

PENNINGTON COUNTY

AUDIT REPORT

For the Year Ended December 31, 2024

PENNINGTON COUNTY
COUNTY OFFICIALS
December 31, 2024

Board of Commissioners:

Gary Drewes
Deb Hadcock
Lloyd LaCroix
Travis Lassetter
Ron Rossknecht

Auditor:
Cindy Mohler

Treasurer:
Annette Brant

State's Attorney:
Lara Roetzel

Register of Deeds:
Audra Casteel

Sheriff:
Brian Mueller

PENNINGTON COUNTY
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RUSSELL A. OLSON
AUDITOR GENERAL

**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**

Independent Auditor's Report

County Commission
Pennington County
Rapid City, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County, South Dakota (County), as of December 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 24, 2025. Our report includes a reference to other auditors who audited the financial statements of Pennington County Housing and Redevelopment Commission, a discretely presented component unit of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive, flowing style.

Russell A. Olson
Auditor General

September 24, 2025



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RUSSELL A. OLSON
AUDITOR GENERAL

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

County Commission
Pennington County
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

The County's basic financial statements include the operations of the Pennington County Housing Redevelopment Commission, a discretely presented component unit of the County, which expended \$14,728,853 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2024. Our audit, described above, did not include the operations of the Pennington County Housing and Redevelopment Commission because the Pennington County Housing and Redevelopment Commission engaged other auditors to perform an audit in accordance with Uniform Guidance.

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 (*Government Auditing Standards*); 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 County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County'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 County'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 County'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 GAAS, *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 County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County'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 County'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 County'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. 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.

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.

Purpose of this Report

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 purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive, flowing style.

Russell A. Olson
Auditor General

September 24, 2025

PENNINGTON COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Audit Findings:

The prior audit report contained no written federal audit findings.

Prior Other Audit Findings:

The prior audit report contained no written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Section I – Summary of the Auditor’s Results

Financial Statements

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal award tested as a major program was:

ALN # 21.027 Coronavirus State and Local Fiscal Recovery Funds
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Pennington County did not qualify as a low-risk auditee.

Section II – Financial Statement Findings

There are no written current financial statement audit findings to report.

Section III – Federal Award Findings and Questioned Costs

There are no written current federal compliance audit findings to report.



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RUSSELL A. OLSON
AUDITOR GENERAL

Independent Auditor's Report

County Commission
Pennington County
Rapid City, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County, South Dakota (County), as of December 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Pennington County Housing and Redevelopment Commission, which represent 100 percent of the assets, liabilities, net position, expenses, and revenues of the discretely presented component unit of the County. Those statements were audited by the other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pennington County Housing and Redevelopment Commission is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*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 County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections; however, this implementation did not result in a restatement of the net position as of January 1, 2024. Our opinions are not modified with respect to this matter.

As discussed in Note 2, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences; however, this implementation did not result in a restatement of the net position as of January 1, 2024. Our opinions are not modified with respect to this matter.

As discussed in Note 19, the 2024 financial statements have been restated to correct a misstatement. 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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of Changes in County's Total OPEB Liability, Related Ratios and Notes, the Schedule of the County's Pension Contributions, and the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) 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.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 County'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 County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive, flowing style.

Russell A. Olson
Auditor General

September 24, 2025

PENNINGTON COUNTY
STATEMENT OF NET POSITION
December 31, 2024

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u>
ASSETS:		
Cash and Cash Equivalents	\$ 49,722,869.32	\$ 5,547,071.00
Investments	52,909,115.44	9,500,751.00
Accounts Receivable, Net	8,330,041.45	498,905.00
Inventories	1,575,533.43	80,128.00
Other Assets		17,048.00
Restricted Assets:		
Cash and Cash Equivalents		1,164,559.00
Net Pension Asset	74,713.27	
Capital Assets:		
Land, Improvements and Construction/ Development in Progress	26,828,865.38	1,848,331.00
Other Capital Assets, Net of Depreciation/Amortation	188,032,544.16	10,494,551.00
TOTAL ASSETS	<u><u>\$ 327,473,682.45</u></u>	<u><u>\$ 29,151,344.00</u></u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferred Outflows	\$ 12,698,452.06	\$ 502,313.00
Other Deferred Outflows of Resources	3,872,708.93	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 16,571,160.99</u></u>	<u><u>\$ 502,313.00</u></u>
LIABILITIES:		
Accounts Payable	\$ 4,033,443.56	\$ 101,412.00
Other Current Liabilities	3,341,570.05	525,749.00
Unearned Revenue	3,542,421.94	2,994,892.00
Noncurrent Liabilities:		
Due Within One Year	8,391,174.89	201,233.00
Due in More than One Year	87,559,040.65	2,288,104.00
TOTAL LIABILITIES	<u><u>\$ 106,867,651.09</u></u>	<u><u>\$ 6,111,390.00</u></u>
DEFERRED INFLOWS OF RESOURCES:		
Pension Related Deferred Inflows	\$ 9,398,085.17	\$ 316,265.00
Other Deferred Inflows of Resources	960,372.27	237,685.00
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 10,358,457.44</u></u>	<u><u>\$ 553,950.00</u></u>

PENNINGTON COUNTY
STATEMENT OF NET POSITION
December 31, 2024
(Continued)

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 167,453,859.04	\$ 10,140,074.00
Restricted For: (See Note 12)		
Road and Bridge Purposes	5,297,494.11	
Capital Projects Purposes	7,964,992.04	
911 Service Purposes	51,087.69	
SDRS Pension Purposes	3,375,080.16	192,202.00
Accumulated Building Purposes	1,786,091.76	
Other Purposes	1,764,712.80	2,327,141.00
Unrestricted	<u>39,125,417.31</u>	<u>10,328,900.00</u>
TOTAL NET POSITION	<u><u>\$ 226,818,734.91</u></u>	<u><u>\$ 22,988,317.00</u></u>

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

**PENNINGTON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 31,182,201.75	\$ 3,379,779.23	\$ 1,500,161.86	\$	\$ (26,302,260.66)	\$
Public Safety	50,727,651.33	21,169,527.33	3,218,966.82	7,793.37	(26,331,363.81)	
Public Works	13,679,505.14	606,014.29	10,205,885.71		(2,867,605.14)	
Health and Welfare	5,197,596.43	392,842.07	3,157,385.88		(1,647,368.48)	
Culture and Recreation	1,133,754.72				(1,133,754.72)	
Conservation of Natural Resources	773,030.75	207,269.73	45,000.00		(520,761.02)	
Urban and Economic Development	1,722,448.49	542,398.94			(1,180,049.55)	
Intergovernmental	5,349,070.00		5,349,070.00		0.00	
**Interest on Long-term Debt	3,351,684.29				(3,351,684.29)	
Total Primary Government	<u>\$ 113,116,942.90</u>	<u>\$ 26,297,831.59</u>	<u>\$ 23,476,470.27</u>	<u>\$ 7,793.37</u>	<u>(63,334,847.67)</u>	
Component Unit:						
Pennington County Housing	<u>\$ 16,826,868.00</u>	<u>\$ 3,140,731.00</u>	<u>\$ 13,267,319.00</u>	<u>\$ 1,371,259.00</u>		<u>952,441.00</u>
General Revenues:						
Taxes:						
Property Taxes					59,630,675.69	
Wheel Tax					3,570,043.22	
State Shared Revenues					1,250,936.80	
Grants and Contributions not Restricted to Specific Programs					2,108,674.42	
Unrestricted Investment Earnings					5,277,593.55	485,934.00
Miscellaneous Revenue					569,540.61	177,120.00
Total General Revenues					<u>72,407,464.29</u>	<u>663,054.00</u>
Change in Net Position					<u>9,072,616.62</u>	<u>1,615,495.00</u>
Net Position - beginning, as previously reported					213,980,336.36	21,372,822.00
Restatement due to (See Note 19):						
Prior Year Deferred Outflows on Refunding Bond Issue					3,750,654.70	
Reclassification of American Rescue Plan Revenue					15,127.23	
Net Position - beginning, as restated					<u>217,746,118.29</u>	<u>21,372,822.00</u>
NET POSITION - ENDING					<u>\$ 226,818,734.91</u>	<u>\$ 22,988,317.00</u>

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

**PENNINGTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024**

	General Fund	Road and Bridge Fund	911 Service Fund	Accumulated Building Fund	MacArthur Grant Fund	County Building Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:								
Assets:								
Cash and Cash Equivalents	\$ 22,930,696.67	\$ 11,079,541.24	\$ 4,426,392.36	\$ 3,579,041.32	\$ 83,352.18	\$ 4,661,024.74	\$ 1,364,198.52	\$ 48,124,247.03
Investments	10,858,241.97			1,160.11		42,049,713.36		52,909,115.44
Taxes Receivable--Delinquent	305,938.32	46,352.59		44,713.11			20,105.48	417,109.50
Accounts Receivable, Net	354,819.46	4,536.64		1,000.00			3,545.50	363,901.60
Due from Other Government	2,541,965.20	875,579.36	422,675.08	3,459,069.76			9,124.00	7,308,413.40
Inventory of Supplies		1,575,533.43						1,575,533.43
TOTAL ASSETS	\$ 36,991,661.62	\$ 13,581,543.26	\$ 4,849,067.44	\$ 7,084,984.30	\$ 83,352.18	\$ 46,710,738.10	\$ 1,396,973.50	\$ 110,698,320.40
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
Liabilities:								
Accounts Payable	\$ 2,702,114.21	\$ 431,683.85	\$ 44,843.43	\$ 92,214.27	\$	\$ 551,661.44	\$ 58,756.91	\$ 3,881,274.11
Contracts Payable--Retained Percentage		21,484.09		14,926.90		138,599.79		175,010.78
Accrued Wages Payable	2,066,383.39	156,803.20	151,301.50				26,290.43	2,400,778.52
Unearned Revenue				3,459,069.76	83,352.18			3,542,421.94
Total Liabilities	4,768,497.60	609,971.14	196,144.93	3,566,210.93	83,352.18	690,261.23	85,047.34	9,999,485.35
Deferred Inflows of Resources:								
Unavailable Revenue--Property Taxes	305,938.32	46,352.59		44,713.11			20,105.48	417,109.50
Fund Balances (See Note 1.p.):								
Nonspendable		1,575,533.43						1,575,533.43
Restricted	662,958.07	3,885,324.98	259,844.16	1,988,319.51		46,020,476.87	1,100,035.13	53,916,958.72
Assigned	11,466,431.00	7,464,361.12	4,393,078.35	1,485,740.75			191,785.55	25,001,396.77
Unassigned	19,787,836.63							19,787,836.63
Total Fund Balances	31,917,225.70	12,925,219.53	4,652,922.51	3,474,060.26	0.00	46,020,476.87	1,291,820.68	100,281,725.55
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 36,991,661.62	\$ 13,581,543.26	\$ 4,849,067.44	\$ 7,084,984.30	\$ 83,352.18	\$ 46,710,738.10	\$ 1,396,973.50	\$ 110,698,320.40

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

PENNINGTON COUNTY
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024

Total Fund Balances - Governmental Funds	\$ 100,281,725.55
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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.	214,861,409.54
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	74,713.27
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	12,698,452.06
OPEB related deferred outflows are components of OPEB liability (asset) and therefore are not reported in the funds.	3,872,708.93
Long-term liabilities, including bonds payable, accrued leave payable, unamortized premiums and OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	(95,950,215.54)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.	417,109.50
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	1,167,069.79
Liabilities such as accrued interest payable are not reported as expenditures in the funds.	(245,780.75)
OPEB related deferred inflows are components of OPEB liability (asset) and therefore are not reported in the funds.	(960,372.27)
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(9,398,085.17)

Net Position of Governmental Activities	\$ 226,818,734.91
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The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	General Fund	Road and Bridge Fund	911 Service Fund	Accumulated Building Fund	MacArthur Grant Fund	State and Local Fiscal Recovery Fund	County Building Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:									
Taxes:									
General Property Taxes--Current	\$ 45,967,234.91	\$ 2,164,996.20	\$	\$ 6,662,754.52	\$	\$	\$	\$ 2,116,361.19	\$ 56,911,346.82
General Property Taxes--Delinquent	378,388.58	16,519.83		56,361.19				10,858.52	462,128.12
Penalties and Interest	89,479.68	4,675.51		13,136.56				2,649.25	109,941.00
Telephone Tax (Outside)	3,523.88								3,523.88
Mobile Home Tax	5,497.52	443.02		803.84				195.10	6,939.48
Wheel Tax		3,570,043.22							3,570,043.22
Tax Deed Revenue	1,070.78			155.20				21,585.49	22,811.47
Other Taxes	2,100,761.24			304,513.73				277.40	2,405,552.37
Licenses and Permits	590,575.67	76,276.85						28,050.00	694,902.52
Intergovernmental Revenue:									
Federal Grants	1,120,274.75					5,349,070.00		132,482.00	6,601,826.75
Federal Shared Revenue		166,843.86						26,172.39	193,016.25
Federal Payments in Lieu of Taxes	2,077,454.00								2,077,454.00
State Grants	430,174.64	1,172,007.50						10,000.00	1,612,182.14
State Shared Revenue:									
Bank Franchise	653,850.83								653,850.83
Motor Vehicle Licenses		6,541,916.69							6,541,916.69
State Highway Fund (former 10% game)		33,223.18							33,223.18
Court Appointed Attorney/Public Defender	143,084.46								143,084.46
Prorate License Fees		389,631.29							389,631.29
Abused and Neglected Child Defense	38,526.00								38,526.00
63 3/4% Mobile Home/Manufactured Home		281,461.72							281,461.72
Secondary Road Remittances		1,478,875.79							1,478,875.79
Telecommunications Gross Receipts Tax	172,312.46								172,312.46
Motor Vehicle 1/4%	38,881.54								38,881.54
Motor Fuel Tax		33,687.55							33,687.55
911 Remittances			1,710,922.93						1,710,922.93
Liquor Tax Reversion (25%)	424,773.51								424,773.51
Other State Shared Revenue	694,538.73							111,183.80	805,722.53
Other Payments in Lieu of Taxes	27,025.74			3,917.28					30,943.02
Other Intergovernmental Revenue	171,175.00			278,341.98				177,102.00	626,618.98
Charges for Goods and Services:									
General Government:									
Treasurer's Fees	833,230.08								833,230.08
Register of Deeds' Fees	1,456,559.76							47,453.49	1,504,013.25
Legal Services	234,360.44							9,925.00	244,285.44
Clerk of Courts Fees	112,630.00								112,630.00
Other Fees	448,136.49								448,136.49
Public Safety:									
Law Enforcement	1,356,727.23								1,356,727.23
Prisoner Care	10,462,825.36								10,462,825.36
Sobriety Testing								383,527.10	383,527.10
Other	5,733,967.27		2,841,158.90					76,311.56	8,651,437.73
Public Works:									
Road Maintenance Contract Charges		589,737.44							589,737.44
Health and Welfare:									
Economic Assistance:									
Poor Lien Recoveries	160,371.39								160,371.39

Veterans Service Officer	5,156.25								5,156.25
Mental Health Services	230,969.43								230,969.43
Urban and Economic Development	51,579.27								51,579.27
Conservation of Natural Resources	147,269.73								147,269.73
Other Charges	38,084.47								38,084.47
Fines and Forfeits:									
Fines	1,845.48							2,428.66	4,274.14
Costs	30,640.40								30,640.40
Miscellaneous Revenue:									
Investment Earnings	1,673,267.53	586,510.19	211,061.67	212,607.08	5,310.91	169,397.39	2,330,945.21	88,493.57	5,277,593.55
Rent	32,910.35								32,910.35
Contributions and Donations	142,507.00				36,971.09			2,547,252.02	2,726,730.11
Refund of Prior Year's Expenditures	21,905.76	16,389.21	618.00				107.94	0.07	39,020.98
Other	548,533.55	122,255.16	7,130.06					4,500.25	682,419.02
Total Revenues	<u>78,852,081.16</u>	<u>17,245,494.21</u>	<u>4,770,891.56</u>	<u>7,532,591.38</u>	<u>42,282.00</u>	<u>5,518,467.39</u>	<u>2,331,053.15</u>	<u>5,796,808.86</u>	<u>122,089,669.71</u>
Expenditures:									
General Government:									
Legislative:									
Board of County Commissioners	1,483,565.47								1,483,565.47
Elections	620,768.90								620,768.90
Judicial System	727,119.34								727,119.34
Financial Administration:									
Auditor	763,244.19								763,244.19
Treasurer	1,747,851.54								1,747,851.54
Legal Services:									
State's Attorney	7,497,454.31								7,497,454.31
Public Defender	4,165,683.37						36,849.38		4,202,532.75
Court Appointed Attorney	1,981,629.30								1,981,629.30
Abused and Neglected Child Defense	462,584.43								462,584.43
Other General Government:									
General Government Building	5,178,029.63			833,197.87			37,826.53		6,049,054.03
Director of Equalization	1,824,782.65								1,824,782.65
Register of Deeds	564,646.62							41,232.45	605,879.07
Predatory Animal	3,510.92								3,510.92
Geographic Information System	211,338.00								211,338.00
Information Technology	1,190,658.79								1,190,658.79
Human Resources	555,128.58								555,128.58
Public Safety:									
Law Enforcement:									
Sheriff	13,203,281.59								13,203,281.59
County Jail	16,530,392.91								16,530,392.91
Juvenile Detention	6,233,717.61								6,233,717.61
Other Law Enforcement	5,485,408.94					42,282.00		358,712.74	5,886,403.68
Protective and Emergency Services:									
Fire Protection	20,411.00							349,465.40	369,876.40
Emergency and Disaster Services	149,886.03							577,723.21	727,609.24
Communication Center	45,541.48		4,804,113.67						4,849,655.15
Public Works:									
Highways and Bridges:									
Highways, Roads and Bridges		9,935,727.42		147,234.00					10,082,961.42
Health and Welfare:									
Economic Assistance:									
Support of Poor	1,849,555.55								1,849,555.55
Health Assistance:									
Health Services	124,000.00								124,000.00
Social Services:									
Care of Aged	42,500.00								42,500.00
Domestic Abuse								40,403.66	40,403.66
Mental Health Services:									
Drug Abuse	39,166.22								39,166.22
Mental Health Centers	350,736.39							2,500,000.00	2,850,736.39

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024
(Continued)

	General Fund	Road and Bridge Fund	911 Service Fund	Accumulated Building Fund	MacArthur Grant Fund	State and Local Fiscal Recovery Fund	County Building Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Culture and Recreation:									
Culture:									
Public Library								522,080.00	522,080.00
Recreation:									
County Fair								544,648.00	544,648.00
Conservation of Natural Resources:									
Soil Conservation:									
County Extension	93,711.93								93,711.93
Soil Conservation Districts	70,000.00								70,000.00
Weed Control	426,681.92								426,681.92
Grasshopper and Pest Control	109,176.11							9,408.77	118,584.88
Urban and Economic Development:									
Urban Development:									
Planning and Zoning	845,509.02								845,509.02
Economic Development:									
Other	10,000.00							836,034.15	846,034.15
Intergovernmental Expenditures						5,349,070.00			5,349,070.00
Debt Service	382,714.25		27,041.60	5,902,226.75				26,968.92	6,338,951.52
Capital Outlay	708,544.26	5,964,366.08	20,444.00	42,757.75			4,761,220.73	53,203.39	11,550,536.21
Total Expenditures	75,698,931.25	15,900,093.50	4,851,599.27	6,925,416.37	42,282.00	5,349,070.00	4,835,896.64	5,859,880.69	119,463,169.72
Excess of Revenues Over (Under) Expenditures	3,153,149.91	1,345,400.71	(80,707.71)	607,175.01	0.00	169,397.39	(2,504,843.49)	(63,071.83)	2,626,499.99
Other Financing Sources (Uses):									
Transfers In	1,290,006.00		955,563.00					218,238.00	2,463,807.00
Transfers Out	(1,173,801.00)	(586,510.19)		(208,771.62)		(169,397.39)	(236,833.23)	(88,493.57)	(2,463,807.00)
General Long-Term Debt Issued	120,630.67		7,170.40					2,554.59	130,355.66
Insurance Proceeds	199,043.83	64,576.17		122,321.45					385,941.45
Sale of County Property	500.00	25,298.87		1,000.00				102.50	26,901.37
Total Other Financing Sources (Uses)	436,379.50	(496,635.15)	962,733.40	(85,450.17)	0.00	(169,397.39)	(236,833.23)	132,401.52	543,198.48
Net Change in Fund Balance	3,589,529.41	848,765.56	882,025.69	521,724.84	0.00	0.00	(2,741,676.72)	69,329.69	3,169,698.47
Changes in Nonspendable		360,540.88							360,540.88
Fund Balance - beginning, as previously reported	28,312,569.06	11,715,913.09	3,770,896.82	2,952,335.42	0.00	0.00	48,762,153.59	1,222,490.99	96,736,358.97
Restatement due to (See Note 19):									
Reclassification of American Rescue Plan Revenue	15,127.23								15,127.23
Fund Balance - beginning, as restated	28,327,696.29	11,715,913.09	3,770,896.82	2,952,335.42	0.00	0.00	48,762,153.59	1,222,490.99	96,751,486.20
FUND BALANCE - ENDING	\$ 31,917,225.70	\$ 12,925,219.53	\$ 4,652,922.51	\$ 3,474,060.26	\$ 0.00	\$ 0.00	\$ 46,020,476.87	\$ 1,291,820.68	\$ 100,281,725.55

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

PENNINGTON COUNTY
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 3,169,698.47

Amounts reported for governmental activities in the Statement of
Activities are different because:

The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	(291,290.05)
Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in accrued leave through expenditures.	(642,934.33)
Governmental funds reflect Inventory changes as Changes in Reserves to Fund Balance, but the Statement of Activities reflects the change through expenditures.	360,540.88
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	1,049,382.07
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(1,894,421.54)
Governmental funds do not reflect the change in accrued interest, but the Statement of Activities reflects the change in accrued interest through expenditures.	3,737.29
Capital asset purchases are reported as expenditures (Capital Outlay) on the fund financial statements but increase assets on the government-wide statements.	11,550,536.21
Depreciation not recorded in fund statements however it is included in the government-wide statements.	(7,005,599.30)
Loss on disposed asset not recorded on fund statements included in government-wide statements.	(66,685.88)
Sale of Capital Assets and Insurance Proceeds not on Statement of Activities but reported in Program Revenue.	(134,600.99)
Gain on disposed asset not on fund statement but reported on Program Revenue.	105,144.66
Contribution of Capital Assets not recorded on fund statements included in government-wide statements.	182,293.37
Repayment of bond principal, payments on leases, and payments of subscription liabilities are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	3,329,878.74
Changes in the OPEB related deferred outflows/inflows are direct components of OPEB liability (asset) and are not reflected in the governmental funds.	(166,358.52)
Lease and Subscription proceeds is a revenue in the Governmental Funds, but increases the long-term liabilities in the Statement of Net Position.	(130,355.66)
Changes in the Refunding Bond related deferred outflows/inflows are direct components of the Refunding Bond liability (asset) and are not reflected in the governmental funds.	(346,348.80)

Change in Net Position of Governmental Activities \$ 9,072,616.62

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

**PENNINGTON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2024**

	<u>Internal Service Funds Health Care Trust Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,598,622.29
Accounts Receivable, Net	<u>240,616.95</u>
TOTAL ASSETS	<u><u>\$ 1,839,239.24</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 152,169.45
Incurred but Not Reported Claims	<u>520,000.00</u>
TOTAL LIABILITIES	<u><u>\$ 672,169.45</u></u>
NET POSITION:	
Unrestricted Net Position	<u>\$ 1,167,069.79</u>
TOTAL NET POSITION	<u><u>\$ 1,167,069.79</u></u>

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

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2024

	<u>Internal Service Funds Health Care Trust Fund</u>
Operating Revenues:	
Charges for Goods and Services	\$ 7,994,388.31
Stop Loss Insurance Claims and Rebates	<u>1,730,535.06</u>
Total Operating Revenues	<u>9,724,923.37</u>
Operating Expenses:	
Health and Dental Premiums	1,722,038.06
Other Current Expense	417,453.91
Claims Paid Gross	<u>6,613,522.75</u>
Total Operating Expenses	<u>8,753,014.72</u>
Operating Income (Loss)	971,908.65
Nonoperating Revenues (Expenses):	
Investment Earnings	<u>77,473.42</u>
Change in Net Position	1,049,382.07
Net Position - beginning, as previously reported	<u>117,687.72</u>
NET POSITION - ENDING	<u><u>\$ 1,167,069.79</u></u>

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

PENNINGTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2024

	<u>Internal Service Funds Health Care Trust Fund</u>
Cash Flows from Operating Activities:	
Cash Receipts from Customers/Employees	\$ 7,762,458.70
Stop Loss Insurance Claims and Rebate Receipts	1,738,680.56
Cash Payments to Administrator	(2,157,777.11)
Claims Paid	<u>(6,697,217.10)</u>
Net Cash Provided (Used) by Operating Activities	646,145.05
Cash Flows from Investing Activities:	
Cash Received for Interest	<u>77,473.42</u>
Net Increase (Decrease) in Cash and Cash Equivalents	723,618.47
Cash and Cash Equivalents at Beginning of Year	<u>875,003.82</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,598,622.29</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 971,908.65
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) decrease in Receivables	(223,784.11)
(Decrease) increase in Accounts and Other Payables	<u>(101,979.49)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 646,145.05</u></u>

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

PENNINGTON COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2024

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	<u>\$ 5,829,271.21</u>
TOTAL ASSETS	<u><u>\$ 5,829,271.21</u></u>
LIABILITIES:	
Due to Other Governments	<u>\$ 4,827,740.73</u>
TOTAL LIABILITIES	<u><u>\$ 4,827,740.73</u></u>
NET POSITION:	
Restricted For:	
Individuals, Organizations, and Other Governments	<u>\$ 1,001,530.48</u>
TOTAL NET POSITION	<u><u>\$ 1,001,530.48</u></u>

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

PENNINGTON COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2024

	Custodial Funds
ADDITIONS:	
Property Tax Collections for Other Governments	\$ 164,480,100.85
State Shared Revenue Collections for Other Governments	39,859,567.17
Other Additions	<u>10,074,939.40</u>
Total Additions	<u>214,414,607.42</u>
DEDUCTIONS:	
Payments of Property Tax to Other Governments	164,480,100.85
Payments of State Shared Revenue to Other Governments	39,859,567.17
Other Deductions	<u>9,457,258.39</u>
Total Deductions	<u>213,796,926.41</u>
Change in Net Position	617,681.01
Net Position - beginning, as previously reported	<u>383,849.47</u>
NET POSITION - ENDING	<u><u>\$ 1,001,530.48</u></u>

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

PENNINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of Pennington County (County), 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 County is financially accountable if its County Commission 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 County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

The Housing and Redevelopment Commission of Pennington County, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission. The Commission's fiscal year end is March 31 of each year. The County has included the March 31, 2024 audit report's financial information, which is the most recent available, for the amounts it reports as a discretely presented component unit. No significant transactions between the County and the Commission have occurred. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: 1804 West Fulton St, Rapid City, SD 57702.

b. 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 discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County'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. A fund is considered major if it is the primary operating fund of the County 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 County financial reporting entity are described below:

Governmental Funds:

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

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

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund (SDCL 32-11-2 and 32-11-4.2). This is a major fund.

Accumulated Building Fund – authorized by SDCL 7-25-1 to account for the accumulation of a special tax levy not to exceed ninety cents per thousand dollars of taxable valuation annually for the acquisition or construction of a courthouse, office, jail building, county extension buildings, grandstands and bleachers, highway maintenance buildings, or public library. This is a major fund.

911 Service Fund – authorized by SDCL 34-45-4 and 12 to account for the collections generated by 911 system charges with expenditures of these funds used for the operations of the system. The County chose to report the 911 Service Fund as a major fund.

MacArthur Grant Fund – A special revenue fund to account for a grant received from the MacArthur Foundation to be used for implementing alternative programs to help reduce jail costs and incarceration time. Note 1.c. below, (Measurement Focus and Basis of Accounting) describes how transactions are recorded “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Based on this guidance, an asset and liability will be reported representing the receipt of the grant funds. Revenues are recognized to the extent of expenditures reported on the financial statements. The County chose to report the MacArthur Grant Fund as a major fund.

State and Local Fiscal Recovery Fund – A special revenue fund to account for the direct distribution of federal funds and expenditures under the American Rescue Plan Act. Note 1.c. below, (Measurement Focus and Basis of Accounting) describes how transactions are recorded “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Based on this guidance, an asset and liability will be reported representing the receipt of the federal funds. Revenues are recognized to the extent of expenditures reported on the financial statements. The County chose to report the State and Local Fiscal Recovery Fund as a major fund. This fund was closed out in 2024.

The remaining special revenue funds are not considered major funds: Library, Drug Seizure, County Fire Administration, County Fair, Title III, Emergency Management, Hazardous Materials, Domestic Abuse, Pass-Through Grant, 24/7 Sobriety, Modernization and Preservation Relief, Rural Access Infrastructure, Tax Incremental District #4, and Tax Incremental District #6. These funds are reported on the fund financial statements as “Other Governmental Funds.”

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

County Building Expansion Capital Projects Fund – to account for financial resources to be used for the construction of the jail kitchen remodel and other projects outlined in the master plan. This is a major fund.

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. The particular types of goods or services provided to other funds is for employee health care. Internal service funds are never considered to be major funds. The Health Care Trust Fund is the only internal service fund maintained by the County.

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and are never considered to be major funds:

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.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 County is 60 days. The revenues which are accrued at December 31, 2024 are federal grants, state shared revenue, and various charges for goods and services.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Unavailable revenues, where asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are reported as unearned revenue.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

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

d. 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 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 Internal Service Fund, so that expenses are reported only by the function to which they relate.

e. Deposits and Investments:

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 classified in the financial statements consist primarily of government backed mortgage and fund securities whose term to maturity at date of acquisition exceeds three months, and those types of investment authorized by SDCL 4-5-6. See Note 4 for additional information.

f. Capital Assets:

Capital assets include land, buildings, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, intangible subscription assets, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for 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 date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2024, balance of governmental activities capital assets are all valued at original cost.

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 County. 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/amortization methods, and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land and Land Rights	ALL	-----NA-----	-----NA-----
Buildings	\$ 50,000.00	Straight-line	99 years
Improvements Other Than Buildings	\$ 50,000.00	Straight-line	10-100 years
Machinery and Equipment	\$ 5,000.00	Straight-line	5-15 years
Infrastructure	\$ 50,000.00	Straight-line	20-40 years
Intangible Lease Assets	\$ 5,000.00	Straight-line	Lease Term

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition.

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of certificates of participation, lease liabilities, subscription liabilities, accrued Other Post Employment Benefits (OPEB) liability, 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.

h. Leases:

Lessee:

The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000.00 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

The County is not a lessor for any material noncancellable leases.

i. **Subscription-Based Information Technology Arrangements:**

The County has entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The County recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The County recognizes subscription liabilities with an initial, individual value of \$100.00 or more.

At the commencement of a subscription, the County 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.

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

- The County uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the County 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 price that the County is reasonably certain to exercise.

The County 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.

j. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the County'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.

k. Deferred Inflows and Deferred Outflows of Resources:

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

In addition to liabilities, the statement of financial position 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 an inflow of resources until the applicable future period.

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

The County pools the cash resources of its funds for cash management purposes. The proprietary funds essentially has access to the entire amount of its 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.

n. 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:

Governmental fund equity is classified as fund balance, and may distinguish between “Nonspendable”, “Restricted”, “Committed”, “Assigned”, and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

o. Application of Net Position:

It is the County’s policy to first use restricted net position, prior to the use of unrestricted net position, except in the Road and Bridge Fund where they will use the proceeds from the sale of capital assets before the restricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

p. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances 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 County Commissioners.
- 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 Nonspendable Fund Balance is comprised of the following:

- Amount reported in nonspendable form such as inventory.

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

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

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund

Road and Bridge Fund
Accumulated Building Fund

MacArthur Grant Fund

911 Service Fund

State and Local Fiscal Recovery Fund

Revenue Source

Property Taxes and Motor Vehicle Licenses
Property Taxes and Intergovernmental
Revenues

Contributions and Donations and Investment
Earnings

Intergovernmental Revenues, Charges for Good
and Services, and Investment Earnings

Federal Grants

A schedule of fund balances is provided as follows:

**PENNINGTON COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General Fund	Road and Bridge Fund	911 Service Fund	Accumulated Building Fund	County Building Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
Inventory	\$	\$ 1,575,533.43	\$	\$	\$	\$	\$ 1,575,533.43
Restricted For:							
Snow Removal Purposes		327,497.33					327,497.33
Road and Bridge Purposes		3,557,827.65					3,557,827.65
Health and Human Services Purposes	67,397.95						67,397.95
Opioid Settlement Purposes	594,991.82						594,991.82
Coaches Award Purposes	568.30						568.30
Accumulated Building Purposes				1,987,159.40			1,987,159.40
Debt Service Purposes				1,160.11			1,160.11
911 Service Purposes			259,844.16				259,844.16
Capital Project Purposes					46,020,476.87		46,020,476.87
Library Purposes						169,451.17	169,451.17
Drug Seizure Purposes						17,894.63	17,894.63
County Fire Purposes						277,840.83	277,840.83
County Fair Purposes						62,583.28	62,583.28
Title III Purposes						27,198.22	27,198.22
Hazardous Materials Purposes						4,595.82	4,595.82
24/7 Sobriety Purposes						85,182.68	85,182.68
Modernization and Preservation Relief Purposes						209,747.78	209,747.78
Rural Access Infrastructure Purposes						245,540.72	245,540.72
Assigned To:							
Applied to Next Year's Budget	9,139,703.00						9,139,703.00
Catastrophic Health Care Purposes	23,180.00						23,180.00
Technology Equipment Purposes	460,000.00						460,000.00
Search and Rescue Equipment Purposes	13,783.00						13,783.00
Election Equipment Purposes	175,000.00						175,000.00
Inmate Transport Bus Purposes	625,000.00						625,000.00
Auditor Software Purposes	240,000.00						240,000.00

PENNINGTON COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024
(Continued)

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>911 Service Fund</u>	<u>Accumulated Building Fund</u>	<u>County Building Expansion Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Treasurer Software Purposes	120,000.00						120,000.00
HR Wage Study Purposes	60,000.00						60,000.00
Fire Administration Purposes	500,000.00						500,000.00
Fire Station Purposes	7,000.00						7,000.00
State's Attorney Software Purposes	102,765.00						102,765.00
Road and Bridge Purposes		7,125,665.06					7,125,665.06
Drainage Purposes		338,696.06					338,696.06
911 Service Purposes			4,393,078.35				4,393,078.35
Accumulated Building Purposes				1,485,740.75			1,485,740.75
County Fire Purposes						100,318.00	100,318.00
Emergency Management Purposes						91,467.55	91,467.55
Unassigned	<u>19,787,836.63</u>						<u>19,787,836.63</u>
Total Fund Balances	<u>\$ 31,917,225.70</u>	<u>\$ 12,925,219.53</u>	<u>\$ 4,652,922.51</u>	<u>\$ 3,474,060.26</u>	<u>\$ 46,020,476.87</u>	<u>\$ 1,291,820.68</u>	<u>\$ 100,281,725.55</u>

q. Pensions:

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

r. Other Post-Employment Benefits (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined in accordance with GASB 75. The net OPEB liability is recognized on an accrual basis of accounting.

2. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2024, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to work within the financial reporting entity and describes the transactions or other events that constitutes those changes. See Note 19 for the effect on beginning net position and fund balances due to an error correction.

In 2024, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101. This statement improves accounting and financial reporting for compensated absences; enhances the comparability of financial statements between governments; and also enhances the understandability, reliability, relevance, and consistency of information about compensated absences. There was no effect on beginning net position due to the implementation of this standard.

3. DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The County 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 County's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1, and 7-20-1.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits County 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.

Fair Value Measurement – The County 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 County has the following recurring fair value measurements as of December 31, 2024:

- Government Backed Mortgages, Level 1.
- Mutual Funds, Level 1.

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

As of December 31, 2024, the County had the following investments.

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Federal Home Loan Bank	AA+	01/10/2025	\$ 996,011.97
FREDDIE MAC	AA+	02/12/2025	2,982,133.83
Federal Home Loan Bank	AA+	02/26/2025	1,000,752.99
Federal Home Loan Bank	AA+	08/07/2025	1,993,770.66
FANNIE MAE	AA+	08/25/2025	<u>3,885,572.52</u>
Subtotals			10,858,241.97
Mutual Funds:			
First American Government Obligations Fund Class D	AAAm		42,050,442.12
First American Treasury Obligations Fund Class Y AAAM			<u>431.35</u>
TOTAL INVESTMENTS			<u>\$ 52,909,115.44</u>

Custodial Credit Risk – Investments – The risk that, in the event of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County's investments are unregistered and held in the County's name by the counterparty.

Concentration of Credit Risk – The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County's investments are in:

Federal Home Loan Bank	\$ 3,990,535.62	7.54%
FREDDIE MAC	\$ 2,982,133.83	5.63%
FANNIE MAE	\$ 3,885,572.52	7.34%
First American Government Obligation Fund Class D	\$ 42,050,442.12	79.48%

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The County's policy is to credit all income from deposits and investments to the General Fund, except for the 911 Service

Fund, MacArthur Grant Fund, Health Care Trust Fund, and interest earned on unspent certificates of participation proceeds in the Accumulated Building and County Building Expansion Capital Projects Fund which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated.

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The County expects all receivables to be collected within one year except for \$3,459,069.76 of receivables for the sublease of the Public Safety Building, Evidence Lab, Energy Plant, and the Parking Ramp in the Accumulated Building Fund.

5. INVENTORY

Inventory in the Road and Bridge Fund consists of expendable supplies held for consumption. Supply inventories are recorded at average cost.

Government-wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure 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.

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

7. CHANGES IN GENERAL CAPITAL ASSETS

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

	Balance 1/1/2024	Increases	Decreases	Balance 12/31/2024
Governmental Activities:				
Capital Assets not being Depreciated/Amortized:				
Land	\$ 8,133,443.39	\$	\$	\$ 8,133,443.39
Land – Intangible	61,000.00			61,000.00
Construction in Progress	14,155,862.09	6,767,761.50	(2,289,201.60)	18,634,421.99
Total Capital Assets not being Depreciated/Amortized	22,350,305.48	6,767,761.50	(2,289,201.60)	26,828,865.38
Capital Assets being Depreciated/Amortized:				
Infrastructure (Improvements Other Than Buildings)	128,596,544.50	4,960,014.98	(123,144.87)	133,433,414.61
Buildings	137,419,786.68	347,468.06		137,767,254.74
Machinery and Equipment	31,306,461.49	1,817,500.68	(892,898.00)	32,231,064.17
Intangible Lease Assets	1,473,127.00	50,580.00	(89,877.00)	1,433,830.00
Intangible Subscription Assets	394,173.04	78,705.96	(19,309.00)	453,570.00
Total Capital Assets being Depreciated/Amortized	299,190,092.71	7,254,269.68	(1,125,228.87)	305,319,133.52
TOTAL CAPITAL ASSETS	\$ 321,540,398.19	\$ 14,022,031.18	\$ (3,414,430.47)	\$ 332,147,998.90
Less Accumulated Depreciation/Amortization for:				
Infrastructure (Improvements Other Than Buildings)	\$ (55,698,195.06)	\$ (2,917,343.15)	\$ 102,135.39	\$ (58,513,402.82)
Buildings	(35,400,987.56)	(1,821,063.07)		(37,222,050.63)
Machinery and Equipment	(19,563,427.20)	(1,834,797.98)	817,765.27	(20,580,459.91)
Intangible Lease Assets	(517,747.46)	(278,731.54)	89,877.00	(706,602.00)
Intangible Subscription Assets	(129,719.44)	(153,663.56)	19,309.00	(264,074.00)
Total Accumulated Depreciation/Amortization	(111,310,076.72)	(7,005,599.30)	1,029,086.66	(117,286,589.36)
Total Capital Assets being Depreciated/Amortized, Net	187,880,015.99	248,670.38	(96,142.21)	188,032,544.16
Governmental Activity Capital Assets, Net	\$ 210,230,321.47	\$ 7,016,431.88	\$ (2,385,343.81)	\$ 214,861,409.54

Depreciation/Amortization expense was charged to functions as follows:

General Government	\$ 775,773.81
Public Safety	1,977,050.04
Public Works	3,953,914.65
Health and Welfare	201,520.02
Culture and Recreation	67,026.72
Conservation of Natural Resources	27,016.93
Urban and Economic Development	<u>3,297.13</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 7,005,599.30</u>

Construction Work in Progress at December 31, 2024, is composed of the following:

Project Name	Project Authorization	Expended Thru 12/31/2024	Committed	Required Future Financing
Concourse Drive Office Building	\$ 14,130,350.61	\$ 8,433,709.94	\$ 5,696,640.67	\$ 0.00
Jail Project	5,144,197.79	2,095,035.88	3,049,161.91	0.00
Courthouse Tunnel Replacement	1,000,000.00	66,354.00	0.00	933,646.00
Public Defender and Operations Building	5,296,991.42	4,539,525.54	757,465.88	0.00
Highway Crane	168,000.00	30,215.90	137,784.10	0.00
Bridge 317-313 Replacement	1,239,553.65	23,503.86	1,216,049.79	0.00
Bridge 444-270 Replacement	1,789,700.00	39,658.93	0.00	1,750,041.07
Bridge 511-280 Replacement	861,956.36	107,576.89	754,379.47	0.00
Bridge 512-280 Replacement	1,054,179.70	88,075.55	0.00	966,104.15
Bridge 575-383 Replacement	1,148,541.42	10,792.28	1,137,749.14	0.00
Bridge 590-291 Replacement	979,200.00	75,831.72	0.00	903,368.28
Bridge 837-220 Replacement	1,290,226.63	87,422.83	0.00	1,202,803.80
Bridge 896-490 Replacement	1,321,952.37	72,335.51	1,249,616.86	0.00
Bridge 952-341 Replacement	1,380,930.32	69,956.37	1,310,973.95	0.00
Bridge 953-340 Replacement	1,131,783.38	61,382.43	1,070,400.95	0.00
South Rochford Road	27,233,407.85	2,833,044.36	24,400,363.49	0.00
TOTAL	<u>\$ 65,170,971.50</u>	<u>\$ 18,634,421.99</u>	<u>\$ 40,780,586.21</u>	<u>\$ 5,755,963.30</u>

8. CHANGES IN COMPONENT UNIT CAPITAL ASSETS

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

	Balance 4/1/2023	Additions	Deletions	Balance 3/31/2024
Land	\$ 1,848,331.00	\$	\$	\$ 1,848,331.00
Buildings	41,535,081.00	970,780.00		42,505,861.00
Furniture, Equipment and Machinery	3,543,178.00	654,122.00	(35,279.00)	4,162,021.00
Site Improvements	4,301,509.00			4,301,509.00
Subscription Asset	0.00	97,043.00		97,043.00
Right-of-use Lease Asset	8,834.00			8,834.00
TOTAL	<u>\$ 51,236,933.00</u>	<u>\$ 1,721,945.00</u>	<u>\$ (35,279.00)</u>	<u>\$ 52,923,599.00</u>

A summary of changes in component unit accumulated depreciation for the year ended March 31, 2024 is as follows:

	Balance 4/1/2023	Additions	Deletions	Balance 3/31/2024
Buildings	\$ 32,478,844.00	\$ 857,861.00	\$	\$ 33,336,705.00
Furniture, Equipment and Machinery	3,225,704.00	100,327.00	(33,276.00)	3,292,755.00
Site Improvements	3,832,477.00	59,008.00		3,891,485.00
Subscription Asset	0.00	54,844.00		54,844.00
Right-of-use Lease Asset	3,161.00	1,767.00		4,928.00
TOTAL	\$ 39,540,186.00	\$ 1,073,807.00	\$ (33,276.00)	\$ 40,580,717.00

9. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2024	Additions	Deletions	Ending Balance 12/31/2024	Due Within One Year
Primary Government:					
Governmental Activities:					
Certificates of Participation	\$ 87,460,000.00	\$	\$ (2,910,000.00)	\$ 84,550,000.00	\$ 2,975,000.00
Leases (See Note 10)	969,079.65	52,651.04	(279,864.07)	741,866.62	254,726.00
Subscriptions (See Note 11)	233,478.76	77,704.62	(140,014.67)	171,168.71	151,597.00
Compensated Absences	4,645,900.88	5,043,766.34	(4,400,832.01)	5,288,835.21	5,009,851.89
Accrued OPEB	5,007,750.00	190,595.00		5,198,345.00	
TOTAL PRIMARY GOVERNMENT	\$ 98,316,209.29	\$ 5,364,717.00	\$ (7,730,710.75)	\$ 95,950,215.54	\$ 8,391,174.89
Component Unit:					
Notes Payable	\$ 86,990.00	\$	\$ (15,800.00)	\$ 71,190.00	\$ 15,964.00
Loans Payable	2,128,693.00		(49,500.00)	2,079,193.00	58,500.00
Leases	5,333.00		(1,764.00)	3,569.00	1,777.00
Subscriptions	0.00	97,043.00	(48,188.00)	48,855.00	48,855.00
Compensated Absences	273,827.00	152,227.00	(139,525.00)	286,529.00	76,137.00
TOTAL COMPONENT UNIT	\$ 2,494,843.00	\$ 249,270.00	\$ (254,777.00)	\$ 2,489,336.00	\$ 201,233.00

In prior years the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On December 31, 2024, the County had \$18,618,400.13 on deposit with the escrow agent in this irrevocable trust to retire \$18,560,000.00 of bonds still outstanding which are now considered defeased.

Compensated Absences liability includes the amount owed by the County to employees for their accrued annual and sick leave balances, including the County's share of payroll deductions.

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

Series 2022 Series A Certificates of Participation – Interest Rates from 4.75 percent to 5.00 percent – Maturing 12/1/2047 – Payable from Accumulated Building Fund	\$ 43,285,000.00
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Series 2021 Series A Taxable Refunding Certificates of Participation – Interest Rates from 0.20 percent to 2.55 percent – Maturing 12/1/2036 – Payable from Accumulated Building Fund \$ 31,955,000.00

Series 2019 Certificates of Participation – Interest Rates from 2.00 percent to 3.00 percent – Maturing 12/1/2040 – Payable from Accumulated Building Fund \$ 8,705,000.00

2017 Series A Refunding Certificates of Participation – Interest Rate 3.00 percent – Maturing 6/1/2025 – Payable from Accumulated Building Fund \$ 605,000.00

Compensated Absences:

Accrued Leave Liability at December 31, 2024 – Payment to be made by the fund that the payroll expenditures are charged to. \$ 5,288,835.21

Accrued OPEB Liability at December 31, 2024 \$ 5,198,345.00

The annual requirements to amortize all debt outstanding as of December 31, 2024, except for compensated absences, accrued OPEB Liability, leases, and subscriptions, are as follows:

Year Ending Dec. 31,	Certificates of Participation	
	Principal	Interest
2025	\$ 2,975,000.00	\$ 2,935,675.25
2026	3,010,000.00	2,903,411.50
2027	3,035,000.00	2,869,386.50
2028	3,070,000.00	2,827,980.25
2029	3,135,000.00	2,779,850.25
2030-2034	15,890,000.00	12,966,107.50
2035-2039	17,270,000.00	10,597,142.50
2040-2044	20,985,000.00	6,889,725.00
2045-2047	15,180,000.00	1,542,750.00
TOTAL	<u>\$ 84,550,000.00</u>	<u>\$ 46,312,028.75</u>

10. LEASES

Lease Payable:

The County has entered into 20 leases with initial terms of 31 through 60 months for printers/copiers, with interest rates of .4257% to 3.5110%, and a balance of \$219,550.12.

The County has entered into 4 leases with initial terms of 36 through 77 months for buildings with interest rates of .4257% to 2.7120 and a balance of \$519,897.77.

The County has entered into a lease with an initial term of 324 months for land with an interest rate of 3.576% and a balance of \$2,418.73.

The future principal and interest lease payments as of December 31, 2024, were as follows:

Year	Principal	Interest	Total
2025	\$ 254,726.48	\$ 8,396.00	\$ 263,122.48
2026	234,633.00	5,387.00	240,020.00
2027	187,143.00	2,536.00	189,679.00
2028	62,082.00	387.00	62,469.00
2029	66.00	78.00	144.00
2030-2034	370.00	350.00	720.00
2035-2039	441.00	279.00	720.00
2040-2044	525.00	195.00	720.00
2045-2049	626.00	94.00	720.00
2050	1,254.14	5.00	1,259.14
Total	<u>\$ 741,866.62</u>	<u>\$ 17,707.00</u>	<u>\$ 759,573.62</u>

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The County has entered into 19 SBITAs with initial terms of 17 through 36 months for printers/copiers, with interest rates of 2.3630% to 3.6310%, and a balance of \$233,478.76.

The future principal and interest subscription payments as of June 30, 2024, were as follows:

Year	Principal	Interest	Total
2025	\$ 151,596.92	\$ 4,455.00	\$ 156,051.92
2026	19,571.79	617.00	20,188.79
Total	<u>\$ 171,168.71</u>	<u>\$ 5,072.00</u>	<u>\$ 176,240.71</u>

12. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2024, was as follows:

Major Purposes:

Road and Bridge Purposes	\$ 5,297,494.11
Capital Project Purposes	7,964,992.04
911 Service Purposes	51,087.69
SDRS Pension Purposes	3,375,080.16
Accumulated Building Purposes	<u>1,786,091.76</u>

Other Purposes:

Library Purposes	177,734.07
Drug Seizure Purposes	17,894.63
County Fire Purposes	268,303.03
County Fair Purposes	65,922.61
Title III Purposes	27,548.34
Hazardous Materials Purposes	4,595.82
24/7 Sobriety Purposes	79,109.18
Modernization and Preservation Relief Purposes	209,747.78
Health and Human Services Purposes	662,958.07
Debt Service Purpose	1,160.11
Rural Infrastructure Purpose	245,540.72
TIF #4 Purposes	<u>4,198.44</u>

Total Other Purposes	<u>1,764,712.80</u>
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Total Restricted Net Position	<u>\$ 20,239,458.56</u>
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These balances are restricted due to federal grant, donor, and statutory requirements.

13. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2024, were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>			<u>Total</u>
	<u>General Fund</u>	<u>911 Service Fund</u>	<u>Other Governmental Funds</u>	
Major Funds:				
General Fund	\$	\$ 955,563.00	\$ 218,238.00	\$ 1,173,801.00
Road and Bridge Fund	586,510.19			586,510.19
Accumulated Building Fund	208,771.62			208,771.62
County Building Expansion Fund	236,833.23			236,833.23
State and Local Fiscal Recovery Fund	169,397.39			169,397.39
Other Governmental Funds	88,493.57			88,493.57
Total	<u>\$ 1,290,006.00</u>	<u>\$ 955,563.00</u>	<u>\$ 218,238.00</u>	<u>\$ 2,463,807.00</u>

The County typically budgets transfers to the 911 Service Fund, the 24/7 Fund, and the Emergency Management Fund (Other Governmental Funds) to conduct the indispensable functions of the County. The County also uses transfers to transfer earnings on deposits from special revenue funds to the General Fund, where it is deemed appropriate.

14. TAX ABATEMENTS

Pennington County and the Municipalities of Box Elder, Hill City, and Rapid City have created tax increment districts under the authority granted by South Dakota Codified Law section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The County, municipal, and other local general property taxes levied on all taxable property within a tax incremental district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all cost of the tax increment district project has been repaid; however, it cannot exceed 20 years.

Pennington County has two (2) active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Pennington County during the life of the tax increment district.

The amount of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2024, was approximately \$829,000. Based on the percentage of Pennington County's property tax levy in relation to the total levy, the amount of general property taxes not available to Pennington County was approximately \$169,000.

The Municipality of Box Elder has two (2) active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Pennington County during the life of the tax increment district.

The amount of general property taxes levied for these tax increment districts during the calendar year ended December 31, 2024, was approximately \$1,496,000. Based on the percentage of Pennington

County's property tax levy in relation to the total levy, the amount of general property taxes not available to Pennington County was approximately \$312,000.

The Municipality of Hill City has two (2) active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Pennington County during the life of the tax increment district.

The amount of general property taxes levied for this tax increment district during the calendar year ended December 31, 2024, was approximately \$133,000. Based on the percentage of Pennington County's property tax levy in relation to the total levy, the amount of general property taxes not available to Pennington County was approximately \$28,000.

The Municipality of Rapid City has eighteen (18) active tax increment districts. Because the general property taxes on tax increment districts are allocated to the districts, the taxes are not available to Pennington County during the life of the tax increment district.

The amount of general property taxes levied for these seventeen tax increment districts during the calendar year ended December 31, 2024, was approximately \$10,929,000. Based on the percentage of Pennington County's property tax levy in relation to the total levy, the amount of general property taxes not available to Pennington County was approximately \$2,624,000.

15. 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 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. 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 COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 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 the Cost-of-Living Adjustment.

Contributions:

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

<u>Year</u>	<u>Amount</u>
2024	\$ 3,234,571.94
2023	\$ 2,986,582.70
2022	\$ 2,812,942.56

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

At June 30, 2024, SDRS is 100.0% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period ending June 30, 2024, and reported by the County as of December 31, 2024, are as follows:

Proportionate share of total pension liability	\$ 275,345,457.59
Less proportionate share of net position restricted for pension benefits	<u>275,420,170.86</u>
Proportionate share of net pension asset	<u>\$ (74,713.27)</u>

At December 31, 2024, the County reported an asset of \$74,713.27 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the County's proportion was 1.845694%, which is a decrease of 0.023357% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the County recognized pension expense (reduction of expense) of \$1,894,421.54. At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,918,494.44	\$
Changes in assumption	1,231,801.74	9,389,486.42
Net Difference between projected and actual earnings on pension plan investments	2,814,253.54	
Changes in proportion and difference between County contributions and proportionate share of contributions	103,859.03	8,598.75
County contributions subsequent to the measurement date	<u>1,630,043.31</u>	
TOTAL	<u>\$ 12,698,452.06</u>	<u>\$ 9,398,085.17</u>

\$1,630,043.31 reported as deferred outflow of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of expense) as follows:

Year Ended Dec. 31,	
2025	\$ (2,583,760.21)
2026	3,638,449.81
2027	387,826.23
2028	<u>227,807.73</u>
TOTAL	<u>\$ 1,670,323.56</u>

Actuarial Assumptions:

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

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service.

Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2021

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	<u>100%</u>	

Discount Rate:

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

the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of Liability (Asset) to Changes in the Discount Rate:

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

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	\$ 37,965,221.28	\$ (74,713.27)	\$ (31,203,228.97)

Pension Plan Fiduciary Net Position:

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

16. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Administration:

The County administers an Other Postemployment Benefits (OPEB) plan providing medical, prescription drug, and dental benefits to retired employees and their dependents under certain conditions. The County does not issue a separate report that includes financial statements and required supplementary information for the OPEB plan.

A complete actuarial study was not performed for calendar year 2024. The information for the 2024 plan year was based on 2023 roll forward amounts provided in Appendix A of the 2023 Actuarial Valuation Report. Where applicable, the 2024 actuarial assumptions and valuations shown in the following disclosures are based on 2023 actual information.

Benefits Provided:

Individuals who are employed by the County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement from service with the County. Coverage during retirement continues in the group health and dental plans and a life insurance benefit. Employees covered by the plan make contributions toward the plan premiums.

Plan Membership:

As of December 31, 2023, plan membership consisted of the following:

Inactive members currently receiving benefits	22
Inactive members entitled to but not yet receiving benefits	0
Active members	728
Total	750

Investment Policy:

The County's obligation is unfunded at December 31, 2023. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75.

Total OPEB Liability:

	As of December 31, 2024
Actuarial Present Value of Future Benefits	
Retired – Employees	\$ 799,674
Retired – Spouses/Dependents	272,037
Actives – Employees	3,917,154
Actives – Spouses/Dependents	2,309,335
Total	<u>\$ 7,298,200</u>
 Total OPEB Liability	
Retired – Employees	\$ 799,674
Retired – Spouses/Dependents	272,037
Actives – Employees	2,559,705
Actives – Spouses/Dependents	1,376,334
Total	<u>\$ 5,007,750</u>

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% Per Year
Salary increases	3.5% Per Year
Discount rate	3.26% - As an unfunded plan, the discount rate reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. The index rate used to measure the total pension liability was 3.26% as of December 31, 2023.
Healthcare cost trend rates	8% Year 1, 7.5% Year 2, 7.0% Year 3, 6.5% Year 4, 6.0% Year 5, 5.5% year 6 and 5.0% Year 7+
Measurement period	January 1, 2023 to December 31, 2023
Mortality rates	Based on RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, so the Net Fiduciary Position is \$0 and the Net OPEB Liability would be equal to the Total OPEB Liability.

Schedule of Changes in Total OPEB Liability*:

	Calendar Year Ending December 31, 2024
Total OPEB Liability – Beginning of Year	\$ 5,007,750
Service Cost	266,328
Interest	167,963
Changes of Benefit Terms	0
Difference between Expected and Actual Experience	(67,198)
Changes of Assumptions	0
Benefit Payments	(176,498)
Net Change in Total OPEB Liability	190,595
Total OPEB Liability – End of Year	5,198,345
Covered-Employee Payroll	47,233,014
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	11.01%

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate*:

The following presents the total OPES liability, calculated using the current healthcare cost trend rate of 8.0% decreasing to 5.0%, as well as the total OPES liability calculated using a healthcare cost trend rate that is 1-percentage point lower (7.0% to 4.0%) or 1-percentage point higher (9.0% to 6.0%) than the current rate:

	1% Decrease 6.5% decreasing to 4.0%	Current Healthcare Cost Trend Rate 7.5% decreasing to 5.0%	1% Increase 8.5% decreasing to 6.00%
Total OPEB Liability	\$ 4,603,852	\$ 5,198,345	\$ 5,903,351

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*:

The following presents the total OPES liability, calculated using the current discount rate of 3.26%, as well as the total OPES liability calculated using a discount rate that is 1-percentage point lower (2.26%) or 1-percentage point higher (4.26%) than the current rate:

	1% Decrease 2.26%	Current Healthcare Cost Trend Rate 3.26%	1% Increase 4.26%
Total OPEB Liability	\$ 5,769,838	\$ 5,198,345	\$ 4,698,265

OPEB Expense*:

	Calendar Year Ending December 31, 2024
OPEB Expense	
Service Cost	\$ 266,328
Interest on Total OPEB Liability	167,963
Recognition of Deferred (Inflows)/Outflows of Resources	
Economic/Demographic (Gains)/Losses	(136,442)
Assumption Changes	95,004
Total OPEB Expense	\$ 392,853

* - Assumes all actuarial assumptions are exactly realized.

Expected Remaining Service Lives:

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

The amortization period for the January 1, 2023 to December 31, 2023 measurement period was determined as follows:

As of January 1, 2023	Number of Members	Expected Remaining Service Lives
Active members	728	9.296
Inactive members	22	0.000
Weighted Average Rounded to Nearest Tenth		9.0

Deferred Inflows and Outflows of Resources:

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ (797,847)	\$
Changes of assumptions	(162,525)	468,403
Total	<u>\$ (960,372)</u>	<u>\$ 468,403</u>

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Annual Recognition</u>
2025	\$ (91,435)
2026	\$ (91,434)
2027	\$ (91,434)
2028	\$ (61,657)
2029	\$ (51,168)
Thereafter	\$ (104,841)

17. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2024, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

18. RISK MANAGEMENT

The County 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. During the period ended December 31, 2024, the County managed its risks as follows:

Employee Health Insurance:

The County purchases life and dental insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

The County has established a group health self-insurance fund to pay for medical claims of County employees and their covered dependents. Payments to the fund are determined by the Health Care Trust Board, as needed, and are to cover individual claims up to \$124,000 and any administrative costs relative to the processing of claims. Medical claims exceeding \$124,000 are covered through private re-insurance carriers. At year end an estimated liability for claims incurred but not paid is accrued based upon the past experience of the plan. At December 31, 2024, the county had Net Position in the amount of \$1,167,069.79.

Liability Insurance:

The County purchases liability insurance for risks related to torts; damage to property (buildings and inland marine) from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the County. The

County pays a Members' Annual Operating Contribution, to provide liability coverage detailed below, under an occurrence-based policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for:

General liability including public officials, law enforcement liability, automobile liability, cyber liability, government crime coverage, building and contents damage, automobile and mobile equipment damage, earth movement, flood, and boiler damage.

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

The County carries a \$500 deductible for the automobile comprehensive and collision and for the mobile equipment, \$4,000 deductible for law enforcement liability, \$2,500 deductible for general liability including public officials, \$5,000 for employment related claims, \$25,000 damage to buildings and contents, and \$100,000 for Cyber Liability, \$1,000, \$2,500, or \$25,000 deductible for boiler breakdown, and \$10,000 deductible for earth movement and flood.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

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

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

19. CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

A prior period adjustment to beginning net position and beginning fund balance to properly reflect the reporting of Deferred Outflows related to refunding bond issue from prior years on the Government Wide Statement of Activities (\$3,750,654.70) and to properly report a reclassification of the State and Local Fiscal Recovery Fund Grant to the General Fund where the expenditures were reported (\$15,127.23).

During fiscal year 2024, changes related to an error correction resulted in restatements of beginning net position and fund balance, as follows:

	12/31/2023 as Previously Reported	Error Correction	12/31/2023 as Restated
Government-Wide:			
Governmental Activities	\$ 213,980,336.36	\$ 3,765,781.93	\$ 217,746,118.29
Total Primary Government	<u>\$ 213,980,336.36</u>	<u>\$ 3,765,781.93</u>	<u>\$ 217,746,118.29</u>
Governmental Funds:			
Major Funds:			
General Fund	\$ 28,312,569.06	\$ 15,127.23	\$ 28,327,696.29
Total Governmental Funds	<u>\$ 28,312,569.06</u>	<u>\$ 15,127.23</u>	<u>\$ 28,327,696.29</u>

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 46,154,220.00	\$ 46,154,220.00	\$ 45,967,234.91	\$ (186,985.09)
General Property Taxes--Delinquent	50,000.00	50,000.00	378,388.58	328,388.58
Penalties and Interest	50,000.00	50,000.00	89,479.68	39,479.68
Telephone Tax (Outside)	3,300.00	3,300.00	3,523.88	223.88
Mobile Home Tax	4,700.00	4,700.00	5,497.52	797.52
Tax Deed Revenue	0.00	0.00	1,070.78	1,070.78
Other Taxes	375,000.00	375,000.00	2,100,761.24	1,725,761.24
Licenses and Permits	415,000.00	415,000.00	590,575.67	175,575.67
Intergovernmental Revenue:				
Federal Grants	1,336,001.00	1,336,001.00	1,120,274.75	(215,726.25)
Federal Shared Revenue	25,000.00	25,000.00	0.00	(25,000.00)
Federal Payments in Lieu of Taxes	1,775,000.00	1,775,000.00	2,077,454.00	302,454.00
State Grants	140,000.00	140,000.00	430,174.64	290,174.64
State Shared Revenue:				
Bank Franchise	700,000.00	700,000.00	653,850.83	(46,149.17)
Court Appointed Attorney/Public Defender	130,000.00	130,000.00	143,084.46	13,084.46
Abused and Neglected Child Defense	30,000.00	30,000.00	38,526.00	8,526.00
Telecommunications Gross Receipts Tax	200,000.00	200,000.00	172,312.46	(27,687.54)
Motor Vehicle 1/4%	39,000.00	39,000.00	38,881.54	(118.46)
Liquor Tax Reversion (25%)	430,000.00	430,000.00	424,773.51	(5,226.49)
Other State Shared Revenue	0.00	0.00	694,538.73	694,538.73
Other Payments in Lieu of Taxes	24,000.00	24,000.00	27,025.74	3,025.74
Other Intergovernmental Revenue	179,500.00	179,500.00	171,175.00	(8,325.00)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	620,100.00	620,100.00	833,230.08	213,130.08
Register of Deeds' Fees	1,353,500.00	1,353,500.00	1,456,559.76	103,059.76
Legal Services	334,400.00	334,400.00	234,360.44	(100,039.56)
Clerk of Courts Fees	115,000.00	115,000.00	112,630.00	(2,370.00)
Other Fees	419,355.00	419,355.00	448,136.49	28,781.49
Public Safety:				
Law Enforcement	1,395,747.00	1,395,747.00	1,356,727.23	(39,019.77)
Prisoner Care	13,266,630.00	13,266,630.00	10,462,825.36	(2,803,804.64)
Other	4,672,801.00	4,672,801.00	5,733,967.27	1,061,166.27
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	220,000.00	220,000.00	160,371.39	(59,628.61)
Veterans Service Officer	5,156.00	5,156.00	5,156.25	0.25
Mental Health Services	268,182.00	268,182.00	230,969.43	(37,212.57)
Urban and Economic Development	45,000.00	45,000.00	51,579.27	6,579.27
Conservation of Natural Resources	145,500.00	160,500.00	147,269.73	(13,230.27)
Other Charges	40,000.00	40,000.00	38,084.47	(1,915.53)
Fines and Forfeits:				
Fines	1,000.00	1,000.00	1,845.48	845.48
Costs	30,000.00	30,000.00	30,640.40	640.40
Miscellaneous Revenue:				
Investment Earnings	205,100.00	205,100.00	1,673,267.53	1,468,167.53
Rent	0.00	0.00	32,910.35	32,910.35
Special Assessments	4,000.00	4,000.00	0.00	(4,000.00)
Contributions and Donations	5,000.00	125,000.00	142,507.00	17,507.00
Refund of Prior Year's Expenditures	5,000.00	5,000.00	21,905.76	16,905.76
Other	81,810.00	84,310.00	548,533.55	464,223.55
Total Revenues	75,294,002.00	75,431,502.00	78,852,081.16	3,420,579.16
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	1,486,682.00	1,486,682.00	1,483,565.47	3,116.53
Contingency	100,000.00	100,000.00		
Amount Transferred		0.00		100,000.00
Elections	829,693.00	829,693.00	620,768.90	208,924.10
Judicial System	652,150.00	817,150.00	727,119.34	90,030.66
Financial Administration:				
Auditor	945,728.00	945,728.00	780,722.11	165,005.89
Treasurer	2,121,817.00	2,121,817.00	1,777,812.54	344,004.46

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2024
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal Services:				
State's Attorney	7,590,228.00	7,817,538.00	7,497,454.31	320,083.69
Public Defender	4,213,436.00	4,213,436.00	4,165,683.37	47,752.63
Court Appointed Attorney	1,653,750.00	1,853,750.00	1,981,629.30	(127,879.30)
Abused and Neglected Child Defense	664,125.00	664,125.00	462,584.43	201,540.57
Other General Government:				
General Government Building	6,093,246.00	6,093,246.00	5,453,860.55	639,385.45
Director of Equalization	2,077,788.00	2,077,788.00	1,865,919.65	211,868.35
Register of Deeds	652,218.00	652,218.00	564,646.62	87,571.38
Predatory Animal	3,511.00	3,511.00	3,510.92	0.08
Geographic Information System	211,338.00	211,338.00	211,338.00	0.00
Information Technology	1,293,886.00	1,293,886.00	1,214,755.79	79,130.21
Human Resources	702,741.00	702,741.00	555,128.58	147,612.42
Public Safety:				
Law Enforcement:				
Sheriff	13,704,983.00	13,861,183.00	13,475,184.91	385,998.09
County Jail	17,799,649.00	17,799,649.00	16,553,530.01	1,246,118.99
Juvenile Detention	6,526,365.00	6,526,365.00	6,248,717.61	277,647.39
Other Law Enforcement	6,087,814.00	6,087,814.00	5,495,408.94	592,405.06
Protective and Emergency Services:				
Fire Protection	220,000.00	220,411.00	20,411.00	200,000.00
Emergency and Disaster Services	218,436.00	218,436.00	149,886.03	68,549.97
Communication Center	79,111.00	79,111.00	45,541.48	33,569.52
Health and Welfare:				
Economic Assistance:				
Support of Poor	2,017,412.00	2,208,692.97	1,849,555.55	359,137.42
Health Assistance:				
Health Services	124,000.00	124,000.00	124,000.00	0.00
Social Services:				
Care of Aged	42,500.00	42,500.00	42,500.00	0.00
Mental Health Services:				
Drug Abuse	0.00	39,167.00	39,166.22	0.78
Mental Health Centers	350,506.00	370,506.00	350,736.39	19,769.61
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	104,317.00	104,317.00	93,711.93	10,605.07
Soil Conservation Districts	70,000.00	70,000.00	70,000.00	0.00
Weed Control	448,547.00	463,547.00	426,681.92	36,865.08
Grasshopper and Pest Control	116,858.00	116,858.00	109,176.11	7,681.89
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	864,461.00	864,461.00	845,509.02	18,951.98
Economic Development:				
Other	10,000.00	10,000.00	10,000.00	0.00
Debt Service	0.00	0.00	382,714.25	(382,714.25)
Total Expenditures	80,077,296.00	81,091,664.97	75,698,931.25	5,392,733.72
Excess of Revenues Over (Under) Expenditures	(4,783,294.00)	(5,660,162.97)	3,153,149.91	8,813,312.88
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	1,290,006.00	1,290,006.00
Transfers Out	(1,213,614.00)	(1,213,614.00)	(1,173,801.00)	39,813.00
General Long-Term Debt Issued	0.00	0.00	120,630.67	120,630.67
Insurance Proceeds	95,000.00	95,000.00	199,043.83	104,043.83
Sale of County Property	10,000.00	10,000.00	500.00	(9,500.00)
Total Other Financing Sources (Uses)	(1,108,614.00)	(1,108,614.00)	436,379.50	1,544,993.50
Net Change in Fund Balance	(5,891,908.00)	(6,768,776.97)	3,589,529.41	10,358,306.38
Fund Balance - beginning, as previously reported	28,312,569.06	28,312,569.06	28,312,569.06	0.00
Restatement due to:				
Reclassification - America Rescue Plan Revenue	0.00	0.00	15,127.23	15,127.23
Fund Balance - beginning, as restated	28,312,569.06	28,312,569.06	28,327,696.29	15,127.23
FUND BALANCE - ENDING	\$ 22,420,661.06	\$ 21,543,792.09	\$ 31,917,225.70	\$ 10,373,433.61

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 2,178,080.00	\$ 2,178,080.00	\$ 2,164,996.20	\$ (13,083.80)
General Property Taxes--Delinquent	4,500.00	4,500.00	16,519.83	12,019.83
Penalties and Interest	2,500.00	2,500.00	4,675.51	2,175.51
Mobile Home Tax	500.00	500.00	443.02	(56.98)
Wheel Tax	3,500,000.00	3,500,000.00	3,570,043.22	70,043.22
Licenses and Permits	79,244.00	79,244.00	76,276.85	(2,967.15)
Intergovernmental Revenue:				
Federal Shared Revenue	209,500.00	209,500.00	166,843.86	(42,656.14)
State Grants	598,360.00	598,360.00	1,172,007.50	573,647.50
State Shared Revenue:				
Motor Vehicle Licenses	6,405,000.00	6,405,000.00	6,541,916.69	136,916.69
State Highway Fund (former 10% game)	32,000.00	32,000.00	33,223.18	1,223.18
Prorate License Fees	385,000.00	385,000.00	389,631.29	4,631.29
63 3/4% Mobile Home/Manufactured Home	150,000.00	150,000.00	281,461.72	131,461.72
Secondary Road Remittances	1,407,000.00	1,407,000.00	1,478,875.79	71,875.79
Motor Fuel Tax	32,500.00	32,500.00	33,687.55	1,187.55
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	145,000.00	145,000.00	589,737.44	444,737.44
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	586,510.19	586,510.19
Refund of Prior Year's Expenditures	0.00	0.00	16,389.21	16,389.21
Other	1,000.00	1,000.00	122,255.16	121,255.16
Total Revenues	15,130,184.00	15,130,184.00	17,245,494.21	2,115,310.21
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	15,260,233.00	17,360,233.00	15,900,093.50	1,460,139.50
Excess of Revenues Over (Under) Expenditures	(130,049.00)	(2,230,049.00)	1,345,400.71	3,575,449.71
Other Financing Sources (Uses):				
Transfers In	3,623,793.00	3,623,793.00	0.00	(3,623,793.00)
Transfers Out	0.00	0.00	(586,510.19)	(586,510.19)
Insurance Proceeds	4,500.00	4,500.00	64,576.17	60,076.17
Sale of County Property	1,000.00	1,000.00	25,298.87	24,298.87
Total Other Financing Sources (Uses)	3,629,293.00	3,629,293.00	(496,635.15)	(4,125,928.15)
Net Change in Fund Balance	3,499,244.00	1,399,244.00	848,765.56	(550,478.44)
Changes in Nonspendable	0.00	0.00	360,540.88	360,540.88
Fund Balance - Beginning	11,715,913.09	11,715,913.09	11,715,913.09	0.00
FUND BALANCE - ENDING	\$ 15,215,157.09	\$ 13,115,157.09	\$ 12,925,219.53	\$ (189,937.56)

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
911 SERVICE FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue:				
State Shared Revenue:				
911 Remittances	\$ 1,582,681.00	\$ 1,582,681.00	\$ 1,710,922.93	\$ 128,241.93
Charges for Goods and Services:				
Public Safety:				
Other	2,636,542.00	2,636,542.00	2,841,158.90	204,616.90
Miscellaneous Revenue:				
Investment Earnings	30,000.00	30,000.00	211,061.67	181,061.67
Refund of Prior Year's Expenditures	0.00	0.00	618.00	618.00
Other	0.00	0.00	7,130.06	7,130.06
Total Revenues	<u>4,249,223.00</u>	<u>4,249,223.00</u>	<u>4,770,891.56</u>	<u>521,668.56</u>
Expenditures:				
Public Safety:				
Protective and Emergency Services:				
Communication Center	5,204,766.00	5,204,766.00	4,824,557.67	380,208.33
Debt Service	0.00	0.00	27,041.60	(27,041.60)
Total Expenditures	<u>5,204,766.00</u>	<u>5,204,766.00</u>	<u>4,851,599.27</u>	<u>353,166.73</u>
Excess of Revenues Over (Under) Expenditures	<u>(955,543.00)</u>	<u>(955,543.00)</u>	<u>(80,707.71)</u>	<u>874,835.29</u>
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	955,563.00	955,563.00
General Long-Term Debt Issued	0.00	0.00	7,170.40	7,170.40
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>962,733.40</u>	<u>962,733.40</u>
Net Change in Fund Balance	(955,543.00)	(955,543.00)	882,025.69	1,837,568.69
Fund Balance - Beginning	<u>3,770,896.82</u>	<u>3,770,896.82</u>	<u>3,770,896.82</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 2,815,353.82</u>	<u>\$ 2,815,353.82</u>	<u>\$ 4,652,922.51</u>	<u>\$ 1,837,568.69</u>

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ACCUMULATED BUILDING FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
General Property Taxes--Current	\$ 6,689,812.00	\$ 6,689,812.00	\$ 6,662,754.52	\$ (27,057.48)
General Property Taxes--Delinquent	8,000.00	8,000.00	56,361.19	48,361.19
Penalties and Interest	7,000.00	7,000.00	13,136.56	6,136.56
Mobile Home Tax	700.00	700.00	803.84	103.84
Tax Deed Revenue	0.00	0.00	155.20	155.20
Other Taxes	50,000.00	50,000.00	304,513.73	254,513.73
Intergovernmental Revenue:				
Other Payments in Lieu of Taxes	4,000.00	4,000.00	3,917.28	(82.72)
Other Intergovernmental Revenue	278,340.00	278,340.00	278,341.98	1.98
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	212,607.08	212,607.08
Total Revenues	<u>7,037,852.00</u>	<u>7,037,852.00</u>	<u>7,532,591.38</u>	<u>494,739.38</u>
Expenditures:				
General Government:				
Other General Government:				
General Government Building	800,000.00	875,723.00	875,955.62	(232.62)
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	0.00	147,234.00	147,234.00	0.00
Debt Service	5,904,518.00	5,904,518.00	5,902,226.75	2,291.25
Total Expenditures	<u>6,704,518.00</u>	<u>6,927,475.00</u>	<u>6,925,416.37</u>	<u>2,058.63</u>
Excess of Revenues Over (Under) Expenditures	<u>333,334.00</u>	<u>110,377.00</u>	<u>607,175.01</u>	<u>496,798.01</u>
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(208,771.62)	(208,771.62)
Insurance Proceeds	0.00	0.00	122,321.45	122,321.45
Sale of County Property	0.00	0.00	1,000.00	1,000.00
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>(85,450.17)</u>	<u>(85,450.17)</u>
Net Change in Fund Balance	333,334.00	110,377.00	521,724.84	411,347.84
Fund Balance - Beginning	<u>2,952,335.42</u>	<u>2,952,335.42</u>	<u>2,952,335.42</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>\$ 3,285,669.42</u>	<u>\$ 3,062,712.42</u>	<u>\$ 3,474,060.26</u>	<u>\$ 411,347.84</u>

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
MACARTHUR GRANT FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous Revenue:				
Investment Earnings	\$ 0.00	\$ 0.00	\$ 5,310.91	\$ 5,310.91
Contributions and Donations	0.00	0.00	36,971.09	36,971.09
Total Revenues	0.00	0.00	42,282.00	42,282.00
Expenditures:				
Public Safety:				
Law Enforcement:				
Other Law Enforcement	0.00	120,323.27	42,282.00	78,041.27
Total Expenditures	0.00	120,323.27	42,282.00	78,041.27
Net Change in Fund Balance	0.00	(120,323.27)	0.00	120,323.27
Fund Balance - Beginning	0.00	0.00	0.00	0.00
FUND BALANCE - ENDING	\$ 0.00	\$ (120,323.27)	\$ 0.00	\$ 120,323.27

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
STATE AND LOCAL FISCAL RECOVERY FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue:				
Federal Grants	\$ 0.00	\$ 0.00	\$ 5,349,070.00	\$ 5,349,070.00
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	169,397.39	169,397.39
Total Revenues	0.00	0.00	5,518,467.39	5,518,467.39
Expenditures:				
Intergovernmental Expenditures	0.00	5,349,070.00	5,349,070.00	0.00
Excess of Revenues Over (Under) Expenditures	0.00	(5,349,070.00)	169,397.39	5,518,467.39
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(169,397.39)	(169,397.39)
Net Change in Fund Balance	0.00	(5,349,070.00)	0.00	5,349,070.00
Fund Balance - Beginning	0.00	0.00	0.00	0.00
FUND BALANCE - ENDING	\$ 0.00	\$ (5,349,070.00)	\$ 0.00	\$ 5,349,070.00

PENNINGTON COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget

Note 1. Budgets and Budgetary Accounting:

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

1. Between the fifteenth and thirtieth days of July in each year the Board of County Commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues, and expenditures.
2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.
3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.
4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.
5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.
6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.
7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
10. Budgets for the General Fund and special revenue funds are not adopted on a basis consistent with USGAAP.

Note 2. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new sheriff's patrol car would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and

Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a new sheriff's patrol car would be reported as an expenditure of the Public Safety/Law Enforcement function of government, along with all other current Law Enforcement Department related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF CHANGES IN COUNTY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
December 31, 2024

*Last 10 Fiscal Years

Calendar Year	Service Cost	Interest	Changes for the Year		Changes of Assumptions or other inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	County's Covered Payroll	Total OPEB Liability as a Percentage of its Covered Payroll
			Changes in Benefit Terms	Difference between expected and actual experience							
2024	266,328.00	167,963.00	0.00	(67,198.00)	0.00	(176,498.00)	190,595.00	5,007,750.00	5,198,345.00	47,233,014.00	11.01%
2023	301,305.00	107,913.00	0.00	(161,362.00)	(208,961.00)	(90,645.00)	(51,750.00)	5,059,500.00	5,007,750.00	45,635,762.00	10.97%
2022	291,116.00	104,767.00	0.00	(14,581.89)	0.00	(247,476.11)	133,825.00	4,925,675.00	5,059,500.00	40,353,304.00	12.54%
2021	245,301.00	132,808.00	0.00	(282,763.00)	384,917.00	(312,603.00)	167,660.00	4,758,015.00	4,925,675.00	38,988,893.00	12.63%
2020	237,006.00	131,198.00	0.00	(93,326.82)	0.00	(229,516.18)	45,361.00	4,712,654.00	4,758,015.00	38,790,571.00	12.27%
2019	182,614.00	196,465.00	0.00	(833,273.97)	565,290.00	(169,049.03)	(57,954.00)	4,770,608.00	4,712,654.00	37,478,813.00	12.57%
2018	164,819.00	204,891.00	0.00	(170,486.55)	156,041.00	(116,428.45)	238,836.00	4,531,772.00	4,770,608.00	34,642,066.00	13.77%

* This schedule requires the presentation of information of 10 years. Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Notes to the Schedule of Changes in the County's Total OPEB Liability

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

Changes in Benefits

There were no significant changes in benefit terms.

**REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF THE COUNTY'S PENSION CONTRIBUTIONS**

South Dakota Retirement System

Last 10 Years

Calendar Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 3,234,571.94	\$ 3,234,571.94	\$ 0.00	\$ 48,509,785.45	6.67%
2023	\$ 2,986,582.70	\$ 2,986,582.70	\$ 0.00	\$ 44,830,495.49	6.66%
2022	\$ 2,812,942.56	\$ 2,812,942.56	\$ 0.00	\$ 42,045,677.21	6.69%
2021	\$ 2,674,918.97	\$ 2,674,918.97	\$ 0.00	\$ 40,306,907.22	6.64%
2020	\$ 2,539,866.44	\$ 2,539,866.44	\$ 0.00	\$ 37,941,838.91	6.69%
2019	\$ 2,449,710.89	\$ 2,449,710.89	\$ 0.00	\$ 36,543,516.05	6.70%
2018	\$ 2,341,262.98	\$ 2,341,262.98	\$ 0.00	\$ 34,811,632.50	6.73%
2017	\$ 2,291,254.68	\$ 2,291,254.68	\$ 0.00	\$ 34,135,968.21	6.71%
2016	\$ 2,200,484.16	\$ 2,200,484.16	\$ 0.00	\$ 32,820,887.27	6.70%
2015	\$ 2,035,313.52	\$ 2,035,313.52	\$ 0.00	\$ 30,419,109.61	6.69%

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
South Dakota Retirement System

*Last 10 Years

Calendar Year	County's Proportion of the Net Pension Liability/Asset	County's Proportionate Share of the Net Pension Liability/Asset	County's Covered Payroll	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	1.845694%	\$ (74,713.27)	\$ 46,596,863.31	0.16%	100.00%
2023	1.869051%	\$ (182,427.79)	\$ 43,397,822.18	0.42%	100.10%
2022	1.922032%	\$ (181,644.00)	\$ 41,238,065.83	0.44%	100.10%
2021	1.908069%	\$ (14,612,542.96)	\$ 39,012,490.70	37.46%	105.52%
2020	1.898098%	\$ (82,434.00)	\$ 37,334,082.87	0.22%	100.04%
2019	1.873159%	\$ (198,503.56)	\$ 35,581,882.97	0.56%	100.09%
2018	1.855066%	\$ (43,264.42)	\$ 34,434,966.42	0.13%	100.02%
2017	1.855191%	\$ (168,360.50)	\$ 33,720,017.64	0.50%	100.10%
2016	1.853069%	\$ 6,259,485.36	\$ 31,581,178.72	19.82%	96.89%
2015	1.798370%	\$ (7,627,400.19)	\$ 29,408,793.82	25.94%	104.10%

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

PENNINGTON COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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

SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures 2024
Child Nutrition Cluster:				
US Department of Agriculture Pass-Through Programs:				
SD Department of Education,				
Cash Assistance:				
School Breakfast Program (Note 3)	10.553		\$	\$ 60,138.06
National School Lunch Program (Note 3)	10.555			112,555.41
Total for Child Nutrition Cluster			0.00	172,693.47
Forest Service Schools and Roads Cluster:				
US Department of Agriculture - Direct Programs:				
Schools and Roads - Grants to Counties (Note 3)	10.666			7,940.05
US Department of Agriculture - Pass-Through Programs:				
SD State Auditor,				
Schools and Roads - Grants to States (Note 3)	10.665		158,903.82	346,971.51
Total for Forest Service Schools and Roads Cluster			158,903.82	354,911.56
Total US Department of Agriculture			158,903.82	527,605.03
US Department of Interior - Direct Programs:				
Bureau of Land Management,				
Payments in Lieu of Taxes (Note 3)	15.226			2,077,454.00
Total US Department of the Interior			0.00	2,077,454.00
US Department of Justice - Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-21-GG-02151-SLEM		170,620.04
Second Chance Act Reentry Initiative (SCA)	16.812	15JCOPS-22-GG-03505-UHPX		113,995.74
US Department of Justice - Pass-Through Programs:		2020-CZ-BX-0038		
SD Department of Corrections,				
Juvenile Justice and Delinquency Prevention	16.548			28,954.51
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540			715.96
SD Department of Public Safety,				
Crime Victim Assistance	16.575	2018-V2-GX-0063		148,674.46
Violence Against Women Formula Grants	16.588	2020-V2-GX-0025		145,303.26
		2019-WF-AX-0049		
Total US Department of Justice			0.00	608,263.97
Highway Safety Cluster:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety,				
State and Community Highway Safety	20.600	2023-00-62 2023-00-80		21,482.29
Total Highway Safety Cluster			0.00	21,482.29
Other Programs:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety,				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			1,023.45
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			5,000.00
Total US Department of Transportation			0.00	27,505.74
US Department of Treasury - Direct Programs:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (Note 4)	21.027			5,364,197.23
Total US Department of Treasury			0.00	5,364,197.23
US General Services Administration - Pass-Through Programs:				
SD Federal Property Agency,				
Donation of Federal Surplus Personal Property (Note 5)	39.003			14,345.95
Total US General Services Administration			0.00	14,345.95
US Department of Health and Human Services - Pass-Through Programs:				
SD Department of Social Services,				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	22-0842-202		47,523.50
Total US Department of Health and Human Services			0.00	47,523.50
US Executive Office of the President - Pass-Through Programs:				
SD Attorney General,				
High Intensity Drug Trafficking Areas Program	95.001	GG22MW0004A		135,175.48
Total US Executive Office of the President			0.00	135,175.48

SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures 2024
US Department of Homeland Security - Pass-Through Programs:				
SD Department of Public Safety - Office of Emergency Management, Emergency Management Performance Grants	97.042			127,482.00
Homeland Security Grant Program	97.067			137,030.27
Total US Department of Homeland Security			0.00	264,512.27
GRAND TOTAL (Note 6)			\$ 158903.82	\$ 9,066,583.17

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2021. 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 County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance for ALN #16.812 Second Chance Act (SCA) grant. The County has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance for the other grant programs.

Note 3: Federal Reimbursement

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

Note 5: Federal Surplus Property

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the County.

Note 6: Reporting Entity

The amount only includes the federal expenditures of Pennington County, the primary government, and does not include the federal expenditures of Pennington County Housing and Redevelopment Commission, a discretely presented component unit of Pennington County.