






CITY OF RAPID CITY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2015

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rapid City

South Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

CITY OF RAPID CITY, SOUTH DAKOTA
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Steve Allender, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF RAPID CITY** (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison, schedules of funding progress for retiree health insurance coverage information, and pension schedules on pages 3 through 10 and 64 through 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements on pages 71 through 90, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on page 95 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Ketel Thorstenson, LLP

KETEL THORSTENSON, LLP
Certified Public Accountants

November 6, 2017

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, 2015. 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 $760,492,021 (Net position). Of this amount, $102,713,833 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

- The City's total net position increased by $42,367,159 during 2015.

- As of the close of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of $76,631,435.

- At the end of the current fiscal year, fund balance for the general fund was $24,473,623 or about forty-six percent (46%) of total general fund expenditures.

- The City of Rapid City's total debt increased by $46,473,903 during the current fiscal year after taking into account issuances, retirements/payments, bond refunding and increase in post-employment benefits and compensated absences liabilities. $48,075,000 of the increase is due to the refunding of the 2008 Water Revenue and 2008 Parking Revenue Bonds. The defeasance of the 2008 Water Revenue Bonds will not occur until November 2019 which requires the City to report the amount as liability at December 31, 2015. The remainder of the increase is primarily due to new tax increment districts.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

In December 2014 Council approved Ordinance No. 6018 with amended Rapid City Municipal Code 3.16 and called for the consolidation of the existing Vision and Consolidated Construction funds into what is now reported as the Capital Improvements & Vision fund. The purpose of the consolidation was to improve the City's ability to bond for future capital improvements and Vision fund projects in addition to obtaining more favorable interest rates on future bonds. The new fund still maintains separate accounts for each of the former funds.

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

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

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

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

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

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

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

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

Notes to Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-63 of this report.

Required Supplementary Information The Management's Discussion and Analysis (pages 3-10) and the section that follows the basic financial statements (pages 63-70) are considered required supplementary information to the basic financial statements. This section that follows the basic financial statements includes a Budgetary Comparison Schedule, and related notes, for the General Fund and for each major special revenue fund that has a legally adopted annual budget. It also includes Schedules of Funding Progress and Employer Contributions for Retiree Health Insurance Coverage.

Other Information The supplementary combining statements referred to earlier in connection with non-major governmental and proprietary funds and internal service funds and its budgetary comparison schedules are presented immediately following the required supplementary information can be found on pages 71-90 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rapid City, assets exceeded liabilities by $760,492,021 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 position.

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

	Government Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Assets:						
Current and Other Assets	$ 100,160	$ 97,065	$ 60,546	$ 111,165	$ 160,706	$ 208,230
Capital Assets	259,206	279,522	452,294	483,616	711,500	763,138
Deferred Outflows	-	12,822	-	4,967	-	17,790
Total Assets	359,366	389,409	512,840	599,748	872,206	989,158
Liabilities						
Long-term liabilities outstanding	60,988	58,969	85,223	132,230	$ 146,211	$ 191,199
Other liabilities	11,113	14,109	7,775	8,233	18,888	22,342
Deferred Inflows	-	10,902	-	4,223	-	15,125
Total liabilities	72,101	83,980	92,998	144,686	165,099	228,666
Net position:						
Net Investment in capital assets	216,155	221,302	371,979	354,551	$ 588,134	$ 575,853
Restricted	4,511	26,979	5,771	54,946	$ 10,282	$ 81,925
Unrestricted	66,598	57,148	42,092	45,566	$ 108,690	$ 102,714
Total net position	$ 287,264	$ 305,430	$ 419,842	$ 455,062	$ 707,106	$ 760,492

A portion of the City of Rapid City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position $102,713,833 may be used to meet the City's ongoing obligations to citizens and creditors.

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

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

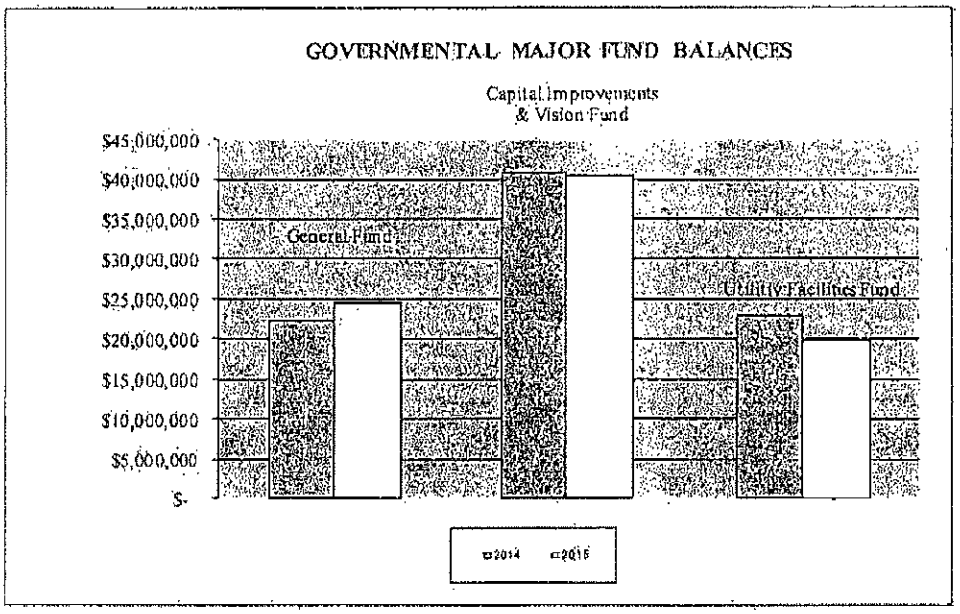
	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program Revenues						
Charges for services	$ 5,806	$ 6,632	$ 51,777	$ 56,099	$ 57,583	$ 62,731
Operating grants & contributions	2,780	2,867	-	-	2,780	2,867
Capital grants and contributions	675	5,648	2,851	10,182	3,527	15,831
General Revenues						
Property taxes	21,497	22,082	-	-	21,497	22,082
Other taxes	55,037	56,970	4,791	5,026	59,829	61,997
State/County shared revenue	2,016	2,121	-	-	2,016	2,121
Unrestricted investment earnings	1,491	671	809	184	2,300	855
Other	63	147	1,343	849	1,406	996
Total Revenues	89,365	97,139	61,571	72,340	150,938	169,479
Expenses:						
General government	4,615	5,041	-	-	4,615	5,041
Public safety	25,611	28,264	-	-	25,611	28,264
Public works	19,862	19,353	-	-	19,862	19,353
Health and welfare	3,393	3,176	-	-	3,393	3,176
Culture & recreation	10,508	11,806	-	-	10,508	11,806
Conservation & development	2,853	4,293	-	-	2,853	4,293
Interest on long-term debt	3,152	1,779	-	-	3,152	1,779
Miscellaneous	1,849	1,912	-	-	1,849	1,912
Water reclamation	-	-	7,433	9,278	7,433	9,278
Water	-	-	8,372	7,316	8,372	7,316
Golf	-	-	1,122	1,497	1,122	1,497
Executive Golf	-	-	213	259	213	259
Airport	-	-	7,732	8,070	7,732	8,070
Waste collection	-	-	2,214	2,091	2,214	2,091
Waste disposal	-	-	6,433	6,279	6,433	6,279
Civic center	-	-	10,448	10,256	10,448	10,256
Stormwater	-	-	1,021	1,264	1,021	
Cemetery	-	-	298	285	298	285
Parking	-	-	606	723	606	723
Energy plant	-	-	367	387	367	387
Transportation terminal	-	-	249	253	249	253
Ambulance	-	-	3,500	3,533	3,500	3,533
Total Expenses	71,843	75,624	50,008	51,490	121,852	127,114
Excess revenues before contributions, transfers special and extraordinary items	17,522	21,515	11,562	20,850	29,084	42,365
Fund Transfers	(5,027)	(3,377)	5,027	3,377	-	-
Change in Net Position	(16,073)	18,139	45,157	24,228	29,085	42,367
Net Position, beginning, as previously reported	303,337	287,265	374,684	419,841	678,021	707,106
Prior Period Adjustment	-	(8,036)	-	7,870	-	(166)
Change in Accounting Principle	-	8,062	-	3,123	-	11,185
Net Position- beginning, after restatement	303,337	287,291	374,684	430,834	678,021	718,125
NET POSITION – ENDING	$ 287,264	$ 305,430	$ 419,841	$ 455,062	$ 707,106	$ 760,492

Financial Analysis of the Government's funds

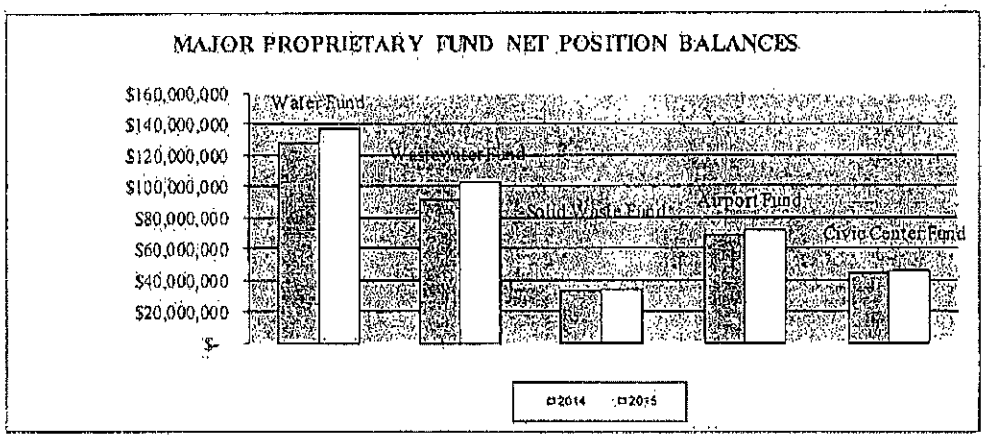
Governmental Funds The focus of the City of Rapid City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Rapid City's financing requirements. In particular, unreserved fund balance may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

At the end of the current fiscal year, the City of Rapid City's governmental funds reported combined ending fund balances of $74,631,435. Approximately 9% of this total amount 6,723,488 constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as 1) nonspendable (for inventories, notes receivable, advances to other funds, and perpetual care cemetery endowment of $4,280,718), 2) restricted (for debt service, perpetual care cemetery, library, business improvement districts, capital projects and grants of $17,744,521), 3) Committed (for capital improvements/replacements, capital improvements & vision and the erosion and sediment control funds of $39,331,937.), 4) Assigned (for next year's appropriations for $2,807,073).

The General Fund balance increased by $2,099,179 in 2015, which was primarily due to increases in property and sales tax revenue and Surface Transportation Program funding from the State of South Dakota. The Capital Improvements & Vision Fund decreased ($4,844,137) as a result of increases in debt service and capital project funding. The Utility Facilities Fund balance decreased ($3,046,122) as a result of transfers to other funds for capital projects.



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



The unrestricted net positions in the respective major proprietary funds are: Water - $3,463,166, Wastewater - $8,389,102, Solid waste – $7,491,642, Airport - $7,239,249 and Civic Center - $4,323,512.

Budgetary Highlights

General Fund. Supplemental appropriations primarily involve continued contracted projects and services, as well as, unanticipated expenditures. It is legally required to officially supplement the budget. While the City makes every effort to supplement the budget to cover the expenditures from these situations, it is not always possible. In 2015 the City of Rapid City spent $102,867 more than the budgeted amount in the General Fund-Police and $38,231 more than budgeted in the General Fund - Mayor/Council. This is due primarily to increased staffing and funding of unanticipated projects. Also in 2015 the City of Rapid City spent $435,677 less than the budgeted amount in General Fund Highways and Streets, $306,126 less than budgeted in the General Fund Public Works Administration, $181,584 more than budgeted in the General Fund Transportation Planning and $144,754 more in General Fund Capital Outlay. This is primarily due to purchasing equipment that was not originally anticipated.

Capital Asset and Debt Administration

Capital Assets The City of Rapid City's net investment in capital assets for its governmental and business type activities as of December 31, 2015 amounts to $575,853,196 (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: Horace Mann Park renovations; Skyline Wilderness Park Trails; Canyon Lake Dam reconstruction; Seger Street reconstruction; Longview Road Water project; Jackson Boulevard improvements; Mount Rushmore Road improvements; infrastructure improvements; replacement of multiple vehicles and large pieces of equipment.

Capital Assets and Debt Administration – Continued

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

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land and land improvements	$ 44,157	$ 45,625	$ 16,308	$ 16,317	$ 60,465	$ 61,942
Buildings	76,485	76,867	161,258	191,054	237,743	267,921
Improvements	271,686	294,720	376,239	414,942	647,925	709,662
Machinery and equipment	31,529	30,564	26,823	27,954	58,352	58,517
Construction in Progress	17,915	27,000	62,566	37,398	80,481	64,398
Total	441,772	474,776	643,194	687,664	1,084,966	1,162,440
Less accumulated depreciation	(182,566)	(195,254)	(190,899)	(204,048)	(373,465)	(399,302)
Total capital assets	$ 259,206	$ 279,522	$ 452,295	$ 483,616	$ 711,501	$ 763,138

Long-term debt

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

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenue Bonds	$ 21,170	$ 20,255	$ 83,592	$ 127,920	$ 104,762	$ 148,175
Unamortized Premium/Discounts	795	750	(910)	1,971	(115)	2,721
Revolving Loan	465	841	-	-	465	841
Landfill Closure	-	-	2,125	2,375	2,125	2,375
Tax Increment Financing	31,815	32,059	-	-	31,815	32,059
Lease/Purchase	5,553	5,157	1,129	1,055	6,682	6,212
Other Post Employment Benefits	2,805	2,857	1,109	1,187	3,914	4,044
Compensated Absences	2,220	2,016	893	792	3,113	2,808
Total	$ 64,823	$ 63,935	$ 87,938	$ 135,300	$ 152,761	$ 199,235

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

State statute limits the amount of general obligation debt a South Dakota city may issue to assessed value of taxable property. The current debt limitation for the City of Rapid City is $1,125,909,445. $99,900,978 of the City's outstanding debt is counted within the statutory limitation although the debt is wholly or partially financed by revenues other than a general tax levy.

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

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

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

CITY OF RAPID CITY
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
ASSETS:				
Cash & Cash Equivalents (Note 2)	$ 37,757,598	$ 19,467,200	$ 57,224,798	$ 24,036
Investments (Note 2)	30,401,077	10,335,869	40,736,946	-
Accounts Receivable, Net (Note 3)	9,114,083	10,490,916	19,604,999	8,772
Internal Balances (Note 9)	(6,288,839)	6,288,839	-	-
Due from Other Governments (Note 4)	1,029,180	1,686,780	2,715,960	-
Other Assets	585,137	205,718	790,855	89,513
Net Pension Asset	7,329,297	2,839,158	10,168,455	-
Restricted Assets:				
Cash with Fiscal Agent (Note 2)	17,097,099	57,475,981	74,573,080	
Restricted Cash (Notes 2 and 16)	40,202	2,375,000	2,415,202	16,587
Restricted Investments (Notes 2 and 16)	-	-	-	107,494
Capital Assets (Note 5):				
Land and Construction in Progress	72,624,818	53,714,771	126,339,589	
Other Capital Assets, Net of Depreciation	206,897,337	429,900,928	636,798,265	41,840
TOTAL ASSETS	376,586,989	594,781,161	971,368,150	288,242
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows (Note 11)	12,822,478	4,967,059	17,789,537	-
Total Deferred Outflows of Resources:	12,822,478	4,967,059	17,789,537	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	389,409,467	599,748,220	989,157,687	288,242
LIABILITIES:				
Accounts Payable	8,558,456	3,504,566	12,063,022	28,603
Other Current Liabilities	5,550,744	4,728,348	10,279,092	13,116
Noncurrent Liabilities (Notes 7, 13 and 16)	58,968,786	132,230,251	191,199,037	-
TOTAL LIABILITIES	73,077,986	140,463,165	213,541,151	41,719
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows (Note 11)	10,901,564	4,222,951	15,124,515	-
Total Deferred Outflows of Resources:	10,901,564	4,222,951	15,124,515	-
NET POSITION:				
Net Investment in Capital Assets	221,302,461	354,550,735	575,853,196	41,840
Restricted for:				
Debt Service	1,575,554	54,945,797	56,521,351	-
Cemetery Trust Fund - Expendable	31,279	-	31,279	-
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-
Other Purposes - TID Debt Service	2,691,337	-	2,691,337	-
Other Purposes - Grants	33,869	-	33,869	-
Other Purposes - Business Impr District	93,733	-	93,733	-
Other Purposes - Dwntn Business Impr District	2,706	-	2,706	-
Other Purposes - Component Unit	-	-	-	82,242
Other Purposes - Pension	9,184,674	-	9,184,674	
Other Purposes - Capital Projects	13,316,043	-	13,316,043	
Unrestricted (Note 13)	57,148,261	45,565,572	102,713,833	122,441
TOTAL NET POSITION	305,429,917	455,062,104	760,492,021	246,523
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCESAND NET POSITION	$ 389,409,467	$ 599,748,220	$ 989,157,687	$ 288,242

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, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Primary Government								
Governmental Activities:								
General Government	$ 5,040,973	$ 352,662	$ 468,227	$ -	$ (4,020,084)	$ -	$ (4,020,084)	$ -
Public Safety	28,263,956	1,727,950	614,042	-	(25,921,964)	-	(25,921,964)	-
Public Works	19,352,852	221,766	-	5,582,328	(13,548,758)	-	(13,548,758)	-
Health and Welfare	3,176,012	404,839	881,302	66,040	(1,823,831)	-	(1,823,831)	-
Culture, Recreation	11,805,683	1,921,391	33,342	-	(9,850,950)	-	(9,850,950)	-
Conservation and Development	4,291,069	1,693,090	870,215	-	(1,729,764)	-	(1,729,764)	(65,071)
Interest on Long Term Debt (1)	1,779,123	-	-	-	(1,779,123)	-	(1,779,123)	-
Miscellaneous Revenue/Expenditures	1,912,295	110,684	-	-	(1,801,611)	-	(1,801,611)	-
Total Governmental Activities	75,623,963	6,632,382	2,867,128	5,648,368	(60,476,086)	-	(60,476,086)	(65,071)
Business-Type Activities:								
Water	9,277,657	14,987,986	-	1,196,496	-	6,906,825	6,906,825	-
Water Reclamation	7,316,268	10,986,256	-	1,312,202	-	4,982,190	4,982,190	-
Airport	8,069,633	6,998,926	-	2,551,389	-	1,480,682	1,480,682	-
Solid Waste Disposal	6,279,081	6,234,703	-	-	-	(44,378)	(44,378)	-
Civic Center	10,255,981	5,690,738	-	-	-	(4,565,243)	(4,565,243)	-
Solid Waste Collection	2,090,823	2,739,893	-	-	-	649,070	649,070	-
Stormwater Utility	1,264,046	2,220,009	-	4,850,146	-	5,815,109	5,815,109	
Executive Golf Course	258,765	182,800	-	6,835	-	(69,130)	(69,130)	-
Cemetery	285,120	182,701	-	-	-	(102,419)	(102,419)	-
Golf Course	1,497,486	944,631	-	265,086	-	(287,769)	(287,769)	-
Parking Lot & Area	722,521	675,142	-	-	-	(47,379)	(47,379)	-
Energy Plant	386,835	314,529	-	-	-	(72,306)	(72,306)	-
Ambulance	3,532,958	3,918,215	-	-	-	385,257	385,257	-
Transportation Terminal	252,694	13,070	-	-	-	(239,624)	(239,624)	-
Total Business-type Activities	51,489,869	56,098,599	-	10,182,154	-	14,790,884	14,790,884	-
Total Primary Government	$ 127,113,832	$ 62,730,981	$ 2,867,128	$ 15,830,522	$ (60,476,086)	$ 14,790,884	$ (45,685,201)	$ (65,071.00)
General Revenues:								
Taxes:								
Property Taxes					22,081,722	-	22,081,722	-
Sales Taxes					54,581,766	4,752,825	59,334,591	-
Other Taxes					2,388,587	273,865	2,662,452	-
State Shared Revenue					1,634,089	-	1,634,089	-
County Shared Revenue					487,444	-	487,444	-
Unrestricted Investment Earnings					670,645	184,918	855,563	-
Miscellaneous Revenue					461,445	868,167	1,329,612	-
(Loss) on disposal of Capital Assets					(313,614)	(19,498)	(333,112)	-
Transfers					(3,376,583)	3,376,583	-	-
Total General Revenue, Loss and Transfers					78,615,501	9,436,860	88,052,361	-
Change in Net Position					18,139,415	24,227,744	42,367,159	(65,071)
Net Position, Beginning, as previously reported					287,264,751	419,841,731	707,106,482	311,594
Prior Period Adjustment (Note 18)					(8,035,834)	7,869,699	(166,135)	-
Change in Accounting Principle (Note 17)					8,061,585	3,122,930	11,184,515	-
Net Position - Beginning, after restatement					287,290,502	430,834,360	718,124,862	311,594
Net Position, Ending					$ 305,429,917	$ 455,062,104	$ 760,492,021	$ 246,523

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

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

CITY OF RAPID CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Capital Improvements & Vision Fund	Utility Facilities Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
101 Cash and Cash Equivalents (Note 2)	$ 6,633,582	$ 18,380,058	$ 267,553	$ 3,081,357	$ 28,362,550
102 Restricted Cash (Note 2)	-	-	-	40,202	40,202
106 Cash with Fiscal Agent, Restricted (Note 2)	-	2,071,447	15,025,652	-	17,097,099
151 Investments (Note 2)	10,227,500	14,344,224	4,482,652	47,929	29,102,305
110 Property Taxes Receivable--Delinquent	209,820	-	-	161,058	370,878
110 Sales Tax Receivable	3,378,885	3,378,882	587,632	-	7,345,399
115 Accounts Receivable, Net	81,952	-	-	91,866	173,818
121 Special Assessments Receivable--Current	34,226	-	-	1,350	35,576
122 Special Assessments Receivable--Delinquent	64,532	-	-	-	64,532
123 Special Assessments Receivable--Deferred	74,815	-	-	14,199	89,014
128 Notes Receivable	49,242	246,552	-	-	295,794
131 Due from Other Funds (Note 9)	3,404,310	7,285	798,716	1,433	4,211,744
133 Advance from Other Funds (Note 9 and 18)	1,300,513	4,036,518	1,756,454	-	7,093,485
132 Due from Other Governments (Note 4)	1,025,960	-	-	3,220	1,029,180
135 Interest Receivable	77,541	36,916	28,898	4,051	147,406
144 Inventory	585,137	-	-	-	585,137
TOTAL ASSETS	27,148,015	42,501,882	22,947,557	3,446,665	96,044,119
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:					
Liabilities:					
201 Claims Payable	1,801,395	2,214,262	-	269,128	4,284,785
216 Wages Payable	285,023	-	-	4,889	289,912
208 Due to Other Funds (Note 9)	-	-	3,000,000	997,813	3,997,813
209 Advance to Other Funds (Note 9 and 18)	-	-	-	12,236,254	12,236,254
Total Liabilities	2,086,418	2,214,262	3,000,000	13,508,084	20,808,764
Deferred Inflows of Resources:					
247 Unavailable Revenue -- Grants	371,958	-	-	-	371,958
245 Unavailable Revenue -- Property Taxes	42,532	-	-	1,937	44,469
246 Unavailable Revenue -- Special Assessments	173,484	-	-	14,009	187,493
Total Deferred Inflows of Resources	587,974	-	-	15,946	603,920
Fund Balances:					
263 Nonspendable					
263.01 Inventory	585,137	-	-	-	585,137
263.04 Advances	1,300,513	4,036,518	1,756,454	-	7,093,485
263.05 Notes Receivables	49,242	246,552	-	-	295,794
263.51 Perpetual Care Cemetery	-	-	-	50,000	50,000
264 Restricted					
264.01 Debt Service	-	-	1,575,554	2,691,337	4,266,891
264.02 Capital Projects	-	-	13,316,043	-	13,316,043
264.03 Cemetery Perpetual Care	-	-	-	31,279	31,279
264.09 Business Improvement District	-	-	-	96,439	96,439
264.97 Grant	-	-	-	33,869	33,869
265 Committed					
265.02 Capital Replacements	-	-	3,299,506	-	3,299,506
265.04 Capital Improvements/Vision Fund Projects	-	36,004,550	-	-	36,004,550
265.99 Erosion/Sediment Control	-	-	-	27,881	27,881
266 Assigned					
266.01 Assigned for Next Year's Appropriation	2,807,073	-	-	-	2,807,073
267 Unassigned (Note 13)	19,731,658	-	-	(13,008,170)	6,723,488
Total Fund Balances	24,473,623	40,287,620	19,947,557	(10,077,365)	74,631,435
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 27,148,015	$ 42,501,882	$ 22,947,557	$ 3,446,665	$ 96,044,119

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

CITY OF RAPID CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total Fund Balances - Governmental Funds	$	74,631,435
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds		7,329,297
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		279,522,155
Pension related deferred outflows are components of the net pension asset and therefore not reported in the funds.		12,822,478
Long term liabilities, including bonds payable are not due and payable in the current period and therefore not reported in the funds.		(63,935,491)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.		(291,448)
Property Taxes (delinquent), special assessments (current, delinquent and deferred) and a grant revenue are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		603,920
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.		5,649,135
Pension related deferred inflows are componets of the net pension asset and therefore not reported in the funds.		(10,901,564)
Total Net Position - Governmental Activities	$	305,429,917

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

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Capital Improvements & Vision Fund	Utility Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
310 Taxes:					
311 General Property Taxes	$ 15,133,425	$ -	$ -	$ 6,933,921	$ 22,067,346
313 General Sales and Use Taxes	25,107,680	25,107,678	4,366,408	-	54,581,766
314 Gross Receipts Business Taxes	594,995	-	-	1,539,769	2,134,764
320 Licenses and Permits	2,161,014	-	-	-	2,161,014
330 Intergovernmental Revenue:					
331 Federal Grants	2,139,585	91,400	-	370,925	2,601,910
334 State Grants	29,878	-	-	-	29,878
334.02 Surface Transportation Program (STP)	6,427,171	-	-	-	6,427,171
335 State Shared Revenue:					
335.01 Bank Franchise Tax	151,029	-	-	-	151,029
335.03 Liquor Tax Reversion	423,865	-	-	-	423,865
335.04 Motor Vehicle Licenses (5%)	56,134	-	-	-	56,134
335.06 Fire Insurance Reversion	218,296	-	-	-	218,296
335.08 Local Government Highway and Bridge Fund	784,765	-	-	-	784,765
338 County Shared Revenue:					
338.01 County Road Tax (25%)	487,444	-	-	-	487,444
340 Charges for Goods and Services:					
341 General Government	154,742	-	-	-	154,742
342 Public Safety	1,636,991	-	-	-	1,636,991
343 Public Works	209,988	-	-	-	209,988
345 Health & Welfare	399,064	-	-	-	399,064
346 Culture and Recreation	1,830,050	-	-	-	1,830,050
348 Cemetery	-	-	-	8,285	8,285
349 Conservation & Development	-	-	-	110,684	110,684
350 Fines and Forfeits:					
351 Court Fines and Costs	30,223	-	-	-	30,223
354 Library	-	-	-	91,341	91,341
360 Miscellaneous Revenue:					
361 Interest Earnings	281,874	200,048	152,193	36,530	670,645
362 Rentals	166,889	-	-	-	166,889
363 Special Assessments	-	-	-	255,879	255,879
367 Contributions and Donations	15,000	11,381	-	32,655	59,036
369 Other	30,143	193,873	11,505	-	235,521
Total Revenue	58,470,244	25,604,380	4,530,106	9,379,989	97,984,719
Expenditures:					
410 General Government:					
412 Executive-Mayor & Council	820,489	-	-	-	820,489
414 Financial - COMPASS	15,746	-	-	-	15,746
414 Financial - Community Resources	1,145,666	177,441	-	-	1,323,107
414 Financial - Finance	847,987	-	-	-	847,987
414 Financial - Attorney	224,113	-	-	-	224,113
419 Other - Government Buildings	836,835	167,938	-	-	1,004,773
420 Public Safety:					
421 Police	13,428,229	-	-	-	13,428,229
422 Fire	11,225,714	-	-	-	11,225,714
429 Other Protection-Code Enforcement	208,997	-	-	-	208,997
429 Other Protection-ACE	1,604,151	-	-	-	1,604,151
429 Other Protection-Re-entry Program	16	-	-	-	16
429 Other Protection-Emergency Mgt	140,540	-	-	-	140,540

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Capital Improvements & Vision Fund	Utility Facilities Fund	Other Governmental Funds	Total Governmental Funds
430 Public Works:					
431 Highways and Streets	5,227,982	20,747	-	-	5,248,729
43x Administration	598,889	1,635,876	-	-	2,234,765
440 Health and Welfare:					
441 Health	426,417	-	-	-	426,417
444 Humane Society	250,486	-	-	-	250,486
449 Other - Public Transit	1,843,501	-	-	-	1,843,501
449 Other - Air Quality	57,847	-	-	-	57,847
450 Culture and Recreation:					
451 Recreation	354,912	-	-	-	354,912
451 Swimming Pools	1,804,336	-	-	-	1,804,336
451 Ice Arena	581,465	-	-	-	581,465
452 Parks	2,551,573	-	-	-	2,551,573
455 Libraries	3,378,064	-	-	138,150	3,516,214
457 Historical Preservation	33,042	-	-	-	33,042
459 Other - Parks & Rec Administration	658,578	-	-	-	658,578
459 Other - Retired Senior (RSVP)	-	-	-	112,360	112,360
459 Other - Cemetery	-	-	-	97	97
459 Other - Subsidies	204,000	-	-	-	204,000
460 Conservation and Development:					
465 Economic Development	369,730	971,120	-	1,602,957	2,943,807
465 Community Development	53,601	-	-	428,341	481,942
465 Transportation Planning	686,816	-	-	-	686,816
465 GIS Information System	156,538	-	-	-	156,538
470 Debt Service	324,392	652,368	921,293	5,820,013	7,718,061
485 Capital Outlay	4,086,815	32,903,446	654,935	1,435,784	39,080,980
490 Miscellaneous:					
492 Other Expenditures	20,535	-	-	1,891,760	1,912,295
Total Expenditures	54,168,002	36,528,931	1,576,228	11,429,462	103,702,623
Excess of Revenue Over (Under) Expenditures	4,302,242	(10,924,551)	2,953,878	(2,040,473)	(5,717,903)
Other Financing Sources (Uses):					
391.01 Transfers In (Note 9)	236,145	5,367,088	-	-	5,603,233
511 Transfers Out (Note 9)	(2,457,111)	(3,385)	(6,000,000)	(77,000)	(8,537,496)
391.20 Long-term debt issued (Note 7)	-	716,711	-	3,299,175	4,015,886
391.03 Sale of Municipal Property	17,902	-	-	-	17,902
Total Other Financing Sources (Uses)	(2,203,064)	6,080,414	(6,000,000)	3,222,175	1,099,525
Net Change in Fund Balances	2,099,179	(4,844,137)	(3,046,122)	1,172,702	(4,618,378)
Fund Balance (Deficit) - Beginning - As previously reported:	22,374,444	40,721,193	22,993,679	(1,208,853)	84,880,463
Prior Period Adjustment (Note 18)	-	4,410,564	-	(10,041,214)	(5,630,650)
Fund Balance (Deficit) - After restatement	22,374,444	45,131,757	22,993,679	(11,250,067)	79,249,813
FUND BALANCE (DEFICIT) - ENDING	$ 24,473,623	$ 40,287,620	$ 19,947,557	$ (10,077,365)	$ 74,631,435

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, 2015

Net change in fund balances - total government funds	$	(4,618,378)
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay		39,080,980
Depreciation		(15,576,860)
		23,504,120
Capital assets contributed to the City by development.		3,672,743
Capital assets transferred to proprietary funds.		(6,528,665)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (net of premium).		5,252,099
Debt proceeds, including premiums are a revenue in the governmental funds but the proceeds increase long-term liabilities in the statement of net position.		(4,015,886)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds. The amount represents the change in accrued interest during the current period.		(57,123)
In the Statement of Activities, the gains and losses on disposal of capital assets are reported, whereas in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.		(331,516)
Other post employment benefit obligations are expenditures in the governmental funds when they are incurred and they are recorded as a liability in the statement of net position.		(51,581)
Governmental funds report property taxes, special assessments and grants as revenue when funds become available, but the statement of activities includes the property tax, special assessments and grants as revenue when earned.		(79,163)
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.		203,319
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.		1,335
Changes in the pension related deferred outflows/inflows are direct components of pension asset and are not reflected in the governmental funds.		1,988,155
Pension expense reported in the Statement of Activities does not require the use of current financial resources and are not reported as expenditures in the governmental funds.		(800,044)
Change in Net Position of Governmental Activities	$	18,139,418

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

CITY OF RAPID CITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Enterprise Funds				
	Water Fund	Wastewater Fund	Solid Waste Disposal Fund	Airport Fund	Civic Center Enterprise Fund
ASSETS:					
Current Assets:					
101 Cash and Cash Equivalents (Note 2)	$ 3,304,974	$ 894,719	$ 110,263	$ 4,676,172	$ 3,064,890
106 Cash with Fiscal Agent, Restricted (Note 2)	54,689,008	1,146,988	-	1,468,643	-
107 Restricted Cash (Notes 2, 16)	-	-	2,375,000	-	-
151 Investments (Notes 2, 16)	1,968,656	1,322,801	6,573,354	-	95,276
107 Restricted Investments (Note 2)	-	-	-	-	-
115 Accounts Receivable	471,979	1,039,166	657,928	1,119,636	132,987
116 Estimated Uncollectible Accounts Receivable	(89,000)	(130,000)	(104,000)	(45,000)	-
117 Unbilled Accounts Receivable	619,427	517,750	157,547	-	-
110 Sales Tax Receivable	-	-	19,167	-	432,075
121 Special Assessments Receivable--Current	-	-	-	-	-
131 Due from Other Funds (Note 9)	140,222	-	-	-	209,252
132 Due from Other Government (Note 4)	28,120	11,430	-	1,578,924	6,739
135 Interest Receivable	137,617	4,073	10,250	8,383	3,515
142 Inventory of Stores Purchased for Resale	59,029	26,591	-	-	102,127
Total Current Assets	61,330,032	4,327,507	9,799,509	8,806,768	4,049,903
Noncurrent Assets:					
157 Unamortized Discount (Note 7)	-	-	-	9,010	260,330
133 Advance to Other Funds (Note 9 and 18)	-	5,630,650	-	-	-
196 Net Pension Asset (Note 11)	422,198	299,109	910,185	384,755	515,855
Capital Assets (Note 5):					
160 Land	6,020,535	948,261	2,499,851	1,084,000	1,091,682
162 Buildings	23,160,687	34,953,420	18,274,143	41,408,203	62,056,602
164 Improvements Other than Bldg	182,250,675	92,991,448	11,888,106	72,303,964	9,194,778
161 Furniture & Equipment	855,237	955,573	2,149,441	1,460,591	3,885,583
166 Machinery and Equipment	771,197	1,371,284	3,550,987	5,255,925	624,206
168 Construction Work in Progress	18,195,509	10,586,782	422,203	3,043,810	-
Less: Accumulated Depreciation	(54,192,069)	(38,931,470)	(13,328,735)	(48,079,006)	(32,028,664)
Total Noncurrent Assets	177,483,899	110,785,057	25,966,181	76,871,165	45,410,371
Deferred Outflows of Resources:					
196 Pension Related Deferred Outflows (Note 11)	738,629	523,386	542,662	673,122	902,480
Total Deferred Outflows of Resources:	738,629	523,286	542,662	673,122	902,480
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	$ 239,552,560	$ 115,635,850	$ 36,308,352	$ 86,351,055	$ 50,362,754
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:					
Current Liabilities:					
202 Accounts Payable	$ 2,028,068	$ 759,833	$ 120,075	$ 261,070	$ 133,134
208 Due to Other Funds (Note 9)	-	-	-	-	-
215 Accrued Interest Payable	249,252	48,737	-	68,248	39,282
220 Customer Deposits	1,020,053	-	-	-	-
216 Wages Payable	35,930	25,925	27,342	25,849	74,355
226 OPEB Current Obligations (Note 7)	57,625	40,530	40,209	48,167	61,050
226 Bonds Payable Current (Note 7)	265,638	1,027,102	-	445,000	250,000
226 Notes Payable Current (Note 7)	-	-	-	-	-
226 Capital Lease Payable Current (Note 7)	-	-	-	-	-
230 Compensated Absences Payable -- Current (Note 7)	15,000	5,000	6,500	5,000	10,000
Total Current Liabilities	3,671,566	1,907,127	194,124	855,343	557,821
Noncurrent Liabilities:					
157 Unamortized Premium (Note 7)	2,286,817	-	-	-	-
209 Advance from Other Funds (Note 9 and 18)	-	-	-	-	-
231 OPEB Long-Term Obligations (Note 7)	135,080	95,008	94,255	112,910	143,107
231 Bonds Payable (Note 7)	96,233,165	10,364,666	-	13,680,000	3,665,000
231 Notes Payable (Note 7)	-	-	-	-	-
231 Capital Lease Payable (Note 7)	-	-	-	-	-
233 Accrued Leave Payable (Note 7)	170,163	86,024	35,968	61,217	186,842
235 Accrued Landfill Closure/Postclosure (Notes 7 and 16)	-	-	2,375,000	-	-
Total Noncurrent Liabilities	98,825,225	10,545,693	2,505,223	13,854,127	3,994,954
TOTAL LIABILITIES:	102,496,791	12,452,825	2,699,347	14,709,470	4,552,775
Deferred Inflows of Resources:					
248 Pension Related Deferred Inflows (Note 11)	627,976	444,893	461,167	572,283	767,281
Total Deferred Inflows of Resources	627,976	444,893	461,167	572,283	767,281
NET POSITION:					
253.10 Net Investment in Capital Assets	80,465,498	93,463,530	25,655,996	62,361,410	40,719,186
253.20 Restricted Net Position, Restricted for:					
253.22 Revenue Bond Retirement	52,408,130	885,500	-	1,468,645	-
253.90 Unrestricted Net Position	3,463,166	8,389,102	7,491,642	7,239,249	4,323,512
TOTAL NET POSITION	136,427,793	102,738,132	33,147,638	71,069,302	45,042,698
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 239,552,560	$ 115,635,850	$ 36,308,352	$ 86,351,055	$ 50,362,754

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

Nonmajor Enterprise Funds	Totals	Internal Service Funds
$ 7,916,152	$ 19,467,260	$ 9,395,048
124,362	57,475,981	-
-	2,375,000	-
372,780	10,335,869	1,295,772
-	-	-
8,401,974	12,823,670	578,123
(6,212,117)	(6,580,117)	-
39,387	1,328,120	-
39,656	490,898	-
2,357,708	2,257,708	-
-	349,474	-
61,537	1,686,780	-
9,779	170,637	13,543
17,971	205,718	-
14,079,219	102,386,939	11,285,486
47,635	316,978	-
-	5,630,650	
907,056	2,839,158	-
4,672,188	10,316,517	-
11,190,744	191,053,799	-
46,314,703	414,941,733	-
1,836,613	11,342,038	-
5,237,084	16,610,612	-
5,169,950	37,398,254	-
(19,488,220)	(206,048,254)	-
55,885,813	492,402,485	-
1,586,880	4,967,059	-
1,586,880	4,967,059	-
$ 71,545,912	$ 599,756,483	$ 11,285,486

$ 200,379	$ 3,504,366	$ 4,273,671
572,797	572,797	-
13,188	408,707	-
-	1,020,053	-
40,674	250,075	2,678
107,408	354,989	-
185,000	2,112,740	-
48,450	48,450	-
500,834	500,834	-
11,000	52,500	-
1,619,730	8,805,711	4,276,349
-	2,286,817	
478,489	478,489	-
251,778	832,138	-
1,865,000	125,807,803	-
186,194	186,194	-
319,528	319,528	-
499,562	739,721	-
-	2,375,000	-
3,300,491	133,025,718	-
4,920,221	141,831,429	4,276,349
1,349,151	4,222,951	-
1,349,151	4,222,951	-
51,884,116	354,359,735	-
93,524	54,945,797	-
13,298,980	44,205,570	7,009,137
65,276,540	453,702,103	7,009,137
$ 71,545,912	$ 599,756,483	$ 11,285,486

CITY OF RAPID CITY
RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total Net Position - Enterprise Funds	$	453,702,103
Amounts reported for business-type activities in the statement of net position are different because:		
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Enterprise Funds' participation in the activities conducted in the internal service fund		1,360,001
Total Net Position - Business-type Activities	$	455,062,104

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

CITY OF RAPID CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2015

	Water Fund	Wastewater Fund	Solid Waste Disposal Fund
Operating Revenue:			
340 Charges for Goods and Services	$ 14,987,986	10,986,256	$ 6,234,703
Total Operating Revenues	14,987,986	10,986,256	6,234,703
Operating Expenses:			
410 Personal Services	2,351,354	1,673,367	1,757,625
420 Other Current Expense	2,976,107	2,807,686	3,240,891
426.2 Materials (Cost of Goods Sold)	284,296	82,928	-
457 Depreciation (see Note 5)	3,405,286	2,385,783	1,280,627
Total Operating Expenses	9,017,043	6,949,764	6,279,143
Operating Income (Loss)	5,970,943	4,036,492	(44,440)
Nonoperating Revenue (Expense):			
361 Investment Earnings (Loss)	619	4,318	22,614
470 Interest Expense and Fiscal Charges	(260,703)	(366,566)	-
366 (Loss) Gain on Disposition of Capital Assets	(6,241)	14,234	(16,897)
369.05 Other Taxes	28,762	78,115	4
313 Sales Tax	-	6	86,076
369 Other	48,162	139,897	9,847
Total Nonoperating Revenue (Expense)	(189,401)	(129,996)	101,644
Income (Loss) Before Capital Grants and Transfers	5,781,542	3,906,496	57,204
330 Capital Grants	42,120	-	-
391.7 Capital Contributions	148,500	250,243	-
391.7 Contributions from Developers/Others	1,005,876	1,061,959	-
391.1 Transfers In (see Note 9)	1,500,000	1,733,820	419,243
511 Transfers Out (see Note 9)	(84,919)	(474,102)	(17,878)
Net Capital Grants, Contributions and Transfers	2,611,577	2,571,920	401,365
Change in Net Position	8,393,119	6,478,416	458,569
Net Position - Beginning, as previously reported	127,570,277	90,300,061	32,347,882
Prior Period Adjustment (Note 18)	-	5,630,650	-
Change in Accounting Principle (Note 17)	464,397	329,005	341,187
Net Position - Beginning after restatement	128,034,674	96,259,716	32,689,069
NET POSITION - ENDING	$ 136,427,793	$ 102,738,132	$ 33,147,638

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

Enterprise Funds					
Airport Fund	Civic Center Enterprise Fund	Nonmajor Proprietary Funds	Totals	Internal Service Funds
$ 6,998,926	$ 5,690,738	$ 11,199,990	$ 56,098,599	$ 8,829,076
6,998,926	5,690,738	11,199,990	56,098,599	8,829,076
2,161,272	3,866,319	5,761,979	17,571,916	169,058
2,418,358	3,449,757	2,307,276	17,200,074	8,320,301
-	922,108	20,484	1,309,816	-
2,562,554	1,896,786	1,931,862	13,462,898	-
7,142,184	10,134,970	10,021,600	49,544,704	8,489,359
(143,258)	(4,444,232)	1,178,390	6,553,895	339,717
68,397	30,755	58,215	184,918	104,481
(927,522)	(121,102)	(269,814)	(1,945,707)	-
943	(11,537)	-	(19,498)	-
166,984	-	-	273,865	-
4,462	4,445,026	217,255	4,752,825	-
575,493	70,607	24,161	868,167	-
(111,243)	4,413,749	29,817	4,114,570	104,481
(254,501)	(30,483)	1,208,207	10,668,465	444,198
2,551,389	-	-	2,593,509	-
-	-	4,288,818	4,687,561	-
-	-	833,249	2,901,084	-
-	65,000	242,111	3,960,174	-
-	(6,692)	-	(583,591)	(442,320)
2,551,389	58,308	5,364,178	13,558,737	(442,320)
2,296,888	27,825	6,572,385	24,227,202	1,878
68,349,203	44,447,458	55,467,391	418,482,272	8,912,443
-	-	2,239,049	7,869,699	(1,905,184)
423,211	567,415	997,715	3,122,930	-
68,772,414	45,014,873	58,704,155	429,474,901	7,007,259
$ 71,069,302	$ 45,042,698	$ 65,276,540	$ 453,702,103	$ 7,009,137

CITY OF RAPID CITY
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in net position - Enterprise funds	$	24,227,202
Amounts reported for business-type activities in the statement of activities are different because:		
Internal service funds are used by management to charge the cost of certain activities, such as insurance to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of Enterprise Funds' participation in the activities conducted in the internal service fund		542
Change in Net Position of Business-type Activities	$	24,227,744

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

CITY OF RAPID CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds				
	Water Fund	Wastewater Fund	Solid Waste Disposal Fund	Airport Fund	Civic Center Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipt from Customers	$ 15,079,843	$ 10,679,378	$ 6,406,931	$ 5,748,995	$ 5,596,588
Receipts from Interfund Services Provided	-	-	-	-	-
Payments to Suppliers	(2,060,936)	(2,966,464)	(3,325,590)	(2,554,795)	(4,402,357)
Payments to Employees	(2,491,944)	(1,775,982)	(1,845,905)	(2,305,365)	(3,990,068)
Net Cash Provided (Used) by Operating Activities	10,526,963	5,937,832	1,235,436	888,835	(2,795,843)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Airport Property Tax and Gross Receipts Tax (Civic Center)	-	-	-	171,446	4,353,525
Internal Activity - (Payment) Receipts to Other Funds	219,849	-	-	-	(10,000)
Transfers In	1,500,000	1,733,820	419,243	-	65,000
Transfer Out	(84,919)	(474,102)	(17,878)	-	(6,692)
Net Cash Provided (Used) by Operating Subsidies and Transfers	1,634,930	1,259,718	401,365	171,446	4,401,833
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from Capital Debt	46,283,203	-	-	-	-
Capital Grants	42,120	-	-	1,350,979	-
Purchase of Capital Assets	(15,235,910)	(10,860,616)	(1,136,452)	(2,069,033)	(939,915)
Principal Paid on Capital Debt	(248,881)	(1,005,856)	-	(430,000)	(240,000)
Interest Paid on Capital Debt	(240,011)	(362,830)	-	(929,638)	(125,085)
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts (Payments)	48,162	218,018	95,927	746,939	162,108
Net Cash (Used) by capital and related financing Activities	30,648,723	(12,011,284)	(1,040,525)	(1,326,753)	(1,142,892)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Earnings	619	4,318	16,666	64,376	30,755
Net Cash Provided (Used) by Investing Activities	619	4,318	16,666	64,376	30,755
Net Increase (Decrease) in Cash and Cash Equivalents	42,811,235	(4,809,416)	612,942	(202,096)	493,853
Balances - Beginning	15,182,747	6,351,103	1,872,321	6,346,911	2,571,037
Balances - Ending	$ 57,993,982	$ 1,541,687	$ 2,485,263	$ 6,144,815	$ 3,064,890
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	$ 5,970,943	$ 4,036,492	$ (44,440)	$ (143,258)	$ (4,444,272)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	3,905,286	2,885,783	1,280,627	2,562,554	1,896,786
Landfill Closure & Postclosure Costs	-	-	250,000	-	-
Change in Assets and Liabilities:					
Receivables	104,883	(295,448)	172,228	(53,521)	(101,683)
Inventories	1,049	4,531	-	-	(29,984)
Customer Deposits	154,678	-	-	-	-
Due from other Governments	(13,026)	(11,430)	-	(1,196,416)	7,533
Accounts and Other Payables	1,043,440	(80,481)	(334,699)	(136,457)	(518)
Accrued Wages Payable	(26,927)	(52,666)	(50,022)	(54,695)	(51,835)
Accrued Other Post Employment Benefits	7,330	9,256	11,941	10,373	8,804
Accrued Leave Payable	(2,538)	(9,809)	93	(37,388)	2,925
Pension Asset	286,325	202,849	210,360	260,932	349,841
Pension Related Deferred Outflows	(162,166)	(114,887)	(119,141)	(147,784)	(198,139)
Pension Related Deferred Inflows	(192,614)	(136,458)	(141,511)	(175,531)	(235,341)
Net Cash Provided (Used) by Operating Activities	$ 10,826,963	$ 5,937,832	$ 1,235,436	$ 888,835	$ (2,795,843)
Noncash Investing, Capital and Financing Activities:					
Loss on Disposal of Capital Assets Not Affecting Operating Income	$ (6,241)	$ 14,234	$ (16,897)	$ 943	$ (11,337)
Contribution of Assets from Developers/Others	1,154,376	1,312,202	-	-	-
Unamortized discount/premium	2,854,417	-	-	-	-
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
101 Cash and Cash Equivalents (Note 2)	$ 3,304,974	$ 394,719	$ 110,263	$ 4,676,178	$ 3,064,890
106 Cash with Fiscal Agent, Restricted (Note 2)	54,689,008	1,146,968	-	1,468,643	-
107 Restricted Cash (Notes 2, 16):	-	-	2,375,000	-	-
	$ 57,993,982	$ 1,541,687	$ 2,485,263	$ 6,144,815	$ 3,064,890

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

Nonmajor Proprietary Funds	Totals	Internal Service Funds
$ 11,035,328	$ 54,547,263	$ -
-	-	8,805,593
(2,358,658)	(17,668,802)	(8,228,288)
(5,968,393)	(18,376,753)	(170,457)
2,708,477	18,501,701	406,758
-	1,534,971	-
106,496	316,348	50,000
242,111	3,960,174	(442,320)
-	(583,591)	-
348,607	5,217,899	(392,320)
2,501,431	48,784,624	-
-	1,397,099	-
(843,724)	(31,085,650)	-
(2,495,355)	(4,420,052)	-
(264,800)	(1,922,364)	-
-	-	-
236,266	1,507,420	-
(866,182)	14,261,077	-
58,209	174,943	92,299
58,209	174,943	92,299
2,249,101	41,155,619	106,237
5,838,443	38,162,562	9,288,811
$ 8,087,544	$ 79,318,181	$ 9,395,048
$ 1,178,389	$ 6,553,895	$ 339,717
1,931,862	13,462,898	-
-	250,000	-
(143,407)	(316,948)	(23,573)
(5,648)	(29,652)	-
-	154,678	-
(23,847)	(1,237,180)	-
(25,250)	466,055	92,013
(50,627)	(336,772)	(1,399)
11,839	89,543	-
(47,765)	(94,482)	-
615,144	1,925,451	-
(348,399)	(1,090,516)	-
(413,814)	(1,295,269)	-
$ 2,708,477	$ 18,501,701	$ 406,758
$ -	$ (19,496)	$ -
5,122,967	7,588,645	-
-	2,854,417	-
$ 7,916,182	$ 19,467,200	$ 9,395,048
171,362	57,475,981	-
-	2,375,000	-
$ 8,087,544	$ 79,318,181	$ 9,395,048

CITY OF RAPID CITY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	$ 1,761,821
Investments	333,971
TOTAL ASSETS	$ 2,095,792
LIABILITIES:	
Accounts Payable	$ 103,115
Net Position Held in Agency Capacity	1,992,677
Total Liabilities	$ 2,095,792

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

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

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued):

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

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

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

Governmental Funds

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

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

Capital Improvements & Vison Fund	In December 2014 the Council approved Ordinance No. 6018 which amended Rapid City Municipal Ordinance Chapter 3.16 and called for the consolidation of the Vision and Consolidated Construction funds to what is now reported as the Capital Improvements & Vision fund. The purpose of the consolidation was to improve the City's ability to bond for future capital improvements and Vison fund projects in addition to obtaining more favorable interest rates on future bonds. Two separate set of accounts are maintained within this fund to account for sales tax revenues received to finance debt service and capital construction.
Utility Facilities Fund	Established by Rapid City Municipal Ordinance Chapter 3.16.060 to account for sales tax revenue received to finance debt service and capital construction related to the City's long-term streets, water and sewer plans.

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

Debt Service Funds – debt service funds are used to account for the accumulation of resources, and the payment of, general long-term debt principal, interest, and related costs in relation to the various tax increment districts that have been established.

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

B. BASIS OF PRESENTATION (Continued)

Governmental Funds (Continued)

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

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

Proprietary Funds

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

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

The City reports the following major enterprise funds:

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

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

B. BASIS OF PRESENTATION (Concluded)

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

Fiduciary Funds

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the City is 60 days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Reported deferred inflows of resources are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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

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

D. CASH AND CASH EQUIVALENTS

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

E. DEPOSITS AND INVESTMENTS

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

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

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

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

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

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

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

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds" and are equally offset by a nonspendable fund balance, which indicates they are not a component of current assets, and do not constitute "available spendable resources." Interfund receivables and payables between funds within governmental activities and within the business-type activities are eliminated in the Statement of Net Position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

G. INVENTORIES

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

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

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

H. CAPITAL ASSETS

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

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

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

H. CAPITAL ASSETS (Continued)

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

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

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

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

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

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

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

I. COMPENSATED ABSENCES

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

J. LONG-TERM LIABILITIES

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

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

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

J. LONG-TERM LIABILITIES (Continued)

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

K. PROGRAM REVENUE

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

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

L. DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period. In the current year the City has recognized deferred outflows relating to pension asset accrual.

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

M. PROPRIETARY FUNDS REVENUE AND EXPENSE CLASSIFICATION

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

N. EQUITY CLASSIFICATIONS

Government-Wide Financial Statements:
Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

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

N. EQUITY CLASSIFICATIONS (Continued)

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

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

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

Fund Balance Classification Policies and Procedures
The City classifies governmental fund balances as follows:

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

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

O. RESTRICTED ASSETS

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

P. EMERGING ACCOUNTING STANDARDS

In February 2015, GASB issued Statement No. 72, *Fair Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The Statement also provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and the disclosures related to all fair value measurements. The City is required to implement the Statement for the year ending December 31, 2016.

P. EMERGING ACCOUNTING STANDARDS (Continued)

In June 2015, GASB issued Statements No. 74 and 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, which replace GASB Statement Nos. 43 and 45, and will require additional note disclosures for the City's Other Post-Employment Benefits (OPEB) offered. These statements relate to accounting and financial reporting issues and how OPEB expenses and related obligations are measured and reported in audited financial statements. The standards describe the recognition of the entire net OPEB liability in the employer's financial statements. The implementation of GASB 74 will not impact the entity's financial statements. With regard to GASB 75, although expected to be significant, management has not yet determined the specific impact of this Statement on the financial statements. Statement No. 74 is not applicable for the City, but Statement No. 75 is effective for the City's year ending December 31, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain specified information about the agreements. Statement No. 77 is effective for the City's year ending December 31, 2016.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement No. 87 is effective for the City's year ending December 31, 2020.

Q. USE OF ESTIMATES

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

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

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

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

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

The actual bank balances at December 31, 2015 were as follows:

Primary Government	Bank Balance
Insured – FDIC	$1,650,557
Uninsured, collateral jointly held by State's/City agent in the name of the State and the pledging financial institution in accordance with SDCL 4-6A-3	66,603,260
Total Deposits	$68,253,817

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

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

Credit Risk – State law limits eligible investments for the City, as discussed above. In addition, the City has an investment policy that further limits its investment choices.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the City's deposits may not be returned to it. The City's investment policy restricts the maximum holding per institution to 50% of the City's total pooled cash fund. As of December 31, 2015 none of the City's deposits in financial institutions were exposed to custodial credit risk.

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

As of December 31, 2015, the City had the following in the cash with fiscal agent accounts:

Investment	Credit	Total	Less than 1 Year	1-5 Years
Money Market	N/A	3,969,214	3,969,214	
Certificates of Deposit	N/A	885,500	885,500	
US Treasury Note	AAA	69,718,366	19,560,510	50,157,855
Total		74,573,080	24,415,224	50,157,855

As of December 31, 2015, the City had the following investments:

Investment	Credit	Total	Less than 1 Year	1-5 Years	5-10 Years	10 Years or More
Certificates of Deposit	N/A	3,949,115	1,192,271	2,187,968	568,876	
US Treasury Notes	N/A	11,336,087	1,671,122	5,329,754	2,174,165	2,161,045
US Federal Agency Obligations:						
GNMA (Ginnie Mae) Pool	AAA	2,355,462		25,255		2,330,206
GNMA (Ginnie Mae) Treas	AAA	13,664		13,664		
USDA	AAA	242,086				242,086
US Government Sponsored Enterprises:						
FNMA (Fannie Mae) Pool	AAA	9,617,628	30,253	1,792,878	2,202,721	5,591,775
FNMA Notes	AAA	3,551,377	1,543,634	2,007,743		
FNMA Treasury	AAA	1,170,445		1,170,445		
FHLMC (Freddie Mac) Pool	AAA	3,326,065		547,127	58,842	2,720,096
FHLMC Notes	AAA	4,731,344	907,402	3,823,942		
FHLB Notes	AAA	509,720		509,720		
FHLB Bonds	AAA	267,925		267,925		
Total		41,070,917	5,344,683	17,676,422	5,004,603	13,045,210

Presented in the:

Statements of Net Position	40,736,946
Statement of Fiduciary Net Position	333,971
	41,070,917

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

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

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

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

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

Restricted Cash/Investments:

Assets (included above) are restricted to use for the following specific purposes:

Amount:	Purpose:
$56,518,403	Debt Service, by debt covenants
$15,983,230	Capital Projects
$2,071,447	Economic Development
$2,375,000	Closure and Post-Closure Landfill Costs
$ 35,842	Grant Expenditures
$ 4,360	Library Board

As of December 31, 2015 the City was in compliance with debt reserves required by existing debt covenants.

NOTE 3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year; except for the Infrastructure Development Partnership Fund Notes Receivables totaling $246,552 at December 31, 2015 that have a maximum repayment term of 10 years and the Life Safety Loan Receivable totaling $49,242 at December 31, 2015 that has a maximum repayment term of 7 years. These notes are fully collateralized with letters of credit. Appropriate allowances for estimated uncollectible accounts have been established based on the City's knowledge of current environmental conditions and historical losses.

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

Governmental Activities: Property taxes are levied on or before October 1 of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

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

NOTE 4. DUE FROM OTHER GOVERNMENTS

At December 31, 2015 the City's Due from Other Governments consisted of the following:

GOVERNMENTAL FUNDS:		
General Fund		
FEMA	$	90,783
Transportation Planning		208,650
Local Government Highway/Bridge		157,237
Liquor Tax Reversion		108,969
Urban Mass Transit Grant		130,695
Police Grants		18,367
Motor Vehicle		42,811
School Liaison		48,590
Wildland Fire		60,022
Blood Testing		10,150
Highway Safety		48,878
Air Quality Grant		9,290
Historic Preservation		513
Homeland Security		6,123
Local Counties/Agencies		84,882
Total General Fund		1,025,960
Nonmajor Governmental Funds		
Cemetery Perpetual Care		135
Community Development Grant		3,085
Total Nonmajor Governmental Funds		3,220
TOTAL GOVERNMENTAL FUNDS	$	1,029,180
ENTERPRISE FUNDS:		
Airport Fund		
Airport Improvement Project	$	1,394,853
Small Community Air Service Development		158,225
TSA Building/Gate Fees		11,531
Local Counties/Agencies		14,325
Total Airport Fund		1,578,934
Water Fund		
State of South Dakota		11,430
Bureau of Reclamation		16,690
Total Water Fund		28,120
WasteWater Fund		
State of South Dakota		11,430
Civic Center Fund		
Facility Rental		6,759
Nonmajor Proprietary Funds		
Cemetery		3,694
Energy Plant -- Due from Rapid City Area Schools		57,843
Total Nonmajor Proprietary Funds		61,537
TOTAL ENTERPRISE FUNDS	$	1,686,780
TOTAL ALL FUNDS	$	2,715,960

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital Assets not being depreciated:					
Land	$ 44,156,662	$ 1,733,814	$ (265,479)	$ -	$ 45,624,997
Construction in Progress	17,915,080	23,954,318	(14,869,577)	-	26,999,821
Total capital assets not being depreciated	62,071,742	25,688,132	(15,135,056)	-	72,624,818
Capital Assets being depreciated:					
Buildings	76,484,776	144,544	237,783	-	76,867,103
Improvements Other than Buildings	271,686,491	14,564,524	8,469,198	-	294,720,213
Machinery and Equipment	31,529,348	2,356,010	(169,542)	(3,152,135)	30,563,681
Total capital assets being depreciated	379,700,615	17,065,078	8,537,439	(3,152,135)	402,150,997
Less accumulated depreciation for:					
Buildings	(17,760,974)	(1,578,211)	-	-	(19,339,185)
Improvements Other than Buildings	(142,517,931)	(12,048,666)	68,952	-	(154,497,645)
Machinery and Equipment	(22,287,466)	(1,949,983)	-	2,820,619	(21,416,830)
Total accumulated depreciation	(182,566,371)	(15,576,860)	68,952	2,820,619	(195,253,660)
Total capital assets being depreciated, net	197,134,244	1,488,218	8,606,391	(331,516)	206,897,337
Governmental activities capital assets, net	$ 259,205,986	$ 27,176,350	$ (6,528,665)	$ (331,516)	$ 279,522,155

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

Total General Government	$ 711,122
Total Public Safety	731,337
Total Health and Welfare	554,808
Total Public Works	11,741,051
Total Culture and Recreation	1,833,909
Total Conservation & Development	4,633
Total Governmental depreciation expense	$ 15,576,860

Capital asset activity in business-type funds for the fiscal year ended December 31, 2015 is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type activities:					
Capital Assets not being depreciated:					
Land	$ 16,307,574	$ -	$ 8,943	$ -	$ 16,316,517
Construction in Progress *	62,565,764	33,538,791	(58,706,301)	-	37,398,254
Total capital assets not being depreciated	78,873,338	33,538,791	(58,697,358)	-	53,714,771
Capital Assets being depreciated:					
Buildings	161,257,578	3,092,266	26,703,955	-	191,053,799
Improvements Other than Buildings	376,238,820	-	38,702,913	-	414,941,733
Machinery and Equipment	26,822,620	1,665,175	(113,161)	(420,984)	27,953,650
Total capital assets being depreciated	564,319,018	4,757,441	65,293,707	(420,984)	633,949,182
Less accumulated depreciation for:					
Buildings	(51,040,805)	(3,360,262)	-	-	(54,401,067)
Improvements Other than Buildings	(122,398,505)	(8,462,581)	-	-	(130,861,086)
Machinery and Equipment	(17,459,315)	(1,640,055)	(67,684)	380,953	(18,786,101)
Total accumulated depreciation	(190,898,625)	(13,462,898)	(67,684)	380,953	(204,048,254)
Total capital assets being depreciated, net	373,420,393	(8,705,457)	65,226,023	(40,031)	429,900,928
Business-type activities capital assets, net	$ 452,293,731	$ 24,833,334	$ 6,528,665	$ (40,031)	$ 483,615,699

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

Total Water Enterprise	$ 3,405,286
Total Airport Enterprise	2,562,554
Total Wastewater Enterprise	2,385,783
Total Civic Center Enterprise	1,896,786
Total Solid Waste Disposal Enterprise	1,280,627
Total Storm Water Utility Enterprise	782,820
Total Solid Waste Collection Enterprise	326,966
Total Transportation Terminal Enterprise	168,944
Total Golf Course Enterprise	207,606
Total Parking Lot Area Enterprise	112,795
Total Ambulance Enterprise	210,705
Total Executive Golf Enterprise	33,804
Total Cemetery Enterprise	22,098
Total Energy Plant Enterprise	66,124
Total Enterprise depreciation expense	**$ 13,462,898**

* Capitalized interest of $3,006,544 is included as increases for this category.

NOTE 6. CONSTRUCTION COMMITMENTS

The City had construction commitments of approximately $43.5 million as of December 31, 2015. Individual project commitments of over $200,000 were as follows:

Project Number	Project Description	Total Costs As of 12/31/2015	Total Contract	Remaining
5230	Airport Master Plan Update	533,720	915,206	381,486
11-1974	Landfill Cells 15 & 16 Liner	422,203	687,372	265,169
08-1743	Canyon Lake Dam Reconstruction	339,664	3,647,239	3,307,575
13-2080	North Rapid Boost Station	1,677,091	2,594,764	917,673
13-2086	Seger St. Reconstruction	8,979,731	10,157,904	1,178,173
13-2123	WRF Trickling Filter	603,976	1,058,072	454,096
13-2139	Mt Rushmore Rd Utilities	201,872	2,218,751	2,016,879
14-2043	ASA Softball Fields	196,865	1,629,673	1,432,808
14-2154	SS Main Extension - 12th	376,004	597,666	221,662
14-2168	St Andrew/Charles SS	1,076,214	2,145,929	1,069,715
14-2168	St. Andrew/St. Charles	281,254	627,113	345,859
14-2208	9th Str Reconstruc	653,744	2,727,610	2,073,866
14-2211	E College/ E Custer Rec	149,535	1,795,111	1,645,576
14-2222	Harter Addition	2,470	254,427	251,957
15-2032	Dyess Ave	258,642	6,603,244	6,344,602
15-2232	38th Street	37,343	270,795	233,452
15-2248	Rapid Transit	1,759	1,219,101	1,217,342
15-2253	Robbinsdale	81,436	725,135	643,699
15-2257	Countryside Subdivision	674,815	1,099,193	424,378
15-2268	Seger Dr Reconstruction	13,165	294,320	281,155
	Tyler Tech Accounting Software	737,555	1,650,000	912,445
	Remainder	47,098,917	65,012,453	17,913,536
	Total	64,397,975	107,931,078	43,533,103

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

NOTE 7. LONG-TERM LIABILITIES

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

Governmental Activities:

As of December 31, 2015, the governmental long-term debt of the financial reporting entity consisted of the following:

Revenue Bonds	
$22,910,000 Sales Tax Revenue Bonds, Series 2013 serviced by the Utilities Facilities Special Revenue Fund. Payable in semi-annual principal installments of $885,000 to $1,535,000 through December 2032. Interest at 2.00 to 4.00 percent. Interest paid in 2015 was $654,935.	$20,255,000
Unamortized deferred premium	750,371
Total Revenue Bonds	$21,005,371
Compensated Absences:	
Accrued Leave Payable Government Funds	$2,016,323
Financing (Capital Acquisition) Leases	
$307,214 under a supplement to the master governmental lease-purchase agreement with Wells Fargo Brokerage Services, LLC, dated July 12, 2013 for the purchase of snow plows which is security for the Lease. Due in annual installments of $65,372, including interest of 2.84 percent. The final payment is due in October 2017. The lease is serviced by the General Fund. Interest paid in 2015 was $5,268.	125,378
$4,772,000 sublease with Pennington County, South Dakota for 44%, 61% and 10% interest in Public Safety Building, Evidence Lab and Parking Ramp, respectively. Due in annual installments of $290,058 including interest of 4.11 percent. The final payment is due December 1, 2040. The lease is serviced by the Capital Improvements & Vision Fund. Interest paid in 2015 was $188,299.	4,478,618
$412,504 under a supplement to the master governmental lease-purchase agreement with Wells Fargo Brokerage Securities, LLC, dated December 24, 2012 for the purchase of street sweepers, which is security for the Lease. Due in annual installments of $87,833, including interest of 2.56 percent. The final payment is due in June 2017. The lease is serviced by the General Fund. Interest paid in 2015 was $6,401.	168,788
$135,191 under an agreement with Wells Fargo Brokerage Services, LLC, dated October 1, 2014 for the purchase of a bucket truck, which is security for the Lease. Due in semi-annual installments of $28,930, including interest of 3.50 percent. The final payment is due October 2018. The lease is serviced by the General Fund. Interest paid in 2015 was $3,719	81,051

NOTE 7. LONG-TERM LIABILITIES (Continued)

Financing (Capital Acquisition) Leases (Continued)

$371,814 under an agreement with Wells Fargo Brokerage Services, LLC, dated March 5, 2014 for the purchase of a dump truck and street sweeper, which are security for the Lease. Due in semi-annual installments of $81,667, including interest of 3.09 percent. The final payment is due May 2019. The lease is serviced by the General Fund. Interest paid in 2015 was $12,766.	302,912
Total Leases	$5,156,747

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

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

Gross amount of assets recorded under capital leases	$7,442,974
Accumulated depreciation – Public Safety	(1,302,039)
Accumulated depreciation – Public Works	(676,650)
Net assets recorded under capital leases	$5,464,285

Notes Payable

Note payable to Pioneer Bank dated March 6, 2014 to finance the purchase of financial accounting and reporting package. Maximum loan amount of $1,680,710. Due in monthly installments of $30,192, including interest at 3.00 percent. The final payment is due in March 2019. The loan is serviced by the Capital Improvements & Vision Fund. Interest paid in 2015 was $22,571.	840,534

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 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. These transactions are accounted for as a collateralized borrowing, whereby the City recognizes a liability and capital assets equal to the amount of the public improvements being acquired. The City also uses some tax increment districts to fund improvements in which the City has obtained financing or has used reserves to fund all or some of the improvements, in which case the City follows its general policies outlined in Note 1.

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

NOTE 7. LONG-TERM LIABILITIES (Continued)

Tax Increment Financing District (TID) 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, 2015, there were 14 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, 2015. The maximum payoff amounts represent the amount of future tax revenues that were pledged at the time of certification. Future property taxes over a 20 year period are projected to produce 100% of the debt service requirements presented below with the exception of TID 29 which will not generate sufficient property tax revenue to meet outstanding debt balance within allotted time.

During the year ended December 31, 2015, principal and interest expenditures and property tax revenues were $4,985,471 and $6,589,319, respectively. These amounts include property tax revenues and principal and interest expenditures related to improvements within tax increment districts funded with City debt or reserves. Each of the individual debt issues listed below have their own debt service fund from which the debt is serviced.

TID 29 – Fiberswitch Technology – Created in 1998, maximum payoff $40,480 including interest at 9.0 percent, expires 10/5/2018.	$76,223
TID 38 – Heartland Business – Created in 2003, maximum payoff $5,545,503 including interest at 9.5 percent, expires 2/17/2023.	334,235
TID 39 – E Rapid Plaza – Created in 2003, maximum payoff $2,218,351 including interest at 8.25 percent, expires 4/21/2023.	343,336
TID 40 – SoCreek Village – Created in 2003, maximum payoff $1,179,192 including interest at 7.0 percent, expires 5/19/2023.	312,731
TID 47 – Tower Road – Created in 2004, maximum payoff $4,716,080 including interest at 7.5 percent, expires 10/4/2024.	4,021,765
TID 50 – Federal Beef – Created in 2004, maximum payoff $7,458,290 including interest at 9.0 percent, expires 11/07/2025.	4,669,333
TID 52 – E. St Charles – Created in 2005, maximum payoff $1,050,484 including interest at 5.85 percent, expires 5/2/2025.	379,993
TID 54 – Rainbow Ridge – Created in 2005, maximum payoff $4,246,859 including interest at 9.0 percent, expires 10/3/2025.	1,006,587
TID 56 – Rushmore Crossing – Created in 2005, maximum payoff $16,343,503 including interest at 6.75 percent, expires 11/11/2025.	8,775,674
TID 63 – Minnesota Street – Created in 2007, maximum payoff $18,474,421 including interest at 6.5 percent, expires 9/4/2027.	6,336,670

NOTE 7: LONG-TERM LIABILITIES (Continued)

Tax Increment Financing District (TID) Liabilities (Continued)

TID 68 – Homestead – Created in 2008, maximum payoff $14,016,197 including interest at 6.0 percent, expires 4/21/2028	371,672
TID 69 – North Fire Station – Created in 2013, maximum payoff $4,361,190 including interest at 7.75 percent, expires 7/21/2028	3,133,776
TID 71 – South Robbinsdale – Created in 2015, maximum payoff $1,552,835 including variable interest 2.29 percent at December 31, 2015, expires 7/21/2028	494,813
TID 72 – East Saint Joseph Street – Created in 2015, maximum payoff $2,445,341including interest at 5.9 percent, expires 2/21/2032	1,802,592
Total Tax Increment District Liabilities	$32,059,400
Other Post Employment Benefit Liabilities (Note 12)	2,857,116
Total Liabilities Payable	$63,935,491

The annual requirements for maturity for governmental activities long-term debt (excluding compensated absences and other post-employment benefits) outstanding as of December 31, 2015, are as follows:

TOTAL GOVERNMENTAL FUNDS

Year Ending	General Debt Obligations		Capital Lease Obligations		TID Obligations	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2016	1,309,868	666,185	349,481	204,195	3,187,356	1,783,323
2017	1,339,887	634,942	360,872	192,804	2,636,564	1,595,895
2018	1,213,196	595,705	219,628	181,026	2,964,797	1,024,910
2019	1,059,139	551,960	198,772	172,954	3,035,223	652,567
2020	1,079,139	531,560	124,468	168,591	3,302,235	160,236
2021-2025	5,800,695	2,264,185	703,430	746,862	12,629,181	216,829
2026-2030	6,930,695	1,144,750	860,407	589,885	4,304,044	375,576
2031-2035	3,113,286	114,300	1,052,416	397,877	-	-
2036-2040	-	-	1,287,273	151,566	-	-
TOTALS	21,845,905	6,503,587	5,156,747	2,802,760	32,059,400	5,809,336

The above noted annual requirements for maturity for the tax increment financing debt are based on actual tax increment revenues received in 2015; estimated tax increment revenues projected by Pennington County to receive in 2016; and estimated tax increment revenues as per the approved project plans.

NOTE 7. LONG-TERM LIABILITIES (Continued)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

Government Activities:

(Note 18)	Liabilities Payable 1/1/2015	Issued	Retired	Liabilities Payable 12/31/2015	Due Within One Year
Leases	5,553,458	-	(396,711)	5,156,747	349,481
Revenue Bonds	21,964,509	-	(959,138)	21,005,371	984,139
Loans Payable	465,150	716,711	(341,327)	840,534	325,730
Compensated Absence	2,219,642	1,374,602	(1,577,921)	2,016,323	120,000
TID (Note 18)	32,315,147	5,299,175	(3,554,922)	32,059,400	3,187,356
Other Post- Employment Benefits	2,805,535	51,581	-	2,857,116	-
Total	$ 65,323,441	$ 5,442,069	$ (6,830,019)	$ 63,935,491	$ 4,966,706

Business-Type Activities:

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

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

	Water Fund	Wastewater Fund	Parking Lot Fund	Airport Fund
2015 Principal and Interest	$2,319,712	$1,037,825	$108,316	$1,352,120
Pledged Revenue	$4,000,000	$10,767,565	$653,751	$1,689,472

As of December 31, 2015, the long-term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds

$2,045,000 Parking Revenue Bond of 2014. Due in annual installments of $55,000 to $225,000 through 2028. Interest at 2.95 percent. (This issue is being financed by pledged Parking Facility revenue). Interest expense in 2015 was $53,316.	$1,990,000
$45,100,000 Water Revenue Bonds of 2009. Due in semi-annual installments of $1,134,363 from 2016 through 2019 with balance of interest and principal paid on November 1, 2019. Interest at 4.0 to 5.00 percent. (This issue is being serviced by pledged Water Enterprise Fund revenues.) Interest expense in 2015 was $2,319,713 of which was capitalized.	45,100,000

NOTE 7: LONG-TERM LIABILITIES (Continued)
Business-Type Activities (Continued)

$46,030,000 Water Revenue Bonds of 2015. Interest only payments of $901,603 through May 2020. Due in annual installments of $1,565,000 to $3,250,000 from November 2020 through November 2039. Interest at 3.625 to 5.0 percent. (This issue is being serviced by pledged Water Enterprise Fund revenues.) There was no interest expense paid on these bonds in 2015.	46,030,000
$5,000,000 Loan No. 6 from State Revolving Fund of 2011. Due in quarterly installments of $45,660 to $83,020 through 2031. Interest at 3.0 percent. (This issue is to be serviced by pledged Wastewater Fund revenues). Interest expense in 2015 was $132,477.	4,286,768
$4,210,000 Airport CFC Bonds of 2010. Due in annual installments of $384,200 to $395,900 through 2030. Interest payments at 6.00 to 7.00 percent. (This issue is to be serviced by pledged Airport Customer Facility Charge revenue). Interest expense in 2015 was $247,600.	3,565,000
$4,190,000 Gross Receipts Revenue Bonds of 2014. Due in annual installments of $240,000 to $360,000 through 2028. Interest payments at 3.10 percent. (This issue is to be financed by the Civic Center Fund). Interest expense in 2015 was $88,216.	3,915,000
$10,605,000 Wastewater Refunding Bonds of 2011. Due in annual installments of $1,037,825 to $1,925,033 through 2022. Interest at 2.05 to 3.70 percent. (This issue is to be serviced by pledged Wastewater Fund revenue). Interest expense in 2015 was $237,825.	7,105,000
$11,675,000 Airport PFC Bonds of 2011. Due in annual installments of $962,700 to $967,943 through 2035. Interest at 3.75 to 5.50 percent. (This issue is to be serviced by pledged Airport Passenger Facility Charge revenue). Interest expense in 2015 was $674,520.	10,560,000
$6,000,000 Drinking Water Loan SRF 2 of 2009. Due in quarterly installments of $100,997 through 2031. Interest at 3.0 percent. (This issue is to being serviced by pledged Water Enterprise Fund revenues). Interest expense in 2015 was $161,730.	5,368,804
Less net unamortized discounts/premiums on bonds	1,969,839
Total Revenue Bonds	$129,890,410

Compensated Absences:	
Accrued Leave payable from Water Fund	185,163
Accrued Leave payable from Wastewater Fund	91,024
Accrued Leave payable from Solid Waste Fund	42,468
Accrued Leave payable from Airport Fund	66,217
Accrued Leave payable from Civic Center Fund	196,847
Accrued Leave payable from Non-major Enterprise Funds	210,502
	$792,221

Financing (Capital Acquisition) Leases	
$2,079,960 under an agreement with Wells Fargo Brokerage Services, LLC, dated December 14, 2009 for the purchase of 10 new Solid Waste Collection trucks, which are security for the Lease. Due in annual installments of $343,092, including interest at 3.73 percent. The final payment is due December 14, 2016. The lease is serviced by the Solid Waste Collection Fund. Interest expense in 2015 was $24,231.	$330,755
$254,604 under an agreement with Pioneer Bank, dated August 3, 2015 for a equipment at Meadowbrook Golf Course which is security for the Loan. Due in monthly installments of $4,566, including interest at 2.95 percent. The final payment is due October, 1, 2020. The loan is serviced by the Golf Course Fund. Interest expense in 2015 was $6,345.	234,645
$201,817 under an agreement with Wells Fargo Equipment Lease Inc. dated June 2, 2015 for a purchase of two ambulances and other medical equipment which is security for the Lease. Due in quarterly installments of $13,702, including interest at 4.00 percent. The final payment is due June 15, 2019. The lease is serviced by the Ambulance Fund. Interest expense in 2015 was $2,760.	177,174
$460,000 under an agreement with Wells Fargo Equipment Finance, Inc, dated July 7, 2014 for the purchase of four ambulances, which is security for the Lease. Due in 15 quarterly installments of $32,564, including interest at 3.04 percent. The final payment is due June 2018. The lease is serviced by the Ambulance Fund. Interest expense in 2015 was $11,758.	312,433
Total Leases	$1,055,007

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

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

Gross amount of assets recorded under capital leases – buildings	$113,522
Gross amount of assets recorded under capital leases – equipment	2,776,230
Accumulated depreciation – Solid Waste	(1,393,543)
Accumulated depreciation – Golf	(51,500)
Accumulated depreciation – Ambulance	(86,028)
Net assets recorded under capital leases	$1,358,681

Accrued Landfill Closure (Note 16)	2,375,000
Other Post Employment Benefit Liabilities (Note 12)	1,187,129
Total Liabilities Payable	$135,299,767

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-Type Activities (Continued)

The annual requirements for maturity for business-type activities long-term debt (excluding compensated absences, other post-employment benefits and accrued landfill closure) outstanding as of December 31, 2015, are as follows:

TOTAL BUSINESS TYPE ACTIVITIES

Year Ending	General Debt Obligations		Capital Lease Obligations	
December 31	Principal	Interest	Principal	Interest
2016	1,940,934	5,599,121	549,285	33,669
2017	2,140,428	5,587,570	225,838	14,023
2018	2,360,362	5,513,917	168,004	6,728
2019	2,855,749	5,435,637	79,869	1,887
2020	48,126,265	3,084,013	32,011	398
2021-2025	20,661,488	13,109,276	-	-
2026-2030	20,651,533	9,101,177	-	-
2031-2035	18,242,264	5,151,496	-	-
2036-2040	12,911,387	1,171,383	-	-
TOTALS	129,890,410	53,753,590	1,055,007	56,705

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

	Liabilities Payable 1/1/2015	Issued	Retired	Liabilities Payable 12/31/2015	Due Within One Year
Leases/Notes	$ 1,128,942	$ 456,422	$ (530,357)	$ 1,055,007	$ 549,284
Closure and Post-Closure (Note 17)	2,125,000	250,000	-	2,375,000	-
Revenue Bonds	82,681,817	51,182,620	(3,974,027)	129,890,410	2,112,740
Other Post-Employment Benefits	1,108,771	78,358	-	1,187,129	354,989
Compensated Absence	893,384	571,145	(672,308)	792,221	52,500
Total	$ 87,937,914	$ 52,538,545	$ (5,176,692)	$135,299,767	$ 3,069,513

Advanced refunding

On January 8, 2015, the City transferred $255,962 from existing debt service/reserve funds (Series 2008 Bonds) and issued Parking Revenue Refunding Bonds, Series 2014 in the amount of $2,045,000 to purchase federal securities all of which were placed in an irrevocable trust for the purpose of refunding the outstanding principal at December 31, 2014 of $2,020,000 of Parking Revenue Bonds, Series 2008 and payment of related bond issuance costs. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column on the Statement of Net Assets. The refunding resulted in a reduction of $271,897 in the cash flow required to service the Series 2008 bonds as opposed to the Series 2014 bonds. An economic gain of $222,306 (difference between present value of old debt service and present value of new debt service, discounted at the effective interest rate on the new debt and adjusted for any additional cash) resulted from the refunding transaction.

NOTE 7. LONG-TERM LIABILITIES (Continued)

Business-Type Activities (Continued)

Crossover refunding

On November 12, 2015, the City deposited $48,934,589 to a crossover escrow fund and issued Water Revenue Refunding Bonds, Series 2015 in the amount of $46,030,000 to purchase federal securities all of which were placed in an irrevocable trust for the purpose of refunding the outstanding principal at December 31, 2014 of $45,100,000 of Water Revenue Bonds, Series 2009 and payment of related bond issuance costs. The refunding of the Water Revenue Bonds, Series 2009 will consist of semi-annual interest only payments beginning May 2016 through May 2019 and final principal and interest payment on November 1, 2019. The outstanding principal balances of the Water Revenue Bonds, Series 2015 and 2009 at December 31, 2015 are $46,030,000 and $45,100,000, respectively. The refunding resulted in a reduction of $4,327,937 in the cash flow required to service the Series 2009 bonds as opposed to the Series 2015 bonds. An economic gain of $2,791,361 (difference between present value of old debt service and present value of new debt service, discounted at the effective interest rate on the new debt and adjusted for any additional cash) resulted from the refunding transaction.

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. 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, 2015, there was one series of conduit bond outstanding that had been issued prior to August 1995. The aggregate unpaid principal amount payable for these bonds could not be determined; however, their original issue amounts totaled $9,000,000.

NOTE 9. INTERFUND TRANSACTIONS AND BALANCES

Interfund receivable and payable balances at December 31, 2015 were:

	Interfund Receivable	Interfund Payable
General Fund:	$4,704,823	$ --
Special Revenue Funds:		
Capital Improvements & Vision Fund	4,043,803	
Utility Facilities Fund	2,555,170	$3,000,000
Rehabilitation Loan Fund	1,433	
Community Development Fund		1,433
TID 40 Fund		9,704
TID 38 Fund		100,000
TID 39 Fund		1,053,190
TID 42 Fund		1,920,831
TID 56 Fund		774,561
TID 64 Fund		9,374,348
Total Governmental Funds	$11,305,229	$16,234,067
Enterprise Funds:		
Water Fund	$140,222	$ --
Wastewater	5,630,650	
StormWater Utility		609,438
Golf Course Fund		32,596
Cemetery Enterprise		200,000
Civic Center Fund	209,252	
Energy Plant Fund		209,252
Total Enterprise Funds	$5,980,124	$1,051,286

NOTE 9. INTERFUND TRANSACTIONS AND BALANCES (Continued)

The General Fund loaned monies to Utility Facilities Fund on a short-term basis to cover cash flows needs that will be satisfied by pending reimbursement. The current portion expected to be repaid to the General Fund is $3,000,000.

The General Fund loaned monies to Cemetery Enterprise Fund on a short-term basis to cover cash flows needs that will be satisfied by future revenues. The current portion expected to be repaid to the General Fund is $200,000.

The General Fund loaned monies to Golf Course Fund on a short-term basis to cover debt service obligations that will be satisfied by future revenues. The current portion expected to be repaid to the General Fund is $18,415.

The General Fund loaned monies to Tax Increment District 40 Fund for infrastructure improvements. The current portion expected to be repaid to the General Fund is $9,704.

The General Fund loaned monies to Tax Increment District 39 Fund for infrastructure improvements. The current portion expected to be repaid to the General Fund is $31,058.

The General Fund loaned monies to Storm Water Utility Fund for startup operating costs. The current portion expected to be repaid to the General Fund is $145,130.

The Capital Improvements & Vision Fund loaned monies to Tax Increment District 38 and 39 Funds to construct water mains. The current portion expected to be repaid to the Consolidated Construction Fund is $7,285.

The Capital Improvements & Vision and Wastewater Funds have pending reimbursement of tax proceeds from Tax Increment District 64. The current portion will depend upon tax proceeds collected. See Note 18.

The Utility Facilities Fund loaned monies to Tax Increment District 56 and 42 funds for the construction of water and sewer infrastructure. The current portion expected to be repaid to the Utility Facilities Fund is $798,716.

The Water Fund loaned monies to Tax Increment District 42 Fund for the construction of water infrastructure. The current portion expected to be paid to the Water Fund is $140,222.

The Civic Center Fund loaned monies to the Energy Plant Fund for short-term cash flow needs while waiting for reimbursement from the Civic Center and the Rapid City Area School District. The current portion expected to be repaid to the Civic Center Fund is $209,252.

The Rehabilitation Loan Fund loaned monies to the Community Development Fund to cover cash flows needs. The current portion expected to be repaid to the Consolidated Construction Fund is $1,433.

Interfund transfers during the year ended December 31, 2015 were as follows:

	Transfers In	Transfers Out
GOVERNMENTAL FUNDS:		
General Fund		
Capital Improvements & Vision Fund	$ 3,385	$ 650,000
Water	84,919	750,000
Wastewater	52,963	750,000
Solid Waste	17,878	-
Civic Center	-	65,000
Nonmajor Enterprise	-	242,111
Nonmajor Governmental	77,000	-
Total General Fund	236,145	2,457,111

NOTE 9. INTERFUND TRANSACTIONS AND BALANCES (Continued)

OTHER GOVERNMENTAL FUNDS:		
Capital Improvements and Vision Fund		
General Fund	650,000	3,385
Utility Facilities	4,500,000	-
Internal Service	208,500	-
Water	1,896	-
Civic Center	6,692	
Total Consolidated Construction Fund	5,367,088	3,385
Utility Facilities Fund		
Capital Improvements & Vision Fund	-	4,500,000
Water	-	750,000
Wastewater	-	750,000
Total Utility Facilities Fund	-	6,000,000
Nonmajor Governmental	-	77,000
TOTAL GOVERNMENTAL FUNDS	$ 5,603,233	$ 8,537,496

ENTERPRISE FUNDS:	Transfers In	Transfers Out
Water Fund		
General	$ 750,000	$ 84,919
Utility Facilities	750,000	
Total Water Fund	1,500,000	84,919
Wastewater Fund		
General	750,000	52,963
Capital Improvements & Vision Fund		1,896
Utility Facilities	750,000	-
Solid Waste	-	419,243
Internal Service	233,820	-
Total Wastewater Fund	1,733,820	474,102
Solid Waste Fund		
General Fund	-	17,878
Wastewater	419,243	-
Total Solid Waste Fund	419,243	17,878
Civic Center		
General Fund	65,000	-
Capital Improvements & Vision Fund	-	6,692
Total Civic Center Fund	65,000	6,692
Nonmajor Enterprise		
General	242,111	-
TOTAL ENTERPRISE FUNDS	3,960,174	583,591

NOTE 9. INTERFUND TRANSACTIONS AND BALANCES (Continued)

INTERNAL SERVICE FUNDS		
Wastewater	-	233,820
Capital Improvements & Vision Fund	-	208,500
TOTAL INTERNAL SERVICE FUNDS	-	442,320
TOTAL TRANSFERS	$ 9,563,407	$ 9,563,407

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

NOTE 10. SEGMENT INFORMATION

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

CONDENSED STATEMENT OF NET POSITION – DECEMBER 31, 2015

Assets	
Current Assets	$977,448
Noncurrent Assets	79,818
Capital Assets	6,444,620
Pension Related Deferred Outflows	56,304
Total Assets	$7,558,190
Liabilities	
Other Current Liabilities	$162,613
Noncurrent Liabilities	1,882,013
Pension Related Deferred Inflows	47,870
Total Liabilities	$2,092,496
Net Position	
Net Investment in Capital Assets	$4,454,620
Restricted - Revenue Bond Retirement	93,524
Unrestricted	917,550
Total Net Position	$5,465,694

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – FOR THE YEAR ENDED DECEMBER 31, 2015

Operating Revenue	$675,142
Depreciation Expense	(112,795)
Other Operating Expenses	(412,360)
Operating Income	149,987
Investment Income	1,978
Interest Expense	(197,373)
Sales Tax	21,391
Other	25
Change in Net Position	(23,992)
Net Position – Beginning, as previously reported	5,454,286
Adjustment for Implementation of GASB 68	35,400
Net Position – After restatement	5,489,686
Ending Net Position	$5,465,694

NOTE 10. SEGMENT INFORMATION(Continued)

CONDENSDED STATEMENT OF CASH FLOWS – FOR THE YEAR ENDED DECEMBER 31, 2015

Net Cash Provided (Used) by:	
Operating Activities	$179,957
Capital and Related Financing Activities	(95,957)
Investing Activities	1,978
Net Increase	85,978
Beginning Cash and Cash Equivalents	386,630
Ending Cash and Cash Equivalents	$472,608

NOTE 11. PENSION PLAN

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

Benefits Provided:
SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
  - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
  - 80.0% to 89.9% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% – 2.1% COLA

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

Contributions:
Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only.

NOTE 11. PENSION PLAN (Continued)

The City's share of contributions to the SDRS for the fiscal years ended December 31, 2015, 2014, and 2013 were $2,758,308, $2,553,873, and $2,426,938, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period and reported by the City as of December 31, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	$ 258,366,692
Less proportionate share of total pension liability	248,198,237
Proportionate share of net pension asset	$ 10,168,455

At December 31, 2015, the City reported an asset of $10,168,455 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the City's proportion was 2.39749350%, which is an increase of .29% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension revenue of $1,109,623. At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 2,082,037	$
Changes in assumption.	$ 8,062,944	$
Net Difference between projected and actual earnings on pension plan investments.	$ 6,211,740	$ 15,003,750
Changes in proportion and difference between City contributions and proportionate share of contributions.	$	$ 120,765
City contributions subsequent to the measurement date.	$ 1,432,816	$
TOTAL	$ 17,789,537	$ 15,124,515

$1,432,816 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

NOTE 11. PENSION PLAN (Continued)

Year Ended December 31:	
2016	$ 361,062
2017	$ 481,827
2018	$(1,296,245)
2019	$1,685,561
TOTAL	$1,232,205

Actuarial Assumptions:
The total pension asset in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2016 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.5%
Real Estate	10.0%	5.2%
Cash	2.0%	0.8%
Total	100%	

Discount Rate:
The discount rate used to measure the total pension asset was 7.25 percent through 2016 and 7.50 percent thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of
return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

NOTE 11. PENSION PLAN (Continued)

Sensitivity of liability (asset) to changes in the discount rate:
The following presents the City's proportionate share of net pension asset calculated using the discount rate of 7.25 percent through 2016 and 7.50 percent thereafter, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	$25,593,887	$ (10,168,455)	($39,329,565)

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

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN

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

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

The health plan is a self-insured PPO providing benefits to eligible participants. Currently, there are 727 active participants and 140 retirees who are participating in the plan. The health plan does not issue separately stated stand-alone financial statements.

For fiscal year 2015, the City's annual OPEB cost for the retiree health insurance was $1,339,300. The City's annual OPEB cost, the percentage of annual OPEB costs contributed, and the net OPEB obligation for the year ended December 31, 2015, were as follows:

ARC	$	1,350,599
Interest on Net OPEB		101,689
Adjustment to ARC		(112,988)
Annual OPEB Cost		1,339,300
Contributions Made		(1,209,361)
Change in net OPEB obligation		129,939
Net OPEB obligation-beg of year		3,914,306
Net OPEB obligation-end of year	$	4,044,245

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

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
12/31/2012	$1,569,412	$1,170,000	74.55%	$2,721,968
12/31/2013	$1,610,181	$1,161,000	72.10%	$3,171,149
12/31/2014	$1,312,493	$569,336	43.38%	$3,914,306
12/31/2015	$1,339,300	$1,209,361	90.29%	$4,044,245

The funded status of the benefit based on an actuarial update using age-adjusted premiums as of January 1, 2015, was as follows:

Actuarial Present Value of Future Benefits	$25,449,412
Actuarial Accrued Liability	$16,645,428
Actuarial Value of Benefit Assets	-
Unfunded Actuarial Accrued Liability	$16,645,428
Funded Ratio	0.0%
Covered Payroll	$38,914,920
Unfunded Actuarial Accrued Liability as a percentage Of Covered Payroll	42.8%

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

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

The City's agreement with retired employees is for single or family health insurance coverage and the retiree is responsible for 100% of the active premium rates unless the retiree was employed with the City prior to 1982. If the retiree was employed with the City prior to 1982, the City pays 100% of the active premium rates for the retiree only. For fiscal year 2015, the monthly rates were $404 for single coverage; $808 for two-party; $1,236 for family (up to 4); $1,360 for family (5+). The contribution requirements of the covered retirees are established and may be amended by the City Council.

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

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

The entry age normal actuarial cost method was used to determine the annual required contribution. The actuarial value of assets is equal to the fair value of the assets. The actuarial assumptions included a 3.00% investment rate of return. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 3.00%. The health care cost trend rates are as follows:

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

Fiscal Year	Expense Rate
2015	5.4%
2016	5.1%
2017	5.4%
2018	5.4%
2019	5.8%
2020	5.3%
2021-2030	5.3%
After 2031	4.5-6.0%

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

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

As of December 31, 2015, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown: TID 56 ($742,071), TID 39 ($1,053,185), TID 40 ($9,704) TID 64 ($9,275,384) and TID 42 ($1,918,948) which will be funded through property tax revenues received on the respective tax increment district. In addition, there was a deficit fund balance in the Workers Compensation Fund of ($2,045,386) which will be funded through charges to the various departments and a deficit fund balance in the Community Development ($1,240), Library Board Fund ($7,638), Cemetery Enterprise ($143,840) and Energy Plant Enterprise ($289,941) which will be funded through pending grant reimbursement and operating revenues.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2015, the City carried commercial insurance for insurable risks of loss except for worker's compensation, liability insurance, employee health 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 and unemployment compensation claims of City employees and their covered dependents as well as the deductible portion of liability claims.

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

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

The City has a reserve equity deficit in the workers compensation fund of ($2,045,386) and reserve equity in the medical insurance fund of $7,923,091, in the unemployment insurance fund of $103,039 and in the liability insurance fund of $1,028,393 for the payment of such future claims.

NOTE 14. RISK MANAGEMENT (Continued)

Changes in the aggregate liabilities of the self-insurance funds during 2014 were as follows:

	Liability Insurance	Dental Insurance	Workers Comp. Insurance*	Medical Insurance	Unempl. Insurance
Benefit Claims Payable at January 1, 2014	$278,227	$6,564	$1,475,803	$725,919	$14,563
Claims Incurred: Attributable to Insured Events of the Current Year	526,580	-0-	3,335,743	6,703,990	49,053
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(566,268)	(6,564)	(1,387,056)	(6,921,316)	(63,616)
Benefit Claims Payable December 31, 2014	$238,539	$0	$3,424,490	$508,593	$0

*Restated balance (Note 18)

Changes in the aggregate liabilities of the self-insurance funds during 2015 were as follows:

	Liability Insurance	Workers Comp. Insurance	Medical Insurance	Unemployment Insurance
Benefit Claims Payable at January 1, 2015	$238,539	$3,424,490	$508,593	$0
Claims Incurred: Attributable to Insured Events of the Current Year	429,080	1,409,772	6,883,316	55,931
Claims Paid: Attributable to Insured Events of the Current and Prior Years	(199,380)	(1,333,056)	(6,649,545)	(44,069)
Benefit Claims Payable December 31, 2015	$468,239	$3,501,206	$742,364	$11,862

NOTE 15. 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 16. 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 $2,375,000 reported as landfill closure and postclosure care liability at December 31, 2015 represents the cumulative amount reported to date based on 45% percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $2.77 million as the remaining estimated capacity is filled.

NOTE 16. LANDFILL (Continued)

These amounts are based on what it would cost to perform all closure and postclosure care in 2015. The City expects to close the landfill in the year 2034. The City does not record a remediation liability as management feels insurance coverage is adequate.

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

The City is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The City is in compliance with these requirements, and, at December 31, 2015, cash of $2,375,000 (Note 2) is held for these purposes. These contributions for the future closure and post-closure care of the landfill will be used to retire the non-current liability for closure and post-closure care reported on the enterprise balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

NOTE 17. CHANGE IN ACCOUNTING PRINCIPLE

In 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset totaling $17,064,463, deferred outflows of resources totaling $13,883,851, and deferred inflows of resources totaling ($19,763,526) at December 31, 2014. The result was an increase of net position of $11,184,788 at December 31, 2014. See Note 11.

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The City's financial statements have been restated to account for a special assessment that was not properly recorded in the amount of $2,239,049 for the Stormwater Enterprise Fund. This assessment was levied for a proprietary fund in November 2014. Revenue recognition and accrual basis accounting standards required that the revenue/receivable is recognized at time of assessment. The revenue recognition error results in an increase in the change in net position and beginning net position on the Statement of Revenues, Expenses, and Changes in Fund Net Position, Nonmajor Proprietary Funds for the year ending December 31, 2014 of $2,239,049, respectively.

In 2009 Tax Increment Financing District (TID) 64 was created. Stipulations in the developer's agreement required initial tax proceeds to be designated as reimbursements to the Rapid City Economic Development Foundation (RCEDF) and the City in the amounts of $500,000 and $4,410,563, respectively. In addition, once certification of costs for the TID were completed, the developer's agreement required reimbursement to the Wastewater Enterprise fund for costs that the Wastewater fund had incurred, which were determined to be $5,563,650. As the City did not complete certification of costs until 2015, the aforementioned amounts due to RCEDF, City were unknown. The results of recording the liability to RCEDF and interfund advance to/from balances between the TID 64, Capital Improvements & Vision and Wastewater funds had no impact on the change in net position of the Wastewater fund or change in fund balance for the Capital Improvements & Vision, TID 64 funds for year ending December 31, 2014. However, beginning net position for the Wastewater fund was increased by $5,630,650. Beginning fund balances (deficit) as of December 31, 2014 for TID 64 and the Capital Improvements and Vision funds were increased by ($10,041,214) and $4,410,564, respectively. The Rapid City Economic Development Foundation was reimbursed in October 2016.

The City confirms the outstanding balance for workers compensation claims incurred, not yet paid from the third party provider. For the year ending December 31, 2014 the amount confirmed was $1,519,306. Subsequent reports received in 2015 indicated that the 2014 amount was not correct. The correct amount for workers compensation claims incurred, not yet paid, at December 31, 2014 was $3,424,490. As a result of the confirmation error, the change in net position and beginning net position (deficit) for the Workers Compensation fund as of December 31, 2014 is ($2,300,707) and ($2,322,418), respectively. As of December 31, 2015 the Workers Compensation net position (deficit) is ($2,045,386).

REQUIRED

SUPPLEMENTARY

INFORMATION

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
311 General Property Taxes	$ 15,009,766	$ 15,009,766	$ 15,133,425	$ 123,659
313 General Sales and Use Taxes	27,773,841	27,773,841	25,107,680	(2,666,161)
314 Gross Receipts Business Taxes	-	-	594,995	594,995
320 Licenses and Permits	2,124,000	2,124,000	2,161,014	37,014
330 Intergovernmental Revenue:				
331 Federal Grants	2,143,220	2,143,220	2,139,585	(3,635)
334 State Grants	674,706	951,223	29,878	(921,345)
334.02 Surface Transportation Program (STP)	-	-	6,427,171	6,427,171
335 State Shared Revenue:				
335.01 Bank Franchise Tax	-	-	151,029	151,029
335.03 Liquor Tax Reversion	-	-	423,865	423,865
335.04 Motor Vehicle Licenses (5%)	-	-	56,134	56,134
335.06 Fire Insurance Reversion	-	-	218,296	218,296
335.08 Local Government Highway and Bridge Fund	-	-	784,765	784,765
338 County Shared Revenue:				
338.01 County Road Tax (25%)	-	-	487,444	487,444
340 Charges for Goods and Services:				
341 General Government	207,500	207,500	154,742	(52,758)
342 Public Safety	184,800	184,800	1,636,991	1,452,191
343 Public Works	100,000	100,000	209,988	109,988
345 Health & Welfare	430,000	430,000	399,064	(30,936)
346 Culture and Recreation	1,343,300	1,343,300	1,830,050	486,750
349 Conservation & Development	30,500	30,500	-	(30,500)
350 Fines and Forfeits:				
351 Court Fines and Costs	20,000	20,000	30,223	10,223
360 Miscellaneous Revenue:				
361 Interest Earnings	282,000	282,000	281,874	(126)
362 Rentals	75,000	75,000	166,889	91,889
363 Special Assessments		-	-	-
367 Contributions and Donations		-	15,000	15,000
369 Other	510,000	510,000	30,143	(479,857)
Total Revenue	50,908,633	51,185,150	58,470,244	7,285,094
Expenditures:				
410 General Government:				
411 Contingency	100,000	-	-	-
Transferred		-	-	-
412 Executive-Mayor & Council	675,489	782,257	820,489	(38,231)
414 Financial - Community Resources	1,311,395	1,363,170	1,145,666	217,504
414 Financial - Finance	864,082	960,858	847,987	112,871
414 Financial - Attorney	238,642	242,727	224,113	18,614
414 Financial - COMPASS	197,625	22,152	15,746	6,406
419 Other - Government Bldgs	871,290	892,539	836,835	55,704
420 Public Safety:				
421 Police	13,245,570	13,325,362	13,428,229	(102,867)
422 Fire	10,497,089	11,438,445	11,225,714	212,731
429 Other Protection-Code Enforcement	221,803	226,546	209,013	17,533
429 Other Protection-ACE	1,557,444	1,595,799	1,604,151	(8,352)
429 Other Protection-Emergency Mgt	141,124	141,124	140,540	584
430 Public Works:				
431 Highways and Streets	5,307,049	5,663,659	5,227,982	435,677
43x Administration	862,560	905,015	598,889	306,126
440 Health and Welfare:				
441 Health	464,000	464,000	426,417	37,583
444 Humane Society	250,486	250,486	250,486	-
449 Other - Public Transit	2,001,945	2,007,055	1,843,501	163,554
449 Other - Air Quality	65,421	68,017	57,847	10,170

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

450 Culture and Recreation:				
451 Recreation	412,998	424,390	354,912	69,478
451 Swimming Pools	1,840,554	1,842,834	1,804,336	38,498
451 Ice Arena	604,913	605,817	581,465	24,352
452 Parks	2,498,611	2,686,147	2,551,573	134,574
455 Libraries	3,421,942	3,541,862	3,378,064	163,798
457 Historic Preservation	36,000	71,307	33,042	38,265
459 Other - Parks & Recreation Admin	651,514	667,428	658,578	8,850
459 Other - Community Investments	204,000	204,000	204,000	-
460 Conservation and Development:		-		
465 Economic Development	366,500	370,000	369,730	270
465 Community Development	106,289	109,470	53,601	55,869
465 Transportation Planning	484,685	505,232	686,816	(181,584)
465 GIS Information System	174,514	181,620	156,538	25,082
470 Debt Service	921,805	921,805	324,392	597,413
485 Capital Outlay	2,865,310	3,942,061	4,086,815	(144,754)
490 Miscellaneous:				
492 Other Expenditures	30,000	30,703	20,535	10,168
Total Expenditures	53,492,649	56,453,889	54,168,002	2,285,888
				-
Excess of Revenue Over (Under) Expenditures	(2,584,016)	(5,268,739)	4,302,242	9,570,982
Other Financing Sources (Uses):				
391.01 Transfers In	155,760	724,645	236,145	(488,500)
511 Transfers Out	(75,000)	(2,895,611)	(2,457,111)	438,500
391.03 Sale of Municipal Property	15,000	15,000	17,902	2,902
Total Other Financing Sources (Uses)	95,760	(2,155,966)	(2,203,064)	(47,098)
Net Change in Fund Balances	(2,488,256)	(7,424,705)	2,099,179	9,523,884
Fund Balance - Beginning	22,374,444	22,374,444	22,374,444	-
FUND BALANCE- ENDING	$19,886,188	$14,949,739	$24,473,623	$ 9,523,884

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

CITY OF RAPID CITY
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS & VISION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
313 General Sales and Use Taxes	$ 22,274,101	$ 22,274,101	$ 25,107,678	$ 2,833,577
330 Intergovernmental Revenue:				
331 Federal Grants	-	-	91,400	91,400
360 Miscellaneous Revenue:				
361 Interest Earnings	-	-	200,048	200,048
367 Contributions and Donations	-	-	11,381	11,381
369 Other	-	-	193,873	193,873
Total Revenue	22,274,101	22,274,101	25,604,380	3,330,279
Expenditures:				
410 General Government				
414 Financial - Community Resources	769,084	549,084	177,441	371,643
419 Other - Government Buildings	300,000	325,789	167,938	157,851
430 Public Works:				
431 Highways and Streets	-	91,400	20,747	70,653
43x Administration	1,635,872	1,635,876	1,635,876	-
460 Conservation & Development				
465 Economic Development	900,000	1,200,000	971,120	228,880
470 Debt Service	865,138	865,142	652,363	212,779
485 Capital Outlay	19,104,007	42,789,481	32,903,446	9,886,035
490 Miscellaneous				
492 Other Expenditures	200,000	236,638	-	236,638
Total Expenditures	23,774,101	47,693,409	36,528,931	11,164,478
Excess of Revenue Over (Under) Expenditures	(1,500,000)	(25,419,308)	(10,924,551)	14,494,757
Other Financing Uses:				
391.01 Transfers In	1,500,000	5,367,088	5,367,088	-
511 Transfers Out	-	(3,385)	(3,385)	-
391.02 Long-term Debt Issued	-	-	716,711	716,711
Total Other Financing Uses	1,500,000.00	5,363,703.27	6,080,414	716,711
Net Change in Fund Balances	-	(20,055,605)	(4,844,137)	15,211,468
Fund Balance - Beginning - As previously reported:	40,721,193	40,721,193	40,721,193	-
Prior Period Adjustment	-	-	4,410,564	(4,410,564)
Fund Balance (Deficit - After restatment	40,721,193	40,721,193	45,131,757	(4,410,564)
FUND BALANCE- ENDING	$ 40,721,193	$ 20,665,588	$ 40,287,620	$ 19,622,032

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, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (Budgetary Basis)	VARIANCE
Revenues:				
310 Taxes:				
313 General Sales and Use Taxes	$ 1,574,935	$ 1,574,935	$ 4,366,408	$ 2,791,473
360 Miscellaneous Revenue:				
361 Interest Earnings	-	-	152,193	152,193
369 Other	-	-	11,505	11,505
Total Revenue	1,574,935	1,574,935	4,530,106	2,955,171
Expenditures:				
431 Administration	-	-	-	-
470 Debt Service	1,574,935	921,293	921,293	-
485 Capital Outlay	-	653,642	654,935	(1,293)
Total Expenditures	1,574,935	1,574,935	1,576,228	(1,293)
Excess of Revenue Over (Under) Expenditures	-	-	2,953,878	2,953,878
Other Financing Sources (Uses):				
511 Transfers Out	(1,500,000)	(6,000,000)	(6,000,000)	-
Total Other Financing Sources (Uses)	(1,500,000)	(6,000,000)	(6,000,000)	-
Net Change In Fund Balances	(1,500,000)	(6,000,000)	(3,046,122)	2,953,878
Fund Balance - Beginning	22,993,679	22,993,679	22,993,679	-
FUND BALANCE- ENDING	$ 21,493,679	$ 16,993,679	$ 19,947,557	$ 2,953,878

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

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

Note 1. Budgets and Budgetary Accounting:

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

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

2. After adoption by the governing board, the operation budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in Number 4.

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

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

5. Unexpended appropriations lapse at year end.

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

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

CITY OF RAPID CITY
SCHEDULE OF FUNDING PROGRESS
FOR RETIREE HEALTH INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule of Funding Progress for the Retiree Health Insurance Coverage

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2011	$ -	$ 15,184,543	$ 15,184,543	0.0%	$ 32,354,565	46.9%
12/31/2012	$ -	$ 18,342,552	$ 18,342,552	0.0%	$ 33,436,443	54.9%
12/31/2013	$ -	$ 18,669,804	$ 18,669,804	0.0%	$ 35,742,638	52.2%
12/31/2014	$ -	$ 16,504,385	$ 16,504,385	0.0%	$ 36,398,321	45.3%
12/31/2015	$ -	$ 16,645,428	$ 16,645,428	0.0%	$ 38,914,920	42.8%

CITY OF RAPID CITY
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

South Dakota Retirement System

	2015
Contractually required contribution	$ 2,758,308
Contributions in relation to the contractually required contribution	$ 2,758,308
Contribution deficiency (excess)	$ -
City's covered payroll	$ 40,981,064
Contributions as a percentage of covered payroll	6.73%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CITY OF RAPID CITY
PROPORTIONATE SHARE OF THE NET PENSION ASSET
FOR THE YEAR ENDED DECEMBER 31, 2015

South Dakota Retirement System

	2015
City's proportion of the net pension asset	.2.39749350%
City's proportionate share of net pension asset *	$ 10,168,455
City's covered payroll	$ 38,764,455
City's proportionate share of the net pension asset as a percentage of its covered payroll	26.23%
Plan fiduciary net position as a percentage of the total pension asset	104.10%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension asset which is June 30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER

SUPPLEMENTARY

INFORMATION

CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Occupancy Tax Fund	Downtown BID Tax Fund	Erosion/ Sediment Control Fund
ASSETS:			
Assets:			
101 Cash and Cash Equivalents	$ 74,941	$ 180,359	$ 29,577
102 Restricted Cash	-	-	-
151 Investments	-	-	-
110 Property Tax Receivable	-	-	-
115 Accounts Receivable, Net	87,456	-	-
121 Special Assessments Receivable--Current	-	1,350	-
123 Special Assessments Receivable--Deferred	-	14,199	-
131 Due from Funds	-	-	-
132 Due from Other Government	-	-	-
135 Interest Receivable	180	873	-
TOTAL ASSETS :	$ 162,577	$ 196,781	$ 29,577
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
201 Claims Payable	$ 68,610	$ 180,066	$ 791
208 Due to Other Funds	-	-	-
209 Advance from Other Funds	-	-	-
216 Wages Payable	234	-	905
Total Liabilities	68,844	180,066	1,696
Deferred Inflows of Resources:			
245 Unavailable Revenue -- Property Taxes	-	-	-
246 Unavailable Revenue -- Special Assessments	-	14,009	-
Total Deferred Inflows of Resources:	-	14,009	-
Fund Balances:			
263 Nonspendable			
263.51 Perpetual Care Cemetery	-	-	-
264 Restricted for:			
264.01 Debt Service	-	-	-
264.03 Cemetery Perpetual Care	-	-	-
264.09 Business Improvement District	93,733	2,706	-
264.97 Grant Expenditures	-	-	-
265 Committed to:			
265.99 Erosion/Sediment Control	-	-	27,881
267 Unassigned	-	-	-
Total Fund Balances	93,733	2,706	27,881
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	$ 162,577	$ 196,781	$ 29,577

CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

TID 72 Fund	TID 67 Fund	TID 70 Fund	TID 68 Fund	TID 65 Fund	TID 64 Fund
$ 164	$ 1,015,268	$ 135,386	$ 82,324	$ 414,573	$ 1,490
-	-	-	-	-	-
-	-	-	-	-	-
-	5,806	3,796	-	6,691	97,472
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,121	36	91	460	2
$ 164	$ 1,022,195	$ 139,218	$ 82,415	$ 421,724	$ 98,964
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	9,374,348
-	-	-	-	-	-
-	-	-	-	-	9,374,348
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
164	1,022,195	139,218	82,415	421,724	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-					
-	-	-	-	-	-
-	-	-	-	-	(9,275,384)
164	1,022,195	139,218	82,415	421,724	(9,275,384)
$ 164	$ 1,022,195	$ 139,218	$ 82,415	$ 421,724	$ 98,964

CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

TID 63 Fund	TID 29 Fund	TID 56 Fund	TID 69 Fund	TID 54 Fund	TID 44 Fund	TID 50 Fund	TID 52 Fund
$ 96,528	$ 2,270	$ 141	$ 144,155	$ 453	$ 486,223	$ 101	$ 45
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
967	-	32,349	-	-	637	8,289	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
106	2	-	158	-	531	-	-
$ 97,601	$ 2,272	$ 32,490	$ 144,313	$ 453	$ 487,391	$ 8,390	$ 45
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	185,723	-	-	-	-	-
-	-	588,838	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	774,561	-	-	-	-	-
967	-	-	-	-	637	-	-
-	-	-	-	-	-	-	-
967	-	-	-	-	637	-	-
-	-	-	-	-	-	-	-
96,634	2,272	-	144,313	453	486,754	8,390	45
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(742,071)	-	-	-	-	-
96,634	2,272	(742,071)	144,313	453	486,754	8,390	45
$ 97,601	$ 2,272	$ 32,490	$ 144,313	$ 453	$ 487,391	$ 8,390	$ 45

CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

TID 71 Fund	TID 53 Fund	TID 47 Fund	TID 38 Fund	TID 39 Fund	TID 40 Fund	TID 42 Fund
$ 16,907	$ 32,216	$ -	$ 334,311	$ 5	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,835	240	-	-	1,976
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18	35	1	437	-	-	-
$ 16,925	$ 32,251	$ 2,836	$ 334,988	$ 5	$ -	$ 1,976
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	38,343	9,704	762,610
-	-	-	100,000	1,014,847	-	1,158,221
-	-	-	-	-	-	-
-	-	-	100,000	1,053,190	9,704	1,920,831
-	-	-	240	-	-	93
-	-	-	-	-	-	-
-	-	-	240	-	-	93
-	-	-	-	-	-	-
16,925	32,251	2,836	234,748	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(1,053,185)	(9,704)	(1,918,948)
16,925	32,251	2,836	234,748	(1,053,185)	(9,704)	(1,918,948)
$ 16,925	$ 32,251	$ 2,836	$ 334,988	$ 5	$ -	$ 1,976

CITY OF RAPID CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

Community Development Fund	Rehabilitation Loan/Grant Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 33,120	$ 25	$ 775	$ 3,081,357
-	27,880	-	7,962	4,360	40,202
-	-	47,929	-	-	47,929
-	-		-	-	161,058
-	-	95	-	4,315	91,866
-	-	-	-	-	1,350
-	-	-	-	-	14,199
-	1,433	-	-	-	1,433
3,085	-	135	-	-	3,220
-	-	-	-	-	4,051
$ 3,085	$ 29,313	$ 81,279	$ 7,987	$ 9,450	$ 3,446,665
$ 1,299	$ -	$ -	$ 1,799	$ 16,563	$ 269,128
1,433	-	-	-	-	997,813
-	-	-	-	-	12,236,254
1,593	-	-	1,632	525	4,889
4,325	-	-	3,431	17,088	13,508,084
-	-	-	-	-	1,937
-	-	-	-	-	14,009
-	-	-	-	-	15,946
-	-	50,000	-	-	50,000
-	-	-	-	-	2,691,337
-	-	31,279	-	-	31,279
-	-	-	-	-	96,439
-	29,313	-	4,556	-	33,869
-	-	-	-	-	27,881
(1,240)	-	-	-	(7,638)	(13,008,170)
(1,240)	29,313	81,279	4,556	(7,638)	(10,077,365)
$ 3,085	$ 29,313	$ 81,279	$ 7,987	$ 9,450	$ 3,446,665

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Occupancy Tax Fund	Downtown BID Fund	Erosion/ Sediment Control Fund	TID 72 Fund
Revenues:				
310 Taxes:				
311 General Property Taxes	$ -	$ -	$ -	$ 52,129
314 Gross Business Receipts Tax	1,539,769	-	-	-
331 Federal Grants	-	-	-	-
340 Charges for Goods and Services:				
348 Cemetery	-	-	-	-
349 Other-Conservation & Development	-	-	49,575	-
350 Fines and Forfeitures				
354 Library	-	-	-	-
360 Miscellaneous Revenue:				
361 Investment Earnings	2,137	1,935	-	164
363 Special Assessments	-	255,879	-	-
367 Contributions and Donations	-	-	-	-
Total Revenue	1,541,906	257,814	49,575	52,293
Expenditures:				
450 Culture and Recreation:				
455 Libraries	-	-	-	-
459 Retired Senior Volunteers	-	-	-	-
459 Cemetery	-	-	-	-
460 Conservation and Development:				
465 Economic Development	-	-	-	1,448,367
465 Community Development	-	-	58,380	-
470 Debt Service	-	-	-	329,378
485 Capital Outlay	-	-	-	93,791
492 Other Expenditures	1,452,510	439,250	-	-
Total Expenditures	1,452,510	439,250	58,380	1,871,536
Excess of Revenue Over (Under) Expenditures	89,396	(181,436)	(8,805)	(1,819,243)
Other Financing Sources (Uses):				
511 Transfers Out	-	(77,000)	-	-
391.02 Long-term debt issued	-	-	-	1,802,592
Total Other Financing Sources (Uses)	-	(77,000)	-	1,802,592
Net Change in Fund Balances	89,396	(258,436)	(8,805)	(16,651)
Fund Balance (Deficit) - Beginning - As previously reported:	4,337	261,142	36,686	16,815
Prior Period Adjustment	-	-	-	-
Fund Balance (Deficit - After restatment	4,337	261,142	36,686	16,815
Fund Balance (Deficit) - Ending	$ 93,733	$ 2,706	$ 27,881	$ 164

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

TID 67 Fund	TID 70 Fund	TID 68 Fund	TID 65 Fund	TID 64 Fund	TID 63 Fund	TID 29 Fund	TID 56 Fund
$ 303,339	$ 43,978	$ 99,861	$ 439,331	$ 1,148,742	$ 179,241	$ -	$ 1,389,322
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,818	1,762	705	3,332	3,319	707	24	14
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
312,157	45,740	100,566	442,663	1,152,061	179,948	24	1,389,336
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	154,590	-	-	-	-
-	-	-	-	-	-	-	-
-	85,405	74,234	249,888	500,000	83,806	-	1,373,697
-	85,405	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	170,810	74,234	404,478	500,000	83,806	-	1,373,697
312,157	(125,070)	26,332	38,185	652,061	96,142	24	15,639
-	-	-	-	-	-	-	-
-	85,405	-	154,590	-	-	-	-
-	85,405	-	154,590	-	-	-	-
312,157	(39,665)	26,332	192,775	652,061	96,142	24	15,639
710,038	178,883	56,083	228,949	113,769	492	2,248	(757,710)
-	-	-	-	(10,041,214)	-	-	-
710,038	178,883	56,083	228,949	(9,927,445)	492	2,248	(757,710)
$ 1,022,195	$ 139,218	$ 82,415	$ 421,724	$ (9,275,384)	$ 96,634	$ 2,272	$ (742,071)

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

TID 69 Fund	TID 54 Fund	TID 44 Fund	TID 50 Fund	TID 52 Fund	TID 71 Fund	TID 53 Fund	TID 47 Fund
$ 349,800	$ 425,044	$ -	$ 488,423	$ 28,761	$ 431,444	$ 30,591	$ 155,352
-	-	-	-	-	-	-	-
-	-		-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,451	5	4,889	101	-	3,456	240	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
351,251	425,049	4,889	488,524	28,761	434,900	30,831	155,353
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
349,800	431,030	-	489,958	28,761	767,875	-	164,876
-	-	-	-	-	1,256,588	-	-
-	-	-	-	-	-	-	-
349,800	431,030	-	489,958	28,761	2,024,463	-	164,876
1,451	(5,981)	4,889	(1,434)	-	(1,589,563)	30,831	(9,523)
-	-	-	-	-	-	-	-
-	-	-	-	-	1,256,588	-	-
-	-	-	-	-	1,256,588	-	-
1,451	(5,981)	4,889	(1,434)	-	(332,975)	30,831	(9,523)
142,862	6,434	481,865	9,824	45	349,900	1,420	12,359
-	-	-	-	-	-	-	-
142,862	6,434	481,865	9,824	45	349,900	1,420	12,359
$ 144,313	$ 453	$ 486,754	$ 8,390	$ 45	$ 16,925	$ 32,251	$ 2,836

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

TID 38 Fund	TID 39 Fund	TID 40 Fund	TID 42 Fund	Community Development Fund	Rehab Loan/Grant Fund	Cemetery Perpetual Care Fund
$ 618,712	$ 76,692	$ 68,814	$ 604,345	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	325,172	-	-
-	-	-	-	-	-	8,285
-	-	-	-	22,553	38,556	-
-	-	-	-	-	-	-
3,011	5	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
621,723	76,697	68,814	604,345	347,725	38,556	8,285
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-		-	97
-	-	-	-	-	-	-
-	-	-	-	344,748	25,213	-
585,224	93,889	78,518	133,674	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
585,224	93,889	78,518	133,674	344,748	25,213	97
36,499	(17,192)	(9,704)	470,671	2,977	13,343	8,188
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
36,499	(17,192)	(9,704)	470,671	2,977	13,343	8,188
198,249	(1,035,993)	-	(2,389,619)	(4,217)	15,970	73,091
-	-	-	-	-	-	-
198,249	(1,035,993)	-	(2,389,619)	(4,217)	15,970	73,091
$ 234,748	$ (1,053,185)	$ (9,704)	$ (1,918,948)	$ (1,240)	$ 29,313	$ 81,279

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 6,933,921
-	-	1,539,769
45,753	-	370,925
-	-	8,285
-	-	110,684
-	91,341	91,341
-	454	36,530
-	-	255,879
32,655	-	32,655
78,408	91,795	9,379,989
-	138,150	138,150
112,360		112,360
-	-	97
-	-	1,602,957
-	-	428,341
-	-	5,820,013
-	-	1,435,784
-	-	1,891,760
112,360	138,150	11,429,462
(33,952)	(46,355)	(2,049,473)
-	-	(77,000)
-	-	3,299,175
-	-	3,222,175
(33,952)	(46,355)	1,172,702
38,508	38,717	(1,208,853)
-	-	(10,041,214)
38,508	38,717	(11,250,067)
$ 4,556	$ (7,638)	$ (10,077,365)

CITY OF RAPID CITY
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
DECEMBER 31, 2015

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Cemetery Enterprise Fund	Golf Course Enterprise Fund	Parking Lot Enterprise Fund
ASSETS:						
Current Assets:						
101 Cash and Cash Equivalents	$ 4,249,684	$ 2,058,435	$ 47,805	$ 12,154	$ 30,254	$ 301,246
105 Cash with Fiscal Agent	-	-	-	-	-	171,362
151 Investments	-	-	-	23,457	-	349,523
115 Accounts Receivable	354,699	-	969	5,779	28,285	314,773
116 Estimated Uncollectable Accounts Receivable	(53,000)	-	-	-	-	(160,000)
117 Unbilled Accounts Receivable	39,387	-	-	-	-	-
110 Sales Tax Receivable	39,656	-	-	-	-	-
121 Special Assessments Receivable--Current	-	2,257,708	-	-	-	-
132 Due from Other Governments	-	-	-	3,694	-	-
135 Interest Receivable	4,775	-	64	88	94	744
142 Inventory of Stores	-	2,775	15,196	-	-	-
Total Current Assets	4,635,201	4,318,918	64,034	45,172	58,633	977,448
Noncurrent Assets:						
157 Unamortized Discount	-	-	-	-	-	47,635
196 Net Pension Asset (Note	151,265	67,509	14,643	29,649	41,320	32,183
Capital Assets:						
160 Land	138,430	8,940	596,356	24,151	1,424,242	2,212,499
162 Buildings	-	-	180,240	22,954	1,610,540	4,908,331
164 Improvements Other than Bldg	730,359	38,044,604	1,089,603	657,414	2,954,755	756,089
164 Furniture & Equipment	-	330,368	84,244	115,966	761,952	-
166 Machinery and Equipment	3,461,801	252,818	6,449	133,913	169,043	16,025
168 Construction Work in Progress	-	5,146,352	23,598	-	-	-
Less: Accumulated Depreciation	(3,085,129)	(8,444,022)	(917,821)	(625,653)	(2,303,476)	(1,448,324)
Total Noncurrent Assets	1,396,726	35,406,572	1,477,312	358,394	4,653,376	6,524,438
Deferred Outflows of Resources:						
196 Pension Related Deferred Outflows	264,636	118,106	25,618	51,870	72,288	56,304
Total Deferred Outflows of Resources:	264,636	118,106	25,618	51,870	72,288	56,304
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	$ 6,296,563	$ 39,843,596	$ 1,566,964	$ 455,436	$ 4,784,297	$ 7,558,190
LIABILITIES, DEFERRED INFLOWS OF RESOURCES:						
Current Liabilities:						
202 Accounts Payable	$ 47,684	31,483	5,612	2,987	6,377	20,408
208 Due to Other Funds	-	145,130	-	200,000	18,415	-
215 Accrued Interest Payable	583	-	-	-	60	9,323
216 Wages Payable	12,853	6,370	1,017	2,558	3,272	2,689
226 OPEB Current Obligations	17,784	9,013	1,684	3,766	5,166	4,193
226 Bonds Payable Current	-	-	-	-	-	125,000
226 Notes Payable Current:	-	-	-	-	48,450	-
226 Capital Lease Payable Current	330,755	-	-	-	-	-
230 Compensated Absences Payable -- Current	2,000	1,000	-	1,000	1,000	1,000
Total Current Liabilities	411,659	192,996	8,313	210,311	82,740	162,613
Noncurrent Liabilities:						
209 Advance from Other Funds	-	464,308	-	-	14,181	-
231 OPEB Long-Term Obligations	41,687	21,127	3,947	8,829	12,110	9,830
231 Bonds Payable:	-	-	-	-	-	1,865,000
231 Notes Payable:	-	-	-	-	186,194	-
231 Capital Lease Payable	-	-	-	-	-	-
233 Accrued Leave Payable	30,426	12,765	1,734	7,292	14,422	7,183
Total Noncurrent Liabilities	72,113	498,200	5,681	16,121	226,907	1,882,013
Deferred Inflows of Resources:						
248 Pension Related Deferred Inflows	224,991	100,412	21,780	44,099	61,459	47,870
Total Deferred Inflows of Resources:	224,991	100,412	21,780	44,099	61,459	47,870
NET POSITION:						
253.10 Net Investment in Capital Assets	912,706	35,339,063	1,462,669	328,745	4,377,412	4,454,620
253.20 Restricted Net Position, Restricted for:						
253.22 Revenue Bond Retirement	-	-	-	-	-	93,524
253.90 Unrestricted Net Position	4,675,094	3,712,925	68,521	(143,840)	35,779	917,550
Total Net Position	5,587,800	39,051,988	1,531,190	184,905	4,413,191	5,465,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,296,563	$ 39,843,596	$ 1,566,964	$ 455,436	$ 4,784,297	$ 7,558,190

Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
$ 4,202	$ 1,203,492	$ 8,911	$ 7,916,182
-	-	-	171,362
			372,780
-	8,696,437	1,032	9,401,974
-	(5,999,117)	-	(6,212,117)
-	-	-	39,387
-	-	-	39,656
-	-	-	2,257,708
57,843	-	-	61,537
-	1,003	11	6,779
-	-	-	17,971
62,045	3,901,815	9,954	14,073,219
-	-	-	47,635
-	570,487	-	907,056
-	-	267,567	4,672,188
3,521,086	30,659	916,934	11,190,744
-	-	1,679,939	46,312,763
54,216	489,867	-	1,836,613
20,557	1,176,478	-	5,237,084
-	-	-	5,169,950
(600,527)	(863,379)	(1,194,889)	(19,488,220)
2,995,332	1,404,112	1,669,551	55,885,813
-	998,058	-	1,586,880
-	998,058	-	1,586,880
$ 3,057,377	$ 6,303,985	$ 1,679,505	$ 71,545,912
10,396	67,891	7,541	200,179
209,252	-	-	572,797
-	3,222	-	13,188
7,076	4,839	-	40,674
9,415	56,387	-	107,408
-	-	-	125,000
-	-	-	48,450
-	170,079	-	500,834
2,000	3,000	-	11,000
238,139	305,418	7,541	1,619,730
-	-	-	478,489
22,069	132,179	-	251,778
-	-	-	1,865,000
-	-	-	186,194
-	319,528	-	319,528
91,778	33,902	-	199,502
113,847	485,609	-	3,300,491
-	848,540	-	1,349,151
-	848,540	-	1,349,151
2,995,332	344,018	1,669,551	51,884,116
-	-	-	93,524
(289,941)	4,320,400	2,413	13,298,900
2,705,391	4,664,418	1,671,964	65,276,540
$ 3,057,377	$ 6,303,985	$ 1,679,505	$ 71,545,912

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2015

	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund	Cemetery Enterprise Fund
Operating Revenue:				
380 Charges for Goods and Services	$ 2,739,893	$ 2,229,009	$ 182,800	$ 182,701
Total Operating Revenue	2,739,893	2,229,009	182,800	182,701
Operating Expenses:				
410 Personal Services	906,955	374,589	101,798	189,726
420 Other Current Expense	833,261	82,276	102,681	73,302
426.2 Materials (Cost of Goods Sold)	-	-	20,484	-
457 Depreciation	326,966	782,820	33,804	22,098
Total Operating Expenses	2,067,182	1,239,685	258,767	285,126
Operating Income (Loss)	672,711	989,324	(75,967)	(102,425)
Nonoperating Revenue (Expense):				
361 Investment Earnings (Loss)	41,288	-	553	20
470 Interest Expense and Fiscal Charges	(23,669)	(24,375)	-	-
369.01 Sales Tax	118,318	-	12,128	4,946
369.01 Other	13,444	-	229	523
Total Nonoperating Revenue (Expense)	149,381	(24,375)	12,910	5,489
Income (Loss) Before Transfers	822,092	964,949	(63,057)	(96,936)
391.01 Transfers In	-	-	75,000	25,000
391.07 Capital Contributions	-	4,016,897	6,835	-
391.07 Contribution from Developers/Others	-	833,249	-	-
Net Transfers	-	4,850,146	81,835	25,000
Change in Net Position	822,092	5,815,095	18,778	(71,936)
Net Position - Beginning, as previously reported	4,599,324	30,923,588	1,496,305	224,229
Prior Period Adjustment	-	2,239,049	-	-
Adjustment for Implementation of GASB 68	166,384	74,256	16,107	32,612
Net Position - After restatement	4,765,708	33,236,893	1,512,412	256,841
Net Position - Ending	$ 5,587,800	$ 39,051,988	$ 1,531,190	$ 184,905

Enterprise Funds					
Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
$ 944,631	$ 675,142	$ 314,529	$ 3,918,215	$ 13,070	$ 11,199,990
944,631	675,142	314,529	3,918,215	13,070	11,199,990
375,248	185,600	320,726	3,307,337	-	5,761,979
905,244	226,760	-	-	83,751	2,307,276
-	-	-	-	-	20,484
207,606	112,795	66,124	210,705	168,944	1,931,862
1,488,098	525,155	386,850	3,518,042	252,695	10,021,601
(543,467)	149,987	(72,321)	400,173	(239,625)	1,178,389
726	1,978	-	13,357	293	58,215
(9,396)	(197,373)	-	(15,001)	-	(269,814)
60,382	21,391	-	90	-	217,255
247	25	1,000	8,693	-	24,161
51,959	(173,979)	1,000	7,139	293	29,817
(491,508)	(23,992)	(71,321)	407,312	(239,332)	1,208,206
117,111	-	-	-	25,000	242,111
265,086	-	-	-	-	4,288,818
-	-	-	-	-	833,249
382,197	-	-	-	25,000	5,364,178
(109,311)	(23,992)	(71,321)	407,312	(214,332)	6,572,384
4,477,053	5,454,286	2,776,712	3,629,599	1,886,296	55,467,392
-	-	-	-	-	2,239,049
45,449	35,400		627,507	-	997,715
4,522,502	5,489,686	2,776,712	4,257,106	1,886,296	58,704,156
$ 4,413,191	$ 5,465,694	$ 2,705,391	$ 4,664,418	$ 1,671,964	$ 65,276,540

CITY OF RAPID CITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2015

	Enterprise Funds		
	Solid Waste Collection Fund	Stormwater Enterprise Fund	Executive Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipt from Customers	$ 2,700,057	$ 2,210,350	$ 183,271
Payments to Suppliers	(893,581)	(85,051)	(124,479)
Payments to Employees	(952,966)	(344,736)	(102,430)
Net Cash Provided (Used) by Operating Activities	853,510	1,780,563	(43,638)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Internal Activity - Payment to/from Other Funds	-	(140,562)	-
Transfers In	-	-	75,000
Net Cash Provided (Used) by Operating Subsidies and Transfers	-	(140,562)	75,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Capital Debt	-	-	-
Purchase of Capital Assets	-	(628,139)	-
Principal Paid on Capital Debt	(318,860)	-	-
Interest Paid on Capital Debt	(23,669)	(24,375)	-
Other Receipts (Payments)	131,762	-	12,357
Net Cash (Used) by capital and related financing Activities	(210,767)	(652,514)	12,357
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Earnings (Loss)	41,288	-	547
Net Cash Provided by Investing Activities	41,288	-	547
Net Increase (Decrease) in Cash and Cash Equivalents	684,031	987,487	44,266
Balances - Beginning	3,565,653	1,070,948	3,539
Balances- Ending	$ 4,249,684	$ 2,058,435	$ 47,805
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	$ 672,711	$ 989,324	$ (75,967)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	326,966	782,820	33,804
Change in Assets and Liabilities:			
Receivables	(39,836)	(18,659)	471
Inventories	-	(2,775)	(2,873)
Accounts and Other Payables	(60,320)		1,559
Accrued Wages Payable	(22,317)	6,370	(5)
Accrued Leave Payable	1,777	13,765	272
Accrued Other Post Employment Benefits	(944)	20,664	1,474
Pension Asset	102,584	45,783	9,931
Pension Related Deferred Outflows	(58,101)	(25,930)	(5,624)
Pension Related Deferred Inflows	(69,010)	(30,799)	(6,680)
Net Cash Provided (Used) by Operating Activities	$ 853,510	$ 1,780,563	$ (43,638)
Noncash Investing, Capital and Financing Activities Not Affecting Operating Income:			
Contribution of Assets from Others	$ -	$ 4,850,146	$ 6,835
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
101 Cash and Cash Equivalents	$ 4,249,684	$ 2,058,435	$ 47,805
106 Cash With Fiscal Agent, Restricted	-	-	-
	$ 4,249,684	$ 2,058,435	$ 47,805

Cemetery Enterprise Fund	Golf Course Enterprise Fund	Parking Lot Enterprise Fund	Energy Plant Enterprise Fund	Ambulance Enterprise Fund	Transportation Terminal Fund	Totals
$ 188,637	$ 954,983	$ 561,301	$ 335,236	$ 3,889,441	$ 12,252	$ 11,035,528
(73,022)	(907,608)	(215,420)	1,654	19,509	(80,659)	(2,358,658)
(198,795)	(390,576)	(165,924)	(322,198)	(3,490,768)	-	(5,968,393)
(83,180)	(343,201)	179,957	14,692	418,182	(68,407)	2,708,477
200,000	37,058	-	10,000	-	-	106,496
25,000	117,111	-	-	-	25,000	242,111
225,000	154,169	-	10,000	-	25,000	348,607
-	254,604	2,045,000	-	201,817	-	2,501,421
-	(15,313)	-	-	(200,272)	-	(843,724)
-	(68,353)	(1,965,000)	-	(143,142)	-	(2,495,355)
-	(4,339)	(197,373)	-	(15,044)	-	(264,800)
5,376	55,572	21,416	1,000	8,783	-	236,266
5,376	222,171	(95,957)	1,000	(147,858)	-	(866,192)
20	726	1,978	-	13,357	293	58,209
20	726	1,978	-	13,357	293	58,209
147,216	33,865	85,978	25,692	283,681	(43,114)	2,249,101
(135,062)	(3,611)	386,630	(21,490)	919,811	52,025	5,838,443
$ 12,154	$ 30,254	$ 472,608	$ 4,202	$ 1,203,492	$ 8,911	$ 8,087,544
$ (102,425)	$ (543,467)	$ 149,987	$ (72,321)	$ 400,173	$ (239,625)	$ 1,178,389
22,098	207,606	112,795	66,124	210,705	168,944	1,931,862
5,936	7,560	(113,841)	20,707	(28,774)	(818)	(167,254)
-	-	-	-	-	-	(5,648)
280	(2,364)	11,340	1,654	19,509	3,092	(25,250)
(4,759)	(6,788)	2,689	(16,640)	(9,177)	-	(50,627)
(300)	428	8,183	15,200	(87,090)	-	(47,765)
797	524	14,023	(32)	5,333	-	41,839
20,107	28,022	21,826	-	386,891	-	615,144
(11,388)	(15,871)	(12,362)	-	(219,123)	-	(348,399)
(13,526)	(18,851)	(14,683)	-	(260,265)	-	(413,814)
$ (83,180)	$ (343,201)	$ 179,957	$ 14,692	$ 418,182	$ (68,407)	$ 2,708,477
$ -	$ 265,086	$ -	$ -	$ -	$ -	$ 5,122,067
$ 12,154	$ 30,254	$ 301,246	$ 4,202	$ 1,203,492	$ 8,911	$ 7,916,182
-	-	171,362	-	-	-	171,362
$ 12,154	$ 30,254	$ 472,608	$ 4,202	$ 1,203,492	$ 8,911	$ 8,087,544

CITY OF RAPID CITY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2015

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
ASSETS:					
Current Assets:					
101 Cash and Cash Equivalents	$ 7,854,565	$ 1,496,354	$ 1,720	$ 42,409	$ 9,395,048
115 Accounts Receivable	578,123	-	-	-	578,123
151 Investments	223,312	-	113,181	962,279	1,298,772
135 Interest Receivable	9,455	1,646	-	2,442	13,543
TOTAL ASSETS	$ 8,665,455	$ 1,498,000	$ 114,901	$ 1,007,130	$ 11,285,486
LIABILITIES:					
Current Liabilities:					
202 Accounts Payable	$ 742,364	$ 468,239	$ 11,862	$ 3,051,206	$ 4,273,671
216 Wages Payable	-	1,368	-	1,310	2,678
Total Current Liabilities	742,364	469,607	11,862	3,052,516	4,276,349
NET POSITION:					
253.90 Unrestricted Net Position	7,923,091	1,028,393	103,039	(2,045,386)	7,009,137
Total Net Position	7,923,091	1,028,393	103,039	(2,045,386)	7,009,137
TOTAL LIABILITIES AND NET POSITION	$ 8,665,455	$ 1,498,000	$ 114,901	$ 1,007,130	$ 11,285,486

CITY OF RAPID CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
Operating Revenue:					
380 Charges for Goods and Services	$ 6,867,781	$ 564,805	$ 31,452	$ 1,365,038	$ 8,829,076
Operating Expenses:					
410 Personal Services	15,551	9,941	-	143,566	169,058
420 Other Current Expense	6,883,316	429,080	55,931	951,974	8,320,301
Total Operating Expenses	6,898,867	439,021	55,931	1,095,540	8,489,359
Operating Income (Loss)	(31,086)	125,784	(24,479)	269,498	339,717
Nonoperating Revenue (Expense):					
361 Investment Earnings (Loss)	81,162	15,785	-	7,534	104,481
511 Transfers In / (Out)	-	(442,320)	-	-	(442,320)
	81,162	(426,535)	-	7,534	(337,839)
Change in Net Position	50,076	(300,751)	(24,479)	277,032	1,878
Fund Balance (Deficit) - Beginning - As previously reported:	7,873,015	1,329,144	127,518	(417,234)	8,912,443
Prior Period Adjustment	-	-	-	(1,905,184)	(1,905,184)
Fund Balance (Deficit)- After restatment	7,873,015	1,329,144	127,518	(2,322,418)	7,007,259
NET POSITION - ENDING	$ 7,923,091	$ 1,028,393	$ 103,039	$ (2,045,386)	$ 7,009,137

CITY OF RAPID CITY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2015

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Interfund Services Provided	$ 6,844,208	$ 564,805	$ 31,452	$ 1,365,038	$ 8,805,503
Payments to Employees	(15,551)	(8,573)	-	(146,333)	(170,457)
Payments for Claims & Services	(6,649,545)	(199,380)	(46,307)	(1,333,056)	(8,228,288)
Net Cash Provided (Used) by Operating Activities	179,112	356,852	(14,855)	(114,351)	406,758
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Internal Activity - Payment from Other Funds	-	-	50,000	-	50,000
Transfer In/ (Out)	-	(442,320)	-	-	(442,320)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(442,320)	50,000	-	(392,320)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received	74,981	14,954	-	2,364	92,299
Net Cash Provided by Investing Activities	74,981	14,954	-	2,364	92,299
Net Increase (Decrease) in Cash and Cash Equivalents	254,093	(70,514)	35,145	(111,987)	106,737
Balances - Beginning	7,600,472	1,566,868	(33,425)	154,396	9,288,311
Balances- Ending	$ 7,854,565	$ 1,496,354	$ 1,720	$ 42,409	$ 9,395,048
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	$ (31,086)	$ 125,784	$ (24,479)	$ 269,498	$ 339,717
Adjustments to Reconcile Operating Income to Change in Assets and Liabilities:					
Accounts Receivable	(23,573)	-	-	-	(23,573)
Accounts Payables	233,771	229,700	9,624	(381,082)	92,013
Wages Payable	-	1,368	-	(2,767)	(1,399)
Net Cash Provided (Used) by Operating Activities	$ 179,112	$ 356,852	$ (14,855)	$ (114,351)	$ 406,758

CITY OF RAPID CITY
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2015

	Deposits Held For Others Fund	Payroll Withholding Fund	Section 125 Fund	Agency Funds
ASSETS:				
Cash and Cash Equivalents	$ 1,347,101	$ 385,602	$ 29,118	$ 1,761,821
Investments	333,971	-	-	333,971
TOTAL ASSETS	$ 1,681,072	$ 385,602	$ 29,118	$ 2,095,792
LIABILITIES:				
Accounts Payable	$ -	$ 103,115	$ -	$ 103,115
Amounts Held for Others	1,681,072	282,487	29,118	1,992,677
Total Liabilities	$ 1,681,072	$ 385,602	$ 29,118	$ 2,095,792

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

SINGLE AUDIT SECTION

Ketel Thorstenson, LLP
Certified Public Accountants/Business & Personal Consultants

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

Steve Allender, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 6, 2017.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as 2015-001 and 2015-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as 2015-003 and 2015-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as 2015-003, 2015-004 and 2015-005.

City's Response to Findings

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

Purpose of this Report

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

Ketel Thorstenson, LLP

KETEL THORSTENSON, LLP
Certified Public Accountants

November 6, 2017

Ketel Thorstenson, LLP
Certified Public Accountants/Business & Personal Consultants

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

Steve Allender, Mayor
and Common Council
City of Rapid City
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings as 2015-005. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings as 2015-005 that we consider to be a material weakness.

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

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

Ketel Thorstenson, LLP

KETEL THORSTENSON, LLP
Certified Public Accountants

November 6, 2017

CITY OF RAPID CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	IDENTIFYING NUMBER	CFDA NUMBERS	AMOUNT
U.S. Department of Housing and Urban Development:			
Direct Federal Funding:			
Community Development Block Grant/Entitlement	B-12-MC-46-0002	14.218	4,750
Community Development Block Grant/Entitlement	B-13-MC-46-0002	14.218	97,785
Community Development Block Grant/Entitlement	B-14-MC-46-0002	14.218	181,403
Community Development Block Grant/Entitlement	B-15-MC-46-0002	14.218	41,234
Total Community Development Block Grant/Entitlement (Note 5)		14.218	325,172
U.S. Department of the Interior:			
Direct Federal Funding:			
Wildland Urban Interface Community Assistance	L13AC00029	15.228	68,519
Pass-Through the SD Department of Tourism			
Historic Preservation Fund Grant-in-Aid	SD-14-022	15.904	33,342
Total U.S. Department of Interior			101,861
U.S. Department of Justice:			
Direct Federal Funding:			
Bullet Proof Vest Partnership Program	2015	16.607	6,715
Public Safety Partnership and Community Policing Grant	2011UMWX0171	16.710	121,173
Public Safety Partnership and Community Policing Grant	2013UMWX0128	16.710	181,095
Total Public Safety Partnership and Community Policing Grant		16.710	302,268
Total U.S. Department of Justice			308,983
U.S. Department of Transportation:			
Pass-Through the S.D. Department of Transportation:			
Airport Improvement Program	3-46-0048-44-2013	20.106	193,713.00
Airport Improvement Program	3-46-0048-45-2014	20.106	9,672.00
Airport Improvement Program	3-46-0048-46-2014	20.106	274,237.00
Airport Improvement Program	3-46-0048-47-2014	20.106	1,940,609.00
* Total Airport Improvement Program (Note 4)		20.106	2,418,231
Metropolitan Planning Grants	311212	20.505	541,349
Pass-Through the S.D. Department of Public Safety:			
Alcohol Open Container Requirements	2016-00-44	20.607	36,750
State and Community Highway Safety	2016-00-46	20.600	19,568
Direct Federal Funding:			
Payments for Small Cummunity Air Service Development	DOT-OST-2014-0113-0034	20.930	158,225
Federal Transit - Formula Grants	SD-90-X063-00	20.507	315,931
Federal Transit - Formula Grants	SD-90-X061-00	20.507	516,225
Total Federal Transit - Formula Grants		20.507	832,156
Total U.S. Department of Transportation			4,006,279
U.S. General Services Administration:			
Pass-through the SD Bureau of Administration - SD Federal Property Agency:			
Donation of Federal Surplus Property (Note 3)	NA	39.003	87,329
U.S. Environmental Protection Agency:			
Direct Federal Funding:			
Performance Partnership Grant	2015	66.605	41,008
Total U.S. Environmental Protection Agency			41,008
U.S. Department of Agriculture:			
Pass-Through the SD Department of Agriculture			
Cooperative Forestry Assistance	13-DG-11020000-038-9042	10.664	52,174
Cooperative Forestry Assistance	14-DG-11020000-029-9047	10.664	70,953
Total Cooperative Forestry Assistance		10.664	123,127
Corporation for National and Community Service:			
Direct Federal Funding:			
Retired and Senior Volunteer Program	14SRNSD001	94.002	10,088
Retired and Senior Volunteer Program	15SRNSD001	94.002	35,665
Total Retired and Senior Volunteer Program		94.002	45,753
U.S. Department of Homeland Security:			
Pass-Through the SD Department of Public Safety -- Office of Homeland Security			
Hazard Mitigation Grant	HMGP - DR-4125-03-R	97.039	45,645
Homeland Security Grant Progam	2014	97.067	57,095
Total U.S. Department of Homeland Security			102,740
Total			5,142,252

CITY OF RAPID CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Rapid City, South Dakota (the "City") under programs of the federal government for the year ended December 31, 2015. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows, where applicable, of the City of Rapid City, South Dakota.

Note 2: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards , wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimums indirect cost rate allowed under the Uniform Guidance.

Note 3: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the municipality. (Original acquisition cost is provided by Federal Surplus Property. It is not what the City actually paid for the items.)

Note 4: In accordance with Uniform Guidance, major programs are determined using a risk-based approach. Programs in the above schedule denoted with an asterisk (*) are determined by the independent auditor to be major programs.

Note 5: The City had subrecipients of the CDBG program as follows:

Cornerstone Rescue Mission	$ 100,000
Western Resources for Disabled	55,239
Behavior Management Systems	41,711
Wellspring	14,953
Pennington County Health and Human Services	10,945
Youth & Family Services	5,890
Rapid City Community Development	4,750
Dakota Plains Legal Services	4,665
211 Helpline	3,827
	241,980

CITY OF RAPID CITY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

A. SUMMARY OF AUDIT RESULTS

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

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

3. One instance of noncompliance material to the financial statements of the City was disclosed during the audit.

4. A material weakness disclosed during the audit of the major federal award program is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

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

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

7. The program tested as a major program for 2015 was CFDA #20.106, Airport Improvement Program.

8. The threshold for distinguishing type A and B programs was $750,000.

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

CITY OF RAPID CITY

SCHEDULE OF FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

B. Findings – Financial Statement Audit

Material Weaknesses

Finding No. 2015-001: Internal Controls/Financial Statement Preparation

Federal Program Affected: None

Compliance Requirement: Not Applicable

Questioned Costs: None

Condition and Cause: The City has a lack of adequate internal controls in the following areas:

a. The City does not have a process in place to timely reconcile and review capital asset activity throughout the year. The City currently only reconciles such activity at the end of each year. Additionally, the City implemented a new accounting software in 2015. Prior to implementation of the software, proper procedures were not implemented to ensure key employees were trained in use of the capital asset module of the software. Additionally, review of the new software's capital asset reporting capabilities was not performed to obtain timely, accurate and reliable reports. When capital asset schedules were received, the schedules did not reconcile to the general ledger and were required to be corrected by finance office staff on several occasions.
b. The financial statements were not prepared or reviewed timely by the Finance Office. We identified and corrected errors in the government-wide adjustments, fund statements, and the statements of cash flows.
c. The Deputy Finance Officer has access to the general ledger, has access to enter and modify purchase order and check information within the accounting software, prepares and posts journal entries, and handles signed checks of the primary checking account of the City. The Deputy Finance Officer also maintains the manual check stock, maintains the signature stamp for such bank accounts, and has access to the general ledger.
d. The City's ambulance billings were not completed in a timely manner throughout 2015, likely due to the implementation of new billing software.
e. Some reconciling schedules, including the water deposit subsidiary, interfund loans and interfund transfers, did not agree to the general ledger.

Criteria and Effect:

a. A reconciliation of capital asset information should be performed frequently throughout the year. Failure to implement a frequent process for accounting for and reviewing capital assets, resulted in the City having a late filing of their annual report to the federal clearinghouse and State of South Dakota.
b. Accurate financial reporting is important to the City. The City's financial statements are provided to numerous granting agencies and current and future debt providers. Errors identified during the audit process were corrected in the accompanying financial statements.
c. Proper segregation of duties results in adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. Without proper segregation of duties, an intentional or unintentional error could go undetected resulting in a misappropriation of assets or inaccurate records.
d. Accounting principles require revenue to be recorded when earned. Not following such practices will slow down the cash receipts process and cause inaccurate financial statements.
e. Reconciling schedules and subsidiaries should support the figures in the general ledger. Otherwise, financial misstatements could be misstated.

Repeat Finding from Prior Year: Yes, prior year finding 2014-001.

CITY OF RAPID CITY

SCHEDULE OF FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

B. Findings – Financial Statement Audit (Continued)

Material Weaknesses (Continued)

Finding No. 2015-001: Internal Controls/Financial Statement Preparation (Continued)

Recommendation:

a. The Grants Manager should receive training on the capital asset module. The capital asset information should be reconciled throughout the year by the Grants Manager and reviewed by the Finance Officer for accuracy.
b. The financial statements and note disclosures should be prepared by the Grants Manager and reviewed by the Finance Officer for technical accuracy and completeness by June 1 each year.
c. The Deputy Finance Officer should not have access to signed checks or to the signature stamp.
d. Ambulance billings should be completed monthly to both provide the City with accurate financial information for that fund, as well as provide adequate cash flows for the fund to operate throughout the year.
e. Supporting schedules and subsidiary listings should be prepared by the Grants Manager, or applicable City personnel, and reviewed by the Finance Officer prior to the completion of the financial statements by June 1. Such review should ensure that the schedules/listings agree to the general ledger.

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

Finding No. 2015-002: Audit Adjustments

Federal Program Affected: None

Compliance Requirement: All

Questioned Costs: None

Condition and Cause: During the audit process, we recorded material audit adjustments. Additionally, we posted several reclassification entries with no effect on net income. Furthermore, other entries were proposed as part of the audit, but were not recorded due to the overall insignificance on the financial statements. The Finance Officer has a lack of adequate review over the year-end process and, as such, the following audit adjustments were recorded:

a. To remove utility facility interest expense erroneously accrued.
b. To adjust general long term debt to actual, including TID governmental fund activity.
c. To record the stormwater special assessment and corresponding prior period adjustment.
d. To adjust long-term debt balances within water fund pertaining to crossover refunding.
e. To adjust interfund loans and interfund transfers to actual.
f. To adjust the health insurance receivable to actual.
g. To adjust capital assets, as well as corresponding capital outlay expenditures and capital contribution revenue to actual.
h. Prior period adjustment to record TID 64 governmental fund activity, including corresponding interfund loans.
i. To reinstate interest expenditures within the utility facility fund that had been erroneously removed during capital asset reconciliation.
j. To increase the ambulance allowance for doubtful accounts.
k. Prior period adjustment to increase the worker's compensation liability for 2014, as well as adjust the 2015 balance to actual.

CITY OF RAPID CITY

SCHEDULE OF FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

B. Findings – Financial Statement Audit (Continued)

Material Weaknesses (Concluded)

Finding No. 2015-002: Audit Adjustments (Continued)

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

Recommendation: We recommend the following:

a. Interest expense should not be accrued in a governmental fund.
b. General long-term debt balances, including TID activity, should be adjusted within both the long-term debt fund, as well as corresponding revenue/expenditure activity within the governmental funds.
c. Special assessment receivables should be recorded when levied and considered collectible.
d. Debt agreements should be reviewed to determine whether the type of refunding is crossover or advance, due to different types of accounting depending on the type of refunding.
e. Interfund loans and transfers should net to zero.
f. The health insurance receivable balance should include all amounts pertaining to 2015 that were received in 2016.
g. Capital asset balances both within the capital asset and enterprise funds, as well as the revenue/expenditure activity within the governmental funds should be adjusted to reconcile to the reports from the capital asset module.
h. TID activity should be reviewed on at least an annual basis to determine if costs were certified and any corresponding debt and capital assets should be recorded in the general ledger.
i. If interest expenditures are paid, they should be coded as such within the general ledger.
j. The ambulance allowance for doubtful accounts should be analyzed and adjusted accordingly based on actual collections.
k. Information should be obtained from the worker's compensation provider to support the amount provided on confirmations.

Repeat Finding from Prior Year: Yes, prior year finding 2014-002.

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

Significant Deficiencies

Finding No. 2015-003: Budgetary Overdrafts

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

CITY OF RAPID CITY

SCHEDULE OF FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

B. Findings – Financial Statement Audit (Continued)

Significant Deficiencies (Continued)

Finding No. 2015-003: Budgetary Overdrafts (Continued)

Condition and Cause: The City has budgetary overdrafts in violation of South Dakota Codified Law (SDCL) 9-21-9 in the following departments:

Fund	Department	Overdraft
General	General Government - Executive - Mayor/Council	(38,231)
General	Public Safety - Police	(102,867)
General	Conservation/Development - Transportation Planning	(181,584)
General	Capital Outlay	(144,754)
Utility Facilities	Capital Outlay	(1,293)

Criteria and Effect: The City did not follow state law, which could result in additional inquiries from state officials regarding such violations.

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

Repeat Finding from Prior Year: Yes, prior year finding 2014-003.

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

Finding No. 2015-004: Negotiable Certificates of Deposit

Federal Program Affected: None

Compliance Requirement: Not applicable

Questioned Costs: None

Condition and Cause: The City is invested in negotiable certificates of deposit.

Criteria and Effect: SDCL 4-5-6 indicates the types of investments that the City may invest public funds. Based on 4-5-6, the City is in violation of State law.

Recommendation: We recommend that the City re-evaluate their investment policy and invest these funds in investments allowed by SDCL 4-5-6.

Repeat Finding from Prior Year: No

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

CITY OF RAPID CITY

SCHEDULE OF FINDINGS (CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2015

C. Findings and Questioned Costs – Major Federal Program Audit

Material Weakness

Finding No. 2015-005: Audit Package Late Filing

Federal Program Affected: CFDA #20.106, Airport Improvement Program

Compliance Requirement: Reporting

Questioned Costs: None

Condition and Cause: The annual report filing to the federal clearinghouse, including the data collection form, will be filed late due to significant issues encountered with a software conversion and failure to implement a process of timely accounting for capital asset activity.

Criteria and Effect: Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requires the City, if it expends more than $750,000 of federal funds, to submit the audit reporting package and data collection form to the federal audit clearinghouse within nine months after year-end. The City was not in compliance with such requirement, which could lead to a reduction in future funding from granting agencies.

Recommendation: The City should ensure accuracy of year-end financial information to ensure timely submission of reports.

Repeat Finding from Prior Year: No

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

MANAGEMENT RESPONSE

CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015

The City of Rapid City respectfully submits the following summary schedule of prior audit findings from the December 31, 2014 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2014 Schedule of Findings.

2014-001 Finding: Internal Controls

Status: The City implemented several changes in internal control processes and implemented a new software package; however the City still had a lack of adequate internal controls during the year.

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan:

The City has experienced several unexpected issues with the new financial software package. The implementation of the capital asset module was one of the modules that caused more significant issues. Consequently this created a domino effect on the preparation and review of the financial statements and ultimately the delay in issuing the audit. As recommended, the Grants Manager is scheduled to receive training November 1, 2017 on the capital asset module with the overall goal of completing the financial statements and note disclosures in a more accurate and timely manner.

As noted in the prior year corrective action plan, the Finance Office has modified existing functions and processes as part of the implementation process to ensure adequate segregation of duties. The functions and processes will continue to be reviewed and improved upon as comfort and understanding levels of the new software also improve. Many of the control deficiencies relating to the Deputy Finance Officer have been addressed and resolved as part the software implementation process which began in March 2015.

Staffing within the Ambulance department was the primary reason that billings became delinquent. Since the time this audit was performed, staffing has increased and the department has hired an outside vendor to assist in bringing billing process current.

The Grants manager does prepare or obtain supporting and subsidiary schedules as part of the year-end reconciliation process which is then reviewed by Finance Officer prior to the recording year-end adjustments. For the year under audit there were a few unusual transactions, such as those disclosed in Note 18 to the financial statements that impacted the accuracy of the preliminary schedules and subsidiary ledgers. In addition, there were time-sensitive year-end reports that did not get generated in a timely manner by outside departments. The Finance Office has reminded other departments the critical need to have these reports generated timely in the future. Furthermore, the Finance Officer has opted to schedule annual fieldwork in July as opposed to May to allow for a more in depth review of financial activity. Finally, one of the benefits associated with the new utility billing software is ability to subsequently generate activity reports for specific time periods. This module was implemented in January 2017.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 (Continued)

2014-002 Finding: Audit Adjustments

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

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan: The Finance Office agrees that both material and immaterial audit adjustments were subsequently recorded in order to accurately report account balances/transactions. As mentioned above, there were unusual transactions that occurred in 2015 that resulted in material prior period adjustments. The year-end reconciliation checklists and processes modifications recommended by the auditor as well as those noted internally will be implemented to ensure the accuracy and completeness of account balances/transactions.

2014-003 Finding: Budgetary Overdrafts

Status: The City made efforts to ensure there were adequate appropriations and supplements made throughout the year, however there were budget overdrafts in numerous departments of several funds.

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan: The Finance Office has procedures to ensure supplemental appropriation ordinances are approved as budget overdrafts are identified. The overdrafts identified with this finding are immaterial and are largely due to the submission timeliness of invoices to the Finance Department. Any invoices submitted after the City final year-end supplemental appropriation which are in fact determined to be a liability have subsequently been recorded as such. These transactions at time create budgetary overdrafts. The Finance Office will continue to evaluate compliance with the budget prior to year-end and make any amendments considered necessary to the submission and supplemental appropriation process.

CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

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

CORRECTIVE ACTION PLAN
DECEMBER 31, 2015

The City respectfully submits the following corrective action plan regarding findings from the December 31, 2015 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2015-001: Internal Controls/Financial Statement Preparation

Responsible Officials: Pauline Sumption, Finance Officer

Corrective Action Plan: As recommended, the Grants Manager will receive training on the capital asset module with the overall goal of completing the financial statements and note disclosures in a more accurate and timely manner.

As noted in the prior year corrective action plan, the Finance Office has modified existing functions and processes as part of the implementation process to ensure adequate segregation of duties. The functions and processes will continue to be reviewed and improved upon as comfort and understanding levels of the new software also improve. Many of the control deficiencies relating to the Deputy Finance Officer have been addressed and resolved as part the software implementation process which began in March 2015.

Since the time this audit was performed, staffing has increased and the department has hired an outside vendor to assist in bringing billing process current.

The Finance Office has reminded other departments the critical need to have these reports generated timely in the future. The Finance Officer has opted to schedule annual fieldwork in July as opposed to May to allow for a more in depth review of financial activity. Finally, one of the benefits associated with the new utility billing software is ability to subsequently generate activity reports for specific time periods. This module was implemented in January 2017.

Anticipated Completion Date: Some have already been completed. Others are ongoing with full implementation expected for the fiscal year 2017 audit.

Finding No. 2015-002: Audit Adjustments

Responsible Officials: Pauline Sumption, Finance Officer

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

Anticipated Completion Date: The Finance Office expects that any audit adjustments proposed by auditors for the 2016 audit will be immaterial to the financial statements as a whole.

CORRECTIVE ACTION PLAN
DECEMBER 31, 2015 (Continued)

Finding No. 2015-003: Budgetary Overdrafts

Responsible Officials: Pauline Sumption, Finance Officer

Corrective Action Plan: The Finance Office will continue to evaluate compliance with the budget prior to year-end and make any amendments considered necessary to the submission and supplemental appropriation process.

Anticipated Completion Date: December 31, 2017

Finding No. 2015-004: Negotiable Certificates of Deposit

Responsible Officials: Pauline Sumption, Finance Officer

Corrective Action Plan: The City does not agree with the finding. The City's money is in no way at risk, as these CD's are FDIC insured just like any CD we would buy at a local bank. The statute referred to says that we can invest our funds in obligations that are directly or indirectly backed by the full faith and credit of the United States government. The FDIC (Federal Deposit Insurance Corporation) is an independent agency of the United States government and FDIC insurance is backed by the full faith and credit of the US government. The City Attorney is currently in discussions with both the SD Attorney General's office as well as the Department of Legislative Audit to get clarification on this issue.

Anticipated Completion Date: Largely dependent on resolution with SD Attorney General and Department of Legislative Audit

Finding No. 2015-005: Audit Package Late Filing

Responsible Officials: Pauline Sumption, Finance Officer

Corrective Action Plan: The unexpected problems encountered with the implementation of the new financial software package have carried over into the 2016 audit which will also be filed late. The Finance Officer and the auditors have agreed that 2016 will be issued no later than December 31, 2017.

Anticipated Completion Date: The City fully expects to be in compliance with filing deadline for the fiscal year 2017 audit.