



FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT

DECEMBER 31, 2023

CITY OF RAPID CITY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report	4-6
Management’s Discussion and Analysis (Unaudited)	7-16
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	17
Statement of Activities	18
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to Government-Wide Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21-22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Government-Wide Statement of Activities	23
Statement of Net Position – Proprietary Funds.....	24-27
Reconciliation of the Proprietary Funds Net Position to the Statement of Net Position.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	29-30
Reconciliation of the Proprietary Funds Statement of Revenues and Expenses and Changes in Net Position to the Statement of Activities	31
Statement of Cash Flows – Proprietary Funds.....	32-35
Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	36
Notes to Financial Statements	37-68
<i>Required Supplementary Information:</i>	
Budgetary Comparison Schedule – Budgetary Basis – General Fund.....	70-71
Budgetary Comparison Schedule – Budgetary Basis – Capital Improvements and Vision Fund.....	72
Schedule of the City’s Proportionate Share of the Net Pension Asset (Liability)	73
Schedule of the City’s Contributions.....	74
Schedule of the City OPEB Liability.....	75
Notes to Required Supplementary Information	76-77
<i>Other Supplementary Information:</i>	
Combining Balance Sheet – Nonmajor Governmental Funds	79-82

CITY OF RAPID CITY

TABLE OF CONTENTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	83-87
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	88-91
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position – Nonmajor Proprietary Funds.....	92-93
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	94-97
Combining Statement of Net Position – Internal Service Funds	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position – Internal Service Funds	99
Combining Statement of Cash Flows – Internal Service Funds	100
<i>Single Audit Section:</i>	
Schedule of Expenditures of Federal Awards.....	102-103
Notes to Schedule of Expenditures of Federal Awards	104
<i>Other Reports:</i>	
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 <i>Government Auditing Standards</i>	106-107
Independent Auditor’s Report on Compliance for Each Major program and on Internal Control Over Compliance Required by the Uniform Guidance.....	108-110
Schedule of Findings	111-113
<i>Management Response:</i>	
Summary Schedule of Prior Audit Findings.....	115-116
Corrective Action Plan	117



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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, 2023, 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, 2023, 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 96, Subscription-Based Information Technology Arrangements, which was adopted by the City as of January 1, 2023. 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 7 through 16 and 70 through 77 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.

City of Rapid City

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024 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.



KETEL THORSTENSON, LLP
Certified Public Accountants

September 17, 2024

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023

This section of the City of Rapid City's annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended on December 31, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rapid City exceeded its liabilities at the close of the most recent fiscal year by \$1,077,755,069 (Net position). Of this amount, \$183,445,048 (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 \$61,923,873 during 2023.
- As of the close of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$120,239,327.
- At the end of the current fiscal year, fund balance for the general fund was \$39,384,028 or about 44 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including related notes), and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services like public safety were financed in the short-term, as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities that the City operates like businesses. The City has four major proprietary funds – the Water Fund, Wastewater Fund, Airport Fund, and Civic Center Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required elements, we have included a section with combining statements that provides details about our non-major funds, each of which are added together and presented in a single column in the basic financial statements.

CITY OF RAPID CITY

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS

Figure A-1 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds and the fiduciary component units)	The activities of the City that are not proprietary or fiduciary, such as finance office, police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer systems
Required Financial Statements	Statement of Net Position and Statement of Activities	Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position.

- Increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and changes in the sales tax revenue base.

The government-wide financial statements of the City are reported in two categories:

- **Governmental Activities** -- This category includes most of the City's basic services, such as police, fire, public works, parks department and general administration. Property taxes, sales taxes, charges for services, state and federal grants, and interest earnings finance most of these activities.
- **Business-type Activities** -- The City charges a fee to customers to help cover the costs of certain services it provides. The City's airport, civic center, golf, parking, storm water, energy plant, transportation terminal, water, wastewater, solid waste, and ambulance funds are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. State law requires some of the funds. The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has two kinds of funds:

- **Governmental Funds** – Most of the City's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds' statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The City's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

CITY OF RAPID CITY

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City’s combined net position increased six percent between fiscal year 2022 and 2023. (See Table A-1).

Table A-1 Summarized Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 149,205,685	\$ 154,552,910	\$ 124,659,955	\$ 121,841,754	\$ 273,865,640	\$ 276,394,664
Capital Assets	340,992,067	316,233,581	727,288,551	690,147,811	1,068,280,618	1,006,381,392
Total Assets	490,197,752	470,786,491	851,948,506	811,989,565	1,342,146,258	1,282,776,056
Deferred Outflows	17,054,101	19,107,383	6,874,099	7,760,788	23,928,200	26,868,171
Long-Term Debt	132,299,668	123,627,056	75,909,592	71,344,145	208,209,260	194,971,201
Other Liabilities	34,827,185	49,444,005	18,363,051	18,307,435	53,190,236	67,751,440
Total Liabilities	167,126,853	173,071,061	94,272,643	89,651,580	261,399,496	262,722,641
Deferred Inflows	18,406,009	21,434,714	8,513,884	9,655,676	26,919,893	31,090,390
<i>Net Position:</i>						
Net Investment in Capital						
Assets	211,512,215	177,439,219	660,860,063	620,470,859	872,372,278	797,910,078
Restricted	14,646,693	13,055,956	7,291,050	7,271,255	21,937,743	20,327,211
Unrestricted	95,560,083	104,892,924	87,884,965	92,700,982	183,445,048	197,593,906
Total Net Position	321,718,991	295,388,099	756,036,078	720,443,096	1,077,755,069	1,015,831,195
Beginning Net Position	295,388,099	279,161,381	720,443,097	694,273,698	1,015,831,196	973,435,079
Change in Net Position	\$ 26,330,892	\$ 16,226,718	\$ 35,592,981	\$ 26,169,398	\$ 61,923,873	\$ 42,396,116
Percentage of Change in Net Position	8%	5%	5%	4%	6%	7%

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The difference between the City’s assets and liabilities is its net position.

CITY OF RAPID CITY

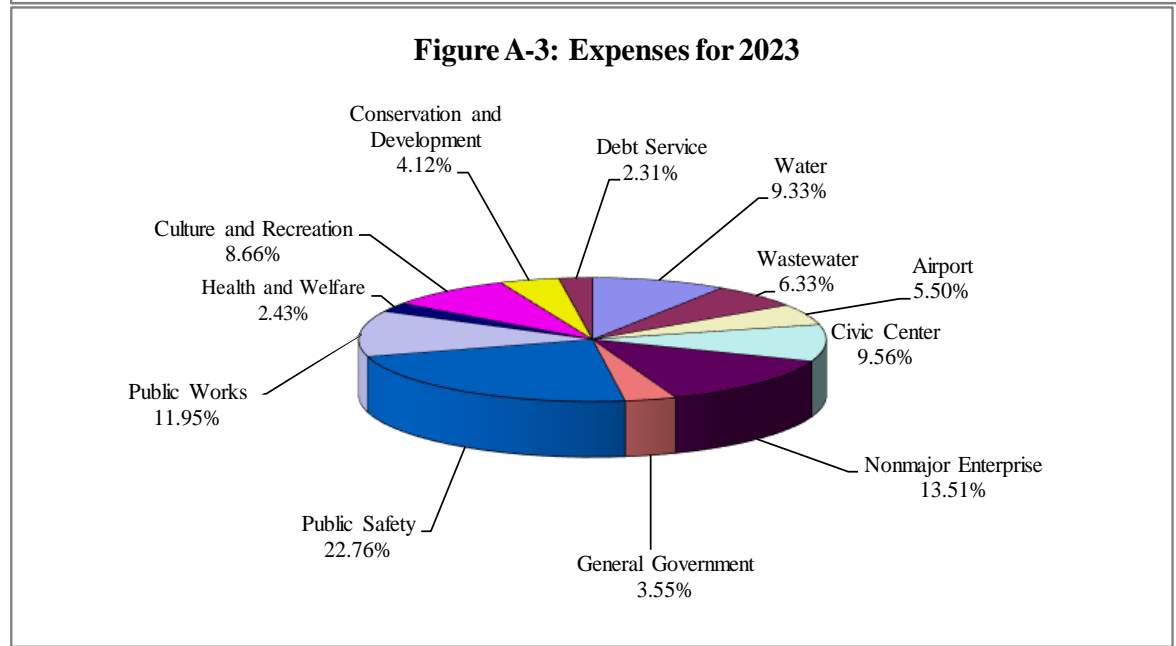
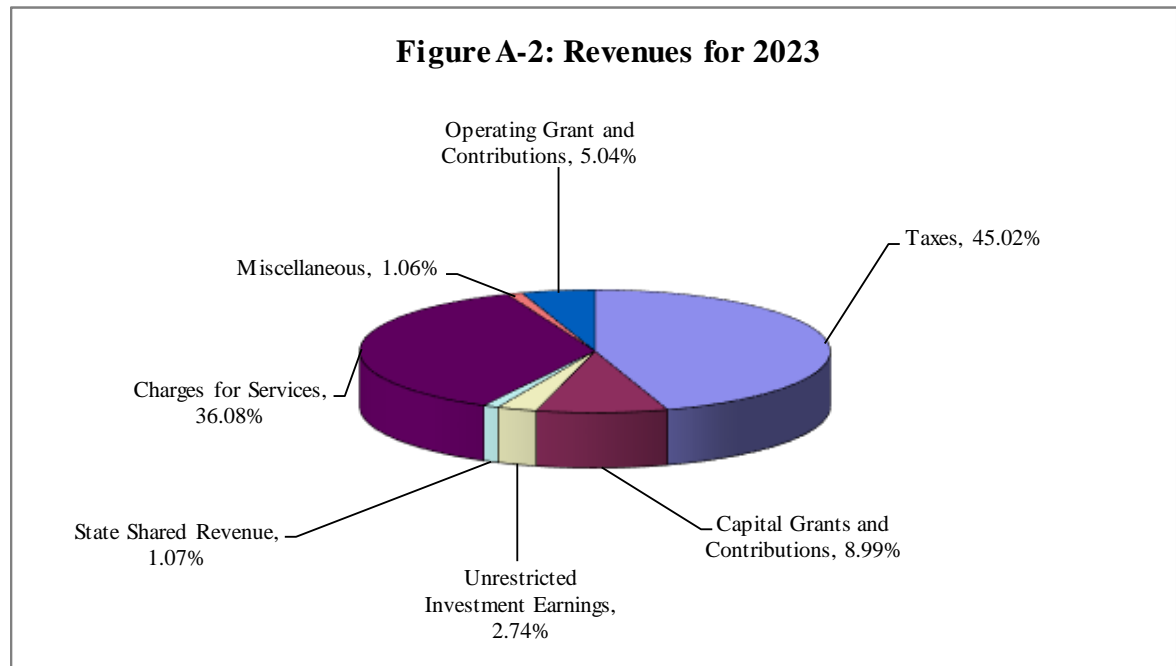
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Changes in Net Position

The City’s revenues totaled \$266,250,107 (See Table A-2). A majority of the City’s revenue comes from charges for services and taxes, with 36 cents of every dollar raised coming from charges for services (primarily utility and airport operations) and 45 cents of every dollar raised coming from some type of tax (See Figure A-2). The other 19 percent of the City’s total revenue comes from state and federal grants for capital purposes, operating grants, contributions, state shared revenue, interest and miscellaneous.

The total cost of all programs and services was \$204,326,234 (See Table A-2). The City’s expenses cover a range of services, including road maintenance, parks and recreation services and utility system services. (See Figure A-3).



CITY OF RAPID CITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Changes in Net Position

Table A-2 and the narrative that follows consider the operations of the governmental and business - type activities.

Table A-2						
Changes in Net Position						
	Governmental Activities		Business - Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 9,168,965	\$ 9,331,737	\$ 86,897,419	\$ 81,746,228	\$ 96,066,384	\$ 91,077,965
Operating Grants and Contributions	13,379,767	6,276,064	43,165	6,395,780	13,422,932	12,671,844
Capital Grants and Contributions	4,641,986	5,814,998	19,286,064	9,762,156	23,928,050	15,577,154
General Revenues						
Taxes	113,010,267	111,070,285	6,853,966	6,993,560	119,864,233	118,063,845
State Shared Revenue	2,854,892	2,005,491	-	-	2,854,892	2,005,491
Unrestricted Investment Earnings	4,678,883	166,793	2,601,942	342,900	7,280,825	509,693
Miscellaneous	2,566,053	773,566	266,738	618,723	2,832,791	1,392,289
Total Revenues	150,300,813	135,438,934	115,949,294	105,859,347	266,250,107	241,298,281

CITY OF RAPID CITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table A-2						
Changes in Net Position						
	Governmental Activities		Business - Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Expenses						
General Government	7,017,105	5,819,899	-	-	7,017,105	5,819,899
Public Safety	45,004,077	41,354,634	-	-	45,004,077	41,354,634
Public Works	23,629,296	23,370,116	-	-	23,629,296	23,370,116
Health and Welfare	4,794,616	4,707,982	-	-	4,794,616	4,707,982
Culture and Recreation	17,114,331	16,420,786	-	-	17,114,331	16,420,786
Conservation and Development	8,148,857	8,461,453	-	-	8,148,857	8,461,453
Interest on Long-Term Debt	4,570,897	17,205,716	-	-	4,570,897	17,205,716
Miscellaneous	6,606,825	2,023,659	-	-	6,606,825	2,023,659
Water	-	-	18,448,570	15,568,256	18,448,570	15,568,256
Wastewater	-	-	12,518,486	11,481,703	12,518,486	11,481,703
Airport	-	-	10,866,460	10,772,668	10,866,460	10,772,668
Civic Center	-	-	18,903,988	17,764,102	18,903,988	17,764,102
Solid Waste Disposal	-	-	9,170,590	7,965,636	9,170,590	7,965,636
Solid Waste Collection	-	-	4,024,387	4,008,861	4,024,387	4,008,861
Stormwater Utility	-	-	3,843,409	3,468,253	3,843,409	3,468,253
Executive Golf Course	-	-	380,112	368,022	380,112	368,022
Golf Course	-	-	1,479,679	1,364,663	1,479,679	1,364,663
Parking Lot and Area	-	-	1,310,639	943,487	1,310,639	943,487
Energy Plant	-	-	706,095	716,382	706,095	716,382
Ambulance	-	-	5,690,552	5,013,194	5,690,552	5,013,194
Transportation Terminal	-	-	97,263	102,693	97,263	102,693
Total Expenses	116,886,004	119,364,245	87,440,230	79,537,920	204,326,234	198,902,165
Excess Before Transfers	33,414,809	16,074,689	28,509,064	26,321,427	61,923,873	42,396,116
Transfers	(7,083,917)	152,028	7,083,917	(152,028)	-	-
Change in Net Position	26,330,892	16,226,717	35,592,981	1,803,488	61,923,873	42,396,116
Ending Net Position	\$ 321,718,991	\$ 295,388,099	\$ 756,036,078	\$ 720,443,097	\$ 1,077,755,069	\$ 1,015,831,196

CITY OF RAPID CITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Governmental Activities

Total revenues of the governmental activities for the City increased approximately 11 percent, while expenses remained similar compared to the prior year. The overall increase in revenues is due to additional state and federal grant revenue and unrestricted earnings on investments.

Business-Type Activities

Operating revenues of the City's business-type activities increased by 9 percent compared to the prior year, while expenses increased by 10 percent. The overall increase in operating revenues is due to new customers, increased tourism, and securing major entertainers and shows. Salary and benefit increases, as well as the nation-wide rise in costs of goods and services, attributed to the increase in operating expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The financial analysis of the City's funds mirror those highlighted in the analysis of governmental and business-type activities presented above. The City maintains governmental fund types - General, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Permanent Funds. The City also maintains several business type funds.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget three times. These amendments fall into two categories:

- Move contingency money, grants, and insurance money to funds to prevent budget overruns
- Supplemental appropriations to increase the budget to prevent budget overruns

CITY OF RAPID CITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

CAPITAL ASSET ADMINISTRATION

By the end of 2023, the City had invested \$1,068,280,618 in a broad range of capital assets, including buildings, and construction work in progress. (See Table A-3). This amount represents a net increase (including additions and deductions) of \$61,899,226, primarily due to Wastewater Reclamation, Firestation #1, Airport Terminal, and Sheridan Lake Road projects. See page 54 of Notes to Financial Statements for additional detail of construction commitments.

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Land	\$ 50,413,602	\$ 49,224,408	\$ 19,581,212	\$ 19,572,849
Construction Work in Progress	23,153,780	10,164,219	46,409,315	24,601,523
Buildings	72,240,225	70,420,893	232,787,129	233,609,229
Improvements Other Than Buildings	181,020,744	174,457,886	408,204,133	394,950,816
Machinery and Equipment	11,915,999	11,966,175	20,306,762	17,413,394
Intangible Subscription Assets	2,247,717	-	-	-
Total Capital Assets	\$ 340,992,067	\$ 316,233,581	\$ 727,288,551	\$ 690,147,811

LONG-TERM DEBT

At year-end the City had \$208,209,260 in Revenue Bonds, Tax Increment Districts, Notes Payable, and other long-term obligations. This is a increase of \$2,613,045 as shown on Table A-4 below.

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Compensated Absences	\$ 2,819,816	\$ 2,312,642	\$ 1,377,256	\$ 1,201,218
Financing Obligations	3,622,083	3,779,971	1,070,981	952,123
Revenue Bonds	111,369,587	116,404,665	68,631,355	68,282,638
Notes Payable	10,131	41,083	-	-
Tax Increment Districts	12,202,595	8,091,875	-	-
Subscriptions	2,275,456	-	-	-
Landfill Closure	-	-	4,830,000	4,530,000
Total Outstanding Debt and Obligations	\$ 132,299,668	\$ 130,630,236	\$ 75,909,592	\$ 74,965,979

CITY OF RAPID CITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's current economic position has remained strong and is growing. There was an increase in total property valuation of \$1,899,768,427. The City requested a 7.58 percent increase in property tax revenue for the year of 2023 payable in 2024. The growth factor of 2022 taxes payable in 2023 was 1.78 percent. The growth factor for 2023 taxes payable in 2024 was 4.58 percent.

The adopted 2024 general fund expenditures budget increased 15.5 percent over the 2023 budget.

Revenue for the City's business-type activities are anticipated to increase, water fees increased 10 percent for 2024. Waste water fees increased by 12 percent for 2024. There was no increase in sanitation fees.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Rapid City's Finance Office, 300 Six 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, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
Assets:				
Cash and Cash Equivalents	\$ 20,709,706	\$ 36,695,650	\$ 57,405,356	\$ 265,507
Investments	97,635,924	60,367,611	158,003,535	161,687
Receivables, Net	16,611,574	10,546,874	27,158,448	41,045
Lease Receivable	-	4,275,566	4,275,566	-
Internal Balances	5,073,382	(5,073,382)	-	-
Due from Other Governments	1,546,872	5,262,555	6,809,427	-
Other Assets	1,113,245	2,443,549	3,556,794	34,997
Restricted Assets:				
Cash	6,338,849	5,241,621	11,580,470	-
Restricted Investments	-	4,830,000	4,830,000	-
Net Pension Asset	176,133	69,911	246,044	-
Capital Assets				
Land and Construction Work in Progress	73,567,382	65,990,527	139,557,909	-
Other Capital Assets, Net of Depreciation	267,424,685	661,298,024	928,722,709	218,548
Total Assets	490,197,752	851,948,506	1,342,146,258	721,784
Deferred Outflows of Resources:				
Pension Related Deferred Outflows	13,789,657	5,473,402	19,263,059	-
OPEB Related Deferred Outflows	3,264,444	1,400,697	4,665,141	-
	17,054,101	6,874,099	23,928,200	-
Total Assets and Deferred Outflows of Resources	\$ 507,251,853	\$ 858,822,605	\$ 1,366,074,458	\$ 721,784
LIABILITIES:				
Accounts Payable	\$ 13,239,670	\$ 8,496,732	\$ 21,736,402	3,420
Amount Held for Others	2,115,777	-	2,115,777	-
OPEB Liability	16,800,428	7,224,687	24,025,115	-
Other Current Liabilities	2,671,310	2,641,632	5,312,942	45,622
Noncurrent Liabilities				
Due Within One Year	7,869,610	3,996,472	11,866,082	4,540
Due in More than One Year	124,430,058	71,913,120	196,343,178	15,562
Total Liabilities	167,126,853	94,272,643	261,399,496	69,144
Deferred Inflows of Resources				
Lease Related Deferred Inflows	-	4,106,514	4,106,514	-
Grant Related Deferred Inflows	7,472,117	-	7,472,117	-
OPEB Related Deferred Inflows	2,131,466	913,486	3,044,952	-
Pension Related Deferred Inflows	8,802,426	3,493,884	12,296,310	-
Total Deferred Outflows of Resources	18,406,009	8,513,884	26,919,893	-
Net Position				
Net Investment in Capital Assets	211,512,215	660,860,063	872,372,278	218,548
Restricted for:				
Debt Service	437,922	5,241,621	5,679,543	-
Cemetery Trust Fund - Expendable	129,836	-	129,836	-
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-
Other Purposes - TID Debt Service	8,142,539	-	8,142,539	-
Other Purposes - Business Impr District	236,798	-	236,798	-
Other Purposes - Grants	19,779	-	19,779	54,790
Other Purposes - Library	466,455	-	466,455	-
Other Purposes - Pension	5,163,364	2,049,429	7,212,793	-
Unrestricted	95,560,083	87,884,965	183,445,048	379,302
Total Net Position	321,718,991	756,036,078	1,077,755,069	652,640
Total Liabilities, Net Position, and Deferred Inflows of Resources	\$ 507,251,853	\$ 858,822,605	\$ 1,366,074,458	\$ 721,784

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, 2023

	----- 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	
Functions/Programs								
Primary Government								
Governmental Activities:								
General Government	\$ 7,017,105	\$ 3,834,876	\$ 992,854	\$ -	\$ (2,189,375)	\$ -	\$ (2,189,375)	\$ -
Public Safety	45,004,077	2,194,275	1,694,417	-	(41,115,385)	-	(41,115,385)	-
Public Works	23,629,296	298,458	9,973,866	4,641,986	(8,714,986)	-	(8,714,986)	-
Health and Welfare	4,794,616	226,240	-	-	(4,568,376)	-	(4,568,376)	-
Culture and Recreation	17,114,331	2,589,216	-	-	(14,525,115)	-	(14,525,115)	-
Conservation and Development	8,148,857	25,900	718,630	-	(7,404,327)	-	(7,404,327)	-
Interest on Long Term Debt (*)	4,570,897	-	-	-	(4,570,897)	-	(4,570,897)	-
Miscellaneous Expenditures	6,606,825	-	-	-	(6,606,825)	-	(6,606,825)	-
Total Governmental Activities	116,886,004	9,168,965	13,379,767	4,641,986	(89,695,286)	-	(89,695,286)	-
Business-Type Activities:								
Water	18,448,570	25,457,081	-	831,909	-	7,840,420	7,840,420	-
Wastewater	12,518,486	14,759,990	-	14,134,693	-	16,376,197	16,376,197	-
Airport	10,866,460	12,442,190	43,165	4,111,689	-	5,730,584	5,730,584	-
Civic Center	18,903,988	10,187,570	-	-	-	(8,716,418)	(8,716,418)	-
Solid Waste Disposal	9,170,590	7,431,667	-	-	-	(1,738,923)	(1,738,923)	-
Solid Waste Collection	4,024,387	4,893,123	-	-	-	868,736	868,736	-
Stormwater Utility	3,843,409	2,625,322	-	207,773	-	(1,010,314)	(1,010,314)	-
Executive Golf Course	380,112	364,530	-	-	-	(15,582)	(15,582)	-
Golf Course	1,479,679	1,166,448	-	-	-	(313,231)	(313,231)	-
Parking Lot & Area	1,310,639	1,614,443	-	-	-	303,804	303,804	-
Energy Plant	706,095	667,490	-	-	-	(38,605)	(38,605)	-
Ambulance	5,690,552	5,251,681	-	-	-	(438,871)	(438,871)	-
Transportation Terminal	97,263	35,884	-	-	-	(61,379)	(61,379)	-
Total Business-type Activities	87,440,230	86,897,419	43,165	19,286,064	-	18,786,418	18,786,418	-
Total Primary Government	\$ 204,326,234	\$ 96,066,384	\$ 13,422,932	\$ 23,928,050	\$ (89,695,286)	\$ 18,786,418	\$ (70,908,868)	\$ -
Component Unit:								
Museum Alliance of Rapid City, Inc.	\$ 623,274	\$ 249,695	\$ 466,700	\$ -				\$ 93,121
General Revenues:								
Taxes:								
Property Taxes					31,349,318	-	31,349,318	-
Sales Taxes					78,953,217	6,772,224	85,725,441	-
Other Taxes					2,707,732	81,742	2,789,474	-
State Shared Revenue					2,854,892	-	2,854,892	-
Unrestricted Investment Earnings					4,678,883	2,601,942	7,280,825	20,860
Miscellaneous Revenue					2,566,053	266,738	2,832,791	8,464
Transfers					(7,083,917)	7,083,917	-	-
Total General Revenue, Loss and Transfers					116,026,178	16,806,563	132,832,741	29,324
Change in Net Position					26,330,892	35,592,981	61,923,873	122,445
Net Position, Beginning					295,388,099	720,443,097	1,015,831,196	530,195
Net Position, Ending					\$ 321,718,991	\$ 756,036,078	\$ 1,077,755,069	\$ 652,640

The accompanying notes are an integral part of the financial statements.

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

CITY OF RAPID CITY

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	<u>General Fund</u>	<u>Capital Improvements and Vision Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
101 Cash and Cash Equivalents	\$ 5,693,527	\$ 230,946	\$ 8,737,470	\$ 14,661,943
106 Cash with Fiscal Agent, Restricted	-	437,922	-	437,922
107.1 Restricted Cash and Cash Equivalents	5,428,472	-	472,455	5,900,927
151 Investments	28,650,848	67,722,680	48,955	96,422,483
110 Property Taxes Receivable--Delinquent	193,046	-	101,168	294,214
110 Sales Tax Receivable	6,875,361	6,866,946	-	13,742,307
115 Accounts Receivable, Net	725,795	-	6,151	731,946
121 Special Assessments Receivable--Current	43,779	-	45,098	88,877
122 Special Assessments Receivable--Delinquent	74,147	-	8,178	82,325
128 Notes Receivable	117,825	58,458	-	176,283
131 Due from Other Funds	1,056,142	-	-	1,056,142
133 Advance to Other Funds	4,047,240	-	-	4,047,240
132 Due from Other Governments	1,511,312	-	35,560	1,546,872
135 Interest Receivable	348,067	591,815	9,122	949,004
144 Inventory	1,113,245	-	-	1,113,245
Total Assets	\$ 55,878,806	\$ 75,908,767	\$ 9,464,157	\$ 141,251,730
Liabilities, Deferred Inflows of Resources and Fund Balances				
<i>Liabilities</i>				
201 Claims Payable	\$ 4,295,527	\$ 4,063,020	\$ 300,930	\$ 8,659,477
216 Wages Payable	2,304,176	-	9,662	2,313,838
219 Amounts Held for Others	2,115,777	-	-	2,115,777
Total Liabilities	8,715,480	4,063,020	310,592	13,089,092
<i>Deferred Inflows of Resources</i>				
245 Unavailable Revenue -- Property Taxes	192,708	-	92,927	285,635
246 Unavailable Revenue -- Special Assessments	114,473	-	51,086	165,559
246 Unavailable Revenue -- Grants (ARPA)	7,472,117	-	-	7,472,117
Total Deferred Inflows of Resources	7,779,298	-	144,013	7,923,311
<i>Fund Balances (Deficits)</i>				
263 Nonspendable	5,278,310	-	50,000	5,328,310
264 Restricted	-	437,922	8,995,407	9,433,329
265 Committed	-	71,407,825	131,818	71,539,643
266 Assigned	5,569,880	-	-	5,569,880
267 Unassigned (Deficit)	28,535,838	-	(167,673)	28,368,165
Total Fund Balances	39,384,028	71,845,747	9,009,552	120,239,327
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 55,878,806	\$ 75,908,767	\$ 9,464,157	\$ 141,251,730

The accompanying notes are an integral part of the financial statements.

CITY OF RAPID CITY

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Fund Balances - Governmental Funds	\$ 120,239,327
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	340,992,067
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds	176,133
Pension related deferred outflows are components of the net pension asset and therefore not reported in the funds.	13,789,657
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.	(132,299,668)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(356,186)
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.	451,194
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.	3,196,343
Pension related deferred inflows are componets of the net pension asset and therefore not reported in the funds.	(8,802,426)
Other post-employment benefits (OPEB) is not due and payable in the current period and therefore not reported in the funds.	(16,800,428)
OPEB-related deferred outflows and inflows are components of the OPEB liability and are therefore not reported in the funds.	1,132,978
Total Net Position - Governmental Activities	\$ 321,718,991

The accompanying notes are an integral part of the financial statements.

CITY OF RAPID CITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
<i>Taxes</i>				
311 General Property Taxes	\$ 22,116,669	\$ -	\$ 9,116,270	\$ 31,232,939
313 General Sales and Use Taxes	39,476,338	39,476,879	-	78,953,217
314 Gross Receipts Business Taxes	690,984	-	1,646,737	2,337,721
320 Licenses and Permits	2,921,269	-	-	2,921,269
<i>Intergovernmental Revenue:</i>				
331 Federal Grants	8,987,454	-	718,630	9,706,084
334 State Grants	486,995	3,186,688	-	3,673,683
<i>State Shared Revenue:</i>				
355 Bank Franchise Tax	298,110	-	-	298,110
335 Liquor Tax Reversion	516,470	-	-	516,470
335 Motor Vehicle Licenses (5%)	72,464	-	-	72,464
335.1 Fire Insurance Reversion	392,266	-	-	392,266
335.1 Local Government Highway and Bridge Fund	928,512	-	-	928,512
<i>County Shared Revenue:</i>				
338 County Road Tax (25%)	647,070	-	-	647,070
<i>Charges for Goods and Services:</i>				
341 General Government	869,089	-	-	869,089
342 Public Safety	2,192,597	-	-	2,192,597
345 Health & Welfare	226,240	-	-	226,240
346 Culture and Recreation	2,589,216	-	-	2,589,216
348 Cemetery	282,727	-	15,731	298,458
349 Conservation & Development	-	-	25,900	25,900
<i>Fines and Forfeits:</i>				
351 Court Fines and Costs	1,678	-	-	1,678
354 Library	-	-	44,518	44,518
<i>Miscellaneous Revenue:</i>				
361 Interest Earnings	2,151,307	2,463,206	64,370	4,678,883
362 Rentals	231,926	-	-	231,926
363 Special Assessments	98,000	-	264,503	362,503
367 Contributions and Donations	-	-	63,398	63,398
369 Other	164,473	30,429	39,942	234,844
Total Revenue	86,341,854	45,157,202	11,999,999	143,499,055
Expenditures				
<i>General Government</i>				
410 Executive-Mayor & Council	928,908	-	-	928,908
414 Financial - Human Resources	940,596	-	-	940,596
414 Financial - Information Technology	1,016,943	-	-	1,016,943
414 Financial - Finance	809,387	29,880	-	839,267
414 Financial - Attorney	534,051	-	-	534,051
419 Other - Government Buildings	1,464,187	-	-	1,464,187
<i>Public Safety</i>				
421 Police	24,605,035	-	-	24,605,035
422 Fire	17,252,759	-	-	17,252,759
423 Protective Inspection	370,118	-	-	370,118
429 Other Protection - Emergency Management	164,141	-	-	164,141
429 Other Protection - Code Enforcement	266,431	-	-	266,431

CITY OF RAPID CITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
430 <i>Public Works</i>				
431 Highways and Streets	7,605,806	84,795	-	7,690,601
43x Administration	1,684,364	1,934,602	-	3,618,966
440 <i>Health and Welfare</i>				
441 Health	1,120,346	-	-	1,120,346
444 Humane Society	391,250	-	-	391,250
449 Other - Public Transit	3,014,042	-	-	3,014,042
449 Other - Air Quality	21,299	-	-	21,299
450 <i>Culture and Recreation</i>				
451 Recreation	417,010	4,599	-	421,609
451 Swimming Pools	3,151,744	-	-	3,151,744
451 Ice Arena	485,091	-	-	485,091
452 Parks	3,916,907	-	-	3,916,907
455 Libraries	3,563,012	-	175,246	3,738,258
457 Historical Preservation	16,133	-	-	16,133
459 Other - Parks and Recreation Administration	943,873	-	-	943,873
459 Other - Retired Senior (RSVP)	-	-	150,444	150,444
459 Other - Cemetery	415,289	-	159	415,448
459 Other - Subsidies	728,250	-	-	728,250
460 <i>Conservation and Development</i>				
465 Economic Development	2,251,927	3,682,990	-	5,934,917
465 Community Development	76,619	-	729,875	806,494
465 Transportation Planning	938,300	-	-	938,300
465 GIS Information System	337,787	-	-	337,787
470 Debt Service	32,013	7,931,547	4,043,274	12,006,834
485 Capital Outlay	10,109,191	35,810,708	-	45,919,899
490 <i>Miscellaneous</i>				
492 Other Expenditures	51,486	-	6,555,339	6,606,825
Total Expenditures	89,624,295	49,479,121	11,654,337	150,757,753
Excess of Revenue Over (Under) Expenditures	(3,282,441)	(4,321,919)	345,662	(7,258,698)
Other Financing Sources (Uses)				
391 Transfers In (Out)	(263,897)	(207,191)	1,090,477	619,389
391 Long-Term Debt Issued	2,497,463	-	5,950,373	8,447,836
391 Proceeds from Sale of Capital Assets	211,220	2,272,535	-	2,483,755
Total Other Financing Sources	2,444,786	2,065,344	7,040,850	11,550,980
Net Change in Fund Balances	(837,655)	(2,256,575)	7,386,512	4,292,282
Fund Balance - Beginning, as Previously Stated	40,221,683	84,579,090	1,623,040	126,423,813
Prior Period Adjustment	-	(10,476,768)	-	(10,476,768)
Fund Balance - Beginning, as Restated	40,221,683	74,102,322	1,623,040	115,947,045
FUND BALANCE - ENDING	\$ 39,384,028	\$ 71,845,747	\$ 9,009,552	\$ 120,239,327

The accompanying notes are an integral part of the financial statements.

CITY OF RAPID CITY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total government funds	\$ 4,292,282
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	45,919,899
Depreciation	(17,806,022)
Capital assets contributed to the City by developments.	4,641,986
Capital assets transferred to proprietary funds.	(7,703,306)
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.	
	(294,071)
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).	
	7,439,377
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.	
	(8,601,635)
Accrued interest on long-term debt is not due and payable in the current period and is therefore not reported in the funds. The amount represents the change in accrued interest.	
	(3,440)
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.	
	(1,047,872)
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.	
	123,887
Governmental funds recognize expenditures for compensated absences paid to employees with current financial resources during the fiscal year. Compensated absences earned by employees are not recognized in the funds. In the statement of activities, these benefits are recognized when when th employees earn leave credits.	
	(507,174)
Internal service funds are used 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.	
	224,911
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.	
	(347,930)
Change in Net Position of Governmental Activities	\$ 26,330,892

The accompanying notes are an integral part of the financial statements.

CITY OF RAPID CITY

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Water Fund	Wastewater Fund	Airport Fund
Assets and Deferred Outflows of Resources			
Current Assets			
101 Cash and Cash Equivalents	\$ 5,958,731	\$ 1,245,121	\$ 12,193,801
106 Cash with Fiscal Agent, Restricted	4,431,786	-	809,835
107.1 Restricted Investments	-	-	-
151 Investments	27,441,304	16,973,757	13,596,672
115 Accounts Receivable	1,062,528	738,871	116,605
116 Estimated Uncollectable Accounts Receivable	(170,000)	(130,000)	(45,000)
117 Unbilled Accounts Receivable	984,382	710,772	-
110 Sales Tax Receivable	-	-	-
121 Special Assessments Receivable--Current	-	-	-
122 Special Assessments Receivable--Delinquent	-	-	-
130 Lease Receivable	-	-	4,275,566
132 Due from Other Government	6,088	4,814,821	394,093
135 Interest Receivable	209,236	127,780	63,890
142 Inventory of Stores Purchased for Resale	1,489,100	25,582	-
Total Current Assets	41,413,155	24,506,704	31,405,462
Noncurrent Assets			
196 Net Pension Asset	11,067	8,786	7,191
Capital Assets			
160 Land	7,770,035	2,280,439	1,093,689
162 Buildings	23,180,325	35,351,673	43,922,256
164 Improvements Other than Building	257,432,072	157,959,708	96,906,682
166 Machinery and Equipment	2,997,493	5,471,322	9,086,743
168 Construction Work in Progress	9,461,401	25,338,787	7,483,328
Less: Accumulated Depreciation	(95,179,946)	(68,709,706)	(70,519,334)
Total Noncurrent Assets	205,672,447	157,701,009	87,980,555
Deferred Outflows of Resources			
196 Pension Related Deferred Outflows	866,408	687,854	563,021
196 OPEB Related Deferred Outflows	84,184	66,309	51,192
Total Deferred Outflows of Resources:	950,592	754,163	614,213
Total Assets and Deferred Outflows of Resources	\$ 248,036,194	\$ 182,961,876	\$ 120,000,230

Civic Center Enterprise Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 4,619,652	\$ 12,678,345	\$ 36,695,650	\$ 6,047,763
-	-	5,241,621	-
-	4,830,000	4,830,000	-
100,587	2,255,291	60,367,611	1,213,441
166,585	9,960,665	12,045,254	546,618
-	(6,579,000)	(6,924,000)	-
-	357,169	2,052,323	-
851,174	215	851,389	-
-	2,483,261	2,483,261	-
-	38,647	38,647	-
-	-	4,275,566	-
20,382	27,171	5,262,555	-
-	71,847	472,753	-
375,133	80,981	1,970,796	-
6,133,513	26,204,592	129,663,426	7,807,822
11,322	31,545	69,911	-
1,091,682	7,345,367	19,581,212	-
191,197,479	33,364,415	327,016,148	-
11,021,998	113,324,496	636,644,956	-
4,941,125	22,490,905	44,987,588	-
930,525	3,195,274	46,409,315	-
(49,946,402)	(62,995,280)	(347,350,668)	-
159,247,729	116,756,722	727,358,462	-
886,428	2,469,691	5,473,402	-
84,962	200,564	487,211	-
971,390	2,670,255	5,960,613	-
\$ 166,352,632	\$ 145,631,569	\$ 862,982,501	\$ 7,807,822

CITY OF RAPID CITY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Water Fund	Wastewater Fund	Airport Fund
Liabilities, Deferred Inflows of Resources			
Current Liabilities			
202 Accounts Payable	\$ 1,483,263	\$ 2,968,017	\$ 2,390,193
208 Due to Other Funds	-	-	-
215 Accrued Interest Payable	132,465	97,959	29,610
220 Customer Deposits	1,325,445	-	-
216 Wages Payable	174,628	130,088	117,724
226 Long-Term Debt Current	2,430,818	624,393	425,000
230 Compensated Absences - Current	15,000	5,000	5,000
Total Current Liabilities	5,561,619	3,825,457	2,967,527
157 Unamortized Premium	2,323,647	211,499	738,702
209 Advance from Other Funds	-	-	-
231 OPEB Long-Term Obligation	1,248,329	983,267	759,106
231 Long-Term Debt Payable	40,915,002	13,027,294	6,245,000
231 Capital Lease Payable	-	-	-
233 Compensated Absences	299,724	188,038	116,592
235 Accrued Landfill Closure and Postclosure	-	-	-
Total Noncurrent Liabilities	44,786,702	14,410,098	7,859,400
Deferred Inflows of Resources			
248 Deferred Inflows - Leases	-	-	4,106,514
248 Pension Related Deferred Inflows	553,062	439,084	359,398
Total Deferred Inflows of Resources	553,062	439,084	4,465,912
Total Liabilities, Deferred Inflows of Resources	50,901,383	18,674,639	15,292,839
Net Position			
253.1 Net Investment in Capital Assets	162,315,560	144,040,536	81,303,364
253.2 Restricted - Revenue Bond Retirement	4,431,786	-	809,835
253.3 Restricted - SDRS Pension	324,413	257,556	210,814
253.9 Unrestricted Net Position	30,063,052	19,989,145	22,383,378
Total Net Position	197,134,811	164,287,237	104,707,391
Total Liabilities and Fund Balances	\$ 248,036,194	\$ 182,961,876	\$ 120,000,230

The accompanying notes are an integral part of the financial statements.

Civic Center Enterprise Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 450,296	\$ 896,798	\$ 8,188,567	\$ 4,888,358
95,547	930,595	1,026,142	30,000
1,931	3,666	265,631	-
-	-	1,325,445	-
217,048	411,068	1,050,556	1,286
335,000	146,261	3,961,472	-
10,000	-	35,000	-
1,109,822	2,388,388	15,852,813	4,919,644
-	-	3,273,848	-
754,564	3,292,676	4,047,240	-
1,259,873	2,974,112	7,224,687	-
1,355,000	714,127	62,256,423	-
-	210,593	210,593	-
322,461	415,441	1,342,256	-
-	4,830,000	4,830,000	-
3,691,898	12,436,949	83,185,047	-
-	-	4,106,514	-
565,841	1,576,499	3,493,884	-
565,841	1,576,499	7,600,398	-
5,367,561	16,401,836	106,638,258	4,919,644
157,546,407	115,654,196	660,860,063	-
-	-	5,241,621	-
331,909	924,737	2,049,429	-
3,106,755	12,650,800	88,193,130	2,888,178
160,985,071	129,229,733	756,344,243	2,888,178
\$ 166,352,632	\$ 145,631,569	\$ 862,982,501	\$ 7,807,822

CITY OF RAPID CITY

**RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023**

Total Net Position - Enterprise Funds \$ 756,344,243

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.

(308,165)

Total Net Position - Business-type Activities \$ 756,036,078

The accompanying notes are an integral part of the financial statements.

CITY OF RAPID CITY

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR YEAR ENDED JUNE 30, 2023**

	Water Fund	Wastewater Fund	Airport Fund	Civic Center Enterprise Fund
Operating Revenue:				
380 Charges for Goods and Services	\$ 25,457,081	\$ 14,759,990	\$ 12,442,190	\$ 10,187,570
Total Operating Revenues	25,457,081	14,759,990	12,442,190	10,187,570
Operating Expenses:				
410 Personal Services	4,443,908	3,479,785	2,761,150	6,840,876
420 Other Current Expense	4,199,942	3,813,538	4,322,570	5,821,730
426.2 Materials (Cost of Goods Sold)	1,486,442	71,560	-	1,977,990
457 Depreciation	6,660,443	4,896,197	3,532,824	4,226,716
Total Operating Expenses	16,790,735	12,261,080	10,616,544	18,867,312
Operating Income (Loss)	8,666,346	2,498,910	1,825,646	(8,679,742)
Nonoperating Revenue (Expense):				
361 Investment Earnings	1,188,770	471,377	414,147	44,830
470 Interest Expense and Fiscal Charges	(1,673,883)	(270,574)	(260,079)	(53,543)
366 Gain (Loss) on Disposition of Capital Assets	(6,672)	(226,153)	(237,742)	(246,463)
369.05 Other Taxes	-	81,375	-	-
313 Sales Tax	97	-	186,211	6,222,276
369 Other	31,387	17,623	436,266	18
Total Nonoperating Revenue (Expense)	(460,301)	73,648	538,803	5,967,118
Income (Loss) Before Capital Grants and Transfers	8,206,045	2,572,558	2,364,449	(2,712,624)
331 Federal Grants	-	12,420,852	4,111,689	-
334 State Grants	-	-	43,165	-
391.7 Capital Contributions	105,384	3,619,806	-	34,974
391.7 Contributions from Developers/Others	831,909	1,226,743	-	-
391.1 Transfers In (Out)	(93,545)	(116,223)	12,473	(202,170)
Net Capital Grants, Contributions and Transfers	843,748	17,151,178	4,167,327	(167,196)
Change in Net Position	9,049,793	19,723,736	6,531,776	(2,879,820)
Net Position - Beginning	188,085,018	144,563,501	98,175,615	163,864,891
NET POSITION - ENDING	\$ 197,134,811	\$ 164,287,237	\$ 104,707,391	\$ 160,985,071

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

Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 24,050,588	\$ 86,897,419	\$ 12,928,026
24,050,588	86,897,419	12,928,026
11,484,174	29,009,893	40,688
9,505,156	27,662,936	12,545,987
13,897	3,549,889	-
5,516,596	24,832,776	-
26,519,823	85,055,494	12,586,675
(2,469,235)	1,841,925	341,351
482,818	2,601,942	99,078
(222,720)	(2,480,799)	-
(82,637)	(799,667)	-
367	81,742	-
363,640	6,772,224	-
581,111	1,066,405	-
1,122,579	7,241,847	99,078
(1,346,656)	9,083,772	440,429
-	16,532,541	-
-	43,165	-
4,311,449	8,071,613	-
207,773	2,266,425	-
(101,133)	(500,598)	(118,791)
4,418,089	26,413,146	(118,791)
3,071,433	35,496,918	321,638
126,158,300	720,847,325	2,566,540
\$ 129,229,733	\$ 756,344,243	\$ 2,888,178

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, 2023**

Net Change in Net Position - Enterprise Funds \$ 35,496,918

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	96,063
Change in Net Position of Business-type Activities	\$ 35,592,981

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, 2023

	Water Fund	Wastewater Fund	Airport Fund
Cash Flows from Operating Activities			
Receipt from Customers	\$ 25,185,594	\$ 14,716,535	\$ 12,394,881
Payments to Suppliers	(5,497,859)	(1,642,889)	(3,403,691)
Payments to Employees	(4,232,619)	(3,330,552)	(2,693,693)
Net Cash Provided (Used) by Operating Activities	15,455,116	9,743,094	6,297,497
Cash Flows from Noncapital Financing Activities			
Sales Tax and Gross Receipts Tax	-	-	186,211
Internal Activity - (Payment) Receipts to Other Funds	-	221,887	-
Transfers In (Out)	(93,545)	(116,223)	12,473
Net Cash Provided (Used) by Operating Subsidies and Transfers	(93,545)	105,664	198,684
Cash Flows from Capital and Related Financing Activities			
Proceeds from Capital Debt	-	4,048,270	-
Purchase of Capital Assets	(11,257,277)	(23,081,661)	(9,530,761)
Principal Paid on Capital Debt	(2,278,498)	(618,900)	(472,155)
Interest Paid on Capital Debt	(1,681,117)	(226,681)	(259,544)
Proceeds from Sale of Capital Assets	4,152	-	1,725
Other Receipts (Payments)	31,484	7,705,029	8,567,472
Net Cash (Used) by Capital and Related Financing Activities	(15,181,256)	(12,173,943)	(1,693,263)
Cash Flows from Investing Activities:			
Purchase of Investments	(22,522,240)	(13,066,296)	(13,596,672)
Interest Earnings	992,086	343,616	350,257
Net Cash Provided (Used) by Investing Activities	(21,530,154)	(12,722,680)	(13,246,415)
Net Change in Cash and Cash Equivalents	(21,349,839)	(15,047,865)	(8,443,497)
Balances - Beginning	31,740,356	16,292,986	21,447,133
Balances- Ending	\$ 10,390,517	\$ 1,245,121	\$ 13,003,636

Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 10,135,515	\$ 23,447,165	\$ 85,879,690	\$ 12,830,172
(7,685,732)	(9,069,135)	(27,299,306)	(12,581,201)
(6,721,625)	(11,212,447)	(28,190,936)	(40,820)
(4,271,842)	3,165,583	30,389,448	208,151
5,800,434	-	5,986,645	-
(92,832)	(517,952)	(388,897)	30,000
(202,170)	(101,133)	(500,598)	(118,791)
5,505,432	(619,085)	5,097,150	(88,791)
-	246,825	4,295,095	-
(1,091,016)	(7,544,723)	(52,505,438)	-
(330,000)	(128,037)	(3,827,590)	-
(53,920)	(98,896)	(2,320,158)	-
1,026	8,511	15,414	-
18	945,118	17,249,121	-
(1,473,892)	(6,571,202)	(37,093,556)	-
(24,819)	(1,748,212)	(50,958,239)	
44,830	418,928	2,149,717	(200,324)
20,011	(1,329,284)	(48,808,522)	(200,324)
(220,291)	(5,353,988)	(50,415,480)	(80,964)
4,839,943	18,032,333	92,352,751	6,128,727
\$ 4,619,652	\$ 12,678,345	\$ 41,937,271	\$ 6,047,763

CITY OF RAPID CITY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Water Fund	Wastewater Fund	Airport Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 8,666,346	\$ 2,498,910	\$ 1,825,646
<i>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</i>			
Depreciation Expense	6,660,443	4,896,197	3,532,824
Change in Assets and Liabilities			
Receivables	(358,140)	(43,455)	121,743
Inventories	(411,510)	(1,686)	-
Customer Deposits	78,101	-	-
Due from Other Governments	8,552	-	-
Accounts and Other Payables	600,035	2,243,895	918,879
Accrued Wages Payable	33,307	16,228	19,139
Other Post Employment Benefits	(111,742)	(42,700)	(146,511)
Accrued Landfill Closure and Post Closure	-	-	-
Accrued Leave Payable	49,295	11,752	18,496
Pension Asset	(907)	(1,174)	(242)
Lease Receivable	-	-	1,200,888
Pension/OPEB Related Deferred Outflows	279,201	168,747	221,308
Lease Deferred Inflow	-	-	(1,369,940)
Pension Related Deferred Inflows	(37,865)	(3,620)	(44,733)
Net Cash Provided (Used) by Operating Activities	\$ 15,455,116	\$ 9,743,094	\$ 6,297,497
Noncash Investing, Capital and Financing Activities			
Gain (Loss) on Disposal of Capital Assets Not Affecting Operating Income	\$ 6,672	\$ 226,153	\$ 237,742
Contribution of Assets from Others	(887,593)	(4,846,549)	-
Reconciliation of Cash and Cash Equivalents			
Cash and Cash Equivalents	\$ 5,958,731	\$ 1,245,121	\$ 12,193,801
Cash with Fiscal Agent, Restricted	4,431,786	-	809,835
	\$ 10,390,517	\$ 1,245,121	\$ 13,003,636

The accompanying notes are an integral part of the financial statements.

Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ (8,679,742)	\$ (2,469,235)	\$ 1,841,925	\$ 341,351
4,226,716	5,516,596	24,832,776	-
(47,724)	(603,423)	(930,999)	(97,854)
(134,012)	(10,918)	(558,126)	-
-	-	78,101	-
(4,331)	-	4,221	-
248,000	160,836	4,171,645	(35,214)
7,126	55,650	131,450	(132)
(250,635)	(444,793)	(996,381)	-
-	300,000	300,000	-
71,461	25,034	176,038	-
(413)	(2,158)	(4,894)	-
-	-	1,200,888	-
360,347	770,572	1,800,175	-
-	-	(1,369,940)	-
(68,635)	(132,578)	(287,431)	-
\$ (4,271,842)	\$ 3,165,583	\$ 30,389,448	\$ 208,151
\$ 246,463	\$ 82,637	\$ 799,667	\$ -
(34,974)	(4,311,449)	(10,080,565)	-
\$ 4,619,652	\$ 12,678,345	\$ 36,695,650	\$ 6,047,763
-	-	5,241,621	-
\$ 4,619,652	\$ 12,678,345	\$ 41,937,271	\$ 6,047,763

CITY OF RAPID CITY

**STATEMENT FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	Custodial Funds
Assets	
Cash and Cash Equivalents	\$ 482,537
Total Assets	482,537
Liabilities	
Amounts Held for Others	42,185
Total Liabilities	42,185
Net Position	
Restricted for Individuals, Organization and Other Government	440,352
Total Net Postion	\$ 440,352

The accompanying notes are an integral part of the financial statements.

CITY OF RAPID CITY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	Custodial Funds
Additions	
Member Contributions	\$ 385,939
Administrative Fees	82,872
Total Additions	468,811
Deductions	
Payments to individuals, organization and other governments	419,538
Administrative Fees	8,408
Total Deductions	427,946
Net Increase in Fiduciary Net Position	40,865
Net Position - Beginning	399,487
Net Position - Ending	\$ 440,352

The accompanying notes are an integral part of the financial statements.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

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 funds 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 presented 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, 2023 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 receiving a complete set financial statements can be obtained from the MARC Administrative Office, located at 222 New York St., Rapid City, SD 57701.

Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and 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 above, and may be classified as either governmental or business-type activities.

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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

Basis of Presentation

Fund Financial Statements:

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 the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/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, other governments, or for major capital projects) that are legally restricted to expenditures for specified purposes.

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 sets of accounts are maintained within this fund to account for sales tax revenues received to finance debt services 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 costs in relation to the various tax increment districts that have been established, none of which are considered major funds.

Permanent Funds - permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs - that is for the benefit of the City and its citizenry. There are no major permanent funds.

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

Basis of Presentation

Proprietary Funds:

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

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).

Major Proprietary Funds include:

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

Wastewater Fund - financed primarily by user charges; this fund accounts for the construction and operation of the City 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 Fund – financed primarily by user fees and third penny sales tax (SDCL 10-52), this fund accounts for the operation of the municipal civic center.

Internal Service Funds – Internal service funds are used to account for the financing of goods or services provided by one department or custodial to other departments or agencies of the primary governments and its component units 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 sub-category 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. The City's Section 125 Fund accounts for withholdings from employees for medical and childcare expenses.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

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 funds, while the economic resources measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 does not exceed one bill-paying cycle, and for the City, the length of that cycle is 60 days. The revenues which are accrued at December 31, 2023 are property and sales tax revenues and special assessments.

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.
2. In order to minimize the doubling-up effect of internal service 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 reductions occur in the General Fund, so that expenses are reported only by the function to which they relate.

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables (reported in Advance to asset accounts) are equally offset by a non-spendable fund balance account which indicates that they do not constitute available spendable resources since they are not a component of net current assets. Current portions of interfund receivables (reported in Due from asset accounts) are considered available spendable resources.

Cash and Cash Equivalents

The City pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to the entire amount of cash resources on demand. Accordingly, each proprietary fund’s equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

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

Investments

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 investments authorized by South Dakota Codified Law (SDCL) 4-5-6.

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 \$58,458 at December 31, 2023 which has a maximum repayment term of 10 years and the Life Safety Loan Receivable totaling \$117,825 at December 31, 2023 which has a maximum repayment term of 7 years. These notes are fully collateralized with letters of credit. Allowances for estimated uncollectible accounts have been established based on the City’s knowledge of current economical conditions and historical losses.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(1) Summary of Significant Accounting Policies

Inventory

Inventory in all funds is recorded at the lower of cost or market, using the first-in, first-out method. Inventories consist of sand, salt and chemicals for snow removal, service connection repair materials and concession items. In the government-wide and proprietary statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed. In the governmental fund 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.

Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and 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.

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 donation date. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

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

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ -0-	----N/A-----	----N/A-----
Buildings	\$ 15,000	Straight-line	25-50 years
Improvements Other Than Buildings	\$ 15,000	Straight-line	10-50 years
Machinery and Equipment	\$ 10,000	Straight-line	5-40 years
Intangible Subscription Assets	\$ 10,000	Straight-line	5-10 years

Land is an inexhaustible capital asset and is not depreciated.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

Capital Assets

Fund Financial Statements:

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

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.

Subscription-Based Information Technology Arrangements

The City has entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

Subscription-Based Information Technology Arrangements

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

The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

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

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

Deferred Inflows and Deferred Outflows of Resources

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

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as inflow of resources until the applicable future period. Deferred inflows of resources consist of property taxes, special assessments, pension activity, grants, and leases.

Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of financing obligations, revenue bonds, tax increment financing, notes payable, subscriptions, and compensated absences.

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

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.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(1) Summary of Significant Accounting Policies

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 their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of restricted or net investment in capital assets.

Fund Financial Statements:

The City classifies governmental fund balance as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

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.

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.

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.

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 amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar-for-dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City does not have a formal minimum fund balance policy.

Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(1) Summary of Significant Accounting Policies

Equity Classifications

As of December 31, 2023, the City had the following governmental fund classifications:

	General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
263 Nonspendable:				
263.01 Inventory	\$ 1,113,245	\$ -	\$ -	\$ 1,113,245
263.04 Advances	4,047,240	-	-	4,047,240
263.05 Notes Receivable	117,825	-	-	117,825
263.51 Perpetual Care Cemetary	-	-	50,000	50,000
	<u>5,278,310</u>	<u>-</u>	<u>50,000</u>	<u>5,328,310</u>
264 Restricted:				
264.01 Debt Service	-	437,922	8,142,539	8,580,461
264.03 Perpetual Care Cemetary	-	-	129,836	129,836
264.05 Library	-	-	466,455	466,455
264.09 BID	-	-	236,798	236,798
264.97 Grant	-	-	19,779	19,779
	<u>-</u>	<u>437,922</u>	<u>8,995,407</u>	<u>9,433,329</u>
265 Committed				
265.02 Vision/Capital Improvements	-	71,407,825	-	71,407,825
265.04 Erosion/Sediment Control	-	-	131,818	131,818
	<u>-</u>	<u>71,407,825</u>	<u>131,818</u>	<u>71,539,643</u>
266 Assigned				
266.01 Subsequent Year's Budget	5,569,880	-	-	5,569,880
	<u>5,569,880</u>	<u>-</u>	<u>-</u>	<u>5,569,880</u>
267 Unassigned	28,535,838	-	(167,673)	28,368,165
Total Fund Balances	<u>\$ 39,384,028</u>	<u>\$ 71,845,747</u>	<u>\$ 9,009,552</u>	<u>\$ 120,239,327</u>

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(1) Summary of Significant Accounting Policies

Program Revenues

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:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

Proprietary Funds Revenue and Expense Classifications

In the proprietary funds' 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.

Emerging Accounting Standards

The City is evaluating the impact the following statement will have on the financial statements.

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.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which expands the disclosure requirements for risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosure criteria should be assessed for the primary government reporting unit and all other reporting units that report a liability for revenue debt. A disclosure shall be made in the notes to the financial statements if all of the following criteria are met: a concentration or constraint is known, the concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact, and an event related to the concentration or constraint that could have a substantial impact has occurred or is expected to occur within twelve months of the date the financial statements are issued. The statement is effective for the City's year ending December 31, 2025.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which improves key components of the financial reporting model to enhance its effectiveness in providing information to the users of the financial statements. The statement redefines the information to be included in management's discussion and analysis, clarifies operating vs. nonoperating revenues and expenses in the proprietary fund statement of revenues, expenses and changes in fund net position, provides guidance on the presentation of unusual or infrequent items, updates the requirements of presentation of major component unit information, and changes the presentation of the budgetary comparison schedules. The statement is effective for the City year ending December 31, 2026.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(1) Summary of Significant Accounting Policies

Accounting Standard Adopted

The City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) in the year ended December 31, 2023. This statement improves accounting and financial reporting for SBITAs; enhances the comparability of financial statements between governments; and also enhances the understandability, reliability, relevance, and consistency of information about SBITAs. The standard was implemented using the facts and circumstances that existed at the beginning of the period of implementation, or January 1, 2023. Implementation of the standard had no effect on the beginning net position.

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.

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.

Subsequent Events

The City has assessed subsequent events through September 17, 2024, the date which the financial statements were available to be issued.

(2) Deposits and Investments

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

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

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.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(2) Deposits and Investments

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 treasury notes, federal agency obligations, and government sponsored enterprises are measured as level 2 recurring fair value measurements according to the fair value hierarchy. Certificates of deposit are non-negotiable and reported at cost plus accrued interest. As of December 31, 2023, the City had the following investments:

Investment	Credit Rating	Total	Less than 1 Year	1-5 Years	5-10 Years	10 Years or More
Certificates of Deposit	N/A	\$ 129,496,457	\$ 106,068,056	\$ 23,428,401	\$ -	\$ -
US Treasury Notes	N/A	24,804,990	24,804,990	-	-	-
US Treasury Bills	N/A	4,458,422	4,458,422	-	-	-
US Government Sponsored:						
FFCB (Federal Farm Credit Banks) Bonds	AAA	3,238,069	-	2,848,387	-	389,682
FNMA (Fannie Mae) Pool	AAA	15,637	15,637	-	-	-
FHLMC (Freddie Mac) Pool	AAA	19,986	19,986	-	-	-
FHLB Notes	AAA	210,346	-	-	210,346	-
FHLB Bonds	AAA	589,628	589,628	-	-	-
Total Investments		\$ 162,833,535	\$ 135,956,719	\$ 26,276,788	\$ 210,346	\$ 389,682

At December 31, 2023, the City's cash with fiscal agent accounts consisted of money market accounts with a maturity of less than 1 year.

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 deposits and 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.

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.

Credit Risk:

State law limits eligible investments for the City as discussed above. The City has an investment policy that further limits its investment choices.

Custodial Credit Risk:

Custodial credit risk is 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, 2023, the City's deposits in financial institutions collateralized by securities held by the pledging financial institution were as follows:

	Bank Balance
Insured - FDIC	\$ 1,308,889
Uninsured, collateralized in accordance with SDCL 4-6A-3	63,022,175
Total Deposits	\$ 64,331,064

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(2) Deposits and Investments

Concentration 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, 2023, more than 5 percent of the City's investments are in US Treasury Notes. These investments are 15.2 percent of the City's total investments.

The City classifies cash and investments as restricted based on external and internal restrictions. Externally restricted cash and investment balances are restricted for debt reserves in accordance with loan covenants, amounts held for others, and closure and post-closure landfill costs.

(3) 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.

(4) Due From Other Governments

At December 31, 2023, the City's Due from Other Governments consisted of the following:

Governmental Funds:

General Fund	
Police Grants	\$ 232,162
Fire Grants	227,000
Local Counties/ Agencies	214,269
Transportation Planning	191,006
Urban Mass Transit Grant	182,007
Local Government Highway/Bridge	168,743
Liquor Tax Reversion	135,403
Homeland Security Grants	59,864
EPA Planning Grant	31,520
Wildland Fire	28,924
Motor Vehicle	28,674
Air Quality Grant	11,740
<hr/> Total General Fund	<hr/> 1,511,312
Nonmajor Funds	35,560
<hr/> <hr/> Total Governmental Funds	<hr/> <hr/> \$ 1,546,872

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(4) Due From Other Governments

Enterprise Funds:

Water Fund		
Bureau of Reclamation		\$ 6,088
<hr/>		
Wastewater Fund		
Coronavirus State and Local Fiscal Recovery Funds		4,814,821
<hr/>		
Airport Fund		
Airport Improvement Projects (AIP)		195,642
AIP Emergency Funding		158,946
TSA Building Services		39,505
<hr/>		
Total Airport Fund		394,093
Civic Center Fund		
Facility Rental		20,382
<hr/>		
Nonmajor Proprietary Funds		
Energy Plant - Rapid City Area Schools		27,171
<hr/>		
Total Enterprise Funds		\$ 5,262,555

(5) Individual Fund Interfund Receivable and Payable Balances

Interfund receivable and payable balances at December 31, 2023, are as follows:

Fund	Interfund Receivables	Interfund Payables
<i>Major Funds:</i>		
General Fund	\$ 1,056,142	\$ -
Civic Center Fund	-	95,547
Nonmajor Proprietary Funds	-	930,595
Internal Service Funds	-	30,000
Total Interfund Receivable and Payable Balances	\$ 1,056,142	\$ 1,056,142

Interfund receivables and payables are generally made to help maintain positive cash balances at year end. The balances are expected to be repaid within the next year.

Interfund advances balances at December 31, 2023, are as follows:

Fund	Interfund Advance To	Interfund Advance From
<i>Major Funds:</i>		
General Fund	\$ 4,047,240	\$ -
Civic Center Fund	-	754,564
Nonmajor Proprietary Funds	-	3,292,676
Total Interfund Receivable and Payable Balances	\$ 4,047,240	\$ 4,047,240

The General advanced monies to the Civic Center and Nonmajor Proprietary Funds to assist in funding capital improvement projects. The balances will be repaid between 2025 through 2041 and bear interest between 3.00 to 5.34 percent.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(6) Capital Assets

A summary of changes in capital assets for year ending December 31 is as follows:

	Restated Balance 12/31/2022	Additions	Transfers	Deletions	Balance 12/31/2023
<i>Governmental Activities:</i>					
Capital Assets, not being Depreciated:					
Land	\$ 49,224,408	\$ 1,189,194		\$ -	\$ 50,413,602
Construction Work in Progress	10,164,219	34,088,245	(21,098,684)	-	23,153,780
Total Capital Assets, not being Depreciated	59,388,627	35,277,439	(21,098,684)	-	73,567,382
Capital Assets, being Depreciated:					
Buildings	103,825,510	3,833,872	253,307	-	107,912,689
Improvements Other Than Buildings	418,746,677	6,646,088	13,142,802	-	438,535,567
Machinery and Equipment	40,555,697	2,307,023	(731)	(1,578,172)	41,283,817
Intangible Subscription Assets	-	2,497,463	-	-	2,497,463
Total Capital Assets, being Depreciated	563,127,884	15,284,446	13,395,378	(1,578,172)	590,229,536
Less Accumulated Depreciation for:					
Buildings	33,404,617	2,267,847	-	-	35,672,464
Improvements Other Than Buildings	244,288,791	13,226,032	-	-	257,514,823
Machinery and Equipment	28,589,522	2,062,397	-	(1,284,101)	29,367,818
Intangible Subscription Assets	-	249,746	-	-	249,746
Total Accumulated Depreciation	306,282,930	17,806,022	-	(1,284,101)	322,804,851
Total Governmental Activities Capital Assets, being Depreciated, Net	256,844,954	(2,521,576)	13,395,378	(294,071)	267,424,685
Total Governmental Capital Assets, Net	\$ 316,233,581	\$ 32,755,863	\$ (7,703,306)	\$ (294,071)	\$ 340,992,067

Depreciation expense was charged to functions as follows:

Public Works	\$ 12,162,063
Culture and Recreation	2,927,456
General Government	1,134,656
Public Safety	1,373,876
Health and Welfare	192,411
Community Development	15,560
Total Depreciation Expense - Governmental	\$ 17,806,022

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(6) Capital Assets

	Balance 12/31/2022	Additions	Transfers	Deletions	Balance 12/31/2023
<i>Business-Type Activities:</i>					
Capital Assets, not being Depreciated:					
Land	\$ 19,572,849	\$ 8,363	\$ -	\$ -	\$ 19,581,212
Construction Work in Progress	24,601,523	46,121,014	(24,313,222)	-	46,409,315
Total Capital Assets, not being Depreciated	44,174,372	46,129,377	(24,313,222)	-	65,990,527
Capital Assets, being Depreciated:					
Buildings	321,610,038	274,918	5,131,192	-	327,016,148
Improvements Other Than Buildings	607,425,789	5,684,444	23,534,723	-	636,644,956
Machinery and Equipment	42,347,520	6,347,293	731	(3,707,956)	44,987,588
Total Capital Assets, being Depreciated	971,383,347	12,306,655	28,666,646	(3,707,956)	1,008,648,692
Less Accumulated Depreciation for:					
Buildings	88,000,809	6,228,210	-	-	94,229,019
Improvements Other Than Buildings	212,474,973	15,965,850	-	-	228,440,823
Machinery and Equipment	24,934,126	2,638,716	-	(2,892,016)	24,680,826
Total Accumulated Depreciation	325,409,908	24,832,776	-	(2,892,016)	347,350,668
Total Business-Type Activities Capital Assets, being Depreciated, Net					
	645,973,439	(12,526,121)	28,666,646	(815,940)	661,298,024
Total Business-Type Capital Assets, Net	\$ 690,147,811	\$ 33,603,256	\$ 4,353,424	\$ (815,940)	\$ 727,288,551

Depreciation expense was charged to functions as follows:

Water	\$ 6,660,443
Wastewater	4,896,197
Airport	3,532,824
Civic Center	4,226,716
Nonmajor Proprietary	5,516,596
Total Depreciation Expense - Business-Type	\$ 24,832,776

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(6) Capital Assets

As of December 31, 2023, the City had construction commitments of approximately \$80,000,000. Individual project commitments of over \$100,000 were as follows:

Project Number/ Name	Project Description	Total Costs		
		As of 12/31/2023	Total Contract	Remaining
23-5321/5320	Terminal Expansion Project Phase 1	\$ 6,736,498	\$ 38,594,786	\$ 31,858,288
20-2612	Firestation #1 Improvements	6,542,773	15,803,219	9,946,191
22-2694	143rd Ave and Country Road	2,136,030	9,304,060	7,168,030
21-2682	Shepherd Hills Water Booster	504,685	6,050,645	5,545,960
20-2629	Water Reclamation Aeration Basin	14,956,177	20,257,905	5,301,728
23-2736	Sheridan Lake Road Reconstruction	1,823,346	6,140,686	4,317,340
22-2735	Sedivy Lane Sanitary	226,495	2,936,872	2,710,377
21-6180	Dinosaur Park Access	1,795,130	4,022,773	2,227,643
23-2518	Robbinsdale Phase 6	1,562,962	3,604,471	2,041,509
21-2643	Springbrook Acres	836,175	2,369,627	1,533,452
22-2642	12th Street Recon Fulton	95,041	1,535,786	1,440,745
22-2608	Misc Improvement Projects	7,605,910	9,243,624	1,637,714
23-2731	St Joseph Valve Replacement	160,273	925,497	765,224
23-2742	Rapid City Groundwater	127,776	688,969	561,193
23-2759	SW Booster Station Rec	12,604	515,725	503,121
22-2532	Sunburst Drive Recon	3,544,318	4,011,589	467,271
23-2642	12th Street Fulton	1,114,865	1,535,786	420,921
20-2609	Wonderland Drive Area	144,969	563,407	418,438
23-2762	UM Service Line & Locate	13,762	425,515	411,753
22-2723	Well 12 VFD Upgrade	373,301	668,587	295,286
19-2535	Canyon Lake District	685,828	950,485	264,657
22-2733	EAFB Meter Facility	394,745	635,900	241,155
	Remainder	18,169,432	19,017,740	848,309
		\$ 69,563,095	\$ 149,803,654	\$ 80,926,305

Funding for these projects is provided from dedicated sales tax funds (Capital Improvements and Vision Fund), grants, and charges for services. There are many projects that are included in the Construction in Progress line item, but are not included in the commitments noted above because they have either been substantially completed but not placed into service, or they are only in the design stage with no commitment for further consideration.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(7) Long-Term Financing Arrangements

The following is a summary of the long-term debt transactions, excluding other post employment benefits, for the year ending December 31:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Due Within One Year
Primary Government:					
Governmental Activities:					
Financing Obligations	\$ 3,779,971	\$ -	\$ (157,888)	\$ 3,622,083	\$ 163,013
Revenue Bonds	116,404,665	-	(5,035,078)	111,369,587	5,150,077
Notes Payable	41,083	-	(30,952)	10,131	10,131
Tax Increment Districts	8,091,875	6,104,172	(1,993,452)	12,202,595	2,061,451
Subscriptions	-	2,497,463	(222,007)	2,275,456	230,732
Compensated Absences	2,312,642	2,135,259	(1,628,085)	2,819,816	254,206
Total Governmental Activities	130,630,236	10,736,894	(9,067,462)	132,299,668	7,869,610
Business-Type Activities:					
Financing Obligations	952,123	246,825	(127,967)	1,070,981	146,261
Closure/Post Closure	4,530,000	300,000	-	4,830,000	-
Revenue Bonds	68,282,638	4,048,270	(3,699,553)	68,631,355	3,815,211
Compensated Absences	1,201,218	918,225	(742,187)	1,377,256	35,000
Total Business-Type Activities	74,965,979	5,513,320	(4,569,707)	75,909,592	3,996,472
Total Primary Government	\$ 205,596,215	\$ 16,250,214	\$ (13,637,169)	\$ 208,209,260	\$ 11,866,082

The City has pledged the amount of the future debt service requirements on the debt 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*	Sales Tax Revenue Bonds
2023 Principal and Interest	\$ 3,952,381	\$ 889,474	\$ 732,234	\$ 383,543	\$ 7,931,547
Pledged Revenue	25,457,081	14,759,990	12,442,190	2,337,721	39,476,879

* Gross receipts taxes are pledged.

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. 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.

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. Future property taxes generated over the tax increment districts 20-year period are projected to produce 100 percent of the debt service requirements, with the exception of TID 52 which will not generate sufficient property tax revenue to meet the outstanding debt balance with the legal timeframe.

During the year ended December 31, 2023, TIF related property tax revenues were \$9,116,270. Debt service expenditures related to TIF obligations totaled \$4,043,274 for the year ended December 31, 2023.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(7) Long-Term Financing Arrangements

Long-term debt at December 31, 2023, is comprised of the following:

Governmental Activities:

Revenue Bonds

Sales Tax Revenue Bonds, Series 2021 serviced by the Capital Improvements and Vision Special Revenue Fund. Payable in annual principal installments of \$1,640,000 to \$5,985,000 through December 2046. Interest payments at a rate of 0.298 to 2.910 percent.	\$ 97,815,000
Sales Tax Revenue Bonds, Series 2020 serviced by the Capital Improvements and Vision Special Revenue Fund. Payable in annual principal installments of \$1,015,000 to \$1,335,000 through December 2028. Interest payments at a rate of 0.450 to 1.500 percent.	6,580,000
Sales Tax Revenue Bonds, Series 2018 serviced by the Capital Improvements and Vision Special Revenue Fund. Payable in annual principal installments of \$930,000 to \$1,105,000 through December 2047. Interest payments at a rate of 5.00 percent.	6,400,000
Unamortized deferred premium	574,587

Financing Obligations

Obligation dated September 6, 2011 with Pennington County, South Dakota for 44, 61, and 10 percent 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 2040. The obligation is serviced by the Capital Improvements and Vision Fund.	3,622,083
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Notes Payable

Notes payable to Black Hills Community Bank dated April 16, 2019 to finance the purchase of maintenance equipment for the Parks department. Due in monthly installments of \$2,668, including interest at 3.90 percent. The final payment is due in April 2024. Financed by the General Fund.	10,131
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Tax Increment Financing District (TID)

TID 47 - Tower Road - Created in 2004, maximum payoff of \$4,894,289, including interest at 7.50 percent. The TID expires in October 2024.	196,404
TID 52 - East Saint Charles - Created in 2005, maximum payoff of \$1,250,107, including interest at 5.85 percent. The TID expires in May 2025.	301,425
TID 65 - Minnesota Street - Created in 2007, maximum payoff of \$33,956,177, including interest at 4.95 percent. The TID expires in September 2027.	2,720
TID 72 - East Saint Joseph Street - Created in 2012, maximum payoff of \$4,095,341, including interest at 5.90 percent. The TID expires in February 2032.	1,964,246
TID 76 - Buffalo Crossing - Created in 2016, maximum payoff of \$6,410,528, including interest at 7.00 percent. The TID expires in February 2036.	3,944,630

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(7) Long-Term Financing Arrangements

TID 77 - Rushmore Gateway Corridor - Created in 2016, maximum payoff of \$6,067,965, including interest at 5.50 percent. The TID expires in April 2034.	4,691,629
TID 82 - Orchard Meadows Lift Station - Created in 2020, maximum payoff of \$1,237,194, including interest at 7.00 percent. The TID expires in March 2040.	211,612
TID 83 - Homestead Street Extension - Created in 2020, maximum payoff of \$2,719,970, including interest at 7.00 percent. The TID expires in September 2040.	889,929

Subscriptions

Subscription-based Information Technology arrangement dated January 1, 2023 with an entity to maintain support for Police Department equipment. Due in annual installments of \$320,157 through December 2026 and \$290,698 through December 2031, including interest at 4.00 percent. Financed by the General Fund.	2,275,456
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Business-type Activities:

Revenue Bonds

Water revenue Bonds of 2015. Due in annual installments of \$1,565,000 to \$3,250,000 through November 2039. Interest at a rate of 3.625 to 5.00 percent. (Financed by pledged Water Fund revenues.)	39,400,000
Loan No. 6 from State Revolving Fund (SRF) of 2011. Due in quarterly installments of \$45,660 to \$83,020 through 2031. Interest at 3.00 percent. (Financed by the Wastewater Fund.)	2,398,416
Gross Receipts Revenue Bonds of 2021. Due in annual installments of \$320,000 to \$350,000 through 2028. Interest at a rate of 1.39 percent. (Financed by the Civic Center Fund.)	1,690,000
Wastewater Refunding Bonds of 2021. Due in annual installments of \$335,000 to \$495,000 through 2040. Interest payments at a rate of 2.00 to 3.00 percent. (Financed by Wastewater Fund revenue and monthly surcharge.)	7,205,000
Loan No. 7 from SRF of 2022. Maximum total borrowings up to \$101,500,000. Matures 20 years after initial loan amortization date, due in quarterly installments. Interest payments at a rate of 2.00 percent. (Financed by the Wastewater Fund revenues.)	4,048,270
Airport PFC Revenue Refunding Bonds of 2019. Due in annual installments of \$355,000 to \$690,000 through 2035. Interest payments at a rate of 4.00 to 5.00 percent. (Financed by pledged Airport Passenger Facility Charge revenue.)	6,670,000
Drinking Water Loan SRF 2 of 2009. Due in quarterly installments of \$100,997 through 2031. Interest payments at a rate of 3.00 percent. (Financed by pledged Water Fund revenues.)	3,003,808
Drinking Water Loan SRF 3 of 2017. Due in quarterly installments of \$27,649 through November 2039. Interest payments at a rate of 3.00 percent. Initial loan amount was \$4,626,000 of which \$3,000,000 was forgiven by issuer. (Financed by pledged Water Fund revenues.)	942,013
Net unamortized discounts/premiums on bonds	3,273,848

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(7) Long-Term Financing Arrangements

Financing Obligations

Financing with Black Hills Community Bank, dated August 19, 2022 for equipment at the Solid Waste facility, which is secured by the equipment. Due in monthly installments of \$9,001, including interest at 3.80 percent. The final payment is due August 2032. The obligation is serviced by the Solid Waste Fund. 792,824

Financing with Black Hills Community Bank, dated September 22, 2020 for equipment at the Executive Golf Course, which is secured by the equipment. Due in monthly installments of \$2,671, including interest at 3.95 percent. The final payment is due September 2025. The obligation is serviced by the Executive Golf Course Fund. 53,800

Financing with Black Hills Community Bank, dated March 8, 2023 for equipment at the Golf Course, which is secured by the equipment. Due in monthly installments of \$4,061, including interest at 5.50 percent. The final payment is due April 2029. The obligation is serviced by the Golf Course Fund. 224,357

Total Bonds, Financing Obligations, Notes Payable, and TIF Obligations **199,182,188**

Accrued Landfill Closure **4,830,000**

Compensated Absences:

General Fund 2,819,816
Water Fund 314,724
Wastewater Fund 193,038
Airport Fund 121,592
Civic Center Fund 332,461
Non-major Enterprise Funds 415,441

Total Compensated Absences **4,197,072**

Total Long-Term Debt **\$ 208,209,260**

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(7) Long-Term Financing Arrangements

The annual requirements to amortize long-term debt outstanding as of December 31, 2023, except for compensated absences and accrued closure/post-closure are as follows:

Total Governmental Funds

	Revenue Bonds and Notes Payable		Financing Obligations		TID Obligations	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 2,594,378	\$ 5,160,208	\$ 115,329	\$ 163,013	\$ 555,201	\$ 2,061,451
2025	2,470,060	5,275,077	110,038	168,304	574,476	2,472,411
2026	2,334,158	5,410,077	104,575	173,767	321,418	2,630,890
2027	2,216,139	5,441,431	98,935	179,407	252,465	784,302
2028	2,147,170	5,091,431	93,111	185,231	380,327	696,978
2029-2033	9,656,983	21,387,155	371,370	1,020,340	160,666	2,160,901
2034-2038	7,421,643	23,627,155	194,668	1,197,042	-	1,395,662
2039-2043	4,239,674	26,807,155	21,705	534,979	-	-
2044-2048	631,034	13,180,029	-	-	-	-
Total	\$ 33,711,239	\$ 111,379,718	\$ 1,109,731	\$ 3,622,083	\$ 2,244,553	\$ 12,202,595

	Subscriptions		Total	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 89,425	\$ 230,732	\$ 3,354,333	\$ 7,615,404
2025	80,358	239,799	3,234,932	8,155,591
2026	70,934	249,223	2,831,085	8,463,957
2027	61,139	259,018	2,628,678	6,664,158
2028	50,960	239,738	2,671,568	6,213,378
2029-2033	105,845	1,056,946	10,294,864	25,625,342
2034-2038	-	-	7,616,311	26,219,859
2039-2043	-	-	4,261,379	27,342,134
2044-2048	-	-	631,034	13,180,029
Total	\$ 458,661	\$ 2,275,456	\$ 37,524,184	\$ 129,479,852

Total Business-type Activities

	Revenue Bonds		Financing Obligations		Total	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 2,240,332	\$ 3,815,211	\$ 42,539	\$ 146,261	\$ 2,282,871	\$ 3,961,472
2025	2,184,121	4,083,175	35,988	144,729	2,220,109	4,227,904
2026	2,072,198	4,216,503	30,134	126,617	2,102,332	4,343,120
2027	1,914,675	4,371,837	24,420	132,332	1,939,095	4,504,169
2028	2,147,129	4,542,902	18,499	138,253	2,165,628	4,681,155
2029-2033	6,918,833	21,647,887	29,060	382,790	6,947,893	22,030,677
2034-2038	2,771,594	20,317,301	-	-	2,771,594	20,317,301
2039-2043	232,697	5,373,382	-	-	232,697	5,373,382
2044-2048	3,080	263,157	-	-	3,080	263,157
Total	\$ 20,484,659	\$ 68,631,355	\$ 180,640	\$ 1,070,982	\$ 20,665,299	\$ 69,702,337

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(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, 2023	Lease Revenue	Lease Interest Revenue	Deferred Inflows December 31, 2023
Land	\$ 402,245	\$ 167,706	\$ 12,744	\$ 398,539
Airport Hangars	3,383,552	71,131	102,679	3,227,557
Retail Space	489,769	1,724,700	42,144	480,418
Total	\$ 4,275,566	\$ 1,963,537	\$ 157,567	\$ 4,106,514

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

	Principal	Interest
2024	\$ 521,865	\$ 125,739
2025	363,428	109,295
2026	175,561	99,552
2027	160,276	93,384
2028	99,027	99,250
2029-2033	539,884	402,989
2034-2038	641,895	312,155
2039-2043	708,211	213,114
2044-2048	825,582	96,214
2049-2053	239,837	5,974
Total	\$ 4,275,566	\$ 1,557,666

(9) Interfund Transfers

Interfund transfers during the year ended December 31, 2023 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 841,862	\$ 1,105,759
Capital Improvements and Vision Fund	-	207,191
Water Fund	200,000	293,545
Wastewater Fund	-	116,223
Airport Fund	6,143,476	6,131,003
Civic Center Fund	-	202,170
Nonmajor Governmental Funds	2,253,122	1,162,645
Nonmajor Proprietary Funds	1,011,577	1,112,710
Internal Service Funds	-	118,791
Total Transfers	\$ 10,450,037	\$ 10,450,037

Transfers between the funds were made to cover general operational costs of the City.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

(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). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is 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 classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and 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 Cost-of-Living Adjustment (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 baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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 COLA.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(10) Pension Plan

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 percent of salary; Class B Judicial Members, 9.0 percent of salary; and Class B Public Safety Members, 8.0 percent of salary. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City’s share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021 were **\$4,254,105**, \$3,614,643, and \$3,282,850, respectively, equal to the required contributions each year.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:

At June 30, 2023, SDRS is 100.1 percent funded and has a net pension asset. The proportionate shares of the components of the net pension asset of SDRS, for the City as of June 30, 2023 are as follows:

	Governmental Activities	Business-Type Activities	Total
Proportionate Share of Net Position Restricted for Pension Benefits	\$ 261,668,586	\$ 103,908,106	\$ 365,576,692
Less: Proportionate Share of Total Pension Liability	(261,492,453)	(103,838,195)	\$ (365,330,648)
Proportionate Share of Net Pension Asset	\$ 176,133	\$ 69,911	\$ 246,044

At December 31, 2023, the City reported an asset of \$246,044 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 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, 2023, the City’s proportion was 2.52114 percent, which is an increase of 0.10354 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City recognized pension expense of \$4,737,907. At December 31, 2023, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 6,975,103	\$ -
Changes in Assumption	8,410,602	12,296,310
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,638,280	-
City Contributions Subsequent to the Measurement Date	2,239,074	-
Total	\$ 19,263,059	\$ 12,296,310

Deferred outflow of resources includes \$2,239,074 resulting from City contributions subsequent to the measurement date that will be recognized as an increase of the net pension asset in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

2024	\$ 3,350,312
2025	(3,731,445)
2026	4,762,701
2027	346,107
	\$ 4,727,675

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(10) Pension Plan

Actuarial Assumptions:

The total pension asset in the June 30, 2023, 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% at entry to 3.15% after 25 years of service
Investment Rate of Return	6.50 percent, net of pension plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.91 percent

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 table

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2022.

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, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(10) Pension Plan

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
Real Estate	12.0%	3.5%
High Yield Debt	7.0%	2.7%
Cash	2.0%	0.8%
	<u>100.0%</u>	

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 employee 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 Asset to Changes in the Discount Rate:

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

	1% Decrease	Current Discount Rate	1% Increase
City’s Proportionate Share of the Net Pension (Asset)/Liability	\$ 50,436,640	\$ (246,044)	\$ (41,694,867)

Pension Plan Fiduciary Net Position:

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

(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.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

(11) Other Post Employment Benefits (OPEB) Plan

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.

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:

Balance at December 31, 2022	\$ 27,093,198
Charges for the Year:	
Service Cost	1,320,793
Interest on the total OPEB liability	542,759
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	(3,302,991)
Benefit Payments	(1,628,644)
Net Change in Total Pension Liability	(3,068,083)
Balance at December 31, 2023	\$ 24,025,115

The City's total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to December 31, 2023. 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-20 IO 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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(11) Other Post Employment Benefits (OPEB) Plan

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	Discount Rate	1% Increase
Total OPEB Liability	\$ 24,683,869	\$ 24,025,115	\$ 21,059,540

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	\$ 20,611,603	\$ 24,025,115	\$ 25,287,772

For the year ended December 31, 2023, the City recognized total OPEB expense of \$1,416,774. At December 31, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 2,341,006	\$ 34,506
Changes in Assumptions	1,960,255	3,010,446
City Contributions Subsequent to the Measurement Date	363,880	-
Total	\$ 4,665,141	\$ 3,044,952

The City's contributions subsequent to the measurement date of \$363,880 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 for the year ending December 31:

2024	\$ 518,804
2025	562,482
2026	513,102
2027	180,932
2028	(412,457)
Thereafter	(106,554)
	\$ 1,256,309

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(12) Deficit Fund Balances/Net Position of Nonmajor Funds

As of December 31, 2023, the following individual nonmajor governmental funds had deficit fund balance in the amounts shown: Occupancy Tax (\$167,673) and Unemployment Insurance Fund (\$22,850), which will be funded through gross business receipts tax interfund charges received for the respective funds.

(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 \$607,394 reserve equity in the medical insurance fund of \$1,981,470, and in the liability insurance fund of \$322,164 for the payment of such future claims. The unemployment insurance fund has a fund deficit of (\$22,850) 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 2022 and 2023 were as follows:

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund
Benefit Claims Payable - January 1, 2022	\$ 586,853	\$ 425,396	\$ -	\$ 3,162,098
Claims Incurred	10,643,565	196,232	4,241	772,441
Claims Paid	(10,133,749)	(266,632)	(4,241)	(462,632)
Benefit Claims Payable - December 31, 2022	1,096,669	354,996	-	3,471,907
Claims Incurred	10,718,453	229,290	13,665	1,584,579
Claims Paid	(11,106,125)	(249,049)	(13,665)	(1,212,362)
Benefit Claims Payable - December 31, 2023	\$ 708,997	\$ 335,237	\$ -	\$ 3,844,124

(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.

CITY OF RAPID CITY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

(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 post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,830,000 reported as landfill closure and post closure care liability at December 31, 2023 represents the cumulative amount reported to date based on 66.7% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$2.35 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 post closure care. The City meets these compliance requirements and at December 31, 2023, investments of \$4,830,000 (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 post closure 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.

(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. Abatements may be granted to any business located within or promising to relocate to the City.

For the year ended December 31, 2023, the City abated property taxes totaling \$1,404,648 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 \$1,404,637.

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 \$11.

(17) Prior Period Adjustment

During 2023, the City received an invoice totaling \$10,476,768 related to expenditures incurred in a prior year. Beginning fund balance for the Capital Improvements and Vision Fund and governmental capital assets were restated to account for this transaction.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RAPID CITY

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues				
310	Taxes			
311	\$ 21,989,574	\$ 21,989,574	\$ 22,116,669	\$ 127,095
313	41,291,733	41,291,733	39,476,338	(1,815,395)
314	-	-	690,984	690,984
320	3,310,520	3,310,520	2,921,269	(389,251)
330	<i>Intergovernmental Revenue</i>			
331	2,224,163	3,618,692	8,987,454	5,368,762
334	500,000	500,000	486,995	(13,005)
335	<i>State Shared Revenue</i>			
335.01	195,673	195,673	298,110	102,437
335.03	440,638	440,638	516,470	75,832
335.04	776,962	776,962	72,464	(704,498)
335.06	264,560	264,560	392,266	127,706
335.08	800,000	800,000	928,512	128,512
338	<i>County Shared Revenue</i>			
338.01	650,287	650,287	647,070	(3,217)
340	<i>Charges for Goods and Services</i>			
341	409,400	409,400	869,089	459,689
342	808,828	808,828	2,192,597	1,383,769
343	220,000	220,000	-	(220,000)
345	387,978	387,978	226,240	(161,738)
346	1,581,836	1,581,836	2,589,216	1,007,380
348	220,507	220,507	282,727	62,220
349	30,000	30,000	-	(30,000)
350	<i>Fines and Forfeits</i>			
351	13,534	13,534	1,678	(11,856)
360	<i>Miscellaneous Revenue</i>			
361	203,000	203,000	2,151,307	1,948,307
362	-	-	231,926	231,926
363	-	-	98,000	98,000
369	529,833	529,833	164,473	(365,360)
Total Revenue	76,849,026	78,243,555	86,341,854	8,098,299
Expenditures				
410	<i>General Government</i>			
412	1,258,181	1,258,702	928,908	329,794
414	769,713	982,149	940,596	41,553
414	1,293,666	1,372,362	1,016,943	355,419
414	1,264,597	1,196,199	809,387	386,812
414	490,526	528,659	534,051	(5,392)
419	1,346,827	1,400,983	1,464,187	(63,204)
420	<i>Public Safety</i>			
421	23,216,588	25,652,177	24,605,035	1,047,142
422	16,367,620	17,533,058	17,252,759	280,299
423	2,278,579	2,277,549	370,118	1,907,431
429	1,870,177	1,870,437	164,141	1,706,296
429	324,714	325,698	266,431	59,267
430	<i>Public Works</i>			
431	7,004,796	7,554,938	7,605,806	(50,868)
43x	1,901,420	1,896,073	1,684,364	211,709
440	<i>Health and Welfare</i>			
441	1,317,846	1,317,846	1,120,346	197,500
444	402,988	402,988	391,250	11,738
449	3,084,195	3,279,773	3,014,042	265,731
449	95,190	95,190	21,299	73,891

CITY OF RAPID CITY

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

450	<i>Culture and Recreation</i>				
451	Recreation	494,730	494,754	417,010	77,744
451	Swimming Pools	3,175,911	3,176,991	3,151,744	25,247
451	Ice Arena	294,984	474,557	485,091	(10,534)
452	Parks	4,100,394	4,104,544	3,916,907	187,637
455	Libraries	3,712,059	4,000,256	3,563,012	437,244
457	Historic Preservation	20,000	20,050	16,133	3,917
459	Other - Parks & Recreation Admin	747,952	976,602	943,873	32,729
459	Other - Cemetery	424,177	424,177	415,289	8,888
459	Other - Subsidies	750,000	758,850	728,250	30,600
460	<i>Conservation and Development</i>				
465	Economic Development	307,305	307,305	2,251,927	(1,944,622)
465	Community Development - Non Grant	97,629	51,155	76,619	(25,464)
465	Transportation Planning	647,607	864,863	938,300	(73,437)
465	GIS Information System	296,969	327,969	337,787	(9,818)
470	Debt Service	35,000	35,000	32,013	2,987
485	Capital Outlay	2,091,009	3,472,542	10,109,191	(6,636,649)
490	<i>Miscellaneous</i>				
492	Other Expenditures	144,833	144,833	51,486	93,347
Total Expenditures		81,628,182	88,579,229	89,624,295	(2,090,048)
Excess of Revenue Over (Under)					
Expenditures		(4,779,156)	(10,335,674)	(3,282,441)	7,053,233
Other Financing Sources (Uses)					
391.01	Transfers In (Out)	73,070	194,266	(263,897)	(458,163)
391	Long-Term Debt Issued	-	-	2,497,463	2,497,463
391	Proceeds from Sale of Capital Assets	-	-	211,220	211,220
Total Other Financing Sources (Uses)		73,070	194,266	2,444,786	2,250,520
Net Change in Fund Balances		(4,706,086)	(10,141,408)	(837,655)	9,303,753
Fund Balance - Beginning		40,221,683	40,221,683	40,221,683	-
FUND BALANCE- ENDING		\$35,515,597	\$30,080,275	\$39,384,028	\$9,303,753

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, 2023**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues				
310				
313				
330				
334				
360				
361				
369				
Total Revenue	37,895,466	124,656,389	45,157,202	(79,499,187)
Expenditures				
410				
414				
414				
419				
430				
431				
43x				
450				
451				
452				
460				
465				
470				
485				
Total Expenditures	37,895,466	125,522,046	49,479,121	76,042,925
Excess of Revenue Over (Under)				
Expenditures	-	(865,657)	(4,321,919)	(3,456,262)
Other Financing Uses				
391.01				
391.03				
Total Other Financing Uses	-	-	2,065,344	2,065,344
Net Change in Fund Balances	-	(865,657)	(2,256,575)	(1,390,918)
Fund Balance - Beginning, as Previously Stated	84,579,090	84,579,090	84,579,090	-
Prior Period Adjustment	-	-	(10,476,768)	(10,476,768)
Fund Balance - Beginning, as Restated	84,579,090	84,579,090	74,102,322	(10,476,768)
FUND BALANCE- ENDING	\$ 84,579,090	\$ 83,713,433	\$ 71,845,747	\$ (11,867,686)

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

CITY OF RAPID CITY

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) (UNAUDITED)
DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Asset (Liability)	2.5211400%	2.4176000%	2.2981520%	2.33836750%	2.39737200%
City's Proportionate Share of Net Pension Asset (Liability)	\$ 246,044	\$ 228,480	\$ 17,635,732	\$ 101,555	\$ 254,061
City's Covered Payroll (Plan's Fiscal Year)	\$ 63,482,062	\$ 56,442,263	\$ 49,356,048	\$ 49,416,543	\$ 49,656,578
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	0.39%	0.40%	35.73%	0.21%	0.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	100.10%	100.10%	105.52%	100.04%	100.09%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
City's Proportion of the Net Pension Asset (Liability)	2.38893850%	2.35078350%	2.41148565%	2.39749350%	
City's Proportionate Share of Net Pension Asset (Liability)	\$ 55,716	\$ 383,176	\$ (8,157,148)	\$ 10,168,455	
City's Covered Payroll (Plan's Fiscal Year)	\$ 49,193,976	\$ 42,836,501	\$ 40,621,932	\$ 38,764,455	
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	0.11%	0.89%	-20.08%	26.23%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	100.02%	100.10%	96.89%	104.10%	

CITY OF RAPID CITY

**SCHEDULE OF THE CITY'S CONTRIBUTIONS (UNAUDITED)
DECEMBER 31, 2023**

	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 4,254,105	\$ 3,614,643	\$ 3,282,850	\$ 3,125,208	\$ 3,076,469
Contributions in Relation to the Contractually Required Contribution	4,254,105	3,614,643	3,282,850	3,125,208	3,076,469
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 68,794,456	\$ 59,495,532	\$ 53,362,369	\$ 48,114,793	\$ 49,841,773
Contributions as a Percentage of Covered Payroll	6.2%	6.1%	6.2%	6.5%	6.2%
	2018	2017	2016	2015	
Contractually Required Contribution	\$ 3,023,407	\$ 2,901,980	\$ 2,823,742	\$ 2,758,308	
Contributions in Relation to the Contractually Required Contribution	3,023,407	2,901,980	2,823,742	2,758,308	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's Covered Payroll	\$ 49,193,976	\$ 47,363,396	\$ 43,669,915	\$ 40,981,064	
Contributions as a Percentage of Covered Payroll	6.1%	6.1%	6.5%	6.7%	

CITY OF RAPID CITY

**SCHEDULE OF THE CITY OPEB LIABILITY (UNAUDITED)
DECEMBER 31, 2023**

	2023	2022	2021
OPEB Liability	\$ 24,025,115	\$ 27,093,198	\$ 23,260,633
City's Covered Payroll	61,069,676	59,495,532	53,352,369
OPEB Liability as a Percentage of Covered Payroll	39.34%	45.54%	43.60%
Employer Contribution	1,095,456	1,019,150	2,027,860
Service Cost	\$ 1,320,793	\$ 1,111,457	\$ 967,723
Interest on the total OPEB liability	542,759	474,434	577,077
Effect of economic/demographic gains or losses	-	2,299,600	-
Effect of assumptions changes or inputs	(3,302,991)	1,428,538	1,133,800
Benefit Payments	(1,628,644)	(1,481,464)	(1,525,138)
Change in Net OPEB Obligation	(3,068,083)	3,832,565	1,153,462
OPEB Liability - Beginning of Year	27,093,198	23,260,633	22,107,171
OPEB Liability - End of Year	\$ 24,025,115	\$ 27,093,198	\$ 23,260,633

	2020	2019	2018
OPEB Liability	\$ 22,107,171	\$ 19,267,399	\$ 20,046,080
City's Covered Payroll	48,114,793	49,841,773	49,193,976
OPEB Liability as a Percentage of Covered Payroll	45.95%	38.66%	40.75%
Employer Contribution	1,668,658	2,139,996	1,256,271
Service Cost	\$ 783,471	\$ 853,858	\$ 770,934
Interest on the total OPEB liability	741,097	653,494	694,458
Effect of economic/demographic gains or losses	1,960,976	-	(368,412)
Effect of assumptions changes or inputs	806,896	(981,535)	503,814
Benefit Payments	(1,452,668)	(1,304,498)	(598,410)
Change in Net OPEB Obligation	2,839,772	(778,681)	1,002,384
OPEB Liability - Beginning of Year	19,267,399	20,046,080	19,043,696
OPEB Liability - End of Year	\$ 22,107,171	\$ 19,267,399	\$ 20,046,080

CITY OF RAPID CITY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

(1) Budgets and Budgetary Accounting

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

1. At the first regular 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 operating budget is legally binding and actual disbursements for each purpose cannot exceed the amounts budgeted, except as indicated in item number 4.
3. A line item for contingencies may be included in the annual budget. Such line item may not exceed 5 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 unless encumbered by resolution of the governing board.
6. Formal budgetary integration is employed as a management control device during the year for the general fund and major 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.

(2) Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions

Changes from Prior Valuation: The June 30, 2023, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022, Actuarial Valuation.

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

Benefit Provision Changes: During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

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

As of June 30, 2022 the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

CITY OF RAPID CITY

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

(2) Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions

As of June 30, 2023 the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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

Actuarial Method Changes: No changes in actuarial methods were made since the prior valuation.

OTHER SUPPLEMENTARY INFORMATION

CITY OF RAPID CITY

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

		Occupancy Tax Fund	Downtown BID Tax Fund	Erosion/ Sediment Control Fund	TID 86 Fund	TID 84 Fund	TID 83 Fund
ASSETS							
101	Cash and Cash Equivalents	\$ 95,074	\$ 227,873	\$ 131,818	\$ 873	\$ 635,111	\$ 1,217
102	Restricted Cash	-	-	-	-	-	-
151	Investments	-	-	-	-	-	-
110	Property Tax Receivable	-	-	-	-	3,205	8,548
115	Accounts Receivable, Net	5,157	-	-	-	-	-
121	Special Assessments Receivable--Current	-	45,098	-	-	-	-
122	Special Assessments Receivable--Delinquent	-	8,178	-	-	-	-
132	Due from Other Government	-	-	-	-	-	-
135	Interest Receivable	-	6,735	-	-	20	40
TOTAL ASSETS		\$ 100,231	\$ 287,884	\$ 131,818	\$ 873	\$ 638,336	\$ 9,805
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
<i>Liabilities</i>							
201	Claims Payable	\$ 267,904	\$ -	\$ -	\$ -	\$ -	\$ -
216	Wages Payable	-	-	-	-	-	-
Total Liabilities		267,904	-	-	-	-	-
<i>Deferred Inflows of Resources</i>							
245	Unavailable Revenue -- Property Taxes	-	-	-	-	2,522	6,246
246	Unavailable Revenue -- Special Assessments	-	51,086	-	-	-	-
Total Deferred Inflows of Resources:		-	51,086	-	-	2,522	6,246
<i>Fund Balances</i>							
<i>Nonspendable</i>							
263	Perpetual Care Cemetery	-	-	-	-	-	-
263.51	Perpetual Care Cemetery	-	-	-	-	-	-
264.01	Debt Service	-	-	-	873	635,814	3,559
264.03	Cemetery Perpetual Care	-	-	-	-	-	-
264.05	Library	-	-	-	-	-	-
264.09	Business Improvement District	-	236,798	-	-	-	-
264.97	Grant Expenditures	-	-	-	-	-	-
265.99	Erosion/Sediment Control	-	-	131,818	-	-	-
267	Unassigned	(167,673)	-	-	-	-	-
Total Fund Balances		(167,673)	236,798	131,818	873	635,814	3,559
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		\$ 100,231	\$ 287,884	\$ 131,818	\$ 873	\$ 638,336	\$ 9,805

TID 82 Fund	TID 81 Fund	TID 80 Fund	TID 79 Fund	TID 78 Fund	TID 77 Fund	TID 76 Fund	TID 74 Fund	TID 72 Fund	TID 71 Fund	TID 70 Fund
\$ 254,637	\$ 788	\$ 814,089	\$ 201	\$ 1,085	\$ 369,671	\$ 684,906	\$ 639	\$ 11	\$ -	\$ 6,147
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
36,254	-	763	-	-	509	646	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	892
<u>\$ 290,891</u>	<u>\$ 788</u>	<u>\$ 814,852</u>	<u>\$ 201</u>	<u>\$ 1,085</u>	<u>370,180</u>	<u>685,552</u>	<u>\$ 639</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 7,039</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
36,253	-	-	-	-	29	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>36,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-	-
254,638	788	814,852	201	1,085	370,151	685,552	639	11	-	7,039
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>254,638</u>	<u>788</u>	<u>814,852</u>	<u>201</u>	<u>1,085</u>	<u>370,151</u>	<u>685,552</u>	<u>639</u>	<u>11</u>	<u>-</u>	<u>7,039</u>
<u>\$ 290,891</u>	<u>\$ 788</u>	<u>\$ 814,852</u>	<u>\$ 201</u>	<u>\$ 1,085</u>	<u>\$ 370,180</u>	<u>\$ 685,552</u>	<u>\$ 639</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 7,039</u>

CITY OF RAPID CITY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	TID 65 Fund	TID 64 Fund	TID 56 Fund	TID 54 Fund	TID 50 Fund	TID 52 Fund	
ASSETS							
101	Cash and Cash Equivalents	\$ 1,418,201	\$ 1,404,637	\$ 2,520,406	\$ 269	\$ 5,528	\$ 415
102	Restricted Cash	-	-	-	-	-	-
151	Investments	-	-	-	-	-	-
110	Property Tax Receivable	2	51,104	137	-	-	-
115	Accounts Receivable, Net	-	-	-	-	-	-
121	Special Assessments Receivable--Current	-	-	-	-	-	-
122	Special Assessments Receivable--Delinquent	-	-	-	-	-	-
132	Due from Other Government	-	-	-	-	-	-
135	Interest Receivable	22	1,127	-	-	-	-
TOTAL ASSETS		\$ 1,418,225	\$ 1,456,868	\$ 2,520,543	\$ 269	\$ 5,528	\$ 415
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
<i>Liabilities</i>							
201	Claims Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
216	Wages Payable	-	-	-	-	-	-
Total Liabilities		-	-	-	-	-	-
<i>Deferred Inflows of Resources</i>							
245	Unavailable Revenue -- Property Taxes	2	47,738	137	-	-	-
246	Unavailable Revenue -- Special Assessments	-	-	-	-	-	-
Total Deferred Inflows of Resources:		2	47,738	137	-	-	-
<i>Fund Balances</i>							
<i>Nonspendable</i>							
263	Perpetual Care Cemetery	-	-	-	-	-	-
263.51	Perpetual Care Cemetery	-	-	-	-	-	-
264.01	Debt Service	1,418,223	1,409,130	2,520,406	269	5,528	415
264.03	Cemetery Perpetual Care	-	-	-	-	-	-
264.05	Library	-	-	-	-	-	-
264.09	Business Improvement District	-	-	-	-	-	-
264.97	Grant Expenditures	-	-	-	-	-	-
265.99	Erosion/Sediment Control	-	-	-	-	-	-
267	Unassigned	-	-	-	-	-	-
Total Fund Balances		1,418,223	1,409,130	2,520,406	269	5,528	415
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		\$ 1,418,225	\$ 1,456,868	\$ 2,520,543	\$ 269	\$ 5,528	\$ 415

TID 47 Fund	TID 40 Fund	TID 39 Fund	Community Development Fund	Rehabilitation Loan/Grant Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Nonmajor Governmental Funds
\$ 10	\$ 42	\$ 13,314	\$ -	\$ -	\$ 130,582	\$ 18,976	\$ 950	\$ 8,737,470
-	-	-	6,405	-	-	-	466,050	472,455
-	-	-	-	-	48,955	-	-	48,955
-	-	-	-	-	-	-	-	101,168
-	-	-	-	-	299	-	695	6,151
-	-	-	-	-	-	-	-	45,098
-	-	-	-	-	-	-	-	8,178
-	-	-	35,560	-	-	-	-	35,560
-	-	-	13	-	-	-	273	9,122
\$ 10	\$ 42	\$ 13,314	\$ 41,978	\$ -	\$ 179,836	\$ 18,976	\$ 467,968	\$ 9,464,157
\$ -	\$ -	\$ -	\$ 30,344	\$ -	\$ -	\$ 1,169	\$ 1,513	300,930
-	-	-	6,025	-	-	3,637	-	9,662
-	-	-	36,369	-	-	4,806	1,513	310,592
-	-	-	-	-	-	-	-	92,927
-	-	-	-	-	-	-	-	51,086
-	-	-	-	-	-	-	-	144,013
-	-	-	-	-	50,000	-	-	50,000
10	42	13,314	-	-	-	-	-	8,142,539
-	-	-	-	-	129,836	-	-	129,836
-	-	-	-	-	-	-	466,455	466,455
-	-	-	-	-	-	-	-	236,798
-	-	-	5,609	-	-	14,170	-	19,779
-	-	-	-	-	-	-	-	131,818
-	-	-	-	-	-	-	-	(167,673)
10	42	13,314	5,609	-	179,836	14,170	466,455	9,009,552
\$ 10	\$ 42	\$ 13,314	\$ 41,978	\$ -	\$ 179,836	\$ 18,976	\$ 467,968	\$ 9,464,157

CITY OF RAPID CITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Occupancy Tax Fund	Downtown BID Fund	Erosion/ Sediment Control Fund	TID 86 Fund	TID 84 Fund	TID 83 Fund	
Revenues							
310	<i>Taxes</i>						
311	General Property Taxes	\$ -	\$ -	\$ -	\$ 870	\$ 461,523	\$ 214,098
314	Gross Business Receipts Tax	1,646,737	-	-	-	-	-
331	Federal Grants	-	-	-	-	-	-
348	Cemetery	-	-	-	-	-	-
349	Other-Conservation & Development	-	-	25,900	-	-	-
354	Library	-	-	-	-	-	-
361	Investment Earnings	1,372	1,326	-	3	3,596	4,850
363	Special Assessments	-	264,503	-	-	-	-
367	Contributions and Donations	-	-	-	-	-	-
369	Other	-	-	-	-	-	-
Total Revenue	1,648,109	265,829	25,900	873	465,119	218,948	
Expenditures							
450	<i>Culture and Recreation</i>						
455	Libraries	-	-	-	-	-	-
459	Retired Senior Volunteers	-	-	-	-	-	-
459	Cemetery	-	-	-	-	-	-
465	Community Development	-	-	5,582	-	-	-
470	Debt Service	-	-	-	-	-	321,710
492	Other Expenditures	1,731,944	40,356	-	-	-	1,104,026
Total Expenditures	1,731,944	40,356	5,582	-	-	1,425,736	
Excess of Revenue Over (Under)							
Expenditures	(83,835)	225,473	20,318	873	465,119	(1,206,788)	
Other Financing Sources (Uses)							
511	Transfers In (Out)	-	-	-	-	-	-
391.02	Long-term Debt Issued	-	-	-	-	-	1,104,026
Total Other Financing Sources (Uses)	-	-	-	-	-	-	1,104,026
Net Change in Fund Balances	(83,835)	225,473	20,318	873	465,119	(102,762)	
Fund Balance (Deficit) - Beginning	(83,838)	11,325	111,500	-	170,695	106,321	
FUND BALANCE (Deficit) - ENDING	\$ (167,673)	\$ 236,798	\$ 131,818	\$ 873	\$ 635,814	\$ 3,559	

TID 82 Fund	TID 81 Fund	TID 80 Fund	TID 79 Fund	TID 78 Fund	TID 77 Fund	TID 76 Fund	TID 74 Fund	TID 72 Fund
\$ 614,826	\$ 300	\$ 375,713	\$ -	\$ -	\$ 235,562	\$ 317,455	\$ -	\$ 54,187
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,626	6	290	2	9	210	281	6	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
618,452	306	376,003	2	9	235,772	317,736	6	54,187
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
755,374	-	-	-	-	138,570	1,167,334	-	54,187
901,716	-	-	-	-	-	2,777,297	-	-
1,657,090	-	-	-	-	138,570	3,944,631	-	54,187
(1,038,638)	306	376,003	2	9	97,202	(3,626,895)	6	-
-	-	434,389	-	-	272,949	367,816	-	-
901,716	-	-	-	-	-	3,944,631	-	-
901,716	-	434,389	-	-	272,949	4,312,447	-	-
(136,922)	306	810,392	2	9	370,151	685,552	6	-
391,560	482	4,460	199	1,076	-	-	633	11
\$ 254,638	\$ 788	\$ 814,852	\$ 201	\$ 1,085	\$ 370,151	\$ 685,552	\$ 639	\$ 11

CITY OF RAPID CITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	TID 71 Fund	TID 70 Fund	TID 68 Fund	TID 65 Fund	TID 64 Fund	TID 56 Fund
Revenues						
310	<i>Taxes</i>					
311	\$ -	\$ 1,062,435	\$ -	\$ 1,692,154	\$ 1,534,251	\$ 1,820,628
314	-	-	-	-	-	-
331	-	-	-	-	-	-
348	-	-	-	-	-	-
349	-	-	-	-	-	-
354	-	-	-	-	-	-
361	-	11,698	-	4,316	7,614	15,232
363	-	-	-	-	-	-
367	-	-	-	-	-	-
369	-	-	-	-	-	-
Total Revenue	-	1,074,133	-	1,696,470	1,541,865	1,835,860
Expenditures						
450	<i>Culture and Recreation</i>					
455	-	-	-	-	-	-
459	-	-	-	-	-	-
459	-	-	-	-	-	-
465	-	-	-	-	-	-
470	-	589,171	-	345,015	2,349	-
492	-	-	-	-	-	-
Total Expenditures	-	589,171	-	345,015	2,349	-
Excess of Revenue Over (Under)	-	484,962	-	1,351,455	1,539,516	1,835,860
Other Financing Sources (Uses)						
511	-	(1,075,153)	-	-	-	-
391.02	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(1,075,153)	-	-	-	-
Net Change in Fund Balances	-	(590,191)	-	1,351,455	1,539,516	1,835,860
Fund Balance (Deficit) - Beginning	-	597,230	-	66,768	(130,386)	684,546
FUND BALANCE (Deficit) - ENDING	\$ -	\$ 7,039	\$ -	\$ 1,418,223	\$ 1,409,130	\$ 2,520,406

TID 54 Fund	TID 50 Fund	TID 52 Fund	TID 47 Fund	TID 40 Fund	TID 39 Fund
\$ -	\$ -	\$ 46,876	\$ 559,668	\$ -	\$ 125,724
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3	49	4	158	-	117
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3	49	46,880	559,826	-	125,841
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	46,876	559,826	-	62,862
-	-	-	-	-	-
-	-	46,876	559,826	-	62,862
3	49	4	-	-	62,979
-	-	-	-	-	1,090,476
-	-	-	-	-	-
-	-	-	-	-	1,090,476
3	49	4	-	-	1,153,455
266	5,479	411	10	42	(1,140,141)
\$ 269	\$ 5,528	\$ 415	\$ 10	\$ 42	\$ 13,314

	Community Development Fund	Rehab Loan/Grant Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
Revenues						
310	<i>Taxes</i>					
311	General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,116,270
314	Gross Business Receipts Tax	-	-	-	-	1,646,737
331	Federal Grants	611,630	-	-	107,000	718,630
348	Cemetery	-	-	15,731	-	15,731
349	Other-Conservation & Develop	-	-	-	-	25,900
354	Library	-	-	-	44,518	44,518
361	Investment Earnings	40	2	1,878	5	7,677
363	Special Assessments	-	-	-	-	264,503
367	Contributions and Donations	-	-	-	44,596	18,802
369	Other	39,766	176	-	-	39,942
Total Revenue	651,436	178	17,609	151,601	70,997	11,999,999
Expenditures						
450	<i>Culture and Recreation</i>					
455	Libraries	-	-	-	175,246	175,246
459	Retired Senior Volunteers	-	-	-	150,444	150,444
459	Cemetery	-	-	159	-	159
465	Community Development	724,293	-	-	-	729,875
470	Debt Service	-	-	-	-	4,043,274
492	Other Expenditures	-	-	-	-	6,555,339
Total Expenditures	724,293	-	159	150,444	175,246	11,654,337
Excess of Revenue Over (Under)						
Expenditures	(72,857)	178	17,450	1,157	(104,249)	345,662
Other Financing Sources (Uses)						
511	Transfers In (Out)	87,492	(87,492)	-	-	1,090,477
391.02	Long-term Debt Issued	-	-	-	-	5,950,373
Total Other Financing Sources (Uses)	87,492	(87,492)	-	-	-	7,040,850
Net Change in Fund Balances	14,635	(87,314)	17,450	1,157	(104,249)	7,386,512
Fund Balance (Deficit) - Beginning	(9,026)	87,314	162,386	13,013	570,704	1,623,040
FUND BALANCE (Deficit) - ENDING	\$ 5,609	\$ -	\$ 179,836	\$ 14,170	\$ 466,455	\$ 9,009,552

CITY OF RAPID CITY

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2023

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
ASSETS					
<i>Current Assets</i>					
101 Cash and Cash Equivalents	\$ 957,416	\$ 4,169,446	\$ 4,181,765	\$ 72,319	\$ 100,211
107.1 Restricted Investments	4,830,000	-	-	-	-
151 Investments	1,897,762	-	-	-	-
115 Accounts Receivable	510,856	226,106	-	654	11,681
116 Estimated Uncollectable Accounts Receivable	(15,000)	(35,000)	-	-	-
117 Unbilled Accounts Receivable	285,735	71,434	-	-	-
110 Sales Tax Receivable	50	8	157	-	-
121 Special Assessments Receivable--Current	-	-	2,483,261	-	-
122 Special Assessments Receivable--Delinquent	-	-	38,647	-	-
132 Due from Other Governments	-	-	-	-	-
135 Interest Receivable	68,383	-	724	-	17
142 Inventory of Stores	-	-	11,654	9,308	60,019
Total Current Assets	8,535,202	4,431,994	6,716,208	82,281	171,928
Noncurrent Assets					
196 Net Pension Asset	8,100	4,344	1,890	351	1,193
<i>Capital Assets</i>					
160 Land	2,499,851	138,430	205,652	596,356	1,424,242
162 Buildings	18,277,241	-	-	180,240	1,619,221
168 Improvements Other than Bldg	24,842,362	730,359	80,296,922	1,522,133	3,239,164
166 Machinery and Equipment	10,919,124	5,290,890	2,613,172	151,503	1,003,587
169 Construction Work in Progress	94,849	66,796	2,959,304	74,325	-
Less: Accumulated Depreciation	(22,230,272)	(4,025,920)	(24,368,025)	(1,176,548)	(3,704,658)
Total Noncurrent Assets	34,411,255	2,204,899	61,708,915	1,348,360	3,582,749
Deferred Outflows of Resources					
196 Pension Related Deferred Outflows	634,121	340,092	147,978	27,492	93,437
248 OPEB Related Deferred Outflows	61,851	32,597	14,364	2,644	9,031
Total Deferred Outflows of Resources	695,972	372,689	162,342	30,136	102,468
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	\$ 43,642,429	\$ 7,009,582	\$ 68,587,465	\$ 1,460,777	\$ 3,857,145

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 3,073,457	\$ 28,116	\$ 93,812	\$ 1,803	\$ 12,678,345
-	-	-	-	4,830,000
357,529	-	-	-	2,255,291
271,833	-	8,938,064	1,471	9,960,665
(159,000)	-	(6,370,000)	-	(6,579,000)
-	-	-	-	357,169
-	-	-	-	215
-	-	-	-	2,483,261
-	-	-	-	38,647
-	27,171	-	-	27,171
-	-	2,723	-	71,847
-	-	-	-	80,981
3,543,819	55,287	2,664,599	3,274	26,204,592
906	992	13,769	-	31,545
2,213,269	-	-	267,567	7,345,367
8,819,034	3,521,086	30,659	916,934	33,364,415
1,013,618	-	-	1,679,938	113,324,496
81,067	74,773	2,356,789	-	22,490,905
-	-	-	-	3,195,274
(2,608,412)	(1,129,518)	(1,573,858)	(2,178,069)	(62,995,280)
9,519,482	2,467,333	827,359	686,370	116,756,722
70,916	77,659	1,077,996	-	2,469,691
7,011	7,322	65,744	-	200,564
77,927	84,981	1,143,740	-	2,670,255
\$ 13,141,228	\$ 2,607,601	\$ 4,635,698	\$ 689,644	\$ 145,631,569

CITY OF RAPID CITY

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES					
<i>Current Liabilities</i>					
202 Accounts Payable	\$ 534,829	\$ 133,401	\$ 56,958	\$ 62	\$ 26,570
207 Due to Other Funds	-	-	-	-	-
215 Accrued Interest Payable	2,477	-	-	175	1,014
216 Wages Payable	130,888	66,134	28,022	4,984	17,096
226 Long-Term Debt Current Portion	78,696	-	-	30,432	37,133
Total Current Liabilities	746,890	199,535	84,980	35,653	81,813
<i>Noncurrent Liabilities</i>					
209 Advance from Other Funds	-	-	-	-	-
2265 OPEB Long-Term Obligation	917,166	483,374	212,999	39,213	133,928
231 Long-Term Debt	714,127	-	-	-	-
231 Capital Lease Payable	-	-	-	23,367	187,226
233 Accrued Leave Payable	87,154	98,235	41,798	7,091	74,054
235 Accrued Landfill Closure and Postclosure	4,830,000	-	-	-	-
Total Noncurrent Liabilities	6,548,447	581,609	254,797	69,671	395,208
Deferred Inflows of Resources					
248 Pension Related Deferred Inflows	404,784	217,094	94,460	17,549	59,645
Total Deferred Outflows of Resources	404,784	217,094	94,460	17,549	59,645
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	7,700,121	998,238	434,237	122,873	536,666
NET POSITION					
253.10 Net Investment in Capital Assets	33,610,332	2,200,555	61,707,025	1,294,210	3,357,197
253.20 Restricted Net Position, Restricted for:					
253.2 Revenue Bond Retirement	-	-	-	-	-
253.3 SDRS - Pension	237,437	127,342	55,408	10,294	34,985
253.90 Unrestricted Net Position (Deficit)	2,094,539	3,683,447	6,390,795	33,400	(71,703)
Total Net Position	35,942,308	6,011,344	68,153,228	1,337,904	3,320,479
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,642,429	\$ 7,009,582	\$ 68,587,465	\$ 1,460,777	\$ 3,857,145

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 21,449	\$ 6,347	\$ 115,747	\$ 1,435	\$ 896,798
358,947	250,000	111,648	210,000	930,595
-	-	-	-	3,666
15,102	15,905	132,937	-	411,068
-	-	-	-	146,261
395,498	272,252	360,332	211,435	2,388,388
3,292,676	-	-	-	3,292,676
103,963	108,578	974,891	-	2,974,112
-	-	-	-	714,127
-	-	-	-	210,593
15,921	28,728	62,460	-	415,441
-	-	-	-	4,830,000
3,412,560	137,306	1,037,351	-	12,436,949
45,268	49,573	688,126	-	1,576,499
45,268	49,573	688,126	-	1,576,499
3,853,326	459,131	2,085,809	211,435	16,401,836
9,518,576	2,466,341	813,590	686,370	115,654,196
-	-	-	-	-
26,554	29,078	403,639	-	924,737
(257,228)	(346,949)	1,332,660	(208,161)	12,650,800
9,287,902	2,148,470	2,549,889	478,209	129,229,733
\$ 13,141,228	\$ 2,607,601	\$ 4,635,698	\$ 689,644	\$ 145,631,569

CITY OF RAPID CITY

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2023

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
Operating Revenue					
380 Charges for Goods and Services	\$ 7,431,667	\$ 4,893,123	\$ 2,625,322	\$ 364,530	\$ 1,166,448
Total Operating Revenue	7,431,667	4,893,123	2,625,322	364,530	1,166,448
Operating Expenses					
410 Personal Services	3,161,895	1,785,362	746,870	175,426	648,094
420 Other Current Expense	4,320,011	1,810,729	295,292	149,957	645,066
426.2 Materials (Cost of Goods Sold)	-	-	13,897	-	-
457 Depreciation	1,631,674	434,767	2,782,150	50,175	169,235
Total Operating Expenses	9,113,580	4,030,858	3,838,209	375,558	1,462,395
Operating Income (Loss)	(1,681,913)	862,265	(1,212,887)	(11,028)	(295,947)
Nonoperating Revenue (Expense)					
361 Investment Earnings (Loss)	307,971	41,204	46,815	725	490
470 Interest Expense and Fiscal Charges	(69,289)	-	(8,052)	(5,079)	(19,077)
492 Gain (Loss) on Disposition of Capital Assets	(68,204)	(13,720)	17	-	1,052
369.01 Other Taxes	-	367	-	-	-
369.01 Sales Tax	-	316,072	-	4,402	10,322
369.01 Other	528,788	(122)	1,832	1,612	42,990
Total Nonoperating Revenue (Expense)	699,266	343,801	40,612	1,660	35,777
Income (Loss) Before Transfers	(982,647)	1,206,066	(1,172,275)	(9,368)	(260,170)
511 Transfers In (Out)	783,502	(850,443)	(29)	-	-
391.7 Capital Contributions	159,445	-	4,216,393	74,325	-
391.7 Contribution from Developers/Others	-	-	207,773	-	-
391.7 Capital Asset Transfers	-	(118,837)	-	-	-
Net Transfers	942,947	(969,280)	4,424,137	74,325	-
Change in Net Position	(39,700)	236,786	3,251,862	64,957	(260,170)
Net Position - Beginning	35,982,008	5,774,558	64,901,366	1,272,947	3,580,649
NET POSITION - ENDING	\$ 35,942,308	\$ 6,011,344	\$ 68,153,228	\$ 1,337,904	\$ 3,320,479

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 1,614,443	\$ 667,490	\$ 5,251,681	\$ 35,884	\$ 24,050,588
1,614,443	667,490	5,251,681	35,884	24,050,588
371,103	396,177	4,199,247	-	11,484,174
539,220	245,248	1,418,884	80,749	9,505,156
-	-	-	-	13,897
285,603	66,124	80,354	16,514	5,516,596
1,195,926	707,549	5,698,485	97,263	26,519,823
418,517	(40,059)	(446,804)	(61,379)	(2,469,235)
55,893	-	31,501	(1,781)	482,818
(116,105)	-	(5,118)	-	(222,720)
(255)	842	(2,369)	-	(82,637)
-	-	-	-	367
32,019	-	825	-	363,640
5,999	12	-	-	581,111
(22,449)	854	24,839	(1,781)	1,122,579
396,068	(39,205)	(421,965)	(63,160)	(1,346,656)
(22,794)	(11,271)	(98)	-	(101,133)
-	-	-	-	4,450,163
-	-	-	-	207,773
(19,877)	-	-	-	(138,714)
(42,671)	(11,271)	(98)	-	4,418,089
353,397	(50,476)	(422,063)	(63,160)	3,071,433
8,934,505	2,198,946	2,971,952	541,369	126,158,300
\$ 9,287,902	\$ 2,148,470	\$ 2,549,889	\$ 478,209	\$ 129,229,733

CITY OF RAPID CITY

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2023**

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipt from Customers	\$ 7,000,393	\$ 4,880,384	\$ 2,558,948	\$ 364,795
Payments to Suppliers	(3,690,226)	(1,794,429)	(410,792)	(151,950)
Payments to Employees	(3,036,749)	(1,751,728)	(728,234)	(169,639)
Net Cash Provided (Used) by Operating Activities	273,418	1,334,227	1,419,922	43,206
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Internal Activity - Payment to/from Other Funds	-	-	-	-
Transfers In (Out)	783,502	(850,443)	(29)	-
Net Cash Provided (Used) by Operating Subsidies and Transfers	783,502	(850,443)	(29)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Capital Debt	-	-	-	-
Capital Grants	-	-	-	-
Purchase of Capital Assets	(1,629,738)	(650,203)	(1,356,099)	-
Proceeds from Sale of Capital Assets	-	-	-	-
Principal Paid on Capital Debt	(76,052)	-	-	(29,519)
Interest Paid on Capital Debt	(67,807)	-	(8,052)	(4,974)
Debt Proceeds	-	-	-	-
Other Receipts (Payments)	528,788	316,317	1,832	6,014
Net Cash Provided (Used) by Capital and Related Financing Activitie	(1,244,809)	(333,886)	(1,362,319)	(28,479)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	(1,659,996)	-	-	-
Interest Earnings (Loss)	244,081	41,204	46,815	725
Net Cash Provided (Used) by Investing Activities	(1,415,915)	41,204	46,815	725
Net Increase (Decrease) in Cash and Cash Equivalents	(1,603,804)	191,102	104,389	15,452
Balances - Beginning	2,561,220	3,978,344	4,077,376	56,867
Balances- Ending	\$ 957,416	\$ 4,169,446	\$ 4,181,765	\$ 72,319

Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 1,163,724	\$ 1,614,066	\$ 694,791	\$ 5,130,946	\$ 39,118	\$ 23,447,165
(638,204)	(552,709)	(273,021)	(1,467,189)	(90,615)	(9,069,135)
(642,154)	(346,613)	(388,389)	(4,148,941)	-	(11,212,447)
(116,634)	714,744	33,381	(485,184)	(51,497)	3,165,583
-	(464,482)	5,000	(113,470)	55,000	(517,952)
-	(22,794)	(11,271)	(98)	-	(101,133)
-	(487,276)	(6,271)	(113,568)	55,000	(619,085)
-	-	-	-	-	-
-	-	-	-	-	-
(140,932)	(3,732,750)	-	(35,001)	-	(7,544,723)
7,669	-	842	-	-	8,511
(22,466)	-	-	-	-	(128,037)
(18,063)	-	-	-	-	(98,896)
246,825	-	-	-	-	246,825
53,312	38,018	12	825	-	945,118
126,345	(3,694,732)	854	(34,176)	-	(6,571,202)
-	(88,216)	-	-	-	(1,748,212)
490	55,893	-	31,501	(1,781)	418,928
490	(32,323)	-	31,501	(1,781)	(1,329,284)
10,201	(3,499,587)	27,964	(601,427)	1,722	(5,353,988)
90,010	6,573,044	152	695,239	81	18,032,333
\$ 100,211	\$ 3,073,457	\$ 28,116	\$ 93,812	\$ 1,803	\$ 12,678,345

CITY OF RAPID CITY

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2023**

	Solid Waste Disposal Fund	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,681,913)	\$ 862,265	\$ (1,212,887)	\$ (11,028)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</i>				
Depreciation Expense	1,631,674	434,767	2,782,150	50,175
<i>Change in Assets and Liabilities</i>				
Receivables	(431,274)	(12,739)	(66,374)	265
Inventories	-	-	1,089	127
Accounts and Other Payables	329,785	16,300	(102,692)	(2,120)
Accrued Wages Payable	25,336	3,199	3,065	96
Accrued Leave Payable	20,835	27,846	10,172	2,380
Other Post Employment Benefits	(99,771)	(124,278)	(50,508)	(4,561)
Accrued Landfill Closure and Post Closure	300,000	-	-	-
Pension Asset	(718)	102	77	(26)
Pension/OPEB Related Deferred Outflows	204,016	168,224	75,743	9,232
Pension Related Deferred Inflows	(24,552)	(41,459)	(19,913)	(1,334)
Net Cash Provided (Used) by Operating Activities	\$ 273,418	\$ 1,334,227	\$ 1,419,922	\$ 43,206
<i>Noncash Investing, Capital and Financing Activities</i>				
(Gain)/ Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ 68,204	\$ 13,720	\$ (17)	\$ -
Contribution of Assets (to)/ from Others	(159,445)	118,837	(4,216,393)	(74,325)
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
101 Cash and Cash Equivalents	\$ 957,416	\$ 4,169,446	\$ 4,181,765	\$ 72,319
106 Cash With Fiscal Agent, Restricted	-	-	-	-
	\$ 957,416	\$ 4,169,446	\$ 4,181,765	\$ 72,319

Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ (295,947)	\$ 418,517	\$ (40,059)	\$ (446,804)	\$ (61,379)	\$ (2,469,235)
169,235	285,603	66,124	80,354	16,514	5,516,596
(2,724)	(377)	27,301	(120,735)	3,234	(603,423)
(12,134)	-	-	-	-	(10,918)
18,996	(13,489)	(27,773)	(48,305)	(9,866)	160,836
2,254	3,972	911	16,817	-	55,650
(5,369)	4,028	3,471	(38,329)	-	25,034
(20,068)	2,742	(24,210)	(124,139)	-	(444,793)
-	-	-	-	-	300,000
(53)	(179)	19	(1,380)	-	(2,158)
35,840	10,929	36,839	229,749	-	770,572
(6,664)	2,998	(9,242)	(32,412)	-	(132,578)
\$ (116,634)	\$ 714,744	\$ 33,381	\$ (485,184)	\$ (51,497)	\$ 3,165,583
\$ (1,052)	\$ 255	\$ (842)	\$ 2,369	\$ -	\$ 82,637
-	19,877	-	-	-	(4,311,449)
\$ 100,211	\$ 3,073,457	\$ 28,116	\$ 93,812	\$ 1,803	\$ 12,678,345
-	-	-	-	-	-
\$ 100,211	\$ 3,073,457	\$ 28,116	\$ 93,812	\$ 1,803	\$ 12,678,345

CITY OF RAPID CITY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2023

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
ASSETS					
<i>Current Assets</i>					
101 Cash and Cash Equivalents	\$ 1,915,291	\$ 658,044	\$ 7,150	\$ 3,467,278	\$ 6,047,763
115 Accounts Receivable	546,618	-	-	-	546,618
151 Investments	228,558	-	-	984,883	1,213,441
TOTAL ASSETS	\$ 2,690,467	\$ 658,044	\$ 7,150	\$ 4,452,161	\$ 7,807,822
LIABILITIES					
<i>Current Liabilities</i>					
202 Accounts Payable	\$ 708,997	\$ 335,237	\$ -	\$ 3,844,124	\$ 4,888,358
207 Due to Other Funds	-	-	30,000	-	30,000
216 Wages Payable	-	643	-	643	1,286
Total Current Liabilities	708,997	335,880	30,000	3,844,767	4,919,644
NET POSITION					
253.90 Unrestricted Net Position	1,981,470	322,164	(22,850)	607,394	2,888,178
Total Net Position	1,981,470	322,164	(22,850)	607,394	2,888,178
TOTAL LIABILITIES AND NET POSITION	\$ 2,690,467	\$ 658,044	\$ 7,150	\$ 4,452,161	\$ 7,807,822

CITY OF RAPID CITY

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
Operating Revenue					
380 Charges for Goods and Services	\$ 11,586,908	\$ 306,780	\$ 74,516	\$ 959,822	\$ 12,928,026
Operating Expenses					
410 Personal Services	-	18,138	-	22,550	40,688
420 Other Current Expense	10,718,453	229,290	13,665	1,584,579	12,545,987
Total Operating Expenses	10,718,453	247,428	13,665	1,607,129	12,586,675
Operating Income (Loss)	868,455	59,352	60,851	(647,307)	341,351
Nonoperating Revenue (Expense)					
361 Investment Earnings (Loss)	24,582	7,647	2,868	63,981	99,078
511 Transfers In / (Out)	-	(118,791)	-	-	(118,791)
	24,582	(111,144)	2,868	63,981	(19,713)
Change in Net Position	893,037	(51,792)	63,719	(583,326)	321,638
Net Position - Beginning	1,088,433	373,956	(86,569)	1,190,720	2,566,540
NET POSITION - ENDING	\$ 1,981,470	\$ 322,164	\$ (22,850)	\$ 607,394	\$ 2,888,178

CITY OF RAPID CITY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2023

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interfund Services Provided	\$ 11,489,054	\$ 306,780	\$ 74,516	\$ 959,822	\$ 12,830,172
Payments to Employees	-	(18,255)	-	(22,565)	(40,820)
Payments for Claims & Services	(11,106,125)	(249,049)	(13,665)	(1,212,362)	(12,581,201)
Net Cash Provided (Used) by Operating Activities	382,929	39,476	60,851	(275,105)	208,151
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Internal Activity - Payment from Other Funds	-	-	30,000	-	30,000
Transfer In/ (Out)	-	(118,791)	-	-	(118,791)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(118,791)	30,000	-	(88,791)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investment Securities	(56,394)	-	-	(243,008)	(299,402)
Interest Received	24,582	7,647	2,868	63,981	99,078
Net Cash Provided (Used) by Investing Activities	(31,812)	7,647	2,868	(179,027)	(200,324)
Net Increase (Decrease) in Cash and Cash Equivalents	351,117	(71,668)	93,719	(454,132)	(80,964)
Balances - Beginning	1,564,174	729,712	(86,569)	3,921,410	6,128,727
Balances - Ending	\$ 1,915,291	\$ 658,044	\$ 7,150	\$ 3,467,278	\$ 6,047,763
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 868,455	\$ 59,352	\$ 60,851	\$ (647,307)	\$ 341,351
Adjustments to Reconcile Operating Income to Change in Assets and Liabilities:					
Accounts Receivable	(97,854)	-	-	-	(97,854)
Accounts Payables	(387,672)	(19,759)	-	372,217	(35,214)
Wages Payable	-	(117)	-	(15)	(132)
Net Cash Provided (Used) by Operating Activities	\$ 382,929	\$ 39,476	\$ 60,851	\$ (275,105)	\$ 208,151

SINGLE AUDIT SECTION

CITY OF RAPID CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Identifying Number	Assistance Listing Number	Amount
U.S. Department of Housing and Urban Development:			
<i>Direct Federal Funding:</i>			
<u>CDBG - Entitlement Grants Cluster</u>			
Community Development Block Grant/Special Purpose Grants	B-20-MW-46-0002	14.225	\$ 272,646
Community Development Block Grants/Entitlement Grants	B-21-MC-46-0002	14.218	86,266
Community Development Block Grants/Entitlement Grants	B-22-MC-46-0002	14.218	252,718
Total Community Development Block Grant/Entitlement Grants Cluster (Note 3)			611,630
U.S. Department of the Interior:			
<i>Direct Federal Funding:</i>			
Wildland Urban Interface Community Assistance	L22AC00384	15.228	118,045
<i>Pass-Through the SD Department of Tourism</i>			
Historic Preservation Fund Grant-in-Aid	SD-22-10027	15.904	20,000
Total U.S. Department of Interior			138,045
U.S. Department of Justice:			
<i>Pass-Through the SD Department of Public Safety</i>			
<i>-- Office of Victim's Services</i>			
Crime Victim Assistance	2023-COMBO-00057	16.575	4,668
Crime Victim Assistance	2023-COMBO-00010	16.575	30,326
<i>Total Crime Victim Assistance</i>			34,994
<i>Pass-Through the Northeast Council of Governments</i>			
Project Safe Neighborhoods	2022-15PBJA-22-GG-00829-GUNP	16.609	63,069
Project Safe Neighborhoods	2021-15PBJA-21-GG-03062-GUNP	16.609	37,421
<i>Total Project Safe Neighborhoods</i>			100,490
<i>Direct Federal Funding:</i>			
Bullet Proof Vest Partnership Program	2022-2023	16.607	7,383
Edward Byrne Criminal Justice Innovation Program	2019-BJ-BX-0002	16.817	241,250
Community-Based Violence Intervention and Prevention Initiative	15PBJA-22-GG-04722-CVIP	16.045	269,974
Edward Byrne Memorial Justice Assistance Grant Program-Connect & Protect	15PBJA-21-GG-042326-NTCP	16.738	144,587
Edward Byrne Memorial Justice Assistance Grant Program	15PBJA-22-GG-02111-JAGX	16.738	118,961
Edward Byrne Memorial Justice Assistance Grant Program	15PBJA-21-GG-01835-JAGX	16.738	13,667
<i>Total Edward Byrne Memorial Justice Assistance Grant Program</i>			277,215
Public Safety Partnership and Community Policing Grants - CHP	15JCOPS-21-GG-03437-UHPX	16.710	203,146
Public Safety Partnership and Community Policing Grant - CPD	15JCOPS-21-GG-02308-SPPS	16.710	106,091
Public Safety Partnership and Community Policing Grant - Microgrants	15JCOPS-22-GG-04528-PPSE	16.710	71,085
Public Safety Partnership and Community Policing Grant - LEMHWA	2020MHWXK016	16.710	7,195
Public Safety Partnership and Community Policing Grant	2020UMWX0183	16.710	101,082
<i>Total Community Policing Grant</i>			488,599
Total U.S. Department of Justice			1,419,905
U.S. Department of Transportation:			
<i>Pass-Through the S.D. Department of Transportation:</i>			
Airport Improvement Program	3-46-0048-55-2019	20.106	208,847
Airport Improvement Program	3-46-0048-58-2021	20.106	451,106
Airport Improvement Program (ARPA)	3-46-0048-59-2022	20.106	545,884
Airport Improvement Program (ARPA)	3-46-0048-60-2022	20.106	234,936
Airport Improvement Program	3-46-0048-61-2022	20.106	804,499
Airport Improvement Program (CARES ACT)	3-46-0048-63-2022	20.106	1,757,135
<i>Total Airport Improvement Program</i>			4,002,407
<i>Direct Federal Funding:</i>			
Highway Planning and Construction -- Trans and Transit MPO	311568	20.505	464,919
Highway Planning and Construction -- Trans and Transit MPO	311515	20.505	211,282
<i>Total Highway Planning and Construction -- Trans and Transit MPO</i>			676,201

CITY OF RAPID CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Identifying Number	Assistance Listing Number	Amount
<i>Pass-Through the SD Department of Public Safety - Office of Highway Safety</i>			
State and Community Highway Safety	2024-00-60	20.600	3,882
<i>Pass-Through the SD Department of Public Safety -- Office of Emergency Management</i>			
Interagency Hazardous Materials Public Sector Training and Planning (HMEP)	693JK322NF0011HMEP	20.703	28,434
<i>Direct Federal Funding:</i>			
Federal Transit - Formula Grants	SD-2021-002-00	20.507	212,735
Federal Transit - Formula Grants (ARPA)	SD-2023-001-00	20.507	1,391,146
<i>Total Federal Transit - Formula Grants</i>			1,603,881
Total U.S. Department of Transportation			6,314,805
U.S. Environmental Protection Agency:			
<i>Direct Federal Funding:</i>			
Climate Pollution Reduction Grants	00106300	66.046	38,874
<i>Pass-through the SD Department of Environment and Natural Resources:</i>			
Performance Partnership Grant	96838020	66.605	51,499
Total U.S. Environmental Protection Agency			90,373
U.S. Department of Agriculture:			
<i>Pass-Through the SD Department of Wildland Fire</i>			
Cooperative Forestry Assistance	23-DG-11021600-053	10.664	8,500
Cooperative Forestry Assistance	19-DG-11020000-054-9079	10.664	49,990
Cooperative Forestry Assistance	18-DG-11020000-054-9069	10.664	7,233
Total U.S. Department of Agriculture			65,723
Corporation for National and Community Service:			
<i>Direct Federal Funding:</i>			
Retired and Senior Volunteer Program	22SRES001	94.002	107,000
Total Corporation for National and Community Service			107,000
U.S. Department of Treasury:			
<i>Direct Funding</i>			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	ARPA	21.027	4,455,597
<i>Pass-Through the South Dakota Department of Agriculture and Natural Resources</i>			
Coronavirus State and Local Fiscal Recovery Funds	2022G-ARP-440	21.027	3,054,892
Coronavirus State and Local Fiscal Recovery Funds	2022G-ARP-441	21.027	178,841
Coronavirus State and Local Fiscal Recovery Funds	2022G-ARP-187	21.027	9,169,430
Total U.S. Department of Treasury			16,858,760
U.S. Department of Homeland Security:			
<i>Direct Funding</i>			
Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2019-FH-00559	97.083	309,504
<i>Pass-Through the SD Department of Public Safety -- Office of Emergency Management</i>			
Pre-Disaster Mitigation	EMD-2020-PC-0005	97.047	56,251
<i>Pass-Through the SD Department of Public Safety -- Office of Homeland Security</i>			
Homeland Security Grant	HLS-2021-00275	97.067	20,341
Homeland Security Grant	HLS-2023-00275	97.067	48,486
Homeland Security Grant	2022-SS-00008-S01	97.067	75,545
<i>Total Homeland Security Grant</i>			144,372
Total U.S. Department of Homeland Security			510,127
Total Federal Awards			\$ 26,116,368

CITY OF RAPID CITY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023**

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, 2023. 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 City had the following subrecipients, that includes program income of \$105,826.

<i>Community Development Block Grants/Entitlement Grants Cluster:</i>		
Volunteers of America	\$	135,526
Youth and Family Services		104,834
Common Bond Communities		104,700
Behavior Management Systems/West River Mental Health		98,244
WAVI		48,074
Wellfully		32,874
YMCA of Rapid City		15,116
Black Hills Community Loan Fund		1,972
Total funds passed through to subrecipients	\$	541,340

OTHER REPORTS



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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 *Governments 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basis financial statements, and have issued our report thereon dated September 17, 2024.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as 2023-001 and 2023-002, that we consider to be material weaknesses.

City of Rapid City

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 THORTSTENSON, LLP
Certified Public Accountants

September 17, 2024



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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 of Rapid City's (the City) 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, 2023. 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, 2023.

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 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 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

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

City of Rapid City

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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.

A handwritten signature in dark ink that reads "Ketel Thorstenson, LLP". The signature is written in a cursive, flowing style.

KETEL THORSTENSON, LLP
Certified Public Accountants

September 17, 2024

CITY OF RAPID CITY

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 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. No material weaknesses were disclosed during the audit of the major federal award program and none are 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 program tested as a major program for 2023 was the Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing #21.027).
8. The threshold for distinguishing type A and B programs was \$783,491.
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, 2023**

B. Findings – Financial Statement Audit

Material Weaknesses

Finding No. 2023-001: Internal Controls

Federal Program Affected: None

Compliance Requirement: Not Applicable

Questioned Costs: None

Condition and Cause: The City has numerous departments completing projects. On occasion, City departments do not properly identify liabilities and federal or state funding for various department activity and fail to report the activity to the finance office.

Criteria and Effect: A lack of proper identification of liabilities could result in an understatement of expenditures in the financial statements. A lack of proper identification of federal or state revenues could result in improper timing of grant revenue and receivable recognition and improper reporting on the schedule of expenditures of federal awards.

Recommendation: We recommend the City develop a consistent process to timely identify liabilities and federal or state revenue across all City departments.

Repeat Finding from Prior Year: Yes with modifications, prior year finding 2022-001.

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

Finding No. 2023-002: 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 most significant adjustment related to the following:

- To adjust capital assets and related expenditures.
- To record lease activity.
- To record subscription-based information technology (SBITAs) related to the implementation of GASB 96.
- To record prior period adjustment to correct prior period expenditure understatement.
- To adjust SDRS pension activity.

Criteria and Effect: The City's financial statements are provided to numerous granting agencies and lenders. The City lacks 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 2022-002.

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, 2023**

C. Findings – Compliance Audit

No compliance findings noted.

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, 2023

The City of Rapid City respectfully submits the following summary schedule of prior audit findings from December 31, 2022 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2022 Schedule of Findings.

2022-001 Finding: Internal Controls

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

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 project activity and revenue tracking. No further incidents have been noted by management.

Grant applications and project activity 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 2023 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.

2022-002 Finding: Audit Adjustments

Status: The City made efforts to record all year-end entries, but several audit adjustments were made.

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. The year end 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.

2022-003 Finding: Compliance with State Laws

Status: The City is no longer invested in nonnegotiable certificates of deposit at December 31, 2023. The finding is not repeated.

Initial Year Report: Originally issued in 2015.

Reasons for Recurrence and Corrective Action Plan: Not applicable.



CITY OF RAPID CITY
RAPID CITY, SOUTH DAKOTA 57701-5035

City Finance Office

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Rapid City, South Dakota 57701-5035
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023

2022-004 Finding: Tracking Federal Grant Funding

Status: The City implemented a process in which CSLFRF reimbursements were processed and submitted no later than 60 (sixty) days after end of quarter. The Finance department reviewed the expenditure allocations on these reimbursements and track the federal, state and loan portions of these reimbursement to ensure each area was tracked and reported correctly. No similar situations identified in 2023.

Initial Year Report: Originally issued in 2022.

Reasons for Recurrence and Corrective Action Plan: Not applicable.



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

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CORRECTIVE ACTION PLAN DECEMBER 31, 2023

The City respectfully submits the following corrective action plan regarding findings from the December 31, 2023 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

2023-001 FINDING: 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.

The Finance Director and Deputy Finance Director – Grants and Financial Reporting will expand the scope of the period covered to ensure that all federal expenditures/revenue are identified and reported in the correct period. In addition, inquiries will be sent to all department directors confirming, in any, the existence and amount of any material liabilities outstanding as of year-end.

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, 2024.

2023-002 FINDING: 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 2024 audit will be immaterial to the financial statements as a whole.