
<b>Revenues:</b>				
310 Taxes:				
311 General Property Taxes	\$ -	\$ -	\$ -	\$ 170,219
314 Gross Business Receipts Tax	1,649,212	-	-	-
331 Federal Grants	-	-	-	-
331.01 CARES ACT Funds (COVID)	-	-	-	-
340 Charges for Goods and Services:				
348 Cemetery	-	-	-	-
349 Other-Conservation & Development	-	-	57,000	-
350 Fines and Forfeitures				
354 Library	-	-	-	-
360 Miscellaneous Revenue:				
361 Investment Earnings	744	564	-	476
363 Special Assessments	-	255,228	-	-
367 Contributions and Donations	-	-	-	-
369 Other	-	-	-	-
Total Revenue	1,649,956	255,792	57,000	170,695
<b>Expenditures:</b>				
450 Culture and Recreation:				
455 Libraries	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-
459 Cemetery	-	-	-	-
460 Conservation and Development:				
465 Community Development	-	-	28,475	-
470 Debt Service	-	-	-	-
492 Other Expenditures	1,740,167	252,577	-	-
Total Expenditures	1,740,167	252,577	28,475	-
Excess of Revenue Over (Under)				
Expenditures	(90,211)	3,215	28,525	170,695
Other Financing Sources (Uses):				
511 Transfers In	-	-	-	-
391.03 Sale of Municipal Property	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(90,211)	3,215	28,525	170,695
Fund Balance (Deficit) - Beginning	6,373	8,110	82,975	-
FUND BALANCE (Deficit) - ENDING	\$ (83,838)	\$ 11,325	\$ 111,500	\$ 170,695

**CITY OF RAPID CITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

TID 83 Fund	TID 82 Fund	TID 81 Fund	TID 80 Fund	TID 79 Fund	TID 72 Fund
\$ 105,993	\$ 391,301	\$ 243	\$ 346	\$ -	\$ 54,134
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
328	-	-	13	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
106,321	391,301	243	359	-	54,134
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	54,134
-	-	-	-	-	-
-	-	-	-	-	54,134
106,321	391,301	243	359	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
106,321	391,301	243	359	-	-
-	259	239	4,101	199	11
\$ 106,321	\$ 391,560	\$ 482	\$ 4,460	\$ 199	\$ 11

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>TID 74</b>	<b>TID 78</b>	<b>TID 70</b>	<b>TID 65</b>	<b>TID 64</b>	<b>TID 56</b>
<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
\$ 99,697	\$ 412,340	\$ 1,593,255	\$ 1,633,806	\$ 1,669,788	\$ 1,949,509
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
996	330	2,468	483	63,955	4,423
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
100,693	412,670	1,595,723	1,634,289	1,733,743	1,953,932
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
643,669	415,340	1,002,551	1,567,562	41,230	1,269,408
-	-	-	-	-	-
643,669	415,340	1,002,551	1,567,562	41,230	1,269,408
(542,976)	(2,670)	593,172	66,727	1,692,513	684,524
-	-	-	-	-	-
-	-	-	-	-	-
(542,976)	(2,670)	593,172	66,727	1,692,513	684,524
543,609	3,746	4,058	41	(1,822,899)	22
\$ 633	\$ 1,076	\$ 597,230	\$ 66,768	\$ (130,386)	\$ 684,546

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

TID 54 Fund	TID 50 Fund	TID 52 Fund	TID 47 Fund	TID 39 Fund	TID 40 Fund
\$ -	\$ 427,167	\$ 30,427	\$ 553,091	\$ 135,467	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
266	255	2	107	43	42
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
266	427,422	30,429	553,198	135,510	42
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
303,730	428,073	30,427	553,189	129,448	48,395
-	-	-	-	-	-
303,730	428,073	30,427	553,189	129,448	48,395
(303,464)	(651)	2	9	6,062	(48,353)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(303,464)	(651)	2	9	6,062	(48,353)
303,730	6,130	409	1	(1,146,203)	48,395
\$ 266	\$ 5,479	\$ 411	\$ 10	\$ (1,140,141)	\$ 42

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Community Development Fund	Rehab Loan/Grant Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,226,783
-	-	-	-	-	1,649,212
572,561	-	-	115,000	-	687,561
288,810	-	-	-	-	288,810
-	-	14,840	-	-	14,840
-	8,644	-	-	-	65,644
-	-	-	-	50,821	50,821
-	-	-	-	-	75,245
38	7	(1,441)	3	1,143	255,228
-	-	-	-	-	88,100
-	-	-	10,100	78,000	98,788
98,788	-	-	-	-	98,788
960,197	8,651	13,399	125,103	129,964	12,501,032
-	-	-	-	27,016	27,016
-	-	-	120,171	-	120,171
-	-	287	-	-	287
1,016,842	242	-	-	-	1,045,559
-	-	-	-	-	6,487,156
-	-	-	-	-	1,992,744
1,016,842	242	287	120,171	27,016	9,672,933
(56,645)	8,409	13,112	4,932	102,948	2,828,099
-	-	-	-	275,000	275,000
21,000	-	-	-	-	21,000
21,000	-	-	-	275,000	296,000
(35,645)	8,409	13,112	4,932	377,948	3,124,099
26,619	78,905	149,274	8,081	192,756	(1,501,059)
\$ (9,026)	\$ 87,314	\$ 162,386	\$ 13,013	\$ 570,704	\$ 1,623,040

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2022**

	<b>Solid Waste Disposal Fund</b>	<b>Solid Waste Collection Fund</b>	<b>Stormwater Enterprise Fund</b>	<b>Executive Golf Course Fund</b>	<b>Golf Course Enterprise Fund</b>
<b>ASSETS:</b>					
Current Assets:					
101 Cash and Cash Equivalents	\$ 2,561,220	\$ 3,978,344	\$ 4,077,376	\$ 56,867	\$ 90,010
107.1 Restricted Investments (Note 15)	4,530,000	-	-	-	-
151 Investments	537,766	-	-	-	-
115 Accounts Receivable	98,610	223,120	-	919	8,957
116 Estimated Uncollectable Accounts Receivable	(19,000)	(41,000)	-	-	-
117 Unbilled Accounts Receivable	270,757	67,689	-	-	-
110 Sales Tax Receivable	-	-	157	-	-
121 Special Assessments Receivable--Current	-	-	2,441,778	-	-
122 Special Assessments Receivable--Delinquent	-	-	13,756	-	-
132 Due from Other Governments	-	-	-	-	-
135 Interest Receivable	4,493	-	724	-	17
142 Inventory of Stores	-	-	12,743	9,435	47,885
Total Current Assets	7,983,846	4,228,153	6,546,534	67,221	146,869
Noncurrent Assets:					
196 Net Pension Asset	7,382	4,446	1,967	325	1,140
Capital Assets:					
160 Land	2,499,851	138,430	205,652	596,356	1,424,241
162 Buildings	18,277,241	-	-	180,240	1,619,221
164 Improvements Other than Bldg	24,720,599	730,359	76,270,603	1,522,133	3,239,164
164 Furniture & Equipment	3,002,561	3,568,565	1,106,641	84,244	761,952
166 Machinery and Equipment	7,198,257	1,328,159	681,803	67,259	166,876
168 Construction Work in Progress	-	66,796	2,030,070	-	-
Less: Accumulated Depreciation	(21,384,659)	(3,714,633)	(21,585,876)	(1,126,373)	(3,594,978)
Total Noncurrent Assets	34,321,232	2,122,122	58,710,860	1,324,184	3,617,616
Deferred Outflows of Resources:					
196 Pension Related Deferred Outflows	670,836	403,988	178,708	29,504	103,608
248 OPEB Related Deferred Outflows	229,152	136,925	59,377	9,864	34,700
Total Deferred Outflows of Resources:	899,988	540,913	238,085	39,368	138,308
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 43,205,066</b>	<b>\$ 6,891,188</b>	<b>\$ 65,495,479</b>	<b>\$ 1,430,773</b>	<b>\$ 3,902,793</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES:</b>					
Current Liabilities:					
202 Accounts Payable	\$ 205,044	\$ 117,101	159,650	2,182	7,574
208 Due to Other Funds	-	-	-	-	-
215 Accrued Interest Payable	995	-	-	70	-
216 Wages Payable	105,552	62,935	24,957	4,888	14,842
226 Notes Payable Current:	75,808	-	-	29,245	-
230 Compensated Absences Payable -- Current	6,500	2,000	1,000	-	1,000
Total Current Liabilities	393,899	182,036	185,607	36,385	23,416
Noncurrent Liabilities:					
209 Advance from Other Funds	-	-	-	-	-
231 OPEB Long-Term Obligation	1,016,937	607,652	263,507	43,774	153,996
231 Notes Payable:	793,067	-	-	54,073	-
233 Accrued Leave Payable	59,819	68,389	30,626	4,711	78,423
235 Accrued Landfill Closure and Postclosure (Note 15)	4,530,000	-	-	-	-
Total Noncurrent Liabilities	6,399,823	676,041	294,133	102,558	232,419
Deferred Inflows of Resources:					
196 Pension Related Deferred Inflows	429,336	258,553	114,373	18,883	66,309
Total Deferred Outflows of Resources:	429,336	258,553	114,373	18,883	66,309
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES:</b>	<b>7,223,058</b>	<b>1,116,630</b>	<b>594,113</b>	<b>157,826</b>	<b>322,144</b>
<b>NET POSITION:</b>					
253.10 Net Investment in Capital Assets	33,444,974	2,117,676	58,708,893	1,240,612	3,616,476
253.20 Restricted Net Position, Restricted for:					
253.29 SDRS - Pension	248,882	149,881	66,302	10,946	38,439
253.90 Unrestricted Net Position (Deficit)	2,288,152	3,507,001	6,126,171	21,389	(74,266)
Total Net Position	35,982,008	5,774,558	64,901,366	1,272,947	3,580,649
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,205,066</b>	<b>\$ 6,891,188</b>	<b>\$ 65,495,479</b>	<b>\$ 1,430,773</b>	<b>\$ 3,902,793</b>

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 6,573,044	\$ 152	\$ 695,239	\$ 81	\$ 18,032,333
-	-	-	-	4,530,000
269,313	-	-	-	807,079
209,456	-	8,747,329	4,705	9,293,096
(97,000)	-	(6,300,000)	-	(6,457,000)
-	-	-	-	338,446
-	-	-	-	157
-	-	-	-	2,441,778
-	-	-	-	13,756
-	54,472	-	-	54,472
-	-	2,723	-	7,957
-	-	-	-	70,063
6,954,813	54,624	3,145,291	4,786	29,132,137
727	1,011	12,389	-	29,387
2,213,269	-	-	267,567	7,345,366
4,908,331	3,521,086	30,659	916,934	29,453,712
1,013,619	-	-	1,679,939	109,176,416
43,016	54,216	648,627	-	9,269,822
34,838	20,557	1,696,852	-	11,194,601
211,171	-	-	-	2,308,037
(2,332,683)	(1,063,394)	(1,514,826)	(2,161,556)	(58,478,978)
6,092,288	2,533,476	873,701	702,884	110,298,363
66,047	91,898	1,125,839	-	2,670,428
22,809	29,922	247,650	-	770,399
88,856	121,820	1,373,489	-	3,440,827
\$ 13,135,957	\$ 2,709,920	\$ 5,392,481	\$ 707,670	\$ 142,871,327
34,938	34,120	164,052	11,301	735,962
348,377	245,000	108,352	155,000	856,729
-	-	-	-	1,065
11,130	14,994	116,120	-	355,418
-	-	-	-	105,053
-	2,000	4,000	-	16,500
394,445	296,114	392,524	166,301	2,070,727
3,651,623	-	111,648	-	3,763,271
101,221	132,788	1,099,030	-	3,418,905
-	-	-	-	847,140
11,893	23,257	96,789	-	373,907
-	-	-	-	4,530,000
3,764,737	156,045	1,307,467	-	12,933,223
42,270	58,815	720,538	-	1,709,077
42,270	58,815	720,538	-	1,709,077
4,201,452	510,974	2,420,529	166,301	16,713,027
6,091,561	2,532,465	861,312	702,884	109,316,853
24,504	34,094	417,690	-	990,738
2,818,440	(367,613)	1,692,950	(161,515)	15,850,709
8,934,505	2,198,946	2,971,952	541,369	126,158,300
\$ 13,135,957	\$ 2,709,920	\$ 5,392,481	\$ 707,670	\$ 142,871,327



**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2022**

	<b>Solid Waste Disposal Fund</b>	<b>Solid Waste Collection Fund</b>	<b>Stormwater Enterprise Fund</b>	<b>Executive Golf Course Fund</b>	<b>Golf Course Enterprise Fund</b>
<b>Operating Revenue:</b>					
380 Charges for Goods and Services	\$ 7,392,360	\$ 4,207,674	\$ 2,580,182	\$ 295,315	\$ 1,028,823
Total Operating Revenue	7,392,360	4,207,674	2,580,182	295,315	1,028,823
<b>Operating Expenses:</b>					
410 Personal Services	2,682,766	1,715,886	680,819	160,376	608,190
420 Other Current Expense	3,726,590	1,868,429	244,887	116,944	552,209
426.2 Materials (Cost of Goods Sold)	-	-	2,018	33,972	33,812
457 Depreciation	1,519,601	409,128	2,539,418	50,175	166,544
Total Operating Expenses	7,928,957	3,993,443	3,467,142	361,467	1,360,755
Operating Income (Loss)	(536,597)	214,232	(886,960)	(66,152)	(331,932)
<b>Nonoperating Revenue (Expense):</b>					
361 Investment Earnings (Loss)	(132,182)	12,205	18,212	209	213
470 Interest Expense and Fiscal Charges	(10,875)	-	-	(3,987)	-
492 Loss on Disposition of Capital Assets	(3,728)	(9,663)	-	-	-
369.01 Other Taxes	-	473	-	-	-
369.01 Sales Tax	145,678	255,838	37	21,883	70,675
369.01 Other	8,342	6,771	1,833	863	4,904
Total Nonoperating Revenue (Expense)	7,235	265,624	20,082	18,968	75,792
Income (Loss) Before Transfers	(529,362)	479,856	(866,878)	(47,184)	(256,140)
330 Capital Grants	258,602	-	-	-	-
511 Transfers In (Out)	(66,498)	(443)	(29)	-	230,000
391.7 Capital Contributions	-	-	1,510,462	-	-
391.7 Contribution from Developers/Others	-	-	2,147,048	-	-
391.7 Capital Asset Transfers	-	-	-	-	20,609
Net Transfers	192,104	(443)	3,657,481	-	250,609
Change in Net Position	(337,258)	479,413	2,790,603	(47,184)	(5,531)
Net Position - Beginning	36,319,266	5,295,145	62,110,763	1,320,131	3,586,180
NET POSITION - ENDING	\$ 35,982,008	\$ 5,774,558	\$ 64,901,366	\$ 1,272,947	\$ 3,580,649

*Enterprise Funds*

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 1,590,549	\$ 651,148	\$ 4,796,231	\$ 26,634	\$ 22,568,916
1,590,549	651,148	4,796,231	26,634	22,568,916
276,025	366,508	3,413,672	-	9,904,242
508,115	280,381	1,497,107	86,179	8,880,841
-	-	-	-	69,802
131,460	66,124	95,729	16,514	4,994,693
915,600	713,013	5,006,508	102,693	23,849,578
674,949	(61,865)	(210,277)	(76,059)	(1,280,662)
(1,501)	-	13,998	(350)	(89,196)
-	-	-	-	(14,862)
-	-	-	-	(13,391)
-	-	-	-	473
30,889	-	182	-	525,182
124	5,185	67,458	-	95,480
29,512	5,185	81,638	(350)	503,686
704,461	(56,680)	(128,639)	(76,409)	(776,976)
-	-	-	-	258,602
(22,794)	(11,271)	(98)	70,000	198,867
-	-	-	-	1,510,462
-	-	-	-	2,147,048
-	-	-	-	20,609
(22,794)	(11,271)	(98)	70,000	4,135,588
681,667	(67,951)	(128,737)	(6,409)	3,358,613
8,252,838	2,266,897	3,100,689	547,778	122,799,687
\$ 8,934,505	\$ 2,198,946	\$ 2,971,952	\$ 541,369	\$ 126,158,300

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2022**

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipt from Customers	\$ 7,355,425	\$ 4,249,889	\$ 2,557,232
Payments to Suppliers	(4,219,630)	(1,786,483)	(183,446)
Payments to Employees	(2,504,606)	(1,613,950)	(684,001)
Net Cash Provided (Used) by Operating Activities	<u>631,189</u>	<u>849,456</u>	<u>1,689,785</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Receipt from Interfund Services Provided	-	-	-
Internal Activity - Payment to/from Other Funds	-	-	-
Transfers In	-	-	-
Transfers Out	(66,498)	(443)	(29)
Net Cash Provided (Used) by Operating Subsidies and Transfers	<u>(66,498)</u>	<u>(443)</u>	<u>(29)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from Capital Debt	-	-	-
Capital Grants	258,602	-	-
Purchase of Capital Assets	(2,665,654)	(389,229)	(1,211,587)
Principal Paid on Capital Debt	(26,124)	-	-
Interest Paid on Capital Debt	(9,880)	-	-
Debt Proceeds	-	-	-
Other Receipts (Payments)	154,020	263,082	1,714
Net Cash (Used) by capital and related financing Activities	<u>(2,289,036)</u>	<u>(126,147)</u>	<u>(1,209,873)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Earnings (Loss)	(133,083)	12,205	17,488
Net Cash Provided by Investing Activities	<u>(133,083)</u>	<u>12,205</u>	<u>17,488</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,857,428)	735,071	497,371
Balances - Beginning	4,418,648	3,243,273	3,580,005
Balances- Ending	<u>\$ 2,561,220</u>	<u>\$ 3,978,344</u>	<u>\$ 4,077,376</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ (536,597)	\$ 214,232	\$ (886,960)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,519,601	409,128	2,539,418
Change in Assets and Liabilities:			
Receivables	(36,935)	42,215	(22,950)
Inventories	-	-	(5,055)
Accounts and Other Payables	(493,040)	81,946	68,514
Accrued Wages Payable	41,945	16,884	(2,485)
Accrued Leave Payable	15,709	12,824	3,009
Other Post Employment Benefits	294,573	171,247	21,378
Pension Asset	468,886	286,815	154,343
Pension/OPEB Related Deferred Outflows	(764,089)	(457,035)	(192,646)
Pension Related Deferred Inflows	121,136	71,201	13,219
Net Cash Provided (Used) by Operating Activities	<u>\$ 631,189</u>	<u>\$ 849,456</u>	<u>\$ 1,689,785</u>
Noncash Investing, Capital and Financing Activities:			
Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ (3,728)	\$ (9,663)	\$ -
Contribution of Assets (to)/ from Others	\$ -	\$ -	\$ 3,657,510
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>			
101 Cash and Cash Equivalents	\$ 2,561,220	\$ 3,978,344	\$ 4,077,376
106 Cash With Fiscal Agent, Restricted	-	-	-
	<u>\$ 2,561,220</u>	<u>\$ 3,978,344</u>	<u>\$ 4,077,376</u>

Executive Golf Course Fund	Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 294,396	\$ 1,032,754	\$ 1,585,690	\$ 617,977	\$ 5,605,325	\$ 23,175	\$ 23,321,863
(149,758)	(601,253)	(499,915)	(274,497)	(1,385,499)	(77,387)	(9,177,868)
(155,833)	(557,601)	(253,609)	(360,436)	(3,446,927)	-	(9,576,963)
(11,195)	(126,100)	832,166	(16,956)	772,899	(54,212)	4,567,032
-	-	-	-	-	-	-
-	(150,000)	4,000,000	20,000	70,000	(25,000)	3,915,000
-	230,000	-	-	-	70,000	300,000
-	-	(22,794)	(11,271)	(98)	-	(101,133)
-	80,000	3,977,206	8,729	69,902	45,000	4,113,867
-	-	-	-	-	-	-
-	-	-	-	-	-	258,602
-	-	(285,458)	-	(269,235)	-	(4,821,163)
(28,169)	-	-	-	-	-	(54,293)
(4,025)	-	-	-	-	-	(13,905)
-	-	-	-	-	-	-
22,746	75,579	31,013	5,185	67,641	-	620,980
(9,448)	75,579	(254,445)	5,185	(201,594)	-	(4,009,779)
528	213	(1,310)	-	11,560	(350)	(92,749)
528	213	(1,310)	-	11,560	(350)	(92,749)
(20,115)	29,692	4,553,617	(3,042)	652,767	(9,562)	4,578,371
76,982	60,318	2,019,427	3,194	42,472	9,642	13,453,961
\$ 56,867	\$ 90,010	\$ 6,573,044	\$ 152	\$ 695,239	\$ 80	\$ 18,032,332
\$ (66,152)	\$ (331,932)	\$ 674,949	\$ (61,865)	\$ (210,277)	\$ (76,059)	\$ (1,280,662)
50,175	166,544	131,460	66,124	95,729	16,514	4,994,693
(919)	3,931	(4,859)	(33,171)	809,094	(3,459)	752,947
(295)	(15,645)	-	-	-	-	(20,995)
1,453	413	8,200	5,884	111,608	8,792	(206,230)
1,205	1,454	2,420	(114)	(5,627)	-	55,682
1,605	47,033	4,766	7,066	28,698	-	120,710
6,001	18,370	34,734	11,508	44,927	-	602,738
24,044	85,992	41,450	80,403	1,014,899	-	2,156,832
(31,387)	(112,047)	(75,864)	(99,078)	(1,172,700)	-	(2,904,846)
3,075	9,787	14,910	6,287	56,548	-	296,163
\$ (11,195)	\$ (126,100)	\$ 832,166	\$ (16,956)	\$ 772,899	\$ (54,212)	\$ 4,567,032
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,391)
\$ -	\$ 20,609	\$ -	\$ -	\$ -	\$ -	\$ 3,678,119
\$ 56,867	\$ 90,010	\$ 6,573,044	\$ 152	\$ 695,239	\$ 80	\$ 18,032,332
-	-	-	-	-	-	-
\$ 56,867	\$ 90,010	\$ 6,573,044	\$ 152	\$ 695,239	\$ 80	\$ 18,032,332

**CITY OF RAPID CITY  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2022**

	<b>Medical Insurance Fund</b>	<b>Liability Insurance Fund</b>	<b>Unemployment Insurance Fund</b>	<b>Workers Compensation Fund</b>	<b>Totals</b>
<b>ASSETS:</b>					
Current Assets:					
101 Cash and Cash Equivalents	\$ 1,564,174	\$ 729,712	\$ (86,569)	\$ 3,921,410	\$ 6,128,727
115 Accounts Receivable	448,764	-	-	-	448,764
151 Investments	172,164	-	-	741,875	914,039
<b>TOTAL ASSETS</b>	<b>\$ 2,185,102</b>	<b>\$ 729,712</b>	<b>\$ (86,569)</b>	<b>\$ 4,663,285</b>	<b>\$ 7,491,530</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
202 Accounts Payable	\$ 1,096,669	\$ 354,996	\$ -	\$ 3,471,907	\$ 4,923,572
216 Wages Payable	-	760	-	658	1,418
Total Current Liabilities	1,096,669	355,756	-	3,472,565	4,924,990
<b>NET POSITION:</b>					
253.90 Unrestricted Net Position	1,088,433	373,956	(86,569)	1,190,720	2,566,540
Total Net Position	1,088,433	373,956	(86,569)	1,190,720	2,566,540
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,185,102</b>	<b>\$ 729,712</b>	<b>\$ (86,569)</b>	<b>\$ 4,663,285</b>	<b>\$ 7,491,530</b>

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Medical Insurance Fund</b>	<b>Liability Insurance Fund</b>	<b>Unemployment Insurance Fund</b>	<b>Workers Compensation Fund</b>	<b>Totals</b>
<b>Operating Revenue:</b>					
380 Charges for Goods and Services	\$ 9,827,967	\$ 280,365	\$ 725	\$ 959,739	\$ 11,068,796
<b>Operating Expenses:</b>					
410 Personal Services	-	59,007	-	65,546	124,553
420 Other Current Expense	10,643,565	196,202	4,241	772,441	11,616,449
Total Operating Expenses	10,643,565	255,209	4,241	837,987	11,741,002
Operating Income (Loss)	(815,598)	25,156	(3,516)	121,752	(672,206)
<b>Nonoperating Revenue (Expense):</b>					
361 Investment Earnings (Loss)	(920)	2,852	51	(17,245)	(15,262)
	(920)	2,852	51	(17,245)	(15,262)
Change in Net Position	(816,518)	28,008	(3,465)	104,507	(687,468)
Net Position - Beginning	1,904,951	345,948	(83,104)	1,086,213	3,254,008
NET POSITION - ENDING	\$ 1,088,433	\$ 373,956	\$ (86,569)	\$ 1,190,720	\$ 2,566,540

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2022**

	<b>Medical Insurance Fund</b>	<b>Liability Insurance Fund</b>	<b>Unemployment Insurance Fund</b>	<b>Workers Compensation Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Interfund Services Provided	\$ 9,771,381	\$ 280,365	\$ 725	\$ 959,739	\$ 11,012,210
Payments to Employees	-	(58,844)	-	(65,485)	(124,329)
Payments for Claims & Services	(10,133,749)	(266,602)	(4,241)	(462,632)	(10,867,224)
Net Cash Provided (Used) by Operating Activities	(362,368)	(45,081)	(3,516)	431,622	20,657
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Sale of Investment Securities	(47,489)	-	-	(204,637)	(252,126)
Interest Received (Loss)	(798)	2,852	67	(16,719)	(14,598)
Net Cash Provided by Investing Activities	(48,287)	2,852	67	(221,356)	(266,724)
Net Increase (Decrease) in Cash and Cash Equivalents	(410,655)	(42,229)	(3,449)	210,266	(246,067)
Balances - Beginning	1,974,829	771,941	(83,120)	3,711,144	6,374,794
Balances- Ending	\$ 1,564,174	\$ 729,712	\$ (86,569)	\$ 3,921,410	\$ 6,128,727
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ (815,598)	\$ 25,156	\$ (3,516)	\$ 121,752	\$ (672,206)
Adjustments to Reconcile Operating Income to Change in Assets and Liabilities:					
Accounts Receivable	(56,586)	-	-	-	(56,586)
Accounts Payables	509,816	(70,400)	-	309,809	749,225
Wages Payable	-	163	-	61	224
Net Cash Provided (Used) by Operating Activities	\$ (362,368)	\$ (45,081)	\$ (3,516)	\$ 431,622	\$ 20,657

## SINGLE AUDIT SECTION



**CITY OF RAPID CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBERS	AMOUNT
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Direct Federal Funding:</i>			
<i>CDBG - Entitlement Grants Cluster</i>			
Community Development Block Grant/Special Purpose Grants/Insular Areas	B-20-MW-46-0002	14.225	288,810
Community Development Block Grants/Entitlement Grants	B-20-MC-46-0002	14.218	62,544
Community Development Block Grants/Entitlement Grants	B-21-MC-46-0002	14.218	468,881
Community Development Block Grants/Entitlement Grants	B-22-MC-46-0002	14.218	41,136
<b>Total Community Development Block Grant/Entitlement Grants Cluster (Note 4)</b>			<b>861,371</b>
<b>U.S. Department of the Interior:</b>			
<i>Direct Federal Funding:</i>			
Wildland Urban Interface Community Assistance	L19AC00041	15.228	20,000
Wildland Urban Interface Community Assistance	L22AC00384	15.228	76,258
<i>Total Wildland Urban Interface Community Assistance</i>			<i>96,258</i>
<i>Pass-Through the SD Department of Tourism</i>			
Historic Preservation Fund Grant-in-Aid	SD-21-10027	15.904	3,776
Historic Preservation Fund Grant-in-Aid	SD-22-10027	15.904	20,000
<i>Total Historic Preservation Fund Grant-in-Aid</i>			<i>23,776</i>
<b>Total U.S. Department of Interior</b>			<b>120,034</b>
<b>U.S. Department of Justice:</b>			
<i>Pass-Through the SD Department of Public Safety -- Office of Victim's Services</i>			
Crime Victim Assistance	2018-V2-GX-0063	16.575	55,330
Crime Victim Assistance	2023-COMBO-00010	16.575	15,211
<i>Total Crime Victim Assistance</i>			<i>70,541</i>
<i>Pass-Through the Northeast Council of Governments</i>			
Project Safe Neighborhoods	2020-GP-BX-0002	16.609	51,193
Project Safe Neighborhoods	2021-15PBJA-21-GG-03062-GUNP	16.609	47,810
<i>Total Project Safe Neighborhoods</i>			<i>99,003</i>
<i>Direct Federal Funding:</i>			
Bullet Proof Vest Partnership Program	2020-2022	16.607	16,448
Edward Byrne Criminal Justice Innovation Program	2019-BJ-BX-0002	16.817	378,004
Community-Based Violence Intervention and Prevention Initiative	15PBJA-22-GG-04722-CVIP	16.045	15,696
Edward Byrne Memorial Justice Assistance Grant Program-Connect & Protect	15PBJA-21-GG-042326-NTCP	16.738	68,725
Edward Byrne Memorial Justice Assistance Grant Program	15PBJA-21-GG-01835-JAGX	16.738	93,850
<i>Total Edward Byrne Memorial Justice Assistance Grant Program</i>			<i>162,575</i>
Public Safety Partnership and Community Policing Grants - CHP	15JCOPS-21-GG-03437-UHPX	16.710	156,897
Public Safety Partnership and Community Policing Grant - CPD	15JCOPS-21-GG-02308-SPPS	16.710	16,437
Public Safety Partnership and Community Policing Grant - LEMHWA	2020MHWXK016	16.710	67,049
Public Safety Partnership and Community Policing Grant	2020UMWX0183	16.710	136,642
<i>Total Community Policing Grant</i>			<i>377,025</i>
<b>Total U.S. Department of Justice</b>			<b>1,119,293</b>
<b>U.S. Department of Transportation:</b>			
<i>Pass-Through the S.D. Department of Transportation:</i>			
Airport Improvement Program (CRRSAA)	3-46-0048-57-2021	20.106	73,418
Airport Improvement Program	3-46-0048-52-2019	20.106	12,074
Airport Improvement Program	3-46-0048-53-2020	20.106	86,666
Airport Improvement Program (CARES ACT)	3-46-0048-53-2021	20.106	13,332
Airport Improvement Program	3-46-0048-58-2021	20.106	1,169,029
Airport Improvement Program (CRRSAA)	3-46-0048-58-2021	20.106	129,892
Airport Improvement Program (ARPA)	3-46-0048-59-2022	20.106	3,706,165
Airport Improvement Program (ARPA)	3-46-0048-60-2022	20.106	58,734
Airport Improvement Program	3-46-0048-61-2022	20.106	61,253
Airport Improvement Program (CARES ACT)	3-46-0048-63-2022	20.106	2,617,549
<i>Total Airport Improvement Program</i>			<i>7,928,112</i>
<i>Direct Federal Funding:</i>			
Payments for Small Community Air Service Development	69A34518400110039	20.930	37,397
Federal Transit - Formula Grants	SD-2021-002-00	20.507	1,072,483
Federal Transit - Formula Grants (ARPA)	SD-2022-008-00	20.507	564,082
<i>Total Federal Transit - Formula Grants</i>			<i>1,636,565</i>
Highway Planning and Construction -- Trans and Transit MPO	311515	20.505	313,176
<b>Total U.S. Department of Transportation</b>			<b>9,915,249</b>
<b>U.S. General Services Administration:</b>			
<i>Pass-through the SD Bureau of Administration - SD Federal Property Agency:</i>			
Donation of Federal Surplus Property (Note 3)	NA	39.003	54,546

**CITY OF RAPID CITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**U.S. Environmental Protection Agency:**

*Pass-through the SD Department of Environment and Natural Resources:*

Performance Partnership Grant	96838021	66.605	14,122
Performance Partnership Grant	96838020	66.605	55,506
<b>Total U.S. Environmental Protection Agency</b>			<b>69,627</b>

**U.S. Department of Agriculture:**

*Pass-Through the SD Department of Wildland Fire*

Cooperative Forestry Assistance	19-DG-11020000-054-9079	10.664	243,714
Cooperative Forestry Assistance	18-DG-11020000-054-9069	10.664	5,813
<i>Total SD Department of Wildland Fire</i>			<i>249,527</i>

*Pass-Through the Watershed Research and Training Center*

Fire Adapted Communities Learning Network	18 CA11132543-039	10.698	12,500
<b>Total U.S. Department of Agriculture</b>			<b>262,027</b>

**Corporation for National and Community Service:**

*Direct Federal Funding:*

Retired and Senior Volunteer Program	19SRNSD003	94.002	35,000
Retired and Senior Volunteer Program	22SRNSD001	94.002	80,000
<b>Total Corporation for National and Community Service:</b>			<b>115,000</b>

**U.S. Department of Treasury:**

*Direct Funding*

Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	ARPA	21.027	962,161
<b>Total U.S. Department of Treasury:</b>			<b>962,161</b>

**U.S. Department of Homeland Security:**

*Direct Funding*

Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2019-FH-00559	97.083	406,899
<i>Pass-Through the SD Department of Public Safety -- Office of Emergency Management</i>			
Pre-Disaster Mitigation	EMD-2020-PC-0005	97.047	77,579
Interagency Hazardous Materials Public Sector Training and Planning (HMEP)	693JK31940039HMEP	20.703	67,937
<i>Pass-Through the SD Department of Public Safety -- Office of Homeland Security</i>			
Homeland Security Grant	HLS-2020-00275	97.067	93,664
Homeland Security Grant	HLS-2021-00275	97.067	34,922
<i>Total Homeland Security Grant</i>			<i>128,585</i>
<b>Total U.S. Department of Homeland Security</b>			<b>681,000</b>
<b>Total Federal Awards</b>			<b>14,159,308</b>

Note 1: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Rapid City, South Dakota (the "City") under programs of the federal government for the year ended December 31, 2022. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows, where applicable, of the City of Rapid City, South Dakota.

Note 2: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the municipality. (Original acquisition cost is provided by Federal Surplus Property. It is not what the City actually paid for the items.)

Note 4: The City had the following subrecipients, that includes program income of \$73,465

*Community Development Block Grants/Entitlement Grants Cluster:*

Common Bond Communities	\$	492,300
Volunteers of America		106,473
Black Hills Works		72,700
Youth and Family Services		66,599
YMCA of Rapid City		65,000
Behavior Management Systems		60,325
Wellfully		34,643
Pennington County Health and Human Services		20,700
Minneluzahan Senior Citizens Center		16,095
Total funds passed through to subrecipients	\$	934,836



810 Quincy Street  
P.O. Box 3140, Rapid City, South Dakota 57709  
Telephone (605) 342-5630 • e-mail: [info@ktllp.com](mailto:info@ktllp.com)

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*

Mayor and City Council  
City of Rapid City  
Rapid City, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022, 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 18, 2023.

**Report on Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as 2022-003 to be a significant deficiency.

**Report on Compliance and Other Matters**

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

**City's Response to Findings**

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

**Purpose of this Report**

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



KETEL THORSTENSON, LLP  
Certified Public Accountants

September 18, 2023



810 Quincy Street  
P.O. Box 3140, Rapid City, South Dakota 57709  
Telephone (605) 342-5630 • e-mail: [info@ktllp.com](mailto:info@ktllp.com)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Council  
City of Rapid City  
Rapid City, South Dakota

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

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

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2022-004 to be a material weakness.

*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 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.

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

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



KETEL THORSTENSON, LLP  
Certified Public Accountants

**CITY OF RAPID CITY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**A. SUMMARY OF AUDIT RESULTS**

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of the City.
2. Material weaknesses and a significant deficiency disclosed during the audit of the financial statements are 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*.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. A material weakness was disclosed during the audit of the major federal award program and is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.
7. The programs tested as major programs (or cluster) for 2022 were the Airport Improvement Program (Assistance Listing #20.106), Community Development Block Grant (Assistance Listing #14.225 and #14.218), and Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing #21.027).
8. The threshold for distinguishing type A and B programs was \$750,000.
9. The City was not determined to be a low risk auditee.

**CITY OF RAPID CITY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**B. Findings – Financial Statement Audit**

**Material Weaknesses**

**Finding No. 2022-001: Internal Controls**

*Federal Program Affected:* None

*Compliance Requirement:* Not Applicable

*Questioned Costs:* None

*Condition and Cause:* The City has a lack of adequate internal controls in the following areas:

- a. Various departments within the City apply for and are awarded federal grants, but the City lacks a formal or consistent process to identify federal expenditures.
- b. We identified two material errors in the government-wide adjustments related to the changes in deferred inflow/outflows for OPEB and Pension.
- c. We noted an error in testing of airport parking transactions in which rate charged did not agree to board approved rates.

*Criteria and Effect:*

- a. A lack of proper identification of federal expenditures could result in improper timing of federal grant revenue and receivable recognition and improper reporting on the schedule of expenditures of federal awards.
- b. Accurate financial reporting is important to the City. The City's financial statements are provided to numerous granting agencies and current and future debt providers. Errors identified during the audit process were corrected in the accompanying financial statements.
- c. A lack of controls over charging rates other than those approved by the governing board could result in improper revenue recognition.

*Recommendation:*

- a. We recommend the City develop a consistent process to timely identify federal expenditures across all City departments.
- b. The government-wide adjustments should continue to be prepared by the Grants and Financial Reporting Manager and reviewed by the Finance Director for technical accuracy.
- c. We recommend the City develop a consistent process to compare all rates being charged to board approved rates.

*Repeat Finding from Prior Year:* Yes with modifications, prior year finding 2021-001.

*Response/Corrective Action Plan:* The City agrees with the above finding. See Corrective Action Plan.



**CITY OF RAPID CITY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**B. Findings – Financial Statement Audit**

**Material Weaknesses**

**Finding No. 2022-002: Audit Adjustments**

*Federal Program Affected:* None

*Compliance Requirement:* All

*Questioned Costs:* None

*Condition and Cause:* During the audit process, we recorded significant audit adjustments. Other entries were proposed as part of the audit, but the entries were not recorded due to the overall insignificance on the financial statements. The Finance Director has a lack of adequate review over the year-end process and has the ability to override journal entries. The most significant adjustment related to the following:

- To adjust due from other governments and capital assets related to grant funds.
- To reclassify rental car commissions as deferred inflows.
- To record lease activity related to the implementation of GASB 87 *Leases*.
- To adjust accounts payable to actual.
- To adjust GASB 68 SDRS pension activity.

*Criteria and Effect:* The City's financial statements are provided to numerous granting agencies and lenders. The City does not have adequate internal controls to ensure the identification and accurate recording of all year-end balances.

*Recommendation:* We recommend year-end adjustments be reviewed by the Finance Director.

*Repeat Finding from Prior Year:* Yes, prior year finding 2021-002.

*Response/Corrective Action Plan:* The City agrees with the above finding. See Corrective Action Plan.

**Significant Deficiency**

**Finding No. 2022-003: Compliance with State Laws**

*Federal Program Affected:* None

*Compliance Requirement:* Not applicable

*Questioned Costs:* None

*Condition and Cause:* The City is invested in participating and negotiable certificates of deposit, which violates state law.

*Criteria and Effect:* The City did not follow state law, which could result in additional inquiries from state officials regarding such violation. South Dakota Codified Law (SDCL) 4-5-6 indicates the types of investments that the City may invest in public funds. Based on 4-5-6, the City is in violation of State law.

*Recommendation:* The City should re-evaluate their investment policy and invest these funds in investments allowed by SDCL 4-5-6.

*Repeat Finding from Prior Year:* Yes, prior year finding 2021-003.

*Response/Corrective Action Plan:* The City agrees with the above finding. See Corrective Action Plan.

**CITY OF RAPID CITY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**C. Findings – Compliance Audit**

**Material Weakness**

**Finding No. 2022-004: Tracking Federal Grant Funding**

*Federal Program Affected:* Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) – AL# 21.027

*Compliance Requirement:* Reporting

*Questioned Costs:* None

*Condition and Cause:* The City does not have a proper review process for the CSLFRF program expenditures allocated between the various grant agreements. In addition, reimbursement requests are not completed timely.

*Criteria and Effect:* A lack of proper controls over federal expenditures could result in charging expenditures to multiple federal awards or “double-dipping” of CSLFRF grant monies and improper reporting on the schedule of expenditures of federal awards. Timely reimbursement requests reduce the cash flow burden on the City.

*Recommendation:* The City should implement a process for reviewing expenditure allocations between separate CSLFRF grants and submit reimbursement requests as soon as administratively feasible.

*Repeat Finding from Prior Year:* N/A

*Response/Corrective Action Plan:* The City agrees with the above finding. See Corrective Action Plan.

## MANAGEMENT RESPONSE



# CITY OF RAPID CITY

## RAPID CITY, SOUTH DAKOTA 57701-5035

---

### City Finance Office

300 Sixth Street  
Rapid City, South Dakota 57701-5035  
605-394-4143

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021

The City of Rapid City respectfully submits the following summary schedule of prior audit findings from the December 31, 2021 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2021 Schedule of Findings.

##### 2021-001 Finding: Internal Controls

*Status:* The City implemented several changes in internal control processes; however the City still had a lack of adequate internal controls during the year.

*Initial Year Report:* Originally issued years ago.

*Reasons for Recurrence and Corrective Action Plan:* Strengthening internal controls is a continuous process. The City recognizes this and is engaged in an ongoing campaign to review and modify existing functions and processes to ensure adequate internal control and proper segregation of duties.

Finance management met with applicable staff immediately after the deficiency was noted by audit staff and reviewed policies regarding access and security of the Finance safe. No further incidents have been noted by management.

Grant applications are currently handled and processed at a departmental level. At times, staff processing these applications do not follow the City's grant application process. In 2022 additional steps were taken to ensure all grant applications were processed according to the City's Uniform Grant Guidance policies/procedures. These steps included the Finance Director communicating the grants application policies to all Department Directors, the Deputy Finance Director – Grants/Financial Reporting expanding the scope of the period covered to ensure that all federal expenditures/revenue are identified and reported in the correct period and Grants Division Manager meeting with all department staff involved in grant applications to review grant conditions and requirements prior to application submission.

The City is one of a limited number of municipalities that has chosen to prepare its own financial statements in an effort to reduce overall audit fees, gain a better understanding of City's ongoing financial activity and ensure an adequate level of independence. As such, errors identified during the auditors review are expected to be more common than financials prepared by the auditors on behalf of the client. The City has accepted the risk associated with preparing its own financial statements and will continue to diligently work towards the goal of submitting error free financial statements to our auditors.



EQUAL HOUSING  
OPPORTUNITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 (Continued)**

2021-002 Finding: Audit Adjustments

*Status:* The City made efforts to record all year-end entries but material and reclassification audit adjustments were required to correctly reflect the accuracy and completeness of account balances/transactions.

*Initial Year Report:* Originally issued years ago.

*Reasons for Recurrence and Corrective Action Plan:* The Finance Office agrees that both material and immaterial audit adjustments were subsequently recorded in order to accurately report account balances/transactions. As noted in finding 2021-002, the material audit adjustment was the result of treating the 2021 sales tax bonds as a crossover refunding instead of an advanced refunding. The yearend reconciliation checklists and processes modifications recommended by the auditor as well as those noted internally will be implemented to ensure the accuracy and completeness of account balances/transactions.

Finding No. 2021-003: Compliance with State Laws

*Status:* There was no change in investment policy or types of investments held by the City. As such, finding is repeated.

*Initial Year Report:* Originally issued in 2015.

*Reasons for Recurrence and Corrective Action Plan:* The City continues to divest investments as they mature to ensure compliance with State statute. This process will be a lengthy one as investment maturities must be reached before divestment can occur.



# CITY OF RAPID CITY

## RAPID CITY, SOUTH DAKOTA 57701-5035

---

### City Finance Office

300 Sixth Street

Rapid City, South Dakota 57701-5035

605-394-4143

#### **CORRECTIVE ACTION PLAN DECEMBER 31, 2022**

The City respectfully submits the following corrective action plan regarding findings from the December 31, 2022 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

##### Finding No. 2022-001: Internal Controls

*Responsible Officials:* Daniel Ainslie, Finance Director/Dave Yuhas, Deputy Finance Director – Grants/Financial Reporting

##### *Corrective Action Plan:*

Strengthening internal controls is a continuous process. The City recognizes this and is engaged in an ongoing campaign to review and modify existing functions and processes to ensure adequate internal controls and proper segregation of duties. The functions and processes will continue to be reviewed and improved upon as deficiencies are discovered.

In fiscal year 2022 additional steps were taken to ensure all grant applications were processed according to the City's Uniform Grant Guidance policies/procedures. These steps included the Finance Director communicating the grants application policies to all Department Directors, the Deputy Finance Director – Grants and Financial Reporting expanding the scope of the period covered to ensure that all federal expenditures/revenue are identified and reported in the correct period and the addition of a Grants Management division within the Finance department in fiscal year 2023 to assist with the application and monitoring of all grants. In addition, the Finance department will communicate to all departments that grant reimbursements will be processed at least quarterly and submitted within sixty (60) days of quarter ending date.

The City is one of a limited number of municipalities that has chosen to prepare its own financial statements in an effort to reduce overall audit fees, gain a better understanding of City's ongoing financial activity and ensure an adequate level of independence. As such, errors identified during the auditors review are expected to be more common than financials prepared by the auditors on behalf of the client. The City has accepted the risk associated with preparing its own financial statements and will continue to diligently work towards the goal of submitting error free financial statements to our auditors.

The Finance department will perform internal audits within thirty (30) days of the effective date for any fee/rate change to ensure that fee/rate change has been properly implemented.

*Anticipated Completion Date:* Assessing and mitigating identified internal control risks are, and should be, an ongoing process. Changes in responsibilities and processes to those deficiencies identified during the audit are currently in the development stage and will be implemented for the year ending December 31, 2023.

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2022 (Continued)**

Finding No. 2022-002: Audit Adjustments

*Responsible Officials:* Daniel Ainslie, Finance Director, Dave Yuhas, Deputy Finance Director – Grants/Financial Reporting

*Corrective Action Plan:* The yearend reconciliation checklists and processes modifications recommended by the auditor as well as those noted internally will be implemented to ensure the accuracy and completeness of account balances/transactions.

*Anticipated Completion Date:* The Finance Office expects that any audit adjustments proposed by auditors for the 2023 audit will be immaterial to the financial statements as a whole.

Finding No. 2022-003: Compliance with State Laws

*Responsible Officials:* : Daniel Ainslie, Finance Director

*Corrective Action Plan:* The City continues to divest investments as they mature to ensure compliance with State statute.

*Anticipated Completion Date:* Ongoing as current investments mature.

Finding No. 2022-004: Tracking Federal Grant Funding – Coronavirus State and Fiscal Local Recovery Fund (CSLFRF)

*Responsible Officials:* Daniel Ainslie, Finance Director, Dave Yuhas, Deputy Finance Director – Grants/Financial Reporting and Eduardo Lopez – Operations Engineering Manager

*Corrective Action Plan:* The City will implement a process in which CSLFRF reimbursements will be processed and submitted no later than 60 (sixty) days after end of quarter. The Finance department will review the expenditure allocations on these reimbursements and track the federal, state and loan portions of these reimbursement to ensure each area is tracked and report correctly.

*Anticipated Completion Date:* Quarter ending September 30, 2023