NOTICE OF OFFER TO PURCHASE/TENDER OFFER

Rapid City, South Dakota

Listed Event Notice

Notice is hereby given by the City of Rapid City, South Dakota (the "City"), that pursuant to its Invitation to Tender Bonds, dated November 5, 2026 (the "Offer"), it has made an offer, with the assistance of D.A. Davidson & Co. and Colliers Securities, collectively, as dealer manager, to the beneficial owners of certain of the City's outstanding Taxable Sales Tax Revenue Refunding Bonds, Series 2021 listed in Table 1 on page (i) of the Offer (collectively, the "***Target Bonds***") to purchase such Target Bonds for cash. A complete copy of the Offer is attached hereto and must be read in its entirety.

Dated November 5, 2026

CITY OF RAPID CITY, SOUTH DAKOTA

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INVITATION TO TENDER BONDS
made by
THE CITY OF RAPID CITY, SOUTH DAKOTA

to the Holders described herein of all or any portion of the maturities listed on page (i) herein of

CITY OF RAPID CITY, SOUTH DAKOTA
Taxable Sales Tax Revenue Refunding Bonds, Series 2021

THIS INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON November 19, 2026, UNLESS THE INVITATION IS EARLIER TERMINATED OR EXTENDED AS DESCRIBED HEREIN. See "TERMS OF THE TENDER OFFER" herein.

This Invitation to Tender Bonds, dated November 5, 2026 (as it may be amended or supplemented, this ***"Tender Offer"***), describes an invitation by the City of Rapid City, South Dakota (the ***"City"***), with the assistance of D.A. Davidson & Co. and Colliers Securities LLC, collectively, as dealer manager (the ***"Dealer Manager"***), to the beneficial owners (the ***"Holders"*** or ***"Bondholders"***) of the City's Taxable Sales Tax Revenue Refunding Bonds, Series 2021 (the ***"Bonds"***) to tender their Bonds for purchase at the offer prices based on a fixed spread to be set forth in the Pricing Notice, which is expected to be dated on or about November 12, 2026 (as it may be amended and supplemented, the ***"Pricing Notice,"*** a form of which is attached hereto as APPENDIX B), to be added to the yields on certain benchmark United States Treasury Securities, plus accrued interest on the Bonds tendered and accepted for purchase (***"Accrued Interest"***) to but not including the Settlement Date (as hereinafter defined).

Subject to the terms and conditions of this Tender Offer, the City may agree to purchase Bonds on December 16, 2026, unless extended by the City (such date being the ***"Settlement Date"***), assuming all conditions to this Tender Offer have then been satisfied or waived by the City; provided that such Bonds have been validly tendered for purchase by the Expiration Date (as defined herein), and accepted, as described herein. See **"TERMS OF THE TENDER OFFER—Acceptance of Tenders for Purchase."** Bondholders whose Bonds are accepted for purchase will receive the Purchase Price (as defined herein) and Accrued Interest on such Bonds on the Settlement Date. The sources of funds to purchase the Bonds pursuant to this Tender Offer will be proceeds of the City's Sales Tax Revenue Refunding Bonds, Series 2026 (the ***"Series 2026 Bonds"***) and other available funds of the City. If issued, the Series 2026 Bonds will be dated the Settlement Date and be issued in the manner, on the terms and with the security therefor described in the Preliminary Official Statement dated as of the date hereof attached hereto as APPENDIX A (the ***"Preliminary Official Statement"***). The purchase of any Bonds tendered and accepted for purchase pursuant to this Tender Offer is contingent on the issuance of the Series 2026 Bonds as described herein, and is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See **"INTRODUCTION—General"** and **"TERMS OF THE TENDER OFFER—Conditions to Purchase"** herein.

Pursuant to the authorizing resolution of the City Council of the City adopted on October 5, 2026, the Series 2026 Bonds may be issued in a principal amount not to exceed $74,000,000; may mature on any date on or prior to twenty-eight (28) years following the date of issuance, and the Series 2026 Bonds may not be issued unless the present value of the debt service savings resulting from the issuance is at least 3% of debt service on the refunded Bonds. The City is not required to issue the Series 2026 Bonds.

HOLDERS OF BONDS WHO DO NOT TENDER THEIR BONDS, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE THAT THE CITY DOES NOT ACCEPT FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (THE "UNTENDERED BONDS") AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE INDENTURE OF TRUST, DATED AS OF AUGUST 15, 2005 (THE "ORIGINAL INDENTURE"), AS SUPPLEMENTED BY A FIRST SUPPLEMENTAL INDENTURE, DATED AS OF FEBRUARY 1, 2013 (THE "FIRST SUPPLEMENT"), A SECOND SUPPLEMENTAL INDENTURE, DATED AS OF OCTOBER 1, 2018 (THE "SECOND SUPPLEMENT"), A THIRD SUPPLEMENTAL INDENTURE, DATED AS OF DECEMBER 1, 2018 (THE "THIRD SUPPLEMENT"), A FOURTH SUPPLEMENTAL INDENTURE, DATED AS OF OCTOBER 1, 2020 (THE "FOURTH SUPPLEMENT"), A FIFTH SUPPLEMENTAL INDENTURE, DATED AS OF AUGUST 1, 2021 (THE "FIFTH SUPPLEMENT"), A SIXTH SUPPLEMENTAL INDENTURE, DATED AS OF SEPTEMBER 1, 2026 (THE "SIXTH SUPPLEMENT"), AND A SEVENTH SUPPLEMENTAL INDENTURE EXPECTED TO BE DATED AS OF DECEMBER 1, 2026 (THE "SEVENTH SUPPLEMENT"; THE ORIGINAL INDENTURE AS AMENDED BY THE FIRST SUPPLEMENT, THE SECOND SUPPLEMENT, THE THIRD SUPPLEMENT, THE FOURTH SUPPLEMENT, THE FIFTH SUPPLEMENT, THE SIXTH SUPPLEMENT, AND THE SEVENTH SUPPLEMENT IS REFERRED TO HEREIN AS THE "INDENTURE") BETWEEN THE CITY AND U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS SUCCESSOR TO THE FIRST NATIONAL BANK IN SIOUX FALLS, IN SIOUX FALLS, SOUTH DAKOTA, AS TRUSTEE. THE CITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT BONDS OF THE CITY. SEE "INTRODUCTION—BONDS NOT TENDERED FOR PURCHASE" AND **"ADDITIONAL CONSIDERATIONS" HEREIN**.

To make an informed decision as to whether, and how, to tender Bonds for purchase pursuant to this Tender Offer, Bondholders must read this Tender Offer, including the Preliminary Official Statement attached hereto, carefully, and consult with their broker, account executive, financial advisor, attorney and/or other professionals. For more information about risks concerning this Tender Offer, please see **"ADDITIONAL CONSIDERATIONS"** herein.

Any Bondholder wishing to tender its Bonds should follow the procedures more specifically described herein. Bondholders and their brokers and account executives with questions about this Tender Offer should contact the Dealer Manager or the Information Agent.

Key Dates and Times

All of these dates and times are subject to change. All times are New York City time. Notices of changes will be sent in the manner provided for in this Tender Offer.

Launch Date and Post Preliminary Official Statement	November 5, 2026
Pricing Notice	On or about November 12, 2026
Expiration of Tender Offer	5:00 p.m. on November 19, 2026
Determination of Purchase Prices	Approximately 10:00 a.m. on December 2, 2026
Notice of Purchase Price Date	December 2, 2026
Acceptance Date	December 4, 2026
Settlement Date	December 16, 2026

The Dealer Manager for this Tender Offer is:

D.A. Davidson & Co.

&

Colliers Securities LLC

The Information Agent and Tender Agent for this Tender Offer is:

Globic Advisors Inc.

BONDS SUBJECT TO THE TENDER OFFER

Taxable Sales Tax Revenue Refunding Bonds, Series 2021

CUSIP	Maturity Date (December 1)	Interest Rate	Outstanding Principal Amount	Benchmark Treasury Security	Benchmark Treasury Security Maturity	Benchmark Treasury Security CUSIP	Indicative Fixed Spreads†
753385 MU4	2027	1.242%	$4,015,000	4.625 Cpn	10/31/2028	91282CRU7	0
753385 MV2	2028	1.442%	$4,065,000	4.625 Cpn	10/31/2028	91282CRU7	0
753385 MW0	2029	1.591%	$4,125,000	4.875 Cpn	10/15/2029	91282CRQ6	0
753385 MX8	2030	1.691%	$4,190,000	4.750 Cpn	10/31/2031	91282CRT0	0
753385 MY6	2031	1.781%	$4,260,000	4.750 Cpn	10/31/2031	91282CRT0	0
753385 MZ3	2032	1.911%	$4,335,000	4.875 Cpn	10/31/2033	91282CRV5	0
753385 NA7	2033	2.011%	$4,420,000	4.875 Cpn	10/31/2033	91282CRV5	0
753385 NB5	2034	2.111%	$4,510,000	4.625 Cpn	8/15/2036	91282CRF0	0
753385 NC3	2035	2.211%	$4,605,000	4.625 Cpn	8/15/2036	91282CRF0	3
753385 ND1	2036	2.311%	$4,705,000	4.625 Cpn	8/15/2036	91282CRF0	11
753385 NE9	2037	2.510%	$4,815,000	4.625 Cpn	8/15/2036	91282CRF0	21
753385 NF6	2038	2.610%	$4,935,000	4.625 Cpn	8/15/2036	91282CRF0	30
753385 NG4	2039	2.660%	$5,065,000	4.625 Cpn	8/15/2036	91282CRF0	37
753385 NH2	2040	2.760%	$5,200,000	4.625 Cpn	8/15/2036	91282CRF0	44
753385 NJ8	2041	2.810%	$5,340,000	4.625 Cpn	8/15/2036	91282CRF0	49
753385 NK5	2046	2.910%	$24,245,000	5.125 Cpn	8/15/2056	912810UW6	4

† Indicative Fixed Spreads (in basis points) and Benchmark Treasury Securities are preliminary and subject to change. Actual Fixed Spreads and Benchmark Treasury Securities will appear in the Pricing Notice.

PROVISIONS APPLICABLE TO THE TENDER OFFER

On or about November 12, 2026, the Pricing Notice will be made available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org (the **"EMMA Website"**), using the CUSIP numbers for the Bonds listed in the **"Bonds Subject to the Tender Offer"** table above; (ii) to The Depository Trust Company (**"DTC"**) and to the DTC participants holding the Bonds (as shown in a securities position report obtained by the Information Agent and Tender Agent); and (iii) by posting electronically on the website of the Information Agent at www.globic.com/rapidcity.

On or about December 2, 2026, the Notice of Purchase Prices will be made available: (i) on the EMMA Website, using the CUSIP numbers for the Bonds listed in the **"Bonds Subject to the Tender Offer"** table above; (ii) to DTC and to the DTC participants holding the Bonds (as shown in a securities position report obtained by the Information Agent and Tender Agent); and (iii) by posting electronically on the website of the Information Agent at www.globic.com/rapidcity.

The Preliminary Official Statement (attached hereto as APPENDIX A) is or will be made available, as an attachment to this Tender Offer: (i) on the EMMA Website, using the CUSIP numbers for the Bonds listed in the **"Bonds Subject to the Tender Offer"** table in this Tender Offer; (ii) to DTC and to the DTC participants holding the Bonds (as shown in a securities position report obtained by the Information Agent and Tender Agent); and (iii) by posting electronically on the website of the Information Agent at www.globic.com/rapidcity.

The consummation of this Tender Offer is also subject to certain conditions, including, without limitation, the Financing Conditions. See **"INTRODUCTION—General"** and **"TERMS OF THE TENDER OFFER—Conditions to Purchase"** herein.

IMPORTANT INFORMATION

*This Tender Offer and other information with respect to this Tender Offer is and will be available from D.A. Davidson & Co. and Colliers Securities LLC (collectively, the **"Dealer Manager"**) and Globic Advisors Inc. (the **"Information Agent"**) at http://emma.msrb.org and www.globic.com/rapidcity. Bondholders wishing to tender their Bonds for purchase pursuant to this Tender Offer should follow the procedures described in this Tender Offer. Pursuant to this Tender Offer, the City may accept offers to tender Bonds in accordance with the procedures and the restrictions set forth in this Tender Offer. The City reserves the right to cancel or modify this Tender Offer at any time on or prior to the Expiration Date, and reserves the right to make a future tender offer at prices different from the prices described herein and in the Pricing Notice, in its sole discretion. The City will have no obligation to accept tendered Bonds for purchase. In addition, the City will have no obligation to purchase Bonds accepted for purchase if cancellation or modification occurs, the City is unable to issue or does not issue the Series 2026 Bonds or any other conditions set forth herein are not satisfied. The City further reserves the right to accept nonconforming tenders or waive irregularities in any tender. The City also reserves the right in the future to refund (on an advance or current basis) any remaining portion of outstanding Bonds through the issuance of publicly-offered or privately-placed bonds. The consummation of this Tender Offer is subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein) that are anticipated to occur after the Expiration Date but prior to the Settlement Date.*

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TENDER OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS TENDER OFFER OR UPON THE

ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS TENDER OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In any jurisdictions where the securities, "blue sky" or other laws require this Tender Offer to be distributed through a licensed or registered broker or dealer, this Tender Offer shall be deemed to be distributed on behalf of the City through the Dealer Manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Tender Offer.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Tender Offer, including APPENDIX A, and, if given or made, such information or representation may not be relied upon as having been authorized by the City.

The delivery of this Tender Offer shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the City since the date hereof. The information contained in this Tender Offer is as of the date of this Tender Offer only and is subject to change, completion, or amendment without notice.

Certain statements included or incorporated by reference into this Tender Offer constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "forecast," "plan," "expect," "estimate," "budget" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Tender Offer, including APPENDIX A, contains important information which should be read in its entirety before any decision is made with respect to this Tender Offer.

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TABLE OF CONTENTS

Page

INTRODUCTION....1
General....1
Consideration for the Tender Offer....3
Sources of Funds to Pay Purchase Price and Accrued Interest on Bonds Purchased....3
Brokerage Commissions and Solicitation Fees....3
Bonds not Tendered for Purchase....4
Dealer Manager, Information Agent and Tender Agent....4

TERMS OF THE TENDER OFFER....4
Expiration Date....4
Offers Only Through the City's ATOP Account....4
Information to Bondholders....5
Minimum Denominations and Consideration....6
Accrued Interest....6
Provisions Applicable to All Tenders....6
Representations by Tendering Bondholders to the City....7
Tender of Bonds by Financial Institutions; City's ATOP Account....8
Determinations as to Form and Validity of Tender Offer; Right of Waiver and Rejection....9
Amendment or Withdrawals of Tenders Prior to an Expiration Date....9
Acceptance of Tenders for Purchase....9
Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results....10
Settlement Date....10
Purchase and Accrued Interest Funds....11
Conditions to Purchase....11
Extension, Termination and Amendment of the Tender Offer; Changes to Terms....13

AVAILABLE INFORMATION....14

ADDITIONAL CONSIDERATIONS....14
The City May Later Acquire Bonds at More Favorable Prices with More Favorable Terms Than Those Offered Pursuant to this Tender Offer....15
Timeliness of Offers....15
Acceptance Date....15
Priority of Allocations of Series 2026 Bonds....15

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES....15

DEALER MANAGER....17

INFORMATION AGENT AND TENDER AGENT....17

APPROVAL OF LEGAL PROCEEDINGS....18

MISCELLANEOUS....18

APPENDIX A: Preliminary Official Statement
APPENDIX B: Form of Pricing Notice

INVITATION TO TENDER BONDS
made by

CITY OF RAPID CITY, SOUTH DAKOTA
to the Holders described herein of all or any portion of the maturities listed on page (i) herein of

CITY OF RAPID CITY, SOUTH DAKOTA
Taxable Sales Tax Revenue Refunding Bonds, Series 2021

INTRODUCTION

General

This Invitation to Tender Bonds, dated November 5, 2026 (as it may be amended or supplemented, including the cover page and Appendices hereto, this ***"Tender Offer"***), describes an invitation by the City of Rapid City, South Dakota (the ***"City"***), with the assistance of D.A. Davidson & Co. and Colliers Securities LLC, collectively, as dealer manager (the ***"Dealer Manager"***), to the beneficial owners (the ***"Holders"*** or ***"Bondholders"***) of the City's outstanding bonds of the maturities listed on page (i) of this Tender Offer (collectively, the ***"Bonds"***) to tender their Bonds for purchase at the purchase price that will be based on a fixed spread to be set forth in the Pricing Notice to be added to the yields on certain benchmark United States Treasury securities, all as set forth in the Pricing Notice, which is expected to be dated on or about November 12, 2026 (as it may be amended and supplemented, the ***"Pricing Notice"*** a form of which is attached hereto as APPENDIX B), *plus* accrued interest (***"Accrued Interest"***) on the Bonds tendered and accepted for purchase to but not including the Settlement Date.

The Bonds were issued by the City pursuant to South Dakota Codified Laws, Chapter 10-52 and 6-8B and an Indenture of Trust, dated as of August 15, 2005, as supplemented by a First Supplemental Indenture, dated as of February 1, 2013 (the "First Supplement"), a Second Supplemental Indenture, dated as of October 1, 2018 (the "Second Supplement"), a Third Supplemental Indenture, dated as of December 1, 2018 (the "Third Supplement"), a Fourth Supplemental Indenture, dated as of October 1, 2020 (the "Fourth Supplement"), and a Fifth Supplemental Indenture, dated as of August 1, 2021 (the "Fifth Supplement"; collectively, the "Original Indenture") between the City and U.S. Bank Trust Company, National Association, as successor to The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, as Trustee, and a resolution of the City Council of the City adopted April 19, 2021.

By resolution adopted October 5, 2026 (the "***Resolution***"), the City Council of the City has authorized the issuance of its Sales Tax Revenue Refunding Bonds, Series 2026 (the ***"Series 2026 Bonds"***), subject to satisfaction of certain conditions described in such resolution and in the Original Indenture, as amended by a Sixth Supplemental Indenture, dated as of September 1, 2026 (the "Sixth Supplement"), and a Seventh Supplemental Indenture, dated as of December 1, 2026 (the "Seventh Supplement"); the Original Indenture as so amended, the "Indenture"), between the City and the Trustee, for the purpose of refunding all or a portion of the Bonds. For certain information concerning the City and the Series 2026 Bonds, see the Preliminary Official Statement dated as of the date hereof and attached hereto as APPENDIX A (the ***"Preliminary Official Statement"***). The Tender Offer has been authorized by the Resolution.

The sources of funds to purchase the Bonds validly tendered and accepted for purchase pursuant to this Tender Offer will be proceeds of the Series 2026 Bonds and other available funds of the City. The Series 2026 Bonds may issued to provide funds to purchase Bonds pursuant to this Tender Offer, and thereby to provide savings to the City. If issued, the Series 2026 Bonds will be dated the Settlement Date and be issued in the manner, on the terms and with the security therefor all as set forth in the Preliminary Official

Statement. See **"Sources of Funds to Pay Purchase Price and Accrued Interest on Bonds Purchased"** herein.

Notwithstanding any other provision of this Tender Offer, the City has no obligation to accept for purchase any tendered Bonds or issue the Series 2026 Bonds. The City's obligation to pay for Bonds accepted pursuant to this Tender Offer is subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date: (a) the successful completion by the City of the issuance of the Series 2026 Bonds (the "*Proposed Financing*"), the proceeds of which would need to be sufficient, together with other legally available funds, to (i) fund the purchase of all Bonds validly tendered and accepted for purchase pursuant to this Tender Offer and (ii) pay all fees and expenses associated with the issuance of the Series 2026 Bonds and this Tender Offer; (b) the City obtaining satisfactory and sufficient economic benefit as a result of the consummation of this Tender Offer when taken together with the Proposed Financing (collectively, the "*Financing Conditions*"), all on the terms and conditions that are in the City's best interest in its sole discretion; and (c) the other conditions set forth in "TERMS OF THE TENDER OFFER—Conditions to Purchase" herein. The City reserves the right, subject to applicable law, to amend or waive any of the conditions to this Tender Offer, in whole or in part, at any time prior to the Expiration Date (as defined herein), in its sole discretion. This Tender Offer may be withdrawn by the City at any time prior to the Expiration Date.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER THEIR BONDS FOR PURCHASE, BONDHOLDERS MUST READ THIS TENDER OFFER AND ALL APPENDICES TO THIS TENDER OFFER.

None of the City, the Dealer Manager or the Information Agent and Tender Agent (as defined herein) makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder's Bonds for purchase. Bondholders must make their own decisions and should read this Tender Offer carefully and consult with their broker account executive, financial advisor, attorney and/or other appropriate professional in making these decisions.

Subject to the terms and conditions of this Tender Offer, the City may purchase Bonds tendered for purchase, provided that such Bonds have been validly tendered by 5:00 p.m., New York City time, on November 19, 2026 (as extended from time to time in accordance with this Tender Offer, the **"*Expiration Date*"**) and accepted by the City on or before 5:00 p.m., New York City time, on December 4, 2026 (as extended from time to time in accordance with this Tender Offer, the **"*Acceptance Date*"**), assuming all conditions to this Tender Offer have then been satisfied or waived by the City on or prior to December 16, 2026 (such date being the **"*Settlement Date*"**). Subject to the conditions set forth herein, Bondholders whose Bonds are tendered and accepted for purchase in accordance with the provisions of this Tender Offer will receive payment of the Purchase Price (hereinafter defined) of, plus Accrued Interest on, such Bonds on the Settlement Date.

In the event tendered Bonds are not accepted for purchase by the City, or all conditions to this Tender Offer are not satisfied or waived by the City on or prior to the Settlement Date, any Bonds tendered pursuant to this Tender Offer shall be returned to the Holder and remain Outstanding under the Indenture.

HOLDERS OF BONDS WHO DO NOT TENDER THEIR BONDS, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE THAT THE CITY IN ITS DISCRETION DOES NOT ACCEPT, IN WHOLE OR PART, FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (THE "UNTENDERED BONDS") AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE INDENTURE. THE CITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS THROUGH THE

ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS. See **"INTRODUCTION—Bonds Not Tendered for Purchase"** and **"ADDITIONAL CONSIDERATIONS"** herein.

Consideration for the Tender Offer

On or about November 12, 2026, the City will publish the Pricing Notice in the form attached hereto as APPENDIX B, which Pricing Notice will set forth either a confirmation of the indicative fixed spreads shown on page (i) of this Tender Offer or amendment to the fixed spreads (the ***"Fixed Spreads"***) for each CUSIP for the Bonds tendered and accepted for purchase pursuant to this Tender Offer.

The Fixed Spreads will represent the yield, expressed as an interest rate percentage above the yield on the indicated benchmark U.S. Treasury Securities (set forth on page (i) of this Tender Offer) (***"Benchmark Treasury Securities"***) to be used in establishing the Purchase Price for the Bonds. The Fixed Spreads will be added to the yield on a Benchmark Treasury Security for each CUSIP. The yields on the Benchmark Treasury Securities (the ***"Treasury Security Yields"***) will be based on the bid-side price of the U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages at 10:00 a.m. on December 2, 2026. The Fixed Spreads will be added to the Treasury Security Yields to arrive at a yield (the ***"Purchase Yield"***).

The Purchase Yield will be used to calculate the Purchase Price (hereinafter defined). The Purchase Price will be calculated using the market standard bond pricing formula as of the Settlement Date using the Purchase Yield and the maturity date of the Bond.

The City will publish a Notice of Purchase Prices on December 2, 2026.

The Notice of Purchase Prices and the Pricing Notice will be made available: (i) by posting on the EMMA Website, using the CUSIP numbers for the Bonds listed in the table under ***"BONDS SUBJECT TO THE TENDER OFFER"***; (ii) to DTC and to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Information Agent at www.globic.com/rapidcity.

Sources of Funds to Pay Purchase Price and Accrued Interest on Bonds Purchased

The sources of funds to purchase the Bonds validly tendered and accepted for purchase pursuant to this Tender Offer will be proceeds of the Series 2026 Bonds and other available funds of the City. **THE PURCHASE OF ANY BONDS TENDERED AND ACCEPTED FOR PURCHASE PURSUANT TO THIS TENDER OFFER IS CONTINGENT ON THE ISSUANCE BY THE CITY OF THE SERIES 2026 BONDS.** The Series 2026 Bonds are described in the Preliminary Official Statement, attached hereto as APPENDIX A.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the City, the Dealer Manager, or the Information Agent and the Tender Agent in connection with this Tender Offer. However, Bondholders should check with their broker, bank, account executive or other financial institution which maintains the account in which their Bonds are held (their ***"Financial Representative"***) to determine whether it will charge any commissions or fees.

Bonds Not Tendered for Purchase

Any Bonds that are not tendered for purchase, or that are tendered and are not accepted by the City, in response to this Tender Offer will continue to be outstanding, and payable and secured, pursuant to the terms of the Resolution and the Indenture. THE CITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF SUCH UNTENDERED BONDS THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS.

The purchase of the Bonds by the City of any CUSIP number may have certain potential adverse effects on holders of Bonds not purchased pursuant to the Tender Offer, including that the principal amount of the Bonds of such CUSIP number available to trade publicly will be reduced, which could adversely affect the liquidity and market value of any Bonds of that CUSIP number that remain outstanding.

If less than all of the Bonds of a CUSIP number for which sinking fund installments have been established are purchased by the City pursuant to this Tender Offer, the average life of the remaining untendered bonds of that CUSIP number may change.

Dealer Manager, Information Agent and Tender Agent

D.A. Davidson & Co. and Colliers Securities LLC are, collectively, the Dealer Manager for this Tender Offer. Investors with questions about this Tender Offer should contact the Dealer Manager or Globic Advisors Inc., which serves as Information Agent and Tender Agent (the ***"Information Agent"*** or the ***"Tender Agent"***) for this Tender Offer, at the addresses and telephone numbers set forth on the page preceding the Appendices appended to this Tender Offer. See **"DEALER MANAGER"** and **"INFORMATION AGENT AND TENDER AGENT"** herein.

TERMS OF THE TENDER OFFER

Expiration Date

This Tender Offer will expire on the Expiration Date, unless earlier terminated or extended, as described in this Tender Offer. In the sole discretion of the City, Bonds tendered after 5:00 p.m., New York City time, on the Expiration Date and prior to the acceptance of tenders by the City as described below under the heading **"—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results"** may be accepted by the City (in its sole discretion) for purchase. See **"TERMS OF THE TENDER OFFER—Extension, Termination and Amendment of the Tender Offer; Changes to Terms"** below for a discussion of the City's ability to extend the Expiration Date and to terminate or amend this Tender Offer.

Offers Only Through the City's ATOP Account

The Bonds are held in book-entry-only form through the facilities of The Depository Trust Company (***"DTC"***). The City, through the Information Agent and Tender Agent, will establish an Automated Tender Offer Program (***"ATOP"***) account at DTC for the Bonds to which this Tender Offer relates promptly after the date of this Tender Offer. Bondholders who wish to tender Bonds pursuant to this Tender Offer may do so through the ATOP account.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE

NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER.

Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the City's ATOP account relating to this Tender Offer and the applicable series, maturity and CUSIP number in accordance with DTC's procedures for such transfer. Bondholders who are not DTC participants can only tender Bonds pursuant to this Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Bonds through the City's ATOP account. To ensure a Bondholder's Bonds are tendered to the City's ATOP account by 5:00 p.m., New York City time, on the Expiration Date, the Bondholder must provide instructions to the Bondholder's Financial Representative in sufficient time for the Financial Representative to tender the Bonds to the City's ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Bonds to the City's ATOP account by 5:00 p.m., New York City time, on the Expiration Date. See **"—Tender of Bonds by Financial Institutions; City's ATOP Account."**

THE CITY, THE DEALER MANAGER, AND THE INFORMATION AGENT AND TENDER AGENT ARE NOT RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED BONDS TO THE CITY'S ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED BONDS.

Information to Bondholders

The City may give information about this Tender Offer to the market and Bondholders by posting on the EMMA Website. Additionally, the City may give information about this Tender Offer to the Information Agent (collectively referred to herein, together with the EMMA Website, as the "*Information Services.*"). The Information Agent will deliver information provided to it by the City through its website, www.globic.com/rapidcity. Posting by the City of information on the EMMA Website will be deemed to constitute delivery of this information to each Bondholder.

The City, the Dealer Manager, and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the City to the Information Services may receive such information from the Dealer Manager or the Information Agent and Tender Agent by contacting them using the contact information on the page preceding the Appendices appended to this Tender Offer.

Any updates to this Tender Offer, including, without limitation any supplements to the Preliminary Official Statement, will be distributed through the EMMA Website and will additionally be made available to the Information Agent. The final Official Statement with respect to the Series 2026 Bonds (which will set forth the maturities, principal amounts and interest rates on the Series 2026 Bonds) will be posted to the EMMA Website subsequent to the Acceptance Date and prior to the Settlement Date.

The Pricing Notice will be made available by the City on or about November 12, 2026: (i) at the EMMA Website, using the CUSIP numbers for the Bonds listed on pages (i) and (ii) in this Offer; (ii) to DTC and to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Information Agent at https://www.globic.com/rapidcity.

Minimum Denominations and Consideration

A Bondholder may tender Bonds for purchase of a particular CUSIP number that it owns in an amount of its choosing, but only in a principal amount equal to the minimum denomination of $5,000 (the **"*Minimum Authorized Denomination*"**) or any multiple of $5,000 in excess thereof.

The Pricing Notice will be made available by the City on or about November 12, 2026: (i) at the EMMA Website, using the CUSIP numbers for the Bonds listed on page (i) in this Tender Offer; (ii) to DTC and to the DTC participants holding the Bonds (as shown in a securities position report obtained by the Information Agent and Tender Agent); and (iii) by posting electronically on the website of the Information Agent at www.globic.com/rapidcity.

Tender Consideration. The indicative purchase price for the Bonds with each particular CUSIP tendered pursuant to this Tender Offer will be calculated using the market standard bond pricing formula as of the Settlement Date based on the Purchase Yield and the maturity date of the Bond (the **"*Purchase Price*"**).

The proceeds of the Series 2026 Bonds, together with other legally available funds, will be used to pay the Purchase Price of, and Accrued Interest on, Bonds tendered by any Bondholder and purchased by the City. The Series 2026 Bonds are described in the Preliminary Official Statement, attached hereto as APPENDIX A.

Accrued Interest

The Purchase Price of the Bonds tendered and accepted for purchase will not include Accrued Interest. In addition to the Purchase Price of the Bonds accepted for purchase by the City, Accrued Interest on such Bonds will be paid by, or on behalf of, the City to the tendering Bondholders on, but not including, the Settlement Date.

Provisions Applicable to All Tenders

Need for Advice. A Bondholder should ask its Financial Representative or financial advisor for help in determining: (a) whether to tender Bonds of a particular CUSIP number for purchase, and (b) the principal amount of Bonds of such CUSIP number to be tendered. A Bondholder also should inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting tenders if the City purchases the Bondholder's tendered Bonds. The City, the Dealer Manager, and the Information Agent and Tender Agent will not charge any Bondholder for tendering Bonds.

Need for Specificity of Tender. A tender cannot exceed the par amount of Bonds owned by the Bondholder and must include the following information: (1) the CUSIP number(s) of the Bond(s) being tendered, and (2) the principal amount of each CUSIP number being tendered (such principal amount must be stated in integral multiples of $5,000 and if not so stated, for tenders of less than all of the holder's position in the Bonds, such principal amount will be reduced to the greatest integral multiple of $5,000). Any Bondholder located outside of the United States should check with their broker to determine if there are any additional minimal increments, alternative settlement timing or other limitations.

"All or none" offers are not permitted. A Bondholder also cannot condition its offer for any single CUSIP on the acceptance of its offer for a separate CUSIP.

Bonds may be tendered for payment only in principal amounts equal to the Minimum Authorized Denomination and multiples of $5,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER. See **"—Tender of Bonds by Financial Institutions; City's ATOP Account"** herein.

General. A Bondholder may only tender Bonds it owns or controls. By tendering Bonds pursuant to this Tender Offer, a Bondholder will be deemed to have represented and agreed with the City as set forth below under **"—Representations by Tendering Bondholders to the City."** All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by the City to the Information Services can review the EMMA Website or otherwise must make appropriate arrangements with their Financial Representatives, or the Information Agent and Tender Agent.

Representations by Tendering Bondholders to the City

By tendering Bonds for purchase, each tendering Bondholder will be deemed to have represented to and agreed with the City that:

(a) the Bondholder has received this Tender Offer, including the Preliminary Official Statement, and has had the opportunity to review this Tender Offer, including the Preliminary Official Statement, in its entirety, prior to making its decision to tender Bonds, and agrees if the purchase of any tendered Bonds is consummated, the purchase of such Bonds shall be on the terms and conditions set forth in this Tender Offer;

(b) the Bondholder has had the opportunity to review the information incorporated by reference herein prior to making its decision to tender such Target Bonds for purchase;

(c) the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Bonds; and on the Settlement Date, the City will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, upon payment to the Bondholder of the Purchase Price plus, Accrued Interest;

(d) the Bondholder has made its own independent decision to tender its Bonds for purchase pursuant to this Tender Offer, and as to the terms thereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors with whom the Bondholder has determined to consult;

(e) the Bondholder is not relying on any communication from the City, the Dealer Manager or the Information Agent and Tender Agent as investment advice or as a recommendation to tender the Bondholder's Bonds at the Purchase Price, it being understood that the information from the City, the Dealer Manager and the Information Agent and Tender Agent related to the terms and conditions of this Tender Offer shall not be considered investment advice or a recommendation to tender Bonds; and

(f) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree and accept, the terms and conditions of this Tender Offer.

Tender of Bonds by Financial Institutions; City's ATOP Account

The City, through the Information Agent and Tender Agent, will establish the City's ATOP account at DTC for the CUSIP numbers to which this Tender Offer relates promptly after the date of this Tender Offer. Tenders of Bonds pursuant to this Tender Offer may only be made by transfer to the City's ATOP account as an offer to sell Bonds for cash. Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the City's ATOP account corresponding to the CUSIP number in accordance with DTC's procedures.

Concurrently with the delivery of Bonds through book-entry transfer into the City's ATOP account, an Agent's Message (as described below) in connection with such book-entry transfer must be transmitted to and received at the City's ATOP account by not later than 5:00 p.m., New York City time, on the Expiration Date; provided, however, a tender of Bonds related to an Agent's Message transmitted to the City's ATOP account after such time may be accepted by the City for purchase if the City, in its sole discretion, waives the defect in the timing of the delivery of such message. The confirmation of a book-entry transfer to the City's ATOP account as described above is referred to herein as a ***"Book-Entry Confirmation."*** The term ***"Agent's Message"*** means a message transmitted by DTC to, and received by, the Information Agent and Tender Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Bonds that have been tendered by such DTC participant pursuant to this Tender Offer, and to the effect that such participant agrees to be bound by the terms of this Tender Offer. By causing DTC to transfer Bonds into the City's ATOP account, a financial institution warrants to the City that it has full authority and has received from the Bondholder(s) of such Bonds all direction necessary, to tender and sell such Bonds as set forth in this Tender Offer.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE CITY'S ATOP ACCOUNT. THE CITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNT. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER.

Bondholders who are not DTC participants can only tender Bonds pursuant to this Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Bonds through the City's ATOP account. To ensure a Bondholder's Bonds are tendered to the City's ATOP account by 5:00 p.m., New York City time, on the Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Bonds to the City's ATOP account by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Bonds to the City's ATOP account by 5:00 p.m., New York City time, on the Expiration Date.

THE CITY, THE DEALER MANAGER, AND THE INFORMATION AGENT AND TENDER AGENT ARE NOT RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED BONDS TO THE CITY'S ATOP ACCOUNT OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED BONDS.

Determinations as to Form and Validity of Tender Offer; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the City's ATOP account), form, eligibility and acceptance of any Bonds tendered for purchase pursuant to this Tender Offer will be determined by the City in its sole discretion and such determinations will be final, conclusive and binding.

The City reserves the right to waive any irregularities or defects in any tender. The City, the Dealer Manager, and the Information Agent and Tender Agent are not obligated to give notice of any defects or irregularities in tenders and they will have no liability for failing to give such notice.

The City reserves the absolute right to reject any and all offers, whether or not they comply with the terms of this Tender Offer.

Amendment or Withdrawals of Tenders Prior to an Expiration Date

A Bondholder may amend its offer to tender for purchase in respect of the amount being tendered by causing an amended offer to be received at the City's ATOP account at or before 5:00 p.m. on the Expiration Date.

An offer to tender for purchase may be withdrawn by a Bondholder by causing a withdrawal notice to be received at the City's ATOP Account at or before 5:00 p.m. on the Expiration Date.

An amended offer or a notice of withdrawal must be submitted in substantially the same manner as an offer.

Bondholders who have tendered for purchase their Bonds will not receive any information from the City, the Dealer Manager or the Information Agent and Tender Agent concerning offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their offers after 5:00 p.m. on the Expiration Date. An amended or withdrawn offer must specify the applicable CUSIP number, and with respect to amended offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the City in its sole discretion and will be final, conclusive and binding.

ALL TENDERS OF BONDS SHALL BE IRREVOCABLE AT 5:00 P.M. ON THE EXPIRATION DATE.

Acceptance of Tenders for Purchase

The City shall be under no obligation to accept any Bonds tendered for purchase pursuant to this Tender Offer.

Among Bonds tendered for purchase, the City in its sole discretion will select the aggregate amount of tendered Bonds to purchase for each CUSIP, based on its determination of the economic benefit from such purchase and the foregoing tax-exempt considerations for the Series 2026 Bonds.

Should the City determine to purchase some but not all of the Bonds of a particular CUSIP, the City will accept those tendered Bonds on a pro rata basis reflecting the ratio of (a) the principal amount, if any, the City determines to purchase, where applicable (b) the aggregate principal amount of valid offers to sell received. In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of $5,000, the principal amount of such offer

will be rounded down to the nearest multiple of $5,000. If as a result of such adjustment, the amount of a holder's accepted Bonds would be less than the minimum authorized denomination of $5,000, the City will reject such holder's tender instruction in whole. The City will determine the proration factor that permits it to accept the amount of Bonds it has determined to purchase.

As of the Acceptance Date, upon the terms and subject to the conditions of this Tender Offer, the City may elect to accept for purchase outstanding Bonds validly tendered pursuant to this Tender Offer (or defectively tendered, if such defect has been waived by the City), with the purchase subject to the satisfaction or waiver by the City of the conditions to the purchase of tendered Bonds. See **"—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results"** and **"—Conditions to Purchase."**

The City will have no obligation to accept tendered Bonds for purchase. The City will determine in its sole discretion which tendered Bonds, if any, it will purchase, and therefore has the right to purchase none, some or all of the Bonds offered, notwithstanding any other statements herein about the City's current intentions for the amount of Bonds to be purchased. Bonds that will be purchased will be indicated by CUSIP. The City reserves the right to, and may decide to, refund, (on an advance or current basis), some or all of the Untendered Bonds or the Bonds not purchased pursuant to this Tender Offer through the issuance of publicly-offered or privately-placed taxable or tax-exempt obligations. See also **"—Bonds not Tendered for Purchase"** and **"ADDITIONAL CONSIDERATIONS"** for certain potential impacts on any untendered Bonds.

Notwithstanding any other provision of this Tender Offer, the consummation of this Tender Offer and the City's obligation to pay for Bonds accepted for purchase pursuant to this Tender Offer is subject to the satisfaction of or waiver of the Financing Conditions (see "INTRODUCTION—General" herein) and the other conditions set forth in "—Conditions to Purchase" herein. The City reserves the right, subject to applicable law, to amend or waive any of the conditions to this Tender Offer, in whole or in part, at any time prior to the Expiration Date or from time to time, in its sole discretion. This Tender Offer may be withdrawn by the City at any time prior to the Expiration Date.

Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results

Acceptance by the City of Bonds tendered for purchase will constitute an irrevocable agreement between the tendering Bondholder and the City to sell and purchase such Bonds, subject to the satisfaction of certain conditions to the City's obligation to purchase tendered Bonds and the other terms of this Tender Offer. See **"Minimum Denominations and Consideration"** herein and **"—Conditions to Purchase"** herein.

The acceptance of Bonds tendered for purchase is expected to be made by notification to the Information Services no later than 5:00 p.m., New York City time, on the Acceptance Date. This notification will state the principal amount of the Bonds of each CUSIP number that the City has agreed to accept for tender for purchase in accordance with this Tender Offer, which may be zero for a particular CUSIP number.

Settlement Date

Subject to satisfaction of all conditions to the City's obligation to purchase Bonds tendered and accepted for purchase, as described herein, including, without limitation, the Financing Conditions, the Settlement Date is the day on which such Bonds will be purchased at the applicable Purchase Price, together with Accrued Interest thereon. The Settlement Date will occur following the Acceptance Date, subject to all conditions to this Tender Offer having been satisfied or waived by the City. The expected Settlement Date is December 16, 2026, unless extended by the City, assuming all conditions to this Tender Offer have

been satisfied or waived by the City. Bondholders whose Bonds are purchased on the Settlement Date will receive Accrued Interest up to but not including the Settlement Date.

The City may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See **"—Conditions to Purchase."**

Subject to satisfaction of all conditions to the City's obligation to purchase Bonds tendered and accepted for purchase pursuant to this Tender Offer, as described herein, payment by the City, or on the City's behalf, will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Price and Accrued Interest. The City expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Price (plus Accrued Interest) in immediately available funds to each of its participant financial institutions holding the Bonds accepted for purchase on behalf of Bondholders for delivery to the Bondholders. **The City, the Dealer Manager, and the Information Agent and Tender Agent have no responsibility or liability for the distribution of the Purchase Price plus Accrued Interest by DTC to the Bondholders.**

Purchase and Accrued Interest Funds

The sources of funds to purchase the Bonds validly tendered and accepted for purchase pursuant to this Tender Offer will be proceeds of the Series 2026 Bonds and other available funds of the City. The purchase of any Bonds tendered pursuant to this Tender Offer is contingent on the issuance by the City of the Series 2026 Bonds, as well as certain other conditions which must be satisfied or waived on or prior to the Settlement Date. See **"INTRODUCTION—General"** and **"—Conditions to Purchase"** herein for more information on the conditions precedent to this Tender Offer.

Conditions to Purchase

In addition to the Financing Conditions (see **"INTRODUCTION—General"** herein), if after the Acceptance Date, but prior to payment for the Bonds by the City on the Settlement Date, any of the following events should occur, the City will have the absolute right to cancel its obligations to purchase Bonds without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the City reasonably believes may, directly or indirectly, have an adverse impact on this Tender Offer or the expected benefits of this Tender Offer to the City or the Bondholders;

- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange or a limitation of prices on the New York Stock Exchange exists and the City reasonably believes this fact makes it inadvisable to proceed with the purchase of Bonds;

- A downgrade in the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations shall have occurred;

- There has been and there is continuing a material disruption to securities settlement or clearance services in the United States;

- A material change in the business or affairs of the City has occurred which the City reasonably believes makes it inadvisable to proceed with the purchase of Bonds;

- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the City reasonably believes makes it inadvisable to proceed with the purchase of Bonds;

- Legislation shall have been introduced in or enacted by the Congress of the United States, or shall have been favorably reported out of committee, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or proposed by the Treasury Department of the United States or the Internal Revenue Service, with respect to Federal Taxation upon revenues or other income of the general character to be derived by the City as described in the Preliminary Official Statement or upon interest received on obligations of the general character of the Series 2026 Bonds which in the City's reasonable judgment would change the tax status of the revenues of the City or the interest on the Series 2026 Bonds;

- A stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Series 2026 Bonds is in violation of any provisions of the Securities Act of 1933 or of the Trust Indenture Act of 1939;

- In the Congress of the United States legislation shall be enacted or a bill shall be favorably reported out of committee of either the House of Representatives or the Senate, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other agency of the Federal government having jurisdiction of the subject matter shall be made, to the effect that securities of the City, or of any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or the Trust Indenture Act of 1939; or

- The Series 2026 Bonds are not issued upon the terms described herein.

In addition, the Bond Purchase Agreement related to the Series 2026 Bonds includes a number of similar conditions of the Underwriters' (as defined herein) obligation to purchase the Series 2026 Bonds, including: if an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and requires an amendment of or supplement to the Official Statement and the effect of which, in the judgment of the Underwriters, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Series 2026 Bonds,

These conditions (together with the Financing Conditions, the ***"Conditions to Purchase"***) are for the sole benefit of the City and may be asserted by the City, prior to the time of payment of the Bonds it has agreed to purchase, regardless of the circumstances giving rise to any of these conditions or may be waived by the City in whole or in part at any time and from time to time in its discretion, and may be exercised independently for each CUSIP. The failure by the City at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the City which may be asserted at any time and from time to time prior to the time of payment of the Bonds it has agreed to purchase. Any determination by the City concerning the events described in this section will be final and binding upon all parties.

Any tendered Bonds not purchased as a result of a failure to satisfy the Conditions to Purchase may now or in the future be refunded by the City, and at any time in the future Bondholders may be invited to tender such tendered Bonds by the City in the sole discretion of the City.

HOLDERS OF BONDS WHO DO NOT TENDER THEIR BONDS, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE THAT THE CITY IN ITS DISCRETION DOES NOT ACCEPT, IN WHOLE OR PART, FOR PURCHASE, WILL CONTINUE TO HOLD SUCH UNTENDERED BONDS, WHICH WILL REMAIN OUTSTANDING UNDER THE INDENTURE. THE CITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS. See **"INTRODUCTION—Bonds Not Tendered for Purchase"** and **"ADDITIONAL CONSIDERATIONS"** herein.

Extension, Termination and Amendment of the Tender Offer; Changes to Terms

Through and including the Expiration Date, the City has the right to extend this Tender Offer, as to any or all of the Bonds, to any date in its sole discretion, provided that a notice of any extension of the Expiration Date is given to the Information Services, including by posting such notice to the EMMA Website on or about 11:00 a.m., New York City time, on the first business day after the Expiration Date.

The City also has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading **"—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,"** to terminate this Tender Offer at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The City also has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading **"—Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,"** to amend or waive the terms of this Tender Offer in any respect and at any time by giving notice to the Information Services. This amendment or waiver will be effective at the time specified in such notice.

If the City extends this Tender Offer, or amends the terms of this Tender Offer (including a waiver of any term) in any material respect, including, without limitation, a change in any Purchase Price of the Bonds pursuant to this Tender Offer, the City shall provide notice thereof at such time (notice of which shall not be less than five (5) business days prior to the Expiration Date, as it may be extended) and in such manner to allow reasonable time for dissemination to Bondholders and for Bondholders to respond. **In such event, any offers submitted with respect to the affected Bonds prior to such change in the Purchase Price for such Bonds pursuant to this Tender Offer will remain in full force and effect and any Bondholder of such affected Bonds wishing to revoke their offer to tender such Bonds must affirmatively withdraw such offer prior to the Expiration Date**.

No extension, termination or amendment of this Tender Offer (or waiver of any terms of this Tender Offer) will change the City's right to decline to purchase any Bonds without liability. See **"—Conditions to Purchase."**

The City, the Dealer Manager and the Information Agent and Tender Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Certain information relating to the Bonds and the City may be obtained by contacting the Dealer Manager or Information Agent and Tender Agent at the contact information set forth on the page preceding the Appendices appended to this Tender Offer. Such information is limited to (i) this Tender Offer, including the information set forth in the Preliminary Official Statement which is attached hereto as APPENDIX A, and (ii) information about the City available through the EMMA Website.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Tender Offer.

ADDITIONAL CONSIDERATIONS

None of the City, the Dealer Manager or the Information Agent and Tender Agent makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of the Bonds. Each Bondholder must make its decision and should read this Tender Offer and the Preliminary Official Statement and consult with its broker, account executive, financial advisor and/or other financial professional in making such decision.

In deciding whether to participate in this Tender Offer, each Bondholder should consider carefully, in addition to the other information contained in this Tender Offer, the following:

- In the event that the Series 2026 Bonds are not issued and sold at such prices that would yield the necessary economic benefit described herein, tendered Bonds accepted for purchase are not required to be purchased by the City and in such event, Bondholders will continue to hold their respective tendered Bonds.

- The City may, but is not obligated, to defease certain of the Bonds, which are identified in the table on page (i) in the future to the extent the City does not purchase such Bonds pursuant to this Tender Offer.

- The City in its sole discretion will select which, if any, Bonds of a particular CUSIP to purchase based on its determination of the economic benefit from such purchase.

- Even if the City does not purchase any tendered Bonds, the City shall have the right now or in the future to defease or refund all or any portion of the tendered Bonds (other than any Bonds defeased as described above) or may in the future invite Bondholders to tender such tendered Bonds for purchase by the City.

- The purchase or redemption by the City of Bonds of any CUSIP number may have certain potential adverse effects on holders of Bonds with such CUSIP not purchased pursuant to this Tender Offer, including, but not limited to, the principal amount of the Bonds of such CUSIP number available to trade publicly may be reduced, which could adversely affect the liquidity and market value of any untendered Bonds of that CUSIP number that remain outstanding.

The City May Later Acquire Bonds at More Favorable Prices with More Favorable Terms Than Those Offered Pursuant to this Tender Offer

The City reserves the right to, and may in the future decide to, acquire some or all of the Bonds not purchased pursuant to this Tender Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration set forth in this Tender Offer and the Pricing Notice, and which could be cash or other consideration. Any future acquisition of Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms described in this Tender Offer and the Pricing Notice. The decision to make future purchases or exchanges by the City and the terms of such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the City will ultimately choose to pursue in the future.

Timeliness of Offers

This Tender Offer will expire at 5:00 p.m., New York City time, on the Expiration Date (currently scheduled for November 19, 2026), unless extended or terminated. Bonds tendered for purchase as described in this Tender Offer after 5:00 p.m., New York City time, on the Expiration Date will not be accepted for tender, except in the City's sole discretion.

Acceptance Date

The City will accept tenders of Bonds, if at all, on or before 5:00 p.m., New York City time, on December 4, 2026, unless extended as set forth in this Tender Offer (the ***"Acceptance Date"***). Notification of acceptance of Bonds tendered pursuant to this Tender Offer will be given on or before 5:00 p.m., New York City time on the Acceptance Date, unless an Expiration Date is extended or a Tender Offer is terminated. See **"TERMS OF THE TENDER OFFER—Acceptance of Tenders for Purchase"** herein.

Priority of Allocations of Series 2026 Bonds

The City has instructed D.A. Davidson & Co. and Colliers Securities LLC, as the underwriters (the ***"Underwriters"***) for the Series 2026 Bonds, that any holder of the Bonds (including the Underwriters or any related account of the Underwriters) who tenders Bonds pursuant to this Tender Offer and who submits an order to purchase any Series 2026 Bonds to give priority, subject to certain limitations, to such order of the Series 2026 Bonds, up to the principal amount of the Bonds that such bondholder tenders and the City accepts, over other orders for the Series 2026 Bonds. The City retains the discretion to alter its instructions.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax considerations relating to the sale of Target Bonds for cash pursuant to the Tender Offer. This summary is based on the U.S. Internal Revenue Code of 1986 (the "***Code***") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "***IRS***"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Bondholders should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds and the Tender Offer based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the ownership and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences. This summary is limited to consequences to U.S. Holders (as defined below) that hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of Bonds that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust, if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

Tendering Holders

A Bondholder that sells Bonds for cash pursuant to the Tender Offer generally will recognize gain or loss in an amount equal to the difference between (i) the cash received less amounts attributable to any accrued but unpaid stated interest (which will be taxed as ordinary interest income) and (ii) the Bondholder's adjusted tax basis in the Bond. A Bondholder's adjusted tax basis in a Bond generally will be equal to the amount that the Bondholder paid for the Bond, increased by any market discount with respect to the Bond previously included in the Bondholder's gross income and accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount, any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bondholder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

In the case of a Bondholder that acquired Bonds at a market discount, any gain recognized upon the sale of the Bonds generally will be taxable as ordinary income to the extent of the market discount not previously included in income.

Payments of the proceeds from the sale of the Bonds, including payments of Accrued Interest, may be required to be reported to the IRS under applicable Treasury Regulations. Backup withholding will apply to these payments if the Bondholder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the Bondholder's U.S. federal income tax liability, provided that the required information is timely

furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

Non-Tendering Holders

A Bondholder that does not sell Bonds pursuant to the Tender Offer will not recognize any gain or loss as a result of the Tender Offer, and will retain the same adjusted tax basis, holding period, and accrued market discount, if any, in its Bonds.

DEALER MANAGER

Pursuant to the terms of that certain Dealer Manager Agreement between the City and the Dealer Manager, the City has retained D.A. Davidson & Co. (***"D.A. Davidson"***) and Colliers Securities, LLC ("***Colliers***") to act on its behalf, jointly, as Dealer Manager for this Tender Offer. The City has agreed to pay the Dealer Manager a fee for its services and to reimburse the Dealer Manager for a portion of its reasonable out-of-pocket costs and expenses relating to this Tender Offer. References in this Tender Offer to the Dealer Manager are to D.A. Davidson and Colliers only in each of its respective capacity as the Dealer Manager. The compensation of the Dealer Manager is based, and is contingent upon the closing of and expected to be paid with proceeds of the Series 2026 Bonds in their capacity as underwriters for the Series 2026 Bonds.

The Dealer Manager may contact Bondholders regarding this Tender Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Tender Offer to beneficial owners of the Bonds.

The Dealer Manager and its affiliates together comprise full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the City, including the Bonds.

In addition to its role as Dealer Manager for the Bonds, D.A. Davidson and Colliers are also serving as the underwriters for the Series 2026 Bonds, as described in the Preliminary Official Statement.

The Dealer Manager is not acting as a municipal advisor, financial advisor or fiduciary to the City in connection with this Tender Offer.

INFORMATION AGENT AND TENDER AGENT

The Dealer Manager, on behalf of the City, has retained Globic Advisors Inc. to serve as Information Agent and Tender Agent for this Tender Offer. The City has agreed to pay the Information Agent and Tender Agent customary fees for its services and to reimburse the Information Agent and Tender Agent for its reasonable out-of-pocket costs and expenses relating to this Tender Offer.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters and the issuance of the Series 2026 Bonds will be passed upon by Dorsey & Whitney LLP as Bond Counsel to the City. A copy of the form of opinion of Bond Counsel which will be delivered with the Series 2026 Bonds is set forth in Appendix A of the Preliminary Official Statement attached hereto as APPENDIX A.

MISCELLANEOUS

No one has been authorized by the City, the Dealer Manager or the Information Agent and Tender Agent to recommend to any Bondholder whether to tender Bonds pursuant to this Tender Offer or the amount of Bonds to tender. No one has been authorized to give any information or to make any representation in connection with this Tender Offer other than those contained in this Tender Offer. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the City, the Dealer Manager or the Information Agent and Tender Agent.

None of the City, the Dealer Manager, or the Information Agent and the Tender Agent makes any recommendation that any Bondholder tender or refrain from tendering or exchanging all or any portion of the principal amount of such Bondholder's Bonds. Bondholders must make their own decisions and should read this Tender Offer carefully and consult with their broker, account executive, financial advisor, attorney and/or other professional in making these decisions.

Investors with questions about this Tender Offer should contact the Dealer Manager or the Information Agent and Tender Agent. The contact information for the Dealer Manager and the Information Agent and Tender Agent is as follows:

The Dealer Manager for this Tender Offer is:

D.A. Davidson & Co.

926 Inwood Ave. North
St. Paul, Minnesota 55128
Tel: (612) 499-3066
Attn: Paul Donna, Managing Director
Email: pdonna@dadco.com

Colliers Securities LLC

90 South Seventh Street, Suite 4300,
Minneapolis, Minnesota 55402-4114
Attention: Tom Grimmond, Managing Director
Tom.Grimmond@colliers.com

The Information Agent and Tender Agent for this Tender Offer is:

Globic Advisors Inc.
7777 Glades Road, Suite 100
Boca Raton, Florida 33434
Tel: (212) 227-9622
Attn: Robert Stevens
Email: rstevens@globic.com
Document Website: www.globic.com/rapidcity

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APPENDIX A

Preliminary Official Statement

[Attached]

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time of formal award by the issuer. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 5, 2026

REFUNDING ISSUE
NOT BANK QUALIFIED

RATING: Moody's (Applied For)
See "RATING" herein

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code. Such interest, however, may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the South Dakota income tax imposed on financial institutions. See "TAX CONSIDERATIONS" herein.

OFFICIAL STATEMENT

$21,210,000*
CITY OF RAPID CITY, SOUTH DAKOTA
SALES TAX REVENUE REFUNDING BONDS, SERIES 2026B

Dated: Date of Issuance **Due: December 1, as shown on the inside cover**

The Sales Tax Revenue Refunding Bonds, Series 2026B (the "Series 2026B Bonds") are being issued by the City of Rapid City, a political subdivision of the State of South Dakota (the "City"), pursuant to South Dakota Codified Laws, Chapter 10-52 and 6-8B and an Indenture of Trust, dated as of August 15, 2005 (the "Original Indenture"), as supplemented by a First Supplemental Indenture, dated as of February 1, 2013 (the "First Supplement"), a Second Supplemental Indenture, dated as of October 1, 2018 (the "Second Supplement"), a Third Supplemental Indenture, dated as of December 1, 2018 (the "Third Supplement"), a Fourth Supplemental Indenture, dated as of October 1, 2020 (the "Fourth Supplement"), a Fifth Supplemental Indenture, dated as of August 1, 2021 (the "Fifth Supplement"), a Sixth Supplemental Indenture, dated as of September, 1, 2026 (the "Sixth Supplement"), and a Seventh Supplemental Indenture, dated as of December 1, 2026 (the "Seventh Supplement"); the Original Indenture as amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, Sixth Supplement, and Seventh Supplement is referred to herein as the "Indenture"), between the City and U.S. Bank Trust Company, National Association, as successor to The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, as Trustee (the "Trustee").

The City, with the assistance of D.A. Davidson & Co. and Colliers Securities, collectively, as dealer manager (the "Dealer Manager"), has released an "Invitation to Tender Bonds made by the City of Rapid City, South Dakota" dated November 5, 2026 (the "Tender Offer"), inviting owners of all or a portion of certain maturities of the City's outstanding Series 2021 Bonds, as described herein (collectively, the "Invited Bonds") to tender such bonds for purchase by the City.

Proceeds of the Series 2026B Bonds will be used to (i) defray in part the cost of paying, discharging, and cancelling the Invited Bonds selected by the City (the "Tendered Bonds") in response to the Tender Offer (the "Tender") and (ii) pay costs and expenses in connection with the issuance of the Series 2026B Bonds and the Tender. See "PLAN OF FINANCE" herein.

The Series 2026B Bonds are issuable in fully registered form and will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2026B Bonds. Purchases of beneficial ownership interests in the Series 2026B Bonds will be made in book-entry form only, in principal amounts of $5,000 or whole multiples thereof. Beneficial owners of the Series 2026B Bonds will not receive bond certificates evidencing their ownership interests in the Series 2026B Bonds. So long as DTC or its nominee is the registered owner of the Series 2026B Bonds, payments of principal, redemption price and interest will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to beneficial owners is the responsibility of the DTC participants.

Principal of the Series 2026B Bonds will be payable annually on December 1, as shown on the inside front cover of this Official Statement. Interest on the Series 2026B Bonds is payable on each June 1 and December 1, commencing June 1, 2027* to the person in whose name the bond is registered at the close of business on the fifteenth day of the month preceding the month in which such interest payment date occurs (the "Record Date"). The Trustee will act as Registrar, Transfer Agent and Paying Agent. The Series 2026B Bonds will be subject to redemption prior to maturity as described herein. See "THE SERIES 2026B BONDS – Optional Redemption" and – Mandatory Sinking Fund Redemption."

THE SERIES 2026B BONDS ARE LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM THE COLLECTIONS OF CERTAIN SALES TAXES DESCRIBED HEREIN, WHICH HAVE BEEN IRREVOCABLY PLEDGED TO THE PAYMENT THEREOF. THE SERIES 2026B BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, THE STATE OF SOUTH DAKOTA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE.

The Series 2026B Bonds are offered, subject to prior sale, when, as and if accepted by the Underwriters named below and subject to an opinion as to validity by Dorsey & Whitney LLP, in Minneapolis, Minnesota, as Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Carla R. Cushman, Esq., City Attorney. It is expected that delivery of the Series 2026B Bonds in definitive form will be made on or about December 16, 2026,* against payment therefor. The Underwriters expect, but are not required, to engage in secondary market trading in the Series 2026B Bonds, subject to applicable securities laws. For information with respect to the Underwriters, see "UNDERWRITING," herein.

Colliers

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

The date of this Official Statement is [_____], 2026

*Preliminary, subject to change

MATURITY SCHEDULE

Serial Bonds

Maturity	Principal Amount	Interest Rate	Price	Yield	CUSIP®
12/01/2027	$ 730,000				
12/01/2028	715,000				
12/01/2029	755,000				
12/01/2030	790,000				
12/01/2031	830,000				
12/01/2032	870,000				
12/01/2033	915,000				
12/01/2034	965,000				
12/01/2035	1,010,000				
12/01/2036	1,055,000				
12/01/2037	1,115,000				
12/01/2038	1,165,000				
12/01/2039	1,225,000				
12/01/2040	1,285,000				
12/01/2041	1,350,000				
12/01/2042	1,425,000				
12/01/2043	1,495,000				
12/01/2044	1,575,000				
12/01/2045	1,655,000				
12/01/2046	285,000				

Term Bonds[+]

$[____] Term Bond at [____]% maturing December 1, 20[_];
Price [____]%; Yield: [____]%; CUSIP® [____]

® CUSIP is a registered trademark of the American Bankers Association. The CUSIP numbers are provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the City nor the Underwriters takes any responsibility for the accuracy of such CUSIP Numbers.

[+ See "THE SERIES 2026B BONDS – Mandatory Sinking Fund Redemption" herein.]

**$21,210,000*
SALES TAX REVENUE REFUNDING BONDS
SERIES 2026B**

City of Rapid City
300 Sixth Street
Rapid City, South Dakota 57701

Jason Salamun, Mayor

City Council

Josh Biberdorf	Councilmember
Stephen Tamang	Councilmember
Lindsey Seachris	Councilmember
Bill Evans	Councilmember
Kevin Maher	Councilmember
Greg Strommen	Councilmember
John B. Roberts	Councilmember
Lance Lehmann	Councilmember
Rod Pettigrew	Councilmember
Callie Meyer	Councilmember

City Attorney
Carla R. Cushman, Esq.
300 Sixth Street
Rapid City, South Dakota 57701

Finance Director
Daniel Ainslie
300 Sixth Street
Rapid City, South Dakota 57701

Trustee and Paying Agent
U.S. Bank Trust Company, National Association
111 Fillmore Avenue East
St. Paul, Minnesota 55107

Bond Counsel
Dorsey & Whitney LLP
50 South Sixth Street
Suite 1500
Minneapolis, Minnesota 55402

Underwriters
Colliers Securities
110 South Phillips, Suite 203
Sioux Falls, South Dakota 57104

D.A. Davidson & Co.
926 Inwood Avenue North
St. Paul, Minnesota 55128

* Preliminary, subject to change.

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2026B BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY, DTC AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT SINCE THE DATE HEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2026B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION OF THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

EACH UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT 1
THE PLAN OF FINANCE 2
ESTIMATED SOURCES AND USES OF FUNDS 4
THE SERIES 2026B BONDS 4
General 4
Optional Redemption 4
[Mandatory Sinking Fund Redemption 4
Registration, Exchange and Transfer 5
Replacement 5
SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2026B BONDS .5
The Indenture 5
Parity Bonds 5
Parity Obligations 6
Additional Bonds and Additional Parity Obligations 6
Subordinate Lien Obligations 7
THE PLEDGED SALES TAXES 7
City Sales Taxes 7
State Sales Tax 8
State Use Tax 8
Effect of Judicial Ruling 9
Sales Tax Collection History 9
PLEDGED SALES TAXES PRO-FORMA COVERAGE TABLE 10
INVESTMENT CONSIDERATIONS/RISK FACTORS 11
Limited Obligations 11
Nature of Pro Forma Debt Service Coverage 11
Factors That May Affect Sufficiency of Pledged Sales Taxes 11
Ellsworth Air Force Base 11
Additional Bonds and Additional Parity Obligations 12
Legal Matters 12
No Reserve Fund 12
Secondary Market 12
Other Risk Factors 12
THE CITY 12
General 12
Fund Structure and Accounting Basis 13
Budget and Appropriation Process 14
Deposits and Investments 15
Employee Pensions 15
Annual Financial Reports 15
Sources of General Revenues 15
City Property Taxes and Values 16
Largest Taxpayers 18
Enterprise Funds 18
Bond Authorization 18
Debt Limit 19
Outstanding Obligations 20
Overlapping Debt Payable from Property Taxes 20
Recent Financing and Future Capital Improvement and Spending Plans 20
Demographics 21
Employment Statistics 21
Construction 21
Major Employers 22
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE 22
Bond Fund 22
Pledged Sales Taxes Covenants and Representations 23
Pledged Sales Taxes 24
Conditions to Issuance of Additional Bonds or Additional Parity Obligations 24
Defaults and Remedies 25
Modifications 26
FINANCIAL STATEMENTS 27
AVAILABILITY OF CONTINUING DISCLOSURE 27
RATING 28
UNDERWRITING 28
LITIGATION 28
TAX CONSIDERATIONS 28
APPROVAL OF LEGAL PROCEEDINGS 31
APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED DECEMBER 31, 2025 ..... A–1
APPENDIX B – FORM OF BOND COUNSEL OPINION B–1
APPENDIX C – BOOK-ENTRY ONLY SYSTEM C–1
APPENDIX D – CONTINUING DISCLOSURE AGREEMENT D-1

OFFICIAL STATEMENT

**$21,210,000*
CITY OF RAPID CITY, SOUTH DAKOTA
SALES TAX REVENUE REFUNDING BONDS, SERIES 2026B**

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page and appendices hereto, contains information regarding the $21,210,000* Sales Tax Revenue Refunding Bonds, Series 2026B (the "Series 2026B Bonds"), of the City of Rapid City, a political subdivision of the State of South Dakota (the "City"). The Series 2026B Bonds will be issued pursuant to an Indenture of Trust, dated as of August 15, 2005 (the "Original Indenture"), as supplemented by a First Supplemental Indenture, dated as of February 1, 2013 (the "First Supplement"), a Second Supplemental Indenture, dated as of October 1, 2018 (the "Second Supplement"), a Third Supplemental Indenture, dated as of December 1, 2018 (the "Third Supplement"), a Fourth Supplemental Indenture, dated as of October 1, 2020 (the "Fourth Supplement"), a Fifth Supplemental Indenture, dated as of August 1, 2021 (the "Fifth Supplement"), a Sixth Supplemental Indenture, dated as of September, 1, 2026 (the "Sixth Supplement"), and a Seventh Supplemental Indenture, dated as of December 1, 2026 (the "Seventh Supplement"); the Original Indenture as amended by the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement, Sixth Supplement, and Seventh Supplement is referred to herein as the "Indenture"), between the City and U.S. Bank Trust Company, National Association, as successor to The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, as Trustee (the "Trustee").

In connection with the issuance of the Series 2026B Bonds, the City, with the assistance of D.A. Davidson & Co. and Colliers Securities, collectively, as dealer manager (the "Dealer Manager"), has released an "Invitation to Tender Bonds made by the City of Rapid City, South Dakota" dated November 5, 2026 (the "Tender Offer"), inviting owners of all or a portion of certain maturities of the City's outstanding Series 2021 Bonds, as described herein (collectively, the "Invited Bonds") to tender such bonds for purchase by the City. Such Invited Bonds as selected by the City through the Tender Offer (the "Tendered Bonds") will be purchased and cancelled by the City on the date of issuance of the Series 2026B Bonds (the "Tender"). See "PLAN OF FINANCE" herein for more information.

Proceeds of the Series 2026B Bonds will be used to (i) defray in part the cost of paying, discharging, and cancelling the Tendered Bonds and (ii) pay costs and expenses in connection with the issuance of the Series 2026B Bonds and the Tender. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS" herein. Certain capitalized terms used but not defined herein have the meanings assigned to them in the Indenture.

Pursuant to Chapters 10-52 and 10-52A, South Dakota Codified Laws (the "Act") and Chapter 3.16 of the City's Municipal Code, as amended through Ordinance No. 6652 (said Chapter 3.16 as so amended, the "Ordinance"), the City has, in addition to certain other taxes, imposed a general local sales tax at the rate of 2.00% on the gross receipts (with certain exceptions) arising from certain sales and services within the City (the "Sales Tax"). The Ordinance requires that the total revenues derived from the 2.00% local sales tax be divided into two categories and applied to certain specified purposes as follows: (i) fifty percent (50%) of such revenues are to be available for the general governmental purposes of the City, and (ii) fifty percent (50%) of such revenues are to be deposited into and used for the purposes of the Rapid City Capital Improvements & Vision Fund (referred to herein as the "Fund"). See "PLEDGED SALES TAXES – City Sales Taxes" below.

The sales tax revenues referred to in clause (ii) above (the "Pledged Sales Taxes") have been pledged pursuant to the Indenture to secure the Series 2026B Bonds; the City's Sales Tax Revenue Bonds, Series 2026 (the "Series 2026 Airport Project Bonds"); the City's Taxable Sales Tax Revenue Refunding Bonds, Series 2021 (the "Series 2021 Bonds"); Taxable Sales Tax Revenue Bonds, Series 2020 (the "Series 2020 Bonds"); the maturities of the City's Sales Tax Revenue Bonds, Series 2018 (the "Series 2018 Bonds") which were not refunded by the Series 2021 Bonds (the "Unrefunded Series 2018 Bonds[(1)]"; together with the Series 2021 Bonds, Series 2020 Bonds, and Series 2026 Airport Project Bonds, the "Prior Bonds"); and any Additional Bonds or Parity Obligations issued under the Indenture (the

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* Preliminary, subject to change.

(1) Scheduled to mature December 1, 2026.

Unrefunded Series 2018 Bonds, the Series 2020 Bonds, the [Series 2021 Bonds not discharged by the Series 2026B Bonds], the Series 2026 Airport Project Bonds, Series 2026B Bonds, and any Additional Bonds, the "Parity Bonds"; the Parity Bonds together with any Parity Obligations, the "Parity Sales Tax Obligations").

Pursuant to the Indenture, the City has assigned and pledged to the Trustee, for the benefit of Bondholders, so much of the collections of the Pledged Sales Taxes in each year as are necessary for the payment of the principal of, premium, if any, and interest on the Parity Bonds and certain other amounts held by the Trustee under the Indenture. The City has covenanted in the Indenture (i) to continue to impose and collect the Pledged Sales Taxes so long as any Parity Bonds are outstanding, and (ii) if at any time the proceeds of Pledged Sales Taxes are not sufficient to pay when due all debt service on the Parity Bonds, that the City shall nevertheless provide moneys to cure any such deficiency, but only to the extent that legally available funds are appropriated for such purpose by the City's governing body. The governing body of the City is not obligated to appropriate funds to cure a deficiency. The City is under no pecuniary liability to pay principal of and interest on the Parity Bonds other than with Pledged Sales Taxes, and no owner of the Parity Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the City or to enforce payment against any property of the City except as specifically provided in the Indenture.

Summaries and descriptions of the City, the Series 2026B Bonds, the Ordinance, the Indenture, and certain other documents are included in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute or instrument. Descriptions of the Indenture, the Ordinance and the Series 2026B Bonds are also qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein. Copies of the Indenture and the Ordinance may be obtained in reasonable quantities during the initial offering period by contacting the City or the Underwriters at their respective addresses set forth at the front of this Official Statement.

The City has agreed to provide certain continuing disclosure information after the issuance of the Series 2026B Bonds as more fully described under "AVAILABILITY OF CONTINUING DISCLOSURE" below.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2026B Bonds. The statements of the City herein are not to be construed as statements by any official, officer or employee of the City.

THE PLAN OF FINANCE

The proceeds of the Series 2026B Bonds will be used to (i) defray in part the cost of paying, discharging, and cancelling all or a portion of certain maturities of the City's Taxable Sales Tax Revenue Refunding Bonds, Series 2021, dated August 31, 2021, issued in the original principal amount of $102,370,000 (the "Series 2021 Bonds"), and currently outstanding in the principal amount of $92,830,000; and (ii) pay costs and expenses in connection with the issuance of the Series 2026B Bonds and the Tender.

Proceeds of the Series 2021 Bonds were used to refund the 2027 through 2048 maturities of the Series 2018 Bonds, the proceeds of which financed improvements to the existing Monument (formerly known as Rushmore Plaza Civic Center), including the construction of an approximately 12,000 seat arena.

In conjunction with the issuance of the Series 2026B Bonds, the City, with the assistance of Dealer Manager, has released the Tender Offer, inviting owners of all or a portion of the Invited Bonds to tender such bonds for purchase by the City on the terms and conditions set forth in the Tender Offer. The purpose of the Tender Offer is to give the City the opportunity to purchase and cancel the Invited Bonds on the date of issuance of the Series 2026B Bonds.

Subject to the terms and limitations on the amount of Invited Bonds to be purchased for cancellation by the City set forth in, and other conditions of, the Tender Offer, the City will purchase Invited Bonds validly tendered for purchase in the principal amounts and comprising the Tendered Bonds, as selected by the City in accordance with the Tender Offer and as set forth below (the "Tendered Bonds"). Such Tendered Bonds will be purchased and cancelled by the City on the date of issuance of the Series 2026B Bonds and shall no longer be "Outstanding" within the meaning of the Indenture. Funds to pay the purchase price of the Tendered Bonds, and to pay the costs of the Tender Offer, will be provided from proceeds of the Series 2026B Bonds. Based on the results of the Tender Offer, the Invited

Bonds will be (i) purchased pursuant to the Tender Offer or (ii) remain Outstanding. In the event a Dealer Manager owns any of the Invited Bonds, such Dealer Manager, or any of its respective affiliates, may participate in the tender of such Invited Bonds pursuant to the Tender Offer.

The Tendered Bonds are listed in the table below:

CUSIP (Base 753385)	Maturity	Interest Rate (%)	Outstanding Principal Amount ($)	Maximum Principal Amount to be Accepted for Purchase ($)	Bonds Tendered ($)	Remaining Amount	Tender Price **	Tender Date
MU4	2027	1.242	4,015,000	4,015,000	[__]	[__]	[__]	12/16/2026
MV2	2028	1.442	4,065,000	4,065,000	[__]	[__]	[__]	12/16/2026
MW0	2029	1.591	4,125,000	4,125,000	[__]	[__]	[__]	12/16/2026
MX8	2030	1.691	4,190,000	4,190,000	[__]	[__]	[__]	12/16/2026
MY6	2031	1.781	4,260,000	4,260,000	[__]	[__]	[__]	12/16/2026
MZ3	2032	1.911	4,335,000	4,335,000	[__]	[__]	[__]	12/16/2026
NA7	2033	2.011	4,420,000	4,420,000	[__]	[__]	[__]	12/16/2026
NB5	2034	2.111	4,510,000	4,510,000	[__]	[__]	[__]	12/16/2026
NC3	2035	2.211	4,605,000	4,605,000	[__]	[__]	[__]	12/16/2026
ND1	2036	2.311	4,705,000	4,705,000	[__]	[__]	[__]	12/16/2026
NE9	2037	2.510	4,815,000	4,815,000	[__]	[__]	[__]	12/16/2026
NF6	2038	2.610	4,935,000	4,935,000	[__]	[__]	[__]	12/16/2026
NG4	2039	2.660	5,065,000	5,065,000	[__]	[__]	[__]	12/16/2026
NH2	2040	2.760	5,200,000	5,200,000	[__]	[__]	[__]	12/16/2026
NJ8	2041	2.810	5,340,000	5,340,000	[__]	[__]	[__]	12/16/2026
NK5	2046	2.910	24,245,000	24,245,000	[__]	[__]	[__]	12/16/2026
			$92,830,000	**$92,830,000**				

**Expressed as a percentage of par

This description is not intended to summarize the terms of the Tender Offer, or to solicit offers to tender Invited Bonds, and reference is made to the Tender Offer for a discussion of the terms of the Tender Offer and the conditions for settlement of the Invited Bonds validly tendered and accepted for purchase. The City caused to be filed the Tender Offer with the MSRB through its EMMA System.

ESTIMATED SOURCES AND USES OF FUNDS*

The sources for and application of Series 2026B Bond proceeds are as follows:

Sources	
Par Amount of the Series 2026B Bonds	$ 21,210,000.00
[Net] Reoffering Premium	
Total Sources	
Uses	
Purchase of Tendered Bonds	$
Costs of Issuance [(1)]	
Deposit to Series 2026B Bond Fund	
Total Uses	**$**

[(1)] Includes legal, trustee and printing fees, underwriters' discount, Dealer Manager fees, Information Agent fees, and other costs of issuance of the Series 2026B Bonds and the Tender.

THE SERIES 2026B BONDS

General

The Series 2026B Bonds are being issued in the aggregate principal amount, will mature (subject to prior redemption as described below) on December 1 of the years and in the amounts, and will bear interest at the rates, all as set forth on the inside cover of this Official Statement. Interest on the Series 2026B Bonds is payable on June 1 and December 1 (each an "Interest Payment Date") of each year commencing June 1, 2027*, and will be calculated on the basis of a 360-day year, consisting of twelve thirty-day months.

U.S. Bank Trust Company, National Association, St. Paul, Minnesota, is the Trustee, Paying Agent and Bond Registrar for the Series 2026B Bonds under the Indenture.

The Series 2026B Bonds will be issued as fully registered bonds in the denomination of $5,000 or whole multiples thereof. Principal, redemption price and interest will be payable to the beneficial owners of the Series 2026B Bonds through the facilities of DTC for so long as the book-entry system is in effect. See "APPENDIX C –BOOK-ENTRY ONLY SYSTEM." In the event that the book-entry system is discontinued for the Series 2026B Bonds: (i) the principal and redemption price of the Series 2026B Bonds will be payable at the principal corporate trust office of the Paying Agent; and (ii) interest shall be payable by check or draft of the Paying Agent mailed on the Interest Payment Date to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date. If any payment of interest or principal is due on a day that is not a business day, payment is required to be made on the next succeeding business day with the same effect as if paid when otherwise due.

Optional Redemption

Series 2026B Bonds maturing on and after December 1, 2037* are subject to optional redemption and prepayment upon request by the City to the Trustee, on December 1, 2036*, and on any date thereafter, in whole or in part, in any order of maturity as the City may select, and within a maturity in $5,000 principal amounts as selected by the Trustee by lot, at a price of par plus accrued interest to the date of redemption.

[Mandatory Sinking Fund Redemption

The Series 2026B Bonds maturing on December 1, 20[__] and 20[__] (the "Term Bonds"), are subject to mandatory redemption, and will be redeemed pursuant to a mandatory sinking fund redemption, at a redemption price equal to their principal amount plus accrued interest to the date of redemption, on the dates shown below (each such

[*] Preliminary, subject to change.

date being a "Sinking Fund Payment Date") and in the following principal amounts (a "Mandatory Sinking Fund Payment"):

Term Bonds Maturing on December 1, 20[__]

Year (December 1)	Principal Amount

**Stated Maturity*

or if less than such amount of Series 2026B Bonds is outstanding on any such Sinking Fund Payment Date, an amount equal to the aggregate principal amount of all Series 2026B Bonds then outstanding.]

Registration, Exchange and Transfer

In the event a book-entry system is no longer in effect with respect to the Series 2026B Bonds, the Series 2026B Bonds are transferable and exchangeable for other denominations only upon the books of the Trustee and only upon presentation and surrender of such Series 2026B Bonds, together with an executed assignment or other acceptable transfer instrument, subject to the payment of any cost, tax or charge that may be imposed in connection therewith. Series 2026B Bonds called for redemption are not required to be transferred or exchanged.

The person in whose name a Series 2026B Bond is registered shall be treated for all purposes as the owner thereof.

Replacement

If any Series 2026B Bond is mutilated, lost, stolen or destroyed, the City shall execute and the Trustee shall authenticate and deliver, subject to the provisions of the Indenture, a new Series 2026B Bond of like date and denomination. In the case of a lost, stolen or destroyed Series 2026B Bond, the City and the Trustee may require satisfactory indemnification. In the case of a mutilated Series 2026B Bond, such mutilated Series 2026B Bond shall first be surrendered to the Trustee. For every such exchange of Series 2026B Bonds, the Trustee may charge the owner of such Series 2026B Bond the Trustee's reasonable fees and expenses with respect to the exchange.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2026B BONDS

The Indenture

The Series 2026B Bonds are special limited obligations of the City, and payments of principal of, premium, if any, and interest on the Series 2026B Bonds are secured solely by a pledge of the collections of the Pledged Sales Taxes on a parity with the Parity Sales Tax Obligations and certain other amounts held under the Indenture by the Trustee. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." The City has covenanted in the Indenture that if at any time the proceeds of Pledged Sales Taxes are not sufficient to pay when due all debt service on the Series 2026B Bonds, the City shall nevertheless provide moneys to cure any such deficiency, but only to the extent of funds then legally available for that purpose, and then only if such legally available funds are appropriated for such purpose by the City's governing body. The governing body of the City is not obligated to appropriate funds to cure a deficiency. The Series 2026B Bonds are not general obligations of the City, and the City's full faith and credit and taxing powers are not pledged to the payment thereof. The City is not obligated to levy any ad valorem taxes or expend any moneys of the City to pay the Series 2026B Bonds, except the revenues specifically pledged under the Indenture.

Parity Bonds

The Unrefunded Series 2018 Bonds, Series 2020 Bonds, the Series 2021 Bonds [not discharged by the Series 2026B Bonds], the Series 2026 Airport Project Bonds, the Series 2026B Bonds, and any Additional Bonds issued under the Indenture constitute the "Parity Bonds."

Parity Obligations

Any obligations not issued as Additional Bonds payable from the Pledged Sales Taxes on a parity with the Parity Bonds and any outstanding Parity Obligations shall constitute "Additional Parity Obligations."

Additional Bonds and Additional Parity Obligations

The City may, from time to time, approve the issuance and delivery of Additional Bonds secured by the Indenture for the purpose of refunding, in whole or in part, any Parity Bonds or to finance additional projects permitted by law. Each series of Additional Bonds must be authorized by a supplement to the Indenture establishing the terms thereof and providing for Pledged Sales Taxes or other revenues sufficient to pay the Additional Bonds and interest thereon. Each series of Additional Bonds shall be payable from the Pledged Sales Taxes and secured by the Indenture equally and ratably with all other Parity Bonds issued and outstanding under the Indenture.

The Indenture establishes several conditions that must be satisfied for the issuance of Additional Bonds, including certain historical and prospective debt service coverage tests. The conditions for issuance of Additional Bonds or Additional Parity Obligations, including refunding bonds, under the Indenture are as follows:

(1) No payments due under the Indenture with respect to Parity Bonds or any Parity Obligations are then delinquent.

(2) No event of default under the Indenture then exists and is uncorrected with respect to Parity Bonds or any Parity Obligations.

(3) As shown by a certificate of the City Finance Director:

(A) the collections of the Pledged Sales Taxes for each of the two full fiscal years of the City immediately preceding the date of issue of the Additional Bonds or Additional Parity Obligations have been at least 130% of the maximum annual debt service in any future fiscal year on all Parity Bonds and Parity Obligations then outstanding (not including the Additional Bonds or Additional Parity Obligations proposed to be issued), and

(B) the collections of the Pledged Sales Taxes for the full fiscal year of the City immediately preceding the date of issue of the Additional Bonds or Additional Parity Obligations shall be at least 130% of the maximum annual debt service in any future fiscal year, on all outstanding Parity Bonds and Parity Obligations then outstanding and the Additional Bonds or Additional Parity Obligations proposed to be issued.

(4) The issuance of such Additional Bonds or Additional Parity Obligations shall not adversely affect the tax exempt status of any issue of Parity Bonds or Parity Obligations then outstanding, as evidenced by an opinion of nationally recognized bond counsel.

(5) For purposes of the tests described above, if Pledged Sales Taxes (as defined in the Indenture) have not been collected during any fiscal year for which information is required, the City shall provide information about non-ad valorem sales taxes levied on substantially the same items and uses, and at the same rate, as Pledged Sales Taxes.

The City is not permitted to deliver any Additional Bonds or Additional Parity Obligations in accordance for the purpose of refunding Outstanding Parity Obligations unless there has been additionally filed with the Finance Director: a report of an Independent Accountant to the effect that (i) the proceeds of the Additional Bonds or Additional Parity Obligations, together with any other funds deposited for such purpose, will be sufficient to pay the principal and redemption premium, on the Outstanding Parity Obligations being refunded and the interest due and payable, or (ii) there will be deposited in trust, certain Government Obligations, that will provide, together with any other moneys deposited in trust, sufficient moneys to pay the principal of and redemption premium on the Outstanding Parity Obligations to be refunded and the interest which will become due and payable; provided that, in the event the redemption is to be gross funded, no report of Independent Accountant is necessary.

In addition, the City may, from time to time, approve the issuance and delivery of Additional Parity Obligations secured ratably and equally on a parity with the Parity Sales Tax Obligations. The Indenture establishes several conditions that must be satisfied for the issuance of Additional Parity Obligations, including satisfaction of the

coverage requirements for Additional Bonds described hereinabove. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Conditions To Issuance of Additional Bonds or Additional Parity Obligations" below.

Subordinate Lien Obligations

The Indenture permits the City to issue revenue bonds or other obligations secured by a pledge of the Pledged Sales Taxes if (i) such revenue bonds or other obligations are not issued under the Indenture, and (ii) their lien on the Pledged Sales Taxes is expressly made subordinate to the pledge thereof to the Parity Bonds and Parity Obligations.

THE PLEDGED SALES TAXES

The City anticipates that the Series 2026B Bonds will be paid from a portion of the collections of the Sales Tax as hereinafter defined, which collections are referred to herein as the "Pledged Sales Taxes."

City Sales Taxes

Pursuant to the Ordinance, the City has imposed a non-ad valorem tax as authorized by the Act.

Section 3.16.010 of the Ordinance imposes a municipal retail occupational sales and service tax of 2%, effective July 1, 2005, on the gross receipts of businesses within the jurisdiction of the City.

Section 3.16.050 of the Ordinance imposes an excise tax on the privilege of using, storing or consuming personal property or services of the type described in Section 3.16.010 in the City, at the same rates as the sales and service taxes imposed under Section 3.16.010. This tax is complementary to the taxes imposed by Section 3.16.010 and is designed to prevent avoidance of those taxes for business conducted and sales made outside the City where use, storage or consumption is to take place in the City.

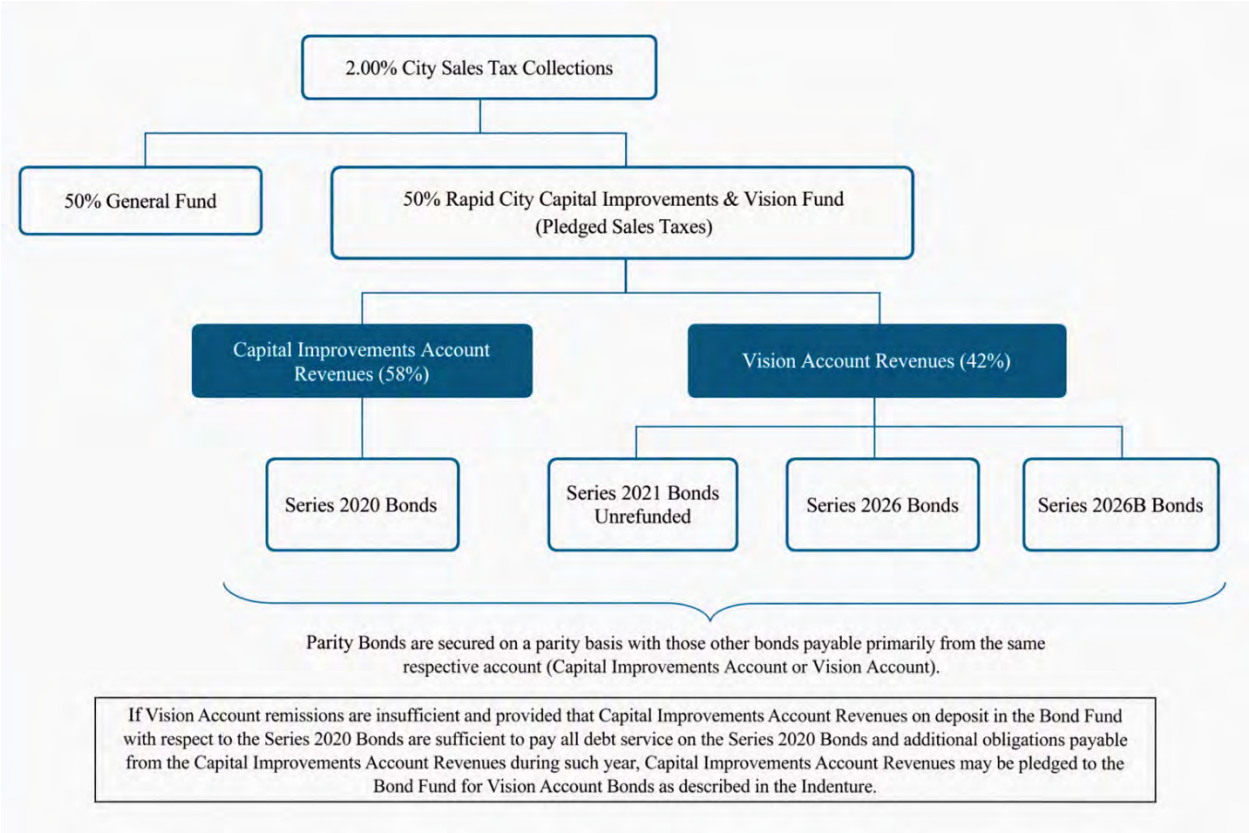
Section 3.16.060 of the Ordinance provides in part as follows:

> Revenue generated after January 1, 2018 by the collections of taxes levied under Sections 3.16.010 and 3.16.050 is to be used as follows: (A) fifty percent (50%) of the revenue generated is to be deposited in the City's General Fund and used for any lawful purpose; and (B) fifty percent (50%) of the revenue generated is to be deposited in the Rapid City Capital Improvements & Vision Fund (the "Fund"), and may be used for the lawful purposes set out in Section 3.16.090.

The Pledged Sales Taxes include only those revenues referred to in clause (B). The Fund is further divided into the Capital Improvements Account and the Vision Account, and Section 3.16.090 of the Ordinance provides, in part, as follows:

> The revenue deposited in the Fund shall generally be allocated in a ratio of 58% to the Capital Improvements Account and 42% to the Vision Account, provided that in any given month, such allocation need not be exactly according to the ratio, but to the extent that it is not, the account which is overfunded shall be entitled to reimbursement from the other account over such time period as the Council shall determine.
>
> In order for the City to facilitate the financing of projects in the Fund and obtain more favorable rates for financing such projects, the City can pledge the use of the entire revenue generated by the Fund as security for any project financed through the use of the Fund under such terms and conditions that the City Council agrees to.

The portion of the Pledged Sales Taxes allocated to the Capital Improvements Account shall be referred to herein as the "Capital Improvements Account Revenues," and the portion of the Pledged Sales Taxes allocated to the Vision Account shall be referred to herein as the "Vision Account Revenues." As described herein under "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Pledged Sales Taxes," the Series 2026B Bonds, the Series 2026 Airport Project Bonds, the Series 2021 Bonds [not discharged by the Series 2026B Bonds], and the Unrefunded Series 2018 Bonds will be primarily payable from the Vision Account Revenues, and the Series 2020 Bonds are primarily payable from the Capital Improvements Account Revenues, but the Parity Bonds are secured on a parity basis by all of the Pledged Sales Taxes.



State Sales Tax

The sales and service tax imposed by the Ordinance on items which are also subject to a State sales tax imposed by Chapter 10-45 of the South Dakota Codified Laws (the "State Sales Tax") must conform in all respects to the State tax on such items, with the exception of the rate, which may not exceed two percent. The State Sales Tax currently applies to gross receipts (exclusive of discounts, returns, financing charges, and other taxes legally imposed) arising from, among other things, (i) the retail sale of tangible goods, wares or merchandise; (ii) the sale, lease, or rental of any product transferred electronically; (iii) the rendering of services; (iv) the sale, furnishing, or service of gas, electricity, and water; and (v) the providing of any telecommunications services. Numerous items are excluded from the State Sales Tax, including, but not limited to gross receipts arising from sales of motor vehicles, gasoline and motor fuel, drugs and medicines, bulk water for domestic use; sales to the United States, South Dakota, other states, municipalities, charities, Indian tribes, educational institutions and hospitals; and sales of a variety of services. Under Chapter 10-45 of the South Dakota Codified Laws, each retailer or person engaged in business in the State of South Dakota whose receipts are subject to sales tax must apply for and obtain a sales tax license or permit. The State Sales Tax is permitted to be added to the sales price of each item or service subject to the tax. Except as permitted in certain circumstances, every month, each person whose receipts are subject to the tax must file a sales tax return with the State department of revenue, along with the tax due. Subsequent credits or refunds are permitted for any returned items or worthless accounts. Each permit is valid and effective without further payment of fees until canceled or revoked.

State Use Tax

The use tax imposed by the Ordinance on items which are also subject to a State use tax imposed by Chapter 10-46 of the South Dakota Codified Laws (the "State Use Tax") must conform in all respects to the State tax on such items, with the exception of the rate, which may not exceed two percent. The State use tax applies after the transaction takes place and only on goods and services on which South Dakota sales tax was not paid. The State Use Tax is an excise tax imposed on tangible personal property (defined to include electricity, water, gas, steam and prewritten

computer software), services, or products transferred electronically, which are purchased or rented for use in the State. Any person that maintains a place of business in the State and sells tangible personal property, any product transferred electronically, or services for storage, use or other consumption in the state, and is not otherwise exempted by State law, is required by law to collect the State Use Tax. Such a person must provide the State secretary of revenue the name and address of all their agents operating in the state, and the location of any of their distribution or sales houses or offices or other places of business in the state. The State secretary of revenue may authorize the collection of the State Use Tax to any retailer not maintaining a place of business within the State that submits and application and furnishes adequate security to ensure collection and payment of the tax. The sale and use of various items/services is exempt from imposition of the State Use Tax, including, without limitation, motor fuel used for agricultural purposes; raw materials; prescribed drugs, medicines and other medical devices used by humans; goods and services furnished to meet warranty obligations; and provision of natural gas transportation services by pipeline. Under the Chapter 10-46 of the South Dakota Codified Laws, any person required or authorized by law to collect the State Use Tax must maintain a list of all persons within the State who have made purchases and record on that same list the purchase price of any personal property or product purchased. The list must be submitted to the State twice a year and cover the six-month period just preceding the submission of such list. The State Use Tax is intended to be collected by the retailer at the time of the purchase. However, the in-state user of any property or service subject to the State Use Tax is ultimately liable for the tax as any State Use Tax which is not collected at the time of purchase by the retailer or service provider must be paid directly to the State by the user of the applicable goods or services. Any person required to pay or collect the State Use Tax must file a use tax return and remit the applicable tax to the State department of revenue.

THE PLEDGED SALES TAXES FROM WHICH PRINCIPAL OF AND INTEREST ON THE SERIES 2026B BONDS ARE PAYABLE ARISE ONLY FROM A PORTION OF THE COLLECTIONS OF TAXES LEVIED ON ITEMS WHICH ARE ALSO SUBJECT TO THE STATE SALES TAX OR STATE USE TAX DESCRIBED ABOVE. THE CITY HAS NO CONTROL OVER AND CAN MAKE NO PREDICTION AS TO ANY FUTURE INCLUSIONS IN OR EXCLUSIONS FROM SUCH STATE TAXES OR THE EFFECT HEREOF, IF ANY, ON RECEIPTS OF PLEDGED SALES TAXES.

Effect of Judicial Ruling

In 2018, in South Dakota v. Wayfair, Inc., the United States Supreme Court upheld South Dakota's economic nexus law (SDCL 10-64) and ruled that state and local governments may require out-of-state vendors to collect and remit sales taxes. The State's economic nexus law requires a seller making $100,000 of sales into the State or having 200 or more sales transactions into the State in a calendar year to collect sales tax. Collections by the State of such taxes to be remitted to the City consist of the City's 2% general sales tax, a portion of which includes the Pledged Sales Taxes.

Sales Tax Collection History

Historical collections of the Sales Taxes on an accrual basis for the last nine fiscal years and through August 31, 2026, with certain adjustments (which exclude sales reported as a result of State audits of businesses), are as follows:

	Sales Tax Collections		
Year	Total Collections	Amount Allocable to Fund Under Current Ordinance[(1)]	Percent Increase (Decrease)
2019	$58,694,952	$29,347,475	3.22%
2020	60,643,360	30,321,500	3.32
2021	72,171,818	36,085,909	19.01
2022	76,832,353	38,416,176	6.46
2023	78,505,232	39,252,616	2.18
2024	81,442,976	40,721,488	3.74
2025	85,742,704	42,871,352	5.28
2026*	58,972,343	29,088,160	N/A

Source: *City Finance Office*

(1) These collections constitute the Pledged Sales Taxes (Capital Improvements and Vision Fund).
*Through August 31, 2026. The City budgeted for 0.6% growth and is currently at 5.8%.

PLEDGED SALES TAXES PRO-FORMA COVERAGE TABLE*

Calendar Year	Pledged Sales Taxes[1]	Existing Debt Service	Series 2026B Bonds Debt Service*	Total Debt Service[2]	Coverage[3]
2027	$42,871,352	$9,681,901	$1,764,964	$11,446,865	3.75 X
2028	$42,871,352	$9,258,018	$1,758,463	$11,016,480	3.89 X
2029	$42,871,352	$8,230,268	$1,762,713	$9,992,981	4.29 X
2030	$42,871,352	$8,235,368	$1,759,963	$9,995,330	4.29 X
2031	$42,871,352	$8,229,237	$1,760,463	$9,989,699	4.29 X
2032	$42,871,352	$8,232,163	$1,758,963	$9,991,126	4.29 X
2033	$42,871,352	$8,232,414	$1,760,463	$9,992,877	4.29 X
2034	$42,871,352	$8,230,674	$1,764,713	$9,995,386	4.29 X
2035	$42,871,352	$8,231,572	$1,761,463	$9,993,034	4.29 X
2036	$42,871,352	$8,234,767	$1,755,963	$9,990,729	4.29 X
2037	$42,871,352	$8,229,620	$1,763,213	$9,992,832	4.29 X
2038	$42,871,352	$8,232,783	$1,757,463	$9,990,245	4.29 X
2039	$42,871,352	$8,231,607	$1,759,213	$9,990,820	4.29 X
2040	$42,871,352	$8,232,560	$1,757,963	$9,990,523	4.29 X
2041	$42,871,352	$8,233,346	$1,758,713	$9,992,059	4.29 X
2042	$42,871,352	$8,231,852	$1,762,838	$9,994,690	4.29 X
2043	$42,871,352	$8,229,863	$1,758,025	$9,987,888	4.29 X
2044	$42,871,352	$8,230,741	$1,759,538	$9,990,278	4.29 X
2045	$42,871,352	$8,229,110	$1,756,850	$9,985,960	4.29 X
2046	$42,871,352	$4,829,825	$299,963	$5,129,787	8.36 X
2047	$42,871,352	$3,891,363		$3,891,363	11.02 X
2048	$42,871,352	$3,890,350		$3,890,350	11.02 X
2049	$42,871,352	$3,893,038		$3,893,038	11.01 X
2050	$42,871,352	$3,893,900		$3,893,900	11.01 X
2051	$42,871,352	$3,892,675		$3,892,675	11.01 X
2052	$42,871,352	$3,894,100		$3,894,100	11.01 X
2053	$42,871,352	$3,890,200		$3,890,200	11.02 X
2054	$42,871,352	$3,892,500		$3,892,500	11.01 X
2055	$42,871,352	$3,890,175		$3,890,175	11.02 X
2056	$42,871,352	$3,892,950		$3,892,950	11.01 X

(1) Based on historical collections for the twelve-month period January 1, 2025 - December 31, 2025.

(2) Based on actual debt service for Unrefunded Series 2018 Bonds, Series 2020 Bonds, Series 2026 Bonds, and Series 2026B Bonds.

(3) Coverage is calculated based on Pledged Sales Taxes collected by the City for deposit in the Capital Improvement Account and Vision Account. The Series 2026B Bonds are expected to be payable from the Vision Account, subject to payment from funds available in the Capital Improvement Account in the event Vision Account remissions are insufficient, to the extent described in "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Pledged Sales Taxes."

* Preliminary, subject to change.

INVESTMENT CONSIDERATIONS/RISK FACTORS

Prospective purchasers of the Series 2026B Bonds should be aware that investment in the Series 2026B Bonds may entail some degree of risk. Each prospective investor in the Series 2026B Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Series 2026B Bonds and which could also affect the market price of the Series 2026B Bonds to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

Limited Obligations

The obligation of the City to pay debt service on the Series 2026B Bonds is a limited obligation of the City. The full faith and credit and taxing power of the City are not pledged to pay debt service on the Series 2026B Bonds, and the City does not have the authority to levy ad valorem property taxes without limit in order to pay debt service on the Series 2026B Bonds. As further described elsewhere herein, debt service on the Series 2026B Bonds is payable solely from the Pledged Sales Taxes on a parity with other obligations payable therefrom.

While it is believed that the Pledged Sales Taxes will be sufficient to pay debt service on the Parity Sales Tax Obligations when due, a number of factors described below may affect the receipt of sufficient Pledged Sales Taxes for such purposes, which may impair the ability of the City to make timely debt service payments on the Series 2026B Bonds.

THE PLEDGED SALES TAXES FROM WHICH PRINCIPAL OF AND INTEREST ON THE SERIES 2026B BONDS ARE PAYABLE ARISE ONLY FROM A PORTION OF THE SALES TAXES LEVIED ON ITEMS WHICH ARE ALSO SUBJECT TO THE STATE SALES TAX OR STATE USE TAX. THE CITY HAS NO CONTROL OVER AND CAN MAKE NO PREDICTION AS TO ANY FUTURE INCLUSIONS IN OR EXCLUSIONS FROM SUCH STATE TAXES OR THE EFFECT THEREOF, IF ANY, ON RECEIPTS OF PLEDGED SALES TAXES.

Nature of Pro Forma Debt Service Coverage

Certain information regarding historical receipts of Sales Tax revenues, including pro forma debt service coverage, is included in this Official Statement under the caption "THE PLEDGED SALES TAXES" and "PLEDGED SALES TAXES PRO-FORMA COVERAGE TABLE." The pro forma coverage is merely a mathematical computation as reflected in the applicable table, and constitutes no assurance as to the future Sales Tax revenues of the City or the sufficiency of Pledged Sales Taxes to satisfy debt service requirements on Parity Sales Tax Obligations.

Factors That May Affect Sufficiency of Pledged Sales Taxes

The City is obligated to pay debt service on the Series 2026B Bonds solely from Pledged Sales Taxes, which constitute a portion of the City's Sales Tax revenues. A number of factors may have an adverse effect on the receipt of monies in an amount sufficient to pay debt service on the Parity Sales Tax Obligations. These include potential adverse changes in the economic condition of the City due to pandemics or natural disasters and other factors, including potential decreases in population that may arise from decisions by employers located in and around the City to relocate their operations elsewhere; the effect of tariffs on market prices for local exports, including but not limited to soybeans and other agricultural products, and resulting reduction in sales subject to the Sales Tax or other reductions in the retail purchasing population (including via a decline in tourism in the City and surrounding area).

Ellsworth Air Force Base

Ellsworth Air Force Base ("Ellsworth") is one of the largest employers in the City. The Department of Defense Base Realignment and Closure Commission ("BRAC Commission") has in the past recommended closure of various military installations, including Ellsworth. Ellsworth survived the last BRAC in 2005 and has since been named the first Main Operating Base for the B-21 Raider bomber and is currently undergoing significant infrastructure projects to prepare for the aircraft's arrival, which is expected to occur in 2027. The base will also serve as the training schoolhouse for all B-21 crew members.

Should BRAC be reestablished in the future and any proposal to close or reduce operations at Ellsworth be introduced and acted upon, the reduction in number of local residents could impact Sales Tax revenues.

Additional Bonds and Additional Parity Obligations

Upon the satisfaction of certain conditions set forth in the Indenture, the City may issue Additional Bonds or Additional Parity Obligations payable from Pledged Sales Taxes on a parity with the Series 2026B Bonds, Series 2026 Airport Project Bonds, Series 2021 Bonds [not discharged by the Series 2026B Bonds], Series 2020 Bonds, and Unrefunded Series 2018 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Conditions to Issuance of Additional Bonds or Additional Parity Obligations" herein.

Legal Matters

Various State and federal laws, regulations and constitutional provisions apply to the obligations created by the Series 2026B Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City or the taxing authority of the City.

No Reserve Fund

No reserve fund will be established for the Series 2026B Bonds.

Secondary Market

There is no assurance that a secondary market will develop for the purchase and sale of the Series 2026B Bonds. Prices of bonds traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Series 2026B Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the City, or a material adverse change in the financial condition of the City, whether or not the Series 2026B Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Other Risk Factors

In addition to the foregoing, the City, like other public and private entities, faces other risks, including the following:

Cybersecurity. The City, like other entities, relies on technology to conduct its operations, and consequently risks disruption of services or unauthorized disclosures of personal information due to unintentional events or from deliberate attacks from unauthorized individuals or entities.

Federal Funding. Changes in federal policy may affect availability of and conditions for funding streams.

Environmental. Forest fires, drought, flooding or other environmental conditions may cause damage or destruction, economic impact, or interruption of operations and result in increased costs, increased liabilities and decreased revenue of the City.

Litigation. Like cities of similar size, the City may be exposed to lawsuits and claims related to the City's past and present operations, which litigation may be material.

THE CITY

General

Rapid City, located in the southwestern part of South Dakota, covers an area of approximately 54.758 square miles. The City is the second most populous municipality in South Dakota and studies show the City's regional market (up to 200 miles from the City) to have a population of approximately 650,000. Industry in the area includes agriculture (primarily livestock), light manufacturing, medical services, and jewelry manufacturing. The City is the tourist center for the Black Hills recreational area. Mt. Rushmore National Memorial typically attracts over 2,500,000 visitors annually.

City Government. The City has a full-time Mayor and a ten-member part-time Council. The Mayor is elected by the voters at large for four years. The City is divided into five wards for election of Council members for three-year terms.

City Services. The City provides the full range of municipal services, including public safety (police and fire), highways and streets, residential sanitation, health and social services, culture, recreation, public improvements, planning and zoning, and general administrative services. As of March 31, 2026, the City has eight fire stations currently with 160 firefighters and officers and three police stations currently with 180 sworn officers (all ranks). The City employs in total more than 1,065 employees with total salaries and benefits of approximately $85.3 million.

Police Department employees are represented by the Fraternal Order of Police, and Fire Department employees are represented by the International Association of Firefighters. Most other City employees are also represented by unions, principally the American Federation of State, County and Municipal Employees. The City reports that its relationship with its employees is very good.

Fund Structure and Accounting Basis

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds of the City are grouped into eight generic fund types and three broad fund categories as follows:

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination. The following are the City's Governmental Fund Types:

> *The General Fund* is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. Major revenue sources include property taxes and sales taxes. The general operating expenditures, fixed charges and other expenditures that are not paid through other funds are paid from this fund.
>
> *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally or administratively restricted to expenditures for specified purposes.
>
> *Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).
>
> *Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs in relation to the various tax increment districts that have been established.
>
> *Permanent Fund* accounts for assets held by the City pursuant to a trust agreement. The principal portion of this fund type must remain intact but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds are used to account for the City's ongoing activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income. The following are the City's Proprietary Fund Types:

> *Enterprise Funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital

maintenance, public policy, management control, accountability, or other purposes. The City maintains Enterprise Funds for Water, Wastewater, Stormwater, Airport, Solid Waste, Golf Course, Executive Golf Course, Parking Lot & Areas, Ambulance, The Monument and Transportation Terminal.

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the City's Fiduciary Fund Types:

Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include expendable trust, nonexpendable trust, and agency funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Available revenues are those which are due or past due and receivable within the current period and collected in the current period or within 60 days thereafter. Revenues which are accrued prior to receipt include property taxes, sales taxes, interest, special assessments, and grants. Revenues not considered susceptible to accrual are permits, fines, fees, and other miscellaneous revenues. Revenues which are recognized during the period and are measurable, but do not meet the availability criterion, are recorded as deferred revenues until such time as they become available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this rule include principal and interest on general long-term debt, which are recognized when due.

All proprietary funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

The accounting policies of the City conform to generally accepted accounting principles.

Budget and Appropriation Process

The finance director of the City causes proposed operating budgets for each department to be prepared. These budgets are presented to the Mayor and then are submitted to the Council not later than September 1. The budgets include proposed expenditures and the means of financing those expenditures. The Council's discussion of the budget commences immediately thereafter at meetings which are open to the public.

The Council shall then, no later than its first regular meeting in September or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing year, which ordinance must include the tax levy for the ensuing year. Appropriations are limited to municipal powers and all municipal expenditures are limited to the appropriated amounts. Upon passage of the ordinance, the budget is published and the annual tax levy is certified to the County Auditor. At that time property taxes are considered levied and the related receivable is recorded. Appropriations from Enterprise Funds are not required to be included in the annual budget ordinance. The City must, under South Dakota law, develop and publish a budget for all Enterprise Funds by December 31 of each year.

Supplemental ordinances may be adopted in the same manner as the appropriation ordinance to enable the municipality to conduct functions that are considered indispensable. The governing body may by two-thirds vote transfer the surplus money in any of the several funds to any other fund or funds or may appropriate such surplus money to the payment of any outstanding indebtedness of the municipality.

Budgets are adopted on the modified accrual basis except that encumbrances are treated as budgeted expenditures in the year incurred. Unexpended appropriations lapse at year end, unless formally encumbered. Budgetary controls to prevent expenditures from exceeding appropriated amounts are maintained at the subfunction level. A subfunction is defined as a grouping of related activities within a particular governmental function.

Deposits and Investments

Deposits of the City funds are made with "qualified public depositories" as defined in the Public Deposit Insurance Act, Chapter 4-6A, South Dakota Codified Laws. Qualified public depositories are required by the Public Deposit Insurance Act to maintain at all times, segregated from their own assets, eligible collateral having a value equal to at least 100% of the public deposit accounts which exceed deposit insurance.

The Investment of State Funds Law, Chapter 4-5, South Dakota Codified Laws, provides that public funds may be invested, deposited, and administered as permitted by law. Chapter 4-5 expressly permits all moneys of the City to be invested in: (1) securities of the United States and securities directly or indirectly guaranteed by the United States government and with a remaining maturity of 18 months or less (subject to exceptions for permanent, trust, retirement, building, and depreciation reserve funds); (2) repurchase agreements fully collateralized by securities described in clause (1), where the collateral security is held by or in safekeeping for the account of the City, but only with primary reporting dealers and the 100 largest domestic commercial banks; or (3) in shares of an open-end, no-load fund administered by a registered investment company whose only investments are in securities described in clause (1) and repurchase agreements described in clause (2).

Under Chapter 4-5, the City may also invest funds not needed for current operating expenses in direct obligations of any county, municipality, or school district in South Dakota and bonds issued by the South Dakota Housing Development Authority, the South Dakota Health and Educational Facilities Authority, or the South Dakota Building Authority, provided that: (1) the investments are registered in the name of the City or held under a custodial agreement at a bank, (2) the investments are rated within one of the two highest ratings categories by a nationally recognized expert in rating bonds of states and their political subdivisions, and (3) the securities have a remaining maturity of 18 months or less (subject to exceptions for permanent, trust, retirement, building, and depreciation reserve funds).

Additionally, the City may deposit funds not needed for current operating expenses into a federally insured bank in South Dakota, which in turn must (1) arrange for the deposit of the funds for account of the City in another federally insured financial institution in the United States of America and (2) on the same date receive an equal amount of deposits from customers of other federally insured financial institutions. Each such deposit must be federally insured, and the selected South Dakota bank has a duty to act as custodian for the City with respect to the funds placed in the City's account.

The City does not presently have, nor does it intend to acquire in the future, any derivative or leveraged investments.

Employee Pensions

All City employees working more than 20 hours per week 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 City's share of contributions to the SDRS for the fiscal years ended December 31, 2025, 2024, and 2023 was $5,277,609, $4,668,176, and $4,254,105, respectively, equal to the required contributions each year. At June 30, 2025, SDRS is 100.0% funded and accordingly has a net pension asset. If the fair value funded ratio is less than 100%, the SDRS shall review corrective action for the circumstances and timing for any benefit changes, contribution changes or any other corrective action, or any combinations of actions to improve funding conditions.

Annual Financial Reports

The finance director of the City must submit a report to the Council at the first regular meeting of May each year that details the receipts, expenses and financial condition of the City, as provided in State law. The report must be published within thirty days thereafter, or upon completion of the annual audit, in the official newspaper of the City. See "FINANCIAL STATEMENTS" herein.

Sources of General Revenues

Set forth below are brief descriptions of the various sources of general revenues available to the City. The percentage of total general revenues represented by each source is based on the audited information for the City's fiscal year ended December 31, 2025.

General property taxes - Approximately 25% of general revenues is from property taxes which are assessed and collected by Pennington County.

Sales Taxes and Gross Receipt Taxes - Approximately 40% of general revenues is from taxes on goods and services that are sold or provided within the boundaries of the City. These revenues include the receipts from all sales and use taxes levied by the City, including the gross receipts tax.

Licenses and Permits - Fees for licenses and permits are assessed for the purpose of recovering the costs associated with regulating businesses and inspecting construction projects. Approximately 4% of general revenues are from licenses and permits.

Intergovernmental Revenue - Approximately 5% of general revenues is received from state and federal governmental entities.

Charges for Goods and Services - Charges for goods and services represent approximately 4% of general revenues.

Fines and forfeitures – Approximately 0% of general revenues is received from tickets and other fines and forfeitures.

Revenue from Miscellaneous Revenue - Approximately 8% of general revenues is received from investment earnings, rentals, special assessments, contributions & donations, sale on property and other.

City Property Taxes and Values

General

In South Dakota, the collection of all property tax revenues is handled by the County governments. Each County is required to conduct an annual assessment of all real property located in the County. State law requires that all property be assessed at its full and true value as of the November 1 immediately preceding the assessment year. Property owners must be notified of the assessed value of their properties, and a property owner who desires to challenge the assessment may appeal to the appropriate Board of Equalization. South Dakota law creates local Boards of Equalization, the purpose of which are to equalize the assessed value of all properties and to see that all taxable property has been properly placed on the assessment roles and has been properly valued. The County Commission, sitting as a Board of Equalization, is the final local authority for hearing property owner appeals and equalizing the assessments of property, subject to a property owner's right to appeal the assessment to the Office of Hearing Examiners or to the Circuit Court. Each County's equalization proceedings for its annual assessment must be completed by the third week of May. South Dakota Codified Laws, Section 10-13-37, provides that property taxes shall be levied on valuations where the median level of assessment represents eighty-five percent of the market value as determined by the State Department of Revenue. The value so determined is referred to in this Official Statement as the "taxable value."

Real property taxes become due on January 1 of the year following the year in which the tax levy is made. Real property taxes become delinquent if not paid 50% by May 1 and the remaining 50% by November 1. Once levied, taxes become a perpetual lien upon the subject real property until paid. All property tax payments, after being collected by the County Treasurer, are turned over to the County Auditor. The Auditor in turn must distribute the portion of all property tax payments to each local unit of government for which a levy was made.

Tax Rates

The City is permitted to levy taxes up to $27 per one thousand dollars of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt. The current tax rate to finance general governmental services, other than the payment of principal of and interest on long-term debt, for the fiscal year beginning January 1, 2026 is $2.488 per one thousand dollars. No taxes are currently levied to repay principal of and interest on long–term debt.

The 1995 South Dakota Legislature enacted into law Section 10-13-35, South Dakota Codified Laws. For taxes payable in 1997 and subsequent years, Section 10-13-35 provides that the total amount of revenue derived from property taxes for municipal purposes may increase over the prior year's revenues by the smaller of three percent or the CPI inflation index. Increases in revenues from additions, improvements or changes in use of real property are

permitted, as well as increased revenues resulting from annexations, reorganizations and certain other limited circumstances. The revenue limitations for 1997 and thereafter may be exceeded by an excess of tax levy imposed by a two-thirds vote of the governing body of the municipality, subject to a referendum by the electors of the municipality.

Set forth below are the property tax rates (per $1000 of assessed valuation) for the past seven years.

Property Tax Rates

Year	City General Fund	School District[(1)]	County	Total
2019 pay 2020	3.181	11.546	4.777	19.985
2020 pay 2021	3.191	11.449	4.771	19.856
2021 pay 2022	3.119	11.216	4.688	19.450
2022 pay 2023	2.811	10.331	4.151	17.663
2023 pay 2024	2.556	10.000	3.714	16.605
2024 pay 2025	2.506	9.334	3.685	15.862
2025 pay 2026	2.488	8.956	3.559	15.020

Source: *City Finance Director*

(1) Based on non-owner-occupied residential property.

Tax Levies and Collections

The following table displays the taxes levied and collected as current taxes for the five most recent fiscal years and through October 19, 2026 of the City:

Property Tax Levies and Collections

Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections
2020 pay 2021	$19,949,175.55	$19,948,871.34	99.99%	$304.21
2021 pay 2022	20,977,894.67	20,976,932.35	99.99	962.32
2022 pay 2023	22,048,730.81	22,043,103.61	99.97	5,627.20
2023 pay 2024	23,073,107.24	23,058,573.91	99.94	14,533.33
2024 pay 2025	25,430,149.20	25,348,852.87	99.68	81,605.72
2025 pay 2026	26,618,664.60	16,306,504.86	In Progress	In Progress

Source: *Pennington County Auditor*

Property Values

The Assessed Value of real property in the City is provided below for the five most recent fiscal years of the City:

Year	Assessed Value
2021 pay 2022	$ 8,192,430,500
2022 pay 2023	9,420,945,400
2023 pay 2024	11,128,368,800
2024 pay 2025	11,826,865,800
2025 pay 2026	12,417,709,288

Source: *Pennington County Director of Equalization*

The Taxable Value of the real property in the City is provided below for the five most recent fiscal years of the City:

Year	Taxable Value
2021 pay 2022	$ 7,249,338,410
2022 pay 2023	8,395,328,373
2023 pay 2024	9,743,684,108
2024 pay 2025	10,510,042,369
2025 pay 2026	11,159,767,288

Source: *Pennington County Auditor*

Largest Taxpayers

The fifteen largest property taxpayers in the City are identified below, including the amount and percentage of their taxable property values:

Taxpayer	Type of Business	2025 Taxable Value	Percent of Total Taxable Value
Rapid City Property Owner LLC	Property Management	$41,339,501	0.37%
Creekside Heights Apartments LLC	Apartment Complex	33,171,394	0.30
TRC Harmony Heights LCC	Apartment Complex	32,251,878	0.29
TRC Gateway LLC	Apartment Complex	31,183,241	0.28
Black Hills Fed Credit Union	Credit Union	28,406,377	0.25
Black Hills Surgery Center LLP	Health Care	27,581,645	0.25
Tzadik Lacrosse Apartments LLC	Apartment Complex	27,275,789	0.24
Copper Ridge Development LLC	Apartment Complex	27,178,350	0.24
Tallgrass Apartments I LLC	Apartment Complex	26,110,332	0.23
Meadows Lifestyle Living LLC	Apartment Complex	23,953,941	0.21
Tallgrass Apartments II LLC	Apartment Complex	23,760,746	0.21
Monument Health Rapid City Hospital INC	Health Care	23,251,429	0.21
Copper Ridge Development LLC	Apartment Complex	21,833,570	0.20
35Point Capital LLC	Financial Services	21,261,329	0.19
Sedona Flats LLC	Apartment Complex	21,098,135	0.19
		$409,657,657	3.67%

Source: *Pennington County Auditor*

Enterprise Funds

In addition to those revenue sources described above, there are other significant revenues reported in the Enterprise Funds of the City. The revenues received into these Enterprise Funds are first used to pay the operation and maintenance expenses of the particular enterprise that generated those revenues and any indebtedness payable therefrom. Once the operation and maintenance expenses and any indebtedness payable therefrom are paid, any excess revenues in the Enterprise Funds may be transferred to any other fund of the City upon the affirmative vote of 2/3 of the members of the Council.

Bond Authorization

Chapter 6-8B, South Dakota Codified Laws, as amended, generally requires that all bonds of the City be authorized by 60% of the voters of the City voting upon the question of the issuance of such bonds, unless specifically provided otherwise by law. Exceptions to the voter approval requirement exist for revenue bonds payable solely from the income derived from the operation of the financed facilities, sales tax revenue bonds issued under Chapter 10-52 and 10-52A of South Dakota Codified Laws, airport revenue bonds issued under Chapter 50-8 of South Dakota Codified Laws, parking revenue bonds issued under Chapter 9-51, certain lease purchases, tax increment and special assessment bonds, and obligations subject to annual appropriation.

Debt Limit

Section 4 of Article XIII of the South Dakota Constitution limits the debt of the City to five percent of the assessed valuation of taxable property in the City. The same constitutional provision also authorizes the City to incur additional indebtedness with voter approval, (i) not exceeding ten percent of the assessed valuation of taxable property in the City for providing water and sewerage facilities, and (ii) not exceeding eight percent of the assessed valuation of taxable property in the City for providing electric facilities. The following table sets forth the City's debt limit as of December 31, 2025:

Computation of Debt Margin

ASSESSED VALUE OF TAXABLE PROPERTY[(1)]	$ 10,698,493,813
DEBT LIMITS – General Purposes:	
Debt Limitation – 5% of Assessed Value	$ 534,924,691
Utilities (Water and Sewer) – 10% of Assessed Value	1,069,849,381
Streets, Railways or Electric – 8% of Assessed Value	855,879,505
DEBT APPLICABLE TO LIMITATION	
General Purpose (5%)	
Sales Tax Bonds[(2)]	$152,399,433
Gross Receipts Bonds	1,025,000
Airport Revenue Bonds	5,800,000
Waste Water Refunding Bonds	6,485,000
Tax Increment Financing	43,114,215
SRF Loans	47,571,293
Capital Leases	779,479
Loans Payable	0
Total Applicable to General Purposes (5%)	$257,174,420
General Purpose Debt Limitation Margin	$277,750,271
Total Applicable to Utilities (10%)	$ 32,500,000
Utilities (Water and Sewer) Debt Limitation Margin	$ 1,037,349,381
Total Applicable to Street Railways or Electric (8%)	$ -0-
Streets, Railways or Electric Debt Limitation Margin	$ 855,879,505

(1) Source: *City Finance Office* (includes railroads and utilities)

(2) Based on the issuance of the Series 2026 Bonds and Series 2026B Bonds (assuming the tender of the Tendered Bonds).

Outstanding Obligations

Set forth below are the current outstanding obligations (as of December 31, 2025) which the City is obligated or committed to pay, including obligations not subject to the debt margins set forth above:

Net Outstanding Obligations

Long Term Leases:	
Capital Acquisition	$ 779,479
Subscriptions	1,804,925
Total Long Term Leases	$ 2,584,404
Revenue Bonds:	
Sales Tax Revenue Bonds[(1)]	$152,399,433
Airport Revenue Bonds	5,800,000
Gross Receipts Revenue Bonds	1,025,000
State Revolving Fund Loan	47,571,293
Wastewater Refunding Bonds	6,485,000
Water Revenue Bonds	32,500,000
Tax Increment Financing	43,114,215
Financing Obligations	9,277,551
Total Revenue Bonds	$298,172,492
TOTAL LONG TERM LEASES AND REVENUE BONDS	$300,756,896

Source: *City Finance Office*

(1) Based on the issuance of the Series 2026 Bonds and Series 2026B Bonds (assuming the tender of the Tendered Bonds).

Direct Debt Per Capita (pop.80,589 est.) payable from property taxes: $ 0.00

Overlapping Debt Payable from Property Taxes

Issuer	Outstanding Debt as of 12-31-25	Overlapping Percent	Overlapping Amount
Rapid City Area School District 51-4	$ 44,520,000	77%	$ 34,280,400
Pennington County	81,575,000	67	54,655,250
Total	$ 126,095,000		$ 88,935,650

Overlapping Debt Per Capita (pop.80,589 est.) payable from property taxes: $ 1,103.57

Total Debt per Capita (pop.80,589 est.) payable from property taxes: $ 1,103.57

Recent Financing and Future Capital Improvement and Spending Plans

The City does not currently have plans to issue additional bonds in 2026.

Demographics

Set forth below are certain population statistics for the City:

Fiscal Year	Population	Rapid City MSA
1970	43,836	81,067
1980	46,492	97,078
1990	54,523	109,400
2000	59,607	120,093
2010	67,956	134,598
2020	74,703	139,074
2025 (est.)	80,589	156,934

Source: *U.S. Census*

Employment Statistics

Non-seasonally adjusted average annual labor force and unemployment rates for the Rapid City Metropolitan Service Area (MSA) and the State are shown below.

	Rapid City MSA Average	Average Annual Unemployment Rate	
Year	Annual Civilian Labor Force	Rapid City MSA	State of South Dakota
2025	80,923	2.0%	2.1%
2024	79,115	1.8	1.8
2023	78,272	1.8	1.8
2022	77,551	1.9	1.9
2021	76,482	2.6	2.6
2020	74,744	4.7	4.1

Source: *South Dakota Department of Labor. As of August 2026, the City's unemployment rate was 2.1%.*

Construction

Set forth below is data for new construction of taxable commercial and residential property in the City for the past five years:

Year	No. of Permits	Value
2025	2,389	$ 388,492,624
2024	2,593	383,678,276
2023	2,815	463,521,343
2022	2,866	364,635,584
2021	4,166	393,581,999

Source: *City Finance Director*

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Major Employers

The ten largest employers in the Rapid City area are as follows:

Employer	Type of Business	Number of Employees
State of South Dakota	Government	7,730
Ellsworth Air Force Base	Government	5,410
Monument Health	Health Care	4,470
Federal Government	Government	3,721
Rapid City School District	Education	1,695
Wal-Mart/Sam's Club	Retail/Wholesale	1,085
City of Rapid City	Government	1,065
SD National Guard	Government	1,011
Black Hills Corp	Holdings Company	802
Pennington County	Government	798

Source: *Pennington County, Rushmore Region*

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary is not to be considered a full statement of the terms of such Indenture and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof. Capitalized terms not defined herein or elsewhere in this Official Statement have the meanings set forth in the Indenture.

Bond Fund

The Bond Fund, into which the accrued interest derived from the sale of the Series 2026B Bonds, the collection of the Pledged Sales Taxes (subject to provisions of the Indenture authorizing the issuance of Parity Obligations other than Additional Bonds) and certain other amounts specified in the Indenture will be deposited and maintained with the Trustee. While any Parity Bonds are outstanding, moneys in the Bond Fund will be used and withdrawn by the Trustee solely for the payment of principal, premium, if any, and interest on the Parity Bonds and for the redemption of Parity Bonds prior to maturity or to purchase Parity Bonds pursuant to the Indenture.

Investment of Funds

Any moneys deposited with, or paid to, the Trustee under any provision of the Indenture shall, at the direction of the City be invested and reinvested by the Trustee in:

(1) obligations of, or obligations the payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America;

(2) repurchase agreements fully collateralized by securities described in (1);

(3) shares of an open-end, no-load fund administered by a registered investment company whose only investments are in securities described in (1) and repurchase agreements described in (2);

(4) time deposits and interest-bearing accounts with any institution constituting a "qualified public depository" under Chapter 4-6 of the Act;

(5) bonds or interest-bearing notes or obligations guaranteed as to principal and interest by a federal agency of the United States; and

(6) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act; stocks, bonds, debentures and other obligations of the Federal National Mortgage Association established

under the National Housing Act, as amended; bonds of any federal home loan bank established under said Act; and obligations of the Federal Home Loan Mortgage Corporation.

The City will not direct the Trustee to make any investments which would cause any of the Parity Bonds issued as tax-exempt obligations to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") or "federally guaranteed" within the meaning of Section 149 of the Code.

Pledged Sales Taxes Covenants and Representations

The City covenants that so long as any Parity Bonds remain outstanding and unpaid:

(a) The City will administer, enforce and collect, or cause to be administered, enforced and collected, the Pledged Sales Taxes and the Sales Taxes and shall take all reasonable action necessary to collect delinquent payments or to cause delinquent payments to be collected in accordance with law.

(b) The City will keep or cause to be kept books and records showing the proceeds of the Pledged Sales Taxes, in which complete entries shall be made in accordance with standard principles of accounting, and any owner of any of the Parity Bonds shall have the right at all reasonable times to inspect such books and records.

(c) The City shall make available, upon request, to the Underwriters and any owner of the Parity Bonds (i) unaudited financial statements of the City, including reports of collections of the Pledged Sales Taxes and (ii) annual audited financial statements of the City.

(d) The City shall continue to impose and collect the Pledged Sales Taxes on the value of goods and services subject to such tax, and the City shall not exempt any item or transaction from the Sales Tax which was subject to the Sales Tax on the date of execution of the Original Indenture.

(e) The City shall, to the extent permitted by law, defend the validity and legality of the Indenture, the Sales Tax, the Pledged Sales Taxes and the Ordinance, and all amendments thereto, against all claims, suits and proceedings which would diminish or impair the Pledged Sales Taxes as security for the Parity Bonds.

(f) The City, acting by and through its officers, or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Pledged Sales Taxes required by the Constitution and laws of the State and the various ordinances, resolutions and contracts of the City, including, without limitation, the proper segregation of the proceeds of the Parity Bonds and the Pledged Sales Taxes and their application from time to time to the respective funds provided therefor.

(g) The City will perform all contractual obligations undertaken by it under the contract with the Underwriters, and any other agreements relating to the Parity Bonds and the Pledged Sales Taxes.

(h) At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Pledged Sales Taxes and other funds and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Indenture. The City, acting by and through its officers, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Sales Taxes and other funds and accounts pledged hereunder and all the rights and every owner of any of the Parity Bonds against all claims and demands of all persons whomsoever.

(i) The City, its officers, agents and employees, shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Parity Bonds according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any Registered Owner of any Bond or other security payable from Pledged Sales Taxes might be prejudicially and materially impaired or diminished.

(j) Each City officer or employee having custody of any Pledged Sales Taxes, or responsible for their handling, shall be bonded at all times, which bond shall be conditioned upon the proper application of said moneys.

Although levied by the City, the sales taxes imposed by the Ordinance (including the Pledged Sales Taxes) are collected by the State of South Dakota and remitted to the City.

Pledged Sales Taxes

The proceeds of the Sales Tax (less service and collection fees charged against such amounts) are remitted to the City by the State of South Dakota. Promptly upon receipt of each such remittance, the City shall:

(A) Determine the amount of such remittance which constitutes Capital Improvements Account Revenues and the amount of such remittance which constitutes Vision Account Revenues;

(B) Beginning on January 2 of each year, remit to the Trustee for deposit in the Bond Fund the entire amount of the Capital Improvements Account Revenues until the aggregate amount remitted equals the total amount of principal and interest to become due on all Series 2020 Bonds for such year, provided that with respect to any Additional Bonds, such remittance may be adjusted to (a) begin on the date and (b) consist of the portion of Pledged Sales Taxes designated in the supplemental indenture therefor;

(C) Beginning on January 2 of each year, remit to the Trustee for deposit in the Bond Fund the entire amount of the Vision Account Revenues until the aggregate amount remitted equals or exceeds the total amount of principal and interest to become due on all Unrefunded Series 2018 Bonds, Series 2021 Bonds remaining outstanding, and Series 2026B Bonds (collectively, "Vision Account Bonds") for such calendar year. To the extent that the amount on deposit in the Bond Fund with respect to the Vision Account Bonds on April 1 or July 1 of such year is less than debt service due on the next Interest Payment Date for the Vision Account Bonds, and provided that funds are on deposit in the Bond Fund with respect to the Series 2020 Bonds in an amount sufficient to pay all debt service on the Series 2020 Bonds during such year, the City shall remit to the Trustee for deposit in the Bond Fund all Capital Improvements Account Revenues until the aggregate amount on deposit in the Bond Fund with respect to the Vision Account Bonds is equal to all remaining debt service due on the Vision Account Bonds during such calendar year.

(D) The Indenture permits, for the Series 2026B Bonds and any subsequent series of Additional Bonds or Additional Parity Obligations, the City to appropriate revenues other than Pledged Sales Taxes to the payment of all or a portion of the debt service on a series of Parity Sales Tax Obligations. The City is not required to appropriate other revenues and may terminate the appropriation and monthly deposits at any time, in which case deposits of Pledged Sales Taxes will resume. The Trustee and the bondholders shall not have any right to compel the City to deposit revenues other than Pledged Sales Taxes for payment of any of the Parity Bonds.

On the 10th day of each month, the City shall provide to the Trustee a Remittance Certification, stating the amount of Pledged Sales Taxes remitted to the Trustee during the preceding month, and on a cumulative basis for the current year.

At such time during each year as the amount remitted to the Trustee for deposit in the Bond Fund is sufficient to satisfy the City's obligation, the Trustee shall provide written notice of such fact to the City, and the City shall be under no further obligation to remit Pledged Sales Taxes to the Trustee for the remainder of that year.

Nothing in the Indenture precludes the City from remitting moneys to the Trustee from sources other than Pledged Sales Taxes, but the City is under no obligation to do so.

Conditions to Issuance of Additional Bonds or Additional Parity Obligations

The conditions for issuance of Additional Bonds or Additional Parity Obligations, including refunding bonds, under the Indenture are as follows:

(1) No payments due under the Indenture with respect to Parity Bonds or any Parity Obligations are then delinquent.

(2) No event of default under the Indenture then exists and is uncorrected with respect to Parity Bonds or any Parity Obligations.

(3) As shown by a certificate of the City Finance Director:

(A) the collections of the Pledged Sales Taxes for each of the two full fiscal years of the City immediately preceding the date of issue of the Additional Bonds or Additional Parity Obligations have been at least 130% of the maximum annual debt service in any future fiscal year on all Parity Bonds and Parity Obligations then outstanding (not including the Additional Bonds or Additional Parity Obligations proposed to be issued), and

(B) the collections of the Pledged Sales Taxes, for the full fiscal year of the City immediately preceding the date of issue of the Additional Bonds or Additional Parity Obligations shall be at least 130% of the maximum annual debt service in any future fiscal year, on all Parity Bonds and Parity Obligations then outstanding and the Additional Bonds or Additional Parity Obligations proposed to be issued.

(4) The issuance of such Additional Bonds or Additional Parity Obligations shall not adversely affect the tax exempt status of any issue of Parity Bonds or Parity Obligations issued as tax-exempt obligations then outstanding, as evidenced by an opinion of nationally recognized bond counsel.

(5) For purposes of the tests described above, if Pledged Sales Taxes (as defined in the Indenture) have not been collected during any fiscal year for which information is required, the City shall provide information about non-ad valorem sales taxes levied on substantially the same items and uses, and at the same rate, as Pledged Sales Taxes.

The City is not permitted to deliver any Additional Bonds or Additional Parity Obligations in accordance for the purpose of refunding Outstanding Parity Obligations unless there has been additionally filed with the Finance Director: a report of an Independent Accountant to the effect that (i) the proceeds of the Additional Bonds or Additional Parity Obligations, together with any other funds deposited for such purpose, will be sufficient to pay the principal and redemption premium, on the Outstanding Parity Obligations being refunded and the interest due and payable, or (ii) there will be deposited in trust, certain Government Obligations, that will provide, together with any other moneys deposited in trust, sufficient moneys to pay the principal of and redemption premium on the Outstanding Parity Obligations to be refunded and the interest which will become due and payable; provided that, in the event the redemption is to be gross funded, no report of Independent Accountant is necessary.

Defaults and Remedies

The following shall constitute events of default under the Indenture:

1. Default in the due and punctual payment of interest on any Bond;

2. Default in the due and punctual payment of the principal of, or redemption premium, if any, on any Bond, whether at the stated maturity thereof or by declaration of acceleration, call for redemption or otherwise;

3. Default in the due and punctual payment of any other moneys required to be paid by the City to the Trustee for deposit in the Bond Fund under the provisions of the Indenture and continuation of such default for a period of five (5) days following written notice thereof to the City by the Trustee or to the City and the Trustee by the Holders of at least 25 percent of the aggregate principal amount of Bonds then outstanding;

4. Default by the City in the due and punctual payment of any other moneys required to be paid to the Trustee under the provisions of the Indenture and such default shall have continued for a period of thirty (30) days after written notice thereof in the same manner provided in clause (3) above; or

5. Default by the City in the performance or observance of any other covenant, agreement or condition contained in the Indenture or the Parity Bonds and the continuation of such default for a period of thirty (30) days following written notice thereof in the same manner provided in clause (3) above.

Upon the occurrence of an event of default, the Trustee may, by notice in writing delivered to the City, declare the principal of all outstanding Bonds to be immediately due and payable and may, in addition, pursue any available remedy at law or inequity to enforce the rights of the Bondholders. The Trustee shall give notice of acceleration to the Holders of outstanding Bonds in the same manner as notice of redemption is given under the Indenture. The Trustee may direct the City in writing to remit all collections of Pledged Sales Taxes directly to the Trustee, and the Trustee shall apply the moneys received to satisfy the obligations of the City under the Indenture. If any event of default shall have occurred and the holders of 51% in aggregate principal amount of the then outstanding Bonds shall so request and the Trustee has received an indemnity bond as provided in the Indenture, the Trustee shall be obligated to exercise such rights and powers conferred upon it by the Indenture as it deems most expedient in the interest in the Bondholders; *provided, however*, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by independent counsel that the action so requested may not lawfully be taken or if the Trustee in good faith should determine that such action would be unjustly prejudicial to any Bondholders not parties to such requests. The Trustee may in its discretion waive any event of default and its consequences and rescind any declaration of acceleration, and shall do so upon written request of the Holders of a majority in aggregate principal amount of (i) all the Parity Bonds then Outstanding with respect to which default in the payment of principal, premium, and interest, or any of them, exists, or (ii) all the Parity Bonds then Outstanding in the case of any other Event of Default; provided that there shall not be waived any event of default in the payment of the principal of or premium of any outstanding Bonds on the redemption date or on the date of maturity specified therein or any event of default in the payment when due of the interest on any Bond unless prior to such waiver all arrearages of interest, principal and premium, with interest on such amounts to the extent permitted by law, and expenses of the Trustee and Paying Agents have been paid or provided for.

Modifications

The Indenture may not be modified or amended without the consent of the holders of not less than fifty-one percent in aggregate principal amount of the Parity Bonds outstanding except to:

1. provide for the issuance of additional series of Bonds or Parity Obligations to the extent permitted by the Indenture.

2. cure any ambiguity or formal defect or omission in the Indenture or in any supplemental indenture;

3. grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Trustee;

4. more precisely identify the Trust Estate, or any other property which may become a part of the Trust Estate;

5. subject to the lien and pledge of the Indenture additional revenues, properties or collateral;

6. evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee and/or Paying Agent hereunder;

7. modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to prevent any interest on obligations issued as tax-exempt obligations from becoming taxable under the Federal income tax laws or to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding however the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939; and

8. make any other change which is required by any provision of the Indenture, or which in the judgment of the Trustee is necessary or desirable and will not materially prejudice any non-consenting Holder of a Bond.

In any event, no such modification or amendment shall be made without consent of the Holders of all Bonds adversely affected thereby which will permit: an extension of the maturity of the principal or of the interest on any Bond issued hereunder, or a reduction in the principal amount of any Bond or the rate of interest thereon; a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as may be otherwise expressly provided in the Indenture; a reduction in the aggregate principal amount of the Parity Bonds required for consent to such supplemental indenture; or a reduction in the percentage of holders of Bonds required for consent to those supplemental indentures not permitted to be entered into without the consent of holders of Bonds by clauses 1 to 8 in the previous paragraph.

FINANCIAL STATEMENTS

Annual audits of the books of account, financial records and transactions of all administrative departments of the City are conducted by the State of South Dakota Department of Legislative Audit or by independent certified public accountants selected by the City and approved by the Department of Legislative Audits. Ketel Thorstenson, LLP, in Rapid City, South Dakota prepared the Independent Auditor's Report for the fiscal year ended December 31, 2025. Audit reports for the fiscal years ended December 31, 2014 through December 31, 2025 are available on the City's website, at https://www.rcgov.org/departments/finance/audits-3592.html.

AVAILABILITY OF CONTINUING DISCLOSURE

In order to permit bidders for the Series 2026B Bonds and other participating underwriters in the primary offering of the Series 2026B Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commissioner under the Securities Exchange Act of 1934, as amended (the "Rule"), the City and U.S. Bank Trust Company, National Association, as dissemination agent (the "Dissemination Agent") will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") under which the City will agree to provide annual reports of specified information and notice of the occurrence of certain events, if material, as described in the Disclosure Agreement. The owners of the Series 2026B Bonds are beneficiaries of the City's covenants in the Disclosure Agreement. The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Agreement, including terminations, amendments and remedies, are set forth in APPENDIX D to this Official Statement.

Breach of the covenants set forth in the Disclosure Agreement will not constitute a default or an "Event of Default" under the Indenture. A broker or dealer is to consider a known breach of the covenants set forth in the Disclosure Agreement before recommending the purchase or sale of the Series 2026B Bonds in the secondary market. Thus, a failure on the part of the City to observe the covenants set forth in the Disclosure Agreement may adversely affect the transferability and liquidity of the Series 2026B Bonds and their market price.

Except as set forth below, during the previous five years, the City has complied with its continuing disclosure obligations under Rule 15c2-12.

- In connection with its 2021A Wastewater Revenue Bonds, the City (i) did not file a Notice of Financial Obligation, and (ii) the audited financial statements and operating data for fiscal years 2020 through 2023 were not correctly linked to the issue, but such information can be found under other issues using the same base CUSIP (75338P). The City did not file Operating Data for fiscal year 2024.
- In connection with its Series 2020 Taxable Sales Tax Revenue Refunding Bonds (the "Series 2020 Bonds"), the City (i) did not file a Notice of Rating Change (ii)-did not file Notice of Financial Obligation, and (iii) did not file certain operating data relating to property values and property tax levies and collections for fiscal year 2023 (but such information is available under other base CUSIPS (e.g., 753387)).
- In connection with its Series 2019A Airport Revenue Refunding Bonds (PFC Supported) (the "2019A Bonds"), the City did not file the "Historical Total Passengers" Operating Data for fiscal years 2021 through 2024.
- In connection with its Series 2018 Sales Tax Revenue Bonds certain material event notices were filed late.
- In connection with the Series 2019A Bonds, the City did not file audited financial statements (but such information is available under other base CUSIPS (e.g., 753387)) and certain operating data for fiscal year 2019. The City is in compliance with the language of the disclosure undertakings for those series, which require updates to the annual information no later than 12 months after the end of the City's fiscal year, commencing with the fiscal year ending December 31, 2020.
- In connection with its 2011B Wastewater Revenue Refunding Bonds, the City did not timely file the audited financial statements and operating data for fiscal year 2021 and did not file certain operating data for fiscal year 2020.

The City has made remedial filings addressing the above-described matters.

All instances, if any, where the City has failed to comply with any previous written undertakings may be found on the Municipal Securities Rulemaking Board's internet web site http://emma.msrb.org and are included herein by specific reference as if stated in full. All prospective purchasers should review http://emma.msrb.org for past City compliance.

RATING

The City has applied to Moody's Investors Service, Inc. to assign its municipal bond rating to the Series 2026B Bonds. Any explanation of the significance of the rating, once received, may be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, telephone: (212) 553-0300. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be lowered, suspended, or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. Any such downward change in or suspension or withdrawal of such rating may have an adverse effect on the market price of the Series 2026B Bonds.

UNDERWRITING

D.A. Davidson & Co. and Colliers Securities (collectively the "Underwriters") have agreed, subject to certain conditions described below, to purchase the Series 2026B Bonds from the City at an aggregate purchase price of $[___], which is equal to the aggregate principal amount of $[21,210,000], plus net original premium of $[___], less an underwriters' discount of $[___], plus accrued interest to the date of closing, if any, subject to the terms of a Bond Purchase Agreement between the City and the Underwriters. The Bond Purchase Agreement provides that the Underwriters shall purchase all of the Series 2026B Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices set forth on the cover page hereof may be changed from time to time by the Underwriters. The City has agreed under the Bond Purchase Agreement to indemnify the Underwriters against certain liabilities, including liabilities under federal and state securities laws.

D.A. Davidson & Co. and Colliers Securities are also serving, collectively, as Dealer Manager on the Tender Offer. The Tendered Bonds are being tendered under the terms of the Tender Offer through the Dealer Manager in connection with the tender offer described in "PLAN OF FINANCE." The Dealer Manager will be compensated separately for services as Dealer Manager. For services as Dealer Manager, the Dealer Manager will be compensated (the "Dealer Manager's Fee") in an amount equal to a percentage of the aggregate principal amount of the Tendered Bonds and will be reimbursed for reasonable expenses relating to the Tender Offer. The Dealer Manager's Fee will be paid from proceeds of the Series 2026B Bonds.

[As of the date hereof, neither D.A. Davidson & Co. nor Colliers Securities own or hold any Tendered Bonds].

LITIGATION

There is no litigation pending or threatened against the City questioning or in any manner relating to or affecting the validity or enforceability of the Series 2026B Bonds, the establishment or collection of the Pledged Sales Taxes or the authority therefor. Commencement of any such litigation between the date of execution of the Bond Purchase Agreement and the proposed date of issuance may prevent the City from issuing the Series 2026B Bonds, or may delay the date of issuance.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and South Dakota income tax considerations relating to the purchase, ownership, and disposition of the Series 2026B Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Series 2026B Bonds. The Issuer has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Series 2026B Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Series 2026B Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Series 2026B Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to South Dakota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Series 2026B Bonds for cash at original issue and hold the Series 2026B Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Series 2026B Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Series 2026B Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Series 2026B Bonds is the first price at which a substantial amount of Series 2026B Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code. Such interest, however, may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the South Dakota income tax imposed on financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Series 2026B Bonds in order that interest on the Series 2026B Bonds be excluded from federal gross income. These requirements include, but are not limited to, provisions regarding the use of Series 2026B Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Series 2026B Bond proceeds and other amounts. The City has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Series 2026B Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Series 2026B Bonds to be included in federal gross income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Series 2026B Bonds in the event that interest on the Series 2026B Bonds is included in federal gross income.

Original Issue Discount

Series 2026B Bonds may be issued with "original issue discount" for federal income tax purposes ("OID"). A Series 2026B Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Series 2026B Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal tax basis.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as

having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Series 2026B Bonds, even if the Series 2026B Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Series 2026B Bond is purchased for a cost that is less than the Series 2026B Bond's issue price (plus accrued original issue discount, if any), the purchaser may be treated as having purchased the Series 2026B Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Series 2026B Bond (to the extent that the gain realized does not exceed the accrued market discount on the Series 2026B Bond).

Bond Premium

A holder that acquires a Series 2026B Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal tax basis for the Series 2026B Bond. Premium generally is amortized for federal income tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Series 2026B Bonds at a premium might recognize taxable gain upon sale of the Series 2026B Bonds, even if such Series 2026B Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes.

Related Tax Considerations

Section 86 of the Code requires recipients of certain social security and railroad retirement benefits to take interest on the Series 2026B Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2026B Bonds. In the case of a financial institution, generally no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Series 2026B Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Series 2026B Bonds for this purpose even though not directly traceable to the purchase of the Series 2026B Bonds. The Series 2026B Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2026B Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Series 2026B Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Series 2026B Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Series 2026B Bond. A holder's adjusted tax basis in a Series 2026B Bond generally will be equal to the amount that the holder paid for the Series 2026B Bond, increased by any accrued original issue discount with respect to the Series 2026B Bond and reduced by the amount of any amortized bond premium on the Series 2026B Bond. Except to the

extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Series 2026B Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Series 2026B Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Series 2026B Bonds generally are required to be reported to the IRS under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, and tax exemption of the Series 2026B Bonds are subject to the approval of Dorsey & Whitney LLP, Bond Counsel. Certain legal matters will be passed on for the City by Carla R. Cushman, Esq., the City Attorney. The approving opinion of Bond Counsel will be delivered with the Series 2026B Bonds, in substantially the form set forth in APPENDIX B to this Official Statement.

The delivery of this Official Statement has been duly authorized by the City Council.

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APPENDIX A –
AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED DECEMBER 31, 2025

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CITY OF Rapid City
LIVE. WORK. GROW.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025

CITY OF RAPID CITY

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	4-6
Management's Discussion and Analysis (Unaudited)	7-16
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to Government-Wide Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21-22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Government-Wide Statement of Activities	23
Statement of Net Position – Proprietary Funds	24-27
Reconciliation of the Proprietary Funds Net Position to the Statement of Net Position	28
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	29-30
Reconciliation of the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position to the Statement of Activities	31
Statement of Cash Flows – Proprietary Funds	32-35
Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	36
Notes to Financial Statements	37-68
Required Supplementary Information:	
Budgetary Comparison Schedule – Budgetary Basis (Unaudited) – General Fund	70-71
Budgetary Comparison Schedule – Budgetary Basis (Unaudited) – Capital Improvements & Vision Fund	72
Schedule of the City's Proportionate Share of the Net Pension Asset (Liability) (Unaudited)	73
Schedule of the City's Contributions (Unaudited)	74
Schedule of the City OPEB Liability (Unaudited)	75
Notes to Required Supplementary Information	76-77
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	79-83

CITY OF RAPID CITY

TABLE OF CONTENTS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 84-87

Combining Statement of Net Position – Nonmajor Proprietary Funds..... 88-91

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds..... 92-93

Combining Statement of Cash Flows – Nonmajor Proprietary Funds..... 94-97

Combining Statement of Net Position – Internal Service Funds 98

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds 99

Combining Statement of Cash Flows – Internal Service Funds 100

Single Audit Section:

Schedule of Expenditures of Federal Awards..... 102-104

Notes to Schedule of Expenditures of Federal Awards 105

Other Reports:

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*..... 107-108

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance..... 109-110

Schedule of Findings 111-113

Management Response:

Summary Schedule of Prior Audit Findings..... 115

Corrective Action Plan 116

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



KETEL THORSTENSON, LLP
Certified Public Accountants

September 22, 2026

CITY OF RAPID CITY

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

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

FINANCIAL HIGHLIGHTS

- The assets of the City of Rapid City exceeded its liabilities at the close of the most recent fiscal year by $1,239,079,954 (Net position). Of this amount, $172,027,896 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

- The City's total net position increased by $74,500,713 during 2025.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

CITY OF RAPID CITY

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF RAPID CITY

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

The City has three kinds of funds:

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

CITY OF RAPID CITY

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

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

Table A-1 Summarized Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 135,778,690	$ 132,746,828	$ 139,880,823	$ 149,474,843	$ 275,659,513	$ 282,221,671
Capital Assets	397,668,579	373,435,885	890,445,015	801,668,885	1,288,113,594	1,175,104,770
Total Assets	533,447,269	506,182,713	1,030,325,838	951,143,728	1,563,773,107	1,457,326,441
Deferred Outflows	21,608,987	20,989,401	8,572,349	8,417,486	30,181,336	29,406,887
Long-Term Debt	152,814,662	143,773,544	107,775,629	80,482,124	260,590,291	224,255,668
Other Liabilities	37,432,577	37,378,873	30,443,770	28,812,439	67,876,347	66,191,312
Total Liabilities	190,247,239	181,152,417	138,219,399	109,294,563	328,466,638	290,446,980
Deferred Inflows	11,401,188	14,181,688	15,006,663	17,525,419	26,407,851	31,707,107
Net Position:						
Net Investment in Capital Assets	249,255,870	234,176,621	796,284,245	731,110,843	1,045,540,115	965,287,464
Restricted	8,822,250	4,872,787	12,689,693	7,805,480	21,511,943	12,678,267
Unrestricted	95,329,709	92,788,601	76,698,187	93,824,909	172,027,896	186,613,510
Total Net Position	353,407,829	331,838,009	885,672,125	832,741,232	1,239,079,954	1,164,579,241
Beginning Net Position	331,838,009	320,984,194	832,741,232	757,550,219	1,164,579,241	1,078,534,413
Change in Net Position	$ 21,569,820	$ 10,853,815	$ 52,930,893	$ 75,191,013	$ 74,500,713	$ 86,044,828
Percentage of Change in Net Position	6%	3%	6%	9%	6%	7%

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

CITY OF RAPID CITY

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Changes in Net Position

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

The total cost of all programs and services was $234,779,682 (See Table A-2). The City's expenses cover a range of services, including road maintenance, parks and recreation services and utility system services. (See Figure A-3).

Figure A-2: Revenues for 2025

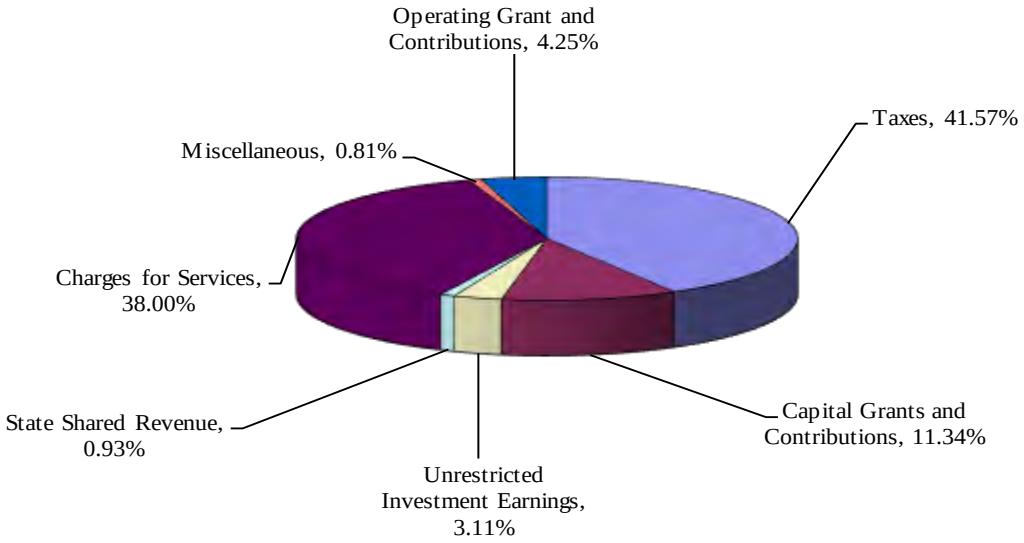
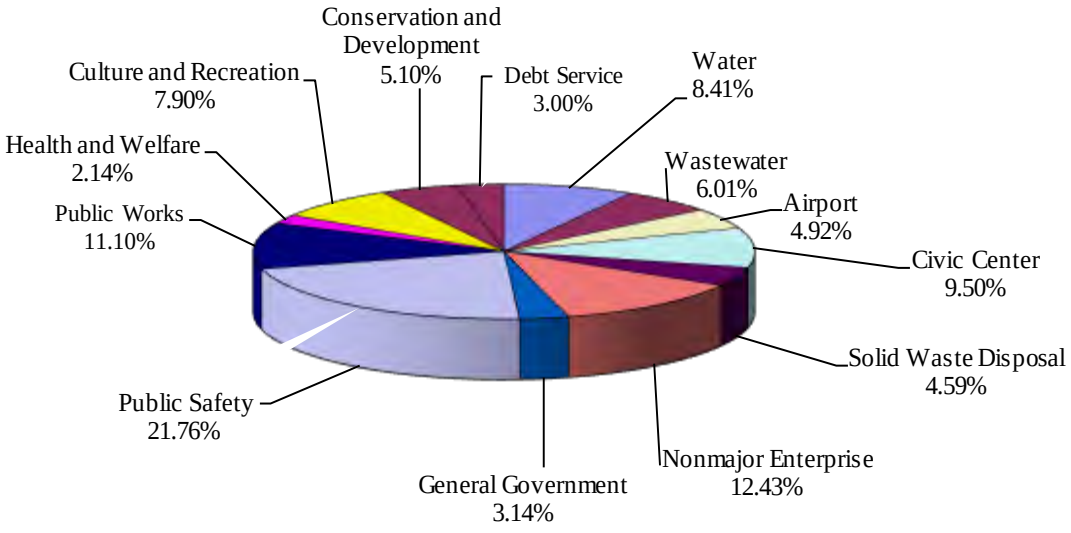


Figure A-3: Expenses for 2025



CITY OF RAPID CITY

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Changes in Net Position

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

Table A-2
Changes in Net Position

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Table A-2
Changes in Net Position

	Governmental Activities		Business - Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Expenses						
General Government	7,618,047	7,524,922	-	-	7,618,047	7,524,922
Public Safety	52,782,501	50,645,425	-	-	52,782,501	50,645,425
Public Works	26,931,230	26,390,266	-	-	26,931,230	26,390,266
Health and Welfare	5,187,144	5,244,868	-	-	5,187,144	5,244,868
Culture and Recreation	19,169,058	18,980,940	-	-	19,169,058	18,980,940
Conservation and Development	12,366,997	6,278,849	-	-	12,366,997	6,278,849
Interest on Long-Term Debt	7,269,925	18,834,049	-	-	7,269,925	18,834,049
Miscellaneous	3,342,984	3,868,689	-	-	3,342,984	3,868,689
Water	-	-	20,353,481	19,250,631	20,353,481	19,250,631
Wastewater	-	-	14,582,266	14,012,575	14,582,266	14,012,575
Airport	-	-	11,941,678	11,915,366	11,941,678	11,915,366
Civic Center	-	-	23,042,972	20,315,540	23,042,972	20,315,540
Solid Waste Disposal	-	-	11,134,873	9,867,024	11,134,873	9,867,024
Solid Waste Collection	-	-	3,758,672	3,937,534	3,758,672	3,937,534
Stormwater Utility	-	-	4,049,386	4,223,586	4,049,386	4,223,586
Executive Golf Course	-	-	410,231	371,912	410,231	371,912
Golf Course	-	-	1,555,126	1,486,827	1,555,126	1,486,827
Parking Lot and Area	-	-	1,247,763	1,405,232	1,247,763	1,405,232
Energy Plant	-	-	838,415	714,206	838,415	714,206
Ambulance	-	-	7,098,152	6,528,617	7,098,152	6,528,617
Transportation Terminal	-	-	98,781	87,963	98,781	87,963
Total Expenses	134,667,886	137,768,008	100,111,796	94,117,013	234,779,682	231,885,021
Excess Before Transfers	25,495,409	24,890,258	49,005,304	61,154,570	74,500,713	86,044,828
Transfers	(3,925,589)	(14,036,443)	3,925,589	14,036,443	-	-
Change in Net Position	21,569,820	10,853,815	52,930,893	75,191,013	74,500,713	86,044,828
Ending Net Position	$ 353,407,829	$ 331,838,009	$ 885,672,125	$ 832,741,232	$1,239,079,954	$ 1,164,579,241

CITY OF RAPID CITY

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Governmental Activities

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

Business-Type Activities

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

BUDGETARY HIGHLIGHTS

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

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

CITY OF RAPID CITY

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

CAPITAL ASSET ADMINISTRATION

By the end of 2025, the City had invested $1,288,113,594 in a broad range of capital assets, including buildings, and construction work in progress. (See Table A-3). This amount represents a net increase (including additions and deductions) of $113,008,822, primarily due to Wastewater Reclamation, Firestation #1, Airport Terminal, and Sheridan Lake Road projects.

Table A-3
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities	
	2025	2024	2025	2024
Land	$ 52,106,315	$ 50,573,974	$ 20,369,688	$ 19,581,212
Construction Work in Progress	7,517,338	28,795,181	166,719,316	$ 100,062,800
Buildings	88,161,809	73,015,505	223,780,109	228,786,160
Improvements Other Than Buildings	231,810,731	205,218,436	457,933,342	430,539,657
Machinery and Equipment	16,324,161	13,834,818	21,642,560	22,699,058
Intangible Subscription Assets	1,748,225	1,997,971	-	-
Total Capital Assets	$ 397,668,579	$ 373,435,885	$ 890,445,015	$ 801,668,887

LONG-TERM DEBT

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

Table A-4
Outstanding Debt and Obligations

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Rapid City's current economic position is strong and continues to grow. There was an increase in total property valuation of $320,954,814. The City requested a 2.66% increase in property tax revenue for the year of 2025 payable in 2026. The growth factor for 2026 taxes payable in 2027 was 3.00%. The growth factor of 2025 taxes payable in 2026 was 1.80%.

The adopted 2027 general fund expenditures budget increased 2.5% over the 2026 budget.

Revenue for the City's business type activities are anticipated to increase, water fees increased 10% for 2027. Wastewater fees increased by 12% for 2026. Sanitation fees increased by 12.5% for 2026.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Rapid City's Finance Office, 300 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, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
Assets:				
Cash and Cash Equivalents	$ 40,487,189	$ 37,014,049	$ 77,501,238	$ 434,508
Investments	77,145,950	56,003,241	133,149,191	3,654,738
Receivables, Net	24,518,780	24,073,866	48,592,646	12,927
Internal Balances	(9,126,022)	9,126,022	-	-
Other Assets	1,107,928	3,606,060	4,713,988	58,884
Restricted Cash	1,479,034	9,993,509	11,472,543	-
Net Pension Asset	165,831	64,076	229,907	-
Capital Assets				
Land and Construction Work in Progress	59,623,653	187,089,004	246,712,657	-
Other Capital Assets, Net of Depreciation	338,044,926	703,356,011	1,041,400,937	128,653
Total Assets	533,447,269	1,030,325,838	1,563,773,107	4,289,710
Deferred Outflows of Resources:				
Pension Related Deferred Outflows	15,614,538	6,033,274	21,647,812	-
OPEB Related Deferred Outflows	5,994,449	2,539,075	8,533,524	-
	21,608,987	8,572,349	30,181,336	-
Total Assets and Deferred Outflows of Resources	$ 555,056,256	$ 1,038,898,187	$ 1,593,954,443	$ 4,289,710
Liabilities:				
Accounts Payable	$ 10,598,775	$ 16,952,723	$ 27,551,498	10,778
Amount Held for Others	1,555,791	660,875	2,216,666	-
OPEB Liability	21,270,198	9,010,505	30,280,703	-
Other Current Liabilities	4,007,813	3,819,667	7,827,480	33,240
Noncurrent Liabilities				
Due Within One Year	12,182,509	4,562,465	16,744,974	4,896
Due in More than One Year	140,632,153	103,213,164	243,845,317	5,951
Total Liabilities	190,247,239	138,219,399	328,466,638	54,865
Deferred Inflows of Resources				
Deferred Revenue	-	325,506	325,506	18,426
Lease Related Deferred Inflows	-	10,249,174	10,249,174	-
Grant Related Deferred Inflows	165,380	-	165,380	-
OPEB Related Deferred Inflows	2,433,350	1,030,817	3,464,167	-
Pension Related Deferred Inflows	8,802,458	3,401,166	12,203,624	-
Total Deferred Inflows of Resources	11,401,188	15,006,663	26,407,851	18,426
Net Position				
Net Investment in Capital Assets	249,255,870	796,284,245	1,045,540,115	128,653
Restricted for:				
Debt Service	150,239	9,993,509	10,143,748	-
Cemetery Trust Fund - Expendable	176,793	-	176,793	-
Cemetery Trust Fund - Nonexpendable	50,000	-	50,000	-
Other Purposes - TID Debt Service	1,061,680	-	1,061,680	-
Other Purposes - Business Impr District	83,894	-	83,894	-
Other Purposes - Grants	20,219	-	20,219	716,182
Other Purposes - Library	301,514	-	301,514	-
Other Purposes - Pension	6,977,911	2,696,184	9,674,095	-
Unrestricted	95,329,709	76,698,187	172,027,896	3,371,584
Total Net Position	353,407,829	885,672,125	1,239,079,954	4,216,419
Total Liabilities, Net Position, and Deferred Inflows of Resources	$ 555,056,256	$ 1,038,898,187	$ 1,593,954,443	$ 4,289,710

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

CITY OF RAPID CITY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit MARC
Functions/Programs								
Primary Government								
Governmental Activities:								
General Government	$ 7,618,047	$ 4,479,101	$ 765,795	$ -	$ (2,373,151)	$ -	$ (2,373,151)	$ -
Public Safety	52,782,501	3,252,379	1,110,793	-	(48,419,329)	-	(48,419,329)	-
Public Works	26,931,230	1,060,126	9,158,519	5,043,405	(11,669,180)	-	(11,669,180)	-
Health and Welfare	5,187,144	278,811		-	(4,908,333)	-	(4,908,333)	-
Culture and Recreation	19,169,058	2,463,842		-	(16,705,216)	-	(16,705,216)	-
Conservation and Development	12,366,997	45,600	956,053	-	(11,365,344)	-	(11,365,344)	-
Interest on Long Term Debt (*)	7,269,925	-	-	-	(7,269,925)	-	(7,269,925)	-
Miscellaneous Expenditures	3,342,984	-	-	-	(3,342,984)	-	(3,342,984)	-
Total Governmental Activities	134,667,886	11,579,859	11,991,160	5,043,405	(106,053,462)	-	(106,053,462)	-
Business-Type Activities:								
Water	20,353,481	31,028,887	-	185,448	-	10,860,854	10,860,854	-
Wastewater	14,582,266	19,324,828	-	19,437,688	-	24,180,250	24,180,250	-
Airport	11,941,678	16,417,459	1,117,417	9,250,453	-	14,843,651	14,843,651	-
Civic Center	23,042,972	9,940,438	-	-	-	(13,102,534)	(13,102,534)	-
Solid Waste Disposal	11,134,873	9,437,234	-	-	-	(1,697,639)	(1,697,639)	-
Solid Waste Collection	3,758,672	5,697,351	-	183,286	-	2,121,965	2,121,965	-
Stormwater Utility	4,049,386	2,718,931	-	966,042	-	(364,413)	(364,413)	-
Executive Golf Course	410,231	398,665	-	-	-	(11,566)	(11,566)	-
Golf Course	1,555,126	1,458,410	-	-	-	(96,716)	(96,716)	-
Parking Lot & Area	1,247,763	1,623,807	-	-	-	376,044	376,044	-
Energy Plant	838,415	727,827	-	-	-	(110,588)	(110,588)	-
Ambulance	7,098,152	7,130,756	37,311	-	-	69,915	69,915	-
Transportation Terminal	98,781	34,571	-	-	-	(64,210)	(64,210)	-
Total Business-type Activities	100,111,796	105,939,164	1,154,728	30,022,917	-	37,005,013	37,005,013	-
Total Primary Government	$ 234,779,682	$ 117,519,023	$ 13,145,888	$ 35,066,322	$ (106,053,462)	$ 37,005,013	$ (69,048,449)	$ -
Component Unit:								
Museum Alliance of Rapid City, Inc. (MARC)	$ 835,593	$ 330,220	$ 3,783,790	$ -				$ 3,278,417
General Revenues:								
Taxes:								
Property Taxes					32,067,650	-	32,067,650	-
Sales Taxes					86,104,414	7,416,490	93,520,904	-
Other Taxes					2,919,474	80,321	2,999,795	-
State Shared Revenue					2,879,485	-	2,879,485	-
Unrestricted Investment Earnings					6,892,580	2,684,302	9,576,882	207,324
Miscellaneous Revenue					685,268	1,819,178	2,504,446	29,674
Transfers					(3,925,589)	3,925,589	-	-
Total General Revenue, Loss and Transfers					127,623,282	15,925,880	143,549,162	236,998
Change in Net Position					21,569,820	52,930,893	74,500,713	3,515,415
Net Position, Beginning, as Previously Stated					331,838,009	832,741,232	1,164,579,241	701,004
Net Position, Ending					$ 353,407,829	$ 885,672,125	$ 1,239,079,954	$ 4,216,419

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

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

CITY OF RAPID CITY

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

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

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

CITY OF RAPID CITY

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

Total Fund Balances - Governmental Funds	$ 107,780,786
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	397,668,579
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds	165,831
Pension related deferred outflows are components of the net pension asset and therefore not reported in the funds.	15,614,538
Long term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore not reported in the funds.	(152,814,662)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(480,992)
Property Taxes (delinquent) and special assessments (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	7,129,865
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.	4,855,441
Pension related deferred inflows are components of the net pension asset and therefore not reported in the funds.	(8,802,458)
Other post-employment benefits (OPEB) are not due and payable in the current period and therefore not reported in the funds.	(21,270,198)
OPEB-related deferred outflows and inflows are components of the OPEB liability and are therefore not reported in the funds.	3,561,099
Total Net Position - Governmental Activities	$ 353,407,829

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

CITY OF RAPID CITY

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

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

CITY OF RAPID CITY

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

		General Fund	Capital Improvements and Vision Fund	Other Governmental Funds	Total Governmental Funds
430	*Public Works*				
431	Highways and Streets	9,082,215	2,027,102	-	11,109,317
43x	Administration	1,842,388	2,655,384	-	4,497,772
440	*Health and Welfare*				
441	Health	1,267,846	-	-	1,267,846
444	Humane Society	625,000	-	-	625,000
449	Other - Public Transit	3,171,270	-	-	3,171,270
449	Other - Air Quality	88,153	-	-	88,153
450	*Culture and Recreation*				
451	Recreation	562,712	-	-	562,712
451	Swimming Pools	3,485,638	-	-	3,485,638
451	Ice Arena	558,421	-	-	558,421
452	Parks	4,467,836	-	-	4,467,836
455	Libraries	4,175,760	-	174,299	4,350,059
457	Historical Preservation	24,904	-	-	24,904
459	Other - Parks and Recreation Administration	1,043,796	-	-	1,043,796
459	Other - Retired Senior (RSVP)	-	-	152,110	152,110
459	Other - Cemetery	430,989	-	-	430,989
459	Other - Subsidies	1,072,481	-	-	1,072,481
459	Other - Urban Forestry	315,841	-	-	315,841
460	*Conservation and Development*				
465	Economic Development	40,150	1,575,579	-	1,615,729
465	Community Development	74,498	-	9,613,301	9,687,799
465	Transportation Planning	926,989	-	-	926,989
465	GIS Information System	351,812	-	-	351,812
470	Debt Service	-	7,940,776	8,629,973	16,570,749
485	Capital Outlay	6,792,752	28,454,710	6,233,403	41,480,865
490	*Miscellaneous*				
492	Other Expenditures	19,571	27,584	3,295,829	3,342,984
Total Expenditures		99,534,629	43,037,708	28,098,915	170,671,252
Excess of Revenue Over (Under) Expenditures		(920,138)	3,366,391	(19,294,555)	(16,848,302)
Other Financing Sources (Uses)					
391	Transfers In (Out)	816,740	(678,240)	-	138,500
391	Long-Term Debt Issued	-	-	18,491,008	18,491,008
391	Proceeds from Sale of Capital Assets	136,579	-	-	136,579
Total Other Financing Sources		953,319	(678,240)	18,491,008	18,766,087
Net Change in Fund Balances		33,181	2,688,151	(803,547)	1,917,785
Fund Balance - Beginning		39,494,661	66,926,023	(557,683)	105,863,001
Fund Balance - Ending		$ 39,527,842	$ 69,614,174	$ (1,361,230)	$ 107,780,786

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

CITY OF RAPID CITY

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

Net change in fund balances - total governmental funds	$	1,917,785
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlay		41,480,865
Depreciation		(18,029,885)
Capital assets contributed to the City by developments.		5,043,405
Capital assets transferred to proprietary funds.		(4,064,089)
In the Statement of Activities, the gains and losses on disposal of capital assets are reported, whereas in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.		(197,602)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position (net of premium).		9,337,563
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.		(18,491,008)
Accrued interest on long-term debt is not due and payable in the current period and is therefore not reported in the funds. The amount represents the change in accrued interest.		(36,739)
Changes in the other post employment benefit obligations related deferred outflows/inflows and related post employment expenses/revenue are not reported as expenditures in the governmental fund statements.		(1,452,163)
Governmental funds report property taxes, special assessments and grants as revenue when funds become available, but the statement of activities includes the property tax, special assessments and grants as revenue when earned.		1,357,963
Governmental funds recognize expenditures for compensated absences paid to employees with current financial resources during the fiscal year. Compensated absences earned by employees are not recognized in the funds. In the statement of activities, these benefits are recognized when the employees earn leave credits.		112,327
Internal service funds are used to charge the cost of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds has been prorated to governmental activities and business-type activities based on the proportionate share of wages.		1,077,548
Changes in the pension related deferred outflows/inflows, pension liability/asset and related pension expenses/revenue are not reported as expenditures in the governmental fund statements.		3,513,850
Change in Net Position of Governmental Activities	$	21,569,820

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

CITY OF RAPID CITY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

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

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

CITY OF RAPID CITY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

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

CITY OF RAPID CITY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Basis of Presentation

Fund Financial Statements:

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

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

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

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, other governments, or for major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Basis of Presentation

Proprietary Funds:

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

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

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

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

Major Proprietary Funds include:

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

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

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

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

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

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

Fiduciary Funds:

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

Cash and Cash Equivalents

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

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

Investments

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

Receivables and Payables

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Inventory

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

Capital Assets

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

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

Government-wide Financial Statements:

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

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

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

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

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

Land is an inexhaustible capital asset and is not depreciated.

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Capital Assets

Fund Financial Statements:

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

Leases

Lessee:
The City has no significant lessee transactions.

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

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

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

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

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

Subscription-Based Information Technology Arrangements

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Subscription-Based Information Technology Arrangements

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

The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

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

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

Deferred Inflows and Deferred Outflows of Resources

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

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

Long-Term Liabilities

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Equity Classifications

Government-wide Financial Statements:

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

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

Fund Financial Statements:

The City classifies governmental fund balance as follows:

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

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

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

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Equity Classifications

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Program Revenues

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

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

Proprietary Funds Revenue and Expense Classifications

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

Emerging Accounting Standards

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Summary of Significant Accounting Policies

Accounting Standard Adopted

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

Use of Estimates

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

Pensions

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

Subsequent Events

The City has assessed subsequent events through September 22, 2026, the date which the financial statements were available to be issued.

(2) Deposits and Investments

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(2) Deposits and Investments

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

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

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

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

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(2) Deposits and Investments

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

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

(3) Property Taxes

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

(4) Due From Other Governments

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(4) Due From Other Governments

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

(5) Individual Fund Interfund Receivable and Payable Balances

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(5) Individual Fund Interfund Receivable and Payable Balances

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

(6) Capital Assets

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

	Balance 12/31/2024	Additions	Transfers	Deletions	Balance 12/31/2025
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	$ 50,573,974	$ 1,532,341	$ -	$ -	$ 52,106,315
Construction Work in Progress	28,795,181	21,901,490	(43,179,333)	-	7,517,338
Total Capital Assets, not being Depreciated	79,369,155	23,433,831	(43,179,333)	-	59,623,653
Capital Assets, being Depreciated:					
Buildings	111,111,646	4,639,864	12,932,964	-	128,684,474
Improvements Other Than Buildings	475,716,811	13,802,582	25,776,048	-	515,295,441
Machinery and Equipment	44,174,089	4,647,993	406,232	(859,218)	48,369,096
Intangible Subscription Assets	2,497,463	-	-	-	2,497,463
Total Capital Assets, being Depreciated	633,500,009	23,090,439	39,115,244	(859,218)	694,846,474
Less Accumulated Depreciation for:					
Buildings	38,096,141	2,426,524	-	-	40,522,665
Improvements Other Than Buildings	270,498,375	12,986,335	-	-	283,484,710
Machinery and Equipment	30,339,271	2,367,280	-	(661,616)	32,044,935
Intangible Subscription Assets	499,492	249,746	-	-	749,238
Total Accumulated Depreciation	339,433,279	18,029,885	-	(661,616)	356,801,548
Total Governmental Activities Capital Assets, being Depreciated, Net	294,066,730	5,060,554	39,115,244	(197,602)	338,044,926
Total Governmental Capital Assets, Net	$ 373,435,885	$ 28,494,385	$ (4,064,089)	$ (197,602)	$ 397,668,579

Depreciation expense was charged to functions as follows:

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(6) Capital Assets

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

Depreciation expense was charged to functions as follows:

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(6) Capital Assets

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

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

	Balance 12/31/2024	Additions	Deletions*	Balance 12/31/2025	Due Within One Year
Primary Government:					
Governmental Activities:					
Financing Obligations	$ 3,459,070	$ -	$ (168,304)	$ 3,290,766	$ 173,767
Revenue Bonds	106,219,510	-	(5,275,077)	100,944,433	5,410,077
Tax Increment Districts	27,535,960	18,491,008	(3,654,383)	42,372,585	5,975,276
Subscriptions	2,044,724	-	(239,799)	1,804,925	249,223
Compensated Absences	4,514,280		(112,327)	4,401,953	374,166
Total Governmental Activities	143,773,544	18,491,008	(9,449,890)	152,814,662	12,182,509
Business-Type Activities:					
Financing Obligations	924,925	-	(145,448)	779,477	126,617
Closure/Post Closure	5,100,000	921,000	-	6,021,000	-
Revenue Bonds	72,682,142	60,190,204	(33,504,268)	99,368,078	4,395,848
Compensated Absences	1,775,057	-	(167,983)	1,607,074	40,000
Total Business-Type Activities	80,482,124	61,111,204	(33,817,699)	107,775,629	4,562,465
Total Primary Government	$ 224,255,668	$ 79,602,212	$ (43,267,589)	$ 260,590,291	$ 16,744,974

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

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

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

** Gross receipts taxes are pledged.

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(7) Long-Term Financing Arrangements

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

Total Governmental Funds

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

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

Total Business-type Activities

	Revenue Bonds		Financing Obligations		Total	
	Interest	Principal	Interest	Principal	Interest	Principal
2026	$ 2,556,463	$ 4,395,848	$ 30,134	$ 126,617	$ 2,586,597	$ 4,522,465
2027	2,592,338	5,501,811	24,420	132,332	2,616,758	5,634,143
2028	2,417,229	5,687,925	18,499	138,253	2,435,728	5,826,178
2029	2,237,024	5,497,860	12,719	111,089	2,249,743	5,608,949
2030	2,052,179	5,699,228	8,788	98,717	2,060,967	5,797,945
2031-2035	7,866,868	28,116,457	7,553	172,469	7,874,421	28,288,926
2036-2040	2,786,146	22,963,663	-	-	2,786,146	22,963,663
2041-2045	521,420	8,117,368	-	-	521,420	8,117,368
2046-2050	-	13,387,918	-	-	-	13,387,918
Total	$ 23,029,667	$ 99,368,078	$ 102,113	$ 779,477	$ 23,131,780	$ 100,147,555

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(8) Leases

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

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

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

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

(9) Interfund Transfers

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

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

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

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

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

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

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

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

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

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

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

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

Deferred outflow of resources includes $2,566,947 resulting from City contributions subsequent to the measurement date that will be recognized as an increase of the net pension asset in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

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

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

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

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

The actuarial assumptions used in the June 30, 2025, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(10) Pension Plan

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

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

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

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

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

(11) Other Post Employment Benefits (OPEB) Plan

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(11) Other Post Employment Benefits (OPEB) Plan

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

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

Total OPEB Liability:

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

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(11) Other Post Employment Benefits (OPEB) Plan

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

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

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

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

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

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

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

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

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

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

CITY OF RAPID CITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

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

(13) Risk Management

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

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

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

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

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

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

(14) Contingent Liabilities

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

(15) Landfill

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

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

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

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

(16) Tax Abatements

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RAPID CITY

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

(1) Budgets and Budgetary Accounting

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

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

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

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

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

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

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

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

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

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

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

Benefit Provision Changes: During the 2025 Legislative Session no significant SDRS benefit changes were made.

Actuarial Method Changes: No changes in actuarial methods were made since the prior valuation.

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

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

CITY OF RAPID CITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025

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

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF RAPID CITY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

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

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

CITY OF RAPID CITY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

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

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

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

CITY OF RAPID CITY

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

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

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

TID 83 Fund	TID 81 Fund	TID 80 Fund	TID 79 Fund	TID 78 Fund	TID 77 Fund	TID 76 Fund	TID 74 Fund	TID 72 Fund	TID 70 Fund
$ 475,915	$ 34,615	$ 817,458	$ -	$ -	$ 442,819	$ 520,614	$ -	$ 66,406	$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
251	128	133	-	-	-	226	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
476,166	34,743	817,591	-	-	442,819	520,840	-	66,406	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
584,120	34,743	817,591	-	-	442,819	515,537	-	65,060	-
-	-	-	-	-	-	-	-	-	-
1,188,997	-	-	201	1,086	-	-	639	-	6,462
1,773,117	34,743	817,591	201	1,086	442,819	515,537	639	65,060	6,462
(1,296,951)	-	-	(201)	(1,086)	-	5,303	(639)	1,346	(6,462)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(1,296,951)	-	-	(201)	(1,086)	-	5,303	(639)	1,346	(6,462)
(15,866)	-	295	201	1,086	369,814	(15,889)	639	65,071	6,462
$ (1,312,817)	$ -	$ 295	$ -	$ -	$ 369,814	$ (10,586)	$ -	$ 66,417	$ -

TID 54 Fund	TID 50 Fund	TID 52 Fund	TID 40 Fund	TID 39 Fund	Community Development Fund	Cemetery Perpetual Care Fund	Retired Senior Volunteer Fund	Library Board Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 51,297	$ -	$ -	$ -	$ -	$ -	$ 2,517	$ 5,407,208
-	-	-	-	-	-	-	-	-	1,740,821
-	-	-	-	-	847,895	-	108,157	-	956,052
-	-	-	-	-	-	24,780	-	-	24,780
-	-	-	-	-	-	-	-	-	45,600
-	-	-	-	-	-	-	-	14,070	14,070
-	-	-	-	-	-	-	-	72,967	72,967
-	-	-	-	-	-	2,840	9	3,949	67,598
-	-	-	-	-	-	-	-	-	331,100
-	-	-	-	-	-	-	18,451	100,000	118,451
-	-	-	-	-	25,713	-	-	-	25,713
-	-	51,297	-	-	873,608	27,620	126,617	193,503	8,804,360
-	-	-	-	-	-	-	-	174,299	174,299
-	-	-	-	-	-	-	152,110	-	152,110
-	-	-	-	-	863,301	-	-	-	9,613,301
-	-	52,247	-	-	-	-	-	-	8,629,973
-	-	-	-	-	-	-	-	-	6,233,403
269	5,531	-	42	13,322	-	193	-	-	3,295,829
269	5,531	52,247	42	13,322	863,301	193	152,110	174,299	28,098,915
(269)	(5,531)	(950)	(42)	(13,322)	10,307	27,427	(25,493)	19,204	(19,294,555)
-	-	-	-	-	-	-	-	-	18,491,008
-	-	-	-	-	-	-	-	-	18,491,008
(269)	(5,531)	(950)	(42)	(13,322)	10,307	27,427	(25,493)	19,204	(803,547)
269	5,531	(20,615)	42	13,322	6,871	199,366	28,534	282,310	(557,683)
$ -	$ -	$ (21,565)	$ -	$ -	$ 17,178	$ 226,793	$ 3,041	$ 301,514	$ (1,361,230)

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

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

CITY OF RAPID CITY

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

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

CITY OF RAPID CITY

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

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

CITY OF RAPID CITY

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

	Medical Insurance Fund	Liability Insurance Fund	Unemployment Insurance Fund	Workers Compensation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interfund Services Provided	$ 15,199,002	$ 365,598	$ 88,093	$ 1,164,031	$ 16,816,724
Payments to Employees	-	(17,330)	-	(16,488)	(33,818)
Payments for Claims and Services	(13,221,672)	(532,608)	(25,753)	(1,366,965)	(15,146,998)
Net Cash Provided (Used) by Operating Activities	1,977,330	(184,340)	62,340	(219,422)	1,635,908
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	18,183	-	-	36,887	55,070
Net Cash Provided by Investing Activities	18,183	-	-	36,887	55,070
Net Change in Cash and Cash Equivalents	1,995,513	(184,340)	62,340	(182,535)	1,690,978
Balances - Beginning	3,254,946	641,868	14,701	3,877,602	7,789,117
Balances- Ending	$ 5,250,459	$ 457,528	$ 77,041	$ 3,695,067	$ 9,480,095
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 2,021,245	$ (360,710)	$ 66,530	$ 62,775	$ 1,789,840
Adjustments to Reconcile Operating Income to Change in Assets and Liabilities:					
Accounts Receivable	23,251	-	-	-	23,251
Accounts Payables	(67,166)	176,952	(4,190)	(283,195)	(177,599)
Wages Payable	-	(582)	-	998	416
Net Cash Provided (Used) by Operating Activities	$ 1,977,330	$ (184,340)	$ 62,340	$ (219,422)	$ 1,635,908

SINGLE AUDIT SECTION

CITY OF RAPID CITY

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

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

CITY OF RAPID CITY

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

	Identifying Number	Assistance Listing Number	Amount
Direct Federal Funding:			
Highway Planning and Construction -- Trans and Transit MPO	311664	20.505	614,628
Total Highway Planning and Construction -- Trans and Transit MPO			614,628
Pass-Through the SD Department of Public Safety - Office of Highway Safety			
National Priority Safety Programs	2026-00-75	20.616	36,960
State and Community Highway Safety	2026-01-29	20.600	35,234
State and Community Highway Safety	2025-00-10	20.600	104,186
Total State and Community Highway Safety			139,420
Total Highway Safety Cluster			176,380
Direct Federal Funding:			
Federal Transit - Formula Grants	SD-2025-005-00	20.507	856,296
Federal Transit - Formula Grants	SD-2024-003-00	20.507	1,153,809
Federal Transit - Formula Grants	SD-2024-009-00	20.507	32,972
Federal Transit - Formula Grants	SD-2024-007-00	20.507	784,685
Federal Transit - Formula Grants	SD-2023-002-00	20.507	185,066
Total Federal Transit - Formula Grants			3,012,828
Federal Transit - Buses and Bus Facilities Formula	SD-2022-010-00	20.526	11,089
Total Federal Transit Cluster			3,023,917
Direct Federal Funding:			
Safe Streets and Roads for All	693JJ32440501	20.939	98,863
Total U.S. Department of Transportation			13,164,330
U.S. Environmental Protection Agency:			
Direct Federal Funding:			
Climate Pollution Reduction Grants	00l06300	66.046	132,114
Pass-through the SD Department of Agriculture and Natural Resources:			
Performance Partnership Grant	96838020	66.605	51,828
Total U.S. Environmental Protection Agency			183,942
U.S. Department of Agriculture:			
Pass-Through the South Dakota Department of Agriculture and Natural Resources:			
IRA Urban and Community Forestry	UCF-IRA-2023-007	10.727	48,864
Pass-Through the SD Department of Wildland Fire			
Cooperative Forestry Assistance	24-DG-11021600-075	10.664	8,943
Cooperative Forestry Assistance	23-DG-11021600-053	10.664	70,324
Total Cooperative Forestry Assistance			79,267
Total U.S. Department of Agriculture			128,131
Corporation for National and Community Service:			
Direct Federal Funding:			
Retired and Senior Volunteer Program	22SRESD001	94.002	30,000
Retired and Senior Volunteer Program	25SRESD001	94.002	78,157
Total Retired and Senior Volunteer Program and Corporation for National and Community Service			108,157

CITY OF RAPID CITY

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

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

See Notes to the Schedule of Expenditures of Federal Awards

CITY OF RAPID CITY

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

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

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

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

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

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rapid City (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 22, 2026.

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

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

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

Report on Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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



KETEL THORSTENSON, LLP
Certified Public Accountants

September 22, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Ketel Thorstenson, LLP

KETEL THORSTENSON, LLP
Certified Public Accountants

September 22, 2026

CITY OF RAPID CITY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

A. SUMMARY OF AUDIT RESULTS

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

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

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

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

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

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

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

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

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

CITY OF RAPID CITY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

B. Findings – Financial Statement Audit

Material Weaknesses

Finding No. 2025-001: Audit Adjustments

Federal Program Affected: None

Compliance Requirement: N/A

Questioned Costs: None

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

- To reclassify tax increment district fund receivable and expenditure.

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

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

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

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

CITY OF RAPID CITY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

C. Findings – Compliance Audit

No findings.

MANAGEMENT RESPONSE

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2025

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

2024-001 Finding: Internal Controls

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

Initial Year Reported: Originally issued years ago.

2024-002 Finding: Audit Adjustments

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

Initial Year Reported: Originally issued years ago.

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

2024-003 Finding: Suspension and Debarment Requirement

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

Initial Year Reported: 2024

2024-004 Finding: Period of Performance

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

Initial Year Reported: 2024.

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

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

CORRECTIVE ACTION PLAN
DECEMBER 31, 2025

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

2025-001 FINDING: Audit Adjustments

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

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

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

APPENDIX B –
FORM OF BOND COUNSEL OPINION

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City of Rapid City
Rapid City, South Dakota

Colliers Securities

D.A. Davidson & Co.

U.S. Bank Trust Company, National Association

Re: $[PAR] Sales Tax Revenue Refunding Bonds, Series 2026B
City of Rapid City, South Dakota

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Rapid City, South Dakota (the City) in connection with the authorization, sale and issuance by the City of the bonds described above, dated, as originally issued, as of December [__], 2026 (the Series 2026B Bonds). For the purpose of this opinion, we have examined certified copies of certain proceedings taken and certain certificates and affidavits furnished by the City in the authorization, sale and issuance of the Series 2026B Bonds, including (i) the form of the Series 2026B Bonds and (ii) an Indenture of Trust, dated as of August 15, 2005, as amended by a First Supplemental Indenture of Trust, dated as of February 1, 2013, a Second Supplemental Indenture of Trust, dated as of October 1, 2018, a Third Supplemental Indenture of Trust, dated as of December 1, 2018, a Fourth Supplemental Indenture of Trust, dated as of October 1, 2020, a Fifth Supplemental Indenture of Trust, dated as of August 1, 2021, a Sixth Supplemental Indenture of Trust, dated as of September 1, 2026, and a Seventh Supplemental Indenture of Trust, dated as of December 1, 2026 (as so amended and supplemented, the Indenture). From our examination of such proceedings, certificates and affidavits, assuming the authenticity thereof, the genuineness of the signatures thereon and the accuracy of the facts stated therein, and on the basis of federal and South Dakota laws, regulations, rulings and decisions enacted, promulgated or rendered and in effect on the date hereof, in our opinion:

1. The Series 2026B Bonds are valid and binding special obligations of the City enforceable in accordance with their terms. The Series 2026B Bonds are not general obligations of the City, and the general credit and taxing powers of the City are not pledged to the payment of the principal thereof or interest thereon.

2. The principal of and interest on the Series 2026B Bonds are payable from Pledged Sales Taxes, as defined in the Indenture, together with any other bonds issued heretofore and any other obligations issued hereafter on a parity therewith as to payment from the Pledged Sales Taxes.

3. In and by the Indenture the City has validly made and entered into covenants and agreements with and for the benefit of the owners from time to time of all bonds issued thereunder, including covenants that it will credit a portion of the Pledged Sales Taxes as received to the appropriate funds; that additional bonds and refunding bonds may be issued and made payable from the Bond Fund on a parity with the Series 2026B Bonds and other outstanding obligations upon certain conditions set forth in the Indenture, and certain parity obligations may be otherwise incurred and made payable from the Pledged Sales Taxes.

4. Interest on the Series 2026B Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

The opinions expressed in paragraphs 1, 2, and 3 above, are subject to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the exercise of judicial discretion.

The opinions expressed in paragraph 4 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026B Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Series 2026B Bonds in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2026B Bonds.

Except as stated herein, we express no opinion regarding the rate at which interest accrues or any other federal, state, or other tax consequences to the owner of the Series 2026B Bonds. We note, however, that interest on the Series 2026B Bonds may be included in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the South Dakota income tax imposed on financial institutions.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Series 2026B Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Series 2026B Bonds, and (iii) other matters relating to the exemption of the interest on the Series 2026B Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may retroactive.

Dated: December [__], 2026.

Very truly yours,

APPENDIX C –
BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2026B Bonds. The Series 2026B Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2026B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2026B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026B Bonds on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2026B Bonds, except in the event that use of the book-entry system for the Series 2026B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2026B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026B Bonds, such as redemptions, tenders, defaults and proposed amendments to the Certificate documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2026B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price and interest payments on the Series 2026B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds or corresponding detail information from the City or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price (if applicable) and interest to Cede & Co., (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2026B Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered to DTC.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2026B Bonds will be printed and delivered.

THE INFORMATION IN THIS SECTION HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE CITY, THE TRUSTEE OR THE UNDERWRITERS AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE CITY, THE TRUSTEE OR THE UNDERWRITERS TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. NEITHER THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR OTHER PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2026B BONDS, OR FOR ANY PRINCIPAL, OR INTEREST PAYMENT THEREON.

APPENDIX D –
CONTINUING DISCLOSURE AGREEMENT

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THIS AGREEMENT CONCERNING CONTINUING DISCLOSURE, dated as of the December 1, 2026 (this "Agreement"), between the CITY OF RAPID CITY, SOUTH DAKOTA, a political subdivision organized and existing under the Constitution and laws of the State of South Dakota (together with any successor to its functions hereunder, the "Issuer"); and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association in St. Paul, Minnesota (the "Agent").

W I T N E S S E T H:

WHEREAS, the Issuer has authorized, executed and entered into an Indenture of Trust dated as of August 15, 2005, as supplemented and amended by a First Supplemental Indenture dated as of February 1, 2013, a Second Supplemental Indenture dated as of October 1, 2018, a Third Supplemental Indenture dated as of December 1, 2018, a Fourth Supplemental Indenture dated as of October 1, 2020, a Fifth Supplemental Indenture dated as of August, 1 2021, a Sixth Supplemental Indenture dated as of September 1, 2026, and a Seventh Supplemental Indenture of Trust dated as of December 1, 2026 (as so supplemented and amended, the "Indenture"), with U.S. Bank Trust Company, National Association, as successor to The First National Bank in Sioux Falls, in Sioux Falls, South Dakota, as trustee; and

WHEREAS, simultaneously with the execution and delivery of this Agreement, the Issuer is issuing its $[PAR] Sales Tax Revenue Refunding Bonds, Series 2026B (the "Bonds"), pursuant to the provisions of the Indenture for the purpose of financing the Rapid City Regional Airport expansion Project; and

WHEREAS, to provide for the public availability of certain information relating to the Series 2026B Bonds and the security therefor and to permit underwriters of the Series 2026B Bonds to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R.§ 240.15c2-12) (the "Rule"), which will enhance the marketability of the Series 2026B Bonds, the Issuer desires to enter into this Agreement; and

WHEREAS, the Agent is willing to act as the agent of the Issuer for the purposes and on the terms and conditions hereinafter stated.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto DO HEREBY AGREE as follows:

Section 1. Definitions and Exhibit. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Indenture, unless the context hereof clearly requires otherwise.

In addition, the following terms, when used herein, have the following respective meanings:

Agent: means U.S. Bank Trust Company, National Association, its successors and assigns, acting in its capacity as Agent hereunder, or any successor Agent designated in writing by the Issuer and which has filed with the Agent a written acceptance of such designation.

Disclosure Information: the financial information and operating data relating to the Issuer for its fiscal year as specified in Subsection (b)(1) of Section 4 hereof.

EMMA: Electronic Municipal Market Access System.

Financial Obligation: means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Fiscal Year: the period commencing on the first day of January of any year and ending on the last day of December of that year, or any other twelve-month period, authorized by law and specified by the governing body of the Issuer as the Issuer's fiscal year.

Material Fact: a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public.

MSRB: the Municipal Securities Rulemaking Board or any successor to its functions.

Official Statement: the Official Statement, dated [_____], 2026, relating to the Series 2026B Bonds.

SEC: the Securities and Exchange Commission or any successor to its functions governing state and municipal securities disclosure.

State: the State of South Dakota.

Section 2. Representations. Each of the parties hereto represents and warrants to each other party that (i) it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (ii) it has duly authorized the execution and delivery of this Agreement, (iii) the execution and delivery of this Agreement and performance of the terms hereof by such party do not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument to which it is a party or by which it is bound, and (iv) to its best knowledge, no litigation, proceeding or administrative matter is pending to which it is a party, or overtly threatened, contesting or questioning the legal existence of such party, its power and authority to enter into and perform this Agreement or its due authorization, execution and delivery of this Agreement.

The Issuer represents and warrants that it is the only "obligated person" in respect of the Series 2026B Bonds within the meaning of the Rule.

Section 3. **Appointment of Agent as Agent**. The Issuer hereby appoints the Agent as its agent for the purpose of disclosing the information described in this Agreement in the manner set forth herein.

The Agent hereby accepts such appointment, subject to the terms and conditions of this Agreement. The Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Agent. In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates furnished to the Agent and conforming to the requirements of this Agreement.

Section 4. **Continuing Disclosure**. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Series 2026B Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Series 2026B Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Series 2026B Bonds, the Issuer hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Series 2026B Bonds. The Issuer is the only obligated person in respect of the Series 2026B Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the Issuer fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Series 2026B Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no

event shall a default under this section constitute a default under the Series 2026B Bonds or under any other provision of this Agreement. As used in this section, Owner or Bond owner means, in respect of a Series 2026B Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Series 2026B Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Series 2026B Bond (including persons or entities holding Series 2026B Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Series 2026B Bond for federal income tax purpose.

(b) Information to be Disclosed. The Issuer will provide, in a manner set forth in subsection (c) hereof either directly or indirectly through the Agent, the following information at the following times:

(1) on or before twelve (12) months after the end of each fiscal year of the Issuer, commencing on the dates set forth below, the following financial information and operating data in respect of the Issuer (the "Disclosure Information"):

(A) commencing with the fiscal year ending December 31, 2026, the audited financial statements of the Issuer for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under South Dakota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Issuer, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the Issuer; and

(B) commencing with the fiscal year ending December 31, 2026, to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: "THE PLEDGED SALES TAXES – Sales Tax Collection History"; "THE CITY – Property Values," as well as the information in the tables titled "THE CITY – Tax Levies and Collections – Property Tax Levies and Collections"; "—Debt Limit – Computation of Debt Margin" and "—Outstanding Obligations – Net Outstanding Obligations," which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the Issuer shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA") or the SEC. The Issuer shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the Issuer have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Issuer includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other Issuer operations in respect of which data is not included in the Disclosure Information and the Issuer determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the Issuer shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

If the Agent is to provide any such Disclosure Information to the MSRB through EMMA, not later than five (5) calendar days prior to December 31, the Issuer shall provide the Disclosure Information to the Agent, including a certificate in substantially the form attached hereto as EXHIBIT A. The Agent's obligation to deliver the information

at the times and with the contents described above shall be limited to the extent the Issuer has provided such information to the Agent as required hereby.

If the Agent has not received a copy of any Disclosure Information by the applicable date set forth in this subsection, the Agent shall contact the Issuer to inquire if the Issuer is in compliance with the above subsections (b)(1)(A) or (b)(1)(B) and the Issuer shall provide the Agent with a written statement as to whether or not the Issuer has complied with said requirements.

If the Agent is unable to identify that a Disclosure Information has been provided to the MSRB through EMMA by the applicable dates set forth in the subsection, the Agent being under no duty to verify that such Disclosure Information complies with subsection (b)(1)(A) or (b)(1)(B), the Agent shall send a notice to the MSRB through EMMA in substantially the form attached as EXHIBIT B to this Disclosure Agreement.

The Agent shall, provided the Disclosure Information has been provided to the Agent by the Issuer, notify the Issuer, in writing, of the date or dates they were provided to the MSRB.

The Agent shall, within three (3) Business Days of receipt of such Disclosure Information forward such information to the MSRB through EMMA without any further instruction or direction from the Issuer.

(2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events, to the extent applicable to the Series 2026B Bonds (collectively, "Listed Events," and each a "Material Fact," as hereinafter defined):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2026B Bonds or other material events affecting the tax status of the Series 2026B Bonds;
(7) modifications to rights of Bond holders, if material;
(8) Bond calls, if material and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Series 2026B Bonds if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership, or similar event of the obligated person;
(13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Series 2026B

Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Series 2026B Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (12) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

If the Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Agent shall file a notice of such occurrence, prepared by the Issuer, within three (3) Business Days of receipt of such request, with the MSRB through EMMA. Notwithstanding the foregoing, the Issuer is solely responsible for providing notice to the MSRB through EMMA within ten (10) Business Days of the occurrence of the Listed Events.

(3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:

(A) the failure of the Issuer to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
(B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the Issuer under subsection (d)(2);
(C) the termination of the obligations of the Issuer under this section pursuant to subsection (d);
(D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
(E) any change in the fiscal year of the Issuer.

If the Agent has been instructed by the Issuer to report the occurrence of one of the above events, the Agent shall file a notice of such occurrence, prepared by the Issuer, within three (3) Business Days of receipt of such request, with the MSRB through EMMA. Notwithstanding the foregoing, the Issuer is solely responsible for providing notice to the MSRB through EMMA in a timely manner.

(c) Manner of Disclosure.

(1) The Issuer agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).

(2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

(1) The covenants of the Issuer in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the Issuer under this section shall terminate and be without further effect as of any date on which the Issuer delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the Issuer to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Series 2026B Bonds to be in violation of the Rule or other applicable requirements of the Securities

Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the Issuer from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Series 2026B Bonds, by a resolution of the City Council filed in the office of the recording officer of the Issuer accompanied by an opinion of Bond Counsel, who may rely on certificates of the Issuer and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the Issuer or the type of operations conducted by the Issuer, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Series 2026B Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the Issuer agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Section 5. Reserved.

Section 6. Costs, Expenses and Indemnification of Agent. The Issuer hereby agrees to pay reasonable compensation of the Agent for, and all costs and expenses of the Agent incurred in, performing the services required of it under this Agreement. In addition to any and all rights of the Agent to reimbursement or indemnification or other rights at law or in equity, the Issuer hereby agrees to indemnify and hold harmless the Agent and its officers, directors and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including reasonable attorneys' fees and expenses) which such indemnified party may incur by reason of or in connection with the Agent's disclosure of information pursuant to this Agreement; provided that the Issuer shall not be required to indemnify the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of the Agent in such disclosure of information hereunder. The provisions contained in this Section 6 shall survive termination of the other provisions of this Agreement and the Indenture or the resignation or removal of the Agent.

Section 7. Defaults and Remedies. Failure of the Issuer or the Agent to comply with any provisions of this Agreement on its part to be observed shall constitute a default hereunder and any party hereto aggrieved thereby, including the holders of any Outstanding Bonds as third-party beneficiaries hereof, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained herein. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder and are hereby waived to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Agreement constitute a default under the Series 2026B Bonds or the Indenture.

Section 8. Binding Effect; Bondholders as Third-Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third-party beneficiary contract for the benefit of the holders from time to time of the Outstanding Bonds. Said third-party beneficiaries shall be entitled to enforce performance and observance by the parties of the respective agreements and covenants herein contained as fully and

completely as if said third-party beneficiaries were parties hereto; provided that this Agreement (other than this Section 8) may be amended or supplemented from time to time without notice to or the consent of such third-party beneficiaries. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their respective successors and permitted assigns as provided herein, and the holders of the Outstanding Bonds, any benefit or other legal or equitable right, remedy or claim under this Agreement.

Section 9. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 10. Amendments, Changes and Modifications. This Agreement (and the form and requirements of the Disclosure Information) may not be effectively amended or supplemented except in a writing executed by the parties hereto accompanied by an opinion of Bond Counsel to the effect that such amendment or supplement is required by, or better complies with, the provisions of the Rule or other applicable law. This Agreement may be amended or supplemented from time to time without notice to or the consent of the Bondholders (except as provided in Section 5 hereof).

Section 11. Resignation or Removal of Agent. The Agent may be removed at any time by the Issuer by a written instrument delivered to the Agent. The Agent may at any time resign and be discharged of the duties and obligations imposed on it hereunder by giving at least 30 days' written notice to the Issuer.

Section 12. Miscellaneous Provisions.

(a) Execution Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(b) Construction. This Agreement is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

(c) Term. This Agreement shall remain in effect so long as any Bonds are Outstanding.

Section 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State.

Section 14. Agent; Duty and Liabilities of Agent. The Issuer has engaged the Agent to assist the Issuer in disseminating information hereunder. The Agent shall, within three (3) Business Days of receipt of any Disclosure Information and within three (3) Business Days receipt of a Listed Event notice, forward such information to the MSRB through EMMA. The Agent has no duty or obligation to review the items provided to it hereunder for compliance with the requirements herein, including whether or not such items and/or attachments are complete.

The Agent shall have only such duties as are specifically set forth in this Agreement. The Agent shall have no duty or obligation to review or verify any information provided to it by the Issuer, but shall be responsible for disseminating notices and reports provided to it, to the extent the Issuer has timely provided such information to the Agent as required hereby. The Agent may conclusively rely upon any written representation of the Issuer hereby. The Agent shall have no duty or obligation to determine the materiality of a Listed Event and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Owners or any other party. The Agent shall have no responsibility for a failure of the Issuer to report a Listed Event to the Agent. The Agent shall have no power or authority to enforce performance of the Issuer's duties and obligations hereunder and shall not be required to take any action to cause the Issuer to comply with its obligations hereunder.

The fact that the Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer apart from the relationship created by this Agreement shall not be construed to mean that the Agent has actual knowledge of any event or condition except as may be provided by written notice from the Issuer. Nothing in this Agreement shall be construed to require the Agent to interpret or provide an opinion concerning any information disseminated hereunder. If the Agent receives a request for an interpretation or opinion, the Agent may refer such request to the Issuer for a response.

The Issuer shall pay or reimburse the Agent for its reasonable fees and expenses for the Agent's services (including attorneys' fees pursuant to this Agreement) rendered in accordance with this Disclosure Agreement.

Section 15. Notices.

Any request, demand, authorization, direction, notice, consent of the Owners or other document provided or permitted by this Agreement shall be deemed to have been duly given or made to the Issuer if either delivered personally to an officer of the Issuer, or if mailed by registered or certified mail to the Issuer at the address as set forth below or on file with the Agent (with a copy to the other parties) at the following addresses (or such other address as may be provided by any party by notice) and shall be deemed given and made upon deposit in the United States mail.

To the Issuer:	City of Rapid City, South Dakota 300 Sixth Street Rapid City, South Dakota 57701 Attn: City Finance Director
To the Agent:	U.S. Bank Trust Company, National Association 111 Fillmore Ave. E. EP-MN-WS3C St. Paul, Minnesota 55107 Attn: Compliance

IN WITNESS WHEREOF, THE CITY OF RAPID CITY, SOUTH DAKOTA and U.S. Bank Trust Company, National Association have caused this Agreement Concerning Continuing Disclosure to be executed in their respective names, all as of the date first written above.

CITY OF RAPID CITY, SOUTH DAKOTA

By: _____

Mayor

By: _____

Finance Director

Signature page to Agreement Concerning Continuing Disclosure

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Agent

By: _____

Its Assistant Vice President

Signature page to Agreement Concerning Continuing Disclosure

EXHIBIT A

FORM OF DISCLOSURE INFORMATION CERTIFICATE

DATE: _____

U.S. Bank Trust Company, National Association
111 Fillmore Ave. E.
EP-MN-WS3C
St. Paul, Minnesota 55107
Attn: Compliance

Re: City of Rapid City, South Dakota, Sales Tax Revenue Refunding Bonds, Series 2026B

Pursuant to the Agreement Concerning Continuing Disclosure, dated as of December 1, 2026 (the "Disclosure Agreement") between the City of Rapid City, South Dakota (the "Issuer") and U.S. Bank Trust Company, National Association (the "Agent"), the Issuer has agreed to provide on or before twelve (12) months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2026, the audited financial statements of the Issuer and, commencing December 31, 2026, updates to specific financial information and operating data originally provided in the Official Statement relating to the above referenced Bonds.

Attached hereto are the audited financial statements of the Issuer for the Fiscal Year ended _____, 20__.

The Issuer has provided or hereby provides the Agent with the information contained in the Official Statement within the captions, headings and/or subheadings checked below, and such information either is included in the audited financial statements or is provided in a separate report or document attached to this Certificate.

Attached	Included in Audit	
____	____	THE PLEDGED SALES TAXES – Sales Tax Collection History
____	____	THE CITY – Property Values
____	____	THE CITY – Tax Levies and Collections – Property Tax Levies and Collections
____	____	THE CITY – Debt Limit – Computation of Debt Margin
____	____	THE CITY – Outstanding Obligations – Net Outstanding Obligations

The information checked above is presented in a manner consistent with the Official Statement.

CITY OF RAPID CITY, SOUTH DAKOTA

By: _____

Finance Director

EXHIBIT B

NOTICE OF FAILURE TO FILE DISCLOSURE INFORMATION

Name of Issuer:	City of Rapid City, South Dakota
Name of Issue:	Sales Tax Revenue Refunding Bonds, Series 2026B
Date of Issuance:	December 16, 2026

NOTICE IS HEREBY GIVEN that the Issuer has not provided the Disclosure Information with respect to the above-named Series 2026B Bonds as required by the Agreement Concerning Continuing Disclosure, dated as of December 1, 2026, between the undersigned and the Issuer, with respect to the Series 2026B Bonds. The Issuer anticipates that the applicable Disclosure Information will be filed by _____.

Dated: _____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Agent

By: _____
Authorized Signatory

cc: City of Rapid City, South Dakota

4907-2683-3105\8

APPENDIX B

Form of Pricing Notice

[Attached]

(This page has been left blank intentionally.)

PRICING NOTICE FOR

INVITATION TO TENDER BONDS
made by
THE CITY OF RAPID CITY, SOUTH DAKOTA

to the Holders of all or any portion of the maturities listed on page (2) herein of

CITY OF RAPID CITY, SOUTH DAKOTA
Taxable Sales Tax Revenue Refunding Bonds, Series 2021

*The purpose of this Pricing Notice, dated November 12, 2026 (the **"Pricing Notice")** is to either confirm or amend the Purchase Prices for the Fixed Spreads for the Bonds. All other terms relating to the Tender Offer (hereinafter defined) remain unchanged.*

Pursuant to the Invitation to Tender Bonds dated November 5, 2026 (as it may be amended or supplemented, the "***Tender Offer***"), the City of Rapid City, South Dakota (the ***"Issuer"***), invited offers to tender Bonds for cash at the applicable purchase prices based on a fixed spread to be added to the yields on certain benchmark United States Treasury Securities set forth in this Pricing Notice. Accrued Interest on the Bonds will be paid on the Settlement Date. All terms used herein and not otherwise defined are used as defined in the Tender Offer.

As set forth in the Tender Offer, the Issuer retains the right to extend the Tender Offer, or amend the terms of the Tender Offer (including a waiver of any term) in any material respect, provided, that the Issuer shall provide notice of any such extension or amendment no less than five (5) business days prior to the Expiration Date, as it may be extended. In such event, any offers submitted with respect to the affected Bonds prior to such change in the Purchase Price or Fixed Spreads for such Bonds pursuant to the Tender Offer will remain in full force and effect and any Bondholder of such affected Bonds as applicable, wishing to revoke their offer to tender such Bonds for purchase must affirmatively withdraw such offer prior to the Expiration Date, as extended.

The Tender Offer, including the Preliminary Official Statement relating to the Sales Tax Revenue Refunding Bonds, Series 2026 of the Issuer is available: (i) at the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website, currently located at http://emma.msrb.org, using the CUSIP numbers for the Bonds, and (ii) on the website of the Information Agent at www.globic.com/rapidcity.

Any questions are to be directed to the Information Agent at (212) 227-9622.

TENDER OFFER – YIELD SPREADS

Pursuant to the Tender Offer, the Fixed Spreads for the Bonds are listed below. The Purchase Price to be paid on the Settlement Date excludes Accrued Interest on the Bonds tendered for purchase, which interest will be paid to but not including the Settlement Date.

Taxable Sales Tax Revenue Refunding Bonds, Series 2021

CUSIP	Maturity Date (December 1)	Interest Rate	Outstanding Principal Amount	Benchmark Treasury Security	Benchmark Treasury Security Maturity	Benchmark Treasury Security CUSIP	Fixed Spreads (in basis points)
753385 MU4	2027	1.242%	$ 4,015,000	[__]	[__]	[__]	[__]
753385 MV2	2028	1.442	4,065,000				
753385 MW0	2029	1.591	4,125,000				
753385 MX8	2030	1.691	4,190,000				
753385 MY6	2031	1.781	4,260,000				
753385 MZ3	2032	1.911	4,335,000				
753385 NA7	2033	2.011	4,420,000				
753385 NB5	2034	2.111	4,510,000				
753385 NC3	2035	2.211	4,605,000				
753385 ND1	2036	2.311	4,705,000				
753385 NE9	2037	2.510	4,815,000				
753385 NF6	2038	2.610	4,935,000				
753385 NG4	2039	2.660	5,065,000				
753385 NH2	2040	2.760	5,200,000				
753385 NJ8	2041	2.810	5,340,000				
753385 NK5	2046	2.910	24,245,000				

The yields on the Benchmark Treasury Securities will be determined at 10:00 AM, New York City time, on December 2, 2026.

Example based on the following closing yields for the Benchmark Treasury Securities as of [December 2, 2026], and the Fixed Spreads: The tables below provide an example of the Purchase Price realized by a Bondholder that submits an offer based on the following yields for the Benchmark Treasury Securities as of [December 2, 2026] and the Fixed Spreads. **This example is being provided for convenience only and is not to be relied upon by a Bondholder as an indication of the Purchase Yield or Purchase Price that may be paid by the Issuer.**

Based on these Benchmark Treasury Security yields, the following Purchase Prices would be derived:

Taxable Sales Tax Revenue Refunding Bonds, Series 2021

CUSIP	Maturity Date (December 1)	Benchmark Treasury Security	Benchmark Treasury Security Maturity	Indicative Benchmark Yield	Fixed Spread (in basis points)	Indicative Purchase Yield	Indicative Purchase Price per $100 Principal Amount
753385 MU4	2027	[__]	[__]	[__]	[__]	[__]	[__]
753385 MV2	2028						
753385 MW0	2029						
753385 MX8	2030						
753385 MY6	2031						
753385 MZ3	2032						
753385 NA7	2033						
753385 NB5	2034						
753385 NC3	2035						
753385 ND1	2036						
753385 NE9	2037						

753385 NF6	2038
753385 NG4	2039
753385 NH2	2040
753385 NJ8	2041
753385 NK5	2046

As a measure of the sensitivity of the Purchase Yield to changes in the yield on the Benchmark Treasury Security, the following table shows the impact on the Purchase Yield of a 0.10% (10 basis point) movement in the yield on the Benchmark Treasury Security:

Taxable Sales Tax Revenue Refunding Bonds, Series 2021

CUSIP	Maturity Date (December 1)	Indicative Purchase Yield	Indicative Purchase Price (Assuming a 0.10% Increase in Treasury Security Yield)	Indicative Purchase Price per $100 Principal Amount	Indicative Purchase Price (Assuming a 0.10% Decrease in Treasury Security Yield)
753385 MU4	2027	[__]	[__]	[__]	[__]
753385 MV2	2028				
753385 MW0	2029				
753385 MX8	2030				
753385 MY6	2031				
753385 MZ3	2032				
753385 NA7	2033				
753385 NB5	2034				
753385 NC3	2035				
753385 ND1	2036				
753385 NE9	2037				
753385 NF6	2038				
753385 NG4	2039				
753385 NH2	2040				
753385 NJ8	2041				
753385 NK5	2046				