



CITY OF Rapid City
LIVE. WORK. GROW.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025

CITY OF RAPID CITY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rapid City (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison, other post-employment benefits (OPEB) schedules, and pension schedules on pages 7 through 16 and 70 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Report on Other Legal and Regulatory Requirements

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

KETEL THORSTENSON, LLP
Certified Public Accountants

___________________, 2026

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

This section of the City of Rapid City's annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended on December 31, 2025. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rapid City exceeded its liabilities at the close of the most recent fiscal year by $1,234,031,979 (Net position). Of this amount, $172,027,896 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

- The City's total net position increased by $69,452,738 during 2025.

- As of the close of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of $107,780,786.

- At the end of the current fiscal year, fund balance for the general fund was $39,527,842 or about 40 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services like public safety were financed in the short-term, as well as what remains for future spending.

- Proprietary fund statements offer short-term and long-term financial information about the activities that the City operates like businesses. The City has five major proprietary funds – the Water Fund, Wastewater Fund, Airport Fund, Civic Center Fund, and Solid Waste Disposal Fund.

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

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The City has three kinds of funds:

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

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased six percent between fiscal year 2024 and 2025. (See Table A-1).

Table A-1 Summarized Statement of Net Position

	Governmental Activities		**Business-Type Activities**		**Total**	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 135,778,690	$ 132,746,828	$ 139,880,823	$ 149,474,843	$ 275,659,513	$ 282,221,671
Capital Assets	392,620,604	373,435,885	890,445,015	801,668,885	1,283,065,619	1,175,104,770
Total Assets	528,399,294	506,182,713	1,030,325,838	951,143,728	1,558,725,132	1,457,326,441
Deferred Outflows	21,608,987	20,989,401	8,572,349	8,417,486	30,181,336	29,406,887
Long-Term Debt	152,814,662	143,773,544	107,775,629	80,482,124	260,590,291	224,255,668
Other Liabilities	37,432,577	37,378,873	30,443,770	28,812,439	67,876,347	66,191,312
Total Liabilities	190,247,239	181,152,417	138,219,399	109,294,563	328,466,638	290,446,980
Deferred Inflows	11,401,188	14,181,688	15,006,663	17,525,419	26,407,851	31,707,107
Net Position:						
Net Investment in Capital Assets	244,207,895	234,176,621	796,284,245	731,110,843	1,040,492,140	965,287,464
Restricted	8,822,250	4,872,787	12,689,693	7,805,480	21,511,943	12,678,267
Unrestricted	95,329,709	92,788,601	76,698,187	93,824,909	172,027,896	186,613,510
Total Net Position	348,359,854	331,838,009	885,672,125	832,741,232	1,234,031,979	1,164,579,241
Beginning Net Position	331,838,009	320,984,194	832,741,232	757,550,219	1,164,579,241	1,078,534,413
Change in Net Position	$ 16,521,845	$ 10,853,815	$ 52,930,893	$ 75,191,013	$ 69,452,738	$ 86,044,828
Percentage of Change in Net Position	5%	3%	6%	9%	6%	7%

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

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Changes in Net Position

The City's revenues totaled $309,280,395 (See Table A-2). A majority of the City's revenue comes from charges for services and taxes, with 38 cents of every dollar raised coming from charges for services (primarily utility and airport operations) and 42 cents of every dollar raised coming from some type of tax (See Figure A-2). The other 20 percent of the City's total revenue comes from state and federal grants for capital purposes, operating grants, contributions, state shared revenue, interest and miscellaneous.

The total cost of all programs and services was $239,827,657 (See Table A-2). The City's expenses cover a range of services, including road maintenance, parks and recreation services and utility system services. (See Figure A-3).

Figure A-2: Revenues for 2025

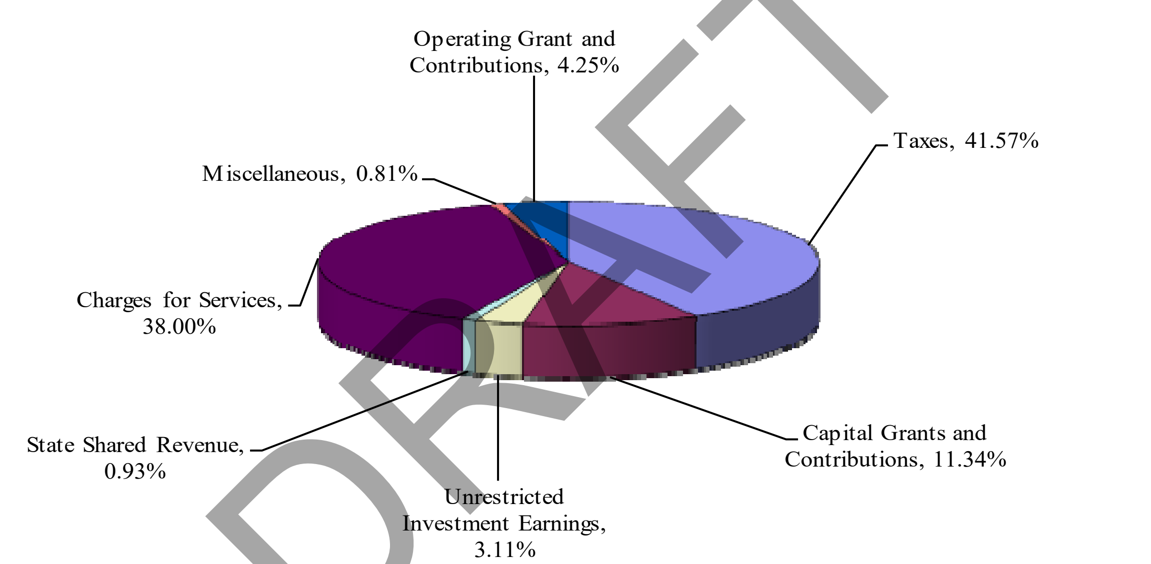
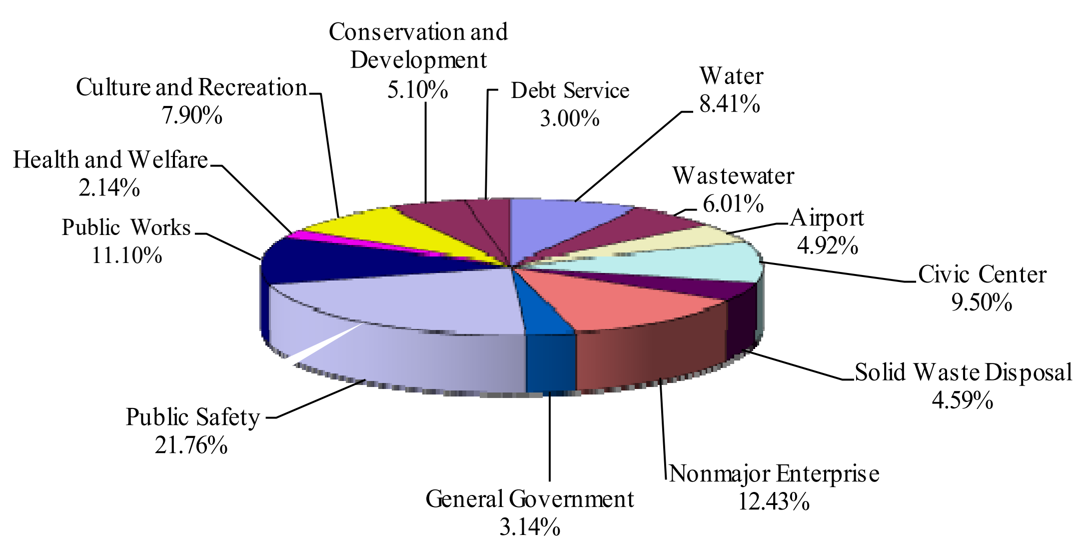


Figure A-3: Expenses for 2025



CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Changes in Net Position

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

Table A-2
Changes in Net Position

	Governmental Activities		Business - Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	$ 11,579,859	$ 10,368,200	$ 105,939,164	$ 96,660,874	$ 117,519,023	$ 107,029,074
Operating Grants and Contributions	11,991,160	15,368,291	1,154,728	476,926	13,145,888	15,845,217
Capital Grants and Contributions	5,043,405	2,100,000	30,022,917	47,072,092	35,066,322	49,172,092
General Revenues						
Taxes	121,091,538	122,725,534	7,496,811	7,343,206	128,588,349	130,068,740
State Shared Revenue	2,879,485	2,846,164	-	-	2,879,485	2,846,164
Unrestricted Investment Earnings	6,892,580	8,599,837	2,684,302	2,574,180	9,576,882	11,174,017
Miscellaneous	685,268	650,240	1,819,178	1,144,305	2,504,446	1,794,545
Total Revenues	160,163,295	162,658,266	149,117,100	155,271,583	309,280,395	317,929,849

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table A-2
Changes in Net Position

	Governmental Activities		Business - Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Expenses						
General Government	7,618,047	7,524,922	-	-	7,618,047	7,524,922
Public Safety	52,782,501	50,645,425	-	-	52,782,501	50,645,425
Public Works	26,931,230	26,390,266	-	-	26,931,230	26,390,266
Health and Welfare	5,187,144	5,244,868	-	-	5,187,144	5,244,868
Culture and Recreation	19,169,058	18,980,940	-	-	19,169,058	18,980,940
Conservation and Development	12,366,997	6,278,849	-	-	12,366,997	6,278,849
Interest on Long-Term Debt	7,269,925	18,834,049	-	-	7,269,925	18,834,049
Miscellaneous	8,390,959	3,868,689	-	-	8,390,959	3,868,689
Water	-	-	20,353,481	19,250,631	20,353,481	19,250,631
Wastewater	-	-	14,582,266	14,012,575	14,582,266	14,012,575
Airport	-	-	11,941,678	11,915,366	11,941,678	11,915,366
Civic Center	-	-	23,042,972	20,315,540	23,042,972	20,315,540
Solid Waste Disposal	-	-	11,134,873	9,867,024	11,134,873	9,867,024
Solid Waste Collection	-	-	3,758,672	3,937,534	3,758,672	3,937,534
Stormwater Utility	-	-	4,049,386	4,223,586	4,049,386	4,223,586
Executive Golf Course	-	-	410,231	371,912	410,231	371,912
Golf Course	-	-	1,555,126	1,486,827	1,555,126	1,486,827
Parking Lot and Area	-	-	1,247,763	1,405,232	1,247,763	1,405,232
Energy Plant	-	-	838,415	714,206	838,415	714,206
Ambulance	-	-	7,098,152	6,528,617	7,098,152	6,528,617
Transportation Terminal	-	-	98,781	87,963	98,781	87,963
Total Expenses	139,715,861	137,768,008	100,111,796	94,117,013	239,827,657	231,885,021
Excess Before Transfers	20,447,434	24,890,258	49,005,304	61,154,570	69,452,738	86,044,828
Transfers	(3,925,589)	(14,036,443)	3,925,589	14,036,443	-	-
Change in Net Position	16,521,845	10,853,815	52,930,893	75,191,013	69,452,738	86,044,828
Ending Net Position	$ 348,359,854	$ 331,838,009	$ 885,672,125	$ 832,741,232	$1,234,031,979	$ 1,164,579,241

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Governmental Activities

Total revenues of the governmental activities for the City decreased approximately 2 percent, while expenses increased approximately 1 percent compared to the prior year. The overall change in revenues and expenses is due to variations state and federal grant revenue related to capital project expenditures, and unrestricted earnings on investments.

Business-Type Activities

Operating revenues of the City's business-type activities decreased by 4 percent compared to the prior year, while expenses increased by 7 percent. The overall change in operating revenues is due to changes in customers, tourism, and securing major entertainers and shows. Salary and benefit increases, as well as the nation-wide rise in costs of goods and services, attributed to the increase in operating expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

BUDGETARY HIGHLIGHTS

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

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

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

CAPITAL ASSET ADMINISTRATION

By the end of 2025, the City had invested $1,283,065,619 in a broad range of capital assets, including buildings, and construction work in progress. (See Table A-3). This amount represents a net increase (including additions and deductions) of $107,960,847, primarily due to Wastewater Reclamation, Firestation #1, Airport Terminal, and Sheridan Lake Road projects.

Table A-3
Capital Assets
(net of depreciation)

	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024
Land	$ 52,106,315	$ 50,573,974	$ 20,369,688	$ 19,581,212
Construction Work in Progress	7,517,338	28,795,181	166,719,316	$ 100,062,800
Buildings	88,161,809	73,015,505	223,780,109	228,786,160
Improvements Other Than Buildings	226,762,756	205,218,436	457,933,342	430,539,657
Machinery and Equipment	16,324,161	13,834,818	21,642,560	22,699,058
Intangible Subscription Assets	1,748,225	1,997,971	-	-
Total Capital Assets	$ 392,620,604	$ 373,435,885	$ 890,445,015	$ 801,668,887

LONG-TERM DEBT

At year-end the City had $260,590,291 in Revenue Bonds, Tax Increment Districts, and other long-term obligations. This is a increase of $36,334,623 as shown on Table A-4 below.

Table A-4
Outstanding Debt and Obligations

	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024
Compensated Absences	$ 4,401,953	$ 4,514,280	$ 1,607,074	$ 1,775,057
Financing Obligations	3,290,766	3,459,070	779,477	924,925
Revenue Bonds	100,944,433	106,219,510	99,368,078	72,682,142
Tax Increment Districts	42,372,585	27,535,960	-	-
Subscriptions	1,804,925	2,044,724	-	-
Landfill Closure	-	-	6,021,000	5,100,000
Total Outstanding Debt and Obligations	$ 152,814,662	$ 143,773,544	$ 107,775,629	$ 80,482,124

CITY OF RAPID CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Rapid City's current economic position is strong and continues to grow. There was an increase in total property valuation of $1,013,376,430. The City requested a 4.03% increase in property tax revenue for the year of 2025 payable in 2026. The growth factor for 2026 taxes payable in 2027 was 1.80%. The growth factor of 2025 taxes payable in 2026 was 4.58%.

The adopted 2027 general fund expenditures budget increased 3.2% over the 2026 budget.

Revenue for the City's business type activities are anticipated to increase, water fees increased 10% for 2027. Wastewater fees increased by 12% for 2026. There was no increase in sanitation fees.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Rapid City's Finance Office, 300 Six Street, Rapid City, SD 57701. Component unit financial statements may be obtained by contacting the Museum Alliance of Rapid City, Inc. at 222 New York St., Rapid City, SD 57701.

CITY OF RAPID CITY

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
Assets:				
Cash and Cash Equivalents	$ 40,487,189	$ 37,014,049	$ 77,501,238	$ 434,508
Investments	77,145,950	56,003,241	133,149,191	3,654,738
Receivables, Net	24,518,780	24,073,866	48,592,646	12,927
Internal Balances	(9,126,022)	9,126,022	-	-
Other Assets	1,107,928	3,606,060	4,713,988	58,884
Restricted Cash	1,479,034	9,993,509	11,472,543	-
Net Pension Asset	165,831	64,076	229,907	-
Capital Assets				
Land and Construction Work in Progress	59,623,653	187,089,004	246,712,657	-
Other Capital Assets, Net of Depreciation	332,996,951	703,356,011	1,036,352,962	128,653
Total Assets	528,399,294	1,030,325,838	1,558,725,132	4,289,710
Deferred Outflows of Resources:				
Pension Related Deferred Outflows	15,614,538	6,033,274	21,647,812	-
OPEB Related Deferred Outflows	5,994,449	2,539,075	8,533,524	-
	21,608,987	8,572,349	30,181,336	-
Total Assets and Deferred Outflows of Resources	$ 550,008,281	$ 1,038,898,187	$ 1,588,906,468	$ 4,289,710
Liabilities:				
Accounts Payable	$ 10,598,775	$ 16,952,723	$ 27,551,498	10,778
Amount Held for Others	1,555,791	660,875	2,216,666	-
OPEB Liability	21,270,198	9,010,505	30,280,703	-
Other Current Liabilities	4,007,813	3,819,667	7,827,480	33,240
Noncurrent Liabilities				
Due Within One Year	12,182,509	4,562,465	16,744,974	4,896
Due in More than One Year	140,632,153	103,213,164	243,845,317	5,951
Total Liabilities	190,247,239	138,219,399	328,466,638	54,865
Deferred Inflows of Resources				
Deferred Revenue	-	325,506	325,506	18,426
Lease Related Deferred Inflows	-	10,249,174	10,249,174	-
Grant Related Deferred Inflows	165,380	-	165,380	-
OPEB Related Deferred Inflows	2,433,350	1,030,817	3,464,167	-
Pension Related Deferred Inflows	8,802,458	3,401,166	12,203,624	-
Total Deferred Inflows of Resources	11,401,188	15,006,663	26,407,851	18,426
Net Position				
Net Investment in Capital Assets	244,207,895	796,284,245	1,040,492,140	128,653
Restricted for:				
Debt Service	150,239	9,993,509	10,143,748	-
Cemetery Trust Fund - Expendable	176,793	-	176,793	-
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-
Other Purposes - TID Debt Service	1,061,680	-	1,061,680	-
Other Purposes - Business Impr District	83,894	-	83,894	-
Other Purposes - Grants	20,219	-	20,219	716,182
Other Purposes - Library	301,514	-	301,514	-
Other Purposes - Pension	6,977,911	2,696,184	9,674,095	-
Unrestricted	95,329,709	76,698,187	172,027,896	3,371,584
Total Net Position	348,359,854	885,672,125	1,234,031,979	4,216,419
Total Liabilities, Net Position, and Deferred Inflows of Resources	$ 550,008,281	$ 1,038,898,187	$ 1,588,906,468	$ 4,289,710

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

CITY OF RAPID CITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit MARC
Functions/Programs								
Primary Government								
Governmental Activities:								
General Government	$ 7,618,047	$ 4,479,101	$ 765,795	$ -	$ (2,373,151)	$ -	$ (2,373,151)	$ -
Public Safety	52,782,501	3,252,379	1,110,793	-	(48,419,329)	-	(48,419,329)	-
Public Works	26,931,230	1,060,126	9,158,519	5,043,405	(11,669,180)	-	(11,669,180)	-
Health and Welfare	5,187,144	278,811		-	(4,908,333)	-	(4,908,333)	-
Culture and Recreation	19,169,058	2,463,842		-	(16,705,216)	-	(16,705,216)	-
Conservation and Development	12,366,997	45,600	956,053	-	(11,365,344)	-	(11,365,344)	-
Interest on Long Term Debt (*)	7,269,925	-	-	-	(7,269,925)	-	(7,269,925)	-
Miscellaneous Expenditures	8,390,959	-	-	-	(8,390,959)	-	(8,390,959)	-
Total Governmental Activities	139,715,861	11,579,859	11,991,160	5,043,405	(111,101,437)	-	(111,101,437)	-
Business-Type Activities:								
Water	20,353,481	31,028,887	-	185,448	-	10,860,854	10,860,854	-
Wastewater	14,582,266	19,324,828	-	19,437,688	-	24,180,250	24,180,250	-
Airport	11,941,678	16,417,459	1,117,417	9,250,453	-	14,843,651	14,843,651	-
Civic Center	23,042,972	9,940,438	-	-	-	(13,102,534)	(13,102,534)	-
Solid Waste Disposal	11,134,873	9,437,234	-	-	-	(1,697,639)	(1,697,639)	-
Solid Waste Collection	3,758,672	5,697,351	-	183,286	-	2,121,965	2,121,965	-
Stormwater Utility	4,049,386	2,718,931	-	966,042	-	(364,413)	(364,413)	-
Executive Golf Course	410,231	398,665	-	-	-	(11,566)	(11,566)	-
Golf Course	1,555,126	1,458,410	-	-	-	(96,716)	(96,716)	-
Parking Lot & Area	1,247,763	1,623,807	-	-	-	376,044	376,044	-
Energy Plant	838,415	727,827	-	-	-	(110,588)	(110,588)	-
Ambulance	7,098,152	7,130,756	37,311	-	-	69,915	69,915	-
Transportation Terminal	98,781	34,571	-	-	-	(64,210)	(64,210)	-
Total Business-type Activities	100,111,796	105,939,164	1,154,728	30,022,917	-	37,005,013	37,005,013	-
Total Primary Government	$ 239,827,657	$ 117,519,023	$ 13,145,888	$ 35,066,322	$ (111,101,437)	$ 37,005,013	$ (74,096,424)	$ -
Component Unit:								
Museum Alliance of Rapid City, Inc. (MARC)	$ 835,593	$ 330,220	$ 3,783,790	$ -				$3,278,417
General Revenues:								
Taxes:								
Property Taxes					32,067,650	-	32,067,650	-
Sales Taxes					86,104,414	7,416,490	93,520,904	-
Other Taxes					2,919,474	80,321	2,999,795	-
State Shared Revenue					2,879,485	-	2,879,485	-
Unrestricted Investment Earnings					6,892,580	2,684,302	9,576,882	207,324
Miscellaneous Revenue					685,268	1,819,178	2,504,446	29,674
Transfers					(3,925,589)	3,925,589	-	-
Total General Revenue, Loss and Transfers					127,623,282	15,925,880	143,549,162	236,998
Change in Net Position					16,521,845	52,930,893	69,452,738	3,515,415
Net Position, Beginning, as Previously Stated					331,838,009	832,741,232	1,164,579,241	701,004
Net Position, Ending					$ 348,359,854	$ 885,672,125	$ 1,234,031,979	$4,216,419

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

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

CITY OF RAPID CITY

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
Assets				
101 Cash and Cash Equivalents	$ 12,465,750	$ 5,353,123	$ 13,188,221	$ 31,007,094
106 Cash with Fiscal Agent, Restricted	-	150,239	-	150,239
107.1 Restricted Cash and Cash Equivalents	1,006,020	-	322,775	1,328,795
151 Investments	16,778,273	60,315,947	51,730	77,145,950
110 Property Taxes Receivable--Delinquent	103,820	-	6,645,154	6,748,974
110 Sales Tax Receivable	5,707,835	5,690,292	-	11,398,127
115 Accounts Receivable, Net	1,059,384	300,000	7,776	1,367,160
121 Special Assessments Receivable--Current	12,395	-	108,775	121,170
122 Special Assessments Receivable--Delinquent	165,115	-	-	165,115
128 Notes Receivable	68,996	58,458	1,885,176	2,012,630
131 Due from Other Funds	482,495	-	-	482,495
133 Advance to Other Funds	6,666,426	-	-	6,666,426
132 Due from Other Governments	904,577	24,890	5,647	935,114
135 Interest Receivable	1,086,194	31,608	69,441	1,187,243
144 Inventory	1,107,928	-	-	1,107,928
Total Assets	$ 47,615,208	$ 71,924,557	$ 22,284,695	$ 141,824,460
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
201 Claims Payable	$ 2,581,652	$ 2,310,383	$ 500,835	$ 5,392,870
209 Advance from Other Funds	-	-	16,274,943	16,274,943
216 Wages Payable	3,513,388	-	11,437	3,524,825
219 Amounts Held for Others	1,555,791	-	-	1,555,791
Total Liabilities	7,650,831	2,310,383	16,787,215	26,748,429
Deferred Inflows of Resources				
245 Unavailable Revenue -- Property Taxes	107,092	-	6,750,313	6,857,405
246 Unavailable Revenue -- Special Assessments	164,063	-	108,397	272,460
246 Unavailable Revenue -- Grants (ARPA)	165,380	-	-	165,380
Total Deferred Inflows of Resources	436,535	-	6,858,710	7,295,245
Fund Balances (Deficits)				
263 Nonspendable	7,843,350	-	50,000	7,893,350
264 Restricted	-	150,239	1,644,100	1,794,339
265 Committed	-	69,463,935	192,285	69,656,220
266 Assigned	3,454,494	-	-	3,454,494
267 Unassigned (Deficit)	28,229,998	-	(3,247,615)	24,982,383
Total Fund Balances	39,527,842	69,614,174	(1,361,230)	107,780,786
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 47,615,208	$ 71,924,557	$ 22,284,695	$ 141,824,460

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

CITY OF RAPID CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Governmental Funds	$ 107,780,786
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.	392,620,604
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds	165,831
Pension related deferred outflows are components of the net pension asset and therefore not reported in the funds.	15,614,538
Long term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore not reported in the funds.	(152,814,662)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(480,992)
Property Taxes (delinquent) and special assessments (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	7,129,865
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.	4,855,441
Pension related deferred inflows are componets of the net pension asset and therefore not reported in the funds.	(8,802,458)
Other post-employment benefits (OPEB) are not due and payable in the current period and therefore not reported in the funds.	(21,270,198)
OPEB-related deferred outflows and inflows are components of the OPEB liability and are therefore not reported in the funds.	3,561,099
Total Net Position - Governmental Activities	$ 348,359,854

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

CITY OF RAPID CITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

		General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
	Revenue				
	Taxes				
311	General Property Taxes	$ 25,392,090	$ -	$ 5,407,208	$ 30,799,298
313	General Sales and Use Taxes	43,226,894	42,877,520	-	86,104,414
314	Gross Receipts Business Taxes	653,289	-	1,740,821	2,394,110
320	Licenses and Permits	3,378,050	-	-	3,378,050
	Intergovernmental Revenue:				
331	Federal Grants	8,100,295	-	956,052	9,056,347
334	State Grants	37,845	2,896,968	-	2,934,813
	State Shared Revenue:				
355.01	Bank Franchise Tax	273,945	-	-	273,945
335.03	Liquor Tax Reversion	507,492	-	-	507,492
335.04	Motor Vehicle Licenses (5%)	71,550	-	-	71,550
335.06	Fire Insurance Reversion	529,483	-	-	529,483
335.08	Local Government Highway and Bridge Fund	842,459	-	-	842,459
	County Shared Revenue:				
338.01	County Road Tax (25%)	654,556	-	-	654,556
	Charges for Goods and Services:				
341	General Government	987,158	40,926	-	1,028,084
342	Public Safety	3,237,166	-	-	3,237,166
343	Public Works	570,494	107,638	-	678,132
345	Health & Welfare	278,811	-	-	278,811
346	Culture and Recreation	2,463,842	-	-	2,463,842
348	Cemetery	357,214	-	24,780	381,994
349	Conservation & Development	-	-	45,600	45,600
	Fines and Forfeits:				
351	Court Fines and Costs	1,143	-	14,070	15,213
354	Library	-	-	72,967	72,967
	Miscellaneous Revenue:				
361	Interest Earnings	6,667,557	157,425	67,598	6,892,580
362	Rentals	239,152	-	-	239,152
363	Special Assessments	84,532	20,121	331,100	435,753
367	Contributions and Donations	-	-	118,451	118,451
369	Other	59,474	303,501	25,713	388,688
	Total Revenue	98,614,491	46,404,099	8,804,360	153,822,950
	Expenditures				
410	*General Government*				
412	Executive - Mayor & Council	1,483,157	-	-	1,483,157
414	Financial - Human Resources	1,061,978	-	-	1,061,978
414	Financial - Information Technology	1,173,693	-	-	1,173,693
414	Financial - Finance	922,113	355,808	-	1,277,921
414	Financial - Attorney	455,508	-	-	455,508
419	Other - Government Buildings	1,350,093	-	-	1,350,093
420	*Public Safety*				
421	Police	28,920,681	765	-	28,921,446
422	Fire	20,084,946	-	-	20,084,946
423	Protective Inspection	3,006,522	-	-	3,006,522
429	Other Protection - Emergency Management	255,515	-	-	255,515
429	Other Protection - Code Enforcement	399,401	-	-	399,401

CITY OF RAPID CITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

		General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
430	*Public Works*				
431	Highways and Streets	9,082,215	2,027,102	-	11,109,317
43x	Administration	1,842,388	2,655,384	-	4,497,772
440	*Health and Welfare*				
441	Health	1,267,846	-	-	1,267,846
444	Humane Society	625,000	-	-	625,000
449	Other - Public Transit	3,171,270	-	-	3,171,270
449	Other - Air Quality	88,153	-	-	88,153
450	*Culture and Recreation*				
451	Recreation	562,712	-	-	562,712
451	Swimming Pools	3,485,638	-	-	3,485,638
451	Ice Arena	558,421	-	-	558,421
452	Parks	4,467,836	-	-	4,467,836
455	Libraries	4,175,760	-	174,299	4,350,059
457	Historical Preservation	24,904	-	-	24,904
459	Other - Parks and Recreation Administration	1,043,796	-	-	1,043,796
459	Other - Retired Senior (RSVP)	-	-	152,110	152,110
459	Other - Cemetery	430,989	-	-	430,989
459	Other - Subsidies	1,072,481	-	-	1,072,481
459	Other - Urban Forestry	315,841	-	-	315,841
460	*Conservation and Development*				
465	Economic Development	40,150	1,575,579	-	1,615,729
465	Community Development	74,498	-	9,613,301	9,687,799
465	Transportation Planning	926,989	-	-	926,989
465	GIS Information System	351,812	-	-	351,812
470	Debt Service	-	7,940,776	8,629,973	16,570,749
485	Capital Outlay	6,792,752	28,454,710	1,185,428	36,432,890
490	*Miscellaneous*				
492	Other Expenditures	19,571	27,584	8,343,804	8,390,959
Total Expenditures		99,534,629	43,037,708	28,098,915	170,671,252
Excess of Revenue Over (Under) Expenditures		(920,138)	3,366,391	(19,294,555)	(16,848,302)
Other Financing Sources (Uses)					
391.01	Transfers In (Out)	816,740	(678,240)	-	138,500
391.02	Long-Term Debt Issued	-	-	18,491,008	18,491,008
391.03	Proceeds from Sale of Capital Assets	136,579	-	-	136,579
Total Other Financing Sources		953,319	(678,240)	18,491,008	18,766,087
Net Change in Fund Balances		33,181	2,688,151	(803,547)	1,917,785
Fund Balance - Beginning		39,494,661	66,926,023	(557,683)	105,863,001
Fund Balance - Ending		$ 39,527,842	$ 69,614,174	$ (1,361,230)	$ 107,780,786

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

CITY OF RAPID CITY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total government funds	$	1,917,785
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay		36,432,890
Depreciation		(18,029,885)
Capital assets contributed to the City by developments.		5,043,405
Capital assets transferred to proprietary funds.		(4,064,089)
In the Statement of Activities, the gains and losses on disposal of capital assets are reported, whereas in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.		(197,602)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position (net of premium).		9,337,563
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.		(18,491,008)
Accrued interest on long-term debt is not due and payable in the current period and is therefore not reported in the funds. The amount represents the change in accrued interest.		(36,739)
Changes in the other post employment benefit obligations related deferred outflows/inflows and related post employment expenses/revenue are not reported as expenditures in the governmental fund statements.		(1,452,163)
Governmental funds report property taxes, special assessments and grants as revenue when funds become available, but the statement of activities includes the property tax, special assessments and grants as revenue when earned.		1,357,963
Governmental funds recognize expenditures for compensated absences paid to employees with current financial resources during the fiscal year. Compensated absences earned by employees are not recognized in the funds. In the statement of activities, these benefits are recognized when when the employees earn leave credits.		112,327
Internal service funds are used to charge the cost of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds has been prorated to governmental activities and business-type activities based on the proportionate share of wages.		1,077,548
Changes in the pension related deferred outflows/inflows, pension liability/asset and related pension expenses/revenue are not reported as expenditures in the governmental fund statements.		3,513,850
Change in Net Position of Governmental Activities	$	16,521,845

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

CITY OF RAPID CITY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Water Fund	Wastewater Fund	Airport Fund
Assets and Deferred Outflows of Resources			
Current Assets			
101 Cash and Cash Equivalents	$ 5,704,458	$ 4,571,467	$ 12,806,261
106 Cash with Fiscal Agent, Restricted	3,598,521	-	817,219
151 Investments	24,505,183	10,703,296	14,111,605
115 Accounts Receivable	1,138,326	824,253	282,216
116 Estimated Uncollectable Accounts Receivable	(220,000)	(165,000)	(45,000)
117 Unbilled Accounts Receivable	1,334,367	1,061,642	-
110 Sales Tax Receivable	-	-	-
121 Special Assessments Receivable--Current	-	-	-
122 Special Assessments Receivable--Delinquent	-	-	-
130 Lease Receivable	-	-	10,770,638
133 Advance to Other Funds	4,721,101	6,163,841	-
132 Due from Other Government	15,641	-	2,160,883
135 Interest Receivable	214,058	345,206	3,633
142 Inventory of Stores Purchased for Resale	2,401,784	25,830	-
Total Current Assets	43,413,439	23,530,535	40,907,455
Noncurrent Assets			
196 Net Pension Asset	10,376	7,419	6,179
Capital Assets			
160 Land	7,937,276	2,280,439	1,093,689
162 Buildings	23,180,325	35,729,823	45,416,688
164 Improvements Other than Building	286,905,627	180,818,089	102,449,112
166 Machinery and Equipment	4,041,353	6,726,407	8,977,314
168 Construction Work in Progress	12,666,296	109,008,057	40,263,159
Less: Accumulated Depreciation	(108,244,287)	(79,194,530)	(77,307,122)
Total Noncurrent Assets	226,496,966	255,375,704	120,899,019
Deferred Outflows of Resources			
196 Pension Related Deferred Outflows	976,956	698,588	581,801
196 OPEB Related Deferred Outflows	454,534	225,746	267,445
Total Deferred Outflows of Resources:	1,431,490	924,334	849,246
Total Assets and Deferred Outflows of Resources	$ 271,341,895	$ 279,830,573	$ 162,655,720

Civic Center Enterprise Fund	Solid Waste Disposal Funds	Nonmajor Enterprise Funds	Totals	Internal Service Funds
$ 3,806,242	$ -	$ 10,125,621	$ 37,014,049	$ 9,480,095
986,380	4,591,389	-	9,993,509	-
2,000,000	4,683,157	-	56,003,241	-
201,967	477,796	4,809,856	7,734,414	582,360
-	(30,000)	(2,292,000)	(2,752,000)	-
-	368,800	92,200	2,857,009	-
601,515	19,440	301	621,256	-
-	-	2,564,048	2,564,048	-
-	-	27,918	27,918	-
-	-	-	10,770,638	-
-	-	4,645,000	15,529,942	-
3,941	-	70,118	2,250,583	-
635	1,588	224,579	789,699	887
292,100	-	96,647	2,816,361	-
7,892,780	10,112,170	20,364,288	146,220,667	10,063,342
10,487	7,337	22,278	64,076	-
1,091,682	2,499,851	5,466,751	20,369,688	-
192,819,976	18,290,166	15,153,970	330,590,948	-
11,021,998	37,220,377	100,807,895	719,223,098	-
5,286,923	12,271,236	13,787,303	51,090,536	-
-	3,475,365	1,306,439	166,719,316	-
(58,262,923)	(25,188,097)	(49,351,612)	(397,548,571)	-
151,968,143	48,576,235	87,193,024	890,509,091	-
987,406	690,850	2,097,673	6,033,274	-
458,938	318,511	813,901	2,539,075	-
1,446,344	1,009,361	2,911,574	8,572,349	-
$ 161,307,267	$ 59,697,766	$ 110,468,886	$ 1,045,302,107	$ 10,063,342

CITY OF RAPID CITY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Water Fund	**Wastewater Fund**	**Airport Fund**
Liabilities, Deferred Inflows of Resources			
Current Liabilities			
202 Accounts Payable	$ 2,354,027	$ 10,851,675	$ 2,437,192
208 Due to Other Funds	-	-	-
215 Accrued Interest Payable	42,478	196,413	26,652
219 Amounts Held for Others	-	-	-
220 Customer Deposits	1,395,746	-	-
216 Wages Payable	274,547	185,473	159,949
226 Long-Term Debt Current	1,781,310	1,500,974	470,000
230 Compensated Absences - Current	15,000	5,000	5,000
Total Current Liabilities	5,863,108	12,739,535	3,098,793
157 Unamortized Premium	5,195,775	186,617	604,393
209 Advance from Other Funds	-	-	-
231 OPEB Long-Term Obligation	1,596,078	1,095,685	908,605
231 Long-Term Debt Payable	33,810,435	39,114,685	5,330,000
231 Capital Lease Payable	-	-	-
233 Compensated Absences	288,881	193,497	121,604
235 Accrued Landfill Closure and Postclosure	-	-	-
Total Noncurrent Liabilities	40,891,169	40,590,484	6,964,602
Deferred Inflows of Resources			
245 Deferred Revenue	-	-	-
248 Deferred Inflows - Leases	-	-	10,249,174
248 Pension Related Deferred Inflows	550,744	393,818	327,982
248 OPEB Related Deferred Inflows	182,594	125,348	103,946
Total Deferred Inflows of Resources	733,338	519,166	10,681,102
Total Liabilities, Deferred Inflows of Resources	47,487,615	53,849,185	20,744,497
Net Position			
253.1 Net Investment in Capital Assets	190,894,845	214,752,626	115,092,840
253.22 Restricted - Revenue Bond Retirement	3,598,521	-	817,219
253.29 Restricted - SDRS Pension	436,588	312,189	259,998
253.9 Unrestricted Net Position	28,924,326	10,916,573	25,741,166
Total Net Position	223,854,280	225,981,388	141,911,223
Total Liabilities and Fund Balances	$ 271,341,895	$ 279,830,573	$ 162,655,720

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

Civic Center Enterprise Fund	Solid Waste Disposal Funds	Nonmajor Enterprise Funds	Totals	Internal Service Funds
$ 1,389,697	$ 395,532	$ 286,974	$ 17,715,097	$ 4,443,531
101,438	-	381,057	482,495	-
1,548	395,343	667	663,101	-
660,875	-	-	660,875	-
-	-	-	1,395,746	-
504,736	194,006	442,109	1,760,820	1,996
335,000	393,641	41,540	4,522,465	-
10,000	5,000	-	40,000	-
3,003,294	1,383,522	1,152,347	27,240,599	4,445,527
-	-	-	5,986,785	-
554,643	1,000,000	4,366,782	5,921,425	-
1,645,208	1,130,177	2,634,752	9,010,505	-
690,000	9,955,245	-	88,900,365	-
-	631,995	105,945	737,940	-
384,977	107,161	470,954	1,567,074	-
-	6,021,000	-	6,021,000	-
3,274,828	18,845,578	7,578,433	118,145,094	-
325,506	-	-	325,506	-
-	-	-	10,249,174	-
556,635	389,456	1,182,531	3,401,166	-
188,215	129,294	301,420	1,030,817	-
1,070,356	518,750	1,483,951	15,006,663	-
7,348,478	20,747,850	10,214,731	160,392,356	4,445,527
150,932,656	37,588,017	87,023,261	796,284,245	-
986,380	4,591,389	-	9,993,509	-
441,258	308,731	937,420	2,696,184	-
1,598,495	(3,538,221)	12,293,474	75,935,813	5,617,815
153,958,789	38,949,916	100,254,155	884,909,751	5,617,815
$ 161,307,267	$ 59,697,766	$ 110,468,886	$ 1,045,302,107	$ 10,063,342

CITY OF RAPID CITY

RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Net Position - Enterprise Funds	$	884,909,751
Amounts reported for business-type activities in the statement of net position are different because:		
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Enterprise Funds' participation in the activities conducted in the internal service fund.		762,374
Total Net Position - Business-type Activities	$	885,672,125

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

CITY OF RAPID CITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2025

	Water Fund	Wastewater Fund	Airport Fund	Civic Center Enterprise Fund
Operating Revenue:				
380 Charges for Goods and Services	$ 31,028,887	$ 19,324,828	$ 16,417,459	$ 9,940,438
Total Operating Revenues	31,028,887	19,324,828	16,417,459	9,940,438
Operating Expenses:				
410 Personal Services	4,897,792	3,403,403	2,726,127	7,576,716
420 Other Current Expense	5,802,220	5,171,366	5,504,715	9,221,784
426.2 Materials (Cost of Goods Sold)	1,633,469	94,441	-	2,169,377
457 Depreciation	6,607,792	5,301,894	3,582,533	4,176,995
Total Operating Expenses	18,941,273	13,971,104	11,813,375	23,144,872
Operating Income (Loss)	12,087,614	5,353,724	4,604,084	(13,204,434)
Nonoperating Revenue (Expense):				
331 Federal Grants	-	18,552,764	9,250,453	-
334 State Grants	29,674	816,742	1,117,417	-
361 Investment Earnings	1,054,871	656,516	378,770	71,465
470 Interest Expense and Fiscal Charges	(1,548,245)	(704,549)	(205,745)	(38,324)
366 Gain (Loss) on Disposition of Capital Assets	(13,622)	(4,061)	(17,295)	(4,163)
369.05 Other Taxes	-	80,130	-	-
313 Sales Tax	-	-	200,914	6,830,397
369 Other	(274,571)	19,250	597,261	-
Total Nonoperating Revenue (Expense)	(751,893)	19,416,792	11,321,775	6,859,375
Income (Loss) Before Capital Grants and Transfers	11,335,721	24,770,516	15,925,859	(6,345,059)
391.7 Capital Contributions	(41,022)	1,318,582	-	-
391.7 Contributions from Developers/Others	155,774	68,210	-	-
391.1 Transfers In (Out)	(112,500)	(3,500)	-	-
Net Capital Grants, Contributions and Transfers	2,252	1,383,292	-	-
Change in Net Position	11,337,973	26,153,808	15,925,859	(6,345,059)
Net Position - Beginning	212,516,307	199,827,580	125,985,364	160,303,848
Net Position - Ending	$ 223,854,280	$ 225,981,388	$ 141,911,223	$ 153,958,789

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

Solid Waste Disposal Funds	Nonmajor Proprietary Funds	Totals	Internal Service Funds
$ 9,437,234	$ 19,790,318	$ 105,939,164	$ 16,793,473
9,437,234	19,790,318	105,939,164	16,793,473
3,417,564	9,520,752	31,542,354	34,234
5,623,890	5,199,216	36,523,191	14,969,399
-	-	3,897,287	-
1,787,597	4,438,101	25,894,912	-
10,829,051	19,158,069	97,857,744	15,003,633
(1,391,817)	632,249	8,081,420	1,789,840
-	37,311	27,840,528	-
183,286	-	2,147,119	-
229,915	292,765	2,684,302	55,690
(402,149)	(123,022)	(3,022,034)	-
31,276	736,049	728,184	-
-	191	80,321	-
-	385,179	7,416,490	-
639,375	109,679	1,090,994	-
681,703	1,438,152	38,965,904	55,690
(710,114)	2,070,401	47,047,324	1,845,530
191,239	2,595,262	4,064,061	-
-	966,042	1,190,026	-
2,000,000	(2,022,500)	(138,500)	-
2,191,239	1,538,804	5,115,587	-
1,481,125	3,609,205	52,162,911	1,845,530
37,468,791	96,644,950	832,746,840	3,772,285
$ 38,949,916	$ 100,254,155	$ 884,909,751	$ 5,617,815

CITY OF RAPID CITY

RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Net Position - Enterprise Funds	$	52,162,911
Amounts reported for business-type activities in the statement of activities are different because:		
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of Enterprise Funds' participation in the activities conducted in the Internal Service Fund		767,982
Change in Net Position of Business-type Activities	$	52,930,893

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

CITY OF RAPID CITY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water Fund	Wastewater Fund	Airport Fund
Cash Flows from Operating Activities			
Receipt from Customers	$ 30,482,230	$ 18,956,324	$ 16,168,013
Payments to Suppliers	(7,225,147)	(761,436)	(7,719,168)
Payments to Employees	(4,984,852)	(3,544,212)	(2,865,003)
Net Cash Provided (Used) by Operating Activities	18,272,231	14,650,676	5,583,842
Cash Flows from Noncapital Financing Activities			
Sales Tax and Gross Receipts Tax	-	-	200,914
Internal Activity - (Payment) Receipts to Other Funds	(2,401,101)	(3,843,841)	-
Transfers In (Out)	(112,500)	(3,500)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(2,513,601)	(3,847,341)	200,914
Cash Flows from Capital and Related Financing Activities			
Proceeds from Capital Debt	29,277,583	25,707,181	-
Purchase of Capital Assets	(15,853,431)	(64,866,524)	(19,410,798)
Principal Paid on Capital Debt	(31,798,647)	(863,469)	(512,155)
Interest Paid on Capital Debt	(1,631,929)	(601,452)	(207,244)
Proceeds from Sale of Capital Assets	-	-	-
Other Receipts (Payments)	(254,079)	28,077,665	13,228,653
Net Cash Provided by (Used in) Capital and Related Financing Activities	(20,260,503)	(12,546,599)	(6,901,544)
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments	3,768,144	26,347	(111,023)
Interest Earnings	860,966	314,905	379,680
Net Cash Provided by (Used in) Investing Activities	4,629,110	341,252	268,657
Net Change in Cash and Cash Equivalents	127,237	(1,402,012)	(848,131)
Balances - Beginning	9,175,742	5,973,479	14,471,611
Balances - Ending	$ 9,302,979	$ 4,571,467	$ 13,623,480

Civic Center Enterprise Fund	Solid Waste Disposal Funds	Nonmajor Proprietary Funds	Totals	Internal Service Funds
$ 9,980,765	$ 8,936,756	$ 19,424,350	$ 103,948,438	$ 16,816,724
(10,501,608)	(6,082,696)	(5,102,684)	(37,392,739)	(15,146,998)
(7,562,451)	(3,503,368)	(9,686,727)	(32,146,613)	(33,818)
(8,083,294)	(649,308)	4,634,939	34,409,086	1,635,908
6,832,348	(19,440)	-	7,013,822	-
(98,483)	-	(2,614,483)	(8,957,908)	-
-	2,000,000	(2,022,500)	(138,500)	-
6,733,865	1,980,560	(4,636,983)	(2,082,586)	-
-	5,205,440	-	60,190,204	-
(123,684)	(8,256,910)	(1,143,513)	(109,654,860)	-
(330,000)	(82,133)	(63,312)	(33,649,716)	-
(39,090)	(63,647)	(28,657)	(2,572,019)	-
-	99,500	-	99,500	-
17,178	913,382	1,554,100	43,536,899	-
(475,596)	(2,184,368)	318,618	(42,049,992)	-
(2,000,000)	(119,993)	-	1,563,475	-
71,625	230,313	71,941	1,929,430	55,070
(1,928,375)	110,320	71,941	3,492,905	55,070
(3,753,400)	(742,796)	388,515	(6,230,587)	1,690,978
8,546,022	5,334,185	9,737,106	53,238,145	7,789,117
$ 4,792,622	$ 4,591,389	$ 10,125,621	$ 47,007,558	$ 9,480,095

CITY OF RAPID CITY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Water Fund	Wastewater Fund	Airport Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ 12,087,614	$ 5,353,724	$ 4,604,084
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	6,607,792	5,301,894	3,582,533
Change in Assets and Liabilities			
Receivables	(616,958)	(368,504)	(106,277)
Inventories	(112,556)	990	-
Customer Deposits	70,301	-	-
Accounts and Other Payables	323,098	4,503,381	(2,214,453)
Amounts Held for Others	-	-	-
Accrued Wages Payable	70,505	24,339	10,181
Other Post Employment Benefits	(82,698)	(197,464)	(133,392)
Accrued Landfill Closure and Post Closure	-	-	-
Accrued Leave Payable	(46,245)	(77,191)	(16,910)
Pension Asset	(5,446)	(3,658)	(3,057)
Lease Receivable	-	-	2,347,458
Pension/OPEB Related Deferred Outflows	(14,695)	160,793	40,558
Deferred Revenue	-	-	-
Lease Deferred Inflow	-	-	(2,490,627)
Pension/OPEB Related Deferred Inflows	(8,481)	(47,628)	(36,256)
Net Cash Provided by (Used in) Operating Activities	$ 18,272,231	$ 14,650,676	$ 5,583,842
Noncash Investing, Capital and Financing Activities			
Gain (Loss) on Disposal of Capital Assets Not Affecting Operating Income	$ 13,622	$ 4,061	$ 17,295
Contribution of Assets from Others	(114,752)	(1,386,792)	-
Reconciliation of Cash and Cash Equivalents			
Cash and Cash Equivalents	$ 5,704,458	$ 4,571,467	$ 12,806,261
Cash with Fiscal Agent, Restricted	3,598,521	-	817,219
	$ 9,302,979	$ 4,571,467	$ 13,623,480

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

Civic Center Enterprise Fund	Solid Waste Disposal Funds	Nonmajor Proprietary Funds	Totals	Internal Service Funds
$ (13,204,434)	$ (1,391,817)	$ 632,249	$ 8,081,420	$ 1,789,840
4,176,995	1,787,597	4,438,101	25,894,912	-
19,369	(500,478)	(365,968)	(1,938,816)	23,251
26,901	-	19,403	(65,262)	-
-	-	-	70,301	-
916,384	(1,379,806)	77,129	2,225,733	(177,599)
(53,732)	-	-	(53,732)	-
140,925	37,570	84,161	367,681	416
(98,407)	(92,135)	38,056	(566,040)	-
-	921,000	-	921,000	-
(11,272)	(26,924)	10,559	(167,983)	-
(5,618)	(3,779)	(12,409)	(33,967)	-
-	-	-	2,347,458	-
(17,376)	16,850	(340,993)	(154,863)	-
20,958	-	-	20,958	-
-	-	-	(2,490,627)	-
6,013	(17,386)	54,651	(49,087)	-
$ (8,083,294)	$ (649,308)	$ 4,634,939	$ 34,409,086	$ 1,635,908
$ 4,163	$ (31,276)	$ (736,049)	$ (728,184)	$ -
-	(297,661)	(3,561,304)	(5,360,509)	-
$ 3,806,242	$ -	$ 10,125,621	$ 37,014,049	$ 9,480,095
986,380	4,591,389	-	9,993,509	-
$ 4,792,622	$ 4,591,389	$ 10,125,621	$ 47,007,558	$ 9,480,095

CITY OF RAPID CITY

STATEMENT FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

		Custodial Funds
Assets		
Cash and Cash Equivalents	$	546,172
Total Assets		546,172
Liabilities		
Amounts Held for Others		43,176
Total Liabilities		43,176
Net Position		
Restricted for Individuals, Organization and Other Governments		502,996
Total Net Position	$	502,996

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

CITY OF RAPID CITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

		Custodial Funds
Additions		
Member Contributions	$	364,673
Administrative Fees		113,645
Total Additions		478,318
Deductions		
Payments to individuals, organization and other governments		445,639
Administrative Fees		12,687
Total Deductions		458,326
Net Increase in Fiduciary Net Position		19,992
Net Position - Beginning		483,004
Net Position - Ending	$	502,996

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Reporting Entity

The reporting entity of the City of Rapid City (the City), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility; those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete).

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

The Museum Alliance of Rapid City, Inc. (MARC), a separate non-profit corporation, was formed as a special agent of the City to operate and maintain the Journey Museum. The MARC is reported as a discretely presented component unit on the City's Statement of Position and Statement of Activities as the MARC is financially dependent on the City. For the year ending December 31, 2025, the MARC received a qualified opinion as a result of not recording contributed rent in accordance with Accounting Standards Codification Topic 958, Not-for-Profit-Entities. More information on this qualification as well as receiving a complete set financial statements can be obtained from the MARC Administrative Office, located at 222 New York St., Rapid City, SD 57701.

Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and the discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Discretely presented component units are legally separate organizations that meet certain criteria, as described above, and may be classified as either governmental or business-type activities.

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Basis of Presentation

Fund Financial Statements:

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

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

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

<u>Governmental Funds:</u>

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

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

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

The following remaining Special Revenue funds are not considered to be major funds: Occupancy Tax, Downtown BID, Erosion/Sediment Control, Hotel BID 2, Community Development, Retired Senior Volunteer Program, Library Board and all TID funds. These funds are reported in the fund financial statements as "Other Governmental Funds".

Debt Service Funds - debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and costs in relation to the various tax increment districts that have been established, none of which are considered major funds.

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Basis of Presentation

Proprietary Funds:

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

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

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

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

Major Proprietary Funds include:

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

Wastewater Fund - financed primarily by user charges; this fund accounts for the construction and operation of the City sanitary sewer system and related facilities (SDCL 9-48-2).

Airport Fund – financed primarily by user charges and grants, this fund accounts for the construction and operation of the municipal airport and current grant activities.

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

Solid Waste Disposal Fund – financed primarily by user charges; this fund accounts for the construction and operation of the City solid waste system and related facilities (SDCL 9-32-11).

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

Fiduciary Funds:

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

Custodial Funds – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds. The City's Section 125 Fund accounts for withholdings from employees for medical and childcare expenses.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. Available means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the City does not exceed one bill-paying cycle, and for the City, the length of that cycle is 60 days. The revenues which are accrued at December 31, 2025 are property and sales tax revenues and special assessments.

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Interfund Eliminations and Reclassifications

<u>Government-wide Financial Statements:</u>

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

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

2. In order to minimize the doubling-up effect of internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the General Fund, so that expenses are reported only by the function to which they relate.

<u>Fund Financial Statements:</u>

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

Cash and Cash Equivalents

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

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

Investments

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

Receivables and Payables

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year, except for the Life Safety Loan Receivable totaling $68,996 at December 31, 2025 which has a maximum repayment term of 7 years. These notes are fully collateralized with letters of credit. Allowances for estimated uncollectible accounts have been established based on the City's knowledge of current economical conditions and historical losses.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Inventory

Inventory in all funds is recorded at the lower of cost or market, using the first-in, first-out method. Inventories consist of sand, salt and chemicals for snow removal, service connection repair materials and concession items. In the government-wide and proprietary statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed. In the governmental fund statements, purchase of supply inventory items are recorded as expenditures at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

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

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

Government-wide Financial Statements:

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

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

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

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

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

Land is an inexhaustible capital asset and is not depreciated.

(1) Summary of Significant Accounting Policies

Capital Assets

Fund Financial Statements:

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

Leases

Lessee:
The City has no significant lessee transactions.

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

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

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

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

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

Subscription-Based Information Technology Arrangements

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Subscription-Based Information Technology Arrangements

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

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

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

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

Deferred Inflows and Deferred Outflows of Resources

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

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

Long-Term Liabilities

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Equity Classifications

Government-wide Financial Statements:

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

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of restricted or net investment in capital assets.

Fund Financial Statements:

The City classifies governmental fund balance as follows:

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

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or by an official or body to which the City Council delegates the authority.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Equity Classifications

As of December 31, 2025, the City had the following governmental fund classifications:

		General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
263	**Nonspendable:**				
263.01	Inventory	$ 1,107,928	$ -	$ -	$ 1,107,928
263.04	Advances	6,666,426	-	-	6,666,426
263.05	Notes Receivable	68,996	-	-	68,996
263.51	Perpetual Care Cemetary	-	-	50,000	50,000
		7,843,350	-	50,000	7,893,350
264	**Restricted:**				
264.01	Debt Service	-	150,239	1,061,680	1,211,919
264.03	Perpetual Care Cemetary	-	-	176,793	176,793
264.05	Library	-	-	301,514	301,514
264.09	BID	-	-	83,894	83,894
264.97	Grant	-	-	20,219	20,219
		-	150,239	1,644,100	1,794,339
265	**Committed**				
265.02	Vision/Capital Improvements	-	69,463,935	-	69,463,935
265.04	Erosion/Sediment Control	-	-	192,285	192,285
		-	69,463,935	192,285	69,656,220
266	**Assigned**				
266.01	Subsequent Year's Budget	3,454,494	-	-	3,454,494
		3,454,494	-	-	3,454,494
267	**Unassigned**	28,229,998	-	(3,247,615)	24,982,383
Total Fund Balances		$ 39,527,842	$ 69,614,174	$ (1,361,230)	$ 107,780,786

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Program Revenues

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

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

Proprietary Funds Revenue and Expense Classifications

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

Emerging Accounting Standards

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

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, *Disclosure of Certain Capital Assets,* which requires certain information regarding capital assets to be presented by major class. This includes lease assets, intangible right-to-use assets under public-private and public-public partnerships, subscription assets, and certain other intangible assets. In addition, new disclosures surrounding capital assets held for sale are required. The statement is effective for the City's year ending December 31, 2026.

In December 2025, the Governmental Accounting Standards Board (GASB) issued Statement No. 105, *Subsequent Events*, which clarifies the subsequent events time frame and those that constitute recognized and nonrecognized events. The standard also specifies the information items required to be disclosed about subsequent events. The statement is effective for the City's year ending December 31, 2027.

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Accounting Standard Adopted

As of January 1, 2025, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*, which expands the disclosure requirements for risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosure criteria should be assessed for the primary government reporting unit and all other reporting units that report a liability for revenue debt. A disclosure shall be made in the notes to the financial statements if all of the following criteria are met: a concentration or constraint is known, the concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact, and an event related to the concentration or constraint that could have a substantial impact has occurred or is expected to occur within twelve months of the date the financial statements are issued. The implementation of this standard did not have a material impact on the City at December 31, 2025.

Use of Estimates

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

Pensions

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

Subsequent Events

The City has assessed subsequent events through ____________________, 2026, the date which the financial statements were available to be issued.

(2) Deposits and Investments

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(2) Deposits and Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The treasury notes, federal agency obligations, and government sponsored enterprises are measured as level 2 recurring fair value measurements according to the fair value hierarchy. Certificates of deposit are non-negotiable and reported at cost plus accrued interest. As of December 31, 2025, the City had the following investments:

Investment	Credit Rating	Total	Less than 1 Year	1-5 Years	5-10 Years	10 Years or More
Certificates of Deposit	N/A	$ 77,496,401	$ 48,012,591	$ 29,483,810	$ -	$ -
US Treasury Notes	N/A	50,142,125	34,877,667	4,348,246	10,916,212	-
US Treasury Bills	N/A	1,842,412	-	-	-	1,842,412
US Government Sponsored:						
FFCB (Federal Farm Credit Banks) Bonds	AAA	3,448,087	3,062,227	-	90,576	295,284
FNMA (Fannie Mae) Pool	AAA	3,437	-	3,437	-	-
FHLMC (Freddie Mac) Pool	AAA	7,217	-	7,217	-	-
FHLB Notes	AAA	209,512	-	-	209,512	-
Total Investments		$ 133,149,191	$ 85,952,485	$ 33,842,710	$ 11,216,300	$ 2,137,696

At December 31, 2025, the City's cash with fiscal agent accounts consisted of money market accounts with a maturity of less than 1 year.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City allocates income from deposits and investments to the funds making the investment, except for interest generated by the Cemetery Perpetual Care Fund, which must be credited to the General Fund, and used only for maintenance of the municipal cemetery, as required by SDCL 9-32-18.

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

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

Custodial Credit Risk:
Custodial credit risk is the risk that, in the event of a depository failure, the City's deposits may not be returned to it. The City's investment policy restricts the maximum holding per institution to 50% of the City's total pooled cash fund. As of December 31, 2025, the City's deposits in financial institutions collateralized by securities held by the pledging financial institution were as follows:

	Bank Balance
Insured - FDIC	$ 1,321,025
Uninsured, collateralized in accordance with SDCL 4-6A-3	83,516,957
Total Deposits	$ 84,837,982

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(2) Deposits and Investments

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

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

(3) Property Taxes

Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year. The City is permitted by several state statutes to levy varying amounts of taxes per $1,000 of taxable valuation on taxable real property in the City.

(4) Due From Other Governments

At December 31, 2025, the City's Due from Other Governments consisted of the following:

Governmental Funds:		
General Fund		
Police Grants	$	181,769
Fire Grants		71,491
Local Counties/ Agencies		67,720
Transportation Planning		40,641
Federal Transit Administration State Match		36,517
Urban Mass Transit Grant		142,466
Local Government Highway/Bridge		164,804
Liquor Tax Reversion		137,739
Urban and Community Forestry		23,540
Environmental Protection Agency Planning Grant		37,890
Total General Fund		904,577
Capital Improvements and Vision Fund		24,890
Nonmajor Funds		5,647
Total Governmental Funds	$	935,114

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(4) Due From Other Governments

Enterprise Funds:	
Water Fund	
Bureau of Reclamation	$ 15,641
Airport Fund	
Airport Improvement Projects (AIP)	2,160,883
Civic Center Fund	
Facility Rental	3,941
Nonmajor Proprietary Funds	
Ambulance - Coronavirus State and Local Fiscal Recovery Funds	11,100
Energy Plant - Rapid City Area Schools	59,018
Total Nonmajor Proprietary Funds	70,118
Total Enterprise Funds	$ 2,250,583

(5) Individual Fund Interfund Receivable and Payable Balances

Interfund receivable and payable balances at December 31, 2025, are as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General Fund	$ 482,495	$ -
Civic Center Fund	-	101,438
Nonmajor Proprietary Funds	-	381,057
Total Interfund Receivable and Payable Balances	$ 482,495	$ 482,495

Interfund receivables and payables are generally made to help maintain positive cash balances at year end. The balances are expected to be repaid within the next year. Interfund advances balances at December 31, 2025, are as follows:

Fund	Interfund Advance To	Interfund Advance From
Major Funds:		
General Fund	$ 6,666,426	$ -
Water Fund	4,721,101	-
Wastewater Fund	6,163,841	-
Civic Center Fund	-	554,643
Solid Waste Disposal Fund	-	1,000,000
Nonmajor Governmental Funds	-	16,274,943
Nonmajor Proprietary Funds	4,645,000	4,366,782
Total Interfund Receivable and Payable Balances	$ 22,196,368	$ 22,196,368

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(5) Individual Fund Interfund Receivable and Payable Balances

The General, Water, and Wastewater Funds advanced monies to the Civic Center, Solid Waste Disposal, Nonmajor Governmental, and Nonmajor Proprietary Funds to assist in funding capital improvement projects. The balances will be repaid between 2026 through 2041 and bear interest between 3.00 to 7.00 percent.

(6) Capital Assets

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

	Balance 12/31/2024	Additions	Transfers	Deletions	Balance 12/31/2025
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	$ 50,573,974	$ 1,532,341	$ -	$ -	$ 52,106,315
Construction Work in Progress	28,795,181	21,901,490	(43,179,333)	-	7,517,338
Total Capital Assets, not being Depreciated	79,369,155	23,433,831	(43,179,333)	-	59,623,653
Capital Assets, being Depreciated:					
Buildings	111,111,646	4,639,864	12,932,964	-	128,684,474
Improvements Other Than Buildings	475,716,811	8,754,607	25,776,048	-	510,247,466
Machinery and Equipment	44,174,089	4,647,993	406,232	(859,218)	48,369,096
Intangible Subscription Assets	2,497,463	-	-	-	2,497,463
Total Capital Assets, being Depreciated	633,500,009	18,042,464	39,115,244	(859,218)	689,798,499
Less Accumulated Depreciation for:					
Buildings	38,096,141	2,426,524	-	-	40,522,665
Improvements Other Than Buildings	270,498,375	12,986,335	-	-	283,484,710
Machinery and Equipment	30,339,271	2,367,280	-	(661,616)	32,044,935
Intangible Subscription Assets	499,492	249,746	-	-	749,238
Total Accumulated Depreciation	339,433,279	18,029,885	-	(661,616)	356,801,548
Total Governmental Activities Capital Assets, being Depreciated, Net	294,066,730	12,579	39,115,244	(197,602)	332,996,951
Total Governmental Capital Assets, Net	$ 373,435,885	$ 23,446,410	$ (4,064,089)	$ (197,602)	$ 392,620,604

Depreciation expense was charged to functions as follows:

Public Works	$ 11,974,425
Culture and Recreation	3,143,603
Public Safety	1,499,686
General Government	1,177,732
Health and Welfare	219,348
Community Development	15,091
Total Depreciation Expense - Governmental	$ 18,029,885

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(6) Capital Assets

	Balance 12/31/2024	Additions	Transfers	Deletions	Balance 12/31/2025
Business-Type Activities:					
Capital Assets, not being Depreciated:					
Land	$ 19,581,212	$ 788,476	$ -	$ -	$ 20,369,688
Construction Work in Progress	100,062,800	101,242,768	(34,586,252)	-	166,719,316
Total Capital Assets, not being Depreciated	119,644,012	102,031,244	(34,586,252)	-	187,089,004
Capital Assets, being Depreciated:					
Buildings	329,307,377	-	1,283,571	-	330,590,948
Improvements Other Than Buildings	675,404,949	6,679,997	37,138,152	-	719,223,098
Machinery and Equipment	50,229,137	2,133,617	228,618	(1,500,836)	51,090,536
Total Capital Assets, being Depreciated	1,054,941,463	8,813,614	38,650,341	(1,500,836)	1,100,904,582
Less Accumulated Depreciation for:					
Buildings	100,521,217	6,289,622	-	-	106,810,839
Improvements Other Than Buildings	244,865,292	16,424,464	-	-	261,289,756
Machinery and Equipment	27,530,079	3,180,826	-	(1,262,929)	29,447,976
Total Accumulated Depreciation	372,916,588	25,894,912	-	(1,262,929)	397,548,571
Total Business-Type Activities Capital Assets, being Depreciated, Net	682,024,875	(17,081,298)	38,650,341	(237,907)	703,356,011
Total Business-Type Capital Assets, Net	$ 801,668,887	$ 84,949,946	$ 4,064,089	$ (237,907)	$ 890,445,015

Depreciation expense was charged to functions as follows:

Water	$ 6,607,792
Wastewater	5,301,894
Civic Center	4,176,995
Airport	3,582,533
Solid Waste Disposal	1,787,597
Nonmajor Proprietary	4,438,101
Total Depreciation Expense - Business-Type	$ 25,894,912

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(6) Capital Assets

As of December 31, 2025, the City had construction commitments of approximately $174,400,000. Individual project commitments of over $100,000 were as follows:

Project Number/ Name	Project Description	Total Costs As of 12/31/2025	Total Contract	Remaining
20-2629	WRF Aeration Basin	$ 98,286,885	$ 206,776,418	$ 108,489,533
25-5324	Terminal Expansion Phase #3	752,333	15,146,603	14,394,270
25-5323	Terminal Expansion Phase #2	1,738,382	14,069,885	12,331,503
25-2834	MT View Facility Improvements	22,895	7,464,094	7,441,199
22-2694	143rd Ave and Country Road	11,088,265	18,362,917	7,274,652
25-2852	Jet Dr & Turbine Dr Street Rehab	569,018	5,209,694	4,640,676
24-2780	Sioux Ave & East St Charles Rehab	1,937,914	5,955,302	4,017,388
19-2535	Canyon Lake District	1,509,299	4,916,412	3,407,113
23-2759	SW Booster Station Recon	2,048,500	4,569,527	2,521,027
22-5320	Terminal Expansion Phase #1	6,224,587	8,455,555	2,230,968
24-2742	Rapid City Groundwater	1,216,747	2,649,773	1,433,026
2025	Fire Engine #1	475,347	1,558,490	1,083,143
25-2858	Fire Station #9/City Park	78,380	667,786	589,406
25-2821	Sanitary Sewer Pipe Recon	145,968	421,886	275,918
25-6202	Whitehead Ball Field Improvments	120,052	392,864	272,812
25-2778	Well 13 Pump Renovation	110,199	364,937	254,738
22-2733	EAFB Meter Facility	1,578,636	1,805,598	226,962
25-2850	Plum Creek Gravity	59,764	181,205	121,441
25-2796	Silverleaf Ave & 4th Street Recon	66,703	170,018	103,315
24-2788	Robbinsdale Redeveopment	192,306	294,650	102,344
	Remainder	46,014,474	46,229,813	215,339
		$ 174,236,654	$ 345,663,427	$ 171,426,773

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

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

		Balance 12/31/2024		Additions		Deletions*		Balance 12/31/2025		Due Within One Year
Primary Government:										
Governmental Activities:										
Financing Obligations	$	3,459,070	$	-	$	(168,304)	$	3,290,766	$	173,767
Revenue Bonds		106,219,510		-		(5,275,077)		100,944,433		5,410,077
Tax Increment Districts		27,535,960		18,491,008		(3,654,383)		42,372,585		5,975,276
Subscriptions		2,044,724		-		(239,799)		1,804,925		249,223
Compensated Absences		4,514,280				(112,327)		4,401,953		374,166
Total Governmental Activities		143,773,544		18,491,008		(9,449,890)		152,814,662		12,182,509
Business-Type Activities:										
Financing Obligations		924,925		-		(145,448)		779,477		126,617
Closure/Post Closure		5,100,000		921,000		-		6,021,000		-
Revenue Bonds		72,682,142		60,190,204		(33,504,268)		99,368,078		5,022,007
Compensated Absences		1,775,057		-		(167,983)		1,607,074		40,000
Total Business-Type Activities		80,482,124		61,111,204		(33,817,699)		107,775,629		5,188,624
Total Primary Government	$	224,255,668	$	79,602,212	$	(43,267,589)	$	260,590,291	$	17,371,133

* The amount included in the deletions column for the compensated absences liability is a net change.

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

		Water Fund		Wastewater Fund		Airport Fund		Civic Center Fund**		Solid Waste Disposal Fund		Sales Tax Revenue Bonds
2025 Principal and Interest	$	33,346,892	$	1,568,018	$	717,900	$	368,324	$	484,282	$	7,940,776
Pledged Revenue		31,028,887		19,324,828		16,417,459		2,394,110		9,437,234		42,877,520

** Gross receipts taxes are pledged.

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

It is a specific condition of the developer's agreement and a condition of the City's obligation that all sums payable shall be limited to the proceeds of the positive tax increment. It is also specifically agreed that the City has made no representation that the proceeds from such funds shall be sufficient to retire the indebtedness incurred by the developer to construct the public improvements. Future property taxes generated over the tax increment districts 20-year period are projected to produce 100 percent of the debt service requirements.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

During the year ended December 31, 2025, TIF related property tax revenues were $5,404,691. Debt service expenditures related to TIF obligations totaled $8,629,973 for the year ended December 31, 2025.

Long-term debt at December 31, 2025, is comprised of the following:

Governmental Activities:		
Revenue Bonds		
Sales Tax Revenue Bonds, Series 2021 serviced by the Capital Improvements and Vision Special Revenue Fund. Payable in annual principal installments of $1,640,000 to $5,985,000 through December 2046. Interest payments at a rate of 0.298 to 2.910 percent.	$	94,505,000
Sales Tax Revenue Bonds, Series 2020 serviced by the Capital Improvements and Vision Special Revenue Fund. Payable in annual principal installments of $1,015,000 to $1,335,000 through December 2028. Interest payments at a rate of 0.450 to 1.500 percent.		3,825,000
Sales Tax Revenue Bonds, Series 2018 serviced by the Capital Improvements and Vision Special Revenue Fund. Payable in annual principal installments of $930,000 to $1,105,000 through December 2026. Interest payments at a rate of 5.00 percent.		2,240,000
Unamortized deferred premium		374,433
Financing Obligations		
Obligation dated September 6, 2011 with Pennington County, South Dakota for 44, 61, and 10 percent interest in Public Safety Building, Evidence Lab, and Parking Ramp, respectively. Due in annual installments of $290,058, including interest of 4.11 percent. The Final payment is due December 2040. The obligation is serviced by the Capital Improvements and Vision Fund.		3,290,766
Tax Increment Financing District (TID)		
TID 72 - East Saint Joseph Street - Created in 2012, maximum payoff of $4,095,341, including interest at 5.90 percent. The TID expires in February 2032.		1,993,494
TID 76 - Buffalo Crossing - Created in 2016, maximum payoff of $6,410,528, including interest at 7.00 percent. The TID expires in February 2036.		2,622,650
TID 77 - Rushmore Gateway Corridor - Created in 2016, maximum payoff of $6,067,965, including interest at 5.50 percent. The TID expires in April 2034.		4,282,920
TID 80 - Promise Road - Created in 2017, maximum payoff of $5,522,040, including interest at 6.00 percent. The TID expires in December 2037.		3,080,688
TID 81 - Park Hill - Created in 2018, maximum payoff of $987,384, including interest at 5.50 percent. The TID expires in December 2038.		807,228

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

TID 84 - East Anamosa Street Water Main Extension - Created in 2021, maximum payoff of $26,003,623, including interest at 7.00 percent. The TID expires in June 2030.	13,447,763
TID 85 - Block 5 Project - Created in 2022, maximum payoff of $15,775,992, including interest at 4.50 percent. The TID expires in December 2042.	10,793,863
TID 90- Sagebrush Flats Affordable Housing - Created in 2023, maximum payoff of $9,598,327, including interest at 7.50 percent. The TID expires in December 2042.	5,343,979
Subscriptions	
Subscription-based Information Technology arrangement dated January 1, 2023 with an entity to maintain support for Police Department equipment. Due in annual installments of $320,157 through December 2026 and $290,698 through December 2031, including interest at 4.00 percent. Financed by the General Fund.	1,804,925
Business-type Acitivities:	
Revenue Bonds	
Water revenue Bonds of 2015. Due in annual installments of $1,565,000 to $3,250,000 through November 2039. Interest at a rate of 3.625 to 5.00 percent. (Financed by pledged Water Fund revenue.)	6,385,000
Loan No. 6 from State Revolving Fund (SRF) of 2011. Due in quarterly installments of $45,660 to $83,020 through 2031. Interest at 3.00 percent. (Financed by the Wastewater Fund.)	1,851,458
Gross Receipts Revenue Bonds of 2021. Due in annual installments of $320,000 to $350,000 through 2028. Interest at a rate of 1.39 percent. (Financed by the Civic Center Fund.)	1,025,000
Wastewater Refunding Bonds of 2021. Due in annual installments of $335,000 to $495,000 through 2040. Interest payments at a rate of 2.00 to 3.00 percent. (Financed by Wastewater Fund revenue and monthly surcharge.)	6,485,000
Loan No. 7 from SRF of 2022. Maximum total borrowings up to $101,500,000. Matures 20 years after initial loan amortization date, due in quarterly installments. Interest payments at a rate of 2.00 percent. (Financed by the Wastewater Fund revenue.)	32,279,202
Loan No. 8 from SRF of 2022. Maximum total borrowings up to $11,300,000. Matures 20 years after initial loan amortization date, due in quarterly installments. Interest payments at a rate of 2.75 percent. (Financed by the Solid Waste Disposal Fund revenue.)	10,348,886
Airport PFC Revenue Refunding Bonds of 2019. Due in annual installments of $355,000 to $690,000 through 2035. Interest payments at a rate of 4.00 to 5.00 percent. (Financed by pledged Airport Passenger Facility Charge revenue.)	5,800,000

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

Drinking Water Loan SRF 2 of 2009. Due in quarterly installments of $100,997 through 2031 Interest payments at a rate of 3.00 percent. (Financed by pledged Water Fund revenue.)		2,318,791
Drinking Water Loan SRF 3 of 2017. Due in quarterly installments of $27,649 through November 2034. Interest payments at a rate of 3.00 percent. Initial loan amount was $4,626,000 of which $3,000,000 was forgiven by issuer. (Financed by pledged Water Fund revenue.)		772,957
Water revenue Bonds of 2025. Due in annual installments of $1,345,000 to $2,840,000 through November 2037. Interest at a rate of 5.00 percent. (Financed by pledged Water Fund revenue.)		26,115,000
Net unamortized discounts/premiums on bonds		5,986,784
Financing Obligations		
Financing with Black Hills Community Bank, dated August 19, 2022 for equipment at the Solid Waste facility, which is secured by the equipment. Due in monthly installments of $9,001, including interest at 3.80 percent. The final payment is due August 2032. The obligation is serviced by the Solid Waste Fund.		631,993
Financing with Black Hills Community Bank, dated March 8, 2023 for equipment at the Golf Course, which is secured by the equipment. Due in monthly installments of $4,061, including interest at 5.50 percent. The final payment is due April 2029. The obligation is serviced by the Golf Course Fund.		147,484
Total Bonds, Financing Obligations, Notes Payable, and TIF Obligations		248,560,264
Accrued Landfill Closure		6,021,000
Compensated Absences:		
General Fund		4,401,953
Water Fund		303,881
Wastewater Fund		198,497
Airport Fund		126,604
Civic Center Fund		394,977
Solid Waste Disposal Fund		112,161
Non-major Enterprise Funds		470,954
Total Compensated Absences		6,009,027
Total Long-Term Debt	$	260,590,291

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

The annual requirements to amortize long-term debt outstanding as of December 31, 2025, except for compensated absences and accrued closure/post-closure are as follows:

Total Governmental Funds

	Revenue Bonds and Notes Payable		Financing Obligations		TID Obligations	
	Interest	Principal	Interest	Principal	Interest	Principal
2026	$ 2,334,158	$ 5,410,077	$ 104,575	$ 173,767	$ 2,605,109	$ 5,975,276
2027	2,216,139	5,441,431	98,935	179,407	2,110,734	4,428,780
2028	2,147,171	5,091,431	93,111	185,231	1,891,452	4,912,715
2029	2,073,328	4,136,431	87,099	191,243	1,501,892	4,953,309
2030	2,007,699	4,201,431	80,891	197,451	1,118,815	4,633,733
2031-2035	8,859,245	22,187,155	304,056	1,087,654	2,185,973	7,636,811
2036-2040	6,271,290	24,777,155	115,697	1,276,013	752,365	6,699,639
2041-2045	2,699,942	28,342,155	-	-	-	3,132,322
2046	37,830	1,357,167	-	-	-	-
Total	$ 28,646,802	$ 100,944,433	$ 884,364	$ 3,290,766	$ 12,166,340	$ 42,372,585

	Subscriptions		Total	
	Interest	Principal	Interest	Principal
2026	$ 70,934	$ 249,223	$ 5,114,776	$ 11,808,343
2027	61,139	259,018	4,486,947	10,308,636
2028	50,960	239,738	4,182,694	10,429,115
2029	41,538	249,160	3,703,857	9,530,143
2030	31,746	258,952	3,239,151	9,291,567
2031-2035	31,561	548,834	11,380,835	31,460,454
2036-2040	-	-	7,139,352	32,752,807
2041-2045	-	-	2,699,942	31,474,477
2046	-	-	37,830	1,357,167
	$ 287,878	$ 1,804,925	$ 41,985,384	$ 148,412,709

Total Business-type Activities

	Revenue Bonds		Financing Obligations		Total	
	Interest	Principal	Interest	Principal	Interest	Principal
2026	$ 2,556,463	$ 5,022,007	$ 30,134	$ 126,617	$ 2,586,597	$ 5,148,624
2027	2,592,338	5,501,811	24,420	132,332	2,616,758	5,634,143
2028	2,417,229	5,687,925	18,499	138,253	2,435,728	5,826,178
2029	2,237,024	5,497,860	12,719	111,089	2,249,743	5,608,949
2030	2,052,179	5,699,228	8,788	98,717	2,060,967	5,797,945
2031-2035	7,866,868	28,116,457	7,553	172,469	7,874,421	28,288,926
2036-2040	2,786,146	22,963,663	-	-	2,786,146	22,963,663
2041-2045	521,420	8,117,368	-	-	521,420	8,117,368
2046-2050	-	12,761,759	-	-	-	12,761,759
Total	$ 23,029,667	$ 99,368,078	$ 102,113	$ 779,477	$ 23,131,780	$ 100,147,555

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(8) Leases

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

Lease Asset	Lease Receivable December 31, 2025	Lease Revenue	Lease Interest Revenue	Deferred Inflows December 31, 2025
Land	$ 495,702	$ 165,047	$ 23,505	$ 479,704
Airport Hangars	3,850,220	127,916	121,550	3,571,020
Retail Space	6,424,716	2,171,918	297,169	6,198,450
Total	$ 10,770,638	$ 2,464,881	$ 442,224	$ 10,249,174

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

	Principal	Interest
2026	$ 2,340,928	$ 358,131
2027	2,414,285	263,700
2028	2,434,875	167,613
2029	204,028	111,171
2030	127,117	105,482
2031-2035	707,065	463,823
2036-2040	751,993	347,058
2041-2045	893,449	219,328
2046-2050	852,632	73,543
2051-2052	44,266	1,640
Total	$ 10,770,638	$ 2,111,488

(9) Interfund Transfers

Interfund transfers during the year ended December 31, 2025 were as follows:

	Transfers In	Transfers Out
General Fund	$ 1,286,740	$ 470,000
Capital Improvements and Vision Fund	-	678,240
Water Fund	1,025,000	1,137,500
Wastewater Fund	-	3,500
Solid Waste Disposal Fund	2,000,000	-
Nonmajor Proprietary Funds	-	2,022,500
Total Transfers	$ 4,311,740	$ 4,311,740

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

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

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

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

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

Legislation enacted in 2017 established the current Cost-of-Living Adjustment (COLA) process. At each valuation date:

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

Contributions:
Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0 percent of salary; Class B Judicial Members, 9.0 percent of salary; and Class B Public Safety Members, 8.0 percent of salary. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2025, 2024, and 2023 were \$5,003,945, \$4,668,176, and \$4,254,105, respectively, equal to the required contributions each year.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:
At June 30, 2025, SDRS is 100.10 percent funded and has a net pension asset. The proportionate shares of the components of the net pension asset of SDRS, for the City as of June 30, 2025 are as follows:

	Governmental Activities	Business-Type Activities	Total
Proportionate Share of Net Position Restricted for Pension Benefits	\$ 297,758,881	\$ 115,220,981	\$ 412,979,862
Less: Proportionate Share of Total Pension Liability	(297,593,050)	(115,156,905)	\$ (412,749,955)
Proportionate Share of Net Pension Asset	\$ 165,831	\$ 64,076	\$ 229,907

At December 31, 2025, the City reported an asset of \$229,907 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2025, the City's proportion was 2.704249 percent, which is an increase of 0.031007 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized pension expense of \$114,829. At December 31, 2025, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 7,874,560	\$ -
Changes in Assumption	-	12,203,624
Net Difference between Projected and Actual Earnings on Pension Plan Investments	11,206,305	-
City Contributions Subsequent to the Measurement Date	2,566,947	-
Total	\$ 21,647,812	\$ 12,203,624

Deferred outflow of resources includes \$2,575,886 resulting from City contributions subsequent to the measurement date that will be recognized as an increase of the net pension asset in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

2026	\$ 5,313,866
2027	576,496
2028	367,621
2029	619,258
	\$ 6,877,241

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

Actuarial Assumptions:
The total pension asset in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Investment Rate of Return	6.50 percent, net of pension plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.56 percent

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

Active and Terminated Vested Members:	Teachers, Certified Regents, and Judicial: PubT-2010; Other Class A Members: PubG-2010; Public Safety Members: PubS-2010
Retired Members:	Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65; Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above; Public Safety Retirees: PubS-2010, 102% of rates at all ages
Beneficiaries:	PubG-2010 contingent survivor mortality table
Disabled Members:	Public Safety: PubS-2010 disabled member mortality table; Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2025, 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, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.9%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
	100.0%	

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension (Asset)/Liability	$ 56,368,219	$ (229,907)	$ (46,597,468)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

(11) Other Post Employment Benefits (OPEB) Plan

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(11) Other Post Employment Benefits (OPEB) Plan

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

Plan Membership:
The health plan is a self-insured PPO providing benefits to eligible participants. Currently, there are 824 active participants and 128 retirees who are participating in the plan.

Total OPEB Liability:

Balance at December 31, 2024	$	31,991,787
Charges for the Year:		
Service Cost		1,049,332
Interest on the total OPEB liability		1,008,725
Effect of economic/demographic gains or losses		-
Effect of assumption changes or inputs		(2,070,794)
Benefit Payments		(1,698,347)
Net Change in Total OPEB Liability		(1,711,084)
Balance at December 31, 2025	$	30,280,703

The City's total OPEB liability was determined by an actuarial valuation as of December 31, 2024, rolled forward to December 31, 2025. Changes in total OPEB liability are as follows:

Actuarial Methods and Assumptions:
The total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following assumptions applied to all periods included in the measurement, unless otherwise specified.

Salary increases	7.66 percent for initial year of service decreasing to 3.15 percent for years of service over 25.
Healthcare cost trend rates	7.10% 2024. Then decreasing per year to an ultimate rate of 3.90 percent for 2074.
Retirees' share of Benefit-related costs	40% of projected health insurance premiums for retirees
Discount Rate	3.26 percent, 20-year tax exempt municipal bond rate as of December 31, 2023 based Bond Buyer General Obligation 20-Year Bond Municipal Index.

Mortality:
For Actives and Terminated Vesteds: PubG-2010 amount-weighted base mortality tables projected generationally with MP-2020 for General Employees(Class A), PubS-2010 amount-weighted base mortality projected with MP-2020 for Public Safety(Class B). For Retirees, add 0.93 factor to General Employees and 1.02 factor to Public Safety Employees.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(11) Other Post Employment Benefits (OPEB) Plan

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 31,575,012	$ 30,280,703	$ 26,738,954

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 26,111,548	$ 30,280,703	$ 32,431,516

For the year ended December 31, 2025, the City recognized total OPEB expense of $1,452,163. At December 31, 2025 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 5,299,404	$ -
Changes in Assumptions	2,075,916	3,464,167
City Contributions Subsequent to the Measurement Date	1,158,502	-
Total	$ 8,533,822	$ 3,464,167

The City's contributions subsequent to the measurement date of $1,158,502 will be recognized as OPEB expense for the year ending December 31, 2026.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the year ending December 31:

2026	$ 1,383,540
2027	1,051,370
2028	457,963
2029	763,887
2030	456,799
Thereafter	(202,406)
	$ 3,911,153

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

As of December 31, 2025, the following individual nonmajor governmental funds had deficit fund balance in the amounts shown: Occupancy Tax ($77,585), TID 99 Fund ($1,251), TID 93 Fund ($78,380), TID 92 Fund ($823), TID 91 Fund ($1,673,580), TID 84 Fund ($71,028), TID 83 Fund ($1,312,817), TID 76 Fund ($10,586) and TID 52 Fund ($21,565), which will be funded through gross business receipts and property tax, and interfund charges received for the respective funds. The following individual nonmajor enterprise funds had deficit fund balance in the amounts shown : Golf Course Fund ($260,278), Energy Plant Fund ($441,131), Ambulance Fund ($130,157), Transportation Terminal Fund ($292,297).

(13) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carried commercial insurance for insurable risks of loss except for employee health insurance, liability insurance, worker's compensation and unemployment benefits. The City has established self-insurance internal service funds to pay for medical, worker's compensation and unemployment compensation claims of City employees and their covered dependents as well as the deductible portion of liability claims.

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

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

The City has a reserve equity in the workers compensation fund of $720,651, reserve equity in the medical insurance fund of $5,097,752, reserve equity in the unemployment insurance fund of $77,041, and fund deficit in the liability insurance fund of ($277,629) for the payment of such future claims.

Changes in the aggregate liabilities of the self-insurance funds during 2024 and 2025 were as follows:

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund
Benefit Claims Payable - January 1, 2024	$ 708,997	$ 335,237	$ -	$ 3,844,124
Claims Incurred	13,206,932	550,945	36,263	792,776
Claims Paid	(13,113,407)	(328,975)	(32,073)	(1,379,689)
Benefit Claims Payable - December 31, 2024	802,522	557,207	4,190	3,257,211
Claims Incurred	13,154,506	709,560	21,563	1,083,770
Claims Paid	(13,221,672)	(532,608)	(25,753)	(1,366,965)
Benefit Claims Payable - December 31, 2025	$ 735,356	$ 734,159	$ -	$ 2,974,016

(14) Contingent Liabilities

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(15) Landfill

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $6,021,000 reported as landfill closure and post closure care liability at December 31, 2025 represents the cumulative amount reported to date based on 71.1% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of $2.44 million as the remaining estimated capacity is filled.

These costs are based on a 3.00% yearly inflation index. The City expects to close the landfill in the year 2038. The City does not record a remediation liability as management feels insurance coverage is adequate.

However, the recycling plant, in addition to the department's yard waste and proposed composting facility, are expected to extend the life. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance closure and post closure care. The City meets these compliance requirements and at December 31, 2025, cash and cash equivalents of $4,591,389 (Note 2) are held for these purposes. Contributions for the future closure and post-closure care of the landfill will be used to retire the non-current liability for closure and post-closure care reported on the enterprise balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

(16) Tax Abatements

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

For the year ended December 31, 2025, the City abated property taxes under this program, for the following tax abatement agreements:

> TID 72 - Saint Joseph Street Student Housing - A 44.3% property tax abatement to a local developer for the purchase of land, demolition/cleanup and reconstruction costs associated with the development of a student apartment complex. The abatement amounted to $66,406.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RAPID CITY

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS (UNAUDITED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues					
310	**Taxes**				
311	General Property Taxes	$ 25,175,452	$ 25,175,452	$ 25,392,090	$ 216,638
313	General Sales and Use Taxes	42,366,367	42,366,367	43,226,894	860,527
314	Gross Receipts Business Taxes	-	-	653,289	653,289
320	Licenses and Permits	3,739,000	3,739,000	3,378,050	(360,950)
330	*Intergovernmental Revenue*				
331	Federal Grants	6,441,341	10,470,831	8,100,295	(2,370,536)
334	State Grants	245,000	245,000	37,845	(207,155)
335	*State Shared Revenue*				
335.01	Bank Franchise Tax	249,083	249,083	273,945	24,862
335.03	Liquor Tax Reversion	492,811	492,811	507,492	14,681
335.04	Motor Vehicle Licenses (5%)	681,021	681,021	71,550	(609,471)
335.06	Fire Insurance Reversion	323,764	323,764	529,483	205,719
335.08	Local Government Highway and Bridge Fund	817,190	817,190	842,459	25,269
338	*County Shared Revenue*				
338.01	County Road Tax (25%)	681,021	681,021	654,556	(26,465)
340	*Charges for Goods and Services*				
341	General Government	700,000	700,000	987,158	287,158
342	Public Safety	1,500,000	1,500,000	3,237,166	1,737,166
343	Public Works	400,000	400,000	570,494	170,494
345	Health & Welfare	150,000	150,000	278,811	128,811
346	Culture and Recreation	1,600,000	1,600,000	2,463,842	863,842
348	Cemetery	275,000	275,000	357,214	82,214
350	*Fines and Forfeits*				
351	Court Fines and Costs	5,500	5,500	1,143	(4,357)
354	County Library	350,000	350,000	-	(350,000)
360	*Miscellaneous Revenue*				
361	Interest Earnings	8,260,000	8,260,000	6,667,557	(1,592,443)
362	Rentals	150,000	150,000	239,152	89,152
363	Special Assessments	-	-	84,532	84,532
367	Contributions and Donations	-	-	-	-
369	Other	48,962	48,962	59,474	10,512
Total Revenue		94,651,512	98,681,002	98,614,491	(66,511)
Expenditures					
410	*General Government*				
412	Executive-Mayor & Council	2,379,340	3,140,195	1,483,157	1,657,038
414	Financial - Human Resources	1,035,953	1,142,065	1,061,978	80,087
414	Financial - Information Technology	1,445,224	1,444,974	1,173,693	271,281
414	Financial - Finance	1,487,956	1,592,117	922,113	670,004
414	Financial - Attorney	525,579	525,599	455,508	70,091
419	Other - Government Bldgs	1,558,382	1,549,569	1,350,093	199,476
420	*Public Safety*				
421	Police	27,098,109	27,630,142	28,920,681	(1,290,539)
422	Fire	19,539,909	20,606,468	20,084,946	521,522
423	Protective Inspection	3,653,458	4,027,168	3,006,522	1,020,646
429	Other Protection-Emergency Mgt	2,072,386	1,816,871	255,515	1,561,356
429	Other Protection-Code Enforcement	412,668	411,868	399,401	12,467

CITY OF RAPID CITY

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS (UNAUDITED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

430	*Public Works*				
431	Highways and Streets	9,123,158	10,160,913	9,082,215	1,078,698
431.1	Administration	2,749,317	2,816,851	1,842,388	974,463
440	*Health and Welfare*				
441	Health	1,267,846	1,267,846	1,267,846	-
444	Humane Society	625,000	625,000	625,000	-
449	Other - Public Transit	1,928,244	3,543,409	3,171,270	372,139
449	Other - Air Quality	90,470	90,470	88,153	2,317
450	*Culture and Recreation*				
451	Recreation	530,014	600,059	562,712	37,347
451	Swimming Pools	2,858,725	3,289,429	3,485,638	(196,209)
451	Ice Arena	1,063,973	1,125,376	558,421	566,955
452	Parks	5,080,599	5,379,806	4,467,836	911,970
455	Libraries	4,395,139	4,543,495	4,175,760	367,735
457	Historic Preservation	27,311	27,311	24,904	2,407
459	Other - Parks & Recreation Admin	582,801	513,995	1,043,796	(529,801)
459	Other - Cemetery	883,984	1,184,947	430,989	753,958
459	Other - Subsidies	1,031,589	1,282,756	1,072,481	210,275
459	Other - Urban Forestry	-	-	315,841	(315,841)
460	*Conservation and Development*				
465	Economic Development	263,175	263,175	40,150	223,025
465	Community Development - Non Grant	110,960	115,524	74,498	41,026
465	Transportation Planning	635,211	1,401,676	926,989	474,687
465	GIS Information System	373,407	373,407	351,812	21,595
485	Capital Outlay	4,321,596	9,105,247	6,792,752	2,312,495
490	*Miscellaneous*				
492	Other Expenditures	294,976	294,976	19,571	275,405
Total Expenditures		99,446,459	111,892,704	99,534,629	9,410,098
Excess of Revenue Over (Under) Expenditures		(4,794,947)	(13,211,702)	(920,138)	12,291,564
Other Financing Sources (Uses)					
391.01	Transfers In (Out)	(70,000)	871,740	816,740	(55,000)
391	Proceeds from Sale of Capital Assets	-	-	136,579	136,579
Total Other Financing Sources (Uses)		(70,000)	871,740	953,319	81,579
Net Change in Fund Balances		(4,864,947)	(12,339,962)	33,181	12,373,143
Fund Balance - Beginning		39,494,661	39,494,661	39,494,661	-
FUND BALANCE- ENDING		$34,629,714	$27,154,699	$39,527,842	$12,373,143

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

CITY OF RAPID CITY

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS (UNAUDITED)
CAPITAL IMPROVEMENTS & VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues					
310	*Taxes*				
313	General Sales and Use Taxes	$ 41,019,248	41,019,248	$ 42,877,520	$ 1,858,272
330	*Intergovernmental Revenue*				
331	Federal Grants	-	433,209	-	(433,209)
334	State Grants	2,405,532	2,405,532	2,896,968	491,436
340	*Charges for Goods and Services*				
341	General Government	-	-	40,926	40,926
343	Public Works	-	-	107,638	107,638
360	*Miscellaneous Revenue*				
361	Interest Earnings (Loss)	-	-	157,425	157,425
363	Special Assessments	-	-	20,121	20,121
369	Other	60,000	60,000	303,501	243,501
Total Revenue		43,484,780	43,917,989	46,404,099	2,486,110
Expenditures					
410	*General Government*				
414	Financial - Information Technology	375,000	990,129	355,808	634,321
419	Other - Government Buildings	-	11,937	-	11,937
420	*Public Safety*				
421	Police	-	-	765	(765)
430	*Public Works*				
431	Highways and Streets	250,000	643,678	2,027,102	(1,383,424)
43x	Administration	2,750,000	2,750,000	2,655,384	94,616
450	*Culture and Recreation*				
451	Recreation	120,000	120,000	-	120,000
460	*Conservation & Development*				
465	Economic Development	1,400,000	2,844,412	1,575,579	1,268,833
470	Debt Service	8,000,000	8,000,000	7,940,776	59,224
485	Capital Outlay	30,574,780	78,369,393	28,454,710	49,914,683
490	*Miscellaneous*				
492	Other Expenditures	15,000	15,000	27,584	(12,584)
Total Expenditures		43,484,780	93,744,549	43,037,708	50,706,841
Excess of Revenue Over (Under) Expenditures		-	(49,826,560)	3,366,391	53,192,951
Other Financing Sources (Uses)					
391.01	Transfers In (Out)	-	257,838	(678,240)	(936,078)
Total Other Financing Sources (Uses)		-	257,838	(678,240)	(936,078)
Net Change in Fund Balances		-	(49,568,722)	2,688,151	52,256,873
Fund Balance - Beginning		71,845,747	71,845,747	66,926,023	-
FUND BALANCE- ENDING		$ 71,845,747	$ 22,277,025	$ 69,614,174	$ 52,256,873

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

CITY OF RAPID CITY

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) (UNAUDITED)
DECEMBER 31, 2025

	2025	2024	2023	2022	2021
City's Proportion of the Net Pension Asset (Liability)	2.7042490%	2.6732420%	2.5211400%	2.4176000%	2.2981520%
City's Proportionate Share of Net Pension Asset (Liability)	$ 229,907	$ 108,205	$ 246,044	$ 228,480	$ 17,635,732
City's Covered Payroll (Plan's Fiscal Year)	$ 77,588,717	$ 72,412,727	$ 63,482,062	$ 56,442,263	$ 49,356,048
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	0.30%	0.15%	0.39%	0.40%	35.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	100.10%	100.00%	100.10%	100.10%	105.52%

	2020	2019	2018	2017	2016
City's Proportion of the Net Pension Asset (Liability)	2.33836750%	2.39737200%	2.38893850%	2.35078350%	2.41148565%
City's Proportionate Share of Net Pension Asset (Liability)	$ 101,555	$ 254,061	$ 55,716	$ 383,176	$ (8,157,148)
City's Covered Payroll (Plan's Fiscal Year)	$ 49,416,543	$ 49,656,578	$ 49,193,976	$ 42,836,501	$ 40,621,932
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	0.21%	0.51%	0.11%	0.89%	-20.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	100.04%	100.09%	100.02%	100.10%	96.89%

CITY OF RAPID CITY

SCHEDULE OF THE CITY'S CONTRIBUTIONS (UNAUDITED)
DECEMBER 31, 2025

	2025	2024	2023	2022	2021
Contractually Required Contribution	$ 5,003,945	$ 4,668,176	$ 4,254,105	$ 3,614,643	$ 3,282,850
Contributions in Relation to the Contractually Required Contribution	5,003,945	4,668,176	4,254,105	3,614,643	3,282,850
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 79,825,825	$ 75,053,913	$ 68,794,456	$ 59,495,532	$ 53,362,369
Contributions as a Percentage of Covered Payroll	6.3%	6.2%	6.2%	6.1%	6.2%

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 3,125,208	$ 3,076,469	$ 3,023,407	$ 2,901,980	$ 2,823,742
Contributions in Relation to the Contractually Required Contribution	3,125,208	3,076,469	3,023,407	2,901,980	2,823,742
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 48,114,793	$ 49,841,773	$ 49,193,976	$ 47,363,396	$ 43,669,915
Contributions as a Percentage of Covered Payroll	6.5%	6.2%	6.1%	6.1%	6.5%

CITY OF RAPID CITY

SCHEDULE OF THE CITY OPEB LIABILITY (UNAUDITED)
DECEMBER 31, 2025

	2025	2024	2023	2022
OPEB Liability	$ 30,280,703	$ 31,991,787	$ 24,025,115	$ 27,093,198
City's Covered Payroll	70,789,426	67,207,160	61,069,676	59,495,532
OPEB Liability as a Percentage of Covered Payroll	42.78%	47.60%	39.34%	45.54%
Employer Contribution	1,450,595	1,772,146	1,095,456	1,019,150
Service Cost	$ 1,049,332	$ 997,353	$ 1,320,793	$ 1,111,457
Interest on the total OPEB liability	1,008,725	852,000	542,759	474,434
Effect of economic/demographic gains or losses	-	6,133,854	-	2,299,600
Effect of assumptions changes or inputs	(2,070,794)	1,725,359	(3,302,991)	1,428,538
Benefit Payments	(1,698,347)	(1,741,894)	(1,628,644)	(1,481,464)
Change in Net OPEB Obligation	(1,711,084)	7,966,672	(3,068,083)	3,832,565
OPEB Liability - Beginning of Year	31,991,787	24,025,115	27,093,198	23,260,633
OPEB Liability - End of Year	$ 30,280,703	$ 31,991,787	$ 24,025,115	$ 27,093,198

	2021	2020	2019	2018
OPEB Liability	$ 23,260,633	$ 22,107,171	$ 19,267,399	$ 20,046,080
City's Covered Payroll	53,352,369	48,114,793	49,841,773	49,193,976
OPEB Liability as a Percentage of Covered Payroll	43.60%	45.95%	38.66%	40.75%
Employer Contribution	2,027,860	1,668,658	2,139,996	1,256,271
Service Cost	$ 967,723	$ 783,471	$ 853,858	$ 770,934
Interest on the total OPEB liability	577,077	741,097	653,494	694,458
Effect of economic/demographic gains or losses	-	1,960,976	-	(368,412)
Effect of assumptions changes or inputs	1,133,800	806,896	(981,535)	503,814
Benefit Payments	(1,525,138)	(1,452,668)	(1,304,498)	(598,410)
Change in Net OPEB Obligation	1,153,462	2,839,772	(778,681)	1,002,384
OPEB Liability - Beginning of Year	22,107,171	19,267,399	20,046,080	19,043,696
OPEB Liability - End of Year	$ 23,260,633	$ 22,107,171	$ 19,267,399	$ 20,046,080

CITY OF RAPID CITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

(1) Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.

2. After adoption by the governing board, the operating budget is legally binding and actual disbursements for each purpose cannot exceed the amounts budgeted, except as indicated in item number 4.

3. A line item for contingencies may be included in the annual budget. Such line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.

4. If it is determined during the year that sufficient amounts have not been budgeted, State statute allows the adoption of supplemental budgets.

5. Unexpended appropriations lapse at year end unless encumbered by resolution of the governing board.

6. Formal budgetary integration is employed as a management control device during the year for the general fund and major special revenue funds.

7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

Changes from Prior Valuation: The June 30, 2025, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2024, Actuarial Valuation.

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

Benefit Provision Changes: During the 2025 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, 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%.

CITY OF RAPID CITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

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

As of June 30, 2025, the FVFR, assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2026 SDRS COLA is limited to a restricted maximum of 1.56%. The July 2026 SDRS COLA will equal inflation, no less than 0% and no greater than 1.56%. For this June 30, 2025, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.56%.

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.

OTHER SUPPLEMENTARY INFORMATION

CITY OF RAPID CITY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

		Occupancy Tax Fund	Downtown BID Tax Fund	Erosion/ Sediment Control Fund	Hotel BID 2 Fund
ASSETS					
101	Cash and Cash Equivalents	$ 94,858	$ 279,172	$ 192,285	$ 80,384
102	Restricted Cash	-	-	-	-
151	Investments	-	-	-	-
110	Property Tax Receivable	-	-	-	1,315
115	Accounts Receivable, Net	1,251	-	-	-
121	Special Assessments Receivable--Current	-	108,775	-	-
128	Notes Receivable	-	-	-	-
132	Due from Other Government	-	-	-	-
135	Interest Receivable	-	7,264	-	-
Total Assets		$ 96,109	$ 395,211	$ 192,285	$ 81,699
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	Liabilities				
201	Claims Payable	$ 173,694	$ 279,172	$ -	$ 5,447
209	Advance from Other Funds	-	-	-	-
216	Wages Payable	-	-	-	-
Total Liabilities		173,694	279,172	-	5,447
	Deferred Inflows of Resources				
245	Unavailable Revenue -- Property Taxes	-	-	-	-
246	Unavailable Revenue -- Special Assessments	-	108,397	-	-
Total Deferred Inflows of Resources		-	108,397	-	-
	Fund Balances				
263	*Nonspendable*				
263.51	Perpetual Care Cemetery	-	-	-	-
264	*Restricted for*				
264.01	Debt Service	-	-	-	-
264.03	Cemetery Perpetual Care	-	-	-	-
264.05	Library	-	-	-	-
264.09	Business Improvement District	-	7,642	-	76,252
264.97	Grant Expenditures	-	-	-	-
265	*Committed to*				
265.99	Erosion/Sediment Control	-	-	192,285	-
267	Unassigned	(77,585)	-	-	-
Total Fund Balances		(77,585)	7,642	192,285	76,252
Total Liabilities, Deferred Inflows of Resources and Fund Balances		$ 96,109	$ 395,211	$ 192,285	$ 81,699

TID 101 Fund	TID 99 Fund	TID 94 Fund	TID 93 Fund	TID 92 Fund	TID 91 Fund	TID 90 Fund
$ 300,000	$ 1,750,000	$ -	$ 935,728	$ -	$ 4,442,902	$ 15,062
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	36,425	3,580	-	16,705	17,886	75,225
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,137,098	-
-	-	-	-	-	-	-
-	-	-	-	-	28,427	-
$ 300,000	$ 1,786,425	$ 3,580	$ 935,728	$ 16,705	$ 5,626,313	$ 90,287
$ -	$ -	$ -	$ 14,108	$ -	$ -	$ -
300,000	1,750,000	-	1,000,000	-	7,280,000	-
-	-	-	-	-	-	-
300,000	1,750,000	-	1,014,108	-	7,280,000	-
-	37,676	3,580	-	17,528	19,893	81,828
-	-	-	-	-	-	-
-	37,676	3,580	-	17,528	19,893	81,828
-	-	-	-	-	-	-
-	-	-	-	-	-	8,459
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(1,251)	-	(78,380)	(823)	(1,673,580)	-
-	(1,251)	-	(78,380)	(823)	(1,673,580)	8,459
$ 300,000	$ 1,786,425	$ 3,580	$ 935,728	$ 16,705	$ 5,626,313	$ 90,287

CITY OF RAPID CITY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

		TID 89 Fund	TID 88 Fund	TID 87 Fund	TID 86 Fund	TID 85 Fund
ASSETS						
101	Cash and Cash Equivalents	$ 179,086	$ 203,605	$ 3,406,390	$ 102,160	$ 18,861
102	Restricted Cash	-	-	-	-	-
151	Investments	-	-	-	-	-
110	Property Tax Receivable	246,412	-	141,204	38,891	511,838
115	Accounts Receivable, Net	-	-	-	-	-
121	Special Assessments Receivable--Current	-	-	-	-	-
128	Notes Receivable	-	748,078	-	-	-
132	Due from Other Government	-	-	-	-	-
135	Interest Receivable	-	33,663	-	-	-
TOTAL ASSETS		$ 425,498	$ 985,346	$ 3,547,594	$ 141,051	$ 530,699
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
	Liabilities					
201	Claims Payable	$ -	$ -	$ -	$ -	$ -
209	Advance from Other Funds	-	951,683	3,068,000	-	-
216	Wages Payable	-	-	-	-	-
Total Liabilities		-	951,683	3,068,000	-	-
	Deferred Inflows of Resources					
245	Unavailable Revenue -- Property Taxes	275,542	-	141,204	65,226	511,838
246	Unavailable Revenue -- Special Assessments	-	-	-	-	-
Total Deferred Inflows of Resources:		275,542	-	141,204	65,226	511,838
	Fund Balances					
263	*Nonspendable*					
263.51	Perpetual Care Cemetery	-	-	-	-	-
264	*Restricted for*					
264.01	Debt Service	149,956	33,663	338,390	75,825	18,861
264.03	Cemetery Perpetual Care	-	-	-	-	-
264.05	Library	-	-	-	-	-
264.09	Business Improvement District	-	-	-	-	-
264.97	Grant Expenditures	-	-	-	-	-
265	*Committed to*					
265.99	Erosion/Sediment Control	-	-	-	-	-
267	Unassigned	-	-	-	-	-
Total Fund Balances		149,956	33,663	338,390	75,825	18,861
Total Liabilities, Deferred Inflows of Resources and Fund Balances		$ 425,498	$ 985,346	$ 3,547,594	$ 141,051	$ 530,699

TID 84 Fund	TID 83 Fund	TID 81 Fund	TID 80 Fund	TID 77 Fund	TID 76 Fund	TID 72 Fund	TID 52 Fund	Community Development Fund
$ -	$ 615,333	$ -	$ 295	$ 369,814	$ 247	$ 11	$ 415	$ 17,650
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,126,947	498,971	69,237	803,445	399,878	537,910	66,406	52,879	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	5,647
-	-	-	-	-	-	-	-	-
$ 3,126,947	$ 1,114,304	$ 69,237	$ 803,740	769,692	538,157	$ 66,417	$ 53,294	$ 23,297
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	1,925,260	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	6,119
-	1,925,260	-	-	-	-	-	-	6,119
3,197,975	501,861	69,237	803,445	399,878	548,743	-	74,859	-
-	-	-	-	-	-	-	-	-
3,197,975	501,861	69,237	803,445	399,878	548,743	-	74,859	-
-	-	-	-	-	-	-	-	-
-	-	-	295	369,814	-	66,417	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	17,178
-	-	-	-	-	-	-	-	-
(71,028)	(1,312,817)	-	-	-	(10,586)	-	(21,565)	-
(71,028)	(1,312,817)	-	295	369,814	(10,586)	66,417	(21,565)	17,178
$ 3,126,947	$ 1,114,304	$ 69,237	$ 803,740	$ 769,692	$ 538,157	$ 66,417	$ 53,294	$ 23,297

Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Nonmajor Governmental Funds
$ 174,681	$ 8,407	$ 875	$ 13,188,221
-	-	322,775	322,775
51,730	-	-	51,730
-	-	-	6,645,154
358	-	6,167	7,776
-	-	-	108,775
-	-	-	1,885,176
-	-	-	5,647
24	-	63	69,441
$ 226,793	$ 8,407	$ 329,880	$ 22,284,695
$ -	$ 48	$ 28,366	500,835
-	-	-	16,274,943
-	5,318	-	11,437
-	5,366	28,366	16,787,215
-	-	-	6,750,313
-	-	-	108,397
-	-	-	6,858,710
50,000	-	-	50,000
-	-	-	1,061,680
176,793	-	-	176,793
-	-	301,514	301,514
-	-	-	83,894
-	3,041	-	20,219
-	-	-	192,285
-	-	-	(3,247,615)
226,793	3,041	301,514	(1,361,230)
$ 226,793	$ 8,407	$ 329,880	$ 22,284,695

CITY OF RAPID CITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Occupancy Tax Fund	Downtown BID Fund	Erosion/ Sediment Control Fund	Hotel Bid 2 Fund	TID 99 Fund	TID 93 Fund
Revenues						
310 *Taxes*						
311 General Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
314 Gross Business Receipts Tax	1,659,122	-	-	81,699	-	-
331 Federal Grants	-	-	-	-	-	-
348 Accounts Receivable, Net	-	-	-	-	-	-
349 Other-Conservation & Development	-	-	45,600	-	-	-
350 Fines and Forfeitures	-	-	-	-	-	-
354 Library	-	-	-	-	-	-
361 Investment Earnings	-	1,138	-	-	-	-
363 Special Assessments	-	331,100	-	-	-	-
367 Contributions and Donations	-	-	-	-	-	-
369 Other	-	-	-	-	-	-
Total Revenue	1,659,122	332,238	45,600	81,699	-	-
Expenditures						
450 *Culture and Recreation*						
455 Libraries	-	-	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-	-	-
465 Community Development	-	-	-	-	-	-
470 Debt Service	-	-	-	-	-	-
485 Capital Outlay	-	-	-	-	-	-
492 Other Expenditures	1,652,155	335,753	3,271	5,447	1,251	78,380
Total Expenditures	1,652,155	335,753	3,271	5,447	1,251	78,380
Excess of Revenue Over (Under) Expenditures	6,967	(3,515)	42,329	76,252	(1,251)	(78,380)
Other Financing Sources (Uses)						
391.02 Long-term Debt Issued	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	6,967	(3,515)	42,329	76,252	(1,251)	(78,380)
Fund Balance (Deficit) - Beginning	(84,552)	11,157	149,956	-	-	-
Fund Balance (Deficit) - Ending	$ (77,585)	$ 7,642	$ 192,285	$ 76,252	$ (1,251)	$ (78,380)

TID 92 Fund	TID 91 Fund	TID 90 Fund	TID 89 Fund	TID 88 Fund	TID 87 Fund	TID 86 Fund	TID 85 Fund	TID 84 Fund
$ -	$ -	$ 19,721	$ 200,721	$ -	$ 134,295	$ 46,791	$ 41,276	$ 2,552,763
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	22,052	113	242	33,663	17	-	90	2,747
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	22,052	19,834	200,963	33,663	134,312	46,791	41,366	2,555,510
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,750,000	-
-	-	911,730	-	-	-	-	2,088,873	3,117,253
-	-	-	-	-	-	-	-	-
823	$ 2,007	4,455,000	-	-	-	-	-	1,778,403
823	2,007	5,366,730	-	-	-	-	10,838,873	4,895,656
(823)	20,045	(5,346,896)	200,963	33,663	134,312	46,791	(10,797,507)	(2,340,146)
-	-	5,355,355	-	-	-	-	10,816,368	2,319,285
-	-	5,355,355	-	-	-	-	10,816,368	2,319,285
(823)	20,045	8,459	200,963	33,663	134,312	46,791	18,861	(20,861)
-	(1,693,625)	-	(51,007)	-	204,078	29,034	-	(50,167)
$ (823)	$ (1,673,580)	$ 8,459	$ 149,956	$ 33,663	$ 338,390	$ 75,825	$ 18,861	$ (71,028)

TID 83 Fund	TID 81 Fund	TID 80 Fund	TID 79 Fund	TID 78 Fund	TID 77 Fund	TID 76 Fund	TID 74 Fund	TID 72 Fund	TID 70 Fund
$ 475,915	$ 34,615	$ 817,458	$ -	$ -	$ 442,819	$ 520,614	$ -	$ 66,406	$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
251	128	133	-	-	-	226	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
476,166	34,743	817,591	-	-	442,819	520,840	-	66,406	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
584,120	34,743	817,591	-	-	442,819	515,537	-	65,060	-
1,185,428	-	-	-	-	-	-	-	-	-
3,569	-	-	201	1,086	-	-	639	-	6,462
1,773,117	34,743	817,591	201	1,086	442,819	515,537	639	65,060	6,462
(1,296,951)	-	-	(201)	(1,086)	-	5,303	(639)	1,346	(6,462)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(1,296,951)	-	-	(201)	(1,086)	-	5,303	(639)	1,346	(6,462)
(15,866)	-	295	201	1,086	369,814	(15,889)	639	65,071	6,462
$ (1,312,817)	$ -	$ 295	$ -	$ -	$ 369,814	$ (10,586)	$ -	$ 66,417	$ -

TID 54 Fund	TID 50 Fund	TID 52 Fund	TID 40 Fund	TID 39 Fund	Community Development Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 51,297	$ -	$ -	$ -	$ -	$ -	$ 2,517	$ 5,407,208
-	-	-	-	-	-	-	-	-	1,740,821
-	-	-	-	-	847,895	-	108,157	-	956,052
-	-	-	-	-	-	24,780	-	-	24,780
-	-	-	-	-	-	-	-	-	45,600
-	-	-	-	-	-	-	-	14,070	14,070
-	-	-	-	-	-	-	-	72,967	72,967
-	-	-	-	-	-	2,840	9	3,949	67,598
-	-	-	-	-	-	-	-	-	331,100
-	-	-	-	-	-	-	18,451	100,000	118,451
-	-	-	-	-	25,713	-	-	-	25,713
-	-	51,297	-	-	873,608	27,620	126,617	193,503	8,804,360
-	-	-	-	-	-	-	-	174,299	174,299
-	-	-	-	-	-	-	152,110	-	152,110
-	-	-	-	-	863,301	-	-	-	9,613,301
-	-	52,247	-	-	-	-	-	-	8,629,973
-	-	-	-	-	-	-	-	-	1,185,428
269	5,531	-	42	13,322	-	193	-	-	8,343,804
269	5,531	52,247	42	13,322	863,301	193	152,110	174,299	28,098,915
(269)	(5,531)	(950)	(42)	(13,322)	10,307	27,427	(25,493)	19,204	(19,294,555)
-	-	-	-	-	-	-	-	-	18,491,008
-	-	-	-	-	-	-	-	-	18,491,008
(269)	(5,531)	(950)	(42)	(13,322)	10,307	27,427	(25,493)	19,204	(803,547)
269	5,531	(20,615)	42	13,322	6,871	199,366	28,534	282,310	(557,683)
$ -	$ -	$ (21,565)	$ -	$ -	$ 17,178	$ 226,793	$ 3,041	$ 301,514	$ (1,361,230)

CITY OF RAPID CITY

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2025

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
ASSETS				
Current Assets				
101 Cash and Cash Equivalents	$ 3,145,316	$ 1,420,453	$ 72,752	$ 155,977
115 Accounts Receivable	294,802	1,765	749	9,357
116 Estimated Uncollectable Accounts Receivable	(60,000)	-	-	-
117 Unbilled Accounts Receivable	92,200	-	-	-
110 Sales Tax Receivable	-	155	-	-
121 Special Assessments Receivable--Current	-	2,564,048	-	-
122 Special Assessments Receivable--Delinquent	-	27,918	-	-
131 Due from Other Funds	-	4,645,000	-	-
132 Due from Other Governments	-	-	-	-
135 Interest Receivable	-	224,117	-	-
142 Inventory of Stores	-	31,232	11,407	54,008
Total Current Assets	3,472,318	8,914,688	84,908	219,342
Noncurrent Assets				
196 Net Pension Asset	3,335	1,564	276	911
Capital Assets				
160 Land	138,430	826,887	596,356	1,424,242
162 Buildings	66,796	-	180,240	1,619,221
168 Improvements Other than Bldg	730,359	90,293,109	3,851,706	3,239,164
166 Machinery and Equipment	6,694,688	3,425,499	151,503	1,066,057
169 Construction Work in Progress	-	1,306,439	-	-
Less: Accumulated Depreciation	(5,085,667)	(30,648,717)	(1,276,898)	(4,051,095)
Total Noncurrent Assets	2,547,941	65,204,781	3,503,183	3,298,500
Deferred Outflows of Resources				
196 Pension Related Deferred Outflows	314,023	147,266	25,988	85,761
248 OPEB Related Deferred Outflows	105,759	61,303	29,019	128,817
Total Deferred Outflows of Resources	419,782	208,569	55,007	214,578
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	$ 6,440,041	$ 74,328,038	$ 3,643,098	$ 3,732,420

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
$ 4,862,054	$ -	$ 460,773	$ 8,296	$ 10,125,621
246,356	36,784	4,220,043	-	4,809,856
(157,000)	-	(2,075,000)	-	(2,292,000)
-	-	-	-	92,200
146	-	-	-	301
-	-	-	-	2,564,048
-	-	-	-	27,918
-	-	-	-	4,645,000
-	59,018	11,100	-	70,118
462	-	-	-	224,579
-	-	-	-	96,647
4,952,018	95,802	2,616,916	8,296	20,364,288
1,035	897	14,260	-	22,278
2,213,269	-	-	267,567	5,466,751
8,819,034	3,521,086	30,659	916,934	15,153,970
1,013,618	-	-	1,679,939	100,807,895
116,584	74,773	2,258,199	-	13,787,303
-	-	-	-	1,306,439
(3,181,892)	(1,261,766)	(1,634,481)	(2,211,096)	(49,351,612)
8,981,648	2,334,990	668,637	653,344	87,193,024
97,455	84,461	1,342,719	-	2,097,673
109,069	43,143	336,791	-	813,901
206,524	127,604	1,679,510	-	2,911,574
$ 14,140,190	$ 2,558,396	$ 4,965,063	$ 661,640	$ 110,468,886

CITY OF RAPID CITY

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2025

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
LIABILITIES, DEFERRED INFLOWS OF RESOURCES				
Current Liabilities				
202 Accounts Payable	$ 55,451	$ 17,721	$ 2,923	$ 11,678
207 Due to Other Funds	-	-	-	-
215 Accrued Interest Payable	-	-	-	667
216 Wages Payable	100,052	43,046	6,582	19,106
226 Long-Term Debt Current Portion	-	-	-	41,540
Total Current Liabilities	155,503	60,767	9,505	72,991
Noncurrent Liabilities				
209 Advance from Other Funds	-	-	-	245,000
2265 OPEB Long-Term Obligation	519,879	244,997	44,830	164,264
231 Capital Lease Payable	-	-	-	105,945
233 Accrued Leave Payable	115,926	50,404	1,676	49,516
Total Noncurrent Liabilities	635,805	295,401	46,506	564,725
Deferred Inflows of Resources				
248 Pension Related Deferred Inflows	177,026	83,019	14,650	48,346
248 OPEB Related Deferred Inflows	59,475	28,028	5,129	18,792
Total Deferred Inflows of Resources	236,501	111,047	19,779	67,138
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	1,027,809	467,215	75,790	704,854
NET POSITION				
253.10 Net Investment in Capital Assets	2,544,606	65,203,217	3,502,907	3,150,104
253.20 Restricted Net Position, Restricted for:				
253.29 SDRS - Pension	140,332	65,811	11,614	38,326
253.90 Unrestricted Net Position (Deficit)	2,727,294	8,591,795	52,787	(160,864)
Total Net Position	5,412,232	73,860,823	3,567,308	3,027,566
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,440,041	$ 74,328,038	$ 3,643,098	$ 3,732,420

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
$ 23,100	$ 27,206	$ 148,300	$ 595	$ 286,974
381,057	-	-	-	381,057
-	-	-	-	667
23,405	23,712	226,206	-	442,109
-	-	-	-	41,540
427,562	50,918	374,506	595	1,152,347
2,541,782	280,000	1,000,000	300,000	4,366,782
160,517	151,239	1,349,026	-	2,634,752
-	-	-	-	105,945
22,303	68,982	162,147	-	470,954
2,724,602	500,221	2,511,173	300,000	7,578,433
54,939	47,614	756,937	-	1,182,531
18,363	17,302	154,331	-	301,420
73,302	64,916	911,268	-	1,483,951
3,225,466	616,055	3,796,947	300,595	10,214,731
8,980,613	2,334,093	654,377	653,344	87,023,261
43,551	37,744	600,042	-	937,420
1,890,560	(429,496)	(86,303)	(292,299)	12,293,474
10,914,724	1,942,341	1,168,116	361,045	100,254,155
$ 14,140,190	$ 2,558,396	$ 4,965,063	$ 661,640	$ 110,468,886

CITY OF RAPID CITY

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Golf Course Enterprise Fund
Operating Revenue				
380 Charges for Goods and Services	$ 5,697,351	$ 2,718,931	$ 398,665	$ 1,458,410
Total Operating Revenue	5,697,351	2,718,931	398,665	1,458,410
Operating Expenses				
410 Personal Services	1,742,263	743,983	167,201	685,183
420 Other Current Expense	1,489,811	147,954	194,007	688,787
457 Depreciation	570,908	3,169,883	50,175	177,898
Total Operating Expenses	3,802,982	4,061,820	411,383	1,551,868
Operating Income (Loss)	1,894,369	(1,342,889)	(12,718)	(93,458)
Nonoperating Revenue (Expense)				
331 Federal Grants	-	-	-	-
361 Investment Earnings (Loss)	-	263,689	-	-
470 Interest Expense and Fiscal Charges	-	(8,448)	(2,669)	(17,259)
492 Gain (Loss) on Disposition of Capital Assets	(106,423)	(8,665)	-	-
369.01 Other Taxes	191	-	-	-
369.01 Sales Tax	347,976	-	3,952	10
369.01 Other	-	54,250	438	44,671
Total Nonoperating Revenue (Expense)	241,744	300,826	1,721	27,422
Income (Loss) Before Transfers	2,136,113	(1,042,063)	(10,997)	(66,036)
511 Transfers In (Out)	(2,000,000)	(20,256)	-	(7,500)
391.7 Capital Contributions	-	1,920,730	697,701	-
391.7 Contribution from Developers/Others	-	966,042	-	-
Net Contributions and Transfers	(2,000,000)	2,866,516	697,701	(7,500)
Change in Net Position	136,113	1,824,453	686,704	(73,536)
Net Position - Beginning	5,276,119	72,036,370	2,880,604	3,101,102
Net Position - Ending	$ 5,412,232	$ 73,860,823	$ 3,567,308	$ 3,027,566

Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
$ 1,623,807	$ 727,827	$ 7,130,756	$ 34,571	$ 19,790,318
1,623,807	727,827	7,130,756	34,571	19,790,318
439,651	483,023	5,259,448	-	9,520,752
440,407	302,158	1,853,824	82,268	5,199,216
286,740	66,124	99,860	16,513	4,438,101
1,166,798	851,305	7,213,132	98,781	19,158,069
457,009	(123,478)	(82,376)	(64,210)	632,249
-	-	37,311	-	37,311
28,984	-	92	-	292,765
(94,646)	-	-	-	(123,022)
866,590	-	(15,453)	-	736,049
-	-	-	-	191
33,229	-	12	-	385,179
10,320	-	-	-	109,679
844,477	-	21,962	-	1,438,152
1,301,486	(123,478)	(60,414)	(64,210)	2,070,401
-	5,256	-	-	(2,022,500)
(23,169)	-	-	-	2,595,262
-	-	-	-	966,042
(23,169)	5,256	-	-	1,538,804
1,278,317	(118,222)	(60,414)	(64,210)	3,609,205
9,636,407	2,060,563	1,228,530	425,255	96,644,950
$ 10,914,724	$ 1,942,341	$ 1,168,116	$ 361,045	$ 100,254,155

CITY OF RAPID CITY

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from Customers	$ 5,668,199	$ 2,648,894	$ 397,916
Payments to Suppliers	(1,470,283)	(163,815)	(195,472)
Payments to Employees	(1,733,281)	(748,397)	(182,770)
Net Cash Provided by (Used in) Operating Activities	2,464,635	1,736,682	19,674
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Internal Activity - Payment to/from Other Funds	-	(2,825,000)	-
Transfers In (Out)	(2,000,000)	(20,256)	-
Net Cash Provided by (Used in) Noncapital Financing Acitvities	(2,000,000)	(2,845,256)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(236,000)	(907,513)	-
Principal Paid on Capital Debt	-	-	(23,570)
Interest Paid on Capital Debt	-	(8,448)	(2,770)
Other Receipts (Payments)	348,167	54,250	4,390
Net Cash Provided by (Used in) Capital and Related Financing Activiti	112,167	(861,711)	(21,950)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	-	42,749	-
Net Cash Provided by Investing Activities	-	42,749	-
Net Change in Cash and Cash Equivalents	576,802	(1,927,536)	(2,276)
Balances - Beginning	2,568,514	3,347,989	75,028
Balances - Ending	$ 3,145,316	$ 1,420,453	$ 72,752

Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
$ 1,457,466	$ 1,653,595	$ 713,658	$ 6,848,581	$ 36,041	$ 19,424,350
(638,333)	(441,365)	(277,593)	(1,833,632)	(82,191)	(5,102,684)
(765,152)	(509,544)	(451,258)	(5,296,325)	-	(9,686,727)
53,981	702,686	(15,193)	(281,376)	(46,150)	4,634,939
95,000	(464,483)	5,000	525,000	50,000	(2,614,483)
(7,500)	-	5,256	-	-	(2,022,500)
87,500	(464,483)	10,256	525,000	50,000	(4,636,983)
-	-	-	-	-	(1,143,513)
(39,742)	-	-	-	-	(63,312)
(17,439)	-	-	-	-	(28,657)
44,681	910,139	(14,168)	206,641	-	1,554,100
(12,500)	910,139	(14,168)	206,641	-	318,618
-	29,099	-	93	-	71,941
-	29,099	-	93	-	71,941
128,981	1,177,441	(19,105)	450,358	3,850	388,515
26,996	3,684,613	19,105	10,415	4,446	9,737,106
$ 155,977	$ 4,862,054	$ -	$ 460,773	$ 8,296	$ 10,125,621

CITY OF RAPID CITY

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 1,894,369	$ (1,342,889)	$ (12,718)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities			
Depreciation Expense	570,908	3,169,883	50,175
Change in Assets and Liabilities			
Receivables	(29,152)	(70,037)	(749)
Inventories	-	(17,563)	(3,316)
Accounts and Other Payables	19,528	1,702	1,851
Accrued Wages Payable	29,068	11,516	754
Accrued Leave Payable	6,097	288	1,676
Other Post Employment Benefits	(82,388)	(26,702)	(1,840)
Pension Asset	(1,591)	(777)	(129)
Pension/OPEB Related Deferred Outflows	84,316	18,946	(13,929)
Pension/OPEB Related Deferred Inflows	(26,520)	(7,685)	(2,101)
Net Cash Provided (Used) by Operating Activities	$ 2,464,635	$ 1,736,682	$ 19,674
Noncash Investing, Capital and Financing Activities			
(Gain)/ Loss on Disposal of Capital Assets Not Affecting Operating Income	$ 106,423	$ 8,665	$ -
Contribution of Assets (to)/ from Others	-	(2,886,772)	(697,701)

	Golf Course Enterprise Fund		Parking Lot Enterprise Fund		Energy Plant Enterprise Fund		Ambulance Enterprise Fund		Transportation Terminal Fund		Totals
$	(93,458)	$	457,009	$	(123,478)	$	(82,376)	$	(64,210)	$	632,249
	177,898		286,740		66,124		99,860		16,513		4,438,101
	(944)		29,788		(14,169)		(282,175)		1,470		(365,968)
	40,282		-		-		-		-		19,403
	10,172		(958)		24,565		20,192		77		77,129
	(1,614)		2,064		2,449		39,924		-		84,161
	(614)		966		32,509		(30,363)		-		10,559
	4,471		(4,842)		(1,403)		150,760		-		38,056
	(410)		(567)		(449)		(8,486)		-		(12,409)
	(74,299)		(69,999)		1,118		(287,146)		-		(340,993)
	(7,503)		2,485		(2,459)		98,434		-		54,651
$	53,981	$	702,686	$	(15,193)	$	(281,376)	$	(46,150)	$	4,634,939
$	-	$	-	$	-	$	15,453	$	-	$	130,541
	-		23,169		-		-		-		(3,561,304)

CITY OF RAPID CITY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2025

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
ASSETS					
Current Assets					
101 Cash and Cash Equivalents	$ 5,250,459	$ 457,528	$ 77,041	$ 3,695,067	$ 9,480,095
115 Accounts Receivable	582,360	-	-	-	582,360
135 Interest Receivable	289	-	-	598	887
TOTAL ASSETS	$ 5,833,108	$ 457,528	$ 77,041	$ 3,695,665	$ 10,063,342
LIABILITIES					
Current Liabilities					
202 Accounts Payable	$ 735,356	$ 734,159	$ -	$ 2,974,016	$ 4,443,531
216 Wages Payable	-	998	-	998	1,996
Total Current Liabilities	735,356	735,157	-	2,975,014	4,445,527
NET POSITION (DEFICIT)					
253.90 Unrestricted Net Position (Deficit)	5,097,752	(277,629)	77,041	720,651	5,617,815
Total Net Position (Deficit)	5,097,752	(277,629)	77,041	720,651	5,617,815
TOTAL LIABILITIES AND NET POSITION	$ 5,833,108	$ 457,528	$ 77,041	$ 3,695,665	$ 10,063,342

CITY OF RAPID CITY

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
Operating Revenue					
380 Charges for Goods and Services	$ 15,175,751	$ 365,598	$ 88,093	$ 1,164,031	$ 16,793,473
Operating Expenses					
410 Personal Services	-	16,748	-	17,486	34,234
420 Other Current Expense	13,154,506	709,560	21,563	1,083,770	14,969,399
Total Operating Expenses	13,154,506	726,308	21,563	1,101,256	15,003,633
Operating Income (Loss)	2,021,245	(360,710)	66,530	62,775	1,789,840
Nonoperating Revenue (Expense)					
361 Investment Earnings (Loss)	18,111	-	-	37,579	55,690
	18,111	-	-	37,579	55,690
Change in Net Position	2,039,356	(360,710)	66,530	100,354	1,845,530
Net Position - Beginning	3,058,396	83,081	10,511	620,297	3,772,285
Net Position (Deficit) - Ending	$ 5,097,752	$ (277,629)	$ 77,041	$ 720,651	$ 5,617,815

CITY OF RAPID CITY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interfund Services Provided	$ 15,199,002	$ 365,598	$ 88,093	$ 1,164,031	$ 16,816,724
Payments to Employees	-	(17,330)	-	(16,488)	(33,818)
Payments for Claims and Services	(13,221,672)	(532,608)	(25,753)	(1,366,965)	(15,146,998)
Net Cash Provided (Used) by Operating Activities	1,977,330	(184,340)	62,340	(219,422)	1,635,908
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	18,183	-	-	36,887	55,070
Net Cash Provided by Investing Activities	18,183	-	-	36,887	55,070
Net Change in Cash and Cash Equivalents	1,995,513	(184,340)	62,340	(182,535)	1,690,978
Balances - Beginning	3,254,946	641,868	14,701	3,877,602	7,789,117
Balances- Ending	$ 5,250,459	$ 457,528	$ 77,041	$ 3,695,067	$ 9,480,095

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
Operating Income (Loss)	$ 2,021,245	$ (360,710)	$ 66,530	$ 62,775	$ 1,789,840
Adjustments to Reconcile Operating Income to Change in Assets and Liabilities:					
Accounts Receivable	23,251	-	-	-	23,251
Accounts Payables	(67,166)	176,952	(4,190)	(283,195)	(177,599)
Wages Payable	-	(582)	-	998	416
Net Cash Provided (Used) by Operating Activities	$ 1,977,330	$ (184,340)	$ 62,340	$ (219,422)	$ 1,635,908

SINGLE AUDIT SECTION

CITY OF RAPID CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Identifying Number	Assistance Listing Number	Amount
U.S. Department of Housing and Urban Development:			
Direct Federal Funding:			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant/Special Purpose Grants	B-20-MW-46-0002	14.225	$ 6,279
Community Development Block Grants/Entitlement Grants	B-22-MC-46-0002	14.218	12,789
Community Development Block Grants/Entitlement Grants	B-23-MC-46-0002	14.218	504,359
Community Development Block Grants/Entitlement Grants	B-24-MC-46-0002	14.218	227,973
Community Development Block Grants/Entitlement Grants	B-25-MC-46-0002	14.218	96,496
Total Community Development Block Grant/Entitlement Grants Cluster (Note 3)			847,896
Total U.S. Department of Housing and Urban Development			847,896
U.S. Department of the Interior:			
Direct Federal Funding:			
Wildland Urban Interface Community Assistance	L22AC00384	15.228	188,542
Pass-Through the SD Department of Tourism			
Historic Preservation Fund Grant-in-Aid	SD-23-10027	15.904	23,974
Total U.S. Department of Interior			212,516
U.S. Department of Justice:			
Pass-Through the SD Department of Public Safety -- Office of Victim's Services			
Crime Victim Assistance	15POVC-23-GG-00466-ASSI	16.575	26,975
Total Crime Victim Assistance			26,975
Pass-Through the Northeast Council of Governments			
Project Safe Neighborhoods	2024-15PBJA-24-GG-04094-GUNP	16.609	58,520
Total Project Safe Neighborhoods			58,520
Direct Federal Funding:			
Bullet Proof Vest Partnership Program	2024-2026	16.607	12,218
Total Bullet Proof Vest Partnership Program			12,218
Direct Federal Funding:			
Edward Byrne Memorial Justice Assistance Grant Program	15PBJA-24-GG-05215-JAGX	16.738	5,135
Edward Byrne Memorial Justice Assistance Grant Program-Connect & Protect	15PBJA-21-GG-042326-NTCP	16.738	99,000
Pass-Through the SD Department of Public Safety -- Division of Administration			
Edward Byrne Memorial Justice Assistance Grant Program	15PBIA-24-GG-04287-MUMU	16.738	117,745
Total Edward Byrne Memorial Justice Assistance Grant Program			221,880
Community-Based Violence Intervention and Prevention Initiative	15PBJA-22-GG-04722-CVIP	16.045	645,618
Public Safety Partnership and Community Policing Grants - CHP	15JCOPS-24-GG-03486-UHPX	16.710	105,523
Public Safety Partnership and Community Policing Grant - CPD	15JCOPS-21-GG-02308-SPPS	16.710	29,189
Total Community Policing Grant			134,712
Total U.S. Department of Justice			1,099,923
U.S. Department of Transportation:			
Pass-Through the S.D. Department of Transportation:			
Airport Improvement Program	3-46-0048-64-2023	20.106	4,104,022
Airport Improvement Program	3-46-0048-65-2024	20.106	1,009,414
Airport Improvement Program	3-46-0048-66-2023	20.106	1,976,224
Airport Improvement Program	3-46-0048-67-2023	20.106	1,005,554
Airport Improvement Program	3-46-0048-69-2023	20.106	1,155,328
Total Airport Improvement Program			9,250,542

CITY OF RAPID CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Identifying Number	Assistance Listing Number	Amount
Direct Federal Funding:			
Highway Planning and Construction -- Trans and Transit MPO	311664	20.505	614,628
Total Highway Planning and Construction -- Trans and Transit MPO			614,628
Pass-Through the SD Department of Public Safety - Office of Highway Safety			
National Priority Safety Programs	2026-00-75	20.616	36,960
State and Community Highway Safety	2026-01-29	20.600	35,234
State and Community Highway Safety	2025-00-10	20.600	104,186
Total State and Community Highway Safety			139,420
Total Highway Safety Cluster			176,380
Direct Federal Funding:			
Federal Transit - Formula Grants	SD-2025-005-00	20.507	856,296
Federal Transit - Formula Grants	SD-2024-003-00	20.507	1,153,809
Federal Transit - Formula Grants	SD-2024-009-00	20.507	32,972
Federal Transit - Formula Grants	SD-2024-007-00	20.507	784,685
Federal Transit - Formula Grants	SD-2023-002-00	20.507	185,066
Total Federal Transit - Formula Grants			3,012,828
Federal Transit - Buses and Bus Facilities Formula	SD-2022-010-00	20.526	11,089
Total Federal Transit Cluster			3,023,917
Direct Federal Funding:			
Safe Streets and Roads for All	693JJ32440501	20.939	98,863
Total U.S. Department of Transportation			13,164,330
U.S. Environmental Protection Agency:			
Direct Federal Funding:			
Climate Pollution Reduction Grants	00I06300	66.046	132,114
Pass-through the SD Department of Environment and Natural Resources:			
Performance Partnership Grant	96838020	66.605	51,828
Total U.S. Environmental Protection Agency			183,942
U.S. Department of Agriculture:			
Pass-Through the South Dakota Department of Agriculture and Natural Resources:			
IRA Urban and Community Forestry	UCF-IRA-2023-007	10.727	48,864
Pass-Through the SD Department of Wildland Fire			
Cooperative Forestry Assistance	24-DG-11021600-075	10.664	8,943
Cooperative Forestry Assistance	23-DG-11021600-053	10.664	70,324
Total Cooperative Forestry Assistance			79,267
Total U.S. Department of Agriculture			128,131
Corporation for National and Community Service:			
Direct Federal Funding:			
Retired and Senior Volunteer Program	22SRESD001	94.002	30,000
Retired and Senior Volunteer Program	25SRESD001	94.002	78,157
Total Retired and Senior Volunteer Program and Corporation for National and Community Service			108,157

CITY OF RAPID CITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Identifying Number	Assistance Listing Number	Amount
U.S. Department of Treasury:			
Direct Funding			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	ARPA	21.027	2,571,178
Pass-Through the SD Department Health:			
Coronavirus State and Local Fiscal Recovery Funds	SLFRP5319	21.027	37,311
Pass-Through the South Dakota Department of Agriculture and Natural Resources			
Coronavirus State and Local Fiscal Recovery Funds	2022G-ARP-187	21.027	18,552,764
Total Coronavirus State and Local Fiscal Recovery Funds and U.S. Department of Treasury			21,161,253
U.S. Department of Homeland Security:			
Pass-Through the SD Department of Public Safety -- Office of Emergency Management:			
Interagency Hazardous Materials Public Sector Training and Planning	693JK32240043HMEP	20.703	9,555
Pass-Through the SD Department of Public Safety -- Office of Homeland Security			
Homeland Security Grant	HLS-2023-00275	97.067	16,581
Total U.S. Department of Homeland Security			26,136
Total Federal Awards			$ 36,932,284

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF RAPID CITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2025

Note 1: The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Rapid City, South Dakota (the “City”) under programs of the federal government for the year ended December 31, 2025. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows, where applicable, of the City of Rapid City, South Dakota.

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

Note 3: The City had the following subrecipients, that includes program income of $38,672.

Community Development Block Grants/Entitlement Grants Cluster:		
Black Hills Works	$	464,877
Accessible Spaces		84,162
Family Connections Center		77,412
Western SD Community Action		48,848
Volunteers of America		30,631
Behavior Management Systems		23,603
Wellspring		6,279
Black Hills Special Services		3,000
Total funds passed through to subrecipients	$	738,812

OTHER REPORTS

KETEL THORSTENSON
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governments Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rapid City (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basis financial statements, and have issued our report thereon dated _______, 2026.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as 2025-001 that we consider to be a material weakness.

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

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

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

KETEL THORTSTENSON, LLP
Certified Public Accountants

________, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Rapid City's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

KETEL THORSTENSON, LLP
Certified Public Accountants

________, 2026

CITY OF RAPID CITY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of the City.

2. A material weakness disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.

4. No material weaknesses were disclosed during the audit of the major federal award programs and none are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditor's report on compliance for the major federal award programs for the City expresses an unmodified opinion.

6. Audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.

7. The programs tested as a major programs for 2025 was the Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing #21.027), Federal Transit (Assistance Listings #20.507 and #20.526), and Airport Improvement Program (Assistance Listing #20.106).

8. The threshold for distinguishing type A and B programs was $1,107,969.

9. The City was not determined to be a low risk auditee.

CITY OF RAPID CITY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

B. Findings – Financial Statement Audit

Material Weaknesses

Finding No. 2025-001: Audit Adjustments

Federal Program Affected: None

Compliance Requirement: N/A

Questioned Costs: None

Condition and Cause: During the audit process, we recorded significant audit adjustments. Other entries were proposed as part of the audit, but the entries were not recorded due to the overall insignificance on the financial statements. One material adjustment to adjust tax increment district fund receivable and expenditures. Another significant adjust was made to other post-employment benefit deferred outflows. The most significant adjustment related to the following:

- To reclassify tax increment district fund receivable and expenditure.

Criteria and Effect: The City's financial statements are provided to numerous granting agencies and lenders. Management is responsible for establishing and maintaining effective internal control over financial reporting, including controls designed to provide reasonable assurance that transactions are recorded accurately, account balances are appropriately reconciled and reviewed, estimates and judgments are adequately supported, and the financial statements are prepared in accordance with general accepted accounting principles. As a result of this control deficiency, there is a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented, or detected and corrected, on a timely basis by the City's internal controls.

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

Repeat Finding from Prior Year: Yes, prior year finding 2024-002.

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

CITY OF RAPID CITY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

C. Findings – Compliance Audit

No findings.

MANAGEMENT RESPONSE

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2025

The City of Rapid City respectfully submits the following summary schedule of prior audit findings from December 31, 2024 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2024 Schedule of Findings.

<u>2024-001 Finding: Internal Controls</u>

Status: The City implemented changes in internal controls processes and resolved the finding.

Initial Year Report: Originally issued years ago.

<u>2024-002 Finding: Audit Adjustments</u>

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

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan: The Finance Office agrees that both material and immaterial audit adjustments were subsequently recorded in order to accurately report account balances/transactions. The year end reconciliation checklists and processes modifications recommended by the auditor as well as those noted internally will be implemented to ensure the accuracy and completeness of account balances/transactions.

<u>2024-003 Finding: Suspension and Debarment Requirement</u>

Status: The City implemented policies for proper controls over suspension and debarment requirements.

Initial Year Report: 2024

<u>2024-004 Finding: Period of Performance</u>

Status: The City performed proper review of grant project periods.

Initial Year Report: 2024.

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

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

CORRECTIVE ACTION PLAN
DECEMBER 31, 2025

The City respectfully submits the following corrective action plan regarding findings from the December 31, 2025 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

2025-001 FINDING: Audit Adjustments

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

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

Anticipated Completion Date: The Finance Office does not expect that any audit adjustments proposed by auditors for the 2026 audit will be material to the financial statements as a whole.