

**CITY OF RAPID CITY,  
SOUTH DAKOTA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

FOR THE FISCAL YEAR  
ENDED DECEMBER 31, 2007

PREPARED BY:  
DEPARTMENT OF FINANCE  
JAMES F. PRESTON, FINANCE OFFICER



CITY OF RAPID CITY, SOUTH DAKOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

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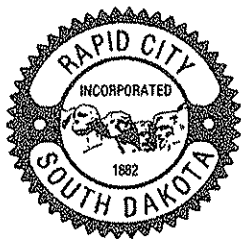
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# CITY OF RAPID CITY

## RAPID CITY, SOUTH DAKOTA 57701-5035

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### City Finance Office

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

January 16, 2009

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, 2007 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 organization 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 (with the exception of Tables 1 & 2), information on overlapping governments, demographics, and other miscellaneous information. Tables 1 and 2 are depicted for only seven (7) years due to the implementation of GASB 34 in 2001. Prior to that, government-wide data is not available.
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.



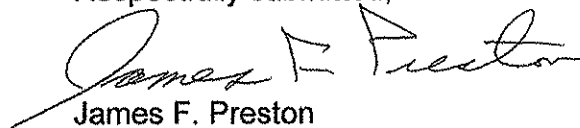
This Financial Report includes all funds of the City. The City provides a full range of services, including police and fire protection, highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. 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 2007 was Casey Peterson & Associates, Ltd. The independent certified public accountants' unqualified opinion has been included with this report.

The 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,



James F. Preston  
Finance Officer



CITY OF RAPID CITY  
ELECTIVE OFFICIALS AND PRINCIPAL OFFICERS  
DECEMBER 31, 2007

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, 2007 were as follows:

<u>ELECTIVE OFFICIALS</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Alan Hanks	Mayor	2009
Tom Johnson	Council Representative	2008
Ron Weifenbach	Council Representative	2009
Sam Kooiker	Council Representative	2008
Deb Hadcock	Council Representative	2009
Karen Gunderson Olson	Council Representative	2008
Bill Okreplie	Council Representative	2009
Lloyd LaCroix	Council Representative	2008
Ron Kroeger	Council Representative	2009
Bob Hurlbut	Council Representative	2009
Malcom Chapman	Council Representative	2008

PRINCIPAL OFFICERS

Airport Manager	Mason Short
City Attorney	Jason Green
Building Inspector	Brad Solon
Civic Center Director	Brian Maliske
Finance Officer	James Preston
Assistant Finance Officer	Pauline Sumption
Fire Chief	Gary Shepherd
Growth Management Director	Marcia Elkins
Library Director	Greta Chapman
Parks and Recreation Director	Jerry Cole
Community Resources Director	Kevin Thom
Police Chief	Steve Allender
Public Works Director	Dirk Jablonski
Street Superintendent	Don Brumbaugh
Sanitation Superintendent	Jerome Wright
Water Superintendent	John Wagner
Water Reclamation Superintendent	Dave VanCleave

CITY OF RAPID CITY  
APPOINTED BOARDS  
December 31, 2007

LIBRARY BOARD – 3 YEAR TERMS

TERM EXPIRES

Monte Loos, Chairman	December 2009
Stephanie Big Crow	December 2010
Sandra McNeely	December 2008
Maria McCarthy-Anderson	December 2008
James Olson	December 2010

CIVIC CENTER BOARD – 3 YEAR TERMS

Mike Diedrich, Chairman	January 2008
Bill Waugh	January 2009
Duane Whalen	January 2008
Batool Merali	January 2009
Eddie Rypkema	January 2009

AIRPORT BOARD – 5 YEAR TERMS

Jennifer Landguth, President	May 2010
Ron Johnsen	May 2011
Jerry Brown	May 2009
Bert Corwin	May 2009
Jerome Mitchell	May 2010

PLANNING COMMISSION – 3 YEAR TERMS

John Brewer, Chairman	July 2010
Steve Rolinger	July 2008
Mike Derby	July 2010
Andy Scull	July 2010
Barbara Collins	July 2008
Karen Waltman	July 2008
Gary Brown	July 2009
Mike LeMay	July 2008
Peter Anderson	July 2009
Dennis Landguth	July 2009

CITY OF RAPID CITY  
 ORGANIZATIONAL CHART  
 DECEMBER 31, 2007

CITIZENS

ELECTORATE OF RAPID CITY, SOUTH DAKOTA  
CITY COUNCIL

MAYOR  
 Alan Hanks

Library Board  
 Monte Loos, Chairman

Civic Center Board  
 Mike Diedrich, Chairman

Library Director  
 Greta Chapman

Civic Center Director  
 Brian Maliske

Planning Commission  
 John Brewer, Chairman

Airport Board  
 Jennifer Landguth, President

Growth Management Director  
 Marcia Elkins

Airport Manager  
 Mason Short

Attorney	Finance	Community Resources	Parks and Recreation	Public Works	Police	Fire
J. Green	J. Preston P. Sumption	K. Thom	J. Cole	D. Jablonski	S. Allender	G. Shepherd
			<u>Aquatics</u> D. Olney	<u>Water</u> J. Wagner		
			<u>Parks</u> L. VanDeusen	<u>Water Reclamation</u> D. VanCleave		
			<u>Recreation</u> D. Lowe	<u>Streets</u> D. Brumbaugh		
				<u>Sanitation</u> J. Wright		
				<u>Energy Plant</u> G. Dzintars		
				<u>Transit</u> R. Sagen		

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**CASEY PETERSON & ASSOCIATES, LTD.**  
CPAs & FINANCIAL ADVISORS

Independent Auditors' Report

To the City Council  
City of Rapid City, South Dakota

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 City of Rapid City (the City), South Dakota, as of and for the year ended December 31, 2007, which collectively comprises the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Museum Alliance of Rapid City, Inc, which represent 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Museum Alliance of Rapid City, Inc. component unit, is based on the report of other auditors.

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 of material misstatement. The financial statements of Museum Alliance of Rapid City, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 11, the City implemented GASB 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*, in accounting for tax increment districts in which the City has pledged all or some portion of future revenues to acquire public improvements. In addition, in prior years the City had incorrectly accounted for tax increment district funds similar to that of agency funds, where assets equal liabilities. Accordingly, a prior period adjustment has been recorded to implement GASB 48 and to correct the previously mentioned error.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 07, 2009 on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other budgetary comparison schedules for the general and major special revenue funds on pages 3 through 10 and 58 through 64, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements, budgetary comparison schedules within the financial section as listed in the table of contents, and Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements, budgetary comparison schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Casey Peterson & Associates, Ltd.*

Casey Peterson & Associates, Ltd.

Rapid City, South Dakota

March 07, 2009

## **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, 2007. 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 \$478,228,988 (Net assets). Of this amount, \$74,552,385 (unrestricted net assets) 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 assets increased by \$34,479,441.
- As of the close of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of \$85,940,788.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,214,073 or thirty-eight percent (38%) of total general fund expenditures.
- The City of Rapid City's total debt decreased by \$1,307,545 during the current fiscal year after taking into account the Tax Increment Financing District prior period adjustment, which increased the beginning liability balance by \$6,820,262.

### ***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 assets presents information on all of the City of Rapid City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 five 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 four special revenue funds, all of which are considered to be major funds. Data from the other eight 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, airport, waste recycling 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 27-56 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. The required supplementary information can be found on pages 58-64.

**Other Information.** The supplementary combining statements referred to earlier in connection with non-major governmental and proprietary funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 65-87 of this report.

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

As noted earlier, net assets 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 \$476,712,897 at the close of the most recent fiscal year.

By far the largest portion of the City of Rapid City's total assets (76%) 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 assets.

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

	<b>Government Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>
Current and Other Assets	\$ 104,924	\$ 100,635	\$ 26,764	\$ 32,697	\$ 131,688	\$ 133,332
Capital Assets	203,032	213,192	212,652	238,338	415,684	451,530
<b>Total Assets</b>	<b>307,956</b>	<b>313,827</b>	<b>239,416</b>	<b>271,035</b>	<b>547,372</b>	<b>584,862</b>
Long-term liabilities outstanding	61,312	69,728	27,510	23,452	88,822	93,180
Other liabilities	4,539	8,888	3,662	4,565	8,201	13,453
<b>Total liabilities</b>	<b>65,851</b>	<b>78,616</b>	<b>31,172</b>	<b>28,017</b>	<b>97,023</b>	<b>106,633</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	143,729	145,292	188,751	216,637	332,480	361,929
Restricted	47,094	40,648	733	1,099	47,827	41,747
Unrestricted	51,282	49,271	18,760	25,282	70,042	74,553
<b>Total net assets</b>	<b>\$ 242,105</b>	<b>\$ 235,211</b>	<b>\$ 208,244</b>	<b>\$ 243,018</b>	<b>\$ 450,349</b>	<b>\$ 478,229</b>

A portion of the City of Rapid City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$74,552,385) 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 assets, 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 Assets**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 6,754	\$ 7,696	\$ 35,053	\$ 38,021	\$ 41,807	\$ 45,717
Operating grants & contributions	2,786	1,944	-	-	2,786	1,944
Capital grants and contributions	1,586	6,151	10,439	6,637	12,025	12,788
General Revenues						
Property taxes	12,258	15,094	-	-	12,258	15,094
Other taxes	40,666	41,069	2,804	3,024	43,470	44,093
State/County shared revenue	1,347	1,431	-	-	1,347	1,431
Unrestricted investment earnings	4,459	4,770	692	1,140	5,151	5,910
Other	215	288	20	411	235	699
<b>Total Revenues</b>	<b>70,071</b>	<b>78,443</b>	<b>49,008</b>	<b>49,233</b>	<b>119,079</b>	<b>127,676</b>
<b>Expenses:</b>						
General government	2,679	2,883	-	-	2,679	2,883
Public safety	18,695	19,622	-	-	18,695	19,622
Public works	13,705	14,224	-	-	13,705	14,224
Health and welfare	2,212	2,526	-	-	2,212	2,526
Conservation & development	4,027	4,690	-	-	4,027	4,690
Culture & recreation	8,815	9,154	-	-	8,815	9,154
Interest on long-term debt	2,763	3,126	-	-	2,763	3,126
Miscellaneous	3,406	1,784	-	-	3,406	1,784
Water reclamation	-	-	6,329	6,713	6,329	6,713
Water	-	-	7,195	7,337	7,195	7,337
Golf	-	-	781	795	781	795
Recycling	-	-	2,679	2,565	2,679	2,565
Executive Golf	-	-	270	229	270	229
Airport	-	-	4,943	5,113	4,943	5,113
Waste collection	-	-	1,739	1,948	1,739	1,948
Waste disposal	-	-	1,573	616	1,573	616
Civic center	-	-	6,347	6,599	6,347	6,599
Cemetery	-	-	242	252	242	252
Parking	-	-	496	468	496	468
Energy plant	-	-	339	302	339	302
Transportation terminal	-	-	84	86	84	86
Ambulance	-	-	1,919	2,165	1,919	2,165
<b>Total Expenses</b>	<b>56,302</b>	<b>58,009</b>	<b>34,936</b>	<b>35,188</b>	<b>91,238</b>	<b>93,197</b>
Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items and transfers	13,769	20,434	14,072	14,045	27,841	34,479
Fund Transfers	(4,520)	(20,937)	4,520	20,937	-	-
<b>Change in Net Assets</b>	<b>9,249</b>	<b>(503)</b>	<b>18,592</b>	<b>34,982</b>	<b>27,841</b>	<b>34,479</b>
Net Assets-Beginning	232,856	242,105	189,652	208,244	422,508	450,349
Prior Period Adjustment	-	(6,391)	-	(208)	-	(6,599)
<b>NET ASSETS – ENDING</b>	<b>\$ 242,105</b>	<b>\$ 235,211</b>	<b>\$ 208,244</b>	<b>\$ 243,018</b>	<b>450,349</b>	<b>\$ 478,229</b>

## ***Financial Analysis of the Government's funds.***

**Governmental Funds.** The focus of the City of Rapid City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Rapid City's financing requirements. In particular, unreserved fund balance may serve as 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 \$85,940,788. Approximately 45% of this total amount (\$38,623,162) constitutes unreserved 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 1) to pay debt service (\$40,563,898), 2) for inventories (\$367,520), 3) for advances to other funds (\$3,667,846), 4) notes receivable (\$2,707,330) and 5) business improvement district (\$11,032).

The General Fund balance decreased by \$812,927 in 2007, which was due to an increase in expenditures for various departments. The 2012 Sales Tax Fund balance decreased \$3,065,579 due to payment for projects as approved in the 2012 plan and payment of arbitrage. The Consolidated Construction Fund balance increased \$1,350,622 due to receipt of bond proceeds. The Utility Facilities Fund balance decreased by \$2,352,189 due to payment for projects as approved in the Utility Facilities plan. The Tax Increment Fund balance decreased by \$3,989,463 due to transfers of borrowed money to the enterprise funds for various infrastructure projects and the purchase of infrastructure assets from developers.

**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 assets in the respective proprietary funds are water - \$5,082,997, wastewater - \$3,690,746, airport - \$4,062,174, waste recycling - \$3,169,925, civic center - \$960,483, waste collection - (\$236,286), waste disposal - \$5,259,147, executive golf - \$6,045, cemetery - \$54,058, golf - (\$97,860), parking lot - \$1,344,523, energy plant - (\$157,718) ambulance - \$1,825,076 and transportation terminal - \$79,592. Ten funds had increases in net assets in 2007 and those increases are as follows: water - \$12,596,751, wastewater - \$5,162,450, airport - \$3,787,617, waste recycling - \$128,578, civic center - \$9,260,086, waste disposal - \$2,642,377, executive golf - \$61,076, cemetery - \$8,760, parking - \$105,755, ambulance \$448,657. Four funds had decreases in net assets. These decreases are as follows: waste collection - (\$15,414), golf - (\$97,012); energy plant - (\$68,431), and transportation terminal (\$13,799).

## ***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 2007 the City of Rapid City spent \$472,982 less than the budgeted amount in the General Fund Highways & Streets. This is due primarily to being understaffed, not having or completing as many repairs and improvements as was anticipated and not purchasing as much supplies and equipment as was anticipated. Also in 2007 the City of Rapid City spent \$679,732 less than the budgeted amount in the General Fund Police. This is also primarily due to not being fully staffed throughout the year.

## Capital Asset and Debt Administration

**Capital Assets.** The City of Rapid City's investment in capital assets for its governmental and business type activities as of December 31, 2007 amounts to \$361,929,097 (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: expansion of the Dahl; expansion of the Rushmore Plaza Civic Center; completion of the burn building; the completion of the reconstruction of Kansas City St; replacement of ten police vehicles; purchase of playground equipment at Scott Mallow Park and College Park; the remodeling of the Police Evidence, Training & Transportation (PETT) building; the purchases of four buses and two trolleys for the transportation system; the partial construction of the Red Rocks Reservoir, the Canyon Lake Dr water main and Stoney Creek Booster Station; the purchase of Pactola Reservoir water rights.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2007	2006	2007	2006	2007
Land and land improvements	\$ 41,418	\$ 39,489	\$ 15,121	\$ 15,116	\$ 56,539	\$ 54,605
Buildings	56,920	59,822	104,645	105,128	161,565	164,950
Improvements	166,257	181,585	185,041	198,293	351,298	379,878
Machinery and autos	14,831	16,692	14,430	14,883	29,261	31,575
Furniture and equipment	5,767	5,685	2,666	2,673	8,433	8,358
Construction in Progress	5,695	7,477	5,653	23,359	11,348	30,836
<b>Total</b>	<b>290,888</b>	<b>310,750</b>	<b>327,556</b>	<b>359,452</b>	<b>618,444</b>	<b>670,202</b>
Less accumulated depreciation	(87,856)	(97,558)	(114,904)	(121,114)	(202,760)	(218,672)
<b>Total capital assets being depreciated</b>	<b>\$ 203,032</b>	<b>\$ 213,192</b>	<b>\$ 212,652</b>	<b>\$ 238,338</b>	<b>\$ 415,684</b>	<b>\$ 451,530</b>

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2007	2006	2007	2006	2007
Revenue Bonds	\$ 57,252	\$ 57,788	\$ 9,624	\$ 8,282	\$ 66,876	\$ 66,070
Unamortized Premium	1,710	1,969	(316)	(285)	1,394	1,684
Revolving Loan	-	486	13,227	12,362	13,227	12,848
Landfill Closure	-	-	1,058	1,163	1,058	1,163
Tax Increment Financing	6,820	7,202	-	-	6,820	7,202
Lease/Purchase	341	231	2,130	1,341	2,471	1,572
Compensated Absences	2,009	2,051	632	589	2,641	2,640
<b>Total</b>	<b>\$ 68,132</b>	<b>\$ 69,727</b>	<b>\$ 26,355</b>	<b>\$ 23,452</b>	<b>\$ 94,487</b>	<b>\$ 93,179</b>

**Long-term debt.**

Government activities:	\$69,727,609
Business-type activities	<u>\$23,451,955</u>
	\$93,179,564
 Current portion	 \$11,681,018

The City of Rapid City maintains an Aaa 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 \$994,060,121. \$80,743,431 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 4 to the Financial Statements.

**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 ASSETS  
DECEMBER 31, 2007**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
<b>ASSETS:</b>				
Cash & Cash Equivalents	\$ 19,774,315	\$ 11,752,080	\$ 31,526,395	\$ 111,400
Investments	26,300,833	12,313,082	38,613,915	-
Accounts Receivable, Net	12,906,839	6,960,393	19,867,231	32,898
Internal Balances (see Note 5)	688,035	(688,035)	-	-
Other Assets	367,520	98,368	465,888	176,641
Deferred Charges	651,578	-	651,578	-
Restricted Assets:				
Cash with Fiscal Agent	39,945,768	1,099,005	41,044,773	-
Restricted Cash	-	1,162,412	1,162,412	211,115
Capital Assets:				
Land and Construction	-	-	-	-
in Progress (see Note 2)	46,966,747	38,474,622	85,441,369	-
Other Capital Assets,				
Net of Depreciation (see Note 2)	166,225,302	199,863,185	366,088,487	68,673
<b>TOTAL ASSETS</b>	<b>\$ 313,826,936</b>	<b>\$ 271,035,110</b>	<b>\$ 584,862,047</b>	<b>\$ 600,727</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 7,725,309	\$ 3,554,223	\$ 11,279,532	\$ 16,574
Other Current Liabilities	1,162,886	1,011,076	2,173,962	17,408
Noncurrent Liabilities:				
Due Within One Year	8,986,474	2,694,544	11,681,018	-
Due in More Than One Year	60,741,135	20,757,411	81,498,546	-
<b>TOTAL LIABILITIES</b>	<b>78,615,804</b>	<b>28,017,254</b>	<b>106,633,058</b>	<b>33,982</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets Net of Related Debt	145,291,732	216,637,365	361,929,097	68,673
Restricted for:				
Debt Service	39,945,768	1,099,005	41,044,773	-
Cemetery Trust Fund	23,572	-	23,572	92,409
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-
Other Purposes - TID Debt Service	618,130	-	618,130	-
Other Purposes - Business Improvement District	11,032	-	11,032	-
Unrestricted	49,270,899	25,281,486	74,552,385	405,663
<b>TOTAL NET ASSETS</b>	<b>235,211,132</b>	<b>243,017,856</b>	<b>478,228,988</b>	<b>566,745</b>
<b>TOTAL LIABILITIES AND NET ASSETS:</b>	<b>\$ 313,826,936</b>	<b>\$ 271,035,110</b>	<b>\$ 584,862,047</b>	<b>\$ 600,727</b>

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

**CITY OF RAPID CITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	----- Program Revenues -----				Net (Expense) Revenue and ----- Changes in Net Assets -----			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Functions/Programs</b>								
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government	\$ 2,882,804	\$ 2,229,739	\$ -	\$ -	\$ (653,065)	\$ -	\$ (653,065)	\$ -
Public Safety	19,622,564	950,463	322,842	-	(18,349,259)	-	(18,349,259)	-
Public Works	14,223,924	794,555	-	4,392,383	(9,036,987)	-	(9,036,987)	-
Health and Welfare	2,525,810	285,404	759,806	1,758,070	277,470	-	277,470	-
Culture, Recreation	9,154,160	1,467,547	95,751	-	(7,590,861)	-	(7,590,861)	87,541
Conservation and Development	4,690,156	1,888,132	765,937	-	(2,036,087)	-	(2,036,087)	-
Interest on Long Term Debt	3,125,543	-	-	-	(3,125,543)	-	(3,125,543)	-
Miscellaneous Expenditures:	1,783,573	80,239	-	-	(1,703,334)	-	(1,703,334)	-
<b>Total Governmental Activities</b>	<b>58,008,532</b>	<b>7,696,079</b>	<b>1,944,336</b>	<b>6,150,453</b>	<b>(42,217,665)</b>	<b>-</b>	<b>(42,217,665)</b>	<b>87,541</b>
<b>Business-Type Activities</b>								
Water	7,337,365	10,996,410	-	1,301,388	-	4,960,432	4,960,432	-
Water Reclamation	6,712,680	8,023,176	-	1,013,832	-	2,324,328	2,324,328	-
Airport	5,112,561	4,288,879	-	4,321,455	-	3,497,773	3,497,773	-
Solid Waste Disposal	615,860	2,989,536	-	-	-	2,373,675	2,373,675	-
Solid Waste MRF/Compost	2,565,322	2,110,224	-	-	-	(455,098)	(455,098)	-
Civic Center	6,598,565	3,174,853	-	-	-	(3,423,713)	(3,423,713)	-
Solid Waste Collection	1,947,929	1,944,670	-	-	-	(3,259)	(3,259)	-
Executive Golf Course	229,342	137,418	-	-	-	(91,924)	(91,924)	-
Cemetery	251,580	149,899	-	-	-	(101,681)	(101,681)	-
Golf Course	795,172	793,205	-	-	-	(1,968)	(1,968)	-
Parking Lot & Area	468,009	520,044	-	-	-	52,035	52,035	-
Energy Plant	301,859	260,995	-	-	-	(40,864)	(40,864)	-
Ambulance	2,165,208	2,603,158	-	-	-	437,950	437,950	-
Transportation Terminal	86,237	28,111	-	-	-	(58,125)	(58,125)	-
<b>Total Business-type Activities</b>	<b>35,187,690</b>	<b>38,020,577</b>	<b>-</b>	<b>6,636,675</b>	<b>-</b>	<b>9,469,562</b>	<b>9,469,562</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 93,196,222</b>	<b>\$ 45,716,656</b>	<b>\$ 1,944,336</b>	<b>\$ 12,787,127</b>	<b>\$ (42,217,665)</b>	<b>\$ 9,469,562</b>	<b>\$ (32,748,103)</b>	<b>\$ 87,541</b>
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property Taxes					15,094,006	-	15,094,006	-
Sales Taxes					40,802,422	-	40,802,422	-
Gross Receipts Tax					-	2,797,145	2,797,145	-
Other Taxes					266,596	227,308	493,904	-
State Shared Revenue					1,147,108	-	1,147,108	-
County Shared Revenue					284,357	-	284,357	-
Grants and Contributions Not Restricted to Specific Programs					85,546	-	85,546	-
Unrestricted Investment Earnings					4,770,186	1,139,904	5,910,090	-
Miscellaneous Revenue					196,169	-	196,169	-
Gain on disposal of Capital Assets					5,348	411,449	416,797	-
Transfers					(20,937,446)	20,937,446	0	-
<b>Total General Revenue and Transfers</b>					<b>41,714,292</b>	<b>25,513,252</b>	<b>67,227,544</b>	<b>-</b>
<b>Change in Net Assets</b>					<b>(503,373)</b>	<b>34,982,814</b>	<b>34,479,441</b>	<b>87,541</b>
<b>Net Assets, Beginning</b>					<b>242,105,301</b>	<b>208,243,614</b>	<b>450,348,915</b>	<b>479,204</b>
<b>Prior Period Adjustment</b>					<b>(6,390,796)</b>	<b>(208,572)</b>	<b>(6,599,368)</b>	<b>-</b>
<b>Net Assets, Beginning - Restated</b>					<b>235,714,505</b>	<b>208,035,042</b>	<b>443,749,547</b>	<b>479,204</b>
<b>Net Assets, Ending</b>					<b>\$ 235,211,132</b>	<b>\$ 243,017,856</b>	<b>\$ 478,228,988</b>	<b>\$ 566,745</b>

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



**CITY OF RAPID CITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	General Fund	2012 Sales Tax Fund	Consolidated Construction Fund	Utility Facilities Fund	Tax Increment Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
101 Cash and Cash Equivalents	\$ 2,959,741	\$ 2,626,486	\$ 5,804,033	\$ 2,011,585	\$ 872,942	\$ 338,701	\$ 14,613,488
102 Restricted Cash	-	-	-	-	-	5,923	5,923
106 Cash with Fiscal Agent, Restricted	-	26,488,784	4,199,164	9,257,819	-	-	39,945,768
151 Investments	10,325,471	6,500,393	6,766,184	1,117,390	-	47,366	24,756,803
110 Property Taxes Receivable--Delinquent	252,593	-	-	-	125,148	-	377,741
110 Sales Tax Receivable	2,696,941	1,348,471	1,348,471	466,947	-	-	5,860,829
115 Accounts Receivable	45,100	141,738	325,860	-	22,541	66,572	601,813
116 Estimated Uncollectable Accounts Receivable	-	-	(29,100)	-	-	-	(29,100)
121 Special Assessments Receivable--Current	24,364	-	-	-	-	2,364	26,728
122 Special Assessments Receivable--Delinquent	146,658	-	-	-	-	13,152	159,809
123 Special Assessments Receivable--Deferred	386,697	-	-	-	-	48,295	434,992
128 Notes Receivable	-	-	2,707,330	-	-	-	2,707,330
131 Due from Other Funds (see Note 5)	1,030,958	21,072	423,156	-	-	-	1,475,186
133 Advance to Other Funds (see Note 5)	317,724	125,912	978,211	2,246,000	-	-	3,667,846
132 Due from Other Governments (see Note 6)	530,161	546,316	18,088	-	-	5,219	1,099,784
135 Interest Receivable	(0)	1,343,353	30,710	49,385	(1)	-	1,423,446
144 Inventory	367,520	-	-	-	-	-	367,520
<b>TOTAL ASSETS</b>	<b>19,083,928</b>	<b>39,142,524</b>	<b>22,572,105</b>	<b>15,149,126</b>	<b>1,020,630</b>	<b>527,593</b>	<b>97,495,906</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<i>Liabilities:</i>							
201 Claims Payable	1,109,405	3,434,277	348,894	-	609,761	190,887	5,693,225
2xx Wages Payable	481,985	-	-	-	-	6,562	488,547
208 Due to Other Funds (see Note 5)	-	-	-	-	1,175,441	-	1,175,441
215 Accrued Interest Payable	-	224,785	-	222,586	-	-	447,371
209 Advance from Other Funds (see Note 5)	-	-	-	-	3,040,972	-	3,040,972
224 Deferred Revenue	593,222	-	-	-	54,277	62,063	709,562
<b>Total Liabilities</b>	<b>2,184,611</b>	<b>3,659,062</b>	<b>348,894</b>	<b>222,586</b>	<b>4,880,451</b>	<b>259,513</b>	<b>11,555,117</b>
<i>Fund Balances:</i>							
261 Reserved For:							
261.02 Inventories	367,520	-	-	-	-	-	367,520
261.03 Advance to Other Funds	317,724	125,912	978,211	2,246,000	-	-	3,667,846
261.04 Debt Service	-	26,488,784	4,199,164	9,257,819	-	-	39,945,768
261.16 Notes Receivable	-	-	2,707,330	-	-	-	2,707,330
261.16 TIDS - Debt Service	-	-	-	-	618,130	-	618,130
261.16 Business Improvement District	-	-	-	-	-	11,032	11,032
262 Unreserved Fund Balances:							
262.01 Designated for Next Year's Appropriation:	4,369,381	19,808,229	-	-	-	-	24,177,610
262.04 Designated for Capital Replacements:	-	-	14,338,507	3,422,720	-	-	17,761,227
Special Revenue Funds	-	-	-	-	-	-	-
262.09 Undesignated	11,844,692	(10,939,463)	-	-	(4,477,951)	-	(3,572,722)
Undesignated, Reported in nonmajor:							
Special Revenue Funds	-	-	-	-	-	183,476	183,476
Permanent Fund	-	-	-	-	-	73,572	73,572
<b>Total Fund Balances</b>	<b>16,899,317</b>	<b>35,483,462</b>	<b>22,223,211</b>	<b>14,926,540</b>	<b>(3,859,821)</b>	<b>268,080</b>	<b>85,940,788</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,083,928</b>	<b>\$ 39,142,524</b>	<b>\$ 22,572,105</b>	<b>\$ 15,149,126</b>	<b>\$ 1,020,630</b>	<b>\$ 527,593</b>	<b>\$ 97,495,906</b>

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

**CITY OF RAPID CITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

Total Fund Balances - Governmental Funds \$ 85,940,788

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 213,192,046

Long term liabilities, including bonds payable are not due and  
payable in the current period and therefore not reported in the  
funds. (69,727,609)

Accrued interest on long-term debt is not due and payable in the current period  
and therefore is not reported in the funds. (226,968)

Debt issuance costs are recorded as expenditures in the funds but are deferred  
and amortized over the term of the related debt in the statement of net assets. 651,578

Property Taxes (delinquent) and special assessments (current, delinquent and  
deferred) are not available to pay for current period expenditures and  
therefore are deferred revenue in the funds. This amount is net of the amount  
of pledged property tax revenues that are recognized as expenses upon  
recognizing the related revenue. 655,286

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 assets. 4,726,011

Total Net Assets - Governmental Activities \$ 235,211,132

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

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**CITY OF RAPID CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	General Fund	2012 Sales Tax Fund	Consolidated Construction Fund	Utility Facilities Fund	Tax Increment Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
310 Taxes:							
311 General Property Taxes	\$ 11,201,449				\$ 2,548,810	\$ -	\$ 13,750,259
313 General Sales and Use Taxes	18,776,246	9,388,122	9,388,123	3,249,931		-	40,802,422
314 Gross Receipts Business Taxes	568,562					1,156,591	1,725,153
320 Licenses and Permits	2,362,252					-	2,362,252
330 Intergovernmental Revenue:							
331 Federal Grants	1,866,285	1,293,270				486,926	3,646,481
334 State Grants	55,925					-	55,925
335 State Shared Revenue:							
335.01 Bank Franchise Tax	93,951					-	93,951
335.03 Liquor Tax Reversion	417,190					-	417,190
335.04 Motor Vehicle Licenses (5%)	40,735					-	40,735
335.06 Fire Insurance Reversion	164,306					-	164,306
335.08 Local Government Highway and Bridge Fund	426,515					-	426,515
336 State Payments in Lieu of Taxes	4,410					-	4,410
338 County Shared Revenue:							
338.01 County Road Tax (25%)	284,357					-	284,357
340 Charges for Goods and Services:							
341 General Government	242,333	1,345,645	285,337			37,741	1,911,057
342 Public Safety	787,590					1,280	788,870
343 Public Works	173,642		534,870			-	708,512
345 Health & Welfare	276,954					-	276,954
346 Culture and Recreation	1,357,123					-	1,357,123
348 Cemetery	-					4,469	4,469
349 Conservation & Development	-					80,239	80,239
350 Fines and Forfeits:							
351 Court Fines and Costs	96,178					-	96,178
354 Library	-					110,425	110,425
360 Miscellaneous Revenue:							
361 Interest Earnings	990,924	2,501,386	655,122	589,289	54,432	6,785	4,797,938
362 Rentals	132,562					-	132,562
363 Special Assessments	488,126		16,467			10,300	514,892
367 Contributions and Donations	41,365		-			44,182	85,546
369 Other	38,157	25,451	-			-	63,608
<b>Total Revenue</b>	<b>40,887,137</b>	<b>14,553,874</b>	<b>10,879,919</b>	<b>3,839,220</b>	<b>2,603,242</b>	<b>1,938,937</b>	<b>74,702,329</b>
<b>Expenditures:</b>							
410 General Government:							
412 Executive-Mayor & Council	554,603	-	-	-	-	-	554,603
414 Financial - Community Resources	27,840	-	-	-	-	-	27,840
414 Financial - Finance	842,935	-	-	-	-	-	842,935
414 Financial - Attorney	109,936	-	-	-	-	-	109,936
414 Financial - Personnel	229,409	-	-	-	-	-	229,409
419 Other - Government Buildings	708,393	-	246,232	-	-	-	954,625
420 Public Safety:							
421 Police	11,590,744	-	-	-	-	51,710	11,642,454
422 Fire	7,548,976	-	-	-	-	-	7,548,976
429 Other Protection-Corrections	78,881	-	-	-	-	-	78,881
429 Other Protection-Code Enforcement	181,716	-	-	-	-	-	181,716
429 Other Protection-ACE	56,543	-	-	-	-	-	56,543
429 Other Protection-Emergency Mgt	82,269	-	-	-	-	-	82,269

**CITY OF RAPID CITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	General Fund	2012 Sales Tax Fund	Consolidated Construction Fund	Utility Facilities Fund	Tax Increment Fund	Other Governmental Funds	Total Governmental Funds
430 Public Works:							
431 Highways and Streets	6,573,400	1,429,205	6,080,037	-	-	-	14,082,642
43x Administration	61,929	241,344	864,984	-	-	-	1,168,257
440 Health and Welfare:							
441 Health	364,905	-	-	-	-	-	364,905
444 Humane Society	225,077	-	-	-	-	-	225,077
449 Other - Public Transit	2,163,820	-	-	-	-	-	2,163,820
449 Other - Air Quality	73,250	-	-	-	-	-	73,250
450 Culture and Recreation:							
451 Recreation	346,044	4,779,633	-	-	-	-	5,125,676
451 Swimming Pools	1,448,368	-	-	-	-	-	1,448,368
451 Ice Arena	564,525	-	-	-	-	-	564,525
452 Parks	2,125,124	647,253	206,998	-	-	-	2,979,375
455 Libraries	2,790,292	-	-	-	-	57,971	2,848,263
457 Historical Preservation	8,404	-	-	-	-	-	8,404
459 Other - Parks & Rec Administration	195,499	-	-	-	-	-	195,499
459 Other - Retired Senior (RSVP)	-	-	-	-	-	105,910	105,910
459 Other - Cemetery	-	-	-	-	-	195	195
459 Other - Subsidies	199,910	-	-	-	-	-	199,910
460 Conservation and Development:							
465 Economic Development	395,000	1,068,982	-	-	-	-	1,463,982
465 Community Development	2,358,648	-	-	-	-	531,682	2,890,331
465 Transportation Planning	327,114	-	-	-	-	-	327,114
465 GIS Information System	(123,713)	-	-	-	-	-	(123,713)
470 Debt Service	125,723	6,600,185	1,724,161	1,851,408	1,838,772	-	12,140,249
485 Capital Outlay	88,700	-	120,936	-	1,984,840	-	2,194,477
490 Miscellaneous:							
492 Other Expenditures	-	377,214	-	-	90,756	1,315,603	1,783,573
Total Expenditures	42,324,265	15,143,815	9,243,349	1,851,408	3,914,368	2,063,071	74,540,276
Excess of Revenue Over (Under) Expenditures	(1,437,128)	(589,941)	1,636,570	1,987,811	(1,311,125)	(124,134)	162,053
Other Financing Sources (Uses):							
391.01 Transfers In (see Note 5)	1,093,461	-	5,683	-	-	7,500	1,106,644
511 Transfers Out (see Note 5)	(554,700)	(10,924,594)	(291,631)	(4,340,000)	(5,149,123)	(46,198)	(21,306,247)
391.02 Long-term debt issued	-	8,055,000	-	-	2,470,786	-	10,525,786
Premium on LT Debt Issued	-	393,806	-	-	-	-	393,806
391.03 Sale of Municipal Property	85,440	150	-	-	-	-	85,590
Total Other Financing Sources (Uses)	624,201	(2,475,638)	(285,948)	(4,340,000)	(2,678,337)	(38,698)	(9,194,421)
Net Change in Fund Balances	(812,927)	(3,065,579)	1,350,622	(2,352,189)	(3,989,463)	(162,832)	(9,032,368)
Fund Balance - Beginning	17,712,245	38,773,826	20,872,590	17,336,042	39,732	430,911	95,165,346
Prior Period Adjustment	-	(224,785)	-	(57,314)	89,910	-	(192,189)
Restated Fund Balance - Beginning	17,712,245	38,549,041	20,872,590	17,278,728	129,642	430,911	94,973,157
<b>FUND BALANCE- ENDING</b>	<b>\$ 16,899,317</b>	<b>\$ 35,483,462</b>	<b>\$ 22,223,211</b>	<b>\$ 14,926,540</b>	<b>\$ (3,859,821)</b>	<b>\$ 268,080</b>	<b>\$ 85,940,789</b>

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

**CITY OF RAPID CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

Net change in fund balances - total government funds	\$ (9,032,368)
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	5,921,805
Assets Contributed by Development.	4,473,736
Repayment of bond and other long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net assets (net of premium).	9,365,991
Debt proceeds, including premiums are a revenue in the governmental funds but the proceeds increase long-term liabilities in the statement of net assets.	(10,919,592)
Debt issuance costs are deferred in the government-wide statements and amortized over the term of the related debt:	
Debt issuance costs	112,537
Amortization of Debt issue costs	(101,986)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds. This amount represents the change in accrued interest during the current period.	(6,744)
In the Statement of Activities, the gains & 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.	(80,242)
In the Statement of Activities, the gains & 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 - Donated for Econ Dev.	(155,517)
Governmental funds report property taxes and special assessments as revenue when funds become available, but the statement of activities includes the property tax and special assessments as revenue when earned. (Net of expenses recognized as pledged revenues)	(683,980)
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.	(41,388)
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.	644,375
Change in Net Assets of Governmental Activities	\$ (503,373)

The notes to financial statements are an integral part of this statement, 17

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**CITY OF RAPID CITY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2007**

	<i>Enterprise Funds</i>			
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>	<b>Solid Waste MRF/Compost Fund</b>
<b>ASSETS:</b>				
<b>Current Assets:</b>				
101 Cash and Cash Equivalents	\$ 2,741,910	\$ 1,587,271	\$ 2,093,458	\$ 1,091,076
106 Cash with Fiscal Agent, Restricted	589,412		79	328,216
107 Restricted Cash	-			
151 Investments	3,362,030	2,290,092		2,112,958
115 Accounts Receivable	518,956	682,458	875,794	133,061
116 Estimated Uncollectable Accounts Receivable	(37,529)	(3,313)		(797)
117 Unbilled Accounts Receivable	296,136			
110 Sales Tax Receivable	-	-	-	-
131 Due from Other Funds		-	-	28,322
132 Due from Other Government (see Note 6)	20,087	20,087	2,336,956	5,206
135 Interest Receivable	2,577	0	0	825
142 Inventory of Stores Purchased for Resale	20,064	19,105		
155 Prepaid Expense	-	-	-	-
<b>Total Current Assets</b>	<b>7,513,643</b>	<b>4,595,698</b>	<b>5,306,287</b>	<b>3,698,867</b>
<b>Noncurrent Assets:</b>				
133 Advance to Other Funds	-	-	-	29,313
<b>Capital Assets:</b>				
160 Land	5,092,697	684,111	1,084,000	542,868
162 Buildings	11,730,527	25,055,300	16,362,465	12,805,431
164 Improvements Other than Bldg	80,334,278	49,706,960	53,624,792	4,269,154
164 Furniture & Equipment	408,703	445,720	790,196	57,853
166 Machinery and Equipment	962,256	1,472,004	4,424,452	940,645
168 Construction Work in Progress	6,648,319	2,099,775	2,022,324	
Less: Accumulated Depreciation	(33,774,346)	(22,692,976)	(33,285,692)	(5,005,098)
<b>Total Noncurrent Assets</b>	<b>71,402,435</b>	<b>56,770,895</b>	<b>45,022,539</b>	<b>13,640,166</b>
<b>TOTAL ASSETS</b>	<b>\$ 78,916,078</b>	<b>\$ 61,366,593</b>	<b>\$ 50,328,825</b>	<b>\$ 17,339,032</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
202 Accounts Payable	\$ 1,067,364	\$ 638,910	\$ 1,128,505	\$ 170,623
208 Due to Other Funds (see Note 5)			-	
215 Accrued Interest Payable		115,784		
220 Customer Deposits	569,953			
2xx Wages Payable	61,696	51,634	40,227	31,662
226 Bonds Payable Current:	535,521	859,825	125,000	604,800
226 Capital Lease Payable Current (see Note 4)	-	-	36,895	-
230 Compensated Absences Payable -- Current	15,000	5,000	6,500	5,000
<b>Total Current Liabilities</b>	<b>2,249,534</b>	<b>1,671,153</b>	<b>1,337,126</b>	<b>812,085</b>
<b>Noncurrent Liabilities:</b>				
209 Advance from Other Funds (see Note 5)	-	-	-	-
231 Bonds Payable:	555,521	11,269,634	855,000	4,066,500
231 Capital Lease Payable	-	-	637,596	-
233 Accrued Leave Payable (see Note 4)	127,220	93,625	68,802	22,755
235 Accrued Landfill Closure and Postclosure	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>682,741</b>	<b>11,363,259</b>	<b>1,561,398</b>	<b>4,089,255</b>
<b>NET ASSETS:</b>				
253.10 Invested in Capital Assets, Net of Related Debt	70,311,393	44,641,436	43,368,048	8,939,552
253.20 Restricted Net Assets, Restricted for:				
253.22 Revenue Bond Retirement	589,412	-	79	328,216
253.90 Unrestricted Net Assets	5,082,997	3,690,746	4,062,174	3,169,925
<b>Total Net Assets</b>	<b>75,983,802</b>	<b>48,332,182</b>	<b>47,430,301</b>	<b>12,437,693</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 78,916,078</b>	<b>\$ 61,366,593</b>	<b>\$ 50,328,825</b>	<b>\$ 17,339,032</b>

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



Civic Center Enterprise Fund	Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 720,016	\$ 3,518,349	\$ 11,752,080	\$ 5,154,905
-	181,299	1,099,005	-
-	1,162,412	1,162,412	-
623,357	3,924,645	12,313,082	1,544,030
57,941	4,745,360	7,013,569	243,468
-	(3,042,551)	(3,084,190)	-
-	-	296,136	-
345,739	-	345,739	-
-	66,679	95,002	-
-	3,370	2,385,706	-
(0)	31	3,434	-
59,199	-	98,368	-
-	-	-	-
1,806,252	10,559,594	33,480,341	6,942,404

-	37,935	67,248	-
1,091,682	6,620,228	15,115,587	-
33,275,737	5,898,831	105,128,292	-
5,406,429	4,951,475	198,293,088	-
907,424	62,659	2,672,555	-
336,160	6,747,431	14,882,949	-
12,588,616	-	23,359,035	-
(18,080,070)	(8,275,517)	(121,113,699)	-
35,525,979	16,043,042	238,405,055	-
\$ 37,332,231	\$ 26,602,636	\$ 271,885,396	\$ 6,942,404

\$ 173,997	\$ 374,824	\$ 3,554,223	\$ 1,977,807
234,125	160,622	394,747	-
-	-	115,784	-
-	-	569,953	-
68,364	71,756	325,339	-
-	226,537	2,351,682	-
1,167	266,299	304,361	-
-	7,000	38,500	-
477,653	1,107,038	7,654,589	1,977,807

246,418	447,705	694,123	-
-	1,260,861	18,007,517	-
1,225	398,060	1,036,881	-
122,865	115,335	550,602	-
-	1,162,412	1,162,412	-
370,508	3,384,373	21,451,535	-

35,523,587	13,853,349	216,637,365	-
-	181,299	1,099,005	-
960,483	8,076,576	25,042,902	4,964,597
36,484,069	22,111,225	242,779,272	4,964,597
\$ 37,332,231	\$ 26,602,636	\$ 271,885,396	\$ 6,942,404

**CITY OF RAPID CITY  
RECONCILIATION OF THE PROPRIETARY FUNDS NET ASSETS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

Total Net Assets - Enterprise Funds \$ 242,779,272

Amounts reported for governmental activities in the statement  
of net assets 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  
Assets are different because of the Enterprise Funds' participation  
in the activities conducted in the internal service fund

238,584

Total Net Assets - Business-type Activities

\$ 243,017,856

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

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**CITY OF RAPID CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2007**

	Water Fund	Wastewater Fund	Airport Fund	Enterprise Fund Solid Waste MRF/Compost Fund
<b>Operating Revenue:</b>				
380 Charges for Goods and Services	\$ -	\$ -	\$ 4,288,879	\$ 2,110,224
381 Revenues used as Security for Revenue Bonds	10,996,410	8,023,176		-
<b>Total Operating Revenues</b>	<b>10,996,410</b>	<b>8,023,176</b>	<b>4,288,879</b>	<b>2,110,224</b>
<b>Operating Expenses:</b>				
410 Personal Services	2,037,446	1,640,027	1,614,629	961,420
420 Other Current Expense	3,587,228	3,215,409	1,682,441	856,392
426.2 Materials (Cost of Goods Sold)	-	-	-	-
457 Depreciation (see Note 2)	1,695,245	1,332,915	1,728,669	434,653
<b>Total Operating Expenses</b>	<b>7,319,918</b>	<b>6,188,351</b>	<b>5,025,740</b>	<b>2,252,464</b>
<b>Operating Income (Loss)</b>	<b>3,676,491</b>	<b>1,834,825</b>	<b>(736,861)</b>	<b>(142,240)</b>
<b>Nonoperating Revenue (Expense):</b>				
361 Investment Earnings	270,177	132,551	81,550	187,637
470 Interest Expense and Fiscal Charges	(59,992)	(559,124)	(120,712)	(333,188)
366 Gain (Loss) on Disposition of Capital Assets	1,036	18,362	(869)	401,428
369.01 Other Taxes	-	-	227,308	-
369.01 Gross Receipts Tax	-	-	-	-
369.01 Other	-	-	-	-
<b>Total Nonoperating Revenue (Expense)</b>	<b>211,221</b>	<b>(408,211)</b>	<b>187,277</b>	<b>255,876</b>
<b>Income (Loss) Before Capital Grants and Transfers</b>	<b>3,887,713</b>	<b>1,426,614</b>	<b>(549,585)</b>	<b>113,636</b>
330 Capital Grants	82,648	82,648	4,138,289	-
391.7 Contributions from Developers/Others	1,218,740	931,184	183,166	-
391.1 Transfers In (see Note 5)	7,631,525	3,595,843	3,220,675	77,338
511 Transfers Out (see Note 5)	(223,875)	(137,057)	(3,204,928)	(62,397)
<b>Net Capital Grants, Contributions and Transfers</b>	<b>8,709,038</b>	<b>4,472,618</b>	<b>4,337,202</b>	<b>14,941</b>
<b>Change in Net Assets</b>	<b>12,596,751</b>	<b>5,899,232</b>	<b>3,787,617</b>	<b>128,578</b>
<b>Net Assets - Beginning</b>	<b>63,387,051</b>	<b>42,641,522</b>	<b>43,642,684</b>	<b>12,309,115</b>
Prior Period Adjustment:		(208,572)		
<b>Net Assets - Beginning - Restated</b>	<b>63,387,051</b>	<b>42,432,950</b>	<b>43,642,684</b>	<b>12,309,115</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 75,983,802</b>	<b>\$ 48,332,182</b>	<b>\$ 47,430,301</b>	<b>\$ 12,437,693</b>

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

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	Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$	3,174,853	\$ 8,906,992	\$ 18,480,948	\$ 7,969,763
	-	520,044	19,539,629	-
	3,174,853	9,427,036	38,020,577	7,969,763
	2,754,025	3,620,293	12,627,840	-
	2,426,976	2,394,782	14,163,228	7,329,985
	495,636	22,799	518,435	-
	923,629	736,781	6,851,891	-
	6,600,266	6,774,655	34,161,394	7,329,985
	(3,425,413)	2,652,381	3,859,183	639,778
	58,994	408,998	1,139,906	243,181
	(37,081)	(154,784)	(1,264,880)	-
		(8,508)	411,449	-
		-	227,308	-
	2,797,145	-	2,797,145	-
	-	-	-	-
	2,819,059	245,706	3,310,928	243,181
	(606,354)	2,898,087	7,170,111	882,959
	-	-	4,303,584	-
	-	-	2,333,091	-
	9,999,594	443,619	24,968,595	300,000
	(133,154)	(269,738)	(4,031,148)	(300,000)
	9,866,440	173,881	27,574,121	-
	9,260,086	3,071,968	34,744,232	882,959
	27,223,983	19,039,258	208,243,613	3,880,786
			(208,572)	200,851
	27,223,983	19,039,258	208,035,041	4,081,637
\$	36,484,069	\$ 22,111,226	\$ 242,779,273	\$ 4,964,596

**CITY OF RAPID CITY  
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN NET ASSETS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Net change in net assets - Enterprise funds	\$ 34,744,232
Amounts reported for governmental 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	238,582
Change in Net Assets of Governmental Activities	<u>\$ 34,982,814</u>

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

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**CITY OF RAPID CITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Enterprise Funds			
	Water Fund	Wastewater Fund	Airport Fund	Solid Waste MFR/Compost Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipt from Customers	\$ 10,771,463	\$ 7,749,078	\$ 4,217,117	\$ 2,102,892
Receipt from Interfund Services Provided	-	-	-	27,365
Payments to Suppliers	(2,862,622)	(3,043,887)	(2,468,565)	(728,791)
Payments to Employees	(2,031,157)	(1,590,267)	(1,620,047)	(940,995)
Internal Activity - Payment to Other Funds	-	-	(2,269,400)	-
Net Cash Provided (Used) by Operating Activities	<u>5,877,684</u>	<u>3,114,924</u>	<u>(2,140,896)</u>	<u>460,472</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating Subsidies	-	-	227,308	-
Transfers In	7,631,525	3,595,133	3,220,675	77,338
Transfer Out	(223,875)	(137,057)	(3,204,928)	(46,666)
Net Cash Provided (Used) by Operating Subsidies and Transfers	<u>7,407,650</u>	<u>3,458,076</u>	<u>243,055</u>	<u>30,673</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from Capital Debt	-	-	-	-
Capital Grants	82,648	82,648	6,541,109	-
Purchase of Capital Assets	(11,935,328)	(5,104,812)	(2,296,757)	(136,316)
Principal Paid on Capital Debt	(518,147)	(795,069)	(221,867)	(661,486)
Interest Paid on Capital Debt	(59,992)	(651,913)	(120,712)	(333,188)
Proceeds from Sale of Assets	4,550	22,715	140	401,428
Other Receipts (Payments)	-	-	-	-
Net Cash (Used) by capital and related financing Activities	<u>(12,426,270)</u>	<u>(6,446,431)</u>	<u>3,901,913</u>	<u>(729,562)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Earnings	279,940	139,186	86,059	194,595
Net (Increase) Decrease in Investments	(28,514)	(19,422)	-	(17,920)
Net (Increase) Decrease in Cash with Fiscal Agent	(362,674)	-	371	19,211
Net Cash Provided (Used) by Investing Activities	<u>(111,248)</u>	<u>119,764</u>	<u>86,430</u>	<u>195,885</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>747,817</u>	<u>246,332</u>	<u>2,090,502</u>	<u>(42,533)</u>
Balances - Beginning	1,994,092	1,340,939	2,956	1,133,609
Balances- Ending	<u>\$ 2,741,910</u>	<u>\$ 1,587,271</u>	<u>\$ 2,093,458</u>	<u>\$ 1,091,076</u>

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

Operating Income (Loss)	\$ 3,676,491	\$ 1,834,825	\$ (736,861)	\$ (142,240)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,695,245	1,332,915	1,728,669	434,653
Landfill Closure & Postclosure Costs	-	-	-	-
Change in Assets and Liabilities:				
Receivables	(253,480)	(274,098)	(71,762)	(7,332)
Inventories	15,989	1,128	-	-
Prepaid Expenses	87,644	-	-	-
Customer Deposits	28,533	-	-	-
Due to/from Other Funds	-	-	(2,269,400)	27,365
Accounts and Other Payables	620,973	170,394	(786,124)	127,601
Accrued Wages Payable	30,678	28,405	21,026	17,768
Accrued Leave Payable	(24,389)	21,355	(26,444)	2,657
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,877,684</u>	<u>\$ 3,114,924</u>	<u>\$ (2,140,896)</u>	<u>\$ 460,472</u>
Noncash Investing, Capital and Financing Activities:				
Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ -	\$ 710	\$ -	\$ -
Transfer/Contribution of Assets	\$ 1,218,740	\$ 931,184	\$ 183,166	\$ 15,731

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



Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
\$ 3,301,754	\$ 9,068,255	\$ 37,210,558	\$ -
-	5,386	32,751	7,927,146
(2,782,944)	(3,287,134)	(15,173,942)	(7,056,537)
(2,703,992)	(3,609,733)	(12,496,191)	-
(222,447)	(113,427)	(2,605,274)	-
(2,407,629)	2,063,347	6,967,901	870,609
2,728,435	-	2,955,743	-
75,000	427,888	15,027,560	300,000
(133,154)	(269,738)	(4,015,417)	(300,000)
2,670,282	158,150	13,967,886	-
-	-	-	-
-	-	6,706,404	-
(21,533)	(700,919)	(20,195,665)	-
(1,108)	(766,870)	(2,964,547)	-
(37,081)	(154,784)	(1,357,669)	-
-	17,479	446,312	-
-	-	-	-
(59,722)	(1,605,094)	(17,365,165)	-
61,205	425,731	1,186,716	252,999
(5,287)	(34,413)	(105,556)	(9,254)
-	2,618	(340,474)	-
55,918	393,937	740,686	243,744
258,849	1,010,340	4,311,307	1,114,353
461,167	3,670,421	8,603,184	4,040,552
\$ 720,016	\$ 4,680,760	\$ 12,914,491	\$ 5,154,905
\$ (3,425,413)	\$ 2,652,381	\$ 3,859,183	\$ 639,778
923,629	736,781	6,851,891	-
-	(1,050,829)	(1,050,829)	-
126,901	(358,781)	(838,552)	-
(12,000)	-	5,117	-
-	-	87,644	-
-	-	28,533	(42,617)
(222,447)	(108,041)	(2,572,523)	-
151,668	181,276	465,788	273,448
37,895	38,582	174,354	-
12,138	(28,022)	(42,705)	-
\$ (2,407,629)	\$ 2,063,347	\$ 6,967,901	\$ 870,609
\$ -	\$ -	\$ 710	\$ -
\$ 9,924,594	\$ 15,731	\$ 12,289,147	\$ -

**CITY OF RAPID CITY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007**

	<b>Agency Funds</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 466,576
Investments	513,114
<b>TOTAL ASSETS</b>	<u>\$ 979,690</u>
 <b>LIABILITIES:</b>	
Accounts Payable	\$ 86,144
Due to Other Organizations	893,546
<b>Total Liabilities</b>	<u>\$ 979,690</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. REPORTING ENTITY

The City of Rapid City (the City) has a Mayor-Council form of government. The voters of Rapid City at large elect the Mayor for two years on a full-time basis. The City is divided into five wards. Voters of each ward elect two City Council members for two years on a part-time basis. Executive power is vested in the Mayor; legislative power is vested in the Council. The Mayor has veto power, which the Council may supersede by a vote of seven members.

The funds included in this report are controlled by or dependent upon the municipality's governing board. The accounting policies of the City conform to accounting principles generally accepted in the United States of America, as applicable to governments.

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Rapid City
Discretely Presented Component Units:	Museum Alliance of Rapid City

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and includes the component unit of which the City appointed a voting majority of the unit's board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Accordingly, it is presented in a separate, discrete column in the financial statements.

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 component unit on the City's Statement of Net Assets and Statement of Activities. 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, BASIS OF ACCOUNTING

*Government-Wide Financial Statements:*

The Statement of Net Assets and the Statement of Activities display information about the primary government. They include all funds of the reporting entity except for fiduciary funds (agency funds). Eliminations have been made to minimize the double counting of internal activities. 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 rely to a significant extent on fees charged to external parties for goods or services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the municipality and for each function of the municipality'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 or services offered by the program, 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.

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

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (Continued)

*Fund Financial Statements:*

The fund financial statements provide information about the Municipality's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or 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 fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. Management has elected to classify the Tax Increment District Fund as major for consistency in reporting from year to year, or because of public interest in the fund's operation.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

*Permanent Fund*

The Cemetery Perpetual Care Fund accounts for assets held by the City pursuant to a trust agreement. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

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

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (Continued)

**Proprietary Funds**

*Enterprise Fund*

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Internal Service Funds* are used to account for financing of goods or services provided by one department or agency to other departments or agencies 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.

**Fiduciary Funds (Not included in government-wide statements)**

*Agency Funds*

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes three agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. 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.
Deposits held in Trust Fund	To account for deposit guarantees held for various individuals.

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

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (Continued)

**Major Funds:**

The City reports the following major governmental funds:

<u>Fund</u>	<u>Brief Description</u>
General	The General Fund is used to account for all activities except those legally or administratively required to be accounted for in other funds.
<i>Special Revenue Funds:</i>	
2012 Sales Tax 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 water and sewer plans.
Tax Increment District Fund	To account for property tax revenue received on the tax increment districts to finance debt service and capital construction related to infrastructure improvements made within the tax increment districts. This fund represents the aggregate of all TID funds even though separate funds are maintained internally.

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.
Solid Waste MRF/Compost Fund	Financed primarily by user charges, this fund accounts for the construction and operation of the municipal recycling and composting.
Civic Center	Financed primarily by user fees and third penny sales tax (SDCL 10-52), this fund accounts for the operation of the municipal civic center.

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

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (Continued)

**Measurement Focus and Basis of Accounting**

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

1. The government-wide Statement of Net Assets and Statement of Activities, as well as the proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of when the related cash flow takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Non-exchange transactions, in which the municipality gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

2. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers significant revenues in the governmental funds to be available if the revenues are collected within 60 days of year-end.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest and compensated absences which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition under capital lease are reported as other funding sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants where applicable, then by general revenues.

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

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (Continued)

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the fund financial statements, the proprietary and fiduciary financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The City follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principals generally accepted in the United States of America, for governmental entities. For the government-wide and proprietary fund statements, the City follows all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 unless those pronouncements conflict with GASB pronouncements.

C. ASSETS, LIABILITIES AND EQUITY

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

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



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

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

C. ASSETS, LIABILITIES AND EQUITY (Continued)

Investments - As of December 31, 2007, the City of Rapid City had the following investments:

Investment	Credit Rating	Total	Less than 1 Year	1-5 Years	5-10 Years	10 Years or More
US Treasury Bonds	N/A	279,663				279,663
US Treasury Notes	N/A	5,722,450	306,209	2,143,056	1,991,105	1,282,081
US Treasury Strips	N/A	386,067				386,067
<b>US Federal Agency Obligations:</b>						
GNMA (Ginnie Mae) Pool	AAA	652,308				652,308
GNMA Pass-through Pool	AAA	420,966				420,966
GNMA CMO	AAA	205,392				205,392
FNMA (Fannie Mae) Pool	AAA	10,130,716		350,056	2,558,726	7,221,934
FNMA Debenture	AAA	1,707,480				1,707,480
FNMA Notes	AAA	2,691,570		749,827	1,941,743	
FNMA Bond	AAA	508,905			508,905	
FNMA CMO	AAA	1,843,319			1,106,426	736,892
FHLMC (Freddie Mac) Pool	AAA	4,330,117			879,357	3,450,760
FHLMC Debentures	AAA	2,211,078				2,211,078
FHLMC Notes	AAA	1,897,024	248,165	267,578	781,654	599,628
FHLMC Pass-through	AAA	163,130		163,130		
FHLMC CMO	AAA	1,039,679			244,739	794,940
FHLB Bonds	AAA	1,259,328	397,953		861,375	
USDA	AAA	516,178				516,178
Small Business Admin Bonds	AAA	2,180,223		88,669	1,327,974	763,580
HUD	AAA	981,438	712,663	268,775		
<b>Total</b>		<b>39,127,029</b>	<b>1,664,989</b>	<b>4,031,090</b>	<b>12,202,005</b>	<b>21,228,945</b>

Presented in the:

Statement of Net Assets	38,613,915
Statement of Fiduciary Net Assets	513,114
	<u>39,127,029</u>

All investments with original maturities greater than 18 months at the time of purchase are redeemable at the City's option.

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

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

**Concentration of Credit Risk** – The City limits the maximum holding per issue to 10%.

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

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

C. ASSETS, LIABILITIES AND EQUITY (Continued)

**Custodial Credit Risk - Investments** – The City’s investment policy does not restrict the maximum holding per custodial account. All investments are held in the City’s name with Merrill Lynch (\$1,995,456.71), RBC Dain Rauscher (\$24,434,703.94), Edward Jones (\$9,357,617.37) and Wachovia (\$3,294,515.00) serving as custodians.

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.

For the purpose of the Statement of Net Assets, “cash, including time deposits” includes all demand, savings accounts and cash management pools of the City. For the purposes of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” includes all demand and savings accounts and cash management pools 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. All restricted investments are excluded. All components of investment income are included in interest income, including gains and losses.

**Interfund Eliminations and Reclassifications**

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

- a. In order to minimize the grossing-up effect on assets and liabilities within the government 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.
- b. In order to minimize the doubling-up effect on the internal services fund activity, certain “centralized expenses” including 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.

**Fund Financial Statements**

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 fund balance reserve account, 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 are eliminated in the Statement of Net Assets. See Note 5 for details of interfund transactions, including receivables and payables at year-end.

**Receivables**

Receivables 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 Receivables. 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 composed of amounts owed the municipality by municipal residents for water and sewer services rendered and interest income receivable.

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

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

C. ASSETS, LIABILITIES, AND EQUITY, (Continued)

Governmental Activities: Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the municipality's taxes and remits them to the municipality.

The municipality is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the municipality:

General Fund	\$27
Bond Redemption Funds	Amounts Required by Bond Agreements
Judgment Fund (Upon Judgment Being Made)	\$10

State statute allows the tax rates to be raised by special election of the voters.

**Restricted Assets**

Certain assets are classified as restricted on the Statement of Net Assets. These restrictions include those imposed by debt indenture covenants and State law regarding use of cemetery perpetual care funds.

**Capital Assets**

The City's policy is to capitalize furniture, equipment and machinery with an initial cost of \$5,000 and a life expectancy exceeding one year and buildings and improvements with an initial cost of \$15,000.

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, including roads and bridges 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 property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets that are recorded at their estimated fair value at the date of donation and capital assets donated by developers, which are recorded at estimated cost. Historical cost was used to value the majority of the assets.

Infrastructure assets used in general government operations acquired prior to January 1, 1980, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 1980 have been valued at historical cost and are classified as Improvements.

For governmental activities, capital asset interest costs incurred during construction of capital assets are not capitalized along with other capital asset costs in accordance with generally accepted accounting principles in the United States. For business-type activities, capital asset interest costs incurred during construction of capital assets are capitalized along with other capital assets costs in accordance with generally accepted accounting principles in the United States.

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

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

C. ASSETS, LIABILITIES, AND EQUITY, (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with the net capital assets reflected in the Statement of Net Assets. Accumulated depreciation is reported on the government-wide Statement of Net Assets and on each proprietary fund's Statement of Net Assets/Balance Sheet. 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 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.

*Fund Financial Statements*

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

Fixed assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

**Inventories**

Inventories in all funds are stated at cost, using the first-in, first-out method. Inventories consist of sand, salt and chemicals for snow removal, service connection repair materials and concession items. Inventories are recorded as expenditures when consumed, rather than when purchased.

**Compensated Absences**

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

**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 and compensated absences.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for proprietary funds is on the accrual basis, the same in the fund statements as it is in the government-wide statements.

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

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

C. ASSETS, LIABILITIES, AND EQUITY, (Continued)

**Equity Classifications**

*Government-Wide Statements*

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

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When restricted and unrestricted resources are available for use, it is the City’s policy to use restricted assets first, and then unrestricted assets as they are needed.

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**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, organization, 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.

**Deferred Revenue**

The Governmental Fund financial statements are under the modified accrual basis of accounting; therefore, receivables may be measurable but not available. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues, which include property tax and special assessment revenue, are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

**Proprietary Funds Revenue and Expense Classification**

In the proprietary funds Statement of Activities, 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.

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

NOTE 2. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 39,644,754	\$ -	\$ (155,517)	\$ 39,489,237
Construction in Progress	5,843,658	9,679,850	(8,045,998)	7,477,510
Total capital assets not being depreciated	45,488,412	9,679,850	(8,201,515)	46,966,747
Capital Assets being depreciated:				
Buildings	59,131,198	691,083	-	59,822,281
Improvements	165,359,826	16,224,899	-	181,584,725
Furniture and Equipment	5,542,511	143,099	-	5,685,610
Machinery and Vehicles	15,366,064	2,092,878	(768,307)	16,690,635
Total capital assets being depreciated	245,399,599	19,151,959	(768,307)	263,783,250
Less accumulated depreciation for:				
Buildings	(9,009,204)	(1,077,554)	-	(10,086,758)
Improvements	(66,061,189)	(7,722,501)	-	(73,783,690)
Furniture and Equipment	(4,060,177)	(217,038)	-	(4,277,215)
Machinery and Vehicles	(8,725,177)	(1,376,605)	691,496	(9,410,286)
Total accumulated depreciation	(87,855,747)	(10,393,698)	691,496	(97,557,948)
Total capital assets being depreciated, net	157,543,852	8,758,261	(76,811)	166,225,302
Governmental activities capital assets, net	<u>\$ 203,032,264</u>	<u>\$ 18,438,111</u>	<u>\$ (8,278,326)</u>	<u>\$ 213,192,049</u>

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

Total General Government	\$ 484,465
Total Public Safety	648,034
Total Health and Welfare	257,871
Total Public Works	7,785,634
Total Culture and Recreation	1,209,370
Total Community /Economic Development	<u>8,325</u>
Total Governmental depreciation expense	<u>\$ 10,393,698</u>

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

NOTE 2. CHANGES IN CAPITAL ASSETS (continued)

Capital asset activity in business-type funds for the fiscal year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 15,115,587			\$ 15,115,587
Construction in Progress	5,653,476	24,484,518	(6,778,959)	23,359,035
Total capital assets not being depreciated	<u>20,769,063</u>	<u>24,484,518</u>	<u>(6,778,959)</u>	<u>38,474,622</u>
Capital Assets being depreciated:				
Buildings	105,128,292			105,128,292
Improvements	184,562,211	13,730,877		198,293,088
Furniture and Equipment	2,666,248	6,307		2,672,555
Machinery and Vehicles	14,429,804	1,168,676	(715,530)	14,882,949
Total capital assets being depreciated	<u>306,786,555</u>	<u>14,905,860</u>	<u>(715,530)</u>	<u>320,976,884</u>
Less accumulated depreciation for:				
Buildings	(31,805,205)	(1,944,814)		(33,750,019)
Improvements	(71,207,565)	(4,029,519)		(75,237,084)
Furniture and Equipment	(1,437,332)	(111,703)		(1,549,035)
Machinery and Vehicles	(10,453,850)	(765,855)	642,144	(10,577,561)
Total accumulated depreciation	<u>(114,903,952)</u>	<u>(6,851,891)</u>	<u>642,144</u>	<u>(121,113,700)</u>
Total capital assets being depreciated, net	<u>191,882,602</u>	<u>8,053,969</u>	<u>(73,386)</u>	<u>199,863,185</u>
Business-type activities capital assets, net	<u>\$212,651,665</u>	<u>\$ 32,538,486</u>	<u>\$ (6,852,346)</u>	<u>\$238,337,807</u>

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

Total Water Enterprise	\$ 1,695,245
Total Wastewater Enterprise	1,332,915
Total Airport Enterprise	1,728,669
Total Solid Waste Disposal Enterprise	182,474
Total Solid Waste/MRF Enterprise	434,653
Total Civic Center Enterprise	923,629
Total Solid Waste Collection Enterprise	196,284
Total Executive Golf Enterprise	23,744
Total Cemetery Enterprise	38,019
Total Golf Course Enterprise	70,989
Total Parking Lot Area Enterprise	40,648
Total Ambulance Enterprise	151,426
Total Energy Plant Enterprise	16,680
Total Transportation Terminal Enterprise	<u>16,517</u>
Total Enterprise depreciation expense	<u>\$ 6,851,891</u>

NOTE 3. CONSTRUCTION COMMITMENTS

Construction commitments as of December 31, 2007 were approximately \$29 million including \$2.1 million for the Dahl expansion; \$13 million for the Civic Center expansion; \$900,000 for the remodeling of the Police Evidence Training & Transit building; \$423,000 for the construction of Red Rock reservoir; \$5.3 million for street reconstruction, \$565,000 for airport projects; \$298,000 for parks and recreation projects; and \$6.4 million for water and wastewater construction projects.

Funding for these projects is provided from dedicated sales tax funds, grants and charges for services.

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

NOTE 4. 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, 2007, the governmental long-term debt of the financial reporting entity consisted of the following:

\$12,695,000 Sales Tax Refunding Revenue Bonds, Series 2002. Due in annual installments of \$1,000,000 to \$1,585,000 through June 2012. Interest at 5.5 percent. (This issue is being serviced by the Consolidated Construction Special Revenue Fund.) Interest paid in 2007 was \$427,625.	\$7,165,000
Portion of Sales Tax Revenue Refunding Bonds serviced by the Consolidated Construction Special Revenue Fund (22 percent). Interest paid in 2007 was \$54,735.	1,233,100
\$16,270,000 Sales Tax Revenue Bonds, Series 2005. Due in semi-annual installments of \$290,000 to \$915,000 through June 2016. Interest at 2.65 to 4.75 percent. (This issue is being serviced by the Utility Facilities Fund.) Interest paid in 2007 was \$541,418.	13,380,000
\$29,190,000 Sales Tax Revenue Bonds, Series 2005b. Due in eleven semi-annual installments of \$1,235,000 to \$3,090,000 through December 2012. Interest at 4.0 to 5.0 percent. (This issue is being serviced by the 2012 Sales Tax Special Revenue Fund.) Interest paid in 2007 was \$1,338,450.	27,955,000
\$8,055,000 Sales Tax Revenue Bonds, Series 2007. Interest only payments are due in years 2007-2012. Semi-annual principal installments of \$1,945,000 to \$2,085,000 due June 2013 through December 2014. Interest at 4.5 to 5.0 percent. (This issue is being serviced by the 2012 Sales Tax Special Revenue Fund.) Interest paid in 2007 was \$223,460.	8,055,000
\$3,500,000 Loan #1 from Drinking Water State Revolving Fund (83.33% is federal loan). Due in quarterly installments of \$4,200 to \$49,000 beginning July 2008 through January 2028. Interest at 3.5 percent. (This issue is being serviced by property tax revenues received on TID 43). Only partial draw of this loan was taken at 12/31/2007. Interest paid in 2007 was \$0.	485,946
	<u>58,274,046</u>
Unamortized deferred premium	1,969,074
	<u>60,243,120</u>
<b>Compensated Absences:</b>	
Accrued Leave Payable General Fund	2,042,392
Accrued Leave Payable Other Government Funds	8,379
	<u>2,050,771</u>



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

NOTE 4. LONG-TERM LIABILITIES (Continued)

Financing (Capital Acquisition) Leases

\$500,000 under an agreement with Wells Fargo Brokerage Services, LLC dated July 14, 2004, for the purchase of a 2004 Bomag Compactor and a Jet Vac, which are security for the lease. Due in annual installments of \$112,408, including interest at 4.03 percent. The final payment is due June 7, 2009. The lease is serviced by Solid Waste Disposal Fund for \$340,000 and General Fund (Street Department) for \$160,000. Interest paid in 2007 is \$4,021. 67,815

\$232,597 under an agreement with Oshkoh Capital dated August 18, 2006 for the purchase of a fire truck, which is security for the Lease. Due in annual installments of \$85,331.60, including interest at 4.95 percent. The final payment is due August 24, 2009. The lease is serviced by the General Fund (Fire Department). Interest paid in 2007 is \$11,514 158,779

\$291,000 under an agreement with Wells Fargo Brokerage Services, LLC, dated July 20, 2006 for the purchase of cardiac monitoring equipment, which is security for the Lease. Due in annual installments of \$106,817.65, including interest of 4.98 percent. The final payment is due August 3, 2009. The lease is serviced by the General Fund (Library and Swimming Pools) for \$8,750 and by Ambulance, Water, Wastewater, Airport and Civic Center for \$282,250. Interest paid in 2007 is \$362 4,692

Total Leases 231,286

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 it 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 of Rapid 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.

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

NOTE 4. LONG-TERM LIABILITIES (Continued)

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.

At December 31, 2007, there were 12 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, 2007. 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.

Those Tax Increment Districts listed below that are marked with an asterisk (\*) have not had the project costs certified in whole. There are some instances in which a condition of the developer's agreements allows the developer to certify costs in phases. There are also some instances in which there are multiple developers and each developer is able to certify their costs when that portion of the project plan has been completed. As each phase/portion of the project has been completed, the City records the liability and capital assets of the public improvements being acquired at that time.

During the year ended December 31, 2007, principal and interest expenditures and property tax revenues were \$2,629,349 and \$3,327,192, 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.

TID 19 – Spiegel – Created in 1990, maximum payoff \$2,470,361 including interest at 11.5 percent, expires 8/16/10.		\$1,147,095
TID 29 – Fiberswitch Technology – Created in 1998, maximum payoff \$90,480 including interest at 9.0 percent, expires 10/5/18.		44,362
TID 33 – Fenske Media – Created in 2001, maximum payoff \$738,771 including interest at 9.0 percent, expires 12/17/21.		225,117
TID 35 – Estes/Elk Creek – Created in 2002, maximum payoff \$514,103 including interest at 8.5 percent, expires 3/18/22.		124,531
TID 36 – Disc Drive – Created in 2002, maximum payoff \$2,055,973 including interest at NY Prime + 1.25 percent (currently 7.25 percent), expires 10/16/22.	*	322,709
TID 38 – Heartland Business – Created in 2003, maximum payoff \$6,360,879 including interest at 9.5 percent, expires 2/13/23.	*	2,270,530
TID 39 – E Rapid Plaza – Created in 2003, maximum payoff \$1,276,274 including interest at 7.75 to 8.25 percent, expires 4/21/23.	*	341,026
TID 40 – SoCreek Village – Created in 2003, maximum payoff \$1,140,164 including interest at 7.0 percent, expires 5/19/23.		680,148

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

NOTE 4. LONG-TERM LIABILITIES (Continued)

TID 46 – Red Rocks Meadows – Created in 2004, maximum payoff \$2,372,404 including interest at 9.0 percent, expires 9/24/24.		938,096
TID 48 – E St Charles Rd – Created in 2004, maximum payoff \$78,124 including interest at 9.0 percent, expires 11/15/24.	*	28,614
TID 51 – Kateland Subdivision – Created in 2005, maximum payoff \$747,820 including interest at 6.0 percent, expires 1/17/25.	*	599,619
TID 53 – Stony Creek Plaza – Created in 2005, maximum payoff \$3,199,074 including interest at 8.0 to 9.75 percent, expires 7/5/25.		480,585
Total Tax Increment District Liabilities		<u>7,202,432</u>
Total Liabilities Payable		<u>\$69,727,609</u>

Sales Tax Revenue Bonds paid in full during 2007 included interest paid of \$113,275.

All capital leases utilized in the governmental funds are for equipment.

Gross amount of assets recorded under capital leases	\$540,946
Accumulated depreciation – Public Works	(57,817)
Accumulated depreciation – Public Safety	<u>(39,912)</u>
Net assets recorded under capital leases	<u>\$443,217</u>

The annual requirements for maturity for long-term debt (excluding compensated absences) outstanding as of December 31, 2007, are as follows:

Governmental Activity	Revenue Bonds		Capital Lease		TID Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending December 31						
2008	\$7,936,266	\$2,529,213	\$112,999	\$10,840	\$857,209	\$653,530
2009	8,405,750	2,188,850	118,287	5,545	857,288	617,282
2010	8,782,972	1,812,351			1,611,269	447,844
2011	9,175,217	1,417,574			708,221	555,482
2012	9,593,585	986,901			876,739	491,582
2013-2017	16,058,518	1,079,405			2,291,706	2,241,063
2018-2022	128,936	40,501				
2023-2027	153,477	15,959				
2028-2032	8,399	73				
Total	<u>\$60,243,120</u>	<u>\$10,070,827</u>	<u>\$231,286</u>	<u>\$16,385</u>	<u>\$7,202,432</u>	<u>\$5,006,783</u>

The above noted annual requirements for maturity for the tax increment financing debt are based on actual tax increment revenues received in 2008; estimated tax increment revenues projected by Pennington County to receive in 2009; and estimated tax increment revenues as per the approved project plans.

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

NOTE 4. LONG-TERM LIABILITIES (Continued)

**Business-Type Activities:**

As of December 31, 2007, the long-term debt payable from proprietary fund resources consisted of the following:

\$2,479,905 Loan No. 1 from State Revolving Fund (83.33% is federal loan). Due in fifteen quarterly installments of \$79,000 to \$94,000 through September 2008. Interest at 5 percent. (This issue is being serviced by sewer user fees.) Interest expense in 2007 was \$9,748.	\$163,903
\$986,685 Loan No. 2 from State Revolving Fund (83.33% is federal loan). Due in fifteen quarterly installments of \$49,000 to \$85,000 through December 2009. Interest at 4.0 percent. (This issue is being serviced by sewer user fees.) Interest expense in 2007 was \$7,985.	169,456
\$674,577 Loan No. 3 from State Revolving Fund (83.33% is federal loan). Due in fifteen quarterly installments of \$19,000 to \$25,000 through May 2010. Interest at 4.0 percent. (This issue is being serviced by sewer user fees.) Interest expense in 2007 was \$6,514.	142,728
\$1,214,861 Loan No. 4 from State Revolving Fund (83.33% is federal loan). Due in fifteen quarterly installments of \$50,630 to \$104,787 through December 2009. Interest at 4.0 percent. (This issue is being serviced by solid waste disposal fees.) Interest expense in 2007 was \$10,760.	232,398
\$1,625,000 Parking Revenue Refunding Bonds of 2003. Due in annual installments of \$80,000 to \$135,000 through 2018. Interest at 2.25 to 4.35 percent. (This issue is being financed by Parking Facility Revenue). Interest expense in 2007 was \$50,270.	1,255,000
\$6,275,000 Sales Tax Revenue Bonds Series 1995A. Refunded \$1,595,000 with Sales Tax Revenue Refunding Bonds of 1998. The remainder is due in 9 installments of \$205,000 to \$595,000 through 2008. Interest at 5.25 to 5.8 percent. (This issue is being serviced by the MRF Fund.) Interest expense in 2007 was \$50,754.	595,000
\$2,090,000 Water Revenue Refunding Bonds of 2006. Due in four annual installments of \$500,000 to \$550,000 through 2009. Interest at 4.0 percent. (This issue is being serviced by the Water Enterprise Fund.) Interest expense in 2007 was \$63,600.	1,080,000
\$7,620,000 Sales Tax Revenue Refunding Bonds of 1998. Due in annual installments of \$40,000 to \$1,120,000 through December 15, 2015. Interest at 3.4 to 4.6 percent. (This issue is being financed by the Consolidated Construction Sales Tax Fund (22%) and the MRF Fund (78%).) Interest expense in 2007 was \$194,062.	5,605,000

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

NOTE 4. LONG-TERM LIABILITIES (Continued)

\$14,000,000 Loan No. 5 from State Revolving Fund. Payable in quarterly installments through October 2022. Interest at 4.5 percent. (This issue is to be serviced by the Wastewater Fund). Interest expense in 2007 was \$539,479.	11,653,372
\$1,330,000 Certificate of Participation (AMT), Series 2004. Due in annual installments of \$115,000 to \$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 2007 was \$49,500.	980,000
	<u>21,876,857</u>
Less portion of 1998 Sales Tax Refunding Bonds Serviced by Consolidated Construction Sales Tax Fund (22%).	<u>(1,233,100)</u>
Less unamortized deferred costs on refunding	<u>(284,557)</u>
	20,359,200
Compensated Absences:	
Accrued Leave payable from Water Fund	142,220
Accrued Leave payable from Wastewater Fund	98,625
Accrued Leave payable from Airport Fund	75,303
Accrued Leave payable from Solid Waste MRF Fund	27,754
Accrued Leave payable from Civic Center Fund	122,865
Accrued Leave payable from Non-major Enterprise Funds	<u>122,335</u>
	589,101

Financing (Capital Acquisition) Leases

\$150,265 under an agreement with PAJO Properties, LLC dated November 3, 2003, for the purchase of supplies and materials to construct a new golf cart barn and other improvements at Meadowbrook Golf Course. Due in monthly installments of \$1,614 including interest at 10 percent. The final payment is due August 19, 2019. The lease is financed by the Golf Fund. Interest expense in 2007 is \$13,582.	132,633
\$500,000 under an agreement with Wells Fargo Brokerage Services, LLC dated July 14, 2004, for the purchase of a 2004 Bomag Compactor and a Jet Vac, which are security for the lease. Due in annual installments of \$112,408 including interest at 4.03 percent. The final payment is due June 7, 2009. The lease is serviced by Solid Waste Disposal Fund for \$340,000 and General Fund (Street Department) for \$160,000. Interest expense in 2007 is \$12,649.	211,922
\$835,000 under an agreement with Wells Fargo Brokerage Services, LLC dated July 7, 2005, for the construction of the airport parking lot. Due in semi-annual installments of \$56,932.49, which includes interest at 6.31 percent. The final payment is due July 7, 2015. The lease is serviced by the Airport Fund. Interest expense in 2007 was \$47,740.	672,098

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

NOTE 4. LONG-TERM LIABILITIES (Continued)

\$291,098 under an agreement with Wells Fargo Brokerage Services, LLC dated May 3, 2006 for the purchase of three (3) ambulances which are all security for the lease. Due in annual installments of \$106,153.40, including interest at 4.63 percent. The final payment is due May 3, 2009. This lease is serviced by the Ambulance Fund. Interest expense in 2007 was \$13,478. 198,422

\$291,000 under an agreement with Wells Fargo Brokerage Services, LLC, dated July 20, 2006 for the purchase of cardiac monitoring equipment, which is security for the Lease. Due in annual installments of \$106,817.65, including interest of 4.98 percent. The final payment is due August 3, 2009. The lease is serviced by the General Fund (Library and Swimming Pools) for \$8,750 and by Ambulance, Water, Wastewater, Airport and Civic Center for \$282,250. Interest expense in 2007 is \$14,130. 198,674

Less portion of \$291,000 lease paid by governmental funds (4,692)  
 Less portion of \$500,000 lease paid by governmental funds (67,815)  
1,341,242

Accrued Landfill Closure 1,162,412  
 Total Liabilities Payable \$23,451,955

Capital Leases paid in full during 2007 incurred interest expense of \$13,504.

Gross amount of assets recorded under capital leases – land improvements	\$1,287,727
Gross amount of assets recorded under capital leases – buildings	150,265
Gross amount of assets recorded under capital leases – equipment	960,375
Accumulated depreciation – Airport	(120,725)
Accumulated depreciation – Golf	(9,467)
Accumulated depreciation – Solid Waste Disposal	(295,789)
Accumulated depreciation – Ambulance	(168,368)

Net assets recorded under capital leases \$1,804,018

The annual requirements for maturity for long-term debt (excluding compensated absences and accrued landfill closure) outstanding as of December 31, 2007, are as follows:

Business Type Activity Year Ending December 31	<u>Revenue Bonds</u>		<u>Capital Lease</u>	
	Principal	Interest	Principal	Interest
2008	\$2,351,684	\$881,782	\$304,361	\$58,821
2009	2,118,539	784,228	356,225	63,896
2010	1,408,396	695,521	87,485	45,757
2011	1,435,005	632,280	93,410	39,833
2012	1,506,484	566,093	99,747	33,495
2013-2017	6,625,676	1,806,712	371,749	66,731
2018-2022	4,913,416	590,302	28,265	2,414
Total	\$20,359,200	\$5,956,918	\$1,341,242	\$310,947

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

NOTE 4. LONG-TERM LIABILITIES (Continued)

Arbitrage Rebate Liability (included in Accrued Interest Expense)

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. At December 31, 2007, the City reported a total arbitrage rebate liability of \$447,371 reported in governmental activities.

The following is a summary of changes in long-term liabilities for the year ended December 31, 2007:

Primary Government:  
 Government Activities:

	Lease	Revenue	Compensated Absences	TID	Total
Liabilities Payable 1/1/07	\$341,112	\$58,961,863	\$2,009,384	\$6,820,262	\$68,132,621
Issued	0	8,934,752	173,483	1,984,840	11,093,075
Retired	(109,826)	(7,653,495)	(132,096)	(1,602,670)	(9,498,087)
Liabilities Payable 12/31/07	\$231,286	\$60,243,120	\$2,050,771	\$7,202,432	\$69,727,609
Due Within One Year	\$112,999	\$7,936,266	\$ 80,000	\$857,209	\$8,986,474

On May 1, 2007, the City issued \$8,055,000 of Sales Tax Revenue Bonds, Series 2007, with an interest rate of 4.5 percent to 5.0 percent. The City also received a bond premium in the amount of \$393,803. These bonds were issued to complete the expansion of the Rushmore Plaza Civic Center. Interest only payments are due in years 2007-2012.

On June 2, 2004, the City received a \$3,500,000 Drinking Water State Revolving Fund loan for the construction of a water reservoir at Red Rocks, with an interest rate of 3.5 percent. The City began construction of this reservoir in 2007 and requested its first draw on July 19, 2007 in the amount of \$485,946.

Business Activities:

	Leases	Accrued Landfill Closure (Note 15)	Revenues	Compensated Absences	Total
Liabilities Payable 1/1/07	\$2,130,069	\$1,057,691	\$22,534,920	\$631,808	\$26,354,488
Issued	0	104,721	0	36,150	140,871
Retired	(788,827)	0	(2,175,720)	(78,857)	(3,043,404)
Liabilities Payable 12/31/07	\$1,341,242	\$1,162,412	\$20,359,200	\$589,101	\$23,451,955
Due Within One Year	\$304,361	\$0	\$2,351,683	\$ 38,500	\$2,694,544

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

NOTE 5. INTERFUND TRANSACTIONS AND BALANCES

Interfund receivable and payable balances at December 31, 2007 were:

Fund	Interfund Receivable	Interfund Payable
<b>General Fund:</b>	\$1,348,682	
<b>Special Revenue Funds:</b>		
Consolidated Construction	1,401,367	
Tax Increment District		4,216,413
2012 Sales Tax Fund	146,984	
Utility Facilities Fund	2,246,000	
<b>Enterprise Fund:</b>		
Civic Center		480,543
Golf Courses		146,984
Ambulance		299,093
Solid Waste Collection		162,250
Solid Waste Disposal	104,615	
MRF	57,635	

The General Fund loaned monies to the Ambulance Fund for start-up operation costs. The current portion expected to be repaid to the General Fund is \$44,548.

The General Fund loaned monies to the Fifth Street Tax Increment District Fund for infrastructure improvements. The current portion expected to be repaid to the General Fund is \$18,903.

The General Fund loaned monies to Tax Increment District 43 Fund for short-term cash flow needs while waiting for reimbursement from the State on the water reservoir project at Red Rocks. The current portion expected to be repaid to the General Fund is \$967,507.

The Consolidated Construction Fund loaned monies to the Civic Center Fund for capital projects. The current portion expected to be repaid to the Consolidated Construction Fund is \$234,125.

The 2012 Sales Tax fund loaned monies to the Golf Course Fund to construct a pro shop. The current portion expected to be repaid to the 2012 Sales Tax fund is \$21,072.

The Consolidated Construction Fund loaned monies to the Red Rocks Tax Increment District to construct a Booster Station, to Heartland Retail Tax Increment District to construct a water main and to the Fifth Street Tax Increment District for infrastructure improvements. The current portion expected to be repaid to the Consolidated Construction Fund is \$189,031.

The Utility Facilities Fund loaned monies to the Tax Increment District fund for the construction of water and sewer infrastructure. The current portion expected to be repaid to the Utility Facilities Fund is \$0 as this will be repaid as tax increment revenues are received based on the project plans.

The Solid Waste Disposal Fund loaned monies to the Solid Waste Collection Fund for operational costs. The current portion expected to be repaid to the Solid Waste Disposal Fund is \$66,679.

The MRF Fund loaned monies to the Solid Waste Collection Fund for operational costs. The current portion expected to be repaid to the Solid Waste Disposal Fund is \$28,322.



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

NOTE 5. INTERFUND TRANSACTIONS AND BALANCES (continued)

Interfund transfers during the year ended December 31, 2007 were as follows:

	Transfers In	Transfers Out
<b>GENERAL FUND</b>		
Enterprise-Major		
Other General Revenue Fund	\$322,630	\$322,630
Water	223,875	
Wastewater	137,057	
Solid Waste MRF/Compost	46,264	
Civic Center	133,154	75,000
Airport		15,747
Enterprise-Nonmajor	52,664	133,823
Special Revenue – Major		
Consolidated Construction	150,000	
Special Revenue – Nonmajor	27,817	7,500
Total General Fund	<u>\$1,093,461</u>	<u>\$554,700</u>
<b>GOVERNMENTAL FUNDS:</b>		
2012 Sales Tax		
Water		\$1,000,000
Civic Center		9,924,594
Total 2012 Sales Tax		<u>\$10,924,594</u>
Consolidated Construction		
General		\$150,000
Special Revenue - Nonmajor	\$5,683	
Solid Waste MRF/Compost		59,859
Nonmajor Enterprise		81,772
Total Consolidated Construction	<u>\$5,683</u>	<u>\$291,631</u>
Utility Facilities Fund		
Water		\$2,598,000
Wastewater		\$1,742,000
Total Utility Facilities Fund		<u>\$4,340,000</u>
Tax Increment Financing		
Wastewater		\$1,853,843
Water		4,033,123
Total Tax Increment Financing		<u>\$5,886,966</u>
Nonmajor Governmental		
General Fund	7,500	27,817
Consolidated Construction		5,683
Nonmajor Enterprise		12,698
Total Nonmajor Governmental	<u>7,500</u>	<u>\$46,198</u>
Total Governmental Funds	<u>\$1,106,644</u>	<u>\$22,044,089</u>

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

NOTE 5. INTERFUND TRANSACTIONS AND BALANCES (continued)

	Transfers In	Transfers Out
<b>ENTERPRISE FUNDS:</b>		
Water		
General		\$223,875
2012 Sales Tax	\$1,000,000	
Tax Increment Financing	4,033,123	
Utility Facilities	2,598,000	
Solid Waste MRF/Compost	402	
Total Water	<u>\$7,631,525</u>	<u>\$223,875</u>
Wastewater		
General		\$137,057
Utility Facilities	\$1,742,000	
Tax Increment Financing	1,853,843	
Total Wastewater	<u>\$3,595,843</u>	<u>\$137,057</u>
Solid Waste MRF/Compost		
General		\$46,264
Solid Waste Disposal		15,731
Water		402
Consolidated Construction	\$59,859	
Other Nonmajor Enterprise	17,479	
Total Solid Waste MRF/Compost	<u>\$77,338</u>	<u>\$62,397</u>
Civic Center		
General	\$75,000	\$133,154
2012 Sales Tax	9,924,594	
Total Civic Center	<u>\$9,999,594</u>	<u>\$133,154</u>
Airport		
General	\$15,747	
Other Airport Funds	3,204,928	\$3,204,928
Total Airport	<u>\$3,220,675</u>	<u>\$3,204,928</u>
Nonmajor Enterprise		
General	\$133,823	\$52,664
Consolidated Construction	81,772	
Solid Waste MRF	15,731	17,479
Other Nonmajor Enterprise	212,293	199,595
Total Nonmajor Enterprise	<u>\$443,619</u>	<u>\$269,738</u>
Total Enterprise	<u>\$24,968,594</u>	<u>\$4,031,149</u>
Internal Service		
Other Internal Service	\$300,000	\$300,000
Total Internal Service	<u>\$300,000</u>	<u>\$300,000</u>
Total Transfers	<u>\$26,375,238</u>	<u>\$26,375,238</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

NOTE 6. DUE FROM OTHER GOVERNMENTS

GOVERNMENTAL FUNDS:

General Fund	
Local Government Highway/Bridge	\$83,356
Motor Vehicle	42,253
Liquor Tax Reversion	92,223
FEMA Grant	29,527
Air Quality Grant	26,094
Historic Preservation	2,747
Police Grant	14,892
Urban Mass Transit Grant	52,057
Transportation Planning	187,012
Total	<u>\$530,161</u>
Vision 2012	
Urban Mass Transit Grant	<u>\$546,316</u>
Total	<u>\$546,316</u>
Consolidated Construction Fund	
E Mall Drive project	<u>\$18,088</u>
Total	<u>\$18,088</u>
Nonmajor Governmental Funds	
RSVP	<u>\$5,219</u>
Total	<u>\$5,219</u>
Total Governmental Funds	<u>\$1,099,784</u>

PROPRIETARY FUNDS:

Water Fund	
EPA Grant	<u>\$20,087</u>
Total	<u>\$20,087</u>
Wastewater Fund	
EPA Grant	<u>\$20,087</u>
Total	<u>\$20,087</u>
SW MRF/Compost Fund	
Landfill Services -- City of Hermosa	<u>\$5,206</u>
Total	<u>\$5,206</u>
Airport Fund	
TSA Security	\$11,047
Airport Improvement Project	<u>2,325,909</u>
Total	<u>\$2,336,956</u>
Nonmajor Proprietary Funds	
SW Disposal Fund	
Landfill Services -- City of Hermosa	<u>\$3,370</u>
Total	<u>\$3,370</u>
Total Proprietary Funds	<u>\$2,385,706</u>
Grand Total	<u>\$3,485,490</u>

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

NOTE 7. SEGMENT INFORMATION

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

	Parking Lot and Area Enterprise Fund
<b>BALANCE SHEET</b>	
Assets	
Current Assets	\$1,514,972
Capital Assets	4,002,583
Total Assets	<u>5,517,555</u>
Liabilities	
Other Current Liabilities	107,058
Noncurrent Liabilities	1,163,768
Total Liabilities	<u>1,270,826</u>
Net Assets	
Invested in Capital Assets	
Net of related debt	2,747,583
Revenue Bond Retirement	154,622
Unrestricted	1,344,524
Total Net Assets	<u>\$4,246,729</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Operating Revenue	\$520,044
Depreciation Expense	(40,648)
Other Operation Expenses	(375,883)
Operating Income	<u>103,513</u>
Investment Income	74,936
Interest Expense	(55,021)
Gain (Loss) on Disposition of Assets	0
Net Income	<u>123,428</u>
Transfers	(17,673)
Changes in Net Assets	<u>105,755</u>
Beginning Net Assets	4,140,974
Ending Net Assets	<u>\$4,246,729</u>

STATEMENT OF CASH FLOWS

Net Cash Provided (used) by:	
Operating Activities	\$145,673
Noncapital Finance Activities	(17,673)
Capital and Related Financing Activities	(155,021)
Investing Activities	82,200
Net Increase	<u>55,179</u>
Beginning Cash and Equivalents	1,304,865
Ending Cash and Equivalents	<u>\$1,360,044</u>

NOTE 8. 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.

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

NOTE 8. CONDUIT DEBT (continued)

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, 2007, there were 32 series of conduit bonds outstanding that had been issued prior to August 1995. The aggregate principal amount payable for these bonds could not be determined; however, their original issue amounts totaled \$58,348,023. As of December 31, 2007, there was one series of conduit bonds outstanding that had been issued subsequent to August 1995. The original total issue amount of these bonds was \$2,000,000, and the approximate outstanding balance as of December 31, 2007 was \$565,000.

NOTE 9. TAX INCREMENT FINANCING DISTRICTS – RESTRICTED NET ASSETS

For the purpose of financial reporting, the City of Rapid City has opted to combine tax increment financing districts into one major fund. In doing so, the restricted net assets have been combined for reporting purposes only and are strictly maintained separately for accounting purposes. The following represent net assets restricted for debt service for each of the tax increment financing districts as of December 31, 2007. There were no net assets restricted for construction of public improvements related to tax increment districts as of December 31, 2007. The following amounts are shown as a single amount on the Statement of Net Assets to prevent a cumbersome presentation. These amounts are reported as Restricted for Other Purposes – TID Debt Service on the Statement of Net Assets.

TID 19 – Spiegel	\$12,275
TID 29 – Fiberswitch Technology	2,357
TID 33 – Fenske Media	921
TID 35 – Estes/Elk Creek	507
TID 36 – Disc Drive	29,411
TID 39 – E Rapid Plaza	3,748
TID 40 – SoCreek Village	6,262
TID 44 – Mall Drive	162,403
TID 46 – Red Rocks Meadows	95,057
TID 47 – Tower Road	11,676
TID 48 – E St Charles Rd	34
TID 49 – E Anamosa	23,568
TID 50 – Federal Beef	10,187
TID 51 – Kateland Subdivision	7,909
TID 52 – E St Charles Reclamation	419
TID 53 – Stony Creek Plaza	1,605
TID 54 – Rainbow Ridge	31,684
TID 55 – Mall Ridge Lift Station	218,107
	<u>\$618,130</u>

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

NOTE 10. RETIREMENT PLAN

All employees working more than 20 hours per week after the first six months of service 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's 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. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2007, 2006 and, 2005 are \$2,108,276, \$2,041,285 and \$2,068,116 respectively, equal to the required contributions each year.

NOTE 11. PRIOR PERIOD ADJUSTMENTS

*Correction of Errors*

The previously issued financial statements have been restated to reflect the following prior period adjustments due to correction of errors:

1. Record arbitrage liabilities on various bond issues not previously recorded: 2012 Sales Tax Fund - \$224,785; Utility Facilities Fund - \$57,314. These adjustments increased the liabilities and decreased the beginning fund balances for each of these funds.
2. Record accrued interest expense on various debt issues not previously recorded in the Wastewater Fund in the amount of \$208,572. This adjustment increased the liabilities and decreased the beginning retained earnings for this fund.
3. Record insurance premiums receivable in the Internal Service Funds not previously recorded in the amount of \$200,851. This adjustment increases assets and net assets. Also allocated activity in the Internal Service Funds to the Governmental Funds and the Proprietary Funds on the Government-wide financial statements as in prior years it had all been recorded in the Governmental Funds.
4. Record debt issuance costs of various bond issues not previously recorded in the amount of \$641,027. This adjustment is to the Government Activities only and increases the assets and the net assets.
5. Record accrued interest expense on various debt issues not previously recorded in the amount of \$220,224. This adjustment is to the Government Activities only and increases the liabilities and decreases the net assets.
6. Record beginning balances of Tax Increment Financing Liabilities not previously recorded in the amount of \$6,820,262. This adjustment is to the Government Activities only and increases the liabilities and decreases the net assets.

*Changes in Accounting Principle and Correction of an Error*

The City of Rapid City adopted 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. In addition, in 2007 it was determined that the combination of all Tax Increment Funds would be more appropriately classified as a major governmental fund and the accounting in all Tax Increment Funds should be consistent. In prior years the City incorrectly accounted for non-major Tax Increment Funds similar to agency funds, where assets equal liabilities. As a result of these changes, a restatement of beginning fund balances in the Tax Increment Fund was made to increase the net assets in the amount of \$89,910.

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

NOTE 12. DEFICIT FUND BALANCE

As of December 31, 2007, there is a deficit fund balance in the Community Development Fund, which will be funded through CDBG reimbursements.

NOTE 13. 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 14. RISK MANAGEMENT

General:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries 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.

Payments to the fund are actuarially determined and are to cover individual claims up to \$100,000 for health insurance, \$325,000 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 reserved equity in the workers compensation fund of \$870,226, in the medical insurance fund of \$2,348,635, in the unemployment insurance fund of \$297,546, in the liability insurance fund of \$1,347,158, and in the dental insurance fund of \$101,032 for the payment of such future claims.

Changes in the aggregate liabilities of the self-insurance funds during 2007 were as follows:

	Liability Insurance	Dental Insurance	Workers Comp. Insurance	Medical Insurance	Unempl. Insurance
Benefit Claims Payable at Beginning of Year	\$ 205,290	\$ 1,700	\$ 932,126	\$ 561,738	\$ 3,504
Claims Incurred:					
Attributable to Insured Events of the Current Year	1,109,983	122,414	704,080	5,098,654	21,406
Claims Paid:					
Attributable to Insured Events of the Current and Prior Years	(1,039,033)	(116,021)	(570,595)	(5,037,891)	(19,549)
Benefit Claims Payable At End of Year	\$276,240	\$8,093	\$1,065,611	\$622,501	\$5,361

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

NOTE 15. LANDFILL

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,162,412 reported as landfill closure and postclosure care liability at December 31, 2007 represents the cumulative amount reported to date based on the issue of 27.6 percent of the estimated capacity of the landfill. This liability includes an accrual for remedial action costs. The City will recognize the remaining estimated cost of closure and postclosure care of \$3.048 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 2007. The City expects to close the landfill in the year 2053.

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, 2007, investments of \$2,324,311 are held for these purposes. These contributions for the future closure and post-closure care of the landfill will be used to retire the non-current liability for closure and post-closure care reported on the enterprise balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

NOTE 16. SUBSEQUENT EVENTS

On April 1, 2008, the City issued \$4,645,000 of Sales Tax Revenue Refunding Bonds, Series 2008, with interest at 2.3 percent to 3.5 percent. These bonds were issued to retire the debt of the \$7,620,000 Sales Tax Revenue Refunding Bonds, Series 1998 issue.

On August 1, 2008, the City issued \$5,540,000 of Gross Receipts Tax Revenue Bonds, Series 2008, with interest at 3.0 percent to 4.65 percent. These bonds were issued to make improvements at the Rushmore Plaza Civic Center, to include additional parking spaces and ADA accessibility.

On August 15, 2008, the City issued \$2,465,000 of Parking Revenue Bonds, Series 2008, with interest at 3.5 percent to 5.7 percent. These bonds were issued to construct a third level to the parking ramp located adjacent to the parking lot of the CSAC facility, located at 6<sup>th</sup> and Omaha St. As part of this issue, the City deposited \$1,304,933 into an escrow account for the defeasance of the Parking Revenue Bonds, Series 2003.

The City of Rapid City was the defendant in a lawsuit decided by the SD Supreme Court in which the Court ruled in favor of the plaintiff. The judgment became final and payable on September 8, 2008. The City has liability insurance that will cover this judgment with the exception of the \$100,000 deductible, which the City paid October 7, 2008.

The City of Rapid City will be implementing GASB 45 relating to other post-employment benefits (OPEB) in fiscal year 2008. The City's unfunded pay-as-you-go liability for this change in accounting principle will be \$1,173,282 for the fiscal year beginning January 1, 2008.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL (Budgetary Basis)</u>
<b>Revenues:</b>			
<b>310 Taxes:</b>			
311 General Property Taxes	\$11,155,680	\$ 11,171,763	\$ 11,201,449
313 General Sales and Use Taxes	18,247,382	18,263,513	18,776,246
314 Gross Receipts Business Taxes	375,000	375,000	568,562
320 Licenses and Permits	1,720,075	1,720,075	2,362,252
<b>330 Intergovernmental Revenue:</b>			
331 Federal Grants	1,625,397	2,739,327	1,866,285
334 State Grants	33,675	33,675	55,925
<b>335 State Shared Revenue:</b>			
335.01 Bank Franchise Tax	75,000	75,000	93,951
335.03 Liquor Tax Reversion	310,000	310,000	417,190
335.04 Motor Vehicle Licenses (5%)	39,000	39,000	40,735
335.06 Fire Insurance Reversion	145,000	145,000	164,306
335.08 Local Government Highway and Bridge Fund	425,000	425,000	426,515
336 State Payments in Lieu of Taxes	-	-	4,410
<b>338 County Shared Revenue:</b>			
338.01 County Road Tax (25%)	221,000	221,000	284,357
<b>340 Charges for Goods and Services:</b>			
341 General Government	7,000	7,000	242,333
342 Public Safety	347,980	557,980	787,590
343 Public Works	84,337	84,337	173,642
345 Health & Welfare	250,000	250,000	276,954
346 Culture and Recreation	1,114,503	1,114,503	1,357,123
349 Conservation & Development	510,000	680,510	-
<b>350 Fines and Forfeits:</b>			
351 Court Fines and Costs	160,000	160,000	96,178
<b>360 Miscellaneous Revenue:</b>			
361 Interest Earnings	649,441	649,441	990,924
362 Rentals	25,000	25,000	132,562
363 Special Assessments	-	-	488,126
367 Contributions and Donations	-	42,500	41,365
369 Other	525,000	556,916	38,157
<b>Total Revenue</b>	<b>38,045,470</b>	<b>39,646,540</b>	<b>40,887,137</b>
<b>Expenditures:</b>			
<b>410 General Government:</b>			
411 Contingency	219,887	219,887	-
Transferred	-	(133,908)	-
412 Executive-Mayor & Council	576,124	607,848	554,603
414 Financial - Community Resources	-	25,899	27,840
414 Financial - Finance	836,340	1,060,547	842,935
414 Financial - Attorney	126,606	126,606	109,936
414 Financial - Personnel	228,323	255,323	229,409
419 Other - Government Bldgs	786,054	786,054	708,393
<b>420 Public Safety:</b>			
421 Police	12,239,170	12,270,476	11,590,744
422 Fire	7,474,344	7,812,809	7,548,976
429 Other Protection-Corrections	64,000	89,000	78,881
429 Other Protection-Code Enforcement	212,934	233,934	181,716
429 Other Protection-ACE	65,476	65,476	56,543

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)
429 Other Protection-Emergency Mgt	82,269	82,269	82,269
430 Public Works:			
431 Highways and Streets	6,469,708	7,046,382	6,573,400
43x Administration	164,332	241,297	61,929
440 Health and Welfare:			
441 Health	380,183	380,183	364,905
444 Humane Society	221,930	225,077	225,077
449 Other - Public Transit	1,820,933	2,199,891	2,163,820
449 Other - Air Quality	84,749	86,897	73,250
450 Culture and Recreation:			
451 Recreation	341,968	349,968	346,044
451 Swimming Pools	1,502,179	1,505,352	1,448,368
451 Ice Arena	521,556	550,556	564,525
452 Parks	2,257,484	2,297,968	2,125,124
455 Libraries	2,560,402	2,921,402	2,790,292
457 Historical Preservation	5,250	14,977	8,404
459 Other - Parks & Recreation Admin	199,225	199,473	195,499
459 Other - Subsidies	199,910	199,910	199,910
460 Conservation and Development:			
465 Economic Development	420,000	470,000	395,000
465 Community Development	2,472,598	2,765,471	2,358,648
465 Transportation Planning	464,033	898,047	327,114
465 GIS Information System	26,398	79,731	(123,713)
470 Debt Service	-	255,723	125,723
485 Capital Outlay	-	90,504	88,700
490 Miscellaneous			
492 Other Expenditures	-	-	-
Total Expenditures	<u>43,024,365</u>	<u>46,281,028</u>	<u>42,324,265</u>
Excess of Revenue Over (Under) Expenditures	<u>(4,978,895)</u>	<u>(6,634,488)</u>	<u>(1,437,128)</u>
<b>Other Financing Sources (Uses):</b>			
391.01 Transfers In	738,892	772,392	1,093,461
511 Transfers Out	(208,918)	(222,101)	(554,700)
391.03 Sale of Municipal Property	50,000	50,000	85,440
Total Other Financing Sources (Uses)	<u>579,974</u>	<u>600,291</u>	<u>624,201</u>
Net Change in Fund Balances	(4,398,921)	(6,034,197)	(812,927)
Fund Balance - Beginning	17,712,245	17,712,245	17,712,245
<b>FUND BALANCE- ENDING</b>	<u>\$ 13,313,324</u>	<u>11,678,048</u>	<u>\$ 16,899,317</u>

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

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
2012 SALES TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)
<b>Revenues:</b>			
310 Taxes:			
313 General Sales and Use Taxes	\$ 9,048,691	\$ 9,048,691	\$ 9,388,122
330 Intergovernmental Revenue			
331 Federal Grants	-	-	1,293,270
340 Charges for Goods and Services:			
341 General Government	29,891	-	1,345,645
360 Miscellaneous Revenue:			
361 Interest Earnings	787,029	797,041	2,501,386
367 Contributions and Donations	-	2,507,986	
369 Other	-	19,879	25,451
Total Revenue	<u>9,865,611</u>	<u>12,373,597</u>	<u>14,553,874</u>
<b>Expenditures:</b>			
430 Public Works:			
431 Highways and Streets	1,390,250	2,426,504	1,429,205
43x Administration	241,343	241,343	241,344
450 Culture and Recreation			
451 Recreation	8,696,906	8,696,906	4,779,633
452 Parks	910,000	926,039	647,253
460 Conservation & Development			
465 Economic Development	500,000	569,000	1,068,982
470 Debt Service	6,421,725	6,421,725	6,600,185
485 Capital Outlay	10,990,094	37,554,081	
490 Miscellaneous			
492 Other Expenditures		224,785	377,214
Total Expenditures	<u>29,150,318</u>	<u>57,060,383</u>	<u>15,143,815</u>
Excess of Revenue Over (Under)			
Expenditures	<u>(19,284,707)</u>	<u>(44,686,786)</u>	<u>(589,941)</u>
<b>Other Financing Sources (Uses):</b>			
511 Transfers Out	-	-	(10,924,594)
391.02 Bond Issuance	-	7,018,480	8,055,000
391.02 Premium on Bond Issuance	-	-	393,806
391.03 Sale of Municipal Property	-	-	150
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,018,480</u>	<u>(2,475,638)</u>
Net Change in Fund Balances	(19,284,707)	(37,668,306)	(3,065,579)
Fund Balance - Beginning	38,773,826	38,773,826	38,773,826
Prior Period Adjustment			(224,785)
Fund Balance - Beginning Restated	<u>38,773,826</u>	<u>38,773,826</u>	<u>38,549,041</u>
<b>FUND BALANCE- ENDING</b>	<u>\$ 19,489,119</u>	<u>\$ 1,105,520</u>	<u>\$ 35,483,462</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, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL (Budgetary Basis)</u>
<b>Revenues:</b>			
310 Taxes:			
313 General Sales and Use Taxes	\$9,048,691	\$9,048,691	\$ 9,388,123
340 Charges for Goods and Services:			
341 General Government	-	-	285,337
343 Public Works	1,091,474	1,091,474	534,870
360 Miscellaneous Revenue:			
361 Interest Earnings	-	-	655,122
363 Special Assessments	-	-	16,467
Total Revenue	<u>10,140,165</u>	<u>10,140,165</u>	<u>10,879,919</u>
<b>Expenditures:</b>			
410 General Government			
419 - Other Government Buildings	450,002	1,204,025	246,232
430 Public Works:			
431 Highways & Streets	6,027,746	8,693,033	6,080,037
43x Administration	864,982	864,982	864,984
450 Culture & Recreations			
452 Parks	578,875	1,447,460	206,998
470 Debt Service	1,718,560	1,718,560	1,724,161
485 Capital Outlay	350,000	379,300	120,936
Total Expenditures	<u>9,990,165</u>	<u>14,307,360</u>	<u>9,243,349</u>
Excess of Revenue Over (Under) Expenditures	<u>150,000</u>	<u>(4,167,195)</u>	<u>1,636,570</u>
<b>Other Financing Sources (Uses):</b>			
391.01 Transfers In	-	5,683	5,683
511 Transfers Out	(150,000)	(150,000)	(291,631)
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(144,317)</u>	<u>(285,948)</u>
Net Change in Fund Balances	-	(4,311,512)	1,350,622
Fund Balance - Beginning	20,872,590	20,872,590	20,872,590
<b>FUND BALANCE- ENDING</b>	<u>\$ 20,872,590</u>	<u>\$ 16,561,078</u>	<u>\$ 22,223,211</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, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL (Budgetary Basis)</u>
<b>Revenues:</b>			
310 Taxes:			
313 General Sales and Use Taxes	\$ 1,866,148	\$ 3,147,371	\$ 3,249,931
340 Charges for Goods and Services:			
343 Public Works	-	360,000	-
360 Miscellaneous Revenue:			
361 Interest Earnings	-	-	589,289
367 Contributions and Donations	-	-	-
Total Revenue	<u>1,866,148</u>	<u>3,507,371</u>	<u>3,839,220</u>
<b>Expenditures:</b>			
430 Public Works:			
431 Highways & Streets	-	-	-
43x Administration	-	-	-
470 Debt Service	1,866,148	2,127,648	1,851,408
485 Capital Outlay	-	-	-
492 Other Expenditures	-	-	-
Total Expenditures	<u>1,866,148</u>	<u>2,127,648</u>	<u>1,851,408</u>
Excess of Revenue Over (Under) Expenditures	<u>-</u>	<u>1,379,723</u>	<u>1,987,811</u>
<b>Other Financing Sources (Uses):</b>			
511 Transfers Out	-	(6,586,000)	(4,340,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,586,000)</u>	<u>(4,340,000)</u>
Net Change in Fund Balances	-	(5,206,277)	(2,352,189)
Fund Balance - Beginning	17,336,042	17,336,042	17,336,042
Prior Period Adjustment			(57,314)
Fund Balance - Beginning Restated	<u>17,336,042</u>	<u>17,336,042</u>	<u>17,278,728</u>
<b>FUND BALANCE- ENDING</b>	<u>\$ 17,336,042</u>	<u>\$ 12,129,765</u>	<u>\$ 14,926,540</u>

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

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
TAX INCREMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL (Budgetary Basis)</u>
<b>Revenues:</b>			
310 Taxes:			
311 General Property Taxes	\$ -	\$ 692,400	\$ 2,548,810
330 Intergovernmental Revenue:			
334 State Grant	-	321,500	-
340 Charges for Goods and Services:			
341 General Government	-	-	-
360 Miscellaneous Revenue:			
361 Interest Earnings	-	-	54,432
Total Revenue	<u>-</u>	<u>1,013,900</u>	<u>2,603,242</u>
<b>Expenditures:</b>			
430 Conservation & Development			
465 Community Development	-	-	-
470 Debt Service	-	2,113,900	1,929,528
485 Capital Outlay	-	3,500,000	1,984,840
490 Miscellaneous			
492 Other - Refunds	-	-	-
Total Expenditures	<u>-</u>	<u>5,613,900</u>	<u>3,914,368</u>
Excess of Revenue Over (Under) Expenditures	<u>-</u>	<u>(4,600,000)</u>	<u>(1,311,125)</u>
<b>Other Financing Sources (Uses):</b>			
391.01 Transfers In	-	-	-
391.02 Long-term debt issued	-	3,500,000	2,470,786
511 Transfers Out	-	-	(5,149,123)
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,500,000</u>	<u>(2,678,337)</u>
Net Change in Fund Balances	-	(1,100,000)	(3,989,463)
Fund Balance - Beginning	39,732	39,732	39,732
Prior Period Adjustment			89,910
Fund Balance - Beginning Restated	<u>39,732</u>	<u>39,732</u>	<u>129,642</u>
<b>FUND BALANCE- ENDING</b>	<u>\$ 39,732</u>	<u>\$ (1,060,268)</u>	<u>\$ (3,859,821)</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

**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.

The following represents the overdrafts of the expenditures compared to appropriations for governmental funds. These overdrafts are primarily due to the creation of the Community Resources Department; extending the months of operation at the Ice Arena to 12 months; the first payment to Rapid City Economic Development Partnership as part of the Cabela's; bond issuance costs; additional interest payments; capital outlay projects completed in the 2012 Sales Tax Fund, Consolidated Construction Fund and Tax Increment Fund, originally budgeted under "Capital Outlay" and transferred to another fund.

Fund:	Final Budget	Actual Expenditure	Overdraft
<b>General Fund:</b>			
Community Resources	\$25,899	\$27,840	\$1,941
Ice Arena	\$550,556	\$564,525	\$13,969
<b>2012 Sales Tax Fund:</b>			
Economic Development	\$569,000	\$1,068,982	\$499,982
Debt Service	\$6,421,725	\$6,600,185	\$178,460
Other Expenditures	\$224,785	\$377,214	\$152,429
Transfers Out	\$0	\$10,924,594	\$10,924,594
<b>Consolidated Construction Fund:</b>			
Debt Service	\$1,718,560	\$1,724,161	\$5,601
Transfers Out	\$150,000	\$291,631	\$141,631
<b>Tax Increment Fund:</b>			
Transfers Out	\$0	\$5,149,123	\$5,149,13



**OTHER  
SUPPLEMENTARY  
INFORMATION**

**CITY OF RAPID CITY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	Occupancy Tax Fund	Repair and Demolition Fund	Retired Senior Volunteer Fund	Community Development Fund	Education Loan Fund
<b>ASSETS:</b>					
101 Cash and Cash Equivalents	\$ 70,356	\$ 69,524		\$ 5,669	\$ 8,361
102 Restricted Cash			\$ 5,923		
151 Investments					
110 Property Tax Receivable	-	-	-	-	-
115 Accounts Receivable, Net	56,827	1,262	-	-	7,920
121 Special Assessments Receivable--Current	-	2,364	-	-	-
122 Special Assessments Receivable--Delinquent	-	13,152	-	-	-
123 Special Assessments Receivable--Deferred	-	48,295	-	-	-
132 Due from Other Government	-	-	5,219	-	-
<b>TOTAL ASSETS</b>	<b>\$ 127,183</b>	<b>\$ 134,597</b>	<b>\$ 11,142</b>	<b>\$ 5,669</b>	<b>\$ 16,282</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
201 Claims Payable	\$ 115,578	\$ (50)	\$ 313	\$ 40,454	\$ 5,158
219 Amount Held for Others	-	-	-	-	-
2xx Wages Payable	574	-	2,869	3,120	-
224 Deferred Revenue	-	62,063	-	-	-
<b>Total Liabilities</b>	<b>116,151</b>	<b>62,013</b>	<b>3,182</b>	<b>43,574</b>	<b>5,158</b>
<b>Fund Balances:</b>					
262 Unreserved Fund Balances:					
262.04 Designated for Capital Replacements:					
Special Revenue Funds	-	-	-	-	-
262.09 Undesignated, Reported in:					
Special Revenue Funds	11,032	72,584	7,959	(37,906)	11,124
Permanent Funds	-	-	-	-	-
<b>Total Fund Balances</b>	<b>11,032</b>	<b>72,584</b>	<b>7,959</b>	<b>(37,906)</b>	<b>11,124</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 127,183</b>	<b>\$ 134,597</b>	<b>\$ 11,142</b>	<b>\$ 5,669</b>	<b>\$ 16,282</b>

Rehabilitation Loan/Grant Fund	Library Board Fund	Cemetery Perpetual Care Fund	Total Nonmajor Governmental Funds
\$ 58,944	\$ 100,204	\$ 25,643	\$ 338,701
-	-	\$ 47,366	\$ 5,923
-	-	-	\$ 47,366
-	-	563	66,572
-	-	-	2,364
-	-	-	13,152
-	-	-	48,295
-	-	-	5,219
<u>\$ 58,944</u>	<u>\$ 100,204</u>	<u>\$ 73,572</u>	<u>\$ 527,593</u>

\$ -	\$ 29,434	\$ -	\$ 190,887
-	-	-	-
-	-	-	6,562
-	-	-	62,063
-	29,434	-	\$ 259,513

58,944	70,770	-	194,508
-	-	73,572	73,572
<u>58,944</u>	<u>70,770</u>	<u>73,572</u>	<u>268,080</u>
<u>\$ 58,944</u>	<u>\$ 100,204</u>	<u>\$ 73,572</u>	<u>\$ 527,593</u>

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	Occupancy Tax Fund	Repair and Demolition Fund	Retired Senior Volunteer Fund	Community Development Fund	Education Loan Fund
<b>Revenues:</b>					
310 Taxes:					
311 General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
314 Occupancy Tax	1,156,591				
331 Federal Grants	-	-	59,847	427,079	-
340 Charges for Goods and Services:					
341 General Government	-	-	-	5,571	32,171
342 Public Safety	-	1,280	-	-	-
346 Culture and Recreation	-	-	-	-	-
348 Cemetery	-	-	-	-	-
349 Other-Conservation & Development	-	-	-	2,354	-
350 Fines and Forfeitures					
354 Library	-				
360 Miscellaneous Revenue:					
361 Investment Earnings	3,989	2,750	-	-	-
363 Special Assessments	-	10,300	-	-	-
367 Contributions and Donations	-	-	44,182	-	-
<b>Total Revenue</b>	<b>1,160,580</b>	<b>14,330</b>	<b>104,029</b>	<b>435,003</b>	<b>32,171</b>
<b>Expenditures:</b>					
420 Public Safety:					
421 Police	-	51,710	-	-	-
450 Culture and Recreation:					
455 Libraries	-	-	-	-	-
Retired Senior Volunteers	-	-	105,910	-	-
Cemetery	-	-	-	-	-
460 Conservation and Development:					
463 Community Development	-	-	-	473,356	-
490 Miscellaneous					
492 Other Expenditures	1,210,685				29,105
<b>Total Expenditures</b>	<b>1,210,685</b>	<b>51,710</b>	<b>105,910</b>	<b>473,356</b>	<b>29,105</b>
Excess of Revenue Over (Under) Expenditures	(50,105)	(37,380)	(1,881)	(38,352)	3,066
<b>Other Financing Sources (Uses):</b>					
391.01 Transfers In	-	-	-	-	-
511 Transfers Out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(50,105)</b>	<b>(37,380)</b>	<b>(1,881)</b>	<b>(38,352)</b>	<b>3,066</b>
Fund Balance - Beginning	61,137	109,964	9,840	447	8,058
<b>FUND BALANCE- ENDING</b>	<b>\$ 11,032</b>	<b>\$ 72,584</b>	<b>\$ 7,959</b>	<b>\$ (37,906)</b>	<b>\$ 11,124</b>

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Beautification Fund	Rehabilitation Loan/Grant Fund	Library Board Fund	Cemetery Perpetual Care Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,156,591
-	-	-	-	486,926
-	-	-	-	37,741
-	-	-	-	1,280
-	-	-	-	-
-	-	-	4,469	4,469
-	77,885	-	-	80,239
-	-	110,425	-	110,425
-	46	-	-	6,785
-	-	-	-	10,300
-	-	-	-	44,182
-	77,931	110,425	4,469	1,938,937
-	-	-	-	51,710
-	-	57,971	-	57,971
-	-	-	-	105,910
-	-	-	195	195
-	58,327	-	-	531,682
75,813	-	-	-	1,315,603
75,813	58,327	57,971	195	2,063,071
(75,813)	19,605	52,454	4,274	(124,134)
-	-	7,500	-	7,500
-	-	(33,500)	(12,698)	(46,198)
-	-	(26,000)	(12,698)	(38,698)
(75,813)	19,605	26,454	(8,424)	(162,832)
75,813	39,339	44,316	81,996	430,911
\$ -	\$ 58,944	\$ 70,770	\$ 73,572	\$ 268,080

**CITY OF RAPID CITY  
COMBINING BALANCE SHEET  
NONMAJOR PROPRIETARY FUND  
DECEMBER 31, 2007**

	<u>Solid Waste Collection Fund</u>	<u>Solid Waste Disposal Fund</u>	<u>Executive Golf Course Fund</u>	<u>Cemetery Enterprise Fund</u>
<b>ASSETS:</b>				
Current Assets:				
101 Cash and Cash Equivalents	\$ -	\$ 1,762,933	\$ 14,113	\$ 28,482
106 Cash with Fiscal Agent	-	-	-	-
107 Restricted Cash	-	1,162,412	-	-
151 Investments	-	3,132,540	-	19,678
115 Accounts Receivable	139,452	380,288	-	18,479
116 Estimated Uncollectable Accounts Receivable	9,040	(23,063)	-	-
131 Due from Other Funds	-	66,679	-	-
132 Due from Other Governments	-	3,370	-	-
135 Interest Receivable	0	0	(0)	0
Total Current Assets	<u>148,492</u>	<u>6,485,160</u>	<u>14,113</u>	<u>66,639</u>
Noncurrent Assets:				
133 Advance to Other Funds	-	37,935	-	-
Capital Assets:				
160 Land	138,430	1,956,983	596,356	24,151
162 Buildings	-	417,873	148,612	22,954
164 Improvements Other than Bldg	684,356	532,715	1,128,680	550,879
164 Furniture & Equipment	-	23,656	6,791	7,408
166 Machinery and Equipment	1,972,498	2,687,480	77,067	223,552
168 Construction Work in Progress	-	-	-	-
Less: Accumulated Depreciation	<u>(1,412,565)</u>	<u>(2,091,808)</u>	<u>(722,630)</u>	<u>(412,722)</u>
Total Noncurrent Assets	<u>1,382,720</u>	<u>3,564,835</u>	<u>1,234,876</u>	<u>416,222</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,531,212</u></u>	<u><u>\$ 10,049,995</u></u>	<u><u>\$ 1,248,989</u></u>	<u><u>\$ 482,861</u></u>
<b>LIABILITIES:</b>				
Current Liabilities:				
202 Accounts Payable	\$ 162,023	\$ 75,914	\$ 2,299	\$ 2,273
208 Due to Other Funds	95,002	-	-	-
2xx Wages Payable	22,142	12,760	3,026	3,997
226 Bonds Payable Current:	-	126,537	-	-
226 Capital Lease Payable Current	-	70,630	-	-
230 Compensated Absences Payable -- Current	3,500	-	-	-
Total Current Liabilities	<u>282,666</u>	<u>285,841</u>	<u>5,325</u>	<u>6,270</u>
Noncurrent Liabilities:				
209 Advance from Other Funds	67,248	-	-	-
231 Bonds Payable:	-	105,861	-	-
231 Capital Lease Payable	-	73,477	-	-
233 Accrued Leave Payable	34,863	12,863	2,742	6,311
235 Accrued Landfill Closure and Postclosure	-	1,162,412	-	-
Total Noncurrent Liabilities	<u>102,112</u>	<u>1,354,613</u>	<u>2,742</u>	<u>6,311</u>
<b>NET ASSETS:</b>				
253.10 Invested in Capital Assets, Net of Related Debt	1,382,720	3,150,395	1,234,876	416,222
253.20 Restricted Net Assets, Restricted for:				
253.22 Revenue Bond Retirement	-	-	-	-
253.90 Unrestricted Net Assets	<u>(236,286)</u>	<u>5,259,147</u>	<u>6,045</u>	<u>54,058</u>
Total Net Assets	<u>1,146,434</u>	<u>8,409,542</u>	<u>1,240,921</u>	<u>470,280</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,531,212</u></u>	<u><u>\$ 10,049,995</u></u>	<u><u>\$ 1,248,989</u></u>	<u><u>\$ 482,861</u></u>

Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 75,802	\$ 587,617	\$ (121,341)	\$ 1,087,098	\$ 83,646	\$ 3,518,349
-	154,622	-	26,677	-	\$ 181,299
-	-	-	-	-	\$ 1,162,412
-	772,427	-	-	-	\$ 3,924,645
4,507	275	50,934	4,151,405	20	\$ 4,745,360
-	-	-	(3,028,529)	-	\$ (3,042,551)
-	-	-	-	-	\$ 66,679
-	-	-	-	-	\$ 3,370
(0)	31	-	0	0	\$ 32
80,308	1,514,972	(70,406)	2,236,651	83,666	10,559,595
-	-	-	-	-	\$ 37,935
1,424,242	2,212,499	-	-	267,567	\$ 6,620,228
1,505,899	2,079,329	776,571	30,659	916,934	\$ 5,898,831
1,559,572	487,833	-	-	7,439	\$ 4,951,475
-	-	24,804	-	-	\$ 62,659
668,955	16,025	54,216	1,047,638	-	\$ 6,747,431
-	-	-	-	-	\$ -
(1,450,727)	(793,102)	(448,293)	(534,996)	(408,673)	\$ (8,275,517)
3,707,940	4,002,583	407,298	543,301	783,267	16,043,042
\$ 3,788,248	\$ 5,517,555	\$ 336,892	\$ 2,779,952	\$ 866,933	\$ 26,602,637
\$ 10,493	\$ 2,006	\$ 53,278	\$ 62,463	\$ 4,074	374,824
21,072	-	-	44,548	-	160,622
6,196	5,052	13,019	5,564	-	71,756
-	100,000	-	-	-	226,537
6,402	-	-	189,267	-	266,299
-	-	3,500	-	-	7,000
44,163	107,058	69,797	301,843	4,074	1,107,038
125,912	-	-	254,545	-	447,705
-	1,155,000	-	-	-	1,260,861
126,230	-	-	198,353	-	398,060
14,495	8,768	17,515	17,778	-	115,335
-	-	-	-	-	1,162,412
266,637	1,163,768	17,515	470,676	-	3,384,373
3,575,308	2,747,583	407,298	155,681	783,267	13,853,349
-	154,622	-	26,677	-	181,299
(97,860)	1,344,523	(157,718)	1,825,076	79,592	8,076,578
3,477,448	4,246,729	249,580	2,007,433	862,859	22,111,226
\$ 3,788,248	\$ 5,517,555	\$ 336,892	\$ 2,779,952	\$ 866,933	26,602,637

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET A**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2007**

	Solid Waste Collection Fund	Solid Waste Disposal Fund	Executive Golf Course Fund	Cemetery Enterprise Fund
<b>Operating Revenue:</b>				
380 Charges for Goods and Services	\$ 1,944,670	\$ 2,989,536	\$ 137,418	\$ 149,899
381 Revenues used as Security for Revenue Bonds	-	-	-	-
<b>Total Operating Revenue</b>	<b>1,944,670</b>	<b>2,989,536</b>	<b>137,418</b>	<b>149,899</b>
<b>Operating Expenses:</b>				
410 Personal Services	704,579	362,942	125,216	158,078
420 Other Current Expense	1,042,154	38,073	82,553	58,362
426.2 Materials (Cost of Goods Sold)	-	22,799	-	-
457 Depreciation	196,284	182,474	23,744	38,019
<b>Total Operating Expenses</b>	<b>1,943,017</b>	<b>606,288</b>	<b>231,514</b>	<b>254,459</b>
<b>Operating Income (Loss)</b>	<b>1,653</b>	<b>2,383,248</b>	<b>(94,096)</b>	<b>(104,560)</b>
<b>Nonoperating Revenue (Expense):</b>				
361 Investment Earnings	652	276,640	172	6,891
470 Interest Expense and Fiscal Charges	(17,628)	(16,980)	-	-
(492)366 Gain (Loss) on Disposition of Capital Assets	-	(7,809)	-	(699)
<b>Total Nonoperating Revenue (Expense)</b>	<b>(16,976)</b>	<b>251,851</b>	<b>172</b>	<b>6,192</b>
<b>Income (Loss) Before Transfers</b>	<b>(15,324)</b>	<b>2,635,099</b>	<b>(93,924)</b>	<b>(98,368)</b>
369.1 Contributions from Others	-	-	-	-
391.1 Transfers In	-	15,731	155,000	107,876
511 Transfers Out	(90)	(8,454)	-	(748)
<b>Net Contributions and Transfers</b>	<b>(90)</b>	<b>7,277</b>	<b>155,000</b>	<b>107,128</b>
<b>Change in Net Assets</b>	<b>(15,414)</b>	<b>2,642,377</b>	<b>61,076</b>	<b>8,760</b>
<b>Net Assets - Beginning</b>	<b>1,161,848</b>	<b>5,767,166</b>	<b>1,179,845</b>	<b>461,520</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 1,146,434</b>	<b>\$ 8,409,542</b>	<b>\$ 1,240,921</b>	<b>\$ 470,280</b>



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<i>Enterprise Funds</i>					
Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$ 793,205	\$ -	\$ 260,995	\$ 2,603,158	\$ 28,111	\$ 8,906,992
-	520,044	-	-	-	520,044
793,205	520,044	260,995	2,603,158	28,111	9,427,036
305,174	158,361	346,199	1,459,744	-	3,620,293
399,569	217,522	(53,899)	540,728	69,720	2,394,782
-	-	-	-	-	22,799
70,989	40,648	16,680	151,426	16,517	736,781
775,732	416,531	308,980	2,151,898	86,237	6,774,655
17,473	103,513	(47,985)	451,260	(58,125)	2,652,381
7,362	74,936	-	39,054	3,292	408,999
(23,593)	(55,021)	-	(41,562)	-	(154,784)
-	-	-	-	-	(8,508)
(16,231)	19,915	-	(2,508)	3,292	245,707
1,242	123,428	(47,985)	448,752	(54,833)	2,898,088
-	-	-	-	-	-
119,589	-	-	-	45,423	443,619
(217,843)	(17,673)	(20,446)	(95)	(4,389)	(269,738)
(98,254)	(17,673)	(20,446)	(95)	41,034	173,881
(97,012)	105,755	(68,431)	448,657	(13,799)	3,071,969
3,574,460	4,140,974	318,011	1,558,776	876,658	19,039,258
\$ 3,477,448	\$ 4,246,729	\$ 249,580	\$ 2,007,433	\$ 862,859	\$ 22,111,227

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2007**

	Solid Waste Collection Fund	Solid Waste Disposal Fund	Executive Golf Course Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipt from Customers	\$1,938,617	\$2,882,641	\$137,418
Receipt from Interfund Services Provided		\$5,386	
Payments to Suppliers	(1,012,487)	(1,054,205)	(81,349)
Payments to Employees	(691,352)	(354,400)	(123,748)
Internal Activity - Payment to Other Funds	(32,750)		-
Net Cash Provided (Used) by Operating Activities	<u>\$202,028</u>	<u>\$1,479,422</u>	<u>(\$67,680)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating Subsidies	-	-	-
Transfers In			155,000
Transfers Out	(90)	(8,454)	-
Net Cash Provided (Used) by Operating Subsidies and Transfers	<u>(90)</u>	<u>(8,454)</u>	<u>155,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds of Capital Debt	-	-	-
Purchase of Capital Assets		(591,949)	-
Principal Paid on Capital Debt	(346,748)	(140,848)	-
Interest Paid on Capital Debt	(17,628)	(16,980)	-
Proceeds from Sale of Assets	-	-	-
Net Cash (Used) by capital and related financing Activities	<u>(364,376)</u>	<u>(749,777)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Earnings	869	286,926	173
(Increase) Decrease in Investments		(26,567)	
(Increase) Decrease in Restricted Cash	-		-
Net Cash Provided by Investing Activities	<u>869</u>	<u>260,358</u>	<u>173</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(161,569)	981,549	87,494
Balances - Beginning	161,569	1,943,796	(73,381)
Balances- Ending	<u>(0)</u>	<u>2,925,346</u>	<u>14,113</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	1,653	2,383,248	(94,096)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	196,284	182,474	23,744
Landfill Closure and Postclosure Costs		(1,050,829)	
Change in Assets and Liabilities:			
Receivables	(6,053)	(106,895)	-
Due to Other Funds	(32,750)	5,386	-
Accounts and Other Payables	29,667	57,496	1,204
Accrued Wages Payable	11,590	7,281	1,527
Accrued Leave Payable	1,637	1,261	(59)
Net Cash Provided (Used) by Operating Activities	<u>\$202,028</u>	<u>\$1,479,422</u>	<u>(\$67,680)</u>
<b>Noncash Investing, Capital and Financing Activities:</b>			
Loss on Disposal of Capital Assets Not Affecting Operating Income	\$ -		
Transfer/Contribution of Assets		15,731	-

**Enterprise Funds**

Cemetery Enterprise Fund	Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
\$150,920	\$788,698	519,833	\$273,126	\$2,348,911	\$28,091	\$9,068,255
(58,105)	(392,868)	(217,760)	98,683	(503,153)	(65,890)	(3,287,134)
(155,186)	(305,253)	(156,400)	(335,836)	(1,487,558)	-	(3,609,733)
-	(36,129)	-	-	(44,548)	-	(113,427)
(\$62,371)	\$54,448	\$145,672	\$35,973	\$313,652	(\$37,799)	\$2,063,347
-	-	-	-	-	-	-
107,876	119,589	-	-	-	45,423	427,888
(748)	(217,843)	(17,673)	(20,446)	(95)	(4,389)	(269,738)
107,128	(98,254)	(17,673)	(20,446)	(95)	41,034	158,150
-	-	-	-	-	-	-
(50,881)	(58,089)	-	-	-	-	(700,919)
-	(5,796)	(100,000)	-	(173,478)	-	(766,870)
-	(23,593)	(55,021)	-	(41,562)	-	(154,784)
-	-	-	17,479	-	-	17,479
(50,881)	(87,478)	(155,021)	17,479	(215,040)	-	(1,605,094)
7,216	7,825	78,367	-	40,870	3,487	425,732
(1,295)	-	(6,551)	-	-	-	(34,413)
-	-	3,833	-	(1,215)	-	2,618
5,922	7,825	75,649	-	39,655	3,487	393,938
(202)	(123,459)	48,628	33,006	138,172	6,723	1,010,341
28,684	199,261	538,989	(154,347)	948,926	76,923	3,670,421
28,482	75,802	587,617	(121,341)	1,087,098	83,646	4,680,761
(104,560)	17,473	103,513	(47,985)	451,260	(58,125)	2,652,381
38,019	70,989	40,648	16,680	151,426	16,517	736,781
-	-	-	-	-	-	(1,050,829)
1,021	(4,507)	(211)	12,131	(254,247)	(20)	(358,781)
-	(36,129)	-	-	(44,548)	-	(108,041)
257	6,701	(238)	44,784	37,575	3,830	181,276
2,107	2,769	2,577	7,288	3,443	-	38,582
785	(2,848)	(616)	3,075	(31,257)	-	(28,022)
(\$62,371)	\$54,448	\$145,672	\$35,973	\$313,652	(\$37,799)	\$2,063,347

\$ - \$ - \$ - \$ - \$ 15,731

**CITY OF RAPID CITY  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2007**

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Dental Insurance Fund	Workers Compensation Fund	Totals
<b>ASSETS:</b>						
Current Assets:						
101 Cash and Cash Equivalents	\$ 2,742,015	\$ 1,623,398	\$ 141,507	\$ 109,126	\$ 538,859	\$ 5,154,905
115 Accounts Receivable	\$ 229,121	\$ -	\$ -	\$ -	\$ 14,347	\$ 243,468
151 Investments			\$ 161,400		\$ 1,382,630	\$ 1,544,030
135 Interest Receivable	0	(0)	-	(0)	(0)	(1)
<b>TOTAL ASSETS</b>	<b>\$ 2,971,136</b>	<b>\$ 1,623,398</b>	<b>\$ 302,907</b>	<b>\$ 109,125</b>	<b>\$ 1,935,837</b>	<b>\$ 6,942,403</b>
<b>LIABILITIES:</b>						
Current Liabilities:						
202 Accounts Payable	\$ 622,501	\$ 276,240	\$ 5,361	\$ 8,093	\$ 1,065,611	\$ 1,977,807
<b>Total Current Liabilities</b>	<b>622,501</b>	<b>276,240</b>	<b>5,361</b>	<b>8,093</b>	<b>1,065,611</b>	<b>1,977,807</b>
<b>NET ASSETS:</b>						
253.90 Unrestricted Net Assets	2,348,635	1,347,158	297,546	101,032	870,226	4,964,596
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,971,136</b>	<b>\$ 1,623,398</b>	<b>\$ 302,907</b>	<b>\$ 109,125</b>	<b>\$ 1,935,837</b>	<b>\$ 6,942,403</b>

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Dental Insurance Fund	Workers Compensation Fund	Totals
<b>Operating Revenue:</b>						
380 Charges for Goods and Services	\$ 5,695,526	\$ 1,646,567	\$ 35,000	\$ 113,649	\$ 479,021	\$ 7,969,763
<b>Operating Expenses:</b>						
420 Other Current Expense	5,159,417	1,180,933	23,263	128,807	837,565	7,329,985
Operating Income (Loss)	536,109	465,633	11,737	(15,157)	(358,544)	639,778
<b>Nonoperating Revenue (Expense):</b>						
361 Investment Earnings (Loss)	77,040	52,582	-	3,733	109,826	243,181
360 Transfer In/Out	300,000	-	-	-	(300,000)	-
Change in Net Assets	913,149	518,216	11,737	(11,425)	(548,718)	882,959
Net Assets - Beginning	1,234,635	828,942	285,809	112,457	1,418,943	3,880,786
Prior Period Adjustment	200,851					200,851
Net Assets - Beginning Restated	1,435,486	828,942	285,809	112,457	1,418,943	4,081,637
<b>NET ASSETS - ENDING</b>	<b>\$ 2,348,635</b>	<b>\$ 1,347,158</b>	<b>\$ 297,546</b>	<b>\$ 101,032</b>	<b>\$ 870,226</b>	<b>\$ 4,964,596</b>

**CITY OF RAPID CITY  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR YEAR ENDED DECEMBER 31, 2007**

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Dental Insurance Fund	Workers Compensation Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from Interfund Services Provided	\$ 5,667,256	\$ 1,646,567	\$ 35,000	\$ 113,649	\$ 464,674	\$ 7,927,146
Payments for Claims & Services	(5,098,654)	(1,109,983)	(21,406)	(122,414)	(704,080)	(7,056,537)
Net Cash Provided (Used) by Operating Activities	568,602	536,583	13,594	(8,764)	(239,406)	870,609
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers In	300,000	-	-	-	-	300,000
Transfers Out	-	-	-	-	(300,000)	(300,000)
Net Cash Provided (Used) by Operating Transfers	300,000	-	-	-	(300,000)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
(Increase) Decrease in Investments			2,472		(11,726)	(9,254)
Interest Earnings	80,706	53,961	-	3,962	114,369	252,999
Net Cash Provided by Investing Activities	80,706	53,961	2,472	3,962	102,643	243,744
Net Increase (Decrease) in Cash and Cash Equivalents	949,308	590,545	16,066	(4,802)	(436,763)	1,114,353
Balances - Beginning	1,792,707	1,032,853	125,441	113,928	975,623	4,040,552
Balances- Ending	2,742,015	1,623,398	141,507	109,126	538,860	5,154,905
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating Income (Loss)	536,109	465,633	11,737	(15,157)	(358,544)	639,778
Adjustments to Reconcile Operating Income to Change in Assets and Liabilities:						
Accounts Receivable	(28,270)	-	-	-	(14,347)	(42,617)
Accounts Payables	60,763	70,950	1,857	6,393	133,485	273,448
Net Cash Provided (Used) by Operating Activities	\$ 568,602	\$ 536,583	\$ 13,594	\$ (8,764)	\$ (239,406)	\$ 870,609

**CITY OF RAPID CITY**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2007**

	Deposits Held In Trust Fund	Payroll Withholding Fund	Section 125 Fund	Total
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 163,816	\$ 268,651	\$ 34,109	\$ 466,576
Investments	\$ 513,114			\$ 513,114
<b>TOTAL ASSETS</b>	<b>\$ 676,929</b>	<b>\$ 268,651</b>	<b>\$ 34,109</b>	<b>\$ 979,690</b>
<b>LIABILITIES:</b>				
Accounts Payable		\$ 86,144		86,144
Due to Other Organizations	\$ 676,929	\$ 182,508	\$ 34,109	\$ 893,546
<b>Total Liabilities</b>	<b>\$ 676,929</b>	<b>\$ 268,651</b>	<b>\$ 34,109</b>	<b>\$ 979,690</b>

**CITY OF RAPID CITY  
 BUDGETARY COMPARISON SCHEDULE  
 OCCUPANCY TAX FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
314 Occupancy Tax	\$ 1,230,085	\$ 1,156,591
340 Charges for Goods and Services:		
342 Public Safety	-	-
343 Public Works	-	-
345 Health and Welfare	-	-
346 Culture and Recreation	-	-
349 Conservation and Development	-	-
360 Miscellaneous Revenue:		
361 Interest Earnings	-	3,989
363 Special Assessments	-	-
Total Revenue	<u>1,230,085</u>	<u>1,160,580</u>
<b>Expenditures:</b>		
490 Other Expenditures		
492 Other Expenditures	1,230,085	1,210,685
470 Debt Service	-	-
485 Capital Outlay	-	-
Total Expenditures	<u>1,230,085</u>	<u>1,210,685</u>
Excess of Revenue Over (Under)		
Expenditures	-	(50,105)
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	-
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(50,105)
Fund Balance - Beginning	61,137	61,137
<b>FUND BALANCE- ENDING</b>	<u>\$ 61,137</u>	<u>\$ 11,032</u>



**CITY OF RAPID CITY  
 BUDGETARY COMPARISON SCHEDULE  
 REPAIR AND DEMOLITION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
340 Charges for Goods and Services:		
342 Public Safety	50,000	1,280
343 Public Works	-	-
345 Health and Welfare	-	-
346 Culture and Recreation	-	-
349 Conservation and Development	-	-
360 Miscellaneous Revenue:		
361 Interest Earnings	-	2,750
363 Special Assessments	6,500	10,300
Total Revenue	<u>56,500</u>	<u>14,330</u>
<b>Expenditures:</b>		
420 Public Safety		
421 Police	56,500	51,710
470 Debt Service	-	-
485 Capital Outlay	-	-
Total Expenditures	<u>56,500</u>	<u>51,710</u>
Excess of Revenue Over (Under)		
Expenditures	-	(37,380)
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	-
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(37,380)
Fund Balance - Beginning	109,964	109,964
<b>FUND BALANCE- ENDING</b>	<u>\$ 109,964</u>	<u>\$ 72,584</u>

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
RETIRED SENIOR VOLUNTEER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
331 Federal Grants	110,489	59,847
340 Charges for Goods and Services:		
342 Public Safety	-	-
343 Public Works	-	-
345 Health and Welfare	-	-
346 Culture and Recreation	-	-
349 Conservation and Development	-	-
360 Miscellaneous Revenue:		
361 Interest Earnings	-	-
367 Contributions and Donations	-	44,182
Total Revenue	<u>110,489</u>	<u>104,029</u>
<b>Expenditures:</b>		
450 Culture and Recreation		
4xx Retired Senior Volunteers	110,489	105,910
43x Administration	-	-
470 Debt Service	-	-
485 Capital Outlay	-	-
Total Expenditures	<u>110,489</u>	<u>105,910</u>
Excess of Revenue Over (Under)		
Expenditures	-	(1,881)
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	-
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(1,881)
Fund Balance - Beginning	9,840	9,840
<b>FUND BALANCE- ENDING</b>	<u>\$ 9,840</u>	<u>\$ 7,959</u>

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
331 Federal Grant	597,996	427,079
340 Charges for Goods and Services:		
342 General Government	-	5,571
343 Public Works	-	-
345 Health and Welfare	-	-
346 Culture and Recreation	-	-
349 Conservation and Development	-	2,354
360 Miscellaneous Revenue:		
361 Interest Earnings	-	-
Total Revenue	<u>597,996</u>	<u>435,003</u>
<b>Expenditures:</b>		
460 Community Development:		
463 Community Development	869,576	473,356
470 Debt Service	-	-
485 Capital Outlay	-	-
Total Expenditures	<u>869,576</u>	<u>473,356</u>
Excess of Revenue Over (Under)		
Expenditures	<u>(271,580)</u>	<u>(38,352)</u>
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	-
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(271,580)	(38,352)
Fund Balance - Beginning	447	447
<b>FUND BALANCE- ENDING</b>	<u>\$ (271,133)</u>	<u>\$ (37,906)</u>

**CITY OF RAPID CITY  
 BUDGETARY COMPARISON SCHEDULE  
 EDUCATION LOAN FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
340 Charges for Goods and Services:		
341 General Government	25,000	32,171
342 Public Safety	-	-
343 Public Works	-	-
345 Health and Welfare	-	-
346 Culture and Recreation	-	-
349 Conservation and Development	-	-
360 Miscellaneous Revenue:		
361 Interest Earnings	-	-
Total Revenue	<u>25,000</u>	<u>32,171</u>
<b>Expenditures:</b>		
490 Miscellaneous		
492 Other Expenditures	25,000	29,105
Total Expenditures	<u>25,000</u>	<u>29,105</u>
Excess of Revenue Over (Under)		
Expenditures	-	3,066
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	-
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	3,066
Fund Balance - Beginning	8,058	8,058
<b>FUND BALANCE- ENDING</b>	<u>\$ 8,058</u>	<u>\$ 11,124</u>

**CITY OF RAPID CITY  
 BUDGETARY COMPARISON SCHEDULE  
 BEAUTIFICATION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
340 Charges for Goods and Services:		
341 General Government	-	-
342 Public Safety	-	-
343 Public Works	-	-
345 Health and Welfare	-	-
346 Culture and Recreation	-	-
349 Conservation and Development	-	-
360 Miscellaneous Revenue:		
361 Interest Earnings	-	-
Total Revenue	<u>-</u>	<u>-</u>
<b>Expenditures:</b>		
490 Miscellaneous		
492 Other Expenditures	-	75,813
Total Expenditures	<u>-</u>	<u>75,813</u>
Excess of Revenue Over (Under)		
Expenditures	<u>-</u>	<u>(75,813)</u>
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	-
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(75,813)
Fund Balance - Beginning	75,813	75,813
<b>FUND BALANCE- ENDING</b>	<u>\$ 75,813</u>	<u>\$ -</u>

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
REHABILITATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
340 Charges for Goods and Services:		
341 General Government	-	-
342 Public Safety	-	-
343 Public Works	-	-
345 Health and Welfare	-	-
346 Culture and Recreation	-	-
349 Conservation and Development	50	77,885
360 Miscellaneous Revenue:		
361 Interest Earnings	-	46
Total Revenue	<u>50</u>	<u>77,931</u>
<b>Expenditures:</b>		
460 Conservation & Development		
463 Community Development	50	58,327
Total Expenditures	<u>50</u>	<u>58,327</u>
Excess of Revenue Over (Under)		
Expenditures	-	19,605
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	-
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	19,605
Fund Balance - Beginning	39,339	39,339
<b>FUND BALANCE- ENDING</b>	<u>\$ 39,339</u>	<u>\$ 58,944</u>

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
LIBRARY BOARD FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
340 Charges for Goods and Services:		
346 Culture and Recreation		-
350 Fine and Forfeitures	-	-
354 Library	113,757	110,425
360 Miscellaneous Revenue:		
361 Interest Earnings	-	-
Total Revenue	<u>113,757</u>	<u>110,425</u>
<b>Expenditures:</b>		
450 Culture and Recreation		
455 Library	122,073	57,971
470 Debt Service	-	-
485 Capital Outlay	-	-
Total Expenditures	<u>122,073</u>	<u>57,971</u>
Excess of Revenue Over (Under) Expenditures	<u>(8,316)</u>	<u>52,454</u>
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	(33,500)	(33,500)
391.01 Transfers In	7,500	7,500
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>(26,000)</u>
Net Change in Fund Balances	(34,316)	26,454
Fund Balance - Beginning	44,316	44,316
<b>FUND BALANCE- ENDING</b>	<u>\$ 10,000</u>	<u>\$ 70,770</u>

**CITY OF RAPID CITY  
BUDGETARY COMPARISON SCHEDULE  
CEMETERY PERPETUAL CARE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
<b>Revenues:</b>		
310 Taxes:		
313 General Sales and Use Taxes	\$ -	\$ -
340 Charges for Goods and Services:		
342 Public Safety	-	-
343 Public Works	-	-
345 Health and Welfare	-	-
348 Cemetery	15,000	4,469
349 Conservation and Development	-	-
360 Miscellaneous Revenue:		
361 Interest Earnings	-	-
Total Revenue	<u>15,000</u>	<u>4,469</u>
<b>Expenditures:</b>		
437 Cemetery	15,000	195
470 Debt Service	-	-
485 Capital Outlay	-	-
Total Expenditures	<u>15,000</u>	<u>195</u>
Excess of Revenue Over (Under)		
Expenditures	-	4,274
<b>Other Financing Sources (Uses):</b>		
511 Transfers Out	-	(12,698)
391.03 Sale of Municipal Property	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,698)</u>
Net Change in Fund Balances	-	(8,424)
Fund Balance - Beginning	81,996	81,996
<b>FUND BALANCE- ENDING</b>	<u>\$ 81,996</u>	<u>\$ 73,572</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 understand the environment within which the City's financial activities take place.

### Operating Information

These schedules contain service data to assist the reader 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 BY COMPONENT  
LAST SEVEN FISCAL YEARS (UNAUDITED)  
(accrual basis of accounting)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007**
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$103,023,640	\$123,638,772	\$144,262,639	\$160,503,057	\$132,910,951	\$143,729,290	\$144,508,931
Restricted	51,629,148	33,357,099	29,457,859	6,682,629	53,279,376	47,176,384	40,648,502
Unrestricted	23,135,428	32,446,186	24,352,521	45,050,470	46,666,209	51,199,627	49,274,390
<b>Total governmental activities net assets</b>	<b>177,788,216</b>	<b>189,442,057</b>	<b>198,073,019</b>	<b>212,236,156</b>	<b>232,856,536</b>	<b>242,105,301</b>	<b>234,431,823</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	128,413,797	139,162,346	149,103,293	158,723,257	169,802,852	188,750,708	215,900,583
Restricted	1,199,214	1,283,752	1,427,277	1,411,216	1,393,171	733,070	1,099,005
Unrestricted	14,353,546	14,475,444	15,414,180	14,418,186	18,455,480	18,759,835	25,281,486
<b>Total business-type activities net assets</b>	<b>143,966,557</b>	<b>154,921,542</b>	<b>165,944,750</b>	<b>174,552,659</b>	<b>189,651,503</b>	<b>208,243,613</b>	<b>242,281,074</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	231,437,437	262,801,118	293,365,932	319,226,314	302,713,803	332,479,998	360,409,514
Restricted	52,828,362	34,640,851	30,885,136	8,093,845	54,672,547	47,909,454	41,747,507
Unrestricted	37,488,974	46,921,630	38,766,701	59,468,656	65,121,689	69,959,462	74,555,876
<b>Total primary government net assets</b>	<b>\$321,754,773</b>	<b>\$344,363,599</b>	<b>\$364,017,769</b>	<b>\$386,788,815</b>	<b>\$422,508,039</b>	<b>\$450,348,914</b>	<b>\$476,712,897</b>

\*\*Beginning net assets have been restated

CITY OF RAPID CITY  
CHANGE IN NET ASSETS  
LAST SEVEN FISCAL YEARS (UNAUDITED)  
(accrual basis of accounting)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
<b>Expenses</b>							
Governmental activities							
General government	\$ 1,628,235	\$ 2,375,909	\$ 2,473,998	\$ 2,571,017	\$ 2,762,455	\$ 2,668,062	\$ 2,882,804
Public Safety	14,169,612	16,278,315	17,202,666	17,561,359	17,562,771	18,602,753	19,622,564
Public Works	7,947,180	4,400,648	13,000,716	13,298,573	12,571,139	13,607,081	14,223,259
Health & Welfare	1,494,006	3,161,437	1,700,072	1,784,414	1,997,014	2,164,755	2,525,810
Culture & Recreation	1,211,002	5,478,909	6,589,028	7,593,391	8,259,883	8,811,502	9,151,334
Conservation & Development	5,316,774	2,529,571	2,570,409	1,412,439	4,299,606	4,026,988	4,690,156
Interest on Long-Term Debt	2,370,703	2,557,977	1,768,427	1,401,019	1,305,823	2,762,963	3,216,299
Miscellaneous Expenditures	304,379	1,161,500	363	841,713	452,179	3,406,407	1,692,815
Total governmental activities expenses	<u>34,441,891</u>	<u>37,944,266</u>	<u>45,305,679</u>	<u>46,463,925</u>	<u>49,210,870</u>	<u>56,050,511</u>	<u>58,005,041</u>
Business-type activities							
Water	4,810,038	5,377,019	5,308,407	5,660,967	6,312,383	7,193,375	7,337,365
Water Reclamation	3,103,449	3,892,013	4,333,321	5,094,496	5,524,521	6,329,099	6,711,619
Airport	3,318,293	4,034,290	3,850,454	4,122,545	4,501,446	4,942,984	5,112,561
Solid Waste Disposal	1,330,223	1,187,303	1,180,332	1,531,212	1,473,722	1,562,615	615,860
Solid Waste MRF	2,250,805	2,126,261	2,045,115	2,692,254	2,648,085	2,678,829	2,565,322
Civic Center	4,851,138	5,387,287	5,385,512	5,941,291	6,082,438	6,346,398	6,598,565
Solid Waste Collection	1,295,012	1,283,594	1,597,320	1,515,099	1,624,172	1,739,117	1,947,929
Executive Golf Course	294,414	388,184	334,131	256,268	265,590	269,630	229,342
Cemetery	197,382	265,236	241,376	257,614	247,501	241,786	251,580
Golf Course	714,982	640,032	917,716	786,569	767,098	781,217	795,172
Parking Lot & Area	451,355	531,941	475,762	417,396	421,837	496,220	468,009
Energy Plant	224,255	256,976	244,836	247,386	286,218	339,298	301,859
Ambulance	-	-	1,483,188	1,885,619	1,877,522	1,918,699	2,165,208
Transportation Terminal	70,244	72,038	73,520	66,387	74,275	84,016	86,237
Total business-type activities	<u>22,911,290</u>	<u>25,442,174</u>	<u>27,470,989</u>	<u>30,475,103</u>	<u>32,106,808</u>	<u>34,923,283</u>	<u>35,186,629</u>
Total primary government expense	<u>\$ 57,353,181</u>	<u>\$ 63,386,440</u>	<u>\$ 72,776,668</u>	<u>\$ 76,939,028</u>	<u>\$ 81,317,678</u>	<u>\$ 90,973,794</u>	<u>\$ 93,191,670</u>

TABLE 2

CITY OF RAPID CITY  
CHANGE IN NET ASSETS  
LAST SEVEN FISCAL YEARS (UNAUDITED)  
(accrual basis of accounting)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
<b>Program Revenues</b>							
Governmental activities							
General government	\$ 1,535,236	\$ 1,999,199	\$ 1,623,555	\$ 2,249,915	\$ 2,318,659	\$ 2,291,651	\$ 2,229,739
Public Safety	624,170	703,490	871,023	778,487	819,212	1,034,516	950,463
Public Works	45,249	427,115	2,711,044	1,007,620	2,869,211	1,579,149	794,555
Health & Welfare	313,938	199,885	250,525	223,463	233,081	283,795	285,404
Culture & Recreation	528,483	1,145,509	1,080,690	1,181,478	1,343,438	1,492,145	1,467,547
Conservation & Development	100,000	204,425	31,103	172,473	139,406	72,701	1,888,132
Operating Grants & Contributions	4,209,762	2,430,571	2,140,864	2,004,095	2,068,813	2,785,807	1,944,336
Capital Grants & Contributions	96,000	-	3,917,163	9,150,725	9,709,472	1,586,051	4,629,809
Total governmental activities	7,451,838	7,110,194	12,625,967	16,768,256	19,501,292	11,125,815	14,189,985
Business-type activities							
Water	6,886,301	8,181,214	8,833,047	8,159,633	9,413,770	10,041,912	10,996,410
Water Reclamation	4,168,699	4,744,808	4,599,303	4,782,545	6,226,225	6,887,604	8,023,176
Airport	2,817,732	3,288,565	3,329,929	3,541,939	4,053,585	3,835,585	4,288,879
Solid Waste Disposal	1,775,152	1,694,972	1,676,636	1,532,669	1,548,491	1,814,979	2,989,536
Solid Waste MRF	2,342,340	2,277,296	2,754,032	3,238,640	3,413,875	3,354,528	2,110,224
Civic Center	2,321,799	2,809,576	2,995,192	3,140,706	3,525,052	3,082,211	3,174,853
Solid Waste Collection	1,200,025	1,526,468	1,508,526	1,571,225	1,685,053	1,756,437	1,944,670
Executive Golf Course	204,346	176,734	156,776	126,587	120,435	131,362	137,418
Cemetery	136,275	127,601	140,694	133,244	156,458	165,945	149,899
Golf Course	727,101	791,025	894,044	787,790	731,191	777,777	793,205
Parking Lot & Area	520,281	522,746	591,889	566,165	528,082	532,415	520,044
Energy Plant	199,631	228,880	198,671	201,643	328,026	303,371	260,995
Ambulance	-	-	1,656,598	2,310,001	2,353,240	2,337,896	2,603,158
Transportation Terminal	29,544	30,083	28,867	32,570	33,387	30,494	28,111
Operating Grants & Contributions	-	-	-	-	-	-	-
Capital Grants & Contributions	1,856,610	3,987,981	2,627,049	5,382,212	9,257,768	10,439,307	6,636,675
Total business-type activities	25,185,836	30,388,949	31,991,253	35,507,569	43,374,638	45,491,823	44,657,253
Total primary government revenue	\$ 32,637,674	\$ 37,499,143	\$ 44,617,220	\$ 52,275,825	\$ 62,875,930	\$ 56,617,638	\$ 58,847,238
<b>Net (Expense) Revenue</b>							
Governmental activities	(26,990,053)	(30,834,072)	(32,679,712)	(29,695,669)	(29,709,578)	(44,924,696)	(43,815,056)
Business-type activities	2,274,546	4,946,775	4,520,264	5,032,466	11,267,830	10,568,540	9,470,624
Total primary government net expense	\$ (24,715,507)	\$ (25,887,297)	\$ (28,159,448)	\$ (24,663,203)	\$ (18,441,748)	\$ (34,356,156)	\$ (34,344,432)

CITY OF RAPID CITY  
CHANGE IN NET ASSETS  
LAST SEVEN FISCAL YEARS (UNAUDITED)  
(accrual basis of accounting)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
<b>General Revenue and other changes net assets</b>							
Governmental activities:							
Taxes:							
Property taxes	\$ 8,651,343	\$ 9,274,656	\$ 9,032,940	\$ 9,074,257	\$ 11,132,203	\$ 12,258,052	\$ 15,094,006
Sales taxes	27,764,545	27,774,001	32,048,237	32,484,575	35,652,430	38,875,471	40,802,422
Other taxes	352,647	1,505,890	570,792	252,291	760,324	1,791,451	266,596
State shared revenue	823,628	1,019,875	881,196	1,013,404	888,271	1,101,198	1,147,108
County shared revenue	231,365	222,960	232,901	241,368	241,891	246,342	284,357
Non-program grants & contributions	54,501	245,602	135,654	60,571	40,574	47,801	85,546
Unrestricted investment earnings	3,246,197	2,671,849	1,105,617	1,160,917	1,290,324	4,459,221	4,770,192
Miscellaneous revenue	1,329,151	1,014,342	328,199	229,443	154,137	163,020	276,402
Gain (loss) on disposal of capital assets	-	-	(93,316)	115,937	569,595	(248,867)	5,348
Transfers	(805,085)	(1,241,262)	(1,088,976)	(773,944)	(772,400)	(4,520,224)	(20,199,603)
Total governmental activities	41,648,292	42,487,913	43,183,244	43,858,819	49,957,349	54,173,465	42,532,374
Business-type activities							
Taxes							
Gross Receipts Tax	2,000,389	2,141,193	2,331,448	2,332,024	2,498,853	2,634,751	2,797,145
Other taxes	114,279	419,215	180,569	152,877	293,088	169,500	227,308
Unrestricted investment earnings	659,352	804,233	369,269	375,062	358,223	691,989	1,139,903
Miscellaneous revenue	-	1,402,208	2,410,139	(88,300)	191,356	13,892	-
Gain (loss) on disposal of capital assets	-	-	(132,151)	29,836	(219,115)	(6,785)	411,449
Transfers	805,085	1,241,262	1,058,976	773,944	772,400	4,520,225	20,199,603
Total business-type activities	3,579,105	6,008,111	6,218,250	3,575,443	3,894,805	8,023,572	24,775,408
Total primary government	\$ 45,227,397	\$ 48,496,024	\$ 49,401,494	\$ 47,434,262	\$ 53,852,154	\$ 62,197,037	\$ 67,307,782
<b>Change in Net Assets</b>							
Government activities	14,658,239	11,653,841	10,503,532	14,163,150	20,247,771	9,248,769	(1,282,662)
Business-type activities	5,853,651	10,954,866	10,738,514	8,607,909	15,162,635	18,592,112	34,246,032
Total primary government	\$ 20,511,890	\$ 22,608,707	\$ 21,242,046	\$ 22,771,059	\$ 35,410,406	\$ 27,840,881	\$ 32,963,350

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

	Fiscal Year									
	1998	1999	2000	2001	2002*	2003	2004	2005	2006	2007**
General Fund										
Reserved	\$ 1,194	\$ 1,076	\$ 1,574	\$ 963	\$ 40	\$ 509	\$ 751	\$ 1,072	\$ 920	\$ 685
Unreserved	8,939	11,655	13,732	16,259	17,840	17,815	17,409	17,470	16,792	16,214
Total General Fund	<u>\$10,133</u>	<u>\$12,731</u>	<u>\$15,306</u>	<u>\$17,222</u>	<u>\$17,880</u>	<u>\$18,324</u>	<u>\$18,160</u>	<u>\$18,542</u>	<u>\$17,712</u>	<u>\$16,899</u>
All Other Governmental Funds										
Reserved	\$13,838	\$13,209	\$15,207	\$19,786	\$ 10,158	\$ 8,449	\$ 9,441	\$ 55,241	\$ 48,454	\$ 46,632
Unreserved, reported in										
Special Revenue	19,736	20,171	23,008	30,376	31,486	22,269	19,069	22,985	28,999	22,410
Capital Projects	9,280	1,264	8,233	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$42,854</u>	<u>\$34,644</u>	<u>\$46,448</u>	<u>\$50,162</u>	<u>\$ 41,644</u>	<u>\$ 30,718</u>	<u>\$ 28,510</u>	<u>\$ 78,226</u>	<u>\$ 77,453</u>	<u>\$ 69,042</u>

\* Implementation of GASB 34 changed the nature of reserved funds  
 \*\*Beginning net assets have been restated

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues:</b>										
Taxes	\$ 29,961	\$ 33,653	\$ 34,533	\$ 36,341	\$ 37,021	\$ 41,482	\$ 42,391	\$ 47,078	\$ 52,279	\$ 56,278
Licenses & Permits	961	1,047	1,110	1,345	1,440	1,414	1,874	2,048	2,019	2,362
Intergovernmental	4,234	3,410	3,857	3,278	3,591	3,259	3,259	3,139	4,134	5,134
Charges for Services	708	680	849	1,805	3,098	4,963	3,500	5,616	4,503	5,127
Fines and Forfeits	47	76	110	173	157	190	240	158	231	207
Miscellaneous	4,182	3,861	5,979	6,153	4,740	1,837	1,703	1,866	4,792	5,594
<b>Total Revenues</b>	<b>40,093</b>	<b>42,727</b>	<b>46,438</b>	<b>49,095</b>	<b>50,047</b>	<b>53,179</b>	<b>52,967</b>	<b>59,905</b>	<b>67,958</b>	<b>74,702</b>
<b>Expenditures:</b>										
General Government	1,222	1,264	1,339	1,764	1,814	1,914	2,092	2,283	2,215	2,719
Public Safety	13,151	13,821	13,592	14,534	15,219	15,884	16,531	16,938	18,022	19,591
Public Works	7,366	15,102	10,734	13,131	4,181	7,159	7,267	5,782	6,306	15,281
Health & Welfare	1,262	1,498	1,395	1,592	2,970	1,515	1,639	1,868	2,007	2,827
Culture & Recreation	4,007	7,792	5,541	14,194	5,065	5,507	6,498	6,988	7,497	13,476
Development	3,244	2,251	3,717	5,468	2,460	2,518	1,397	4,252	4,007	4,558
Debt Service										
Interest	1,926	1,750	1,638	2,669	2,567	1,830	1,463	1,376	2,842	2,865
Principal	4,635	4,951	4,326	5,111	5,342	6,716	5,392	5,967	7,264	9,366
Capital Outlay	-	-	-	-	16,172	20,270	11,982	10,861	11,479	2,194
Miscellaneous	331	279	-	6	1,152	-	842	452	3,406	1,693
<b>Total Expenditures</b>	<b>37,144</b>	<b>48,708</b>	<b>42,282</b>	<b>58,469</b>	<b>56,932</b>	<b>63,313</b>	<b>55,103</b>	<b>56,787</b>	<b>65,045</b>	<b>74,540</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>2,949</b>	<b>(5,981)</b>	<b>4,156</b>	<b>(9,374)</b>	<b>(6,885)</b>	<b>(10,134)</b>	<b>(2,136)</b>	<b>3,118</b>	<b>2,913</b>	<b>161</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	5,339	9,840	8,522	14,089	12,564	3,027	1,060	1,539	1,550	1,107
Transfers Out	(5,031)	(9,642)	(8,305)	(14,894)	(13,805)	(4,096)	(1,834)	(2,011)	(6,070)	(21,306)
Payment to Bond Agent	-	-	-	-	(13,424)	-	-	-	-	-
Proceeds for Borrowing	82	135	10,000	14,405	13,314	-	160	46,824	-	10,920
Sales of Property	56	38	6	123	377	20	378	629	4	86
<b>Total Other Financing Sources (Uses)</b>	<b>446</b>	<b>371</b>	<b>10,223</b>	<b>13,723</b>	<b>(974)</b>	<b>(1,039)</b>	<b>(236)</b>	<b>46,981</b>	<b>(4,516)</b>	<b>(9,194)</b>
<b>Net Change in Fund Balance</b>	<b>3,395</b>	<b>(5,610)</b>	<b>14,379</b>	<b>4,349</b>	<b>(7,859)</b>	<b>(11,173)</b>	<b>(2,372)</b>	<b>50,099</b>	<b>(1,603)</b>	<b>(9,032)</b>
<b>Debt Service as a percentage of Noncapital Expenditures</b>	<b>17.7%</b>	<b>13.8%</b>	<b>14.1%</b>	<b>13.3%</b>	<b>19.4%</b>	<b>19.9%</b>	<b>15.9%</b>	<b>16.0%</b>	<b>18.9%</b>	<b>16.9%</b>

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
1998	7,016	22,729	205	71	268	11	-	-	30,300
1999	7,379	26,042	220	57	272	11	-	-	33,981
2000	7,940	26,286	296	73	293	11	-	-	34,899
2001	8,224	27,764	311	62	277	42	-	-	36,680
2002	8,938	27,774	265	87	294	43	-	-	37,401
2003	9,077	32,048	356	38	295	-	-	-	41,814
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

\* 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	
1998	1,874,317,559	2,082,575,065	(1)	(1)	1,874,317,559	2,082,575,065	0.90
1999	2,075,593,779	2,441,875,034	(1)	(1)	2,075,593,779	2,441,875,034	0.90
2000	2,227,338,452	2,620,397,647	(1)	(1)	2,227,338,452	2,620,397,647	0.85
2001	2,316,510,219	2,725,306,140	(1)	(1)	2,316,510,219	2,725,306,140	0.85
2002	2,628,305,467	3,092,124,079	(1)	(1)	2,628,305,467	3,092,124,079	0.85
2003	2,914,381,622	3,428,684,261	(1)	(1)	2,914,381,622	3,428,684,261	0.85
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	4,322,000,528	5,084,706,504	(1)	(1)	4,322,000,528	5,084,706,504	0.85

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 G.O. bonded debt to assessed value.

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

Fiscal Year	<u>Comercial Construction</u>		<u>Residential Construction</u>		<u>Assessed Property Value</u>		
	No. of Permits	Value	No. of Permits	Value	Commercial	Residential	Nontaxable (1)
1998	104	32,258,389	148	29,963,485	723,023,877	1,151,293,682	N/A
1999	189	37,063,182	144	19,312,876	839,782,116	1,235,811,663	N/A
2000	91	38,721,168	146	18,483,752	976,300,331	1,251,038,121	N/A
2001	146	37,405,560	201	25,505,215	1,178,585,340	1,137,924,879	N/A
2002	48	42,644,786	312	55,656,291	1,079,998,360	1,548,307,107	N/A
2003	47	22,754,813	376	55,749,978	1,216,205,021	1,698,176,601	N/A
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	1,712,073,132	2,609,927,396	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
1998	3.66	-	-	3.66	20.68	5.75	30.09
1999	3.48	-	-	3.48	20.65	5.49	29.62
2000	3.42	-	-	3.42	18.72	5.39	27.53
2001	3.47	-	-	3.47	18.73	5.44	27.64
2002	3.30	-	-	3.30	17.71	5.18	26.19
2003	3.15	-	-	3.15	16.92	4.94	25.01
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

CITY OF RAPID CITY  
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)  
 DECEMBER 31, 2007

Taxpayer	Type of Business	2007 Assessed Valuation	Percent of Total Assessed Valuation
SM Rushmore Mall	Shopping Mall	\$ 45,538,166	1.05%
Walmart Real Estate	Discount Retail	\$ 14,234,313	0.33%
Rushmore Plaza	Holiday Inn Motel	\$ 13,950,864	0.32%
Perkins Delaware	Shopping Center	\$ 13,430,933	0.31%
Regency Rapid City	Ramada Inn Convention Center	\$ 12,278,712	0.28%
Harmony Heights Assn	Apartment Complex	\$ 10,046,592	0.23%
Physicians Real Estate LLP	Medical Clinic	\$ 9,824,885	0.23%
LaCrosse Investors LLP	Apartment Complex	\$ 9,751,104	0.23%
Lowe's Home Centers Inc	Retail	\$ 9,701,126	0.22%
Hetherington Flormann	Medical Offices	\$ 9,614,487	0.22%
		\$ 148,371,182	3.43%

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes To Tax Levy
1998	6,497,261	6,459,222	99.4%	159,778	6,619,000	101.9%	(1)	(1)
1999	6,851,362	6,715,864	98.0%	190,486	6,906,350	100.8%	(1)	(1)
2000	7,230,027	7,083,521	98.0%	247,413	7,330,934	101.4%	(1)	(1)
2001	7,656,404	7,431,485	97.1%	54,709	7,486,194	97.8%	(1)	(1)
2002	8,034,700	7,914,265	98.5%	195,193	8,109,458	100.9%	(1)	(1)
2003	8,681,453	8,578,722	98.8%	195,258	8,773,980	101.1%	(1)	(1)
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)

(1) Outstanding delinquent taxes, although relatively minor, are not known by the City and assumed to be negligible.

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
A. Agriculture, Forestry	\$ 9,064	\$ 9,598	\$ 10,392	\$ 11,692	\$ 12,181	\$ 14,167	\$ 15,255	\$ 16,533	\$ 17,372	\$ 20,029
B. Mining	8,594	10,143	14,045	11,881	12,365	13,074	12,251	14,518	17,175	12,219
C. Construction	4,537	3,794	4,519	5,148	4,723	3,469	3,137	3,096	2,866	2,666
D. Manufacturing	36,155	34,837	39,681	42,884	59,508	57,201	56,610	61,712	74,599	63,597
E. Transportation & Utility	124,934	133,774	139,929	149,406	185,955	170,370	189,469	180,379	197,472	200,465
F. Wholesale Trade	114,595	120,555	122,244	125,566	130,912	124,906	127,620	93,439	99,669	101,264
G. Retail Trade	803,704	840,496	894,426	912,809	896,949	1,014,298	1,100,896	1,218,739	1,141,396	1,309,433
H. Finance, Insurance	16,472	18,683	19,783	20,608	23,656	30,653	39,245	42,497	40,047	37,418
I. Services	239,430	247,537	262,811	276,043	278,365	297,209	307,191	321,978	347,832	367,140
J. Public Administration	-	-	-	43	53	47	-	-	-	-
K. Other	487	297	-	-	-	-	-	42	63	-
<b>Total</b>	<b>\$1,357,972</b>	<b>\$1,419,714</b>	<b>\$1,507,830</b>	<b>\$1,556,080</b>	<b>\$1,604,667</b>	<b>\$1,725,394</b>	<b>\$1,851,674</b>	<b>\$1,952,933</b>	<b>\$1,938,491</b>	<b>\$2,114,221</b>

Source: SD Department of Revenue

CITY OF RAPID CITY  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2007 (UNAUDITED)

<u>ASSESSED VALUE OF TAXABLE PROPERTY (1)</u>	\$ 4,322,000,528
DEBT LIMITS - General Purposes	
Debt Limitation - 5% of Assessed Value	216,100,026
Utilities (Water & Sewer) - 10% of Assessed Value	432,200,053
Streets, Railways or Electric - 8% of Assessed Value	<u>345,760,042</u>
Total Debt Limit	<u><u>994,060,121</u></u>
DEBT APPLICABLE TO LIMITATION	
General Purposes (5%)	
Sales Tax Bonds	65,068,100
Parking Revenue Bonds	1,255,000
Airport Certificate of Participation	980,000
Tax Increment Financing	7,202,432
SRF Loans	12,847,803
Capital Leases	<u>1,572,528</u>
	<u>88,925,863</u>
Utilities (10%)	
Outstanding Debt	-
Streets, Railways or Electric (8%)	
Outstanding Debt	<u>-</u>
Total Applicable Debt	88,925,863
LONG-TERM OBLIGATIONS NOT SUBJECT TO LIMITATION	<u>8,182,432</u>
TOTAL DEBT AND LONG TERM OBLIGATIONS	<u><u>\$ 80,743,431</u></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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 431,093	\$ 477,386	\$ 512,285	\$ 532,797	\$ 634,358	\$ 670,608	\$ 740,673	\$ 790,871	\$ 857,305	\$ 994,060
Total net debt applicable to limit	45,941	41,328	46,196	55,984	55,984	55,000	49,509	87,400	79,719	80,743
Legal debt margin	\$ 385,152	\$ 436,058	\$ 466,089	\$ 476,813	\$ 578,374	\$ 615,608	\$ 691,164	\$ 703,471	\$ 777,586	\$ 913,317
Total net debt applicable to limit as percentage of debt limit	10.66%	8.66%	9.02%	10.51%	8.83%	8.20%	6.68%	11.05%	9.30%	8.12%



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		
1998	11,851,295	7,096,416	4,754,879	942,063	749,691	1,691,754	2.81
1999	12,403,076	7,257,214	5,145,862	948,111	743,745	1,691,856	3.04
2000	14,104,444	7,634,291	6,470,153	890,062	582,068	1,472,130	4.40
2001	16,692,689	8,195,696	8,496,993	1,019,057	500,275	1,519,332	5.59
2002	21,527,982	9,640,108	11,887,874	993,108	675,897	1,669,005	7.12
2003	14,192,199 (1)	6,997,315 (1)	7,194,884	1,071,672 (3)	739,994	1,811,666	2.52
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	19,629,554	4,198,955	1,610,630	727,097	2,337,726	1.80

- (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</u>		<u>Per Capita Income (1)</u>	<u>Median Age (4)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
1998	54,523	(3)	23,858	N/A	13,629	2.5%
1999	54,523	(3)	25,088	N/A	13,733	2.5%
2000	59,607	(4)	24,341	34.8	13,335	2.0%
2001	60,318	(5)	27,181	34.8	13,033	3.1%
2002	61,435	(5)	26,431	34.8	12,832	2.9%
2003	62,552	(5)	27,122	34.8	12,657	3.7%
2004	64,021	(5)	27,945	34.8	12,914	3.3%
2005	65,891	(5)	28,758	34.8	12,932	3.7%
2006	67,447	(5)	29,913	34.8	13,018	3.1%
2007	69,242	(5)	31,118	34.8	12,773	2.9%

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

(2) Rapid City Independent School District

(3) Official 1990 Census

(4) Official 2000 Census

(5) Estimate provided by the City Transportation Planner

N/A Not available

CITY OF RAPID CITY  
PRINCIPAL EMPLOYERS (UNAUDITED)  
DECEMBER 31, 2007

Employer	Employees	Rank	Percentage of Employed Work Force
Ellsworth AFB	3,507	1	5.54%
Rapid City Regional Hospital	2,700	2	4.26%
Federal Government	2,632	3	4.16%
Rapid City Area School District	1,689	4	2.67%
City of Rapid City	1,380	5	2.18%
State of South Dakota	1,090	6	1.72%
Black Hills Corporation	1,060	7	1.67%
SD Army National Guard	1,013	8	1.60%
Walmart/Sam's Club	857	9	1.35%
Pennington County	607	10	0.96%
	16,535		26.12%

Source: Rapid City Economic Development Partnership

TABLE 16

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

Function:	2001	2002	2003	2004	2005	2006	2007
General Government	28	28	28	29	29	30	30
Public Safety							
Police	123	123	128	128	129	131	131
Fire	111	99	111	112	106	106	106
Code Enforcement	3	3	3	3	3	3	3
Advocates for Community Enhancement	0	2	2	2	2	1	1
Public Works							
Street	45	50	50	50	50	50	50
Public Works Administration	23	23	24	24	24	25	26
Water Operations	36	36	36	36	36	36	36
Wastewater Operations	24	25	27	27	27	28	28
Solid Waste Collection	19	19	12	12	12	12	12
Solid Waste Disposal	7	7	7	7	7	8	8
Waste Municipal Recycling	11	13	23	23	23	24	24
Health and Welfare							
Ambulance	0	0	17	17	23	24	30
Public Transit	19	19	19	19	20	23	23
Air Quality	1	1	1	1	1	1	1
Culture and Recreation							
Recreation	3	3	4	4	3	3	3
Ice Arena	0	3	4	4	4	4	4
Golf Course	6	6	6	6	6	7	6
Parks	17	19	20	20	20	20	20
Swimming Pools	2	2	2	6	6	6	6
Cemetery	2	2	3	3	3	3	3
Library	22	28	33	33	33	33	33
Parks and Recreation Administration	0	0	0	2	2	2	2
Civic Center	32	33	33	33	33	33	33
Energy Plant	6	7	7	7	7	7	7
RSVP	2	2	2	2	2	2	2
Airport Operations	17	17	17	17	18	19	20
Conservation and Development							
GIS Mapping	4	4	4	4	4	4	4
Growth Management	29	29	29	29	29	30	33
Transportation Planning	4	4	4	4	4	4	4
Community Development	2	2	2	2	2	2	2
Parking Lot and Area	4	4	4	4	4	4	4
	602	613	662	670	672	685	695

Based on Permanent Budgeted Employees

CITY OF RAPID CITY  
 MISCELLANEOUS STATISTICS (UNAUDITED)  
 DECEMBER 31, 2007

Date of Incorporation - February 1883

Form of Government - Mayor/Council

Area - Square Miles - 52

Miles of Streets - 453.04

Number of Street Lights - 4241

Fire Protection

Number of Stations - 6

Number of Firefighters and Officers (including EMS) - 129

Number of Fire Hydrants - 3,611

Police Protection

Number of Stations - 1

Number of Police Officers - 129

Education (Elementary Only)

Attendance Centers - 15

Number of Students - 6068

Municipal Water Department

Number of Residential Consumers - 20,633

Average Residential Monthly Consumption - 7,914 gallons

Miles of Water Mains - 392.5

Sewers

Miles of Sanitary Sewer - 312.5

Miles of Storm Sewer - 117

Building Permits Issued (including remodeling and repair) - 3185

Culture and Recreation

Number of Parks - 29 (consisting of 1,650 acres)

Number of Libraries - 2

Number of Volumes - 147,000

City Employees - 695.25

Total Salaries - \$34,044,175

CITY OF RAPID CITY  
SURETY BONDS (UNAUDITED)  
DECEMBER 31, 2007

Finance Officer

Bonding Company:	Western Surety Company	
Bond Number:	5712517	
Expiration Date:	Continued until cancelled	
Coverage	James Preston	\$ 250,000

Additional Coverage

Bonding Company:	Western Surety Company	
Bond Number:	5131714	
Expiration Date:	Continued until cancelled	
Coverage	All officers and employees	
	except Finance Officer	\$ 5,000
	Assistant Finance Officer	\$ 125,000
	Civic Center Manager	\$ 100,000
	Civic Center Business Manager	\$ 100,000
	Civic Center Administrative Secretary	\$ 100,000
	Administrator, Computer Services	\$ 50,000
	Civic Center Concession Manager	\$ 50,000



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**CASEY PETERSON & ASSOCIATES, LTD.**  
CPAs & FINANCIAL ADVISORS

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*

To the City Council  
City of Rapid City, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Rapid City (the City), South Dakota, as of and for the year ended December 31, 2007 and have issued our report thereon dated March 07, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 material misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the significant deficiency described above as items 2007-1 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and questioned costs as item 2007-2.

We noted certain matters that we reported to management of the City of Rapid City, South Dakota, in a separate letter dated March 07, 2009.

The City's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record, and its distribution is not limited.

*Casey Peterson & Associates, Ltd.*

Casey Peterson & Associates, Ltd.

Rapid City, South Dakota

March 07, 2009





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**CASEY PETERSON & ASSOCIATES, LTD.**  
CPAs & FINANCIAL ADVISORS

Report on Compliance With Requirements Applicable to Each  
Major Program and Internal Control Over Compliance in  
Accordance With OMB Circular A-133

To the City Council  
City of Rapid City, South Dakota

Compliance

We have audited the compliance of City of Rapid City (the City), South Dakota with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the summary of the independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

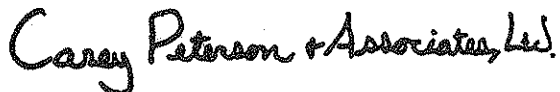
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-3 to be a significant deficiency. We consider the significant deficiency described in the accompanying schedule of findings and questioned costs as item 2007-3 to be a material weakness.

The City's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record, and its distribution is not limited.



Casey Peterson & Associates, Ltd.

Rapid City, South Dakota  
March 07, 2009

**CITY OF RAPID CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	CFDA NUMBERS	AMOUNT
<b>U.S. Department of Housing and Urban Development:</b>		
<i>Direct Federal Funding:</i>		
Community Development Block Grant/Entitlement (Note 2)	14,218	669,948.83
<b>U.S. Department of the Interior:</b>		
<i>Pass-Through the S.D. Department of Tourism and State Development</i>		
Historic Preservation Fund Grant-in-Aid	15,904	8,404.03
<b>U.S. Department of Justice:</b>		
<i>Direct Federal Funding:</i>		
Edward Byrne Mem. Law Enforcement Assistance Discretionary Grants Program	16,580	20,082.48
Bullet Proof Vest Partnership Program	16,607	2,096.50
<i>Pass-Through the S.D. Department of Commerce and Regulation:</i>		
Coverdell Forensic Science Grant	16,742	76,360.24
<b>Total U.S. Department of Justice</b>		<b>98,539.22</b>
<b>U.S. Department of Transportation:</b>		
<i>Pass-Through the S.D. Department of Transportation:</i>		
Airport Improvement Program	20,106	4,003,807.47
Highway Planning and Construction	20,205	302,678.20
Federal Transit - Metropolitan Planning Grants	20,505	36,179.58
<i>Pass-Through the S.D. Department of Public Safety:</i>		
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20,601	25,570.85
Serious Traffic Offender Programs	20,608	40,289.12
<i>Direct Federal Funding:</i>		
Federal Transit - Capital and Operating Assistance Federal Grant	20,507	2,437,055.00
Interagency Hazardous Material Public Sector Training and Planning Grant	20,703	18,646.06
<b>Total U.S. Department of Transportation</b>		<b>6,864,226.28</b>
<b>U.S. General Services Administration:</b>		
<i>Pass-through the S.D. Federal Property Agency:</i>		
Donation of Federal Surplus Property	39,003	1,534.00
<b>National Foundation of the Arts and Humanities:</b>		
<i>Pass-Through the S.D. Arts Council</i>		
Promotion of the Arts and Humanities Grant	45,025	1,800.00
<b>U.S. Environmental Protection Agency:</b>		
<i>Direct Federal Funding:</i>		
Congressional Mandated Projects	66,202	165,295.00
Air Quality Grant Performance Partnership Grant	66,605	52,396.00
<b>Total U.S. Environmental Protection Agency</b>		<b>217,691.00</b>
<b>U.S. Department of Health and Human Services:</b>		
<i>Pass-Through the S.D. Department of Health</i>		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93,283	27,500.00
<b>Corporation for National and Community Service:</b>		
<i>Direct Federal Funding:</i>		
Retired and Senior Volunteer Program	94,002	59,847.18
<b>U.S. Department of Homeland Security:</b>		
<i>Pass-Through the S.D. Department of Public Safety:</i>		
Assistance to Firefighter Grant	97,044	186,110.00
HLS Training	97,067	4,405.94
<b>Total U.S. Department of Homeland Security</b>		<b>190,515.94</b>
<b>Total</b>		<b>\$8,140,006.48</b>

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

Note 2 - The City had subrecipients of the CDBG program as follows:

Dakota Plains Legal Services	7,250.00
Knollwood Heights Elementary PTA	50,000.00
Lutheran Social Services	2,571.20
Catholic Social Services	2,400.00
Behavior Management Systems	22,575.63
Habitat for Humanities	15,648.73
Women Against Violence	5,000.00
Oglala Lakota College	13,111.24
Salvation Army	27,432.37
Youth & Family Services	6,999.97
Community Care	50,000.00
Head Start	14,081.00
Bethel Assembly of God	25,000.00
West River Foundation for Econ Develop	800.00
	<u>242,870.14</u>

**City of Rapid City, South Dakota**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2007**

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**SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS**

- a. The independent auditors' report expressed an unqualified opinion on the financial statements of the City of Rapid City, South Dakota.
- b. A deficiency relating to the audit of the financial statements is reported in the 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*. The following deficiency is considered a material weakness: 2007-1.
- c. Noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, is disclosed within this schedule.
- d. Unqualified opinions were issued on all major federal award programs.
- e. Significant deficiencies in internal control related to major federal programs were reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. The significant deficiency reported as finding 2007-3 is reported as a material weakness.
- f. Audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133 are reported in this schedule.
- g. The federal awards tested as major programs were:

CFDA Numbers	Name of Federal Program
1. 20.507	Federal Transit Formula Grants
2. 20.106	Airport Improvement Program
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. City of Rapid City qualified as a low-risk entity.

**City of Rapid City, South Dakota**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2007**

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**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2007-1 Condition and Criteria:** The City does not have a proper system of internal controls to review year end journal entries and reconciliations. During our review of year end journal entries and reconciliations, we noted that the adjustments and supporting schedules prepared by the Assistant Finance Manager during the year end closing process are not reviewed or approved by anyone. We noted the need for review and approval in the preparation of the financial statements, the determination and adjustment of landfill post closure costs, the reconciliations of property and equipment and long term liabilities, and the preparation of year end accruals.

*Effect:* The concentration of year end closing responsibilities results in a lack of oversight and resulted in the posting of several significant audit adjustments.

*Cause:* The concentrations of responsibilities within the City finance office does not allow for proper oversight.

*Auditor's Recommendation:* The City should implement a system of internal controls whereby the year end work performed by the Assistant Finance Manager is reviewed, or other finance office personnel need to become more involved in the year end reporting process which would allow the Assistant Finance Manager to retain a supervisory role in the process.

**2007-2 Condition and Criteria:** During our review of statutory compliance we found the City in violation of a state statute. It was noted that the City over-expended the budgeted appropriations for several departments and several funds. According to SDCL 9-21-9, expenditures are limited to appropriated amounts and the amount spent for any purpose or department shall not exceed the amount appropriated for such purposes in the annual appropriation ordinance.

*Effect:* The City is not in compliance with state statutes.

*Cause:* The budget overdrafts are due to the creation of the Community Resources Department; the extension of the months of operation of the Ice Arena to 12 months; a payment to the Rapid City Economic Development Partnership; bond issuance costs; additional interest payments; the completion of capital outlay projects that were initially budgeted under "Capital Outlay" and subsequently transferred to another fund; and payments to developers for receipt of property taxes collected for tax increment districts.

*Auditor Recommendation:* We recommend that the City evaluate compliance with the budget prior to year end and make any amendments as considered necessary.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**U.S. DEPARTMENT OF TRANSPORTATION**

Airport Improvement Program (CFDA # 21.106), Federal Transit Formula Grants (CFDA # 20.507)

**2007-3** See Finding 2007-1 for a description of the condition, criteria, effect, cause, and auditors' recommendation.

**City of Rapid City, South Dakota**  
**Corrective Action Plan**  
**December 31, 2007**

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The City of Rapid City, South Dakota respectfully submits the following corrective action plan for the year ended December 31, 2007.

Name and address of independent public accounting firm:

Casey Peterson & Associates, Ltd.  
505 Kansas City St  
Rapid City SD 57702

The findings from the December 31, 2007 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. James F. Preston, Finance Officer, is responsible for corrective action of the findings disclosed within this document.

**US DEPARTMENT OF TRANSPORTATION**

**2007-1 Condition and Criteria:** The City does not have a proper system of internal controls to review year end journal entries and reconciliations. During our review of year end journal entries and reconciliations, we noted that the adjustments and supporting schedules prepared by the Assistant Finance Manager during the year end closing process are not reviewed or approved by anyone. We noted the need for review and approval in the preparation of the financial statements, the determination and adjustment of landfill post closure costs, the reconciliations of property and equipment and long term liabilities, and the preparation of year end accruals.

*Auditor's Recommendation:* The City should implement a system of internal controls whereby the year end work performed by the Assistant Finance Manager is reviewed, or other finance office personnel need to become more involved in the year end reporting process which would allow the Assistant Finance Manager to retain a supervisory role in the process.

*Action Taken:* A training program will be put into place to allow the Chief Accountant to prepare the year-end financial statements beginning with the year ending December 31, 2008. This will enable the Assistant Finance Manager to retain a supervisory role in the process. The City Finance officer is responsible for this corrective action plan.

**2007-2 Condition and Criteria:** During our review of statutory compliance we found the City in violation of a state statute. It was noted that the City over-expended the budgeted appropriations for several departments and several funds. According to SDCL 9-21-9, expenditures are limited to appropriated amounts and the amount spent for any purpose or department shall not exceed the amount appropriated for such purposes in the annual appropriation ordinance.

*Auditor Recommendation:* We recommend that the City evaluate compliance with the budget prior to year end and make any amendments as considered necessary.

*Action Taken:* The Finance Office will evaluate compliance with the budget prior to year end to make any amendments considered necessary through the supplemental appropriation process. The City finance officer is responsible for this corrective action plan.

**2007-3** See Finding 2007-1 for condition, auditors' recommendation, and action taken.

**City of Rapid City, South Dakota  
Summary of Prior Audit Findings  
December 31, 2007**

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**PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

*2006-2 Condition and Criteria:* The City, a pass-through entity for certain federal grants, has several compliance requirements under OMB Circular A-133. These compliance requirements include award identification, monitoring, and subrecipients audits. No noncompliance was identified, however it was noted that the City does not have a formal internal control process to identify all subgrants or to determine that subrecipient requirements are met.

*Auditors' Recommendation:* The City should establish an internal control process to identify all subgrants. Monitoring procedures should be established to ensure all subrecipient requirements are met.

*Current Status:* This finding has been resolved.