

**CITY OF RAPID CITY,
SOUTH DAKOTA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR
ENDED DECEMBER 31, 2013

PREPARED BY:
DEPARTMENT OF FINANCE
PAULINE SUMPTION, FINANCE OFFICER

CITY OF RAPID CITY, SOUTH DAKOTA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page
 Table of Contents.....i
 Finance Officer’s Letter of Transmittal iv
 Elected Officials and Principal Officers vi
 Appointed Boardsvii
 Organizational Chart.....viii

FINANCIAL SECTION

Independent Auditors’ Report 1
 Management’s Discussion and Analysis 3
 Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position..... 11
 Statement of Activities..... 12
 Fund Financial Statements:
 Balance Sheet – Governmental Funds..... 13
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position..... 14
 Statement of Revenues, Expenditures and Changes in
 Fund Balances – Governmental Funds 15
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances to the Government-Wide Statement of Activities... 17
 Statement of Net Position – Proprietary Funds 18
 Reconciliation of the Proprietary Funds Net Position to the
 Statement of Net Position.....20
 Statement of Revenues, Expenses, and Changes in
 Net Position – Proprietary Funds 21
 Reconciliation of the Proprietary Funds Statement of Revenues,
 Expenses and Changes in Net Position to the Statement of Activities23
 Statement of Cash Flows – Proprietary Funds.....24
 Statement of Fiduciary Net Position26
 Notes to the Financial Statements.....27
 Required Supplementary Information:
 Budgetary Comparison Schedule – General Fund.....60
 Budgetary Comparison Schedule – Vision Fund62
 Budgetary Comparison Schedule – Consolidated Construction Fund.....63
 Budgetary Comparison Schedule – Utility Facilities Fund.....64
 Notes to Required Supplementary Information65

Schedule of Funding Progress for Retiree Health Insurance Coverage	66
Other Supplementary Statements:	
Combining and Individual Nonmajor Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	72
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	77
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds	79
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	81
Combining Statement of Net Position – Internal Service Funds.....	83
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	84
Combining Statement of Cash Flows – Internal Service Funds	85
Combining Statement of Fiduciary Net Position	86
Budgetary Comparison Schedules:	
Budgetary Comparison Schedule – Occupancy Tax Fund.....	87
Budgetary Comparison Schedule – Downtown BID	88
Budgetary Comparison Schedule – Erosion/Sediment Control Fund	89
Budgetary Comparison Schedule – TID 66 Fund	90
Budgetary Comparison Schedule – TID 67 Fund.....	91
Budgetary Comparison Schedule – TID 70 Fund.....	92
Budgetary Comparison Schedule – TID 68 Fund.....	93
Budgetary Comparison Schedule – TID 65 Fund.....	94
Budgetary Comparison Schedule – TID 62 Fund.....	95
Budgetary Comparison Schedule – TID 61 Fund.....	96
Budgetary Comparison Schedule – TID 63 Fund.....	97
Budgetary Comparison Schedule – TID 29 Fund.....	98
Budgetary Comparison Schedule – TID 56 Fund.....	99
Budgetary Comparison Schedule – TID 69 Fund.....	100
Budgetary Comparison Schedule – TID 54 Fund.....	101
Budgetary Comparison Schedule – TID 44 Fund.....	102
Budgetary Comparison Schedule – TID 50 Fund.....	103
Budgetary Comparison Schedule – TID 52 Fund.....	104
Budgetary Comparison Schedule – TID 71 Fund.....	105
Budgetary Comparison Schedule – TID 53 Fund.....	106
Budgetary Comparison Schedule – TID 47 Fund.....	107
Budgetary Comparison Schedule – TID 38 Fund.....	108
Budgetary Comparison Schedule – TID 39 Fund.....	109
Budgetary Comparison Schedule – TID 40 Fund.....	110
Budgetary Comparison Schedule – TID 41 Fund.....	111
Budgetary Comparison Schedule – TID 42 Fund.....	112

Budgetary Comparison Schedules (continued):	
Budgetary Comparison Schedule – Community Development Fund	113
Budgetary Comparison Schedule – Rehabilitation Fund	114
Budgetary Comparison Schedule – Cemetery Perpetual Care Fund	115
Budgetary Comparison Schedule – Retired Senior Volunteer Fund	116
Budgetary Comparison Schedule – Library Board Fund	117

STATISTICAL SECTION

Fund Information:

Net Position By Component.....	119
Change in Net Position.....	120
Fund Balances of Governmental Funds	122
Changes in Fund Balances of Governmental Funds	123
General Governmental Tax Revenue by Source	124
Assessed and Estimated Actual Value of Taxable Property	125
Property Value and Construction.....	126
Property Tax Rates - All Overlapping Governments	127
Principal Property Taxpayers	128
Property Tax Levies and Collections	129
Taxable Sales by Category.....	130
Computation of Legal Debt Margin	131
Legal Debt Margin Information	132
Revenue Bond Coverage – Water, Wastewater, Airport & Parking Bonds	133
Demographic Statistics	134
Principal Employers	135
Full-Time-Equivalent City Government Employees by Function.....	136
Miscellaneous Statistics.....	137
Surety Bond Disclosure	138

SINGLE AUDIT SECTION

Independent Auditor’s Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	139
Independent Auditor’s Report On Compliance For Each Major Program and on Internal Control over Compliance as Required by OMB Circular A-133	141
Schedule of Expenditures of Federal Awards	143
Schedule of Findings, Questioned Costs and Corrective Action Plan.....	145
Summary Schedule of Prior Audit Findings	150

September 15, 2014

Honorable Mayor, Members of the
City Council and Citizens of Rapid City
Rapid City, SD 57701

The enclosed Comprehensive Annual Financial Report of the City of Rapid City for the year ended December 31, 2013 was prepared by the City Finance Office. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial activity of the various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The annual financial report has been prepared to substantially conform to the high standards for financial reporting promulgated by the Government Finance Officers Association for the United States and Canada.

Format:

The report has four sections -- Introductory, Financial, Single Audit and Statistical.

1. The Introductory Section includes a description of the form of government, the names of the elected officials and principal officers of the City, the organizational chart, and this letter of transmittal.
2. The Financial Section includes the general purpose financial statements accompanied by our independent auditor's opinion. It also includes required and other supplementary statements.
3. The Statistical Section includes tables of unaudited data depicting the financial history of the government for the past ten (10) years, information on overlapping governments, demographics, and other miscellaneous information.
4. The Single Audit Section includes the Schedule of Expenditures of Federal Awards. Also included are various auditor reports in regards to compliance and internal controls.

This Financial Report includes all funds of the City. The City provides a full range of services, including police and fire protection, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning,

and general administrative services. The City also operates water and wastewater treatment facilities and other enterprises. The City Council exercises oversight authority over an Airport Board, a Civic Center Board and a Library Board; therefore, these activities are included in the report.

Annual audits of the books of account, financial records, and transactions of the administrative departments of the City are conducted by the State of South Dakota Department of Legislative Audit or by independent certified public accountants selected by the City Council, which for 2013 was Ketel, Thorstenson, LLP. The independent certified public accountants' unqualified opinion has been included with this report.

The timely preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Office. I would like to express my appreciation to all members of the Office for the contributions to its preparation.

I also want to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Pauline Sumption
Finance Officer

CITY OF RAPID CITY
ELECTED OFFICIALS AND PRINCIPAL OFFICERS
DECEMBER 31, 2013

The City of Rapid City is under the aldermanic form of government, consisting of a full-time mayor and ten council members. Each is elected for a two-year term. Two council members are elected from each of the five wards, with terms expiring in alternate years. The officials and officers as of December 31, 2013 were as follows:

<u>ELECTIVE OFFICIALS</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Sam Kooiker	Mayor	2015
Bill Clayton	Council Representative	2014
Charity Doyle	Council Representative	2015
Ritchie Nordstrom	Council Representative	2015
Steve Laurenti	Council Representative	2014
Chad Lewis	Council Representative	2014
Jerry Wright	Council Representative	2015
Amanda Scott	Council Representative	2014
John B Roberts	Council Representative	2015
Bonny Petersen	Council Representative	2014
Brad Estes	Council Representative	2015

PRINCIPAL OFFICERS

Airport Manager	Cameron Humphres
City Attorney	Joel Landeen
Building Inspector	Brad Solon
Civic Center Director	Brian Maliske
Community Planning and Development Service Director	Brett Limbaugh
Finance Officer	Pauline Sumption
Deputy Finance Officer	Tracy Davis
Fire Chief	Mike Maltaverne
Library Director	Jim McShane
Parks and Recreation Director	Jeff Biegler
Community Resources Director	Jeff Barbier
Police Chief	Steve Allender
Public Works Director	Terry Wolterstorff
Street Superintendent	Don Brumbaugh
Sanitation Superintendent	Karl Merbach
Water Superintendent	John Wagner
Water Reclamation Superintendent	Dave VanCleave

CITY OF RAPID CITY
APPOINTED BOARDS
December 31, 2013

LIBRARY BOARD – 3 YEAR TERMS

TERM EXPIRES

Rod Pettigrew, Chairperson	December 2014
Maryanne Rohrer	December 2014
Teresa Franzen	December 2015
Jessica Olson	December 2016
Robert Pasqualucci	December 2016

CIVIC CENTER BOARD – 3 YEAR TERMS

John Herr, Chairman	January 2014
Jeff Bailie	January 2015
Chris Haugo	January 2014
Al Cornella	January 2015
Jennifer Landguth	January 2016

AIRPORT BOARD – 5 YEAR TERMS

Lisa Modrick, President	May 2016
Dick McConnell	May 2016
Rich Huffman	May 2016
Todd Ossenfort	May 2016
Ray Carpenter	May 2015

PLANNING COMMISSION – 3 YEAR TERMS

John Brewer, Chairman	July 2016
Dennis Popp	July 2015
Kay Rippentrop	July 2014
Linda Marchand	July 2016
Steve Rolinger	July 2014
Andy Scull	July 2016
Erik Braun	July 2015
Carlos Beatty, Jr.	July 2013
Jan Swank	July 2014
Erik Braun	July 2015
Tim Rose	July 2015
Karen Bulman	July 2014

CITY OF RAPID CITY
 ORGANIZATIONAL CHART
 DECEMBER 31, 2013

CITIZENS ELECTORATE OF RAPID CITY, SOUTH DAKOTA
CITY COUNCIL

MAYOR
 Sam Kooiker

Library Board
 Ron Pettigrew, Chairperson

Civic Center Board
 John Herr, Chairman

Library Director
 Jim McShane

Civic Center Director
 Brian Maliske

Planning Commission
 John Brewer, Chairman

Airport Board
 Lisa Modrick, President

Community Planning and Development
Director
 Brett Limbaugh

Airport Manager
 Cameron Humphres

Attorney	Finance	Community Resources	Parks and Recreation	Public Works	Police	Fire
J. Landeen	P. Sumption	J. Barbier	J. Biegler	T. Wolterstorff	S. Allender	M. Maltaverne

Parks
 L. VanDeusen

Water
 J. Wagner

Recreation
 D. Lowe

Water
Reclamation
 D. VanCleave

Streets
 D. Brumbaugh

Sanitation
 K. Merbach

Transit
 R. Sagen



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

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

INDEPENDENT AUDITOR'S REPORT

Sam Kooiker, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 of Rapid City, as of December 31, 2013, 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.

The Honorable Mayor and Common Council
Page Two

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison, and schedules of funding progress for retiree health insurance coverage information on pages 3 through 10, 60 through 65, and page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Report on Other 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 introductory section, combining nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and statistical section on pages i through viii, pages 67 through 86, pages 87 through 117, and pages 119 through 138, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* on pages 143-144 is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining nonmajor fund financial statements, nonmajor fund budgetary comparison schedules, and schedule of expenditures of federal awards 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, nonmajor fund budgetary comparison schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2014 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KETEL THORSTENSON, LLP
Certified Public Accountants

September 15, 2014

CITY OF RAPID CITY, SOUTH DAKOTA Management's Discussion and Analysis

As management of the City of Rapid City, we offer readers of the City of Rapid City's financial statements this narrative overview and analysis of the financial activities of the City of Rapid City for the fiscal year ended December 31, 2013. We encourage readers to consider it in conjunction with the additional information presented in the basic financial statements and the notes to the financial statements.

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

Financial Highlights

- The assets of the City of Rapid City exceeded its liabilities at the close of the most recent fiscal year by \$678,022,202 (Net position). Of this amount, \$105,561,556 (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 \$37,855,118 during 2013.
- As of the close of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$81,047,957.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,533,965 or about thirty-six percent (36%) of total general fund expenditures.
- The City of Rapid City's total debt increased by \$16,046,378 during the current fiscal year after taking into account issuances, retirements/payments and increase in post-employment benefit liability. \$25,781,493 of the increase is due to the issuance of government activity revenue bonds, and a decrease of \$15,883,314 due to the payment of business activity revenue bonds and leases. The remainder of the decrease is primarily due to the payment of tax increment district financing.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 11-12 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 13-17 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 18-25 of this report.

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

The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-59 of this report.

Required Supplementary Information The basic financial statements are followed by a section of required supplementary information. This section includes a Budgetary Comparison Schedule, and related notes, for the General Fund and for each major special revenue fund that has a legally adopted annual budget. It also includes Schedules of Funding Progress and Employer Contributions for Retiree Health Insurance Coverage. The required supplementary information can be found on pages 60-66.

Other Information The supplementary combining statements referred to earlier in connection with non-major governmental and proprietary funds and internal service funds and its budgetary comparison schedules are presented immediately following the required supplementary information can be found on pages 67-117 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Rapid City, assets exceeded liabilities by \$678,022,202 at the close of the most recent fiscal year.

By far the largest portion of the City of Rapid City’s total assets (66%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Rapid City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rapid City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	Government Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and Other Assets	\$ 79,784	\$ 97,932	\$ 74,713	\$ 64,955	\$ 154,497	\$ 162,887
Capital Assets	267,157	282,261	373,910	404,616	\$ 641,067	\$ 686,877
Total Assets	346,941	380,193	448,623	469,572	795,564	849,764
Long-term liabilities outstanding	39,702	57,179	86,648	85,950	\$ 126,350	\$ 143,130
Other liabilities	18,050	19,676	10,084	8,937	\$ 28,134	\$ 28,613
Total liabilities	57,752	76,855	96,732	94,887	154,484	171,742
<u>Net position:</u>						
Net Investment in capital assets	219,642	235,874	301,033	325,626	\$ 520,675	\$ 561,500
Restricted	10,184	4,450	6,660	6,511	\$ 16,844	\$ 10,961
Unrestricted	59,363	63,014	44,199	42,548	\$ 103,562	\$ 105,562
Total net position	\$ 289,189	\$ 303,337	\$ 351,892	\$ 374,685	\$ 641,081	\$ 678,022

A portion of the City of Rapid City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$87,277,003) may be used to meet the City’s ongoing obligations to citizens and creditors.

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

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

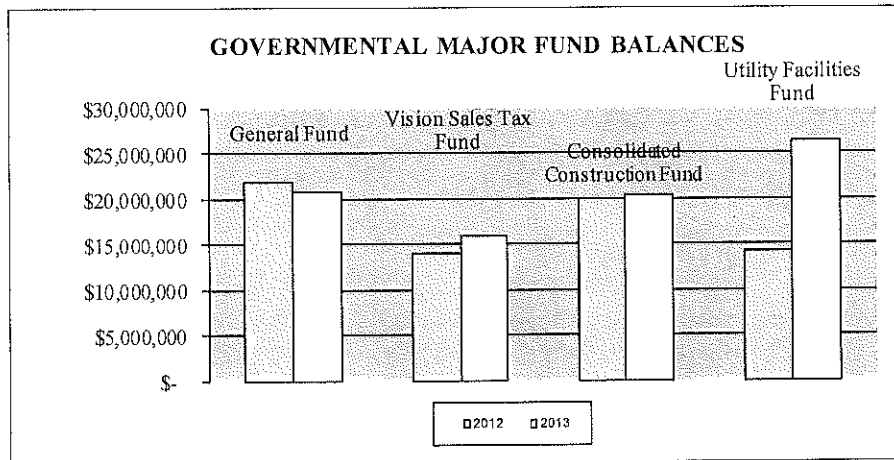
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues						
Charges for services	\$ 7,094	\$ 5,837	\$ 53,102	\$ 52,802	\$ 60,195	\$ 58,638
Operating grants & contributions	2,968	5,097	-	-	2,968	5,097
Capital grants and contributions	8,637	6,008	3,560	4,931	12,197	10,940
General Revenues						
Property taxes	19,986	20,637	-	-	19,986	20,637
Other taxes	50,785	52,479	3,757	4,172	54,542	56,652
State/County shared revenue	1,732	1,861	-	-	1,732	1,861
Unrestricted investment earnings	1,062	(86)	508	94	1,570	8
Other	1,304	472	665	(6)	1,969	465
Total Revenues	93,568	92,305	61,592	61,993	155,160	154,299
Expenses:						
General government	3,579	4,195	-	-	3,579	4,195
Public safety	22,275	25,905	-	-	22,275	25,905
Public works	18,506	19,111	-	-	18,506	19,111
Health and welfare	3,075	3,056	-	-	3,075	3,056
Culture & recreation	10,656	10,042	-	-	10,656	10,042
Conservation & development	3,702	1,970	-	-	3,702	1,970
Interest on long-term debt	3,248	4,598	-	-	3,248	4,598
Miscellaneous	1,841	1,499	-	-	1,841	1,499
Water reclamation	-	-	7,215	6,780	7,215	6,780
Water	-	-	9,070	8,246	9,070	8,246
Golf	-	-	1,421	1,069	1,421	1,069
Executive Golf	-	-	209	226	209	226
Airport	-	-	7,081	6,745	7,081	6,745
Waste collection	-	-	2,034	2,256	2,034	2,256
Waste disposal	-	-	5,923	5,446	5,923	5,446
Civic center	-	-	9,841	10,199	9,841	10,199
Cemetery	-	-	287	268	287	268
Parking	-	-	628	663	628	663
Energy plant	-	-	339	599	339	599
Transportation terminal	-	-	233	247	233	247
Ambulance	-	-	3,033	3,322	3,033	3,322
Total Expenses	66,882	70,376	47,313	46,066	114,194	116,443
Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items and transfers						
	26,686	21,928	14,278	15,927	40,964	37,855
Fund Transfers	(7,098)	(7,644)	7,098	7,644	-	(0)
Change in Net Position	19,588	14,284	21,376	23,571	40,964	37,855
Net Position-Beginning	269,601	289,189	330,515	351,891	600,116	641,081
Change in Accounting Principle	-	(136)	-	(778)	-	(914)
NET POSITION – ENDING	\$ 289,189	\$ 303,337	\$ 351,891	\$ 374,684	\$ 641,080	\$ 678,022

Financial Analysis of the Government's funds

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

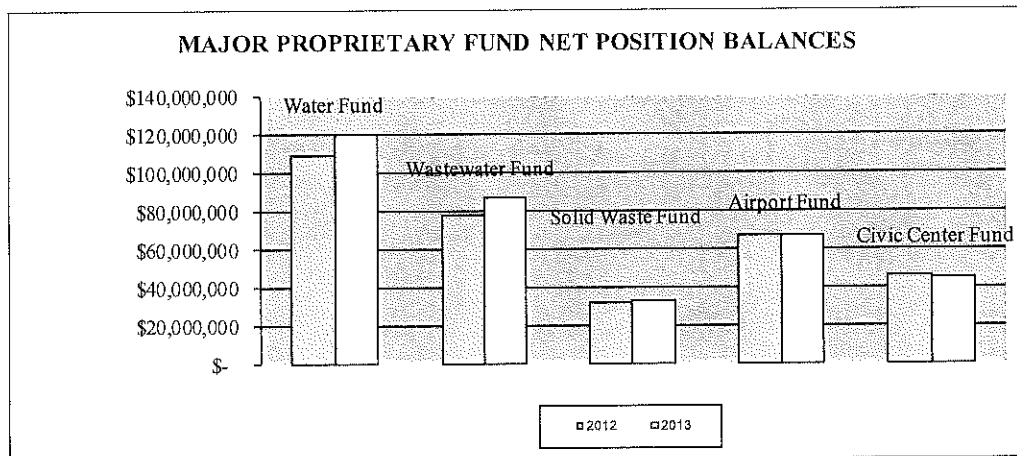
At the end of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$81,047,957. Approximately 17% of this total amount (\$13,698,404) constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as 1) nonspendable (for inventories, notes receivable, advances to other funds, and perpetual care cemetery endowment of \$6,314,924), 2) restricted (for debt service, perpetual care cemetery, library, business improvement districts, capital projects and grants of \$22,684,402), 3) Committed (for capital replacements, Vision Fund, consolidated construction and erosion and sediment control funds of \$37,165,248.), 4) Assigned (for next year's appropriations for \$1,184,979).

The General Fund balance decreased by (\$923,804) in 2013, which was primarily due to an increase in capital outlay and transfers to other funds. The Vision Fund and Consolidated Construction Fund balances increased \$1,900,353 and \$495,793, respectively as a result of increases in tax revenue. The Utility Facilities Fund balance increased \$12,135,799 due to the issuance of 2013 revenue bond (\$23,792,788).



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

The unrestricted net positions in the respective major proprietary funds are: Water - \$8,694,061. Wastewater - \$9,906,695, Solid waste - \$9,161,076, Airport - \$4,578,885 and Civic Center - \$1,451,628.



Budgetary Highlights

General Fund. Supplemental appropriations primarily involved grant funds or “windfalls.” It is not legally required to officially supplement the budget. It is the practice of the City of Rapid City to do so to provide full public disclosure. In 2013 the City of Rapid City spent \$443,130 less than the budgeted amount in the General Fund Police, \$428,349 less than the budgeted amount in the General Fund Fire and \$221,642 less than budgeted in the General Fund Parks. This is due primarily to not being fully staffed and not purchasing as many supplies and equipment as was anticipated. Also in 2013 the City of Rapid City spent \$2,170,511 less than the budgeted amount in General Fund Highways and Streets, \$237,848 less than budgeted in the General Fund Public Works Administration, \$417,644 less than budgeted in the General Fund Transportation Planning but \$1,838,081 more in General Fund Capital Outlay. This is primarily due to purchasing equipment that was not originally anticipated.

Capital Asset and Debt Administration

Capital Assets The City of Rapid City’s net investment in capital assets for its governmental and business type activities as of December 31, 2013 amounts to \$561,499,709 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment.

Major capital asset events during the current fiscal year included the following: Performing Arts Facility; land and structure acquisition for the Fire Department for a future new Station #1; Jackson Springs Water Treatment Plan; Airport main terminal expansion and Taxiway A relocation; infrastructure improvements; replacement of multiple vehicles and large pieces of equipment.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land and land improvements	\$ 42,976	\$ 43,886	\$ 15,806	\$ 16,308	\$ 58,782	\$ 60,194
Buildings	71,703	76,485	141,916	161,264	213,619	237,749
Improvements	276,767	293,852	292,411	307,005	569,178	600,857
Machinery and equipment	27,694	30,263	24,813	25,677	52,507	55,940
Construction in Progress	9,081	13,324	61,126	67,104	70,207	80,428
Total	428,221	457,810	536,072	577,358	964,293	1,035,168
Less accumulated depreciation	(161,064)	(175,549)	(162,162)	(172,742)	(323,226)	(348,291)
Total capital assets	\$ 267,157	\$ 282,261	\$ 373,910	\$ 404,616	\$ 641,067	\$ 686,877

Long-term debt

Government activities: \$ 68,797,214
 Business-type activities 88,787,723
 \$157,584,937

Current portion \$14,455,424

The City of Rapid City maintains an AAA to Baa2 rating from Moody’s on all of its revenue debt.

State statute limits the amount of general obligation debt a South Dakota city may issue to assessed value of taxable property. The current debt limitation for the City of Rapid City is \$986,109,851. \$104,399,802 of the City’s outstanding debt is counted within the statutory limitation although the debt is wholly or partially financed by revenues other than a general tax levy.

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

Known fact, decisions or conditions

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

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

**CITY OF RAPID CITY
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	GOVERNMENTAL		BUSINESS-TYPE	TOTAL	COMPONENT UNIT
	ACTIVITIES	ACTIVITIES	ACTIVITIES		
ASSETS:					
Cash & Cash Equivalents (Note 2)	\$ 33,793,520	\$ 25,922,773	\$ 59,716,292	\$ 105,714	
Investments (Note 2)	27,935,125	12,848,117	40,783,242		
Accounts Receivable, Net (Note 3)	9,355,177	7,456,906	16,812,083	9,253	
Internal Balances (Note 8)	(1,258,489)	1,258,489	-		
Due from Other Governments (Note 4)	3,855,201	1,861,222	5,716,423		
Other Assets	256,888	181,247	438,134	68,012	
Restricted Assets:					
Cash with Fiscal Agent (see Note 2)	23,821,424	13,551,704	37,373,128		
Restricted Cash (see Note 2 and 17)	173,173	1,875,000	2,048,173	139,979	
Capital Assets (see Note 5):					
Land and Construction in Progress	57,209,829	83,411,593	140,621,422		
Other Capital Assets, Net of Depreciation	225,050,675	321,204,781	546,255,456	78,242	
TOTAL ASSETS	380,192,523	469,571,831	849,764,354	401,200	
LIABILITIES:					
Accounts Payable	6,977,818	4,197,011	11,174,829	7,052	
Other Current Liabilities	12,697,766	4,740,044	17,437,810	20,689	
Noncurrent Liabilities (see Note 7, 12 and 17)	57,179,469	85,950,043	143,129,512	-	
TOTAL LIABILITIES	76,855,054	94,887,098	171,742,152	27,741	
NET POSITION:					
Net Investment in Capital Assets	235,873,951	325,625,758	561,499,709	78,242	
Restricted for:					
Debt Service	1,985,450	6,511,086	8,496,536	-	
Cemetery Trust Fund - Expendable	12,896	-	12,896	-	
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-	
Other Purposes - TID Debt Service	2,054,843	-	2,054,843	-	
Other Purposes - Dwnntn Business Impr District	175,994	-	175,994	-	
Other Purposes - Business Impr District	9,201	-	9,201	-	
Other Purposes - Grants	114,524	-	114,524	-	
Other Purposes - Component Unit	-	-	-	139,979	
Other Purposes - Library	46,943	-	46,943	-	
Unrestricted (Note 13)	63,013,667	42,547,889	105,561,556	155,238	
TOTAL NET POSITION	303,337,469	374,684,733	678,022,202	373,459	
TOTAL LIABILITIES AND NET POSITION	380,192,523	469,571,831	849,764,354	401,200	

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, 2013**

	----- Program Revenues -----				Net (Expense) Revenue and ----- Changes in Net Position -----			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Functions/Programs								
Primary Government								
Governmental Activities:								
General Government	\$ 4,195,115	\$ 848,585	\$ 3,109,105	\$ -	\$ (237,425)	\$ -	\$ (237,425)	\$ -
Public Safety	25,905,390	719,478	425,246	40,000	(24,720,666)	-	(24,720,666)	-
Public Works	19,111,129	113,861	-	4,534,088	(14,463,181)	-	(14,463,181)	-
Health and Welfare	3,055,728	424,056	916,274	1,434,337	(281,061)	-	(281,061)	-
Culture, Recreation	10,041,878	1,660,477	17,518	-	(8,363,883)	-	(8,363,883)	(63,387)
Conservation and Development	1,970,329	1,910,464	628,441	-	568,576	-	568,576	-
Interest on Long Term Debt (1)	4,598,065	-	-	-	(4,598,065)	-	(4,598,065)	-
Miscellaneous Revenue/Expenditures	1,498,626	159,717	-	-	(1,338,909)	-	(1,338,909)	-
Total Governmental Activities	70,376,262	5,836,638	5,096,584	6,008,425	(53,434,616)	-	(53,434,616)	(63,387)
Business-Type Activities:								
Water	8,245,670	15,526,645	-	2,428,247	-	9,709,221	9,709,221	-
Water Reclamation	6,779,506	11,290,821	-	785,919	-	5,297,234	5,297,234	-
Airport	6,745,082	5,652,877	-	1,279,016	-	186,811	186,811	-
Solid Waste Disposal	5,446,456	6,353,263	-	437,960	-	1,344,767	1,344,767	-
Civic Center	10,198,657	5,302,476	-	-	-	(4,896,181)	(4,896,181)	-
Solid Waste Collection	2,255,561	2,632,141	-	-	-	376,580	376,580	-
Executive Golf Course	226,278	175,527	-	-	-	(50,751)	(50,751)	-
Cemetery	268,383	107,711	-	-	-	(160,672)	(160,672)	-
Golf Course	1,069,443	1,011,078	-	-	-	(58,365)	(58,365)	-
Parking Lot & Area	662,833	798,171	-	-	-	135,338	135,338	-
Energy Plant	599,429	310,995	-	-	-	(288,434)	(288,434)	-
Ambulance	3,322,362	3,627,085	-	-	-	304,723	304,723	-
Transportation Terminal	246,630	12,908	-	-	-	(233,722)	(233,722)	-
Total Business-type Activities	46,066,291	52,801,699	-	4,931,142	-	11,666,550	11,666,550	-
Total Primary Government	\$ 116,442,552.45	\$ 58,638,336.48	\$ 5,096,583.50	\$ 10,939,566.53	\$ (53,434,615.93)	\$ 11,666,549.99	\$ (41,768,065.94)	\$ (63,387.00)
General Revenues:								
Taxes:								
Property Taxes				20,636,948	-	20,636,948		-
Sales Taxes				50,195,541	4,026,567	54,222,108		-
Other Taxes				2,283,407	145,880	2,429,287		-
State Shared Revenue				1,471,697	-	1,471,697		-
County Shared Revenue				389,142	-	389,142		-
Unrestricted Investment Earnings				(85,886)	93,701	7,815		-
Miscellaneous Revenue				471,197	22,478	493,675		-
Gain (Loss) on disposal of Capital Assets				912	(28,400)	(27,487)		-
Transfers				(7,644,317)	7,644,317	-		-
Total General Revenue, Loss and Transfers				67,718,641	11,904,543	79,623,184		-
Change in Net Assets				14,284,025	23,571,093	37,855,118		(63,387)
Net Position, Beginning				289,189,114	351,891,774	641,080,888		436,846
Change in Accounting Principle (Note 18)				(135,670)	(778,134)	(913,804)		-
Net Position -- Restated				289,053,444	351,113,640	640,167,084		436,846
Net Position, Ending				\$ 303,337,469	\$ 374,684,733	\$ 678,022,202		\$ 373,459

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

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

**CITY OF RAPID CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General Fund	Vision Fund	Consolidated Construction Fund	Utility Facilities Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Assets:						
101 Cash and Cash Equivalents (Note 2)	\$ 9,623,265	\$ 5,009,635	\$ 10,891,409	\$ (3,085,998)	\$ 2,473,239	\$ 24,911,550
102 Restricted Cash (Note 2)	-	-	-	-	173,173	173,173
106 Cash with Fiscal Agent, Restricted (see Note 2)	-	2,948,616	-	20,872,808	-	23,821,424
151 Investments (Note 2)	7,689,284	7,954,199	6,404,878	4,487,294	48,248	26,583,903
110 Property Taxes Receivable--Delinquent	238,660	-	-	-	260,888	499,548
110 Sales Tax Receivable	2,601,039	1,300,519	1,300,519	452,355	-	5,654,432
115 Accounts Receivable, Net	48,606	-	-	-	81,772	130,378
121 Special Assessments Receivable--Current	14,277	-	-	-	624	14,901
122 Special Assessments Receivable--Delinquent	63,044	-	-	-	-	63,044
123 Special Assessments Receivable--Deferred	96,490	-	-	-	8,559	105,049
128 Notes Receivable (see Note 3)	56,015	-	1,871,903	-	-	1,927,918
131 Due from Other Funds (see Note 8)	302,016	-	17,917	565,750	-	885,683
133 Advance to Other Funds (see Note 8)	794,839	-	297,293	2,987,986	-	4,080,118
132 Due from Other Governments (see Note 4)	3,774,625	-	66,038	-	14,538	3,855,201
135 Interest Receivable	55,209	7,317	306,453	38,377	1,556	408,913
144 Inventory	256,888	-	-	-	-	256,888
TOTAL ASSETS	25,614,257	17,220,287	21,156,410	26,318,572	3,062,597	93,372,122
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
201 Claims Payable	2,102,861	1,342,847	731,070	5,876	294,090	4,476,744
216 Wages Payable	795,825	-	-	-	9,204	805,029
208 Due to Other Funds (see Note 8)	-	-	-	-	713,039	713,039
209 Advance from Other Funds (see Note 8)	-	-	-	-	4,341,560	4,341,560
Total Liabilities	2,898,686	1,342,847	731,070	5,876	5,357,893	10,336,372
Deferred Inflows of Resources:						
247 Unavailable Revenue -- Grants	1,662,493	-	66,038	-	-	1,728,531
245 Unavailable Revenue -- Property Taxes	62,592	-	-	-	25,902	88,494
246 Unavailable Revenue -- Special Assessments	163,799	-	-	-	6,968	170,767
Total Deferred Inflows of Resources:	1,888,885	-	66,038	-	32,870	1,987,793
Fund Balances:						
263 Nonspendable						
263.01 Inventory	256,888	-	-	-	-	256,888
263.04 Advances	794,839	-	297,293	2,987,986	-	4,080,118
263.05 Notes Receivables	56,015	-	1,871,903	-	-	1,927,918
263.51 Perpetual Care Cemetery	-	-	-	-	50,000	50,000
264 Restricted						
264.01 Debt Service	-	412,000	-	1,573,450	2,054,843	4,040,293
264.02 Capital Projects	-	-	-	18,284,550	-	18,284,550
264.03 Cemetery Perpetual Care	-	-	-	-	12,896	12,896
264.05 Library	-	-	-	-	46,943	46,943
264.09 Business Improvement District	-	-	-	-	185,195	185,195
264.97 Grant	-	-	-	-	114,524	114,524
265 Committed						
265.02 Capital Replacements	-	-	-	3,466,710	-	3,466,710
265.04 Vision Fund	-	15,465,439	-	-	-	15,465,439
265.04 Consolidated Construction Sales Tax	-	-	18,190,106	-	-	18,190,106
265.99 Erosion/Sediment Control	-	-	-	-	42,993	42,993
266 Assigned						
266.01 Assigned for Next Year's Appropriation	1,184,979	-	-	-	-	1,184,979
267 Unassigned (see Note 13)	18,533,965	-	-	-	(4,835,561)	13,698,404
Total Fund Balances	20,826,686	15,877,439	20,359,302	26,312,696	(2,328,166)	81,047,957
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,614,257	\$ 17,220,287	\$ 21,156,410	\$ 26,318,572	\$ 3,062,597	\$ 93,372,122

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

**CITY OF RAPID CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Total Fund Balances - Governmental Funds	\$	81,047,957
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.		282,260,505
Long term liabilities, including bonds payable are not due and payable in the current period and therefore not reported in the funds.		(68,797,214)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.		(270,475)
Property Taxes (delinquent), special assessments (current, delinquent and deferred) and a grant revenue are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		1,987,793
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.		7,108,905
Total Net Position - Governmental Activities	<u>\$</u>	<u>303,337,469</u>

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

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Vision Fund	Consolidated Construction Fund	Utility Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
310 Taxes:						
311 General Property Taxes	\$ 14,253,529	\$ -	\$ -	\$ -	\$ 6,439,297	\$ 20,692,826
313 General Sales and Use Taxes	23,091,269	11,545,659	11,545,659	4,012,954	-	50,195,541
314 Gross Receipts Business Taxes	674,281	-	-	-	1,464,509	2,138,790
320 Licenses and Permits	2,334,561	-	-	-	-	2,334,561
330 Intergovernmental Revenue:						
331 Federal Grants	4,286,847	-	9,544	-	371,944	4,668,335
334 State Grants	183,597	-	-	-	-	183,597
335 State Shared Revenue:						
335.01 Bank Franchise Tax	116,558	-	-	-	-	116,558
335.03 Liquor Tax Reversion	417,004	-	-	-	-	417,004
335.04 Motor Vehicle Licenses (5%)	49,959	-	-	-	-	49,959
335.06 Fire Insurance Reversion	189,050	-	-	-	-	189,050
335.08 Local Government Highway and Bridge Fund	699,125	-	-	-	-	699,125
338 County Shared Revenue:						
338.01 County Road Tax (25%)	389,142	-	-	-	-	389,142
340 Charges for Goods and Services:						
341 General Government	474,483	-	-	-	-	474,483
342 Public Safety	672,458	-	-	-	-	672,458
343 Public Works	110,085	-	-	-	-	110,085
345 Health & Welfare	417,556	-	-	-	-	417,556
346 Culture and Recreation	1,564,580	-	-	-	-	1,564,580
348 Cemetery	-	-	-	-	2,826	2,826
349 Conservation & Development	-	-	-	-	159,717	159,717
350 Fines and Forfeits:						
351 Court Fines and Costs	7,487	-	-	-	-	7,487
354 Library	-	-	-	-	95,890	95,890
360 Miscellaneous Revenue:						
361 Interest Earnings (Loss)	(15,588)	(173,472)	(18,630)	100,993	20,811	(85,886)
362 Rentals	156,876	-	-	-	-	156,876
363 Special Assessments	-	-	-	-	178,027	178,027
367 Contributions and Donations	-	-	-	-	74,574	74,574
369 Other	235,006	-	15,281	-	-	250,287
Total Revenue	50,307,865	11,372,187	11,551,854	4,113,947	8,807,595	86,153,449
Expenditures:						
410 General Government:						
412 Executive-Mayor & Council	471,346	-	-	-	-	471,346
414 Financial - COMPASS	166,199	-	-	-	-	166,199
414 Financial - Community Resources	959,664	-	90,000	-	-	1,049,664
414 Financial - Finance	647,469	-	-	-	-	647,469
414 Financial - Attorney	201,407	-	-	-	-	201,407
419 Other - Government Buildings	854,791	-	129,156	-	-	983,947
420 Public Safety:						
421 Police	11,510,771	-	-	-	-	11,510,771
422 Fire	9,376,866	-	-	-	-	9,376,866
429 Other Protection-Corrections	2,000	-	-	-	-	2,000
429 Other Protection-Code Enforcement	154,173	-	-	-	-	154,173
429 Other Protection-ACE	1,492,037	-	-	-	-	1,492,037
429 Other Protection-Re-entry Program	58,997	-	-	-	-	58,997
429 Other Protection-Emergency Mgt	2,799,337	-	-	-	-	2,799,337

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Vision Fund	Consolidated Construction Fund	Utility Facilities Fund	Other Governmental Funds	Total Governmental Funds
430 Public Works:						
431 Highways and Streets	5,409,516	-		-	-	5,409,516
43x Administration	473,713	344,571	968,232	-	-	1,786,516
440 Health and Welfare:						
441 Health	410,774		-	-	-	410,774
444 Humane Society	278,318		-	-	-	278,318
449 Other - Public Transit	1,963,513		-	-	-	1,963,513
449 Other - Air Quality	50,035		-	-	-	50,035
450 Culture and Recreation:						
451 Recreation	303,369		-	-	-	303,369
451 Swimming Pools	1,428,265		-	-	-	1,428,265
451 Ice Arena	579,817		-	-	-	579,817
452 Parks	2,226,303		-	-	-	2,226,303
455 Libraries	2,978,671		-	-	99,118	3,077,789
457 Historical Preservation	17,939		-	-	-	17,939
459 Other - Parks & Rec Administration	578,046		108,172	-	-	686,218
459 Other - Retired Senior (RSVP)			-	-	98,304	98,304
459 Other - Cemetery			-	-	349	349
459 Other - Subsidies	200,012		-	-	-	200,012
460 Conservation and Development:						
465 Economic Development	364,250	525,762	-	-	-	890,012
465 Community Development	49,177		-	-	506,140	555,317
465 Transportation Planning	416,889		-	-	-	416,889
465 GIS Information System	118,096		-	-	-	118,096
470 Debt Service	121,552	4,276,792	920,674	7,918,545	6,872,664	20,110,227
485 Capital Outlay	4,164,601	3,479,637	15,844,330	-	2,297,918	25,786,486
490 Miscellaneous:						
492 Other Expenditures	9,769		14,496	1,650	1,472,711	1,498,626
Total Expenditures	50,837,684	8,626,762	18,075,060	7,920,195	11,347,204	96,806,905
Excess of Revenue Over (Under) Expenditures	(529,818)	2,745,425	(6,523,206)	(3,806,248)	(2,539,609)	(10,653,456)
Other Financing Sources (Uses):						
391.01 Transfers In (see Note 8)	205,541		2,377,054	-	-	2,582,596
511 Transfers Out (see Note 8)	(1,390,503)	(845,072)	(130,055)	(7,850,741)	-	(10,216,371)
391.02 Long-term debt issued (Note 7)			-	23,792,788	3,418,221	27,211,009
391.03 Sale of Municipal Property	71,258		-	-	15,000	86,258
391.27 Capital Leases (Note 7)	719,718		4,772,000	-	-	5,491,718
Total Other Financing Sources (Uses)	(393,986)	(845,072)	7,018,999	15,942,047	3,433,221	25,155,209
Net Change in Fund Balances	(923,804)	1,900,353	495,793	12,135,799	893,612	14,501,753
Fund Balance (Deficit) - Beginning	21,750,490	13,977,086	19,863,509	14,176,897	(3,221,778)	66,546,204
FUND BALANCE (DEFICIT) - ENDING	\$ 20,826,686	\$ 15,877,439	\$ 20,359,302	\$ 26,312,696	\$ (2,328,166)	\$ 81,047,957

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

CITY OF RAPID CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total government funds	\$ 14,501,753
Amounts reported for governmental activities in the statement of activities are different because:	
<p>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.</p>	
Capital Outlay	25,786,486
Depreciation	(15,121,952)
	10,664,534
Assets Contributed by Development.	4,524,543
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).	15,545,994
Debt proceeds, including premiums are a revenue in the governmental funds but the proceeds increase long-term liabilities in the statement of net position.	(32,702,727)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds. The amount represents the change in accrued interest during the current period.	(33,838)
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.	(85,346)
Other post employment benefit obligations are expenditures in the governmental funds when they are incurred and they are recorded as a liability in the statement of net position.	(217,265)
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.	1,639,245
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	67,414
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds has been prorated to governmental activities and business-type activities based on the proportionate share of wages.	379,718
Change in Net Position of Governmental Activities	\$ 14,284,025

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

**CITY OF RAPID CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

Enterprise Funds

	Water Fund	Wastewater Fund	Solid Waste Disposal Fund	Airport Fund
ASSETS:				
Current Assets:				
101 Cash and Cash Equivalents (Note 2)	\$ 7,683,772	\$ 5,842,772	\$ 2,944,035	\$ 3,047,198
106 Cash with Fiscal Agent, Restricted (see Note 2)	8,766,645	1,148,563	-	2,818,667
107 Restricted Cash (Notes 2, 17)	-	-	1,875,000	-
151 Investments (Note 2)	1,970,429	3,826,760	6,580,160	-
115 Accounts Receivable	496,188	666,551	771,627	860,708
116 Estimated Uncollectable Accounts Receivable	(40,000)	(35,000)	(50,000)	(55,500)
117 Unbilled Accounts Receivable	594,678	520,798	150,901	-
110 Sales Tax Receivable	-	-	29,699	-
131 Due from Other Funds (see Note 8)	190,762	-	-	-
132 Due from Other Government (see Note 4)	10,271	6,488	437,960	1,344,281
135 Interest Receivable	22,143	6,218	5,803	3,262
142 Inventory of Stores Purchased for Resale	30,649	23,996	-	-
Total Current Assets	<u>19,725,537</u>	<u>12,007,146</u>	<u>12,745,185</u>	<u>8,018,616</u>
Noncurrent Assets:				
133 Advance to Other Funds (see Note 8)	372,291	-	-	-
157 Unamortized Discount (see Note 7)	617,742	-	-	10,215
Capital Assets (see Note 5):				
160 Land	6,020,535	948,260	2,499,851	1,084,000
162 Buildings	12,247,828	24,814,545	13,361,839	41,259,762
164 Improvements Other than Bldg	137,893,137	80,617,545	6,735,386	65,169,027
164 Furniture & Equipment	592,032	643,304	1,691,072	934,578
166 Machinery and Equipment	901,817	1,759,597	3,759,194	5,411,762
168 Construction Work in Progress	42,048,548	12,617,795	6,140,154	3,507,848
Less: Accumulated Depreciation	(48,008,590)	(32,544,281)	(11,260,099)	(43,156,606)
Total Noncurrent Assets	<u>152,685,340</u>	<u>88,856,765</u>	<u>22,927,397</u>	<u>74,220,586</u>
TOTAL ASSETS	<u><u>172,410,877</u></u>	<u><u>100,863,911</u></u>	<u><u>35,672,582</u></u>	<u><u>82,239,202</u></u>
LIABILITIES:				
Current Liabilities:				
202 Accounts Payable (Note 15)	\$ 1,251,774	\$ 648,595	\$ 1,482,667	\$ 375,279
208 Due to Other Funds (see Note 8)	270,000	183,000	-	-
215 Accrued Interest Payable	294,318	97,527	2,681	72,528
220 Customer Deposits	809,201	-	-	-
216 Wages Payable	96,156	71,996	73,329	72,289
226 OPEB Current Obligations (see Note 12)	55,278	40,827	37,218	44,927
226 Bonds Payable Current (see Note 7)	185,629	984,795	-	570,000
226 Capital Lease Payable Current (see Note 7)	-	-	-	-
230 Compensated Absences Payable -- Current (see Note 7)	15,000	5,000	5,000	6,500
Total Current Liabilities	<u>2,977,356</u>	<u>2,031,740</u>	<u>1,600,895</u>	<u>1,141,523</u>
Noncurrent Liabilities:				
209 Advance from Other Funds (see Note 8)	-	-	-	-
231 OPEB Long-Term Obligations (see Note 7)	95,708	70,688	64,438	77,787
231 Bonds Payable (see Note 7)	49,314,833	12,397,624	-	14,555,000
231 Capital Lease Payable (see Note 7)	-	-	-	-
233 Accrued Leave Payable (see Note 7)	171,877	92,878	43,776	83,176
235 Accrued Landfill Closure and Postclosure (Note 7 & 17)	-	-	1,875,000	-
Total Noncurrent Liabilities	<u>49,582,418</u>	<u>12,561,190</u>	<u>1,983,214</u>	<u>14,715,963</u>
TOTAL LIABILITIES:	<u><u>52,559,774</u></u>	<u><u>14,592,930</u></u>	<u><u>3,584,109</u></u>	<u><u>15,857,486</u></u>
NET POSITION:				
253.10 Net Investment in Capital Assets	107,514,567	75,474,345	22,927,397	60,450,888
253.20 Restricted Net Position, Restricted for:				
253.22 Revenue Bond Retirement	3,642,475	889,940	-	1,351,943
253.90 Unrestricted Net Position	8,694,061	9,906,695	9,161,076	4,578,885
TOTAL NET POSITION	<u><u>119,851,103</u></u>	<u><u>86,270,981</u></u>	<u><u>32,088,473</u></u>	<u><u>66,381,716</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 172,410,877</u></u>	<u><u>\$ 100,863,911</u></u>	<u><u>\$ 35,672,582</u></u>	<u><u>\$ 82,239,202</u></u>

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

Civic Center Enterprise Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 1,252,143	\$ 5,152,852	\$ 25,922,773	\$ 8,881,970
566,783	251,046	13,551,704	-
-	-	1,875,000	-
98,380	372,388	12,848,117	1,351,222
137,694	6,578,703	9,511,471	545,572
-	(3,678,576)	(3,859,076)	-
-	37,725	1,304,102	-
366,667	63,431	459,797	-
-	-	190,762	-
7,519	54,703	1,861,222	-
759	2,426	40,611	5,422
123,950	2,652	181,247	-
<u>2,553,895</u>	<u>8,837,350</u>	<u>63,887,730</u>	<u>10,784,186</u>
199,252	-	571,543	-
8,121	8,889	644,967	-
1,091,682	4,663,245	16,307,574	-
61,134,223	8,446,229	161,264,426	-
9,067,589	7,522,537	307,005,221	-
3,549,887	1,015,748	8,426,622	-
437,096	4,980,702	17,250,167	-
4,903	2,784,771	67,104,019	-
(28,158,528)	(9,613,550)	(172,741,655)	-
<u>47,334,225</u>	<u>19,808,572</u>	<u>405,832,884</u>	<u>-</u>
<u>49,888,120</u>	<u>28,645,922</u>	<u>469,720,614</u>	<u>10,784,186</u>
\$ 199,274	\$ 239,422	\$ 4,197,011	\$ 2,501,074
-	10,407	463,407	-
1,135	2,321	470,510	-
-	-	809,201	-
229,356	79,526	622,653	4,515
96,815	85,923	360,988	-
220,000	90,000	2,050,424	-
51,073	323,695	374,768	-
10,000	10,000	51,500	-
<u>807,653</u>	<u>841,294</u>	<u>9,400,462</u>	<u>2,505,589</u>
-	210,101	210,101	-
167,626	148,767	625,014	-
4,280,000	2,020,000	82,567,457	-
-	700,216	700,216	-
175,563	260,053	827,323	-
-	-	1,875,000	-
<u>4,623,189</u>	<u>3,339,137</u>	<u>86,805,111</u>	<u>-</u>
<u>5,430,842</u>	<u>4,180,431</u>	<u>96,205,573</u>	<u>2,505,589</u>
42,583,900	16,674,661	325,625,758	-
421,750	204,978	6,511,086	-
1,451,628	7,585,852	41,378,197	8,278,597
<u>44,457,278</u>	<u>24,465,490</u>	<u>373,515,041</u>	<u>8,278,597</u>
<u>\$ 49,888,120</u>	<u>\$ 28,645,922</u>	<u>\$ 469,720,614</u>	<u>\$ 10,784,186</u>

**CITY OF RAPID CITY
RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013**

Total Net Position - Enterprise Funds \$ 373,515,041

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

1,169,692

Total Net Position - Business-type Activities

\$ 374,684,733

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

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2013

	Water Fund	Wastewater Fund	Solid Waste Disposal Fund
Operating Revenue:			
380 Charges for Goods and Services	\$ 15,526,645	11,290,821	\$ 6,353,263
Total Operating Revenues	15,526,645	11,290,821	6,353,263
Operating Expenses:			
410 Personal Services	2,242,319	1,631,739	1,645,488
420 Other Current Expense	3,018,248	2,741,104	2,823,579
426.2 Materials (Cost of Goods Sold)	-	-	-
457 Depreciation (see Note 5)	2,674,768	1,995,353	924,727
Total Operating Expenses	7,935,335	6,368,196	5,393,794
Operating Income (Loss)	7,591,309	4,922,625	959,469
Nonoperating Revenue (Expense):			
361 Investment Earnings (Loss)	120,301	(26,369)	(107,271)
470 Interest Expense and Fiscal Charges	(336,501)	(430,634)	(70,279)
366 Loss on Disposition of Capital Assets	(1,891)	-	-
369.01 Other Taxes	1,273	-	-
369.01 Sales Tax	11	-	99,978
369.01 Other	-	-	(387,983)
Total Nonoperating Revenue (Expense)	(216,807)	(457,003)	(465,555)
Income (Loss) Before Capital Grants and Transfers	7,374,502	4,465,622	493,914
Capital Grants, Contributions and Transfers:			
330 Capital Grants	843,997	181,745	437,960
391.7 Contributions from Developers/Others	1,584,250	604,174	-
391.1 Transfers In (see Note 8)	2,120,083	4,060,335	-
511 Transfers Out (see Note 8)	(84,919)	(52,963)	(84,932)
Net Capital Grants, Contributions and Transfers	4,463,411	4,793,291	353,028
Change in Net Position	11,837,913	9,258,913	846,942
Net Position - Beginning	108,289,079	77,127,745	31,263,465
Change in Accounting Principle (Note 18)	(275,889)	(115,677)	(21,934)
Net Position - Restated	108,013,190	77,012,068	31,241,531
NET POSITION - ENDING	\$ 119,851,103	\$ 86,270,981	\$ 32,088,473

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

Enterprise Funds

Airport Fund	Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 5,652,877	\$ 5,302,476	\$ 8,675,616	\$ 52,801,699	\$ 8,372,585
5,652,877	5,302,476	8,675,616	52,801,699	8,372,585
2,088,195	3,814,895	4,318,856	15,741,492	150,829
1,676,904	3,605,254	3,102,092	16,967,181	7,725,161
-	644,255	14,471	658,726	-
2,036,949	1,982,433	1,024,069	10,638,299	-
5,802,048	10,046,837	8,459,488	44,005,699	7,875,990
(149,171)	(4,744,361)	216,128	8,796,000	496,595
51,865	14,499	40,676	93,701	64,178
(964,760)	(196,829)	(232,102)	(2,231,105)	-
(1,785)	(23,403)	(1,321)	(28,400)	-
130,885	-	13,722	145,880	-
107	3,748,553	177,918	4,026,567	-
117,668	-	292,793	22,478	-
(666,020)	3,542,820	291,686	2,029,121	64,178
(815,191)	(1,201,541)	507,814	10,825,121	560,773
1,279,016	-	-	2,742,718	-
-	-	-	2,188,424	-
-	-	1,850,630	8,031,048	-
(150,000)	-	(13,917)	(386,731)	(10,541)
1,129,016	-	1,836,713	12,575,459	(10,541)
313,825	(1,201,541)	2,344,527	23,400,580	550,232
66,308,280	45,745,813	22,158,212	350,892,594	7,728,365
(240,389)	(86,995)	(37,249)	(778,133)	-
66,067,891	45,658,818	22,120,963	350,114,461	7,728,365
\$ 66,381,716	\$ 44,457,278	\$ 24,465,490	\$ 373,515,041	\$ 8,278,597

**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, 2013**

Net change in net position - Enterprise funds	\$ 23,400,580
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	170,515
Change in Net Position of Business-type Activities	<u>\$ 23,571,093</u>

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

**CITY OF RAPID CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Enterprise Funds			
	Water Fund	Wastewater Fund	Solid Waste Disposal Fund	Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipt from Customers	\$ 15,644,296	\$ 10,949,545	\$ 6,261,009	\$ 5,722,086
Receipt from Interfund Services Provided	-	-	-	-
Payments to Suppliers	(4,048,313)	(3,067,191)	(1,136,158)	(2,168,540)
Payments to Employees	(2,247,491)	(1,644,321)	(1,635,571)	(2,087,950)
Net Cash Provided (Used) by Operating Activities	<u>9,348,492</u>	<u>6,238,033</u>	<u>3,489,280</u>	<u>1,465,596</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Airport Property Tax and Gross Receipts Tax (Civic Center)	-	-	-	130,992
Internal Activity - (Payment) Receipts to Other Funds	110,010	(60,000)	-	-
Transfers In	2,120,083	4,060,335	-	-
Transfer Out	(84,919)	(52,963)	(84,932)	(150,000)
Net Cash Provided (Used) by Operating Subsidies and Transfers	<u>2,145,174</u>	<u>3,947,372</u>	<u>(84,932)</u>	<u>(19,008)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Capital Debt	1,988,705	-	-	-
Capital Grants	843,997	181,745	-	356,131
Purchase of Capital Assets	(17,973,563)	(9,858,103)	(6,365,795)	(3,815,139)
Principal Paid on Capital Debt	(118,412)	(957,642)	(1,462,579)	(554,399)
Interest Paid on Capital Debt	(333,418)	(425,859)	(71,461)	(980,673)
Proceeds from Sale of Assets	-	-	-	-
Other Receipts (Payments)	1,284	-	(317,704)	117,668
Net Cash (Used) by capital and related financing Activities	<u>(15,591,407)</u>	<u>(11,059,858)</u>	<u>(8,217,539)</u>	<u>(4,876,412)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Earnings	228,025	131,922	158,157	52,383
Net Cash Provided (Used) by Investing Activities	<u>228,025</u>	<u>131,922</u>	<u>158,157</u>	<u>52,383</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(3,869,715)</u>	<u>(742,531)</u>	<u>(4,655,034)</u>	<u>(3,377,441)</u>
Balances - Beginning	<u>20,320,133</u>	<u>7,733,866</u>	<u>9,474,069</u>	<u>9,243,305</u>
Balances- Ending	<u>\$ 16,450,417</u>	<u>\$ 6,991,335</u>	<u>\$ 4,819,035</u>	<u>\$ 5,865,864</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 7,591,309	\$ 4,922,625	\$ 959,469	\$ (149,171)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	2,674,768	1,995,353	924,727	2,036,949
Landfill Closure & Postclosure Costs	-	-	445,607	-
Change in Assets and Liabilities:				
Receivables	68,865	(399,065)	(92,254)	69,209
Inventories	3,345	(14,985)	-	-
Customer Deposits	61,000	-	-	-
Due from other Governments	48,786	57,789	-	-
Accounts and Other Payables	(1,094,409)	(311,102)	1,241,814	(491,636)
Accrued Wages Payable	(18,176)	(9,488)	(1,567)	(10,040)
Accrued Other Post Employment Benefits	25,565	18,269	12,089	9,434
Accrued Leave Payable	(12,561)	(21,363)	(605)	851
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,348,492</u>	<u>\$ 6,238,033</u>	<u>\$ 3,489,280</u>	<u>\$ 1,465,596</u>
Noncash Investing, Capital and Financing Activities:				
Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ (1,891)	\$ -	\$ -	\$ (1,785)
Contribution of Assets from Others	1,584,250	604,174	-	-
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
101 Cash and Cash Equivalents (Note 2)	\$ 7,683,772	\$ 5,842,772	\$ 2,944,035	\$ 3,047,198
106 Cash with Fiscal Agent, Restricted (see Note 2)	8,766,645	1,148,563	-	2,818,667
107 Restricted Cash (Notes 2, 17)	-	-	1,875,000	-
	<u>\$ 16,450,417</u>	<u>\$ 6,991,335</u>	<u>\$ 4,819,035</u>	<u>\$ 5,865,865</u>

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

Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 5,245,561	\$ 8,023,372	\$ 51,845,870	\$ -
-	-	-	8,372,184
(4,310,510)	(3,018,205)	(17,748,917)	(7,782,302)
(3,621,697)	(4,288,735)	(15,525,765)	(151,098)
(2,686,645)	716,432	18,571,188	438,784
3,902,365	-	4,033,357	-
-	(92,345)	(42,335)	-
-	1,850,630	8,031,048	-
-	(13,917)	(386,731)	(10,541)
3,902,365	1,744,368	11,635,339	(10,541)
-	-	1,988,705	-
-	-	1,381,873	-
(188,532)	(983,701)	(39,184,834)	-
(309,864)	(540,373)	(3,943,269)	-
(196,865)	(232,102)	(2,240,377)	-
-	-	-	-
-	484,433	285,681	-
(695,261)	(1,271,743)	(41,712,221)	-
18,897	57,296	646,681	112,257
18,897	57,296	646,681	112,257
539,355	1,246,353	(10,859,012)	540,500
1,279,571	4,157,546	52,208,489	8,341,470
\$ 1,818,926	\$ 5,403,899	\$ 41,349,477	\$ 8,881,970
\$ (4,744,361)	\$ 216,128	\$ 8,796,000	\$ 496,595
1,982,433	1,024,069	10,638,299	-
-	-	445,607	-
(54,304)	(652,244)	(1,059,793)	(401)
(12,475)	(2,652)	(26,767)	-
-	-	61,000	-
(2,611)	-	103,964	-
(48,526)	99,682	(604,177)	(57,141)
21,444	(13,047)	(30,874)	(269)
138,104	27,635	231,096	-
33,650	16,863	16,834	-
\$ (2,686,645)	\$ 716,432	\$ 18,571,188	\$ 438,784
\$ (23,403)	\$ (1,321)	\$ (28,399)	\$ -
-	-	2,188,424	-
\$ 1,252,143	\$ 5,152,852	\$ 25,922,773	\$ 8,881,970
566,783	251,046	13,551,704	-
-	-	1,875,000	-
\$ 1,818,926	\$ 5,403,899	\$ 41,349,476	\$ 8,881,970

**CITY OF RAPID CITY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	\$ 1,661,596
Investments	336,491
TOTAL ASSETS	<u>\$ 1,998,087</u>
 LIABILITIES:	
Accounts Payable	\$ 90,187
Net Position Held in Agency Capacity	<u>1,907,900</u>
Total Liabilities	<u>\$ 1,998,087</u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

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

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

The Museum Alliance of Rapid City, Inc. (MARC), a separate non-profit corporation, was formed as a special agent of the City for the design and construction of a new museum, and to operate and maintain the museum upon completion of the construction. The MARC is reported as a discretely reported component unit on the City's Statement of Position and Statement of Activities as the MARC is financially dependent on the City. A complete financial statement can be obtained at the MARC Administrative Office, located at 222 New York St., Rapid City SD 57701.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.A above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.A. above.

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

Fund Financial Statements:

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

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

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

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued):

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

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

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

Governmental Funds

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

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

Vision Fund	Established by Rapid City Municipal Ordinance Chapter 3.16.060 to account for sales tax revenues received to finance debt service and capital construction relating to Economic Development (25%), Civic Improvements (25%) and Municipal Infrastructure (50%).
Consolidated Construction Fund	Established by Rapid City Municipal Ordinance Chapter 3.16.060 to account for sales tax revenues received to finance debt service and capital construction related to the City's long-term infrastructure plans.
Utility Facilities Fund	Established by Rapid City Municipal Ordinance Chapter 3.16.060 to account for sales tax revenue received to finance debt service and capital construction related to the City's long-term streets, water and sewer plans.

The following remaining Special Revenue funds are not considered to be major funds: Occupancy Tax, Downtown BID, Erosion/Sediment Control, Community Development, Rehabilitation Loan/Grant, Cemetery Perpetual Care, Retired Senior Volunteer, 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, and the payment of, general long-term debt principal, interest, and related costs in relation to the various tax increment districts that have been established.

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

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

B. BASIS OF PRESENTATION (Continued)

Governmental Funds (Continued)

Permanent Fund – permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s programs – that is for the benefit of the City and its citizenry.

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

Proprietary Funds

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

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit, even if that government is not expected to make any payments, is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
2. Laws or regulations require that the activity’s costs of providing services, including capital costs such as depreciation or debt service, be recovered with fees and charges, rather than with taxes or similar revenues.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service.

The City reports the following major enterprise funds:

Water Fund	Financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1)
Wastewater Fund	Financed primarily by user charges, this fund accounts for the construction and operation of the municipal sewer system and related facilities. (SDCL 9-48-2)
Airport Fund	Financed primarily by user charges and grants, this fund accounts for revenues and expenditures of the municipal airport and current grant activities.
Civic Center	Financed primarily by user fees and third penny sales tax (SDCL 10-52), this fund accounts for the operation of the municipal civic center.
Solid Waste Disposal Fund	Financed primarily by user charges of landfill and portion of monthly collection fee, this fund accounts for the construction and operation of the municipal landfill system and related facilities. (SDCL 9-32-11)

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

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

B. BASIS OF PRESENTATION (Concluded)

Internal Service Funds - internal service funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the primary government on a cost reimbursement basis. The City maintains five internal service funds: Medical Insurance, Liability Insurance, Unemployment Insurance, Dental 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

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are never considered to be major funds. The agency funds are as follows:

<u>Fund</u>	<u>Brief Description</u>
Payroll Withholding Fund	To account for amounts withheld from payroll for various purposes including pension withholdings, savings bond purchases and insurance.
Section 125 Fund	To account for pre-tax withholdings from employees, directed for medical or childcare expenses.
Deposits held for Others	To account for deposits held for various individuals and organizations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recognized 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 is 60 days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. 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 and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

D. CASH AND CASH EQUIVALENTS

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

E. DEPOSITS AND INVESTMENTS

For the purpose of financial reporting, "cash and cash equivalents" includes all demand, savings accounts, certificates of deposit and cash management pools of the City that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents. All investments are excluded.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6. All investments with original maturities greater than 18 months at the time of purchase are redeemable at the City's option, assuming the investments are marketable.

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

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

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.
2. In order to minimize the doubling-up effect on the internal services fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to the funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reduction occurs in the General Fund, so that expenses are only reported in the function to which they relate.

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds" and are equally offset by a nonspendable fund balance, which indicates they are not a component of current assets, and do not constitute "available spendable resources." Interfund receivables and payables between funds within governmental activities and within the business-type activities are eliminated in the Statement of Net Position. See Note 8 for details of interfund transactions, including receivables and payables at year-end.

G. INVENTORIES

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

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

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

H. CAPITAL ASSETS

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

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

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

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

H. CAPITAL ASSETS (Continued)

Government-Wide Financial Statements

Capital assets are valued at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets donated by developers are recorded at estimated cost. Historical cost was used to value the majority of the assets.

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

For governmental activities capital assets, construction-period interest is not capitalized in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction-period interest is capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset and the capitalization threshold (the dollar values above which asset acquisitions are added to the capital assets accounts) is as follows:

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

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

Fund Financial Statements

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

I. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation time and estimated retirement severance are accrued when incurred in government-wide and proprietary fund financial statements and recorded as an expenditure in the governmental fund statements when the employees use the benefits.

J. LONG-TERM LIABILITIES

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of bonds payable, financial leases, other post-employment benefits liability and compensated absences.

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

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

J. LONG-TERM LIABILITIES (Continued)

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

K. PROGRAM REVENUE

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

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

L. 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 applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period. The City did not have any deferred outflows at year end.

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

M. PROPRIETARY FUNDS REVENUE AND EXPENSE CLASSIFICATION

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

N. EQUITY CLASSIFICATIONS

Government-Wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

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

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

N. EQUITY CLASSIFICATIONS (Continued)

3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between “Nonspendable”, “Restricted”, “Committed”, “Assigned” and “Unassigned” components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity. The Net Position is reported as Net Position Held in Agency Capacity.

Application of Net Position

It is the City’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Classification Policies and Procedures

The City classifies governmental fund balances as follows:

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

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

O. RESTRICTED ASSETS

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

P. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2012, GASB issued Statement Nos. 67 and 68. Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68, Accounting and Reporting for Pensions, replace the requirements of Statement No. 50, Pension Disclosures and will require additional note disclosures for the City’s cost-sharing multiple employer, defined benefit pension plan. These statements relate to accounting and financial reporting issues and how pension costs and obligations are measured and reported in audited financial statements. The standards describe the change from the funding-based approach to an accounting-based approach in order to improve pension information and increase the transparency, consistency, and comparability of pension information across governments.

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

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

P. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

The City will recognize its share of a collective net pension liability, as well as pension expense and deferred outflows or inflows of resources for its proportionate share. Within the governmental fund financial statements, pension expenditures should be recognized equal to the total of (1) amounts paid by the City to a pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. Note disclosures will include descriptive information about the plan and its terms, contribution rates and how they are determined, and amounts attributed to employee service and forfeitures in the current period. The standards will be effective for the year ending December 31, 2015.

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

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

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

Deposits are reported at cost, plus interest, if the account is of add-on type.

The actual bank balances at December 31, 2013 were as follows:

<u>Primary Government</u>	<u>Bank Balance</u>
Insured – FDIC	\$2,000,000
Uninsured, collateral jointly held by State's/City agent in the name of the State and the pledging financial institution	<u>61,346,816</u>
Total Deposits	\$63,346,816

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

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

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

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

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

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the City’s deposits may not be returned to it. The City’s investment policy restricts the maximum holding per institution to 50% of the

City’s total pooled cash fund. As of December 31, 2013 none of the City’s deposits in financial institutions were exposed to custodial credit risk.

Custodial Credit Risk - Investments – The risk that, in the event of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City’s investment policy restricts the maximum holding per institution to 50% of the City’s total pooled cash fund. No financial institution held more than 50% of the total pooled cash. All investments are held in the City’s name with RBC Wealth Management, Edward Jones, Wells Fargo and MidFirst Bank serving as custodians.

As of December 31, 2013, the City had the following investments:

Investment	Credit	Total	Less than 1 Year	1-5 Years	5-10 Years	10 Years or More
Certificates of Deposit	N/A	1,941,623	227,394	1,024,884	689,345	
US Treasury Notes	N/A	10,647,053		5,536,506	3,330,612	1,779,934
US Federal Agency Obligations:						
GNMA (Ginnie Mae) Pool	AAA	1,652,938		55,318		1,597,620
GNMA (Ginnie Mae) Treas	AAA	13,204		13,204		
USDA	AAA	300,789			45,581	255,208
US Government Sponsored Enterprises:						
FNMA (Fannie Mae) Pool	AAA	11,284,684		4,948,719	664,484	5,671,481
FNMA Notes	AAA	3,667,515	670,097	2,997,418		
FNMA Treasury	AAA	1,070,898		1,070,898		
FHLMC (Freddie Mac) Pool	AAA	4,556,036		537,118	593,970	3,424,948
FHLMC Debentures	AAA	128,248	128,248			
FHLMC Notes	AAA	4,373,606	564,348	3,482,211	327,048	
FFCB Bonds	AAA	507,587	201,446	306,141		
FHLB Notes	AAA	690,021	206,534	483,487		
FHLB Bonds	AAA	285,530		285,530		
Total		41,119,733	1,998,066	20,741,435	5,651,040	12,729,191

Presented in the:

Statements of Net Position	40,783,242
Statement of Fiduciary Net Position	336,491
	<u>41,119,733</u>

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

Concentration of Credit Risk – The City limits the maximum holding per issue to 10%. More than 5 percent of the City’s investments are in repurchase agreements which comprise 5.5% of the investments.

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

NOTE 2, DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (Continued)

As of December 31, 2013, the City had the following in the cash with fiscal agent accounts:

Investment	Credit	Total	Less than 1 Year	1-5 Years	5-10 Years
Money Market	N/A	10,297,480	10,297,480		
Certificates of Deposit	N/A	2,976,000	2,090,500	885,500	
Repurchase Agreement	N/A	3,642,475	3,642,475		
US Treasury Note	AAA	19,097,154	19,097,154		
US Government Sponsored Enterprises:					
Freddie Mac Bonds	AAA	1,360,019	1,360,019		
Total		37,373,128	36,487,628	885,500	

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

Restricted Cash:

Assets (included in Note 2) are restricted to use for the following specific purposes:

Amount:	Purpose:
\$ 1,875,000	Closure and Post-Closure Landfill Costs
\$ 121,194	For Grant Expenditures
\$ 51,979	Library Board

NOTE 3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year; except for the Infrastructure Development Partnership Fund Notes Receivables totaling \$1,871,903 at December 31, 2013 that have a maximum repayment term of 10 years and the Life Safety Loan Receivable totaling \$52,068 at December 31, 2013 that has a maximum repayment term of 7 years. These notes are fully collateralized with letters of credit. Appropriate allowances for estimated uncollectible accounts have been established based on the City’s knowledge of current environmental conditions and historical losses.

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

Governmental Activities: 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 of the City.

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

NOTE 4. DUE FROM OTHER GOVERNMENTS

At December 31, 2013 the City's Due from Other Governments consisted of the following:

GOVERNMENTAL FUNDS:

General Fund	
Local Government Highway/Bridge	152,196
FEMA	3,048,244
Motor Vehicle	24,195
Liquor Tax Reversion	122,971
Historic Preservation	1,169
Air Quality Grant	8,992
Police Grants	28,552
Blood Testing	11,655
School Liaison	15,135
Re-entry Program	16,288
Wildland Fire	5,873
Homeland Security	4,990
Fire Grant	34,094
Local Counties/Agencies	7,315
Urban Mass Transit Grant	112,703
Transportation Planning	180,253
Total	<u>3,774,625</u>
Consolidated Construction Fund	
Consolidated Grant	<u>66,038</u>
Nonmajor Governmental Fund	
Cemetery Perpetual Care – Fees	124
RSVP	2,265
Community Development Grant	12,149
Total	<u>14,538</u>
Total Governmental Funds	<u>3,855,201</u>

ENTERPRISE FUNDS:

Airport Fund	
Airport Improvement Project	1,306,982
FEMA	13,134
Pennington County	13,511
TSA Building/Gate Fees	10,654
Total Airport Fund	<u>1,344,281</u>
Water Fund	
Bureau of Reclamation	6,134
FEMA	4,137
Total Water Fund	<u>10,271</u>
Wasterwater Fund	
FEMA	<u>6,488</u>
Solid Waste Disposal Fund	
FEMA	37,960
State of South Dakota	400,000
Total Solid Waste Fund	<u>437,960</u>
Civic Center Fund	
FEMA	5,059
Facility Rental	2,460
Total Civic Center Fund	<u>7,519</u>

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

NOTE 4. DUE FROM OTHER GOVERNMENTS (Continued)

Nonmajor Proprietary Funds	
Energy Plant – Due from RCAS	52,789
Energy Plant -- FEMA	1,914
Total Non-Major Proprietary Funds	<u>54,703</u>
Total Proprietary Funds	<u>1,861,222</u>
Grand Total	<u><u>5,716,423</u></u>

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:					
Capital Assets not being depreciated:					
Land	\$ 42,976,182	\$ 910,000	\$ -	\$ -	\$ 43,886,182
Construction in Progress	9,080,786	14,468,533	(10,225,672)	-	13,323,647
Total capital assets not being depreciated	<u>52,056,968</u>	<u>15,378,533</u>	<u>(10,225,672)</u>	<u>-</u>	<u>57,209,829</u>
Capital Assets being depreciated:					
Buildings	71,702,598	4,782,178	-	-	76,484,776
Improvements	276,767,303	6,859,496	10,225,672	-	293,852,471
Machinery and Equipment	27,694,051	3,290,823	-	(722,199)	30,262,674
Total capital assets being depreciated	<u>376,163,951</u>	<u>14,932,497</u>	<u>-</u>	<u>(722,199)</u>	<u>400,599,921</u>
Less accumulated depreciation for:					
Buildings	(14,754,900)	(1,412,877)	-	-	(16,167,777)
Improvements	(125,950,065)	(12,107,198)	-	630	(138,056,633)
Machinery and Equipment	(20,359,181)	(1,601,877)	-	636,223	(21,324,835)
Total accumulated depreciation	<u>(161,064,146)</u>	<u>(15,121,952)</u>	<u>-</u>	<u>636,853</u>	<u>(175,549,245)</u>
Total capital assets being depreciated, net	<u>215,099,805</u>	<u>(189,455)</u>	<u>-</u>	<u>(85,346)</u>	<u>225,050,676</u>
Governmental activities capital assets, net	<u>\$ 267,156,773</u>	<u>\$ 15,189,078</u>	<u>\$ -</u>	<u>\$ (85,346)</u>	<u>\$ 282,260,505</u>

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

Total General Government	\$ 717,302
Total Public Safety	662,505
Total Health and Welfare	421,453
Total Public Works	11,936,367
Total Culture and Recreation	1,383,848
Total Conservation & Development	477
Total Governmental depreciation expense	<u>\$ 15,121,952</u>

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

NOTE 5. CHANGES IN CAPITAL ASSETS (Continued)

Capital asset activity in business-type funds for the fiscal year ended December 31, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
Capital Assets not being depreciated:					
Land	\$ 15,805,738	\$ 501,836	\$ -	\$ -	\$ 16,307,574
Construction in Progress	61,125,939	37,191,135	(31,213,055)	-	67,104,019
Total capital assets not being depreciated	<u>76,931,677</u>	<u>37,692,971</u>	<u>(31,213,055)</u>	<u>-</u>	<u>83,411,594</u>
Capital Assets being depreciated:					
Buildings	141,915,817	-	19,348,609	-	161,264,426
Improvements	292,411,001	1,358,775	13,235,445	-	307,005,221
Machinery and Equipment	24,813,244	950,512	-	(86,968)	25,676,788
Total capital assets being depreciated	<u>459,140,062</u>	<u>2,309,287</u>	<u>32,584,054</u>	<u>(86,968)</u>	<u>493,946,435</u>
Less accumulated depreciation for:					
Buildings	(45,125,083)	(2,878,292)	-	-	(48,003,375)
Improvements	(101,686,031)	(6,257,273)	-	-	(107,943,304)
Machinery and Equipment	(15,350,810)	(1,502,735)	-	58,568	(16,794,976)
Total accumulated depreciation	<u>(162,161,924)</u>	<u>(10,638,299)</u>	<u>-</u>	<u>58,568</u>	<u>(172,741,655)</u>
Total capital assets being depreciated, net	<u>296,978,138</u>	<u>(8,329,012)</u>	<u>32,584,054</u>	<u>(28,400)</u>	<u>321,204,780</u>
Business-type activities capital assets, net	<u>\$ 373,909,815</u>	<u>\$ 29,363,959</u>	<u>\$ -</u>	<u>\$ (28,400)</u>	<u>\$ 404,616,374</u>

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

Total Water Enterprise	\$ 2,674,768
Total Wastewater Enterprise	1,995,353
Total Airport Enterprise	2,036,949
Total Civic Center Enterprise	1,982,433
Total Solid Waste Disposal Enterprise	924,727
Total Solid Waste Collection Enterprise	334,636
Total Ambulance Enterprise	213,428
Total Transportation Terminal Enterprise	167,039
Total Golf Course Enterprise	145,058
Total Parking Lot Area Enterprise	88,704
Total Executive Golf Enterprise	34,847
Total Cemetery Enterprise	24,644
Total Energy Plant Enterprise	15,714
Total Enterprise depreciation expense	<u>\$ 10,638,299</u>

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

NOTE 6. CONSTRUCTION COMMITMENTS

The City had construction commitments of approximately \$31.3 million as of December 31, 2013. Individual project commitments of over \$100,000 were as follows:

Governmental Activities		Total Costs		
Project Number	Project Description	As of 12/31/2013	Total Contract	Remaining
08-1743	Canyon Lake Dam Reconstruction	525,690	3,911,141	3,385,451
09-1817	Downtown St Impr Ph2	233,294	2,799,213	2,565,919
11-1942	Horace Mann Park Place Replacement	68,568	395,750	327,182
11-1951	Leland Lane/Rushmore St Reconstruction	126,207	365,856	239,649
11-1960	South Valley Dr Extension	28,449	368,588	340,139
11-1963	Perrine Drainage Outfall Elem 7&8	124,887	226,337	101,450
12-1187	West Chicago & Staton Place Reconstruction	1,161,819	2,012,055	850,236
12-1849	SRC Soccer Complex	737,220	2,165,416	1,428,196
12-2043	ASA Softball Fields	214,361	1,581,880	1,367,519
	Remainder	3,125,374	3,782,924	657,550
Total Governmental Activities		6,345,870	17,609,160	11,263,290
Business-Type Activities				
07-1689	Water Treatment Plant Upgrades	1,745,700	5,467,812	3,722,112
09-1509	Jackson Blvd Utilities	5,362,577	5,699,958	337,381
09-1817	Downtown Street Improvement	11,561	288,462	276,901
09-1836	JSWT Facility	3,689,863	3,895,967	206,104
10-0878	Canyon Lake Dr Reconstruction	19,006	7,250,780	7,231,774
10-1837	Jackson Blvd Utility	121,698	401,339	279,641
10-1858	Jackson Springs WTP Construction	21,726,998	22,283,105	556,107
10-1919	Inflow & Infiltration Study	36,289	427,971	391,682
12-1187	W Chicago & Staton Place Reconstruction	366,612	779,873	413,261
12-2039	Alma, Gladys, Lemon Watermain Extensions	327,100	607,997	280,897
12-5220	Rental Car Lot	1,806,438	2,914,985	1,108,547
13-2111	Landfill Cell 16 Expansion	612,986	1,848,455	1,235,470
13-2112	Landfill Cell 16 Liner System	519,374	793,065	273,691
14-2095	Southside Dr Sanitary Sewer	180,185	483,809	303,625
	5235 Runway 14-32 & 5-23	1,439,873	3,844,444	2,404,571
	Energy Plant Retrofit	2,744,515	3,500,000	755,485
	Remainder	21,135,421	21,465,223	329,802
Total Business-Type Activities		61,846,196	81,953,245	20,107,049
Total		68,192,065	99,562,405	31,370,339

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

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

NOTE 7. LONG-TERM LIABILITIES

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

Governmental Activities:

As of December 31, 2013, the governmental long-term debt of the financial reporting entity consisted of the following:

Revenue Bonds

\$22,910,000 Sales Tax Revenue Bonds, Series 2013 serviced by the Utilities Facilities Special Revenue Fund. Payable in semi-annual principal installments of \$885,000 to \$1,535,000 through December 2032. Interest at 2.00 to 4.00 percent. Interest paid in 2013 was \$575,804. 22,055,000

\$8,055,000 Sales Tax Revenue Bonds, Series 2007. Semi-annual principal installments of \$2,060,000 due June 2013 through December 2014. Interest at 4.5 to 5.0 percent. (This issue is being serviced by the Vision Special Revenue Fund.) Interest paid in 2013 was \$339,313. This was paid in full subsequent to year end (Note 19) 4,120,000

\$26,175,000

864,113

\$27,039,113

Unamortized deferred premium

Compensated Absences:

Accrued Leave Payable Government Funds \$1,941,014

Financing (Capital Acquisition) Leases

\$727,717 under a supplement to the master governmental lease-purchase agreements with Wells Fargo Brokerage Services, LLC, for the purchase of snow plows and street sweepers, which are security for the Lease. Due annual installments of \$153,020, including interest of 2.56% to 2.84% percent. The final payment is due October 1, 2017. The lease is serviced by the General Fund. Interest paid in 2013 was \$6,484. \$573,181

\$4,772,000 sublease with Pennington County, South Dakota for 44%, 61% and 10% interest in Public Safety Building, Evidence Lab and Parking Ramp, respectively. Due in annual installments of \$290,058 including interest of 4.11 percent. The final payment is due December 1, 2040. The lease is serviced by the Consolidated Construction Special Revenue Fund. Interest paid in 2013 was \$196,177. \$4,678,118

\$727,295 under an agreement with Wells Fargo Brokerage Services, LLC, dated June 10, 2008 for the purchase of an aerial fire truck, which is security for the Lease. Due in semi-annual installments of \$60,776, including interest of 4.33 percent. The final payment is due June 10, 2015. The lease is serviced by the General Fund. Interest paid in 2013 was \$11,163. \$174,710

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

Financing (Capital Acquisition) Leases (Continued)

\$721,380 under an agreement with Wells Fargo Securities, LLC, dated September 15, 2010 for the purchase of a fire engine, which is security for the Lease. Due in annual installments of \$197,937, including interest of 3.83 percent. The final payment is due September 15, 2014. The lease is serviced by the Consolidated Construction Special Revenue Fund. Interest paid in 2013 was \$14,333.

190,636

Total Leases

\$5,616,645

The principal amount, above, was included in the appropriate classification of capital assets, and is being depreciated over the shorter of the estimated useful life of the asset, or the lease term (where title never transfers), as appropriate.

Total cost and accumulated depreciation for all capital leases utilized in the governmental activities is as follows:

Gross amount of assets recorded under capital leases	\$6,935,969
Accumulated depreciation – Public Safety	<u>(866,343)</u>
Net assets recorded under capital leases	<u>\$6,069,626</u>

Tax Increment Financing District (TID) Liabilities

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

The City follows GASB 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues, in accounting for tax increment financing districts in which the City has pledged all or some portion of future tax revenues to acquire public improvements within the established Tax Increment District which were constructed by a private developer. Under GASB 48 these transactions are accounted for as a collateralized borrowing, whereby the City recognizes a liability and capital assets equal to the amount of the public improvements being acquired. The City also uses some tax increment districts to fund improvements in which the City has obtained financing or has used reserves to fund all or some of the improvements, in which case the City follows its general policies outlined in Note 1.

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

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

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

At December 31, 2013, there were 15 active tax increment financing districts in which costs had been certified in part or in whole. The current principal balances shown below plus interest at the stated applicable rate over the life of the note represent the amount of future property taxes pledged to fund improvements related to these tax increment districts that have been certified as of December 31, 2013. The maximum payoff amounts represent the amount of future tax revenues that were pledged at the time of certification. Increment property taxes are projected to produce 100 % of the maximum debt service requirements presented below.

Tax Increment Financing District (TID) Liabilities (Continued)

During the year ended December 31, 2013, principal and interest expenditures and property tax revenues were \$6,872,660 and \$6,439,296, respectively. These amounts include property tax revenues and principal and interest expenditures related to improvements within tax increment districts funded with City debt or reserves. Each of the individual debt issues listed below have their own debt service fund from which the debt is serviced.

TID 29 – Fiberswitch Technology – Created in 1998, maximum payoff \$90,480 including interest at 9.0 percent, expires 10/5/2018.	\$76,223
TID 38 – Heartland Business – Created in 2003, maximum payoff \$5,545,503 including interest at 9.5 percent, expires 2/17/2023.	1,266,802
TID 39 – E Rapid Plaza – Created in 2003, maximum payoff \$2,218,351 including interest at 8.25 percent, expires 4/21/2023.	362,585
TID 40 – SoCreek Village – Created in 2003, maximum payoff \$1,179,192 including interest at 7.0 percent, expires 5/19/2023.	418,701
TID 44 – Mall Drive – Created in 2004, maximum payoff \$8,063,771 including interest at 5.0 percent, expires 4/10/2024.	607,120
TID 47 – Tower Road – Created in 2004, maximum payoff \$4,716,080 including interest at 7.5 percent, expires 10/4/2024.	4,291,963
TID 50 – Federal Beef – Created in 2004, maximum payoff \$7,458,290 including interest at 9.0 percent, expires 11/07/2025.	4,685,429
TID 52 – E. St Charles – Created in 2005, maximum payoff \$1,050,484 including interest at 5.85 percent, expires 5/2/2025.	392,612
TID 53 – Stony Creek Plaza – Created in 2005, maximum payoff \$2,743,799 including interest at 7.0 to 9.75 percent, expires 7/5/2025.	171,819
TID 54 – Rainbow Ridge – Created in 2005, maximum payoff \$4,246,859 including interest at 9.0 percent, expires 10/3/2025.	1,624,156
TID 56 – Rushmore Crossing – Created in 2005, maximum payoff \$16,343,503 including interest at 6.75 percent, expires 11/11/2025.	8,994,681
TID 63 – Copperfield Vistas – Created in 2007, maximum payoff \$1,798,642 including interest at 7.5 percent, expires 6/7/2027.	252,546
TID 65 – Minnesota Street – Created in 2007, maximum payoff \$18,474,421 including interest at 6.5 percent, expires 9/4/2027.	5,939,038
TID 68 – Homestead – Created in 2008, maximum payoff \$14,016,197 including interest at 6.0 percent, expires 4/21/2028.	469,003

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

TID 69 – North Fire Station - Created in 2013, maximum payoff \$4,361,190 including interest at 7.75 percent, expires 7/21/2028.	2,462,617
Total Tax Increment District Liabilities	<u>\$32,015,295</u>
Other Post Employment Benefit Liabilities (Note 12)	<u>2,185,147</u>
Total Liabilities Payable	<u>\$68,797,214</u>

The annual requirements for maturity for governmental activities long-term debt (excluding compensated absences and other post-employment benefits) outstanding as of December 31, 2013, are as follows:

TOTAL GOVERNMENTAL FUNDS

Year Ending December 31	General Debt Obligations		Capital Lease Obligations		TID Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	5,074,603	836,835	541,262	221,306	5,111,879	1,972,268
2015	959,139	654,935	302,599	201,256	5,045,929	1,680,276
2016	984,139	629,610	251,081	191,998	5,332,665	1,390,848
2017	1,004,139	608,385	259,325	183,754	3,878,682	1,080,812
2018	1,034,139	579,360	114,832	175,226	2,847,848	787,913
2019-2023	5,515,695	2,543,455	648,975	801,318	9,489,153	789,198
2024-2028	6,420,695	1,649,300	793,800	656,492	309,139	26,660
2029-2033	6,046,563	414,000	970,944	479,349	-	-
2034-2038	-	-	1,187,619	262,673		
2039-2043	-	-	546,209	33,908		
TOTALS	<u>27,039,113</u>	<u>7,915,880</u>	<u>5,616,645</u>	<u>3,207,280</u>	<u>32,015,295</u>	<u>7,727,974</u>

The above noted annual requirements for maturity for the tax increment financing debt are based on actual tax increment revenues received in 2013; estimated tax increment revenues projected by Pennington County to receive in 2014; and estimated tax increment revenues as per the approved project plans.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

Government Activities:	Liabilities			Liabilities Payable 12/31/2013	Due Within One Year
	Payable 1/1/2013	Issued	Retired		
Leases	\$659,338	\$5,491,718	(\$534,411)	\$5,616,645	\$541,262
Revenue Bonds	14,651,956	23,792,788	(11,405,631)	27,039,113	5,074,603
Compensated Absence	2,008,427	1,141,028	(1,208,441)	1,941,014	90,000
TID	32,203,025	3,418,221	(3,605,951)	32,015,295	5,111,879
Other Post- Employment Benefits	1,967,882	217,265		2,185,147	800,000
Total	<u>\$51,490,628</u>	<u>\$34,061,020</u>	<u>(\$16,754,434)</u>	<u>\$68,797,214</u>	<u>\$11,617,744</u>

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-Type Activities:

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

The City has pledged the amount of the future debt service requirements on the issues or 100% of the revenues generated by the Water Fund, Wastewater Fund, Parking Lot 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	Parking Lot Fund	Airport Fund
CY Principal and Interest	\$2,319,712	\$1,364,733	\$198,623	\$1,354,383
Pledged Revenue	\$4,006,008	\$11,290,822	\$798,171	\$1,608,276

As of December 31, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds

\$2,465,000 Parking Revenue Bond of 2008. Due in annual installments of \$85,000 to \$345,000 through 2028. Interest at 3.5 to 5.7 percent. (This issue is being financed by pledged Parking Facility revenue). Interest expense in 2013 was \$113,623.	\$2,110,000
\$5,540,000 Gross Receipt Revenue Bond of 2008. Due in annual installments of \$215,000 to \$400,000 through 2028. Interest at 2.15 to 4.55 percent. (This issue is being financed by the Civic Center Fund.) Interest expense in 2013 was \$198,800.	4,500,000
\$1,330,000 Certificate of Participation (AMT), Series 2004. Due in annual installments of \$155,000 through 2014. Interest at 2.75 to 5.40 percent. (This issue is being serviced by the Airport Enterprise Fund). Interest expense in 2013 was \$12,439.	155,000
\$45,100,000 Water Revenue Bonds of 2009. Interest only payments are due in years 2012-2016. Due in annual installments of \$120,000 to \$3,360,000 from 2017 through 2039. Interest at 4.0 to 5.25 percent. (This issue is being serviced by pledged Water Enterprise Fund revenues.) Interest expense in 2013 was \$2,319,713 of which \$2,119,084 was capitalized.	45,100,000
\$5,000,000 Loan No. 6 from State Revolving Fund of 2011. Due in quarterly installments of \$45,660 to 83,020 through 2031. Interest at 3.0 percent. (This issue is to be serviced by pledged Wastewater Fund revenues). Interest expense in 2013 was \$142,821.	4,692,418
\$4,210,000 Airport CFC Bonds of 2010. Due in annual installments of \$125,000 to \$370,000 through 2030. Interest at 6.00 to 7.00 percent. (This issue is to be serviced by pledged Airport Customer Facility Charge revenue). Interest expense in 2013 was \$263,200.	3,840,000

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-Type Activities (Continued)

\$10,605,000 Wastewater Refunding Bonds of 2011. Due in annual installments of \$775,000 to \$1,865,000 through 2022. Interest at 1.00 to 3.70 percent. (This issue is to be serviced by pledged Wastewater Fund revenue). Interest expense in 2013 was \$264,271. 8,690,000

\$11,675,000 Airport PFC Bonds of 2011. Due in annual installments of \$587,700 to \$900,000 through 2035. Interest at 2.00 to 5.50 percent. (This issue is to be serviced by pledged Airport Passenger Facility Charge revenue). Interest expense in 2013 was \$691,183. 11,130,000

\$6,000,000 Drinking Water Loan SRF 2 of 2009. Due in quarterly installments of \$25,102 to \$42,989 of through 2031. Interest at 3.0 percent. (This issue is to being serviced by pledged Water Enterprise Fund revenues). Interest expense in 2013 was \$102,510. 4,400,463

Less unamortized discounts on bonds (644,967)

\$83,972,914

Compensated Absences:

Accrued Leave payable from Water Fund	186,877
Accrued Leave payable from Wastewater Fund	97,878
Accrued Leave payable from Solid Waste Fund	48,776
Accrued Leave payable from Airport Fund	89,676
Accrued Leave payable from Civic Center Fund	185,563
Accrued Leave payable from Non-major Enterprise Funds	270,053
	\$878,823

Financing (Capital Acquisition) Leases

\$2,079,960 under an agreement with Wells Fargo Brokerage Services, LLC, dated December 14, 2009 for the purchase of 10 new Solid Waste Collection trucks, which are security for the Lease. Due in annual installments of \$343,092, including interest at 3.73 percent. The final payment is due December 14, 2016. The lease is serviced by the Solid Waste Collection Fund. Interest expense in 2013 was \$46,750. 957,011

\$113,522 under an agreement with Pioneer Bank, dated August 19, 2010 for a cart barn at Meadowbrook Golf Course which is security for the Lease. Due in monthly installments of \$1,593.67, including interest at 4.75 percent with a balloon payment after 5 years. The final payment is due October, 1, 2015. The lease is serviced by the Golf Course Fund. Interest expense in 2013 was \$3,580. \$66,900

\$297,585 under an agreement with Pioneer Bank dated December 3, 2010 for the refinancing of the POS system, which is security for the Lease. Due in 48 installments of \$6,785.97, including interest of 4.50 percent. The final payment is due December 3, 2014. The lease is serviced by the Civic Center Fund. Interest expense in 2013 was \$4,406. 51,073

\$1,074,984

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-Type Activities (Continued)

The principal amount, above, was included in the appropriate classification of capital assets, and is being depreciated over the shorter of the estimated useful life of the asset, or the lease term (where title never transfers), as appropriate.

Total cost and accumulated depreciation for all capital leases utilized by business-type activities is as follows:

Gross amount of assets recorded under capital leases – buildings	\$113,522
Gross amount of assets recorded under capital leases – equipment	2,601,048
Accumulated depreciation – Solid Waste	(838,860)
Accumulated depreciation – Golf	(35,210)
Accumulated depreciation – Civic Center	<u>(147,455)</u>
Net assets recorded under capital leases	<u>\$1,693,465</u>

Accrued Landfill Closure (Note 17)	1,875,000
Other Post Employment Benefit Liabilities (Note 12)	<u>986,002</u>
Total Liabilities Payable	<u>\$88,787,723</u>

The annual requirements for maturity for business-type activities long-term debt (excluding compensated absences, other post-employment benefits and accrued landfill closure) outstanding as of December 31, 2013, are as follows:

TOTAL BUSINESS TYPE ACTIVITIES

Year Ending December 31	General Debt Obligations		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2014	2,050,424	4,083,960	374,767	39,282
2015	1,952,170	4,024,799	369,462	25,981
2016	2,009,273	3,962,983	330,755	12,337
2017	2,179,883	3,895,470	-	-
2018	2,402,731	3,816,249	-	-
2019-2023	18,310,439	17,099,388	-	-
2024-2028	18,317,887	12,788,129	-	-
2029-2033	17,354,939	8,052,895	-	-
2034-2038	16,070,710	3,422,038	-	-
2039-2043	3,324,458	176,400	-	-
TOTALS	<u>83,972,914</u>	<u>61,322,311</u>	<u>1,074,984</u>	<u>77,600</u>

The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

	Liabilities Payable 1/1/2013			Liabilities Payable 12/31/2013		Due Within One Year
	Issued	Retired				
Leases	\$1,626,357	\$0	(\$551,373)	\$1,074,984	\$374,767	
Accrued Landfill Closure (Note 17)	1,429,393	445,607		1,875,000	-0-	
Revenue Bonds	85,376,108	1,988,705	(3,391,899)	83,972,914	2,050,424	
Other Post-Employment Benefits	754,086	231,916		986,002	360,989	
Compensated Absence	861,988	960,000	(943,165)	878,823	51,500	
Total	<u>\$90,047,931</u>	<u>\$3,626,228</u>	<u>(\$4,886,437)</u>	<u>\$88,787,723</u>	<u>\$2,837,680</u>	

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

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES

Interfund receivable and payable balances at December 31, 2013 were:

	Interfund Receivable	Interfund Payable
General Fund:	1,096,855	
Special Revenue Funds:		
Consolidated Construction	315,210	
Utility Facilities Fund	3,553,736	
TID 38 Fund		\$100,000
TID 39 Fund		1,020,810
TID 42 Fund		2,835,495
TID 56 Fund		1,098,293
Total Governmental Funds	<u>\$4,965,801</u>	<u>\$5,054,598</u>
Enterprise Funds:		
Water Fund	\$563,053	270,000
Wastewater Fund		183,000
Golf Course Fund		21,256
Civic Center Fund	199,252	
Energy Plant Fund		199,252
Total Enterprise Funds	<u>\$762,305</u>	<u>\$673,508</u>

The General Fund loaned monies to Tax Increment District 39 Fund for infrastructure improvements. The current portion expected to be repaid to the General Fund is \$32,016.

The General Fund loaned monies to Water Fund for infrastructure improvements. The current portion expected to be repaid to the General Fund is \$270,000.

The Consolidated Construction Fund loaned monies to Tax Increment District 38 and 39 Funds to construct water mains. The current portion expected to be repaid to the Consolidated Construction Fund is \$7,510.

The Consolidated Construction Fund loaned monies to the Golf Fund for infrastructure improvement. The current portion expected to be repaid is \$10,407.

The Utility Facilities Fund loaned monies to Tax Increment District 56 and 42 funds for the construction of water and sewer infrastructure. The current portion expected to be repaid to the Utility Facilities Fund is \$382,750.

The Utility Facilities fund loaned monies to the Wastewater Fund for the construction of sewer infrastructure. The current portion expected to be repaid to the Utility Facilities Fund is \$183,000.

The Civic Center Fund loaned monies to the Energy Plant Fund for short-term cash flow needs while waiting for reimbursement from the Civic Center and the Rapid City Area School District. There is not current portion expected to be repaid.

The Water Fund loaned monies to Tax Increment District 42 Fund for the construction of water infrastructure. The current portion expected to be paid to the Water Fund is \$190,762.

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

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES (Continued)

Interfund transfers during the year ended December 31, 2013 were as follows:

	Transfers In	Transfers Out
GOVERNMENTAL FUNDS:		
General Fund		
Consolidated Construction	\$15,000	\$500,000
Utility Facilities	20,864	
Water	84,919	
Wastewater	52,963	
Nonmajor Enterprise	31,795	890,503
Total General Fund	<u>205,541</u>	<u>1,390,503</u>
OTHER GOVERNMENTAL FUNDS:		
Vision Fund		<u>845,072</u>
Consolidated Construction Fund		
General Fund	500,000	15,000
Utility Facilities	1,660,000	
Airport	150,000	
Solid Waste	67,054	
Non-major Enterprise		115,055
Total Consolidated Construction Fund	<u>2,377,054</u>	<u>130,055</u>
Utility Facilities Fund		
General Fund		20,864
Consolidated Construction		1,660,000
Water		2,109,542
Wastewater		4,060,335
Total Utility Facilities Fund		<u>7,850,741</u>
Total Governmental Funds	<u>\$2,582,595</u>	<u>\$10,216,371</u>
ENTERPRISE FUNDS:		
Water Fund		
General		\$84,919
Utility Facilities	\$2,109,542	
Internal Service Fund	10,541	
Total Water Fund	<u>2,120,083</u>	<u>84,919</u>
Wastewater Fund		
General		52,963
Utility Facilities	4,060,335	
Total Wastewater Fund	<u>4,060,335</u>	<u>52,963</u>

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

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES (continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
Solid Waste Fund		
General Fund		17,878
Consolidated Construction		67,054
Total Solid Waste Fund		<u>84,932</u>
Airport Fund		
Consolidated Construction		150,000
Total Airport Fund		<u>150,000</u>
Nonmajor Enterprise		
General Fund	890,503	13,917
Vision Fund	845,072	
Consolidated Construction	115,055	
Total Nonmajor Enterprise	<u>1,850,630</u>	<u>13,917</u>
Total Enterprise	<u>8,031,048</u>	<u>236,731</u>
INTERNAL SERVICE FUNDS		
Water Fund		10,541
Total Internal Service Funds		<u>10,541</u>
TOTAL TRANSFERS	<u>\$10,613,643</u>	<u>\$10,613,643</u>

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

NOTE 9. CONDUIT DEBT

In the past, the City has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility is retained by the private-sector entity served by the bond issuance. Neither the City, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2013, there were 3 series of conduit bonds outstanding that had been issued prior to August 1995. The aggregate unpaid principal amount payable for these bonds could not be determined; however, their original issue amounts totaled \$24,800,000.

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

NOTE 10. SEGMENT INFORMATION

The City issued separate revenue bonds to finance the Parking Lot and Area Fund. Summary financial information for the non-major enterprise fund is presented below. The Parking Lot and Area administers the downtown parking lots, parking meters, parking ramp and fines.

CONDENSED STATEMENT OF NET POSITION – DECEMBER 31, 2013

Assets/Deferred Outflows	
Current Assets	\$1,093,299
Capital Assets	6,413,930
Total Assets/Deferred Outflows	<u>\$7,507,229</u>
Liabilities/Deferred Inflows	
Other Current Liabilities	\$111,972
Noncurrent Liabilities	2,020,000
Total Liabilities/Deferred Inflows	<u>\$2,131,972</u>
Net Position	
Net Investment in Capital Assets	\$4,303,930
Restricted - Revenue Bond Retirement	204,978
Unrestricted	866,349
Total Net Position	<u>\$5,375,257</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
 FOR THE YEAR ENDED DECEMBER 31, 2013

Operating Revenue	\$798,171
Depreciation Expense	(88,704)
Other Operating Expenses	(458,402)
Operating Income	<u>251,065</u>
Investment Loss	(6,257)
Interest Expense	(115,728)
Income Before Transfers	<u>129,080</u>
Transfers	(6,829)
Changes in Net Position	<u>122,251</u>
Beginning Net Position – Restated (Note 18)	<u>5,253,005</u>
Ending Net Position	<u>\$5,375,257</u>

CONDENSED STATEMENT OF CASH FLOWS – FOR THE YEAR ENDED DECEMBER 31,
 2013

Net Cash Provided (used) by:	
Operating Activities	\$282,763
Noncapital Finance Activities	(6,829)
Capital and Related Financing Activities	(223,710)
Investing Activities	(7,643)
Net Increase	<u>59,868</u>
Beginning Cash and Equivalents	<u>433,657</u>
Ending Cash and Equivalents	<u>\$493,525</u>

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

NOTE 11. RETIREMENT PLAN

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established 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 South Dakota Codified Law 3-12.

The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make additional contributions in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for the social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2013, 2012 and 2011 are \$2,426,938, \$2,355,192 and \$2,286,131 respectively, equal to the required contributions each year.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description:

An employee hired after 1982 who retires from the City after having met the rule of 75 (Public Safety employees) or 85 (all other municipal employees) may be eligible for health insurance for the retiree and his/her spouse and eligible children through the City of Rapid City Healthcare Benefit Plan, which is a single-employer plan established under SDCL 9-14-35 and 6-1-16. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 100% of the full active premium rates for either single or family coverage.

An employee hired prior to 1982 who retires from the City after having met the rule of 75 (Public Safety employee) or 85 (all other municipal employees) may be eligible for health insurance with the City paying 100% of the full active premium rates for the retiree only, until the retiree attains the age of 65. The retiree is responsible for 100% of the full active premium rates for his/her spouse and eligible children.

The health plan is a self-insured PPO providing benefits to eligible participants. Currently, there are 667 active participants and 141 retirees who are participating in the plan. The health plan does not issue separately stated stand-alone financial statements.

For fiscal year 2013, the City's annual OPEB cost for the retiree health insurance was \$1,610,181. The City's annual OPEB cost, the percentage of annual OPEB costs contributed, and the net OPEB obligation for the year ended December 31, 2013, were as follows:

ARC	\$ 1,615,675
Interest on Net OPEB	88,464
Adjustment to ARC	<u>(93,958)</u>
Annual OPEB Cost	1,610,181
Contributions Made	<u>(1,161,000)</u>
Change in net OPEB obligation	449,181
Net OPEB obligation-beg of year	<u>2,721,968</u>
Net OPEB obligation-end of year	<u><u>\$ 3,171,149</u></u>

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

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
12/31/2010	\$1,265,479	\$877,553	69.35%	\$1,986,296
12/31/2011	\$1,307,896	\$971,637	74.29%	\$2,322,556
12/31/2012	\$1,569,412	\$1,170,000	74.55%	\$2,721,968
12/31/2013	\$1,610,181	\$1,161,000	72.10%	\$3,171,149

The funded status of the benefit based on an actuarial update using age-adjusted premiums as of January 1, 2013, was as follows:

Actuarial Present Value of Future Benefits.....	<u>\$28,904,732</u>
Actuarial Accrued Liability.....	\$18,669,804
Actuarial Value of Benefit Assets.....	-
Unfunded Actuarial Accrued Liability.....	<u>\$18,669,804</u>
Funded Ratio.....	0.0%
 Covered Payroll.....	 \$35,742,638
 Unfunded Actuarial Accrued Liability as a percentage Of Covered Payroll.....	 52.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term prospective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of benefit assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The City's agreement with retired employees is for single or family health insurance coverage and the retiree is responsible for 100% of the active premium rates unless the retiree was employed with the City prior to 1982. If the retiree was employed with the City prior to 1982, the City pays 100% of the active premium rates for the retiree only. For fiscal year 2013, the monthly rates were \$404 for single coverage; \$808 for two-party; \$1,236 for family (up to 4); \$1,360 for family (5+). The contribution requirements of the covered retirees are established and may be amended by the City Council.

The City charges employees and retirees an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated using age adjusted premiums that approximate costs for retirees separately from those for active employees. The use of age adjusted premiums results in the inclusion of an implicit rate subsidy in the actuarial accrued liability.

The City's contributions were financed on a pay as you go basis and the City does not contribute towards these benefits based on a percentage of payroll.

The entry age normal actuarial cost method was used to determine the annual required contribution. The actuarial value of assets is equal to the fair value of the assets. The actuarial assumptions included a 3.25% investment rate of return. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 3.25%. The health care cost trend rates are as follows:

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

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Fiscal Year	Expense Rate
2013	8.5%
2014	7.2%
2015	6.7%
2016	6.6%
2017	6.3%
2018	6.0%
2019	5.8%
2020-2030	5.7%
After 2031	4.7-6.7%

The unfunded accrued liability is being amortized as a level dollar amount on an open basis over a period of 30 years.

NOTE 13. DEFICIT FUND BALANCES/NET POSITION OF INDIVIDUAL NONMAJOR FUNDS:

As of December 31, 2013, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown: TID 56 (\$1,020,385), TID 39 (\$1,020,810), and TID 42 (\$2,794,366), all of which will be funded through property tax revenues received on the respective tax increment district. In addition, there was a deficit fund balance in the Workers Compensation Fund of (\$21,711) which will be funded through charges to the various departments.

NOTE 14. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS:

The City is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the significant overdrafts of the expenditures compared to appropriations as of December 31, 2013:

General Fund – Capital Outlay	\$1,838,081
General Fund – Debt Service	121,552
General Fund – Health and Welfare	37,239
General Fund – Culture and Recreation	12,454
General Fund – General Government	31,280
Consolidated Construction Fund – Capital Outlay	1,237,798
TID 65 – Debt Service	223,444
TID 69 – Debt Service	247,700
TID 39 – Debt Service	14,845

To prevent overdrafts of future expenditures compared to appropriations, the City will evaluate its budget compliance prior to year-end and make amendments as necessary.

NOTE 15. 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. During the period ended December 31, 2013, the City carried commercial insurance for insurable risks of loss except for worker's compensation, liability insurance, employee health insurance, employee dental insurance, and unemployment benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past fiscal year. The City has established self-insurance internal service funds to pay for medical, workers' compensation, unemployment compensation and dental claims of City employees and their covered dependents as well as the deductible portion of liability claims.

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

NOTE 15. RISK MANAGEMENT (Continued)

Payments to the self-insurance funds are actuarially determined and are to cover individual claims up to \$100,000 for health insurance, \$750,000 for workers' compensation, and any administrative costs relative to the processing of the claims. Maximum payments for dental insurance are \$1,500 per employee, and liability claims up to \$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 deficit in the workers compensation fund of (\$21,711) and reserve equity in the medical insurance fund of \$7,818,403, in the unemployment insurance fund of \$176,571, in the liability insurance fund of \$248,009 and in the dental insurance fund of \$57,325 for the payment of such future claims.

Changes in the aggregate liabilities of the self-insurance funds during 2012 were as follows:

	Liability Insurance	Dental Insurance	Workers Comp. Insurance	Medical Insurance	Unempl. Insurance
Benefit Claims Payable at January 1, 2012	\$338,518	\$6,842	\$1,802,132	\$524,795	\$0.00
Claims Incurred: Attributable to Insured Events of the Current Year	465,663	172,470	920,321	6,648,188	49,112
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(305,137)	(172,778)	(1,082,252)	(6,760,544)	(49,112)
Benefit Claims Payable December 31, 2012	\$499,044	\$6,534	\$1,640,201	\$412,439	\$0.00

Changes in the aggregate liabilities of the self-insurance funds during 2013 were as follows:

	Liability Insurance	Dental Insurance	Workers Comp. Insurance	Medical Insurance	Unempl. Insurance
Benefit Claims Payable at Beginning of Year	\$449,044	\$6,534	\$1,640,202	\$412,439	\$0
Claims Incurred: Attributable to Insured Events of the Current Year	211,202	185,981	304,135	6,974,991	52,143
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(382,019)	(185,952)	(468,534)	(6,661,511)	(37,580)
Benefit Claims Payable At End of Year	\$278,227	\$6,564	\$1,475,803	\$725,919	\$14,563

As of December 31, 2013 the City was no longer self-insured for employee dental insurance but providers have one year to submit outstanding claims for reimbursement.

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

NOTE 16. CONTINGENT LIABILITIES

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

NOTE 17. LANDFILL

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,875,000 reported as landfill closure and postclosure care liability at December 31, 2013 represents the cumulative amount reported to date based on 39% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2.93 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2013. The City expects to close the landfill in the year 2034. The City does not record a remediation liability as management feels insurance coverage is adequate.

However, the recycling plant, in addition to our yard waste and proposed composting facility, could extend the life an additional 35 years. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The City is in compliance with these requirements, and, at December 31, 2013, cash of \$1,875,000 (Note 2) is held for these purposes. These contributions for the future closure and post-closure care of the landfill will be used to retire the non-current liability for closure and post-closure care reported on the enterprise balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE

For the year ending December 31, 2013, the City implemented GASB Statement #65, *Items Previously Reported as Assets and Liabilities*. The implementation of this pronouncement eliminated all deferred bond issuance costs. Beginning net position for governmental and business-type activities in the Statement of Activities was restated by \$135,670 and \$778,134, respectively.

NOTE 19. SUBSEQUENT EVENTS

Subsequent to year-end, the City council authorized the calling of the Sales Tax Revenue Bonds, Series 2007A. The outstanding balance as of December 31, 2013 was \$4,120,000

Subsequent to year-end, the City entered into a capital lease with Wells Fargo for the purchase of a dump truck and street sweeper. The total lease amount is \$371,814 with an interest rate of 3.09% for five years. This will be financed through the General Fund.

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

NOTE 19. SUBSEQUENT EVENTS (Continued)

Subsequent to year-end, the City entered into a capital lease with Wells Fargo for the purchase of ambulances and chest compression system. The total lease amount is \$460,000 with an interest rate of 3.04% for 45 months. This will be financed through the Ambulance Enterprise Fund.

Subsequent to year-end, the City signed a promissory note with Pioneer Bank & Trust for the purchase of new financial software package and consulting contract. The total loan amount is \$1,680,170 with an interest rate of 3.0% for five years. The loan will be financed through those programs/departments utilizing the new financial software.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
311 General Property Taxes	\$ 14,024,649	\$ 14,024,649	\$ 14,253,529	228,880
313 General Sales and Use Taxes	22,142,618	22,142,618	23,091,269	948,651
314 Gross Receipts Business Taxes	670,000.0	670,000	674,281	4,281
320 Licenses and Permits	1,913,000	1,913,000	2,334,561	421,561
330 Intergovernmental Revenue:				
331 Federal Grants	1,826,267	1,826,267	4,286,847	2,460,580
334 State Grants	-	831,767	183,597	(648,170)
335 State Shared Revenue:				
335.01 Bank Franchise Tax	10,000	10,000	116,558	106,558
335.03 Liquor Tax Reversion	300,000	300,000	417,004	117,004
335.04 Motor Vehicle Licenses (5%)	325,000	325,000	49,959	(275,041)
335.06 Fire Insurance Reversion	180,000	180,000	189,050	9,050
335.08 Local Government Highway and Bridge Fund	500,000	500,000	699,125	199,125
338 County Shared Revenue:				
338.01 County Road Tax (25%)	315,000	315,000	389,142	74,142
340 Charges for Goods and Services:				
341 General Government	305,000	305,000	474,483	169,483
342 Public Safety	200,000	200,000	672,458	472,458
343 Public Works	145,760	145,760	110,085	(35,675)
345 Health & Welfare	400,000	400,000	417,556	17,556
346 Culture and Recreation	1,271,665	1,271,665	1,564,580	292,915
350 Fines and Forfeits:				
351 Court Fines and Costs	20,000	20,000	7,487	(12,513)
360 Miscellaneous Revenue:				
361 Interest Earnings	297,000	297,000	(15,588)	(312,588)
362 Rentals	10,000	10,000	156,876	146,876
369 Other	300,000	300,000	235,006	(64,994)
Total Revenue	45,155,959	45,987,726	50,307,865	4,320,139
Expenditures:				
410 General Government:				
412 Executive-Mayor & Council	613,064	597,637	471,346	126,291
414 Financial - Community Resources	989,628	1,016,099	959,664	56,434
414 Financial - Finance	754,408	771,777	647,469	124,307
414 Financial - Attorney	145,178	170,127	201,407	(31,280)
414 Financial - COMPASS	198,000	198,785	166,199	32,586
419 Other - Government Bldgs	862,779	963,279	854,791	108,488
420 Public Safety:				
421 Police	11,847,299	11,953,901	11,510,771	443,130
422 Fire	9,408,750	9,805,215	9,376,866	428,349
429 Other Protection-Corrections	2,500	2,500	2,000	500
429 Other Protection-Code Enforcement	187,671	188,282	154,173	34,109
429 Other Protection-Comm Dev - Nongrant	50,751	50,823	49,177	1,645
430 Other Protection-Re-entry Program	82,071	82,250	58,997	23,253
429 Other Protection-Emergency Mgt	91,606	3,131,560	2,799,337	332,223
430 Public Works:				
431 Highways and Streets	6,509,515	7,580,028	5,409,516	2,170,511
43x Administration	645,679	711,561	473,713	237,848
440 Health and Welfare:				
441 Health	442,000	442,000	410,774	31,226
444 Humane Society	278,318	278,318	278,318	-
449 Other - Public Transit	1,861,274	1,926,274	1,963,513	(37,239)
449 Other - Air Quality	57,498	59,810	50,035	9,776
450 Culture and Recreation:				
451 Recreation	307,726	308,548	303,369	5,179
451 Swimming Pools	1,440,360	1,442,610	1,428,265	14,345
451 Ice Arena	566,213	567,363	579,817	(12,454)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
452 Parks	2,439,933	2,447,945	2,226,303	221,642
455 Libraries	2,684,408	3,132,467	2,978,671	153,796
457 Historic Preservation	24,410	44,372	17,939	26,433
459 Other - Parks & Recreation Admin	594,759	603,055	578,046	25,009
459 Other - Subsidies	200,000	216,942	200,012	16,930
460 Conservation and Development:				
465 Economic Development	358,000	410,091	364,250	45,841
465 Community Development	1,624,013	1,711,741	1,492,037	219,703
465 Transportation Planning	426,516	834,533	416,889	417,644
465 GIS Information System	137,174	126,502	118,096	8,406
470 Debt Service	-	-	121,552	(121,552)
485 Capital Outlay	-	2,326,520	4,164,601	(1,838,081)
490 Miscellaneous:				
492 Other Expenditures	-	-	9,769	(9,769)
Total Expenditures	45,831,501	54,102,913	50,837,684	3,265,229
Excess of Revenue Over (Under)				-
Expenditures	(675,542)	(8,115,186)	(529,818)	(7,585,368)
Other Financing Sources (Uses):				
391.01 Transfers In	119,677	143,137	205,541	(62,404)
511 Transfers Out	-	(1,390,503)	(1,390,503)	-
391.03 Sale of Municipal Property	-	-	71,258	(71,258)
391.27 Capital Leases	-	306,830	719,718	(412,888)
Total Other Financing Sources (Uses)	119,677.00	(940,536)	(393,986)	(546,550)
Net Change in Fund Balances	(555,865)	(9,055,722)	(923,804)	(8,131,918)
Fund Balance - Beginning	21,750,490	21,750,490	21,750,490	-
FUND BALANCE- ENDING	\$21,194,625	\$12,694,768	\$20,826,686	(8,131,918)

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

**CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
313 General Sales and Use Taxes	\$ 10,080,237	\$ 10,180,237	\$ 11,545,659	1,365,422
360 Miscellaneous Revenue:				
361 Interest Earnings	-	-	(173,472)	(173,472)
Total Revenue	<u>10,080,237</u>	<u>10,180,237</u>	<u>11,372,187</u>	<u>1,191,950</u>
Expenditures:				
430 Public Works:				
43x Administration	276,924	835,236	344,571	490,665
460 Conservation & Development				
465 Economic Development	600,000	600,000	525,762	74,238
470 Debt Service	4,279,313	5,479,313	4,276,792	1,202,521
485 Capital Outlay	4,924,000	7,612,415	3,479,637	4,132,778
Total Expenditures	<u>10,080,237</u>	<u>14,526,964</u>	<u>8,626,762</u>	<u>5,900,202</u>
Excess of Revenue Over (Under)				
Expenditures	-	(4,346,727)	2,745,425	(7,092,152)
Other Financing Sources (Uses):				
511 Transfers Out	-	(845,072)	(845,072)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(845,072)</u>	<u>(845,072)</u>	
Net Change in Fund Balances	-	(5,191,799)	1,900,353	(7,092,152)
Fund Balance - Beginning	13,977,086	13,977,086	13,977,086	-
FUND BALANCE- ENDING	<u>\$ 13,977,086</u>	<u>\$ 8,785,287</u>	<u>\$ 15,877,439</u>	<u>(7,092,152)</u>

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

**CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
CONSOLIDATED CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
313 General Sales and Use Taxes	\$ 10,946,309	\$ 10,946,309	\$ 11,545,659	(599,350)
330 Intergovernmental Revenue:				
331 Federal Grants	-	-	9,544	(9,544)
334 State Grants	-	664,181	-	664,181
360 Miscellaneous Revenue:				
361 Interest Earnings	-	-	(18,630)	18,630
369 Other	-	163,057	15,281	147,776
Total Revenue	<u>10,946,309</u>	<u>11,773,547</u>	<u>11,551,854</u>	<u>221,693</u>
Expenditures:				
410 General Government:				
414 Financial - Community Resources	90,000	90,000	90,000	-
419 Other - Government Bldgs	129,156	129,156	129,156	-
430 Public Works:				
43x Administration	968,232	968,232	968,232	-
450 Culture & Recreations				
459 Other - Parks & Rec Administration	147,552	147,552	108,172	39,380
470 Debt Service	378,323	938,523	920,674	17,849
485 Capital Outlay	10,663,737	14,606,532	15,844,330	(1,237,798)
490 Miscellaneous				
492 Other Expenditures	16,976	16,976	14,496	2,480
Total Expenditures	<u>12,393,976</u>	<u>16,896,971</u>	<u>18,075,060</u>	<u>(1,178,089)</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,447,667)</u>	<u>(1,447,667)</u>	<u>(6,523,206)</u>	<u>5,075,539</u>
Other Financing Sources (Uses):				
391.01 Transfers In	500,000	2,160,000	2,377,054	(217,054)
511 Transfers Out	-	(130,055)	(130,055)	-
391.27 Capital Leases (Note 7)	-	-	4,772,000	(4,772,000)
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>7,018,999</u>	<u>6,518,999</u>
Net Change in Fund Balances	(947,667)	(947,667)	495,793	1,443,460
Fund Balance - Beginning	19,863,509	19,863,509	19,863,509	-
FUND BALANCE- ENDING	<u>\$ 18,915,842</u>	<u>18,915,842</u>	<u>\$ 20,359,302</u>	<u>1,443,460</u>

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

**CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
UTILITY FACILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
313 General Sales and Use Taxes	\$ 1,867,630	\$ 1,867,630	\$ 4,012,954	2,145,324
360 Miscellaneous Revenue:				
361 Interest Earnings	-	-	100,993	100,993
369 Other	-	-	-	-
Total Revenue	<u>1,867,630</u>	<u>1,867,630</u>	<u>4,113,947</u>	<u>2,246,317</u>
Expenditures:				
431 Administration	-	-	-	-
470 Debt Service	1,862,630	8,182,630	7,918,545	264,085
490 Other Expenditures	5,000	5,000	1,650	3,350
Total Expenditures	<u>1,867,630</u>	<u>8,187,630</u>	<u>7,920,195</u>	<u>267,435</u>
Excess of Revenue Over (Under) Expenditures	-	(6,320,000)	(3,806,248)	2,513,752
Other Financing Sources (Uses):				
511 Transfers Out	-	(7,850,741)	(7,850,741)	-
391.02 Long-term debt issued	-	200,000	23,792,788	(23,592,788)
Total Other Financing Sources (Uses)	-	<u>(7,650,741)</u>	<u>15,942,047</u>	<u>(23,592,788)</u>
Net Change in Fund Balances	-	(13,970,741)	12,135,799	26,106,540
Fund Balance - Beginning	14,176,897	14,176,897	14,176,897	-
FUND BALANCE- ENDING	<u>\$ 14,176,897</u>	<u>\$ 206,156</u>	<u>\$ 26,312,696</u>	<u>26,106,540</u>

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

CITY OF RAPID CITY, SOUTH DAKOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting:

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the governing board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the governing board, the operation budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in Number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total municipal budget and may be transferred by resolution of the governing board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**CITY OF RAPID CITY
SCHEDULE OF FUNDING PROGRESS
FOR RETIREE HEALTH INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Schedule of Funding Progress for the Retiree Health Insurance Coverage

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	\$ -	\$ 12,867,931	\$ 12,867,931	0.0%	\$ 32,525,263	39.6%
12/31/2010	\$ -	\$ 14,813,015	\$ 14,813,015	0.0%	\$ 32,802,511	45.2%
12/31/2011	\$ -	\$ 15,184,543	\$ 15,184,543	0.0%	\$ 32,354,565	46.9%
12/31/2012	\$ -	\$ 18,342,552	\$ 18,342,552	0.0%	\$ 33,436,443	54.9%
12/31/2013	\$ -	\$ 18,669,804	\$ 18,669,804	0.0%	\$ 35,742,638	52.2%

**OTHER
SUPPLEMENTARY
INFORMATION**

CITY OF RAPID CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	Occupancy Tax Fund	Downtown BID Tax Fund	Erosion/ Sediment Control Fund	TID 67 Fund	TID 70 Fund	TID 68 Fund
ASSETS:						
Assets:						
101 Cash and Cash Equivalents	\$ 200,998	\$ 173,350	\$ 46,028	\$ 453,326	\$ 271,936	\$ 38,308
102 Restricted Cash	-	-	-	-	-	-
151 Investments	-	-	-	-	-	-
110 Property Tax Receivable	-	-	-	1,441	5,056	-
115 Accounts Receivable, Net	79,519	-	-	-	-	-
121 Special Assessments Receivable--Current	-	624	-	-	-	-
123 Special Assessments Receivable--Deferred	-	8,559	-	-	-	-
132 Due from Other Government	-	-	-	-	-	-
135 Interest Receivable	74	429	-	234	142	20
TOTAL ASSETS :	\$ 280,591	\$ 182,962	\$ 46,028	\$ 455,001	\$ 277,134	\$ 38,328
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
201 Claims Payable	\$ 270,234	\$ -	\$ 599	\$ -	\$ -	\$ -
208 Due to Other Funds	-	-	-	-	-	-
209 Advance from Other Funds	-	-	-	-	-	-
216 Wages Payable	1,156	-	2,436	-	-	-
Total Liabilities	271,390	-	3,035	-	-	-
Deferred Inflows of Resources:						
245 Unavailable Revenue -- Property Taxes	-	-	-	-	-	-
246 Unavailable Revenue -- Special Assessments	-	6,968	-	-	-	-
Total Deferred Inflows of Resources:	-	6,968	-	-	-	-
Fund Balances:						
263 Nonspendable						
263.51 Perpetual Care Cemetery	-	-	-	-	-	-
264 Restricted for:						
264.01 Debt Service	-	-	-	455,001	277,134	38,328
264.03 Cemetery Perpetual Care	-	-	-	-	-	-
264.05 Library	-	-	-	-	-	-
264.09 Business Improvement District	9,201	175,994	-	-	-	-
264.97 Grant Expenditures	-	-	-	-	-	-
265 Committed to:						
265.99 Erosion/Sediment Control	-	-	42,993	-	-	-
267 Unassigned	-	-	-	-	-	-
Total Fund Balances	9,201	175,994	42,993	455,001	277,134	38,328
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	\$ 280,591	\$ 182,962	\$ 46,028	\$ 455,001	\$ 277,134	\$ 38,328

CITY OF RAPID CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	TID 65 Fund	TID 61 Fund	TID 63 Fund	TID 29 Fund	TID 56 Fund	TID 69 Fund	TID 54 Fund
ASSETS:							
Assets:							
101 Cash and Cash Equivalents	\$ 116,770	\$ 509,458	\$ -	\$ 2,225	\$ 53,162	\$ 139,818	\$ 444
102 Restricted Cash	-	-	-	-	-	-	-
151 Investments	-	-	-	-	-	-	-
110 Property Tax Receivable	-	-	2,069	-	24,719	-	29,611
115 Accounts Receivable, Net	-	-	-	-	-	-	-
121 Special Assessments Receivable--Current	-	-	-	-	-	-	-
123 Special Assessments Receivable--Deferred	-	-	-	-	-	-	-
132 Due from Other Government	-	-	-	-	-	-	-
135 Interest Receivable	60	263	-	1	27	72	-
TOTAL ASSETS :	\$ 116,830	\$ 509,721	\$ 2,069	\$ 2,226	\$ 77,908	\$ 139,890	\$ 30,055
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
201 Claims Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
208 Due to Other Funds	-	-	-	-	166,702	-	-
209 Advance from Other Funds	-	-	-	-	931,591	-	-
216 Wages Payable	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	1,098,293	-	-
Deferred Inflows of Resources:							
245 Unavailable Revenue -- Property Taxes	-	-	-	-	-	-	159
246 Unavailable Revenue -- Special Assessments	-	-	-	-	-	-	-
Total Deferred Inflows of Resources:	-	-	-	-	-	-	159
Fund Balances:							
263 Nonspendable							
263.51 Perpetual Care Cemetery	-	-	-	-	-	-	-
264 Restricted for:							
264.01 Debt Service	116,830	509,721	2,069	2,226	-	139,890	29,896
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	-	-	-	-	(1,020,385)	-	-
Total Fund Balances	116,830	509,721	2,069	2,226	(1,020,385)	139,890	29,896
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	\$ 116,830	\$ 509,721	\$ 2,069	\$ 2,226	\$ 77,908	\$ 139,890	\$ 30,055

CITY OF RAPID CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	TID 44 Fund	TID 50 Fund	TID 52 Fund	TID 71 Fund	TID 53 Fund	TID 38 Fund	TID 39 Fund
ASSETS:							
Assets:							
101 Cash and Cash Equivalents	\$ 80,859	\$ -	\$ 45	\$ 620	\$ -	\$ 294,997	\$ -
102 Restricted Cash	-	-	-	-	-	-	-
151 Investments	-	-	-	-	-	-	-
110 Property Tax Receivable	115,691	9,846	-	601	588	25,743	-
115 Accounts Receivable, Net	-	-	-	-	-	-	-
121 Special Assessments Receivable--Current	-	-	-	-	-	-	-
123 Special Assessments Receivable--Deferred	-	-	-	-	-	-	-
132 Due from Other Government	-	-	-	-	-	-	-
135 Interest Receivable	42	-	-	-	-	152	-
TOTAL ASSETS :	\$ 196,592	\$ 9,846	\$ 45	\$ 1,221	\$ 588	\$ 320,892	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
201 Claims Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
208 Due to Other Funds	-	-	-	-	-	100,000	39,527
209 Advance from Other Funds	-	-	-	-	-	-	981,283
216 Wages Payable	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	100,000	1,020,810
Deferred Inflows of Resources:							
245 Unavailable Revenue -- Property Taxes	-	-	-	-	-	25,743	-
246 Unavailable Revenue -- Special Assessments	-	-	-	-	-	-	-
Total Deferred Inflows of Resources:	-	-	-	-	-	25,743	-
Fund Balances:							
263 Nonspendable	-	-	-	-	-	-	-
263.51 Perpetual Care Cemetery	-	-	-	-	-	-	-
264 Restricted for:							
264.01 Debt Service	196,592	9,846	45	1,221	588	195,149	-
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	-	-	-	-	-	-	(1,020,810)
Total Fund Balances	196,592	9,846	45	1,221	588	195,149	(1,020,810)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	\$ 196,592	\$ 9,846	\$ 45	\$ 1,221	\$ 588	\$ 320,892	\$ 0

CITY OF RAPID CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	TID 41 Fund	TID 42 Fund	Community Development Fund	Rehabilitation Loan/Grant Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund
ASSETS:						
Assets:						
101 Cash and Cash Equivalents	\$ 75,875	\$ -	\$ -	\$ -	\$ 14,220	\$ 25
102 Restricted Cash	-	-	18,347	34,755	-	68,092
151 Investments	-	-	-	-	48,248	-
110 Property Tax Receivable	4,394	41,129	-	-	-	-
115 Accounts Receivable, Net	-	-	-	-	304	-
121 Special Assessments Receivable--Current	-	-	-	-	-	-
123 Special Assessments Receivable--Deferred	-	-	-	-	-	-
132 Due from Other Government	-	-	12,149	-	124	2,265
135 Interest Receivable	40	-	-	-	-	-
TOTAL ASSETS :	\$ 80,309	\$ 41,129	\$ 30,496	\$ 34,755	\$ 62,896	\$ 70,382
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
201 Claims Payable	-	-	16,391	-	-	343
208 Due to Other Funds	-	406,810	-	-	-	-
209 Advance from Other Funds	-	2,428,685	-	-	-	-
216 Wages Payable	-	-	-	-	-	4,375
Total Liabilities	-	2,835,495	16,391	-	-	4,718
Deferred Inflows of Resources:						
245 Unavailable Revenue -- Property Taxes	-	-	-	-	-	-
246 Unavailable Revenue -- Special Assessments	-	-	-	-	-	-
Total Deferred Inflows of Resources:	-	-	-	-	-	-
Fund Balances:						
263 Nonspendable						
263.51 Perpetual Care Cemetery	-	-	-	-	50,000	-
264 Restricted for:						
264.01 Debt Service	80,309	-	-	-	-	-
264.03 Cemetery Perpetual Care	-	-	-	-	12,896	-
264.05 Library	-	-	-	-	-	-
264.09 Business Improvement District	-	-	-	-	-	-
264.97 Grant Expenditures	-	-	14,105	34,755	-	65,664
265 Committed to:						
265.99 Erosion/Sediment Control	-	-	-	-	-	-
267 Unassigned	-	(2,794,366)	-	-	-	-
Total Fund Balances	80,309	(2,794,366)	14,105	34,755	62,896	65,664
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	\$ 80,309	\$ 41,129	\$ 30,496	\$ 34,755	\$ 62,896	\$ 70,382

CITY OF RAPID CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	<u>Library Board Fund</u>		<u>Total Nonmajor Governmental Funds</u>
ASSETS:			
Assets:			
101 Cash and Cash Equivalents	\$ 775	\$	2,473,239
102 Restricted Cash	51,979		173,173
151 Investments	-		48,248
110 Property Tax Receivable	-		260,888
115 Accounts Receivable, Net	1,949		81,772
121 Special Assessments Receivable--Current	-		624
123 Special Assessments Receivable--Deferred	-		8,559
132 Due from Other Government	-		14,538
135 Interest Receivable	-		1,556
TOTAL ASSETS :	<u>\$ 54,703</u>	<u>\$</u>	<u>3,062,597</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
201 Claims Payable	\$ 6,523	\$	294,090
208 Due to Other Funds	-		713,039
209 Advance from Other Funds	-		4,341,560
216 Wages Payable	1,237		9,204
Total Liabilities	<u>7,760</u>		<u>5,357,893</u>
Deferred Inflows of Resources:			
245 Unavailable Revenue -- Property Taxes	-		25,902
246 Unavailable Revenue -- Special Assessments	-		6,968
Total Deferred Inflows of Resources:	<u>-</u>		<u>32,870</u>
Fund Balances:			
263 Nonspendable			
263.51 Perpetual Care Cemetery	-		50,000
264 Restricted for:			
264.01 Debt Service	-		2,054,843
264.03 Cemetery Perpetual Care	-		12,896
264.05 Library	46,943		46,943
264.09 Business Improvement District	-		185,195
264.97 Grant Expenditures	-		114,524
265 Committed to:			
265.99 Erosion/Sediment Control	-		42,993
267 Unassigned	-		(4,835,561)
Total Fund Balances	<u>46,943</u>		<u>(2,328,166)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	<u>\$ 54,703</u>	<u>\$</u>	<u>3,062,597</u>

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Occupancy Tax Fund	Downtown BID Fund	Erosion/ Sediment Control Fund	TID 66 Fund	TID 67 Fund	TID 70 Fund	TID 68 Fund
Revenues:							
310 Taxes:							
311 General Property Taxes	\$ -	\$ -	\$ -	\$ 211	\$ 197,039	\$ 46,991	\$ 44,176
314 Gross Business Receipts Tax	1,464,509	-	-	-	-	-	-
331 Federal Grants	-	-	-	-	-	-	-
340 Charges for Goods and Services:							
348 Cemetery	-	-	-	-	-	-	-
349 Other-Conservation & Development	-	-	41,175	-	-	-	-
350 Fines and Forfeitures							
354 Library	-	-	-	-	-	-	-
360 Miscellaneous Revenue:							
361 Investment Earnings	2,000	978	-	5	3,806	2,760	358
363 Special Assessments	-	178,027	-	-	-	-	-
367 Contributions and Donations	-	-	-	-	-	-	-
Total Revenue	<u>1,466,509</u>	<u>179,005</u>	<u>41,175</u>	<u>216</u>	<u>200,845</u>	<u>49,751</u>	<u>44,534</u>
Expenditures:							
450 Culture and Recreation:							
455 Libraries	-	-	-	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-	-	-	-
459 Cemetery	-	-	-	-	-	-	-
460 Conservation and Development:							
463 Community Development	-	-	51,725	-	-	-	-
470 Debt Service	-	-	-	707	-	-	32,690
485 Capital Outlay	-	-	-	-	-	-	-
492 Other Expenditures	1,468,366	4,345	-	-	-	-	-
Total Expenditures	<u>1,468,366</u>	<u>4,345</u>	<u>51,725</u>	<u>707</u>	<u>-</u>	<u>-</u>	<u>32,690</u>
Excess of Revenue Over (Under) Expenditures	(1,857)	174,660	(10,550)	(491)	200,845	49,751	11,844
Other Financing Sources (Uses):							
511 Transfers Out	-	-	-	-	-	-	-
391.02 Long-term debt issued	-	-	-	-	-	-	-
391.03 Sale of Municipal Property	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,857)	174,660	(10,550)	(491)	200,845	49,751	11,844
Fund Balance (Deficit) - Beginning	11,058	1,334	53,543	491	254,156	227,383	26,484
FUND BALANCE (Deficit)- ENDING	<u>\$ 9,201</u>	<u>\$ 175,994</u>	<u>\$ 42,993</u>	<u>\$ -</u>	<u>\$ 455,001</u>	<u>\$ 277,134</u>	<u>\$ 38,328</u>

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	TID 65 Fund	TID 62 Fund	TID 61 Fund	TID 63 Fund	TID 29 Fund	TID 56 Fund	TID 69 Fund
Revenues:							
310 Taxes:							
311 General Property Taxes	\$ 147,772	\$ -	\$ 366,428	\$ 236,264	\$ -	\$ 1,341,783	\$ 280,406
314 Gross Business Receipts Tax	-	-	-	-	-	-	-
331 Federal Grants	-	-	-	-	-	-	-
340 Charges for Goods and Services:							
348 Cemetery	-	-	-	-	-	-	-
349 Other-Conservation & Development	-	-	-	-	-	-	-
350 Fines and Forfeitures							
354 Library	-	-	-	-	-	-	-
360 Miscellaneous Revenue:							
361 Investment Earnings	964	233	3,380	-	25	691	2,164
363 Special Assessments	-	-	-	-	-	-	-
367 Contributions and Donations	-	-	-	-	-	-	-
Total Revenue	<u>148,736</u>	<u>233</u>	<u>369,808</u>	<u>236,264</u>	<u>25</u>	<u>1,342,474</u>	<u>282,570</u>
Expenditures:							
450 Culture and Recreation:							
455 Libraries	-	-	-	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-	-	-	-
459 Cemetery	-	-	-	-	-	-	-
460 Conservation and Development:							
463 Community Development	-	-	-	-	-	-	-
470 Debt Service	372,023	459,897	-	234,578	-	1,176,734	980,804
485 Capital Outlay	-	-	-	-	-	19,225	2,278,693
492 Other Expenditures	-	-	-	-	-	-	-
Total Expenditures	<u>372,023</u>	<u>459,897</u>	<u>-</u>	<u>234,578</u>	<u>-</u>	<u>1,195,959</u>	<u>3,259,497</u>
Excess of Revenue Over (Under) Expenditures	(223,287)	(459,664)	369,808	1,686	25	146,515	(2,976,927)
Other Financing Sources (Uses):							
511 Transfers Out	-	-	-	-	-	-	-
391.02 Long-term debt issued	287,054	-	-	-	-	-	2,812,389
391.03 Sale of Municipal Property	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>287,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,812,389</u>
Net Change in Fund Balances	63,767	(459,664)	369,808	1,686	25	146,515	(164,538)
Fund Balance (Deficit) - Beginning	53,063	459,664	139,913	383	2,201	(1,166,900)	304,428
FUND BALANCE (Deficit)- ENDING	<u>\$ 116,830</u>	<u>\$ -</u>	<u>\$ 509,721</u>	<u>\$ 2,069</u>	<u>\$ 2,226</u>	<u>\$ (1,020,385)</u>	<u>\$ 139,890</u>

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	TID 54 Fund	TID 44 Fund	TID 50 Fund	TID 52 Fund	TID 71 Fund	TID 53 Fund	TID 47 Fund
Revenues:							
310 Taxes:							
311 General Property Taxes	\$ 368,472	\$ 882,314	\$ 252,196	\$ 28,781	\$ 1,218	\$ 107,334	\$ 107,648
314 Gross Business Receipts Tax	-	-	-	-	-	-	-
331 Federal Grants	-	-	-	-	-	-	-
340 Charges for Goods and Services:							
348 Cemetery	-	-	-	-	-	-	-
349 Other-Conservation & Development	-	-	-	-	-	-	-
350 Fines and Forfeitures							
354 Library	-	-	-	-	-	-	-
360 Miscellaneous Revenue:							
361 Investment Earnings	5	93	-	-	3	-	-
363 Special Assessments	-	-	-	-	-	-	-
367 Contributions and Donations	-	-	-	-	-	-	-
Total Revenue	<u>368,477</u>	<u>882,407</u>	<u>252,196</u>	<u>28,781</u>	<u>1,221</u>	<u>107,334</u>	<u>107,648</u>
Expenditures:							
450 Culture and Recreation:							
455 Libraries	-	-	-	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-	-	-	-
459 Cemetery	-	-	-	-	-	-	-
460 Conservation and Development:							
463 Community Development	-	-	-	-	-	-	-
470 Debt Service	363,810	729,283	413,154	28,781	-	106,746	264,373
485 Capital Outlay	-	-	-	-	-	-	-
492 Other Expenditures	-	-	-	-	-	-	-
Total Expenditures	<u>363,810</u>	<u>729,283</u>	<u>413,154</u>	<u>28,781</u>	<u>-</u>	<u>106,746</u>	<u>264,373</u>
Excess of Revenue Over (Under) Expenditures	4,667	153,124	(160,958)	-	1,221	588	(156,725)
Other Financing Sources (Uses):							
511 Transfers Out	-	-	-	-	-	-	-
391.02 Long-term debt issued	-	-	164,082	-	-	-	154,696
391.03 Sale of Municipal Property	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>164,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,696</u>
Net Change in Fund Balances	4,667	153,124	3,124	-	1,221	588	(2,029)
Fund Balance (Deficit) - Beginning	25,229	43,468	6,722	45	-	-	2,029
FUND BALANCE (Deficit)- ENDING	<u>\$ 29,896</u>	<u>\$ 196,592</u>	<u>\$ 9,846</u>	<u>\$ 45</u>	<u>\$ 1,221</u>	<u>\$ 588</u>	<u>\$ -</u>

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	TID 38 Fund	TID 39 Fund	TID 40 Fund	TID 41 Fund	TID 42 Fund	Community Development Fund	Rehab Loan/Grant Fund
Revenues:							
310 Taxes:							
311 General Property Taxes	\$ 428,675	\$ 78,136	\$ 80,188	\$ 1,050,056	\$ 393,209	\$ -	\$ -
314 Gross Business Receipts Tax	-	-	-	-	-	-	-
331 Federal Grants	-	-	-	-	-	324,079	-
340 Charges for Goods and Services:							
348 Cemetery	-	-	-	-	-	-	-
349 Other-Conservation & Development	-	-	-	-	-	48,799	69,743
350 Fines and Forfeitures:							
354 Library	-	-	-	-	-	-	-
360 Miscellaneous Revenue:							
361 Investment Earnings	2,969	-	-	133	-	-	-
363 Special Assessments	-	-	-	-	-	-	-
367 Contributions and Donations	-	-	-	-	-	-	-
Total Revenue	<u>431,644</u>	<u>78,136</u>	<u>80,188</u>	<u>1,050,189</u>	<u>393,209</u>	<u>372,878</u>	<u>69,743</u>
Expenditures:							
450 Culture and Recreation:							
455 Libraries	-	-	-	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-	-	-	-
459 Cemetery	-	-	-	-	-	-	-
460 Conservation and Development:							
463 Community Development	-	-	-	-	-	373,773	80,642
470 Debt Service	385,676	92,981	80,188	975,163	175,076	-	-
485 Capital Outlay	-	-	-	-	-	-	-
492 Other Expenditures	-	-	-	-	-	-	-
Total Expenditures	<u>385,676</u>	<u>92,981</u>	<u>80,188</u>	<u>975,163</u>	<u>175,076</u>	<u>373,773</u>	<u>80,642</u>
Excess of Revenue Over (Under) Expenditures	45,968	(14,845)	-	75,026	218,133	(895)	(10,899)
Other Financing Sources (Uses):							
511 Transfers Out	-	-	-	-	-	-	-
391.02 Long-term debt issued	-	-	-	-	-	-	-
391.03 Sale of Municipal Property	-	-	-	-	-	15,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balances	45,968	(14,845)	-	75,026	218,133	14,105	(10,899)
Fund Balance (Deficit) - Beginning	149,181	(1,005,965)	-	5,283	(3,012,499)	-	45,654
FUND BALANCE (Deficit)- ENDING	<u>\$ 195,149</u>	<u>\$ (1,020,810)</u>	<u>\$ -</u>	<u>\$ 80,309</u>	<u>\$ (2,794,366)</u>	<u>\$ 14,105</u>	<u>\$ 34,755</u>

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
Revenues:				
310 Taxes:				
311 General Property Taxes	\$ -	\$ -	\$ -	\$ 6,439,297
314 Gross Business Receipts Tax	-	-	-	1,464,509
331 Federal Grants	-	47,865	-	371,944
340 Charges for Goods and Services:				
348 Cemetery	2,826	-	-	2,826
349 Other-Conservation & Development	-	-	-	159,717
350 Fines and Forfeitures				
354 Library	-	-	95,890	95,890
360 Miscellaneous Revenue:				
361 Investment Earnings	-	-	244	20,811
363 Special Assessments	-	-	-	178,027
367 Contributions and Donations	-	74,574	-	74,574
Total Revenue	2,826	122,439	96,134	8,807,595
Expenditures:				
450 Culture and Recreation:				
455 Libraries	-	-	99,118	99,118
459 Retired Senior Volunteers	-	98,304	-	98,304
459 Cemetery	349	-	-	349
460 Conservation and Development:				
463 Community Development	-	-	-	506,140
470 Debt Service	-	-	-	6,872,664
485 Capital Outlay	-	-	-	2,297,918
492 Other Expenditures	-	-	-	1,472,711
Total Expenditures	349	98,304	99,118	11,347,204
Excess of Revenue Over (Under) Expenditures	2,477	24,135	(2,984)	(2,539,609)
Other Financing Sources (Uses):				
511 Transfers Out	-	-	-	-
391.02 Long-term debt issued	-	-	-	3,418,221
391.03 Sale of Municipal Property	-	-	-	15,000
Total Other Financing Sources (Uses)	-	-	-	3,433,221
Net Change in Fund Balances	2,477	24,135	(2,984)	893,612
Fund Balance (Deficit) - Beginning	60,419	41,529	49,927	(3,221,778)
FUND BALANCE (Deficit)- ENDING	\$ 62,896	\$ 65,664	\$ 46,943	\$ (2,328,166)

CITY OF RAPID CITY
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUND
DECEMBER 31, 2013

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Cemetery Enterprise Fund
ASSETS:				
Current Assets:				
101 Cash and Cash Equivalents	\$ 2,953,692	\$ 840,503	\$ 8,376	\$ (84,264)
106 Cash with Fiscal Agent	-	-	-	-
102 Restricted Cash	-	-	-	-
151 Investments	-	-	-	22,703
115 Accounts Receivable	280,823	-	230	2,571
116 Estimated Uncollectable Accounts Receivable	(15,000)	-	-	-
117 Unbilled Accounts Receivable	37,725	-	-	-
110 Sales Tax Receivable	63,431	-	-	-
131 Due from Other Funds	-	-	-	-
132 Due from Other Governments	-	-	-	-
135 Interest Receivable	1,528	-	22	32
142 Inventory of Stores	-	-	2,652	-
Total Current Assets	<u>3,322,199</u>	<u>840,503</u>	<u>11,280</u>	<u>(58,958)</u>
Noncurrent Assets:				
157 Unamortized Discount	-	-	-	-
Capital Assets:				
160 Land	138,430	-	596,357	24,151
162 Buildings	-	-	180,240	22,954
164 Improvements Other than Bldg	712,089	-	1,489,602	657,414
164 Furniture & Equipment	-	-	77,409	115,966
166 Machinery and Equipment	3,427,225	-	6,449	133,913
168 Construction Work in Progress	-	-	-	-
Less: Accumulated Depreciation	(2,422,295)	-	(850,220)	(580,970)
Total Noncurrent Assets	<u>1,855,449</u>	<u>-</u>	<u>1,499,837</u>	<u>373,428</u>
TOTAL ASSETS	<u>\$ 5,177,648</u>	<u>\$ 840,503</u>	<u>\$ 1,511,117</u>	<u>\$ 314,470</u>
LIABILITIES:				
Current Liabilities:				
202 Accounts Payable	\$ 85,794	-	193	8,312
208 Due to Other Funds	-	-	-	-
215 Accrued Interest Payable	1,663	-	-	-
216 Wages Payable	36,725	-	1,022	6,437
226 OPEB Current Obligations	17,569	-	1,586	3,430
226 Bonds Payable Current:	-	-	-	-
226 Capital Lease Payable Current	307,396	-	-	-
230 Compensated Absences Payable -- Current	3,000	-	-	1,000
Total Current Liabilities	<u>452,147</u>	<u>-</u>	<u>2,801</u>	<u>19,179</u>
Noncurrent Liabilities:				
209 Advance from Other Funds	-	-	-	-
231 OPEB Long-Term Obligations	30,420	-	2,746	5,939
231 Bonds Payable:	-	-	-	-
231 Capital Lease Payable	649,615	-	-	-
233 Accrued Leave Payable	48,650	-	-	9,741
Total Noncurrent Liabilities	<u>728,685</u>	<u>-</u>	<u>2,746</u>	<u>15,680</u>
NET POSITION:				
253.10 Net Investment in Capital Assets	898,438	-	1,499,837	373,428
253.20 Restricted Net Position, Restricted for:				
253.22 Revenue Bond Retirement	-	-	-	-
253.90 Unrestricted Net Position	3,098,378	840,503	5,733	(93,817)
Total Net Position	<u>3,996,816</u>	<u>840,503</u>	<u>1,505,570</u>	<u>279,611</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,177,648</u>	<u>\$ 840,503</u>	<u>\$ 1,511,117</u>	<u>\$ 314,470</u>

Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 23,875	\$ 242,479	\$ 20,280	\$ 1,049,209	\$ 98,702	\$ 5,152,852
-	251,046	-	-	-	251,046
-	-	-	-	-	-
-	349,685	-	-	-	372,388
27,776	328,350	24,090	5,914,863	-	6,578,703
-	(78,644)	-	(3,584,932)	-	(3,678,576)
-	-	-	-	-	37,725
-	-	-	-	-	63,431
-	-	-	-	-	-
-	-	54,703	-	-	54,703
20	383	-	393	48	2,426
-	-	-	-	-	2,652
51,671	1,093,299	99,073	3,379,533	98,750	8,837,350
-	8,889	-	-	-	8,889
1,424,242	2,212,499	-	-	267,567	4,663,245
1,610,540	4,908,331	776,571	30,659	916,934	8,446,229
2,472,084	511,408	-	-	1,679,939	7,522,537
507,348	-	96,499	218,527	-	1,015,748
174,983	16,025	20,557	1,201,550	-	4,980,702
40,256	-	2,744,515	-	-	2,784,771
(1,958,019)	(1,243,222)	(557,410)	(1,142,508)	(858,906)	(9,613,550)
4,271,433	6,413,930	3,080,732	308,228	2,005,534	19,808,572
\$ 4,323,104	\$ 7,507,229	\$ 3,179,805	\$ 3,687,761	\$ 2,104,284	\$ 28,645,922
8,249	21,314	12,040	95,612	7,908	239,422
10,407	-	-	-	-	10,407
-	658	-	-	-	2,321
5,199	-	19,055	11,088	-	79,526
4,964	-	8,691	49,683	-	85,923
-	90,000	-	-	-	90,000
16,299	-	-	-	-	323,695
1,000	-	2,000	3,000	-	10,000
46,118	111,972	41,786	159,383	7,908	841,294
10,849	-	199,252	-	-	210,101
8,594	-	15,047	86,021	-	148,767
-	2,020,000	-	-	-	2,020,000
50,601	-	-	-	-	700,216
14,069	-	73,647	113,946	-	260,053
84,113	2,020,000	287,946	199,967	-	3,339,137
4,204,533	4,303,930	3,080,732	308,228	2,005,534	16,674,661
-	204,978	-	-	-	204,978
(11,660)	866,349	(230,659)	3,020,183	90,842	7,585,852
4,192,873	5,375,257	2,850,073	3,328,411	2,096,376	24,465,490
4,323,104	7,507,229	3,179,805	3,687,761	2,104,284	28,645,922

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POS
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2013

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Cemetery Enterprise Fund
Operating Revenue:				
380 Charges for Goods and Services	\$ 2,632,141	\$ -	\$ 175,527	\$ 107,711
Total Operating Revenue	2,632,141	-	175,527	107,711
Operating Expenses:				
410 Personal Services	869,254	-	93,550	174,271
420 Other Current Expense	1,013,752	-	84,162	71,092
426.2 Materials (Cost of Goods Sold)	-	-	14,471	-
457 Depreciation	334,636	-	34,847	24,644
Total Operating Expenses	2,217,642	-	227,029	270,007
Operating Income (Loss)	414,499	-	(51,502)	(162,296)
Nonoperating Revenue (Expense):				
361 Investment Earnings (Loss)	31,326	-	379	(1,976)
470 Interest Expense and Fiscal Charges	(46,235)	-	-	-
(492)366 Gain (Loss) on Disposition of Capital Assets	-	-	-	-
369.01 Other Taxes	13,722	-	-	-
369.01 Sales Tax	174,814	-	-	3,104
369.01 Other	592	-	-	-
Total Nonoperating Revenue (Expense)	174,219	-	379	1,128
Income (Loss) Before Transfers	588,718	-	(51,123)	(161,168)
391.1 Transfers In	-	840,503	-	25,000
511 Transfers Out	-	-	-	-
Net Transfers	-	840,503	-	25,000
Change in Net Position	588,718	840,503	(51,123)	(136,168)
Net Position - Beginning	3,408,098	-	1,556,693	415,779
Change in Accounting Principle	-	-	-	-
Net Position - Restated	3,408,098	-	1,556,693	415,779
NET POSITION - ENDING	\$ 3,996,816	\$ 840,503	\$ 1,505,570	\$ 279,611

ITION

Enterprise Funds

Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 1,011,078	\$ 798,171	\$ 310,995	\$ 3,627,085	\$ 12,908	\$ 8,675,616
1,011,078	798,171	310,995	3,627,085	12,908	8,675,616
327,206	-	407,862	2,446,713	-	4,318,856
592,605	458,401	179,967	622,522	79,591	3,102,092
-	-	-	-	-	14,471
145,058	88,704	15,714	213,428	167,039	1,024,069
1,064,869	547,105	603,543	3,282,663	246,630	8,459,488
(53,791)	251,066	(292,548)	344,422	(233,722)	216,128
742	(6,257)	-	15,089	1,373	40,676
(6,923)	(115,728)	-	(63,216)	-	(232,102)
(1,321)	-	-	-	-	(1,321)
-	-	-	-	-	13,722
-	-	-	-	-	177,918
-	-	292,201	-	-	292,793
(7,502)	(121,985)	292,201	(48,127)	1,373	291,686
(61,293)	129,081	(347)	296,295	(232,349)	507,814
115,055	-	845,072	-	25,000	1,850,630
(7,088)	(6,829)	-	-	-	(13,917)
107,967	(6,829)	845,072	-	25,000	1,836,713
46,674	122,252	844,725	296,295	(207,349)	2,344,527
4,146,199	5,290,254	2,005,348	3,032,116	2,303,725	22,158,212
-	(37,249)	-	-	-	(37,249)
4,146,199	5,253,005	2,005,348	3,032,116	2,303,725	22,120,963
\$ 4,192,873	\$ 5,375,257	\$ 2,850,073	\$ 3,328,411	\$ 2,096,376	\$ 24,465,490

CITY OF RAPID CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2013

	Enterprise Funds		
	Solid Waste	Stormwater	Executive
	Collection	Enterprise	Golf Course
	Fund	Fund	Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipt from Customers	\$ 2,554,189	\$ -	\$ 184,715
Payments to Suppliers	(973,725)	-	(101,299)
Payments to Employees	(865,795)	-	(96,494)
Net Cash Provided (Used) by Operating Activities	<u>714,669</u>	<u>-</u>	<u>(13,078)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Internal Activity - Payment to Other Funds	-	-	-
Transfers In	-	840,503	-
Transfers Out	-	-	-
Net Cash Provided (Used) by Operating Subsidiaries and Transfers	<u>-</u>	<u>840,503</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	-	-	-
Principal Paid on Capital Debt	(296,343)	-	-
Interest Paid on Capital Debt	(46,235)	-	-
Other Receipts (Payments)	189,128	-	-
Net Cash (Used) by capital and related financing Activities	<u>(153,450)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Earnings (Loss)	31,325	-	379
Net Cash Provided by Investing Activities	<u>31,325</u>	<u>-</u>	<u>379</u>
Net Increase (Decrease) in Cash and Cash Equivalents	592,544	840,503	(12,699)
Balances - Beginning	<u>2,361,148</u>	<u>-</u>	<u>21,075</u>
Balances- Ending	<u>\$ 2,953,692</u>	<u>\$ 840,503</u>	<u>\$ 8,376</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 414,499	\$ -	\$ (51,502)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	334,636	-	34,847
Change in Assets and Liabilities:			
Receivables	(77,952)	-	9,188
Inventories	-	-	(2,652)
Accounts and Other Payables	40,027	-	(14)
Accrued Wages Payable	(2,994)	-	(2,594)
Accrued Leave Payable	1,740	-	(53)
Accrued Other Post Employment Benefits	4,713	-	(298)
Net Cash Provided (Used) by Operating Activities	<u>\$ 714,669</u>	<u>\$ -</u>	<u>\$ (13,078)</u>
Noncash Investing, Capital and Financing Activities:			
Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ -	\$ -	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
101 Cash and Cash Equivalents	\$ 2,953,692	\$ 840,503	\$ 8,376
106 Cash With Fiscal Agent, Restricted	-	-	-
	<u>\$ 2,953,692</u>	<u>\$ 840,503</u>	<u>\$ 8,376</u>

Cemetery Enterprise Fund	Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 114,771	\$ 983,302	\$ 725,838	\$ 315,328	\$ 3,132,285	\$ 12,944	\$ 8,023,372
(64,623)	(593,512)	(443,074)	(181,027)	(585,997)	(74,949)	(3,018,205)
(173,052)	(335,871)	-	(406,222)	(2,411,300)	-	(4,288,735)
(122,904)	53,919	282,764	(271,921)	134,988	(62,005)	716,432
-	(38,183)	-	-	(54,163)	-	(92,345)
25,000	115,055	-	845,072	-	25,000	1,850,630
-	(7,088)	(6,829)	-	-	-	(13,917)
25,000	69,784	(6,829)	845,072	(54,163)	25,000	1,744,368
-	(115,055)	(23,575)	(845,072)	-	-	(983,702)
-	(15,543)	(84,407)	-	(144,080)	-	(540,373)
-	(6,923)	(115,728)	-	(63,216)	-	(232,102)
3,104	-	-	292,201	-	-	484,433
3,104	(137,521)	(223,710)	(552,871)	(207,296)	-	(1,271,743)
745	742	7,643	-	15,089	1,373	57,296
745	742	7,643	-	15,089	1,373	57,296
(94,055)	(13,075)	59,868	20,280	(111,381)	(35,632)	1,246,353
9,791	36,951	433,657	-	1,160,590	134,334	4,157,546
\$ (84,264)	\$ 23,875	\$ 493,525	\$ 20,280	\$ 1,049,209	\$ 98,702	\$ 5,403,899
\$ (162,296)	\$ (53,791)	\$ 251,066	\$ (292,548)	\$ 344,422	\$ (233,722)	\$ 216,128
24,644	145,058	88,704	15,714	213,428	167,039	1,024,069
7,060	(27,776)	(72,333)	4,333.00	(494,800)	36	(652,244)
-	-	-	-	-	-	(2,652)
6,469	(2,235)	15,327	(1,060)	36,525	4,642	99,682
(307)	(5,496)	-	(1,773)	117	-	(13,047)
597	(906)	-	920	14,565	-	16,863
929	(934)	-	2,494	20,731	-	27,635
\$ (122,904)	\$ 53,919	\$ 282,764	\$ (271,921)	\$ 134,988	\$ (62,005)	\$ 716,432
\$ (1,321)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,321)
\$ (84,264)	\$ 23,875	\$ 242,479	\$ 20,280	\$ 1,049,209	\$ 98,702	\$ 5,152,852
-	-	251,046	-	-	-	251,046
\$ (84,264)	\$ 23,875	\$ 493,525	\$ 20,280	\$ 1,049,209	\$ 98,702	\$ 5,403,899

**CITY OF RAPID CITY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013**

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Dental Insurance Fund	Workers Compensation Fund	Totals
ASSETS:						
Current Assets:						
101 Cash and Cash Equivalents	\$ 7,771,081	\$ 530,482	\$ 26,730	\$ 63,856	\$ 489,821	\$ 8,881,970
115 Accounts Receivable	545,572	-	-	-	-	545,572
151 Investments	223,543	-	164,403	-	963,276	1,351,222
135 Interest Receivable	4,126	268	-	33	995	5,422
TOTAL ASSETS	\$ 8,544,322	\$ 530,750	\$ 191,133	\$ 63,889	\$ 1,454,092	\$ 10,784,186
LIABILITIES:						
Current Liabilities:						
202 Accounts Payable	\$ 725,919	\$ 278,226	\$ 14,562	\$ 6,564	\$ 1,475,803	\$ 2,501,074
2xx Wages Payable	-	4,515	-	-	-	4,515
Total Current Liabilities	725,919	282,741	14,562	6,564	1,475,803	2,505,589
NET POSITION:						
253.90 Unrestricted Net Position	7,818,403	248,009	176,571	57,325	(21,711)	8,278,597
Total Net Position	7,818,403	248,009	176,571	57,325	(21,711)	8,278,597
TOTAL LIABILITIES AND NET POSITION	\$ 8,544,322	\$ 530,750	\$ 191,133	\$ 63,889	\$ 1,454,092	\$ 10,784,186

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Dental Insurance Fund	Workers Compensation Fund	Totals
Operating Revenue:						
380 Charges for Goods and Services	\$ 6,638,106	\$ 651,636	\$ 33,818	\$ 141,534	\$ 907,491	\$ 8,372,585
Operating Expenses:						
410 Personal Services	11,135	91,299	-	-	48,395	150,829
420 Other Current Expense	6,971,700	211,202	52,142	185,982	304,135	7,725,161
Total Operating Expenses	6,982,835	302,501	52,142	185,982	352,530	7,875,990
Operating Income (Loss)	(344,729)	349,135	(18,324)	(44,448)	554,961	496,595
Nonoperating Revenue (Expense):						
361 Investment Earnings (Loss)	80,155	3,235	-	836	(20,048)	64,178
511 Transfers In / (Out)	-	(10,541)	-	-	-	(10,541)
	80,155	(7,306)	-	836	(20,048)	53,637
Change in Net Position	(264,574)	341,829	(18,324)	(43,612)	534,913	550,232
Net Position - Beginning	8,082,977	(93,820)	194,895	100,937	(556,624)	7,728,365
NET POSITION - ENDING	\$ 7,818,403	\$ 248,009	\$ 176,571	\$ 57,325	\$ (21,711)	\$ 8,278,597

CITY OF RAPID CITY
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR YEAR ENDED DECEMBER 31, 2013

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Dental Insurance Fund	Workers Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from Interfund Services Provided	\$ 6,623,900	\$ 651,848	\$ 33,818	\$ 155,246	\$ 907,372	\$ 8,372,184
Payments to Employees	(11,135)	(91,568)	-	-	(48,395)	(151,098)
Payments for Claims & Services	(6,658,220)	(432,016)	(37,580)	(185,952)	(468,534)	(7,782,302)
Net Cash Provided (Used) by Operating Activities	(45,455)	128,264	(3,762)	(30,706)	390,443	438,784
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfer Out	-	(10,541)	-	-	-	(10,541)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(10,541)	-	-	-	(10,541)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest Received	107,177	3,235	335	836	674	112,257
Net Cash Provided by Investing Activities	107,177	3,235	335	836	674	112,257
Net Increase (Decrease) in Cash and Cash Equivalents	61,722	120,958	(3,427)	(29,870)	391,117	540,500
Balances - Beginning	7,709,358	409,524	30,157	93,726	98,705	8,341,470
Balances- Ending	\$ 7,771,080	\$ 530,482	\$ 26,730	\$ 63,856	\$ 489,822	\$ 8,881,970
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ (344,729)	\$ 349,135	\$ (18,324)	\$ (44,448)	\$ 554,961	\$ 496,595
Adjustments to Reconcile Operating Income to Change in Assets and Liabilities:						
Accounts Receivable	(14,206)	212		13,712	(119)	(401)
Accounts Payables	313,480	(220,814)	14,562	29	(164,399)	(57,141)
Wages Payable	-	(269)				(269)
Net Cash Provided (Used) by Operating Activities	\$ (45,455)	\$ 128,264	\$ (3,762)	\$ (30,706)	\$ 390,443	\$ 438,784

**CITY OF RAPID CITY
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2013**

	Deposits Held For Others Fund	Payroll Withholding Fund	Section 125 Fund	Total
ASSETS:				
Cash and Cash Equivalents	\$ 1,323,243	\$ 296,168	\$ 42,185	\$ 1,661,596
Investments	336,491	-	-	336,491
TOTAL ASSETS	\$ 1,659,734	\$ 296,168	\$ 42,185	\$ 1,998,087
LIABILITIES:				
Accounts Payable	-	90,187	-	90,187
Net Position Held in Agency Capacity	1,659,734	205,981	42,185	1,907,900
Total Liabilities	\$ 1,659,734	\$ 296,168	\$ 42,185	\$ 1,998,087

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 OCCUPANCY TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
314 Occupancy Tax	\$ 1,463,992	\$ 1,464,509
360 Miscellaneous Revenue:		
361 Interest Earnings	-	2,000
Total Revenue	<u>1,463,992</u>	<u>1,466,509</u>
Expenditures:		
490 Other Expenditures		
492 Other Expenditures	1,463,992	1,468,366
Total Expenditures	<u>1,463,992</u>	<u>1,468,366</u>
Net Change in Fund Balances	-	(1,857)
Fund Balance - Beginning	11,058	11,058
FUND BALANCE- ENDING	<u>\$ 11,058</u>	<u>\$ 9,201</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 DOWNTOWN BID
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
360 Miscellaneous Revenue:		
361 Interest Earnings	\$ -	\$ 978
363 Special Assessments	183,511	178,027
Total Revenue	<u>183,511</u>	<u>179,005</u>
Expenditures:		
490 Other Expenditures		
492 Other Expenditures	183,511	4,345
Total Expenditures	<u>183,511</u>	<u>4,345</u>
Net Change in Fund Balances	-	174,660
Fund Balance - Beginning	1,334	1,334
FUND BALANCE- ENDING	<u>\$ 1,334</u>	<u>\$ 175,994</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 EROSION/SEDIMENT CONTROL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
340 Charges for Goods and Services:		
349 Other-Conservation & Development	\$ 55,331	\$ 41,175
Total Revenue	55,331	41,175
Expenditures:		
460 Conservation and Development:		
463 Community Development	55,331	51,725
Total Expenditures	55,331	51,725
Net Change in Fund Balances	-	(10,550)
Fund Balance - Beginning	53,543	53,543
FUND BALANCE- ENDING	\$ 53,543	\$ 42,993

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 66 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 718	\$ 211
360 Miscellaneous Revenue:		
361 Investment Earnings	-	5
Total Revenue	718	216
Expenditures:		
470 Debt Service	718	707
Total Expenditures	718	707
Net Change in Fund Balances	718	(491)
Fund Balance - Beginning	491	491
FUND BALANCE- ENDING	\$ 1,209	\$ 0

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 67 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 201,062	\$ 197,039	
360 Miscellaneous Revenue:			
361 Investment Earnings	-	3,806	
Total Revenue	<u>201,062</u>	<u>200,845</u>	
 Expenditures:			
470 Debt Service	198,824	-	
485 Capital Outlay	2,238	-	
Total Expenditures	<u>201,062</u>	<u>-</u>	
 Net Change in Fund Balances	-	200,845	
 Fund Balance - Beginning	254,156	254,156	
 FUND BALANCE- ENDING	<u>\$ 254,156</u>	<u>\$ 455,001</u>	

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 70 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 49,360	\$ 46,991
360 Miscellaneous Revenue:		
361 Investment Earnings	-	2,760
Total Revenue	<u>49,360</u>	<u>49,751</u>
Expenditures:		
470 Debt Service	<u>49,360</u>	-
Total Expenditures	<u>49,360</u>	-
Net Change in Fund Balances	-	49,751
Fund Balance - Beginning	227,383	227,383
FUND BALANCE- ENDING	<u>\$ 227,383</u>	<u>\$ 277,134</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 68 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 44,488	\$ 44,176
360 Miscellaneous Revenue:		
361 Investment Earnings	-	358
Total Revenue	<u>44,488</u>	<u>44,534</u>
Expenditures:		
470 Debt Service	<u>44,488</u>	<u>32,690</u>
Total Expenditures	<u>44,488</u>	<u>32,690</u>
Net Change in Fund Balances	-	11,844
Fund Balance - Beginning	26,484	26,484
FUND BALANCE- ENDING	<u>\$ 26,484</u>	<u>\$ 38,328</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 65 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 148,579	\$ 147,772
360 Miscellaneous Revenue:		
361 Investment Earnings	-	964
 Total Revenue	<u>148,579</u>	<u>148,736</u>
 Expenditures:		
470 Debt Service	<u>148,579</u>	<u>372,023</u>
Total Expenditures	<u>148,579</u>	<u>372,023</u>
 Excess of Revenue Under Expenditures	<u>-</u>	<u>(223,287)</u>
 Other Financing Sources :		
391.02 Long-term debt issued	<u>-</u>	<u>287,054</u>
Total Other Financing Sources	<u>-</u>	<u>287,054</u>
 Net Change in Fund Balances	-	63,767
 Fund Balance - Beginning	53,063	53,063
 FUND BALANCE- ENDING	<u>\$ 53,063</u>	<u>\$ 116,830</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 62 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 1,000	\$ -
360 Miscellaneous Revenue:		
361 Investment Earnings	-	233
Total Revenue	1,000	233
 Expenditures:		
470 Debt Service	460,588	459,897
Total Expenditures	460,588	459,897
Net Change in Fund Balances	(459,588)	(459,664)
Fund Balance - Beginning	459,664	459,664
FUND BALANCE- ENDING	\$ 76	\$ 0

**CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
TID 61 FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 369,042	\$ 366,428
360 Miscellaneous Revenue:		
361 Investment Earnings	-	3,380
Total Revenue	<u>369,042</u>	<u>369,808</u>
Expenditures:		
470 Debt Service	369,042	-
485 Capital Outlay	-	-
Total Expenditures	<u>369,042</u>	<u>-</u>
Excess of Revenue Over (Under) Expenditures	<u>-</u>	<u>369,808</u>
Other Financing Sources (Uses):		
391.02 Long-term debt issued	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	369,808
Fund Balance - Beginning	139,913	139,913
FUND BALANCE- ENDING	<u>\$ 139,913</u>	<u>\$ 509,721</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 63 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 234,578	\$ 236,264
360 Miscellaneous Revenue:		
361 Investment Earnings	-	-
Total Revenue	<u>234,578</u>	<u>236,264</u>
Expenditures:		
470 Debt Service	<u>234,578</u>	<u>234,578</u>
Total Expenditures	<u>234,578</u>	<u>234,578</u>
Net Change in Fund Balances	-	1,686
Fund Balance - Beginning	383	383
FUND BALANCE- ENDING	<u>\$ 383</u>	<u>\$ 2,069</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 29 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 22	\$ -
360 Miscellaneous Revenue:		
361 Investment Earnings	-	25
Total Revenue	22	25
Expenditures:		
470 Debt Service	22	-
Total Expenditures	22	-
Net Change in Fund Balances	-	25
Fund Balance - Beginning	2,201	2,201
FUND BALANCE- ENDING	\$ 2,201	\$ 2,226

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 56 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 2,062,831	\$ 1,341,783
360 Miscellaneous Revenue:		
361 Investment Earnings	-	691
Total Revenue	<u>2,062,831</u>	<u>1,342,474</u>
Expenditures:		
470 Debt Service	1,318,831	1,176,734
485 Capital Outlay	744,000	19,225
Total Expenditures	<u>2,062,831</u>	<u>1,195,959</u>
Net Change in Fund Balances	-	146,515
Fund Deficit - Beginning	(1,166,900)	(1,166,900)
FUND DEFICIT- ENDING	<u>\$ (1,166,900)</u>	<u>\$ (1,020,385)</u>

**CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
TID 69 FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 733,104	\$ 280,406	
360 Miscellaneous Revenue:			
361 Investment Earnings	-	2,164	
Total Revenue	<u>733,104</u>	<u>282,570</u>	
Expenditures:			
470 Debt Service	733,104	980,804	
485 Capital Outlay	<u>2,500,000</u>	<u>2,278,693</u>	
Total Expenditures	<u>3,233,104</u>	<u>3,259,497</u>	
Excess of Revenue Under Expenditures	<u>(2,500,000)</u>	<u>(2,976,927)</u>	
Other Financing Sources:			
391.02 Long-term Debt Issued	<u>2,500,000</u>	<u>2,812,389</u>	
Total Other Financing Sources	<u>2,500,000</u>	<u>2,812,389</u>	
Net Change in Fund Balances	-	(164,538)	
Fund Balance - Beginning	304,428	304,428	
FUND BALANCE- ENDING	<u>\$ 304,428</u>	<u>\$ 139,890</u>	

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
TID 54 FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>FINAL</u> <u>BUDGET</u>		<u>ACTUAL</u>
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 363,813	\$	368,472
360 Miscellaneous Revenue:			
361 Investment Earnings	-		5
Total Revenue	<u>363,813</u>		<u>368,477</u>
Expenditures:			
470 Debt Service	<u>363,813</u>		<u>363,810</u>
Total Expenditures	<u>363,813</u>		<u>363,810</u>
Net Change in Fund Balances	-		4,667
Fund Balance - Beginning	25,229		25,229
FUND BALANCE- ENDING	<u>\$ 25,229</u>	<u>\$</u>	<u>29,896</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 44 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 1,010,090	\$ 882,314	
360 Miscellaneous Revenue:			
361 Investment Earnings	-	93	
Total Revenue	1,010,090	882,407	
Expenditures:			
470 Debt Service	1,010,090	729,283	
Total Expenditures	1,010,090	729,283	
Net Change in Fund Balances	-	153,124	
Fund Balance - Beginning	43,468	43,468	
FUND BALANCE- ENDING	\$ 43,468	\$ 196,592	

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 50 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>		<u>ACTUAL</u>
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 549,072	\$	252,196
Total Revenue	<u>549,072</u>		<u>252,196</u>
 Expenditures:			
470 Debt Service	<u>549,072</u>		<u>413,154</u>
Total Expenditures	<u>549,072</u>		<u>413,154</u>
 Excess of Revenue Under Expenditures	 <u>-</u>		 <u>(160,958)</u>
 Other Financing Sources:			
391.02 Long-term debt issued	<u>-</u>		<u>164,082</u>
Total Other Financing Sources	<u>-</u>		<u>164,082</u>
 Net Change in Fund Balances	 -		 3,124
 Fund Balance - Beginning	 6,722		 6,722
 FUND BALANCE- ENDING	 <u>\$ 6,722</u>	 <u>\$</u>	 <u>9,846</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 52 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 28,781	\$ 28,781	
Total Revenue	<u>28,781</u>	<u>28,781</u>	
Expenditures:			
470 Debt Service	28,781	28,781	
Total Expenditures	<u>28,781</u>	<u>28,781</u>	
Net Change in Fund Balances	-	0	
Fund Balance - Beginning	45	45	
FUND BALANCE- ENDING	<u>\$ 45</u>	<u>\$ 45</u>	

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 71 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 619	\$ 1,218
360 Miscellaneous Revenue:		
361 Investment Earnings	-	3
Total Revenue	619	1,221
Expenditures:		
470 Debt Service	619	-
Total Expenditures	619	-
Net Change in Fund Balances	-	1,221
Fund Balance - Beginning	-	-
FUND BALANCE- ENDING	\$ -	\$ 1,221

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 53 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>		<u>ACTUAL</u>
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 106,746	\$	107,334
Total Revenue	<u>106,746</u>		<u>107,334</u>
Expenditures:			
470 Debt Service	<u>106,746</u>		<u>106,746</u>
Total Expenditures	<u>106,746</u>		<u>106,746</u>
Net Change in Fund Balances	-		588
Fund Balance - Beginning	-		-
FUND BALANCE- ENDING	<u>\$ -</u>	<u>\$</u>	<u>588</u>

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
TID 47 FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 359,677	\$ 107,648
Total Revenue	359,677	107,648
Expenditures:		
470 Debt Service	359,677	264,372
Total Expenditures	359,677	264,372
Other Financing Sources (Uses):		
391.02 Long-term debt issued	-	154,696
Total Other Financing Sources (Uses)	-	154,696
Net Change in Fund Balances	-	(2,029)
Fund Balance - Beginning	2,029	2,029
FUND BALANCE- ENDING	\$ 2,029	\$ 0

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 38 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 435,994	\$ 428,675
360 Miscellaneous Revenue:		
361 Investment Earnings	-	2,969
Total Revenue	435,994	431,644
Expenditures:		
470 Debt Service	435,994	385,676
Total Expenditures	435,994	385,676
Net Change in Fund Balances	-	45,968
Fund Balance - Beginning	149,181	149,181
FUND BALANCE- ENDING	\$ 149,181	\$ 195,149

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 39 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 78,136	\$ 78,136
Total Revenue	<u>78,136</u>	<u>78,136</u>
Expenditures:		
470 Debt Service	<u>78,136</u>	92,981
Total Expenditures	<u>78,136</u>	<u>92,981</u>
Net Change in Fund Balances	-	(14,845)
Fund Deficit - Beginning	(1,005,965)	(1,005,965)
FUND DEFICIT- ENDING	<u>\$ (1,005,965)</u>	<u>\$ (1,020,810)</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 40 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 80,188	\$ 80,188
Total Revenue	80,188	80,188
Expenditures:		
470 Debt Service	80,188	80,188
Total Expenditures	80,188	80,188
Net Change in Fund Balances	-	-
Fund Balance - Beginning	-	-
FUND BALANCE- ENDING	\$ -	\$ -

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 TID 41 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
310 Taxes:		
311 General Property Taxes	\$ 1,250,949	\$ 1,050,056
360 Miscellaneous Revenue:		
361 Investment Earnings	-	133
Total Revenue	1,250,949	1,050,189
Expenditures:		
470 Debt Service	1,250,949	975,163
Total Expenditures	1,250,949	975,163
Net Change in Fund Balances	-	75,026
Fund Balance - Beginning	5,283	5,283
FUND BALANCE- ENDING	\$ 5,283	\$ 80,309

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
TID 42 FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
Revenues:			
310 Taxes:			
311 General Property Taxes	\$ 379,430	\$ 393,209	
Total Revenue	<u>379,430</u>	<u>393,209</u>	
Expenditures:			
470 Debt Service	<u>379,430</u>	<u>175,076</u>	
Total Expenditures	<u>379,430</u>	<u>175,076</u>	
Net Change in Fund Balances	-	218,133	
Fund Deficit - Beginning	(3,012,499)	(3,012,499)	
FUND DEFICIT- ENDING	<u>\$ (3,012,499)</u>	<u>\$ (2,794,366)</u>	

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
331 Federal Grant	\$ 371,188	\$ 324,079
340 Charges for Goods and Services:		
349 Conservation and Development	10,555	48,799
Total Revenue	<u>381,743</u>	<u>372,878</u>
Expenditures:		
460 Community Development:		
463 Community Development	381,743	373,773
Total Expenditures	<u>381,743</u>	<u>373,773</u>
Excess of Revenues Under Expenditures	<u>-</u>	<u>(895)</u>
Other Financing Sources		
391.03 Sale of Municipal Property	<u>-</u>	<u>15,000</u>
Net Change in Fund Balances	-	14,105
Fund Balance - Beginning	-	-
FUND BALANCE- ENDING	<u><u>-</u></u>	<u><u>14,105</u></u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 REHABILITATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
340 Charges for Goods and Services:		
349 Conservation and Development	\$ 95,000	\$ 69,743
Total Revenue	95,000	69,743
Expenditures:		
460 Conservation & Development		
463 Community Development	95,000	80,642
Total Expenditures	95,000	80,642
Net Change in Fund Balances	-	(10,899)
Fund Balance - Beginning	45,654	45,654
FUND BALANCE- ENDING	\$ 45,654	\$ 34,755

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 CEMETERY PERPETUAL CARE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
340 Charges for Goods and Services:		
348 Cemetery	\$ 1,000	\$ 2,826
Total Revenue	1,000	2,826
Expenditures:		
437 Cemetery	1,000	349
Total Expenditures	1,000	349
Net Change in Fund Balances	-	2,477
Fund Balance - Beginning	60,419	60,419
FUND BALANCE- ENDING	\$ 60,419	\$ 62,896

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 RETIRED SENIOR VOLUNTEER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	FINAL <u>BUDGET</u>	<u>ACTUAL</u>
Revenues:		
331 Federal Grants	\$ 46,800	\$ 47,865
360 Miscellaneous Revenue:		
367 Contributions and Donations	70,000	74,574
Total Revenue	<u>116,800</u>	<u>122,439</u>
Expenditures:		
450 Culture and Recreation		
4xx Retired Senior Volunteers	112,142	98,304
Total Expenditures	<u>112,142</u>	<u>98,304</u>
Excess of Revenue Over (Under)		
Expenditures	<u>4,658</u>	<u>24,135</u>
Net Change in Fund Balances	4,658	24,135
Fund Balance - Beginning	41,529	41,529
FUND BALANCE- ENDING	<u>\$ 46,187</u>	<u>\$ 65,664</u>

**CITY OF RAPID CITY
 BUDGETARY COMPARISON SCHEDULE
 LIBRARY BOARD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues:		
350 Fine and Forfeitures		
354 Library	\$ 156,919	\$ 95,890
360 Miscellaneous Revenue:		
361 Investment Earnings	-	244
Total Revenue	<u>156,919</u>	<u>96,134</u>
Expenditures:		
450 Culture and Recreation		
455 Library	72,283	71,829
485 Capital Outlay	<u>84,636</u>	<u>27,289</u>
Total Expenditures	<u>156,919</u>	<u>99,118</u>
Net Change in Fund Balances	-	(2,984)
Fund Balance - Beginning	49,927	49,927
FUND BALANCE- ENDING	<u>\$ 49,927</u>	<u>\$ 46,943</u>

STATISTICAL SECTION

This part of the City of Rapid City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents:

Financial Trends

These schedules contain trend information to assist the reader to understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, property and sales tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to assist the reader to understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service data to assist the reader to understand how the information in the City's financial report relates to services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years. The City of Rapid City implemented GASB 34 in 2001 and schedules presenting government-wide data include information beginning in that year.

CITY OF RAPID CITY
NET ASSETS (2004-2011)/NET POSITION (2012-2013) BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in capital assets	\$180,503,057	\$132,910,951	\$143,729,290	\$145,288,241	\$160,495,700	\$172,182,308	\$187,793,015	\$208,837,368	\$219,642,454	\$235,873,951
Restricted	6,682,629	53,279,376	47,176,384	40,701,292	18,303,485	14,758,896	13,366,775	9,046,123	10,183,937	4,449,852
Unrestricted	45,050,470	46,666,209	51,199,627	49,275,876	54,595,534	50,936,346	50,300,225	51,717,860	59,362,723	63,013,667
Total governmental activities net assets/net position	212,236,156	232,856,536	242,105,301	235,265,409	233,394,719	237,877,551	251,460,016	269,601,351	289,189,114	303,337,469
Business-type activities										
Net Investment in capital assets	158,723,257	169,802,852	188,750,708	216,637,365	244,066,207	259,988,386	\$248,033,105	\$286,399,465	\$301,032,885	\$325,625,758
Restricted	1,411,216	1,393,171	733,070	1,099,005	8,411,973	3,093,949	26,206,565	9,062,146	6,660,024	6,511,086
Unrestricted	14,418,186	18,455,480	18,759,835	25,281,486	24,469,018	29,673,545	33,066,750	35,052,917	44,198,866	42,547,889
Total business-type activities net assets/net position	174,552,659	189,651,503	208,243,613	243,017,856	276,947,197	292,755,880	307,306,421	330,514,528	351,891,774	374,684,733
Primary government										
Net Investment in capital assets	319,226,314	302,713,803	332,479,998	361,925,606	404,561,907	432,170,695	435,826,121	495,236,833	520,675,338	561,499,709
Restricted	8,093,845	54,672,547	47,909,454	41,800,297	26,715,458	17,852,845	39,573,340	18,108,269	16,843,961	10,960,938
Unrestricted	59,468,656	65,121,689	69,959,462	74,557,362	79,064,552	80,609,891	83,366,975	86,770,777	103,561,589	105,561,556
Total primary government net assets/net position	\$386,788,815	\$422,508,039	\$450,348,914	\$478,283,265	\$510,341,916	\$530,633,431	\$558,766,436	\$600,115,879	\$641,080,888	\$678,022,202

CITY OF RAPID CITY
CHANGE IN NET ASSETS (2004-2011)/NET POSITION (2012-2013)
LAST TEN FISCAL YEARS (UNAUDITED)
(accrual basis of accounting)

	2004	2005	Fiscal Year 2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
General government	\$ 2,571,017	\$ 2,762,455	\$ 2,668,062	\$ 2,882,804	\$ 3,286,640	\$ 2,980,364	\$ 3,161,136	\$ 2,929,869	\$ 3,578,786	\$ 4,195,115
Public Safety	17,561,359	17,562,771	18,602,753	19,622,564	20,163,551	20,431,619	20,489,978	20,831,125	22,274,806	25,905,390
Public Works	13,298,573	12,571,139	13,607,081	14,223,924	15,969,521	16,768,790	18,573,254	18,466,438	18,505,644	19,111,129
Health & Welfare	1,784,414	1,997,014	2,164,755	2,525,810	2,722,023	2,963,046	3,118,121	2,961,340	3,075,296	3,055,728
Culture & Recreation	7,593,391	8,259,883	8,811,502	9,154,160	10,370,786	9,626,459	9,920,803	9,761,625	10,656,489	10,041,878
Conservation & Development	1,412,439	4,299,606	4,026,988	4,635,879	4,789,817	4,685,342	3,754,414	3,477,995	3,701,548	1,970,329
Interest on Long-Term Debt	1,401,019	1,305,823	2,762,963	3,206,898	3,350,937	3,358,742	5,072,390	5,721,652	3,248,228	4,598,065
Miscellaneous Expenditures	841,713	452,179	3,406,407	1,783,573	1,290,526	1,239,052	1,482,151	1,483,064	1,841,005	1,498,626
Total governmental activities expenses	46,463,925	49,210,870	56,050,511	58,035,610	61,943,801	62,053,414	65,572,246	65,623,109	66,881,803	70,376,262
Business-type activities										
Water	5,660,967	6,312,383	7,193,375	7,337,365	6,208,565	7,370,576	9,871,094	10,258,187	9,069,992	8,245,670
Water Reclamation	5,094,496	5,524,521	6,329,099	6,712,680	6,391,356	6,314,009	6,954,714	7,168,432	7,214,734	6,779,506
Airport	4,122,545	4,501,446	4,942,984	5,112,561	6,104,505	5,212,852	5,495,507	6,951,193	7,080,630	6,745,082
Solid Waste Disposal	4,223,466	4,121,807	4,241,444	3,181,183	5,646,354	5,298,344	4,836,473	5,573,663	5,921,943	5,446,456
Civic Center	5,941,291	6,082,438	6,346,398	6,598,565	8,018,601	10,113,887	10,165,664	9,798,187	9,840,874	10,198,657
Solid Waste Collection	1,515,099	1,624,172	1,739,117	1,947,929	1,554,395	1,685,716	1,825,482	1,926,103	2,034,393	2,255,561
Executive Golf Course	256,268	265,590	289,630	229,342	197,005	228,376	213,419	213,818	209,350	226,278
Cemetery	257,614	247,501	241,786	251,580	239,109	248,174	241,980	255,161	287,062	268,383
Golf Course	786,569	767,098	781,217	795,172	1,005,330	1,020,908	980,111	1,320,071	1,421,276	1,069,443
Parking Lot & Area	417,396	421,837	496,220	468,009	551,039	577,254	597,240	680,578	627,952	662,833
Energy Plant	247,386	286,218	339,298	301,859	335,356	243,797	367,807	294,442	338,758	599,429
Ambulance	1,885,619	1,877,522	1,918,699	2,165,208	2,609,798	2,556,521	2,931,836	2,727,571	3,032,643	3,322,362
Transportation Terminal	66,387	74,275	84,016	86,237	83,855	100,956	85,460	146,886	232,978	246,630
Total business-type activities	30,475,103	32,106,808	34,923,283	35,187,690	38,945,268	40,971,369	44,566,788	47,314,294	47,312,584	46,066,291
Total primary government expense	\$ 76,939,028	\$ 81,317,678	\$ 90,973,794	\$ 93,223,300	\$100,889,069	\$ 103,024,783	\$ 110,139,034	\$ 112,937,402	\$ 114,194,387	\$ 116,442,552
Program Revenues										
Governmental activities										
General government	\$ 2,249,915	\$ 2,318,659	\$ 2,291,651	\$ 2,229,739	\$ 1,527,301	\$ 710,270	\$ 874,020	\$ 1,448,935	\$ 809,888	\$ 848,585
Public Safety	778,487	819,212	1,034,516	950,463	974,646	701,098	733,085	1,105,582	1,734,406	719,478
Public Works	1,007,620	2,869,211	1,579,149	794,555	901,411	1,516,598	125,695	391,789	770,063	113,861
Health & Welfare	223,463	233,081	283,795	285,404	315,629	297,825	344,638	389,373	422,429	424,056
Culture & Recreation	1,181,478	1,343,438	1,492,145	1,467,547	1,699,456	1,621,920	1,715,176	1,684,726	1,658,222	1,660,477
Conservation & Development	172,473	139,406	72,701	1,888,132	1,445,312	1,069,334	942,275	1,661,635	1,551,543	1,910,464
Miscellaneous Revenue	-	-	-	80,239	75,727	46,258	158,204	82,127	147,074	159,717
Operating Grants & Contributions	2,004,095	2,068,813	2,785,807	1,944,336	1,523,283	2,301,631	2,294,927	3,104,960	2,968,286	5,096,584
Capital Grants & Contributions	9,150,725	9,709,472	1,586,051	6,231,806	6,855,041	3,151,826	3,775,706	2,316,691	8,637,024	6,008,425
Total governmental activities	16,768,256	19,501,292	11,125,815	15,872,221	15,317,805	11,418,759	10,963,725	12,185,818	18,698,915	16,941,646
Business-type activities										
Water	8,159,633	9,413,770	10,041,912	10,996,410	9,679,252	11,846,358	11,476,767	13,457,402	16,892,221	15,526,645
Water Reclamation	4,782,545	6,226,225	6,887,604	8,023,176	8,452,856	8,989,427	9,509,087	9,990,865	10,668,468	11,290,821
Airport	3,541,939	4,053,585	3,835,585	4,288,879	4,917,350	4,689,699	5,160,055	5,348,491	5,245,705	5,652,877
Solid Waste Disposal	4,771,309	4,962,366	5,169,507	5,099,760	5,936,287	5,723,747	5,939,532	6,416,827	6,864,907	6,353,263
Civic Center	3,140,706	3,525,052	3,082,211	3,174,853	4,206,845	5,830,860	5,403,176	5,403,015	5,171,960	5,302,476
Solid Waste Collection	1,571,225	1,685,053	1,756,437	1,944,670	2,195,863	2,276,553	2,247,255	2,330,246	2,403,399	2,632,141
Executive Golf Course	126,587	120,435	131,362	137,418	149,257	139,366	137,337	134,729	190,030	175,527
Cemetery	133,244	156,458	165,945	149,899	156,502	133,273	154,602	155,041	150,396	107,711
Golf Course	787,790	731,191	777,777	793,205	1,078,771	982,481	967,139	1,212,133	1,337,329	1,011,078
Parking Lot & Area	566,165	528,082	532,415	520,044	627,201	664,490	678,864	685,135	743,221	798,171

CITY OF RAPID CITY
CHANGE IN NET ASSETS (2004-2011)/NET POSITION (2012-2013)
LAST TEN FISCAL YEARS (UNAUDITED)
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Energy Plant	201,643	328,026	303,371	260,995	288,592	284,478	313,295	248,207	320,718	310,995
Ambulance	2,310,001	2,353,240	2,337,896	2,603,158	3,007,532	2,677,049	2,792,755	3,301,030	3,100,212	3,627,085
Transportation Terminal	32,570	33,387	30,494	28,111	35,093	29,854	26,367	29,257	13,905	12,908
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions	5,382,212	9,257,768	10,439,307	6,636,675	5,449,466	1,532,527	7,233,195	10,689,852	3,559,514	4,931,142
Total business-type activities	35,507,569	43,374,638	45,491,823	44,657,253	46,180,865	45,810,164	52,039,426	59,402,230	56,661,985	57,732,841
Total primary government revenue	\$ 52,275,825	\$ 62,875,930	\$ 56,617,638	\$ 60,529,474	\$ 61,498,670	\$ 57,226,923	\$ 63,003,152	\$ 71,588,049	\$ 75,360,900	\$ 74,674,487
Net (Expense) Revenue										
Governmental activities	(29,695,669)	(29,709,578)	(44,924,696)	(42,163,389)	(46,625,996)	(50,636,655)	(54,608,521)	(53,437,291)	(48,182,898)	(53,434,616)
Business-type activities	5,032,466	11,267,830	10,588,540	9,469,563	7,235,597	4,838,795	7,472,638	12,087,937	9,349,401	11,666,550
Total primary government net expense	\$ (24,663,203)	\$ (18,441,748)	\$ (34,336,156)	\$ (32,693,826)	\$ (39,390,399)	\$ (45,797,860)	\$ (47,135,883)	\$ (41,349,354)	\$ (38,833,487)	\$ (41,768,066)
General Revenue and other changes net assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 9,074,257	\$ 11,132,203	\$ 12,258,052	\$ 15,094,006	\$ 15,635,849	\$ 18,260,302	\$ 21,530,507	\$ 21,643,116	\$ 19,985,672	\$ 20,636,948
Sales taxes	32,484,575	35,652,430	38,875,471	40,802,422	43,203,611	42,203,906	43,324,949	45,990,061	48,543,581	50,195,541
Other taxes	252,291	760,324	1,791,451	266,596	2,139,252	2,371,249	2,183,769	2,053,576	2,241,266	2,283,407
State shared revenue	1,013,404	888,271	1,101,198	1,147,108	1,137,198	1,094,884	1,207,122	1,260,176	1,381,825	1,471,697
County shared revenue	241,368	241,891	246,342	284,357	241,900	250,900	256,456	295,849	350,286	389,142
Non-program grants & contributions	60,571	40,574	47,801	85,546	-	-	-	-	-	-
Unrestricted investment earnings	1,160,917	1,290,324	4,459,221	4,770,186	2,972,201	1,215,256	2,093,239	2,218,353	1,061,766	(85,886)
Miscellaneous revenue	229,443	154,137	163,020	196,168	185,734	190,687	159,242	168,552	179,317	471,197
Gain (loss) on disposal of capital assets	115,937	569,595	(248,867)	5,348	(24,180)	(361,924)	(37,131)	(82,165)	61,110	912
Comp for Loss/Damage to Capital Assets	-	-	-	-	-	-	-	-	1,064,006	-
Transfers	(773,944)	(772,400)	(4,520,224)	(20,937,446)	(21,394,867)	(9,904,259)	(3,258,120)	(6,479,194)	(7,098,178)	(7,644,317)
Total governmental activities	43,858,819	49,957,349	54,173,465	41,714,291	44,096,697	55,321,001	67,460,033	67,068,323	67,770,651	67,718,641
Business-type activities										
Taxes										
Gross Receipts Tax	2,332,024	2,498,853	2,634,751	2,797,145	2,922,529	3,062,280	3,217,015	3,263,328	3,588,168	4,026,567
Other taxes	152,877	293,088	169,500	227,308	253,034	243,812	204,896	177,136	168,373	145,880
Unrestricted investment earnings	375,062	358,223	691,989	1,139,903	1,541,453	606,069	1,329,499	1,505,646	507,791	93,701
Miscellaneous revenue	(88,300)	191,356	13,892	-	663,290	441,478	668,583	937,473	708,272	22,478
Gain (loss) on disposal of capital assets	29,836	(219,115)	(6,785)	411,449	(81,428)	(138,011)	(455,809)	(879,796)	(42,937)	(28,400)
Transfers	773,944	772,400	4,520,225	20,937,446	21,394,867	9,904,259	3,258,120	6,479,194	7,098,178	7,644,317
Total business-type activities	3,575,443	3,894,805	8,023,572	25,513,251	26,693,745	14,119,887	8,222,304	11,482,982	12,027,845	11,904,543
Total primary government	\$ 47,434,262	\$ 53,852,154	\$ 62,197,037	\$ 67,227,542	\$ 70,790,442	\$ 69,440,888	\$ 75,682,337	\$ 78,551,305	\$ 79,798,497	\$ 79,623,184
Change in Net Assets/Net Position										
Government activities	14,163,150	20,247,771	9,248,769	(449,098)	(2,529,299)	4,684,346	12,851,512	13,631,033	19,587,763	14,284,025
Business-type activities	8,907,909	15,162,635	18,592,112	34,982,814	33,829,342	18,958,682	15,694,942	23,570,919	21,377,246	23,571,093
Total primary government	\$ 22,771,059	\$ 35,410,406	\$ 27,840,881	\$ 34,533,716	\$ 31,400,043	\$ 23,643,028	\$ 28,546,455	\$ 37,201,952	\$ 40,965,010	\$ 37,855,118

CITY OF RAPID CITY
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (UNAUDITED)
 (amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011**	2012	2013
General Fund										
Reserved	\$ 751	\$ 1,072	\$ 920	\$ 685	\$ 2,351	\$ 2,067	\$ 2,232	\$ -	\$ -	\$ -
Unreserved	17,409	17,470	16,792	16,214	15,190	11,998	10,486	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,872	1,774	1,108
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	524	556	1,185
Unassigned	-	-	-	-	-	-	-	15,469	19,421	18,534
Total General Fund	<u>\$ 18,160</u>	<u>\$ 18,542</u>	<u>\$ 17,712</u>	<u>\$ 16,899</u>	<u>\$ 17,541</u>	<u>\$ 14,065</u>	<u>\$ 12,718</u>	<u>\$ 17,865</u>	<u>\$ 21,750</u>	<u>\$ 20,827</u>
All Other Governmental Funds										
Reserved	\$ 9,441	\$ 55,241	\$ 48,454	\$ 46,632	\$ 19,134	\$ 23,288	\$ 20,575	\$ -	\$ -	
Unreserved, reported in										
Special Revenue	19,069	22,985	28,999	22,410	30,825	31,012	32,829	-	-	
Debt Service	-	-	-	-	(3,960)	(8,776)	(7,305)	-	-	-
Permanent Funds	-	-	-	-	68	61	55	-	-	-
Nonspendable	-	-	-	-	-	-	-	6,547	6,317	5,207
Restricted	-	-	-	-	-	-	-	8,996	3,312	22,684
Committed	-	-	-	-	-	-	-	28,739	40,352	37,165
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(5,645)	(5,185)	(4,836)
Total All Other Governmental Funds	<u>\$ 28,510</u>	<u>\$ 78,226</u>	<u>\$ 77,453</u>	<u>\$ 69,042</u>	<u>\$ 46,067</u>	<u>\$ 45,585</u>	<u>\$ 46,154</u>	<u>\$ 38,636</u>	<u>\$ 44,796</u>	<u>\$ 60,221</u>

** Implementation of GASB 54 changed the nature of reserved funds

CITY OF RAPID CITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED)
(amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 42,391	\$ 47,078	\$ 52,279	\$ 56,278	\$ 60,751	\$ 62,569	\$ 66,828	\$ 69,977	\$ 70,715	\$ 73,027
Licenses & Permits	1,874	2,048	2,019	2,362	1,913	1,506	1,278	2,892	1,936	2,335
Intergovernmental	3,259	3,139	4,134	5,134	4,721	5,147	7,773	4,661	12,442	6,713
Charges for Services	3,500	5,616	4,503	5,127	4,367	4,247	3,539	3,739	5,050	3,402
Fines and Forfeits	240	158	231	207	167	152	134	133	108	103
Miscellaneous	1,703	1,866	4,792	5,594	3,658	2,628	2,567	2,660	1,564	574
Total Revenues	52,967	59,905	67,958	74,702	75,577	76,249	82,119	84,063	91,814	86,153
Expenditures:										
General Government	2,092	2,283	2,215	2,719	2,851	2,642	2,735	2,441	2,944	3,520
Public Safety	16,531	16,938	18,022	19,591	19,419	20,269	20,084	20,112	21,122	25,394
Public Works	7,267	5,782	6,306	15,251	7,380	7,367	7,740	6,936	6,292	7,345
Health & Welfare	1,639	1,868	2,007	2,827	2,362	2,447	2,492	2,535	2,648	2,703
Culture & Recreation	6,498	6,988	7,497	13,476	9,138	8,457	8,524	8,266	9,116	8,618
Development	1,397	4,252	4,007	4,558	4,717	4,742	3,787	3,498	3,633	1,980
Debt Service										
Interest	1,463	1,376	2,842	2,865	3,351	3,359	5,072	5,722	3,248	4,561
Principal	5,392	5,987	7,264	9,366	10,350	12,010	15,921	15,131	11,762	15,549
Capital Outlay	11,982	10,861	11,479	2,194	35,068	27,933	30,164	20,400	16,506	25,638
Miscellaneous	842	452	3,406	1,693	1,291	1,239	1,482	1,483	1,841	1,499
Total Expenditures	55,103	56,787	65,045	74,540	95,926	90,466	98,002	86,523	79,111	96,807
Excess of Revenue Over (Under) Expenditures	(2,136)	3,118	2,913	161	(20,348)	(14,216)	(15,882)	(2,460)	12,703	(10,653)
Other Financing Sources (Uses)										
Transfers In	1,060	1,539	1,550	1,107	2,169	873	1,396	2,372	1,420	2,583
Transfers Out	(1,834)	(2,011)	(6,070)	(21,306)	(10,528)	(10,777)	(4,654)	(8,851)	(8,168)	(10,216)
Comp for Loss/Damage to Capital Asset	-	-	-	-	-	-	-	-	1,064	-
Proceeds for Borrowing	160	46,824	-	10,920	6,355	16,958	17,610	2,055	2,920	32,703
Sales of Property	378	629	4	86	20	53	22	4	106	86
Total Other Financing Sources (Uses)	(236)	46,981	(4,516)	(9,194)	(1,983)	7,107	14,374	(4,420)	(2,658)	25,155
Net Change in Fund Balance	(2,372)	50,099	(1,603)	(9,032)	(22,332)	(7,110)	(1,509)	(6,881)	10,045	14,502
Debt Service as a percentage of Noncapital Expenditures	15.9%	16.0%	18.9%	16.9%	22.5%	24.6%	30.9%	31.5%	24.0%	28.3%

CITY OF RAPID CITY
 GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE
 LAST TEN FISCAL YEARS (UNAUDITED)
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

FISCAL YEAR	PROPERTY TAX	SALES TAX	FRANCHISE TAX	BANK FRANCHISE TAX	LIQUOR TAX REVERSION	AMUSEMENT TAX	COUNTY ROAD TAX	GROSS RECEIPTS TAX	TOTAL
2004	9,622	32,484	284	92	339	-	-	-	42,821
*2005	11,063	35,652	362	74	309	-	-	-	47,460
2006	12,011	38,875	410	58	333	-	-	77	51,764
2007	15,475	40,802	-	94	417	-	284	266	57,338
2008	15,695	43,204	-	98	364	-	242	1,853	61,454
2009	18,459	42,204	-	111	363	-	251	1,906	63,294
2010	21,635	43,325	-	94	374	-	256	1,868	67,552
2011	22,057	45,990	-	100	377	-	296	1,930	70,750
2012	20,119	48,544	-	115	379	-	350	2,053	71,560
2013	20,693	50,196	-	117	417	-	389	2,139	73,950

* First year developer funded Tax Increment Districts part of governmental funds

CITY OF RAPID CITY
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Real Property		Personal Property		Totals		Ratio of Total Assessed to Total Estimated Actual Value (2)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2004	3,220,316,408	3,788,607,539	(1)	(1)	3,220,316,408	3,788,607,539	0.85
2005	3,438,568,538	4,045,374,751	(1)	(1)	3,438,568,538	4,045,374,751	0.85
2006	3,727,410,934	4,385,189,334	(1)	(1)	3,727,410,934	4,385,189,334	0.85
2007	4,018,678,206	4,727,856,713	(1)	(1)	4,018,678,206	4,727,856,713	0.85
2008	4,324,369,253	5,087,493,239	(1)	(1)	4,324,369,253	5,087,493,239	0.85
2009	4,682,575,409	5,095,292,636	(1)	(1)	4,682,575,409	5,095,292,636	0.92
2010	4,676,521,855	5,000,023,366	(1)	(1)	4,676,521,855	5,000,023,366	0.92
2011	4,548,347,320	4,921,921,341	(1)	(1)	4,548,347,320	4,921,921,341	0.92
2012	4,581,268,458	5,296,771,100	(1)	(1)	4,581,268,458	5,296,771,100	0.86
2013	4,287,434,133	4,945,137,408	(1)	(1)	4,287,434,133	4,945,137,408	0.87

SOURCE: Pennington County Auditor, Director of Equalization and South Dakota Department of Revenue

(1) No personal property assessed in state.

(2) Ratio percentage indicates full and true assessed value of real property only versus estimated actual value.

The City has no General Obligation Bonded Debt; therefore, no statistics are provided for G.O. bonded debt to assessed value.

CITY OF RAPID CITY
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Commercial Construction		Residential Construction		Commercial	Assessed Property Value		Nontaxable (1)
	No. of Permits	Value	No. of Permits	Value		Commercial	Residential	
2004	79	33,144,799	456	77,101,976	1,376,532,288	1,843,784,120	N/A	
2005	59	34,755,729	475	70,648,172	1,422,673,534	2,015,895,004	N/A	
2006	83	55,259,062	355	66,530,424	1,504,953,522	2,222,457,412	N/A	
2007	83	60,676,861	282	61,623,991	1,580,826,294	2,437,851,912	N/A	
2008	56	44,798,267	204	30,225,075	1,756,482,768	2,567,886,485	N/A	
2009	39	37,383,580	145	28,917,468	1,905,733,014	2,776,842,395	N/A	
2010	33	29,401,549	182	33,430,324	1,897,935,604	2,778,586,251	N/A	
2011	42	46,768,678	219	33,809,421	1,811,751,821	2,736,595,499	N/A	
2012	35	52,155,587	405	65,766,313	1,961,140,294	2,232,370,753	N/A	
2013	23	55,931,678	661	77,497,797	1,959,066,830	2,328,310,353	N/A	

(1) Source: Pennington County Auditor and Director of Equalization. Values are not assigned to exempt (nontaxable) properties.

CITY OF RAPID CITY
 PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
 (PER \$1000 OF ASSESSED VALUATION)
 LAST TEN FISCAL YEARS (UNAUDITED)

City							
Fiscal Year	General Fund	Special Revenue Funds	Debt Service Funds	Total	School District	County	Total
2004	3.06	-	-	3.06	16.40	4.73	24.19
2005	3.03	-	-	3.03	16.01	4.70	23.74
2006	2.97	-	-	2.97	15.16	4.58	22.71
2007	2.96	-	-	2.96	14.15	4.57	21.68
2008	2.99	-	-	2.99	13.91	4.75	21.65
2009	3.03	-	-	3.03	13.69	4.90	21.61
2010	3.00	-	-	3.00	13.94	4.84	21.79
2011	3.15	-	-	3.15	13.69	4.84	21.68
2012	3.34	-	-	3.34	13.74	5.21	22.29
2013	3.36	-	-	3.36	15.23	5.21	23.80

CITY OF RAPID CITY
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
 DECEMBER 31, 2013

Taxpayer	Type of Business	2013 Assessed Valuation	Percent of Total Assessed Valuation
SM Rushmore Mall	Shopping Mall	\$ 28,413,758	0.66%
Midland Rushmore LLC	Rushmore Crossing	\$ 16,877,109	0.39%
Stoney Creek Associates	Stoney Creek South	\$ 13,497,456	0.31%
Black Hills Surgery Center	Medical Center	\$ 12,599,851	0.29%
Rushmore Plaza	Holiday Inn Motel	\$ 12,220,018	0.29%
Walmart Real Estate Business Trust	Discount Retail	\$ 11,807,066	0.28%
Walmart Real Estate	Discount Retail	\$ 10,684,648	0.25%
Rushmore Cedar LLC	Lodging	\$ 10,057,200	0.23%
Perkins Delaware	Shopping Center	\$ 9,946,137	0.23%
Harmony Heights	Multi Residential Low Rise	\$ 9,904,608	0.23%
		\$ 136,007,851	3.17%

CITY OF RAPID CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Total Tax Levy (2)	Current Tax Collections (2)	Percent of Levy Collected (2)	Delinquent Tax Collections (2)	Total Tax Collections (2)	Percent of Total Tax Collections To Tax Levy (2)	Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes To Tax Levy (2)
2004	9,250,197	9,050,289	97.8%	162,855	9,213,144	99.6%	(1)	(1)
2005	9,858,569	9,723,310	98.6%	118,992	9,842,302	99.8%	(1)	(1)
2006	10,509,158	10,113,356	96.2%	205,243	10,318,599	98.2%	(1)	(1)
2007	11,030,680	10,995,764	99.7%	205,685	11,201,449	101.5%	(1)	(1)
2008	11,645,977	11,400,163	97.9%	298,571	11,698,734	100.5%	(1)	(1)
2009	12,307,468	12,099,832	98.3%	167,780	12,267,612	99.7%	(1)	(1)
2010	12,610,519	12,459,769	98.8%	377,817	12,837,586	101.8%	(1)	(1)
2011	12,758,891	12,922,877	101.3%	404,565	13,327,442	104.5%	(1)	(1)
2012	13,167,585	13,525,216	102.7%	237,259	13,762,475	104.5%	(1)	(1)
2013	14,233,160	13,992,309	98.3%	261,220	14,253,529	100.1%	(1)	(1)

(1) Outstanding delinquent taxes are not known and are assumed to be negligible.

(2) Excludes Tax Increment Financing District property taxes.

CITY OF RAPID CITY
 TAXABLE SALES BY CATEGORY
 LAST 10 FISCAL YEARS (UNAUDITED)
 (amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
A. Agriculture, Forestry	\$ 15,255	\$ 16,533	\$ 17,372	\$ 20,029	\$ 20,147	\$ 19,366	\$ 18,334	\$ 17,178	\$ 19,552	\$ 24,425
B. Mining	12,251	14,518	17,175	12,219	18,040	20,913	5,028	6,029	5,270	15,887
C. Construction	3,137	3,096	2,866	2,656	3,312	2,675	44,752	42,487	45,534	3,292
D. Manufacturing	56,610	61,712	74,599	63,597	68,139	41,513	46,057	62,377	71,395	61,510
E. Transportation & Utility	189,469	180,379	197,472	200,465	208,102	211,201	218,423	222,039	228,786	232,607
F. Wholesale Trade	127,620	93,439	99,669	101,264	99,249	83,720	110,130	137,130	145,787	111,326
G. Retail Trade	1,100,896	1,218,739	1,141,396	1,309,433	1,336,008	1,335,932	1,310,694	1,385,775	1,732,134	1,566,118
H. Finance, Insurance	39,245	42,497	40,047	37,418	31,904	28,554	26,002	29,292	33,677	40,638
I. Services	307,191	321,978	347,832	367,140	396,052	378,986	399,596	395,459	518,292	441,378
J. Public Administration	-	-	-	-	-	-	30	62	55	-
K. Other	-	42	63	-	-	-	52	1,142	2,908	32
Total	\$ 1,851,674	\$ 1,952,933	\$ 1,938,491	\$ 2,114,221	\$ 2,180,954	\$ 2,122,860	\$ 2,179,098	\$ 2,298,970	\$ 2,803,390	\$ 2,497,212

Source: SD Department of Revenue

CITY OF RAPID CITY
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2013 (UNAUDITED)

<u>ASSESSED VALUE OF PROPERTY</u>	\$ 4,287,434,133
DEBT LIMITS - General Purposes	
Debt Limitation - 5% of Assessed Value	214,371,707
Utilities (Water & Sewer) - 10% of Assessed Value	428,743,413
Streets, Railways or Electric - 8% of Assessed Value	<u>342,994,731</u>
 Total Debt Limit	 <u><u>986,109,851</u></u>
 DEBT APPLICABLE TO LIMITATION *	
General Purposes (5%)	
Sales Tax Bonds	26,175,000
Gross Receipts Bonds	4,500,000
Parking Revenue Bonds	2,110,000
Airport Revenue Bonds	14,970,000
Airport Certificate of Participation	155,000
Waste Water Refunding Bonds	8,690,000
Tax Increment Financing	32,015,295
SRF Loans	9,092,881
Capital Leases	<u>6,691,626</u>
	104,399,802
 Utilities (10%) *	
Outstanding Debt	-
 Streets, Railways or Electric (8%)	
Outstanding Debt	<u>-</u>
 Total Applicable Debt	 104,399,802
 LONG-TERM OBLIGATIONS NOT SUBJECT TO LIMITATION	 <u>32,015,295</u>
 TOTAL DEBT AND LONG TERM OBLIGATIONS	 <u><u>\$ 72,384,507</u></u>
 * The following debt is not included in the schedule:	
Water Revenue Bonds serviced by Water Enterprise Fund Debt	\$ 45,100,000
	<u>\$ 45,100,000</u>

Source: Pennington County Auditor (includes Railroads & Utilities)

CITY OF RAPID CITY
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS (UNAUDITED)
 (amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$740,673	\$790,871	\$857,305	\$904,924	\$994,605	\$1,171,917	\$1,075,600	\$1,046,120	\$1,053,692	\$ 986,110
Total net debt applicable to limit	49,509	87,400	79,719	80,743	77,944	122,914	78,814	66,675	89,969	104,400
Legal debt margin	\$691,164	\$703,471	\$777,586	\$824,181	\$916,661	\$1,049,003	\$ 996,786	\$ 979,445	\$ 963,723	\$ 881,710
Total net debt applicable to limit as percentage of debt limit	6.68%	11.05%	9.30%	8.92%	7.84%	10.49%	7.33%	6.37%	8.54%	10.59%

CITY OF RAPID CITY
REVENUE BOND COVERAGE
WATER, WASTEWATER, AIRPORT AND PARKING BONDS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Gross Revenue (2)	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	17,449,741	10,362,410	7,087,331	1,147,940	785,442	1,933,382	2.73
2005	20,928,615	11,650,025	9,278,590	1,488,399	951,352	2,439,751	2.63
2006	21,885,948	13,805,413	8,080,535	1,558,739	776,582	2,335,321	2.89
2007	23,828,508	19,630,615	4,197,893	1,610,630	727,097	2,337,726	1.80
2008	23,676,658	19,255,466	4,421,192	779,213 (3)	664,609	1,443,822	3.06
2009	26,189,975	19,474,691	6,715,284	2,040,269	922,632	2,962,901	2.27
2010	26,824,773	16,882,004	9,942,769	741,237	2,740,194	3,481,431	2.86
2011	29,481,893	14,849,137	14,632,756	1,252,584	3,176,144	4,428,728	3.30
2012	33,549,615	21,547,589	12,002,026	1,260,000	3,651,989	4,915,355	2.44
2013	33,170,730	19,697,334	13,473,396	1,290,000	3,620,295	4,910,295	2.74

(1) Does not include Airport information as debt has been serviced.

(2) Does not include capital grants or capital contributions

(3) Parking debt was refunded. Principal payment was netted to refunding proceeds.

CITY OF RAPID CITY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)

<u>Fiscal Year</u>	<u>Population (5)</u>	<u>Per Capita Income (1)</u>	<u>Median Age</u>		<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
2004	64,021	31,783	34.8	(3)	12,914	3.3%
2005	65,891	33,165	34.8	(3)	12,932	3.7%
2006	67,447	35,038	34.8	(3)	13,018	3.1%
2007	69,242	36,718	34.8	(3)	12,773	2.9%
2008	70,092	37,621	34.8	(3)	13,116	3.0%
2009	70,004	N/A	34.8	(3)	13,340	4.7%
2010	67,956	33,906	34.8	(3)	13,369	5.2%
2011	68,886	35,360	35.6	(4)	13,671	4.1%
2012	69,529	41,286	35.6	(4)	13,697	4.3%
2013	70,555	44,626	35.6	(4)	13,884	3.6%

(1) Pennington County. Statistics per SD Department of Labor

(2) Rapid City Independent School District

(3) Official 2000 Census

(4) Official 2010 Census

(5) Estimate provided by the City Transportation Planner

N/A Not available

CITY OF RAPID CITY
PRINCIPAL EMPLOYERS (UNAUDITED)
DECEMBER 31, 2013

Employer	Employees	Rank	Percentage of Employed Work Force
Ellsworth AFB	4,503	1	7.36%
Rapid City Regional Hospital	3,281	2	5.36%
Federal Government	2,905	3	4.75%
City of Rapid City	1,906	4	3.12%
Rapid City Area School District	1,684	5	2.75%
State of South Dakota	1,125	6	1.84%
SD Army National Guard	1,013	7	1.66%
Walmart/Sam's Club	888	8	1.45%
Pennington County	639	9	1.04%
Black Hills Corporation	555	10	0.91%
	18,499		30.24%

Source: Rapid City Economic Development Partnership

CITY OF RAPID CITY
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS (UNAUDITED)

Function:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	29	29	30	30	40	44	46	46	46	47
Public Safety										
Police	128	129	131	131	130	134	138	142	146	146
Fire	112	106	106	106	105	105	105	105	105	106
Code Enforcement	3	3	3	3	4	3	3	3	3	3
Advocates for Community Enhancement	2	2	1	1	1	-	-	-	-	-
Public Works										
Street	50	50	50	50	52	52	52	52	52	52
Public Works Administration	24	24	25	26	26	27	27	28	37	37
Water Operations	36	36	36	36	36	37	37	37	37	37
Wastewater Operations	27	27	28	28	28	29	29	29	29	29
Solid Waste Collection	12	12	12	12	12	14	14	14	14	14
Solid Waste Disposal	7	7	8	8	8	8	8	8	8	8
Waste Municipal Recycling	23	23	24	24	24	24	24	24	24	25
Health and Welfare										
Ambulance	17	23	24	30	30	30	30	30	30	30
Public Transit	19	20	23	23	25	27	27	27	27	29
Air Quality	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation	4	3	3	3	3	3	3	3	2	2
Ice Arena	4	4	4	4	5	4	4	4	3	3
Golf Course	6	6	7	6	6	6	6	6	7	7
Parks	20	20	20	20	22	21	21	21	19	19
Swimming Pools	6	6	6	6	6	7	7	7	6	6
Cemetery	3	3	3	3	3	3	3	3	3	3
Library	33	33	33	33	34	39	39	39	39	39
Parks and Recreation Administration	2	2	2	2	3	3	3	3	7	7
Civic Center	33	33	33	33	36	36	36	36	40	40
Energy Plant	7	7	7	7	7	5	5	5	5	5
RSVP	2	2	2	2	2	2	2	2	2	2
Airport Operations	17	18	19	20	23	23	23	23	23	24
Conservation and Development										
GIS Mapping	4	4	4	4	3	3	3	3	3	3
Growth Management	29	29	30	33	33	32	30	29	19	19
Transportation Planning	4	4	4	4	5	5	4	4	4	4
Community Development	2	2	2	2	2	3	3	4	4	2
Parking Lot and Area	4	4	4	4	4	4	-	-	-	-
	670	672	685	695	719	734	733	738	743	748

Based on Permanent Budgeted Employees

CITY OF RAPID CITY
MISCELLANEOUS STATISTICS (UNAUDITED)
DECEMBER 31, 2013

Date of Incorporation - February 1883

Form of Government - Mayor/Council

Area - Square Miles - 55.04

Miles of Streets - 387.57

Number of Street Lights - 4,432

Fire Protection

Number of Stations - 7

Number of Firefighters and Officers (including EMS) - 130

Number of Fire Hydrants - 4,245

Police Protection

Number of Stations - 1

Number of Police Officers - 118

Education (Elementary Only)

Attendance Centers - 16

Number of Students - 6,852

Municipal Water Department

Number of Residential Consumers - 22,020

Average Residential Monthly Consumption - 7,547 gallons

Miles of Water Mains - 426

Sewers

Miles of Sanitary Sewer - 324.5

Miles of Storm Sewer - 133

Building Permits Issued (including remodeling and repair) - 4,861

Culture and Recreation

Number of Parks - 32 (consisting of more than 1,600 acres)

Number of Libraries - 3

Number of Volumes - in excess of 155,000

City Employees - 748

Total Salaries - \$ 40,278,247

CITY OF RAPID CITY
SURETY BONDS (UNAUDITED)
DECEMBER 31, 2013

Finance Officer

Bonding Company:	Auto-Owners Insurance Company
Bond Number:	05701077423651
Expiration Date:	Continued until cancelled

Coverage

All employees	\$ 5,000
Excess Coverage:	
Finance Officer	\$ 250,000
Deputy Finance Officer	\$ 120,000
Data Processing Director	\$ 120,000
Civic Center Manager	\$ 95,000
Civic Center Business Manager	\$ 95,000
Civic Center Administrative Secretary	\$ 95,000
Civic Center Concessions Manager	\$ 45,000
Accounting Clerk	\$ 5,000
Accounting Clerk	\$ 5,000

SINGLE AUDIT SECTION



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

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

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

Sam Kooiker, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rapid City (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 15, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan as 2013-001 and 2013-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings, Questioned Cost and Corrective Action Plan as 2013-005 to be a significant deficiency.

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 determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan as 2013-003.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

KETEL THORSTENSON, LLP
Certified Public Accountants

September 15, 2014



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

810 Quincy Street

P.O. Box 3140, Rapid City, South Dakota 57709

Telephone (605) 342-5630 • e-mail: ktllp@ktllp.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133

Sam Kooiker, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Rapid City (the City) with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Unmodified Opinion on Each of the Major Federal Programs

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 identified in the summary of auditor's results section of the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan as 2013-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan as 2013-004 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan as 2013-005 to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings, Questioned Costs, and Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

KETEL THORSTENSON, LLP
Certified Public Accountants

CITY OF RAPID CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	CFDA NUMBERS	AMOUNT
U.S. Department of Housing and Urban Development:		
<i>Direct Federal Funding:</i>		
Community Development Block Grant/Entitlement (Notes 2 and 4)	14.218	324,079
U.S. Department of the Interior:		
<i>Direct Federal Funding:</i>		
Wildland Urban Interface Community Assistance	15.228	68,356
<i>Pass-Through the SD Department of Tourism and State Development</i>		
Historic Preservation Fund Grant-in-Aid	15.904	17,518
Total U.S. Department of Interior		85,874
U.S. Department of Justice:		
<i>Direct Federal Funding:</i>		
Bullet Proof Vest Partnership Program	16.607	2,135
Edward Byrne Memorial Justice Assistance Grant Program	16.738	5,495
Public Safety Partnership and Community Policing Grant	16.710	250,227
ARRA - Public Safety Partnership and Community Policing Grant	16.710	35,774
Total Public Safety Partnership and Community Policing Grant		286,001
Total U.S. Department of Justice		293,631
U.S. Department of Transportation:		
<i>Pass-Through the S.D. Department of Transportation:</i>		
Airport Improvement Program (Note 2)	20.106	1,215,738
Metropolitan Planning Grants (Note 2)	20.505	304,362
Highway Planning and Construction	20.205	66,038
<i>Pass-Through the S.D. Department of Games Fish and Parks:</i>		
Recreational Trails Program	20.219	9,545
<i>Pass-Through the S.D. Department of Public Safety:</i>		
Highway Safety Pedestrian Grant	20.600	40,000
<i>Direct Federal Funding:</i>		
Federal Transit - Formula Grants	20.507	843,861
Federal Transit - Capital Investment Grants	20.500	1,389,629
Total Federal Transit Cluster (Note 2)		2,233,490
Total U.S. Department of Transportation		3,869,173
U.S. General Services Administration:		
<i>Pass-through the SD Bureau of Administration - SD Federal Property Agency:</i>		
Donation of Federal Surplus Property (Note 3)	39.003	68,111
U.S. Environmental Protection Agency:		
<i>Direct Federal Funding:</i>		
Congressionally Mandated Projects	66.202	181,745
<i>Pass-through the SD Department of Environment and Natural Resources</i>		
Capitalization Grants for Drinking Water State Revolving Funds (Note 2)	66.468	843,997
<i>Direct Federal Funding:</i>		
Performance Partnership Grant	66.605	40,830
Total U.S. Environmental Protection Agency		1,066,572
U.S. Department of Agriculture:		
<i>Pass-Through the SD Department of Wildland Fire</i>		
Cooperative Forestry Assistance	10.664	34,094
Corporation for National and Community Service:		
<i>Direct Federal Funding:</i>		
Retired and Senior Volunteer Program	94.002	47,865
U.S. Department of Homeland Security:		
<i>Pass-Through the SD Department of Public Safety -- Office of Homeland Security</i>		
Homeland Security Grant Program	97.067	29,166
<i>Pass-Through the SD Department of Public Safety -- Office of Emergency Management</i>		
Disaster Grants -- Public Assistance (Note 2)	97.036	2,776,406
Total U.S. Department of Homeland Security		2,805,572
Total		8,594,971

**CITY OF RAPID CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1 - Basis of Accounting - This schedule is prepared on the accrual basis of accounting

Note 2 - Major Program

Note 3 - Noncash Assistance

Note 4 - The City had subrecipients of the CDBG program as follows:

Teton Housing Coalition	\$ 69,594
Dakota Land Trust	59,719
Rapid City Community Development	17,214
Behavior Management Systems	38,240
Minneluzahan Senior Center	9,800
Salvation Army	7,400
Working Against Violence	6,933
Habitat for Humanity	5,250
Dakota Plains Legal Services	5,000
Goodwill Industries	5,000
Youth & Family Services	2,625
Canyon Lake Senior Center	1,613
Consumer Credit Counseling	1,500
211 Helpline	615
	<u>230,503</u>

CITY OF RAPID CITY

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Rapid City (the City).
2. Four deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Two deficiencies are considered material weaknesses.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. Two deficiencies disclosed during the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by OMB Circular A-133. One of these deficiencies is considered a material weakness.
5. The auditor's report on compliance for the major federal award program for the City expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for the City are reported in Part C of this schedule.
7. The programs tested as a major program for 2013 were:
 - a. Community Development Block Grant (CFDA #14.218)
 - b. Federal Transit – Capital Investment and Formula Grants Cluster (CFDA #20.500 and 20.507)
 - c. Airport Improvement Program (CFDA #20.106)
 - d. Metropolitan Transportation Planning Grant (CFDA #20.505)
 - e. Disaster Grants – Public Assistance (CFDA #97.036)
 - f. Capitalization Grants for Drinking Water State Revolving Funds (CFDA #66.468)
8. The threshold for distinguishing type A and B programs was \$300,000.
9. The City was not considered a low-risk auditee under the criteria established in OMB Circular A-133.

CITY OF RAPID CITY

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND CORRECTIVE ACTION PLAN
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

B. FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

2013-001 Finding: Financial Statement Preparation

Condition and Cause: The Grants Compliance and Financial Reporting Manager (Grants Manager) was responsible for the preparation of the financial statements, including note disclosures. The Finance Officer reviewed the financial statements. Year-end reconciling schedules and adjustments were not prepared or reviewed timely. Several year-end adjustments were not posted until weeks into audit fieldwork. As a result, the financial statements were not completed timely. As noted in finding 2013-002, we also made material audit adjustments.

Criteria and Effect: Accurate and timely financial reporting is important to the City. The City's financial statements are provided to numerous granting agencies and current and future debt providers. Errors identified during the audit process were corrected in the accompanying financial statements.

Recommendation: The City should review its process of preparing and reviewing the financial statements. The financial preparation process should include which positions are responsible for preparing year-end adjustments, and a deadline for when such adjustments must be completed. The City should consider having certain year-end adjustments be made more often than at year-end, such as quarterly. At a minimum, information used for year-end adjustments needs to be accumulated and tracked throughout the year, versus accumulating such information after year-end. Additional supporting schedules should be prepared by the Grants Manager to ensure that all accounts are properly adjusted and reconciled. All year-end adjustments, supporting schedules, and reconciliations should be reviewed by the Finance Officer for accuracy. Once all year-end adjustments are posted, reviewed, and approved, the Grants Manager should prepare the financial statements by April 1 each year. The entire financial statements and notes should be reviewed by the Finance Officer for technical accuracy and completeness. Ongoing training should be provided to key finance office personnel to obtain the expertise necessary to prepare year-end entries, prepare the financial statements, and to review the financial statements.

Response/Corrective Action Plan: The preparation of the City's Comprehensive Annual Financial Report (CAFR) is a process that requires the coordination, cooperation, information and availability of multiple City departments/staff. The preparation of the financial statements and note disclosures is one of the final steps in this process and can only be completed once information, year-end adjustments, supporting schedules and reconciliations have been prepared, reviewed for accuracy/completeness and approved. The Finance Office is in agreement that year-end reconciling schedules, adjustments and financial statements were not completed timely and modification of the current process is needed. As such, the auditor's recommendations are welcomed and will be implemented.

The Finance Officer is responsible for this corrective action plan.

CITY OF RAPID CITY

**SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND CORRECTIVE ACTION PLAN
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

MATERIAL WEAKNESS (CONTINUED)

2013-002 Finding: Internal Controls Over Significant Accounts

Condition and Cause: The City finance office has experienced significant turnover during the past several years. The new Grants Manager, who prepared many of the year-end adjustments, has a limited history with the City's financial records. This inexperience combined with lack of adequate review over the year-end process resulted in the following material audit adjustments.

1. We recorded several adjustments to correct debt expenditures, debt proceeds, and deferred charges related to debt issuance costs.
2. We adjusted cash to match the bank reconciliations.
3. We posted several entries to reclassify revenues to appropriate accounts.
4. We adjusted accounts payable and workers compensation and health insurance claim accruals.
5. We capitalized interest expense related to the Water Fund.
6. We determined that the capital asset adjustment posted at year-end was incorrect and improperly recorded construction in progress and expenditures.

In addition, we identified subsidiary schedules that did not match the general ledger balance and allowance accounts were not properly analyzed and adjusted. No audit adjustments resulted from these situations as such changes were not material to the City's financial statements as a whole.

Criteria and Effect: The City's financial statements are provided to numerous granting agencies and current and future debt providers. The City does not have adequate internal controls to ensure the identification and accurate recording of all revenues and expenditures at year-end.

Recommendation: City finance personnel should prepare additional supporting schedules and analytically review year-end balances to assist in determining the financial statements are accurate. City finance personnel should obtain additional training to gain an understanding of the year-end entries, reconciliation processes, and awareness of City financial policies. Year-end entries and supporting schedules should be reviewed by the Finance Officer before the financial statements are prepared.

Response/Corrective Action Plan: The Finance Office agrees that several material audit adjustments were subsequently recorded in order to accurately report account balances/transactions. As mentioned, the City's Grants Manager was new to the City's year end reconciliation process and financial records, as well as current and past year's activity, which consequently resulted in incorrect year-end adjustments that were not discovered during the reconciliation or review process.

Modifications to the year-end reconciliation process have or will be implemented. These not only included those recommended by the auditor but others that ensure the accuracy and completeness of account balances/transactions.

The Finance Officer is responsible for this corrective action plan.

CITY OF RAPID CITY

**SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND CORRECTIVE ACTION PLAN
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONCLUDED)

SIGNIFICANT DEFICIENCY

2013-003 Finding: Budgetary Overdrafts

Condition and Cause: Due to a lack of proper budgetary controls, the City has budget overdrafts in numerous departments of several funds in violation of South Dakota Codified Law 9-21-9.

Criteria and Effect: The City did not follow state law.

Recommendation: The City in the future should complete supplemental appropriations for unbudgeted expenditures.

Response/Corrective Action Plan: The Finance Office continues to develop procedures to ensure supplemental appropriation ordinances are approved as budget overdrafts are identified. The Finance Office will also continue to evaluate compliance with the budget prior to year-end and make any amendments considered necessary through the supplemental appropriation process.

The Finance Officer is responsible for this corrective action plan.

2013-005 Finding: Segregation of Duties

Condition and Cause: The Deputy Finance Officer has access to the general ledger, has access to enter and modify purchase order and check information within the accounting software, prepares and posts journal entries, and handles signed checks of the primary checking account of the City. The Deputy Finance Officer also maintains the manual check stock, maintains the signature stamp for such bank accounts, and has access to the general ledger

Criteria and Effect: Proper segregation of duties results in adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. Without proper segregation of duties, an intentional or unintentional error could go undetected resulting in a misappropriation of assets or inaccurate records.

Recommendation: The Deputy Finance Officer should not have access to signed checks or to the signature stamp.

Response/Corrective Action Plan: The Finance Office functions and processes have not changed for several years and the department was not fully aware until this audit of the noted segregation of duties deficiencies. In coordination with the implementation of the City's new financial software package the Finance Office will modify existing functions and processes to ensure adequate segregation of duties.

The Finance Officer is responsible for this corrective action plan.

CITY OF RAPID CITY

**SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND CORRECTIVE ACTION PLAN
(CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2013**

C. FINDINGS – COMPLIANCE AUDIT

Finding 2013-005 relates to allowable costs for all major programs.

MATERIAL WEAKNESSES

2013-004 Finding: Federal Grant Monitoring and Reporting

Condition and Cause: The City's federal grant monitoring process was assigned to the new Grants Manager in late 2013. With most grants, a department head or program director is also assigned to each grant, and their duties include monitoring compliance with their grant. In addition, some of the federal grants come through the State of South Dakota, who also assigns a person to monitor grant compliance. There is substantial effort expended by these personnel to monitor compliance. For many grants, these efforts are coordinated and reviewed between two or more personnel noted above. However, for some grants there is limited or no coordination and review among these personnel. The lack of complete coordination of grant monitoring procedures resulted in deficiencies in 2013 and may result in future deficiencies.

We noted no questioned costs with grant requirements during 2013, but we noted several grant internal control issues. The City was unaware of a reporting requirement for the Community Development Block Grant (CDBG) and did not properly file such report (CFDA #14.218). No supporting documentation could be provided by the City to support the CDBG activity reported in the 2013 grant year Financial Summary Report. The City failed to determine that CDBG subrecipients were not suspended or debarred. None of the 2013 CDBG subrecipients were suspended or debarred based on audit procedures. The City did not timely or properly file all required reports for Capitalization Grants for Drinking Water State Revolving Funds (CFDA #66.468).

Major Programs Affected: This finding related to all major programs.

Criteria and Effect: The City receives many different federal grants that include numerous compliance requirements. Without proper review and tracking processes of these compliance requirements, the City could fail to maintain compliance with the federal grants. Such noncompliance with federal grants could potentially result in the City losing federal funding.

Questioned Costs: None

Recommendation: The City should change and/or strengthen its grant monitoring procedures as follows:

- a) Coordination of grant monitoring should be required for each federal grant between the Grants Manager and at least one grant program person. When each grant is awarded, each person should be assigned duties related to monitoring grant compliance. There should be a cross review of each other's monitoring work.
- b) Periodic (e.g. at least semi-annual) compliance update reports should be made to the Finance Officer for review and follow-up.
- c) All federal funds should be drawn down as available to maximize the City's cash flows.

Response/Corrective Action Plan: The Finance Office continues to evaluate its grant monitoring and reporting process in an effort to ensure compliance with grant requirements. The Grants Manager did discuss grant compliance requirements and prior year findings with each department head/program manager during the first month of employment. The control deficiencies noted during the course of the audit were direct result of the position vacancy for the majority of 2013. All of the auditor's recommendations have been already been implemented.

The Finance Officer is responsible for this corrective action plan.

CITY OF RAPID CITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013**

Status of Prior Audit Findings and Recommendations:

Finding 2012-1 Financial Statement Preparation: This finding has been substantially repeated as part of finding 2013-001.

Finding 2012-2 Internal Controls over Significant Accounts: This finding has been substantially repeated as part of finding 2013-002.

Finding 2012-3 Budgetary Overdrafts: This finding has been repeated as Finding 2013-003.

Finding 2012-4 Federal Grant Monitoring: This finding has been substantially repeated and expanded as Finding 2013-004.

Finding 2012-5 Preparation of the Schedule of Expenditures of Federal Awards: The new Grants manager prepared a federal grants revenue, expenditure, and accrual reconciliation to prepare the SEFA, and we noted no significant changes. The finding will not be repeated for 2013.