CITY OF REDFIELD

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

CITY OF REDFIELD
CITY OFFICIALS
DECEMBER 31, 2025

Mayor:

Frank Schwartz

Governing Board:

Amy Akin
Michael Siebrecht
Dana Lewis
Joseph Morrissette
Jessi Lewis
Matt Weller
Keith Gall
Brent Derscheid

Finance Officer:

Adam Hansen

Attorney:

Gillette Law Office, P.C.

CITY OF REDFIELD

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CITY OF REDFIELD

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WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' 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

City Council
City of Redfield
Redfield, South Dakota

We have audited, 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, 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 Redfield, South Dakota (City), as of December 31, 2025, and for the year then ended, 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 16, 2026. Our report includes a reference to other auditors who audited the financial statements of the Hospital Fund and the aggregate discretely presented component unit, as described in our report on City of Redfield, South Dakota's 2025 financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 Current Audit Findings and Questioned Costs as items #2025-001 and #2025-002, that we consider to be material weaknesses.

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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item #2025-003.

City's Response to Findings

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

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.

Kohlman, Bierschbach & Anderson, LLP

September 16, 2026

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council
City of Redfield
Redfield, South Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Redfield, South Dakota's (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 the City's major federal program for the year ended December 31, 2025. The City's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

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

Basis for Opinion on the Major Federal Program

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

Auditors' 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 the 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 audit 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 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 Auditors' 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.

Purpose of this Report

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

Kohlman, Biersbach & Anderson, LLP

September 16, 2026



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Parks & Recreation
Bennett Osborn

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

PRIOR FEDERAL AUDIT FINDINGS:

#2024-001

A material weakness was reported for a lack of internal controls for reporting for federal compliance. This comment has been resolved.

PRIOR OTHER AUDIT FINDINGS:

#2024-002

A material weakness was reported for a lack of internal controls including a lack of segregation of duties for cash, revenues, receivables, inventory, capital assets, indebtedness, and equity. This comment has not been corrected and is restated as current other audit finding #2025-001. The reason for the recurrence is a lack of financial resources available to have the additional staff needed to adequately segregate duties.

#2024-003

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements. This comment has not been corrected and is restated as current other audit finding #2025-002. The reason for the recurrence is the lack of financial resources available to provide an internal control structure to record all necessary adjustments.

#2024-004

The Liquor, Lodging and Dining Gross Receipts Tax Fund budgeted for $139,675 of expenditures for the current year. Of that amount, $74,750 was to come from current year revenues. The remaining $64,925 was to come from fund balance. However, this fund had a deficit fund balance, so these funds were not available to fund the budget. This comment has been resolved.

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CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

Summary of the Independent Auditors' Results:

Financial Statements:

a. An unmodified opinion was issued on the financial statements of each opinion unit.

b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings #2025-001 and #2025-002.

c. Our audit disclosed an instance of noncompliance which was material to the financial statements. It is described in finding #2025-003.

Federal Awards:

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)

f. The federal award tested as a major program was:

1. Water and Waste Disposal Systems for Rural Communities, Federal Assistance Listing Number #10.760.

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $1,000,000.

h. City of Redfield did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS:

There were no written current federal compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2025-001

Criteria

Internal control can help a City achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting, and it can help ensure that the City complies with laws and regulations.

Condition Found

A material weakness was reported for a lack of internal controls including a lack of segregation of duties for cash, revenues, receivables, inventory, capital assets, indebtedness, expenditures, payroll, payables, and equity.

Cause

The City only has 3 employees in the finance department, so proper internal controls including segregation of duties for all areas has not been achieved.

Effect

This comment is the result of the size of the entity which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Redfield has determined it is not cost beneficial to employ additional personnel just to be able to adequately implement internal controls including segregation of duties for cash, revenues, receivables, inventory, capital assets, indebtedness, expenditures, payroll, payables and equity. It is not known how long this comment has been carried forward.

Recommendation

The City is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical.

Views of Responsible Officials and Planned Corrective Actions

See the unaudited corrective action plan on pages 10 - 11.

Finding #2025-002

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles (GAAP).

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

Cause

The City does not have a system of internal control in place to identify all adjustments necessary to ensure the financial statements are in conformity with generally accepted accounting principles.

Effect

This condition may affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials and Planned Corrective Actions

See the unaudited corrective action plan on pages 10 - 11.

COMPLIANCE AND OTHER MATTERS:

Finding #2025-003

Criteria

South Dakota Codified Law (SDCL) 9-21-9 limits expenditures to appropriated amounts.

Condition Found

In the General Fund, there were budget overdrafts of $57,069 in the highway and streets account, $20,668 in the airport account, and $30,585 in the recreation account.

Cause

The City adopted a budget for all these accounts, but the amount of expenditures exceeded the amount that was budgeted.

Effect

The City was not in accordance with SDCL 9-21-9, which limits expenditures to appropriated amounts.

Recommendation

We recommend the City limits expenditures to the amounts budgeted and adopt a supplemental appropriation ordinance or make contingency transfers for small line item deficits.

Views of Responsible Officials and Planned Corrective Actions

See the unaudited corrective action plan on pages 10 - 11.



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CORRECTIVE ACTION PLANS
DECEMBER 31, 2025

City of Redfield submits the following corrective action plans for the year ended December 31, 2025.

Corrective Action Plan #2025-001

Condition: A material weakness was reported for a lack of internal controls including a lack of segregation of duties for cash, revenues, receivables, inventory, capital assets, indebtedness, expenditures, payroll, payables, and equity.

Responsible official: Frank Schwartz

Planned corrective actions: This comment is a result of the size of the City of Redfield which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Redfield has determined that it is not cost beneficial to employ additional personnel just to be able to adequately implement internal controls including segregation of duties for cash, revenues, receivables, inventory, capital assets, indebtedness, expenditures, payroll, payables, and equity. The City of Redfield is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. Some of the compensating controls that have been implemented include dual signature of checks and board members reviewing vouchers and bank statements. However, this lack of internal controls including a lack of segregation of duties regarding cash, revenues, receivables, inventory, capital assets, indebtedness, expenditures, payroll, payables, and equity continues to exist.

Anticipated completion date: Ongoing

Corrective Action Plan #2025-002

Condition: During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements.

Responsible official: Frank Schwartz

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CORRECTIVE ACTION PLANS
DECEMBER 31, 2025

Planned corrective actions: This comment is a result of the size of the City of Redfield which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Redfield is aware of this problem and attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of controls continues to exist.

Anticipated completion date: Ongoing

Corrective Action Plan #2025-003

Condition: In the General Fund, there were budget overdrafts of $57,069 in the highway and streets account, $20,668 in the airport account, and $30,585 in the recreation account.

Responsible official: Frank Schwartz

Planned corrective actions: The City of Redfield will supplement the budget to cover the shortfall whenever the need arises in the future.

Anticipated completion date: December 31, 2026

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INDEPENDENT AUDITORS' REPORT

City Council
City of Redfield
Redfield, South Dakota

Report on the Audit of 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 Redfield, South Dakota (City), as of December 31, 2025, and for the year then ended, 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Redfield, South Dakota, 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.

We did not audit the financial statements of the Hospital Fund, which represent 40 percent, 49 percent, and 84 percent, respectively, of the assets, net position, and revenues of the business-type activities as of December 31, 2025. We also did not audit the financial statements of the Redfield Community Memorial Hospital and Clinic Foundation, Inc., which represent 100 percent of the assets, net position and revenues of the aggregate discretely presented component unit as of December 31, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Fund and the Redfield Community Memorial Hospital and Clinic Foundation, Inc., is based solely on the report of the other auditors.

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 Auditors' 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 audit 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 these 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 misstatements, 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.

Auditors' 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 auditors' report that includes our opinions. 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 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 fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 audit 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 internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the City's Pension Contributions on pages 54 through 58 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 and other auditors 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.

The City has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the combining financial statements listed in the Table of Contents 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 by us and other auditors. In our opinion, based on our audit and the report of other auditors, the Schedule of Expenditures of Federal Awards and the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 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.



September 16, 2026

CITY OF REDFIELD
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents	$ 723,781	$ 9,997,049	$10,720,830	$ 172,124
Investments	63,630	903,049	966,679	200,000
Accounts receivable, net	256,613	4,042,691	4,299,304	--
Inventories	11,064	539,207	550,271	--
Other assets	69,010	43,006	112,016	12,983
Restricted Assets:				
Cash and cash equivalents	--	1,032,628	1,032,628	--
Net pension asset	1,648	26,337	27,985	--
Capital Assets:				
Land, improvements and construction/development in progress	1,393,946	20,182,198	21,576,144	--
Other capital assets, net of depreciation/amortization	12,386,299	8,595,365	20,981,664	--
TOTAL ASSETS	14,905,991	45,361,530	60,267,521	385,107
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	171,190	2,489,464	2,660,654	--
TOTAL DEFERRED OUTFLOWS OF RESOURCES	171,190	2,489,464	2,660,654	--
LIABILITIES:				
Accounts payable	22,742	645,363	668,105	--
Other current liabilities	28,503	1,905,772	1,934,275	--
Noncurrent Liabilities:				
Due within one year	7,977	1,120,119	1,128,096	--
Due in more than one year	71,790	18,344,910	18,416,700	--
TOTAL LIABILITIES	131,012	22,016,164	22,147,176	--
DEFERRED INFLOWS OF RESOURCES:				
Pension related deferred inflows	103,120	1,403,592	1,506,712	--
TOTAL DEFERRED INFLOWS OF RESOURCES	103,120	1,403,592	1,506,712	--
NET POSITION:				
Net investment in capital assets	13,780,245	10,269,263	24,049,508	--
Restricted for:				
Debt service purposes	--	856,957	856,957	--
SDRS pension purposes	69,718	1,112,209	1,181,927	--
Permanently restricted purposes:				
Expendable	95,190	--	95,190	--
Non-expendable	119,066	--	119,066	--
Special Park Gift purposes	2,500	--	2,500	--
Special Rec Gift purposes	27,930	--	27,930	--
Projects with donor restrictions purposes	--	--	--	34,779
Unrestricted	748,400	12,192,809	12,941,209	350,328
TOTAL NET POSITION	$14,843,049	$24,431,238	$39,274,287	$385,107

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

CITY OF REDFIELD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Units
Primary Government:								
Governmental Activities:								
General government	$ 404,106	$ 82,517	$ --	$ --	$ (321,589)		$ (321,589)	
Public safety	753,239	8,632	253,078	--	(491,529)		(491,529)	
Public works	1,554,865	45,650	116,420	36,831	(1,355,964)		(1,355,964)	
Health and welfare	153,777	270	--	--	(153,507)		(153,507)	
Culture and recreation	944,943	52,490	--	32,371	(860,082)		(860,082)	
Conservation and development	198,771	--	2,153	--	(196,618)		(196,618)	
Total Governmental Activities	4,009,701	189,559	371,651	69,202	(3,379,289)		(3,379,289)	
Business-Type Activities:								
Water	994,430	1,032,096	--	589,437		$ 627,103	627,103	
Sewer	475,796	763,641	--	1,136,092		1,423,937	1,423,937	
Landfill	312,598	288,263	--	--		(24,335)	(24,335)	
Hospital	19,864,344	20,303,591	82,054	137,549		658,850	658,850	
Total Business-Type Activities	21,647,168	22,387,591	82,054	1,863,078		2,685,555	2,685,555	
Total Primary Government	$25,656,869	$22,577,150	$453,705	$1,932,280		2,685,555	(693,734)	
Component Units								
Redfield Community Memorial Hospital and Clinic Foundation Inc.	$ 19,543	$ --	$ 30,548	$ --				$ 11,005
General Revenues:								
Taxes:								
Property taxes					1,338,259	--	1,338,259	--
Sales taxes					1,328,213	--	1,328,213	--
State shared revenues					22,735	--	22,735	--
Grants and contributions not restricted to specific programs					15,818	--	15,818	9,864
Unrestricted investment earnings					14,186	295,114	309,300	7,169
Miscellaneous revenue					69,508	3,693	73,201	--
Transfers					41,633	(41,633)	--	--
Total General Revenues and Transfers					2,830,352	257,174	3,087,526	17,033
Change in Net Position					(548,937)	2,942,729	2,393,792	28,038
Net Position - Beginning					15,391,986	21,488,509	36,880,495	357,069
Net Position - Ending					$14,843,049	$24,431,238	$39,274,287	$385,107

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

CITY OF REDFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	$219,917	$ 503,864	$ 723,781
Investments	--	63,630	63,630
Taxes receivable - delinquent	34,076	--	34,076
Accounts receivable, net	1,933	--	1,933
Special assessments receivable - current	3,652	--	3,652
Special assessments receivable - noncurrent	7,304	--	7,304
Notes receivable	--	9,483	9,483
Due from federal government	38,958	--	38,958
Due from state government	146,279	7,793	154,072
Interest receivable	7,135	--	7,135
Inventory of supplies	11,064	--	11,064
Prepaid expenses	69,010	--	69,010
Advance to Liquor, Lodging and Dining Gross Receipts Tax Fund	319,189	--	319,189
TOTAL ASSETS	$858,517	$ 584,770	$1,443,287
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable	$ 22,742	$ --	$ 22,742
Accrued wages payable	25,596	1,721	27,317
Amounts held for others	1,186	--	1,186
Advance from General Fund	--	319,189	319,189
TOTAL LIABILITIES	49,524	320,910	370,434
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - sales and use taxes	5,194	--	5,194
Unavailable revenue - property taxes	26,449	--	26,449
Unavailable revenue - special assessments	10,956	--	10,956
TOTAL DEFERRED INFLOWS OF RESOURCES	42,599	--	42,599
FUND BALANCES:			
Nonspendable	80,074	119,066	199,140
Restricted	--	175,825	175,825
Committed	--	282,086	282,086
Assigned	109,726	--	109,726
Unassigned	576,594	(313,117)	263,477
TOTAL FUND BALANCES	766,394	263,860	1,030,254
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$858,517	$ 584,770	$1,443,287

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

CITY OF REDFIELD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Governmental Funds	$ 1,030,254
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	1,648
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	13,780,245
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds.	171,190
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	(79,767)
Assets, such as taxes receivable (delinquent) and special assessments receivable (current, delinquent and noncurrent), are not available to pay for current period expenditures and therefore are deferred in the funds.	42,599
Pension related deferred inflows are components of pension asset and therefore are not reported in the funds.	(103,120)
Net Position - Governmental Activities	$14,843,049

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

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

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes:			
General property taxes	$1,332,481	$ --	$1,332,481
General sales and use taxes	1,250,636	83,632	1,334,268
Penalties and interest on delinquent taxes	3,273	--	3,273
Licenses and Permits	21,633	--	21,633
Intergovernmental Revenue:			
Federal grants	289,178	--	289,178
State grants	1,653	500	2,153
State shared revenue:			
Bank franchise tax	7,694	--	7,694
Prorate license fees	8,707	--	8,707
Liquor tax reversion (25%)	15,041	--	15,041
Motor vehicle licenses	35,369	--	35,369
Local government highway and bridge fund	65,954	--	65,954
County shared revenue:			
County road tax (25%)	5,182	--	5,182
County wheel tax	1,208	--	1,208
Charges for Goods and Services:			
General government	26,165	--	26,165
Public safety	2,592	--	2,592
Health	270	--	270
Culture and recreation	45,937	2,187	48,124
Cemetery	36,150	9,500	45,650
Fines and Forfeits:			
Court fines and costs	6,040	--	6,040
Library	4,366	--	4,366
Miscellaneous Revenue:			
Investment earnings	8,732	5,454	14,186
Rentals	34,719	--	34,719
Special assessments	4,383	--	4,383
Contributions and donations from private sources	38,620	9,569	48,189
Other	17,622	--	17,622
TOTAL REVENUES	3,263,605	110,842	3,374,447
EXPENDITURES:			
General Government:			
Legislative	154,346	--	154,346
Executive	1,331	--	1,331

	General Fund	Other Governmental Funds	Total Governmental Funds
Financial administration	216,423	--	216,423
Other	24,204	--	24,204
Public Safety:			
Police	562,000	--	562,000
Fire	98,242	--	98,242
Public Works:			
Highways and streets	755,741	--	755,741
Airport	53,856	--	53,856
Cemeteries	49,145	--	49,145
Health and Welfare:			
Health	89,810	--	89,810
Ambulance	63,050	--	63,050
Culture and Recreation:			
Recreation	479,356	--	479,356
Parks	85,228	--	85,228
Libraries	200,729	--	200,729
Historical preservation	--	64,539	64,539
Conservation and Development:			
Economic development and assistance	198,673	1,955	200,628
Capital Outlay	271,120	--	271,120
TOTAL EXPENDITURES	3,303,254	66,494	3,369,748
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(39,649)	44,348	4,699
OTHER FINANCING SOURCES (USES):			
Transfers in	41,958	--	41,958
Sale of municipal property	4,982	4,697	9,679
Transfers out	--	(325)	(325)
TOTAL OTHER FINANCING SOURCES (USES)	46,940	4,372	51,312
NET CHANGE IN FUND BALANCES	7,291	48,720	56,011
CHANGE IN NONSPENDABLE	(2,122)	--	(2,122)
FUND BALANCE - BEGINNING	761,225	215,140	976,365
FUND BALANCE - ENDING	$ 766,394	$263,860	$1,030,254

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

CITY OF REDFIELD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds		$ 56,011
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.		271,120
This amount represents the current year depreciation/amortization expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(929,580)
In the statement of activities, gains $51,886 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds $9,679 from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.		42,207
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".		2,505
The fund financial statement governmental fund sales and use tax accruals differ from the government-wide statement sales and use tax accruals in that the fund financial statements require the amounts to be "available".		(6,055)
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises.		(3,652)
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.		(20,086)
Sick leave	$ 20,086	
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		40,715

Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the statement of activities when consumed. This amount represents the "change in" inventory of supplies.	(2,122)
Change in Net Position of Governmental Activities	$(548,937)

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

CITY OF REDFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	Totals
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 197,529	$ 886,202	$ 2,820	$ 8,910,498	$ 9,997,049
Investments	358,675	495,247	49,127	--	903,049
Accounts receivable, net	289,204	457,251	2,120	1,798,986	2,547,561
Due from federal government	200,856	1,294,274	--	--	1,495,130
Inventory of supplies	154,899	7,773	--	376,535	539,207
Prepaid expenses	--	--	--	43,006	43,006
Total Current Assets	1,201,163	3,140,747	54,067	11,129,025	15,525,002
Noncurrent Assets:					
Restricted cash and cash equivalents	354,745	108,387	--	569,496	1,032,628
Net pension asset	329	329	215	25,464	26,337
Capital Assets:					
Land	645	76,789	43,886	30,398	151,718
Buildings	44,722	--	6,965	9,338,717	9,390,404
Improvements other than buildings	2,102,322	2,707,238	--	115,153	4,924,713
Furnishings and equipment	201,564	367,704	38,534	8,912,331	9,520,133
Construction/development in progress	7,206,702	12,823,778	--	--	20,030,480
Less: accumulated depreciation	(1,500,689)	(1,739,060)	(27,552)	(11,972,584)	(15,239,885)
Total Noncurrent Assets	8,410,340	14,345,165	62,048	7,018,975	29,836,528
TOTAL ASSETS	9,611,503	17,485,912	116,115	18,148,000	45,361,530
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related deferred outflows	31,970	31,970	20,874	2,404,650	2,489,464
TOTAL DEFERRED OUTFLOWS OF RESOURCES	31,970	31,970	20,874	2,404,650	2,489,46
LIABILITIES:					
Current Liabilities:					
Accounts payable	63,265	119	39	581,940	645,363
Contracts payable	22,800	808,545	--	--	831,345
Contracts payable - retained percentage	161,783	295,067	--	--	456,850
Accrued interest payable	--	--	--	21,545	21,545
Accrued wages payable	3,926	3,926	1,633	311,926	321,411
Accrued taxes payable	--	--	--	98,950	98,950
Customer deposits	175,671	--	--	--	175,671
Bonds Payable Current:					
Revenue	67,852	157,938	--	--	225,790
Other long-term liabilities - current	--	--	--	260,000	260,000
Compensated absences payable - current	2,174	2,174	967	629,014	634,329
Total Current Liabilities	497,471	1,267,769	2,639	1,903,375	3,671,254

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	Totals
Noncurrent Liabilities:					
Bonds Payable:					
Revenue	4,317,684	8,548,785	--	--	12,866,469
Compensated absences payable	19,570	19,570	8,706	274,554	322,400
Other long-term liabilities	--	--	--	5,156,041	5,156,041
Total Noncurrent Liabilities	4,337,254	8,568,355	8,706	5,430,595	18,344,910
TOTAL LIABILITIES	4,834,725	9,836,124	11,345	7,333,970	22,016,164
DEFERRED INFLOWS OF RESOURCES:					
Pension related deferred inflows	17,592	17,592	11,184	1,357,224	1,403,592
TOTAL DEFERRED INFLOWS OF RESOURCES	17,592	17,592	11,184	1,357,224	1,403,592
NET POSITION:					
Net investment in capital assets	3,669,730	5,529,726	61,833	1,007,974	10,269,263
Restricted for:					
Debt service purposes	179,074	108,387	--	569,496	856,957
SDRS pension purposes	14,707	14,707	9,905	1,072,890	1,112,209
Unrestricted	927,645	2,011,346	42,722	9,211,096	12,192,809
TOTAL NET POSITION	$ 4,791,156	$ 7,664,166	$114,460	$11,861,456	$ 24,431,238

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

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

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	Totals
OPERATING REVENUE:					
Surcharge as security for debt	$ 167,396	$ 330,506	$ --	$ --	$ 497,902
Charges for goods and services	864,700	433,135	288,263	17,996,447	19,582,545
Miscellaneous	--	--	--	2,307,144	2,307,144
TOTAL OPERATING REVENUE	1,032,096	763,641	288,263	20,303,591	22,387,591
OPERATING EXPENSES:					
Personal services	155,540	154,945	103,696	12,027,723	12,441,904
Other current expense	160,607	42,620	206,554	6,704,111	7,113,892
Materials (cost of goods sold)	496,591	--	--	--	496,591
Depreciation	49,316	68,311	2,348	863,558	983,533
TOTAL OPERATING EXPENSES	862,054	265,876	312,598	19,595,392	21,035,920
OPERATING INCOME (LOSS)	170,042	497,765	(24,335)	708,199	1,351,671
NONOPERATING REVENUE (EXPENSE):					
Operating grants and contributions	--	--	--	82,054	82,054
Capital grants and contributions	589,437	1,136,092	--	137,549	1,863,078
Investment earnings	15,384	25,632	617	253,481	295,114
Interest expense	(132,376)	(209,920)	--	(268,952)	(611,248)
Gain (Loss) on disposition of assets	--	--	3,693	--	3,693
TOTAL NONOPERATING REVENUE (EXPENSE)	472,445	951,804	4,310	204,132	1,632,691
INCOME (LOSS) BEFORE TRANSFERS	642,487	1,449,569	(20,025)	912,331	2,984,362
TRANSFERS OUT	(15,384)	(25,632)	(617)	--	(41,633)
CHANGE IN NET POSITION	627,103	1,423,937	(20,642)	912,331	2,942,729
NET POSITION - BEGINNING	4,164,053	6,240,229	135,102	10,949,125	21,488,509
NET POSITION - ENDING	$4,791,156	$7,664,166	$114,460	$11,861,456	$24,431,238

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

CITY OF REDFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	$ 986,162	$ 753,569	$ 287,379	$18,942,554	$ 20,969,664
Cash receipts for interfund services provided	53,060	6,992	396	--	60,448
Other operating cash receipts	--	--	--	2,317,751	2,317,751
Cash payments to employees for services	(156,349)	(155,754)	(104,891)	(12,560,644)	(12,977,638)
Cash payments to suppliers of goods and services	(717,984)	(43,650)	(206,657)	(6,536,762)	(7,505,053)
Net cash provided (used) by operating activities	164,889	561,157	(23,773)	2,162,899	2,865,172
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating grants and contributions	--	--	--	82,054	82,054
Transfers out	(15,384)	(25,632)	(617)	--	(41,633)
Net cash used by noncapital financing activities	(15,384)	(25,632)	(617)	82,054	40,421
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions and grants	680,479	98,131	--	137,549	916,159
Purchase of capital assets	(704,136)	(201,676)	(19,500)	(509,678)	(1,434,990)
Proceeds from sale of capital assets	--	--	11,193	--	11,193
Principal paid on capital debt	(67,817)	(154,137)	--	(250,000)	(471,954)
Interest paid on capital debt	(132,376)	(209,920)	--	(266,045)	(608,341)
Net cash used by capital and related financing activities	(223,850)	(467,602)	(8,307)	(888,174)	(1,587,933)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash received for interest	15,384	25,632	617	253,481	295,114
Net cash provided by investing activities	15,384	25,632	617	253,481	295,114
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,961)	93,555	(32,080)	1,610,260	1,612,774
BALANCES - BEGINNING	1,017,457	1,601,812	84,027	7,869,734	10,573,030
RESTATEMENT DUE TO ERROR CORRECTION - (See Note 22)	(47,547)	(205,531)	--	--	(253,078)
BALANCES - BEGINNING AS RESTATED	969,910	1,396,281	84,027	7,869,734	10,319,952
BALANCES - ENDING	$ 910,949	$ 1,489,836	$ 51,947	$ 9,479,994	$ 11,932,726

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 170,042	$ 497,765	$ (24,335)	$ 708,199	$ 1,351,671
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation/Amortization expense	49,316	68,311	2,348	863,558	983,533
Provision for bad debts	--	--	--	548,004	548,004
Change in assets and liabilities:					
Receivables	(999)	(3,080)	(488)	419,846	415,279
Inventories	(85,442)	--	--	(16,673)	(102,115)
Prepaid expense	--	--	--	(6,098)	(6,098)
Net pension asset	(106)	(106)	(70)	(13,355)	(13,637)
Pension related deferred outflows	3,378	3,378	2,286	(337,653)	(328,611)
Accounts and other payables	24,656	(1,030)	(103)	190,120	213,643
Accrued wages payable	753	753	318	--	1,824
Accrued leave payable	5,426	5,426	3,060	--	13,912
Accrued expenses	--	--	--	(14,429)	(14,429)
Pension related deferred inflows	(10,260)	(10,260)	(6,789)	(178,620)	(205,929)
Customer deposits	8,125	--	--	--	8,125
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 164,889	$ 561,157	$ (23,773)	$ 2,162,899	$ 2,865,172
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Amortization of discounts on certificates of participation	$ --	$ --	$ --	$ 3,741	$ 3,741

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of the City of Redfield (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.

Discretely Presented Component Unit - Redfield Community Memorial Hospital and Clinic Foundation, Inc.

Redfield Community Memorial Hospital and Clinic Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the Hospital. Although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income thereon, are restricted to the activities of the Hospital by its donors.

Because these restricted resources held by the Foundation are primarily to be used by, or for the benefit of the Hospital, the Foundation is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

During the year ended December 31, 2025, the Foundation distributed approximately $14,085 to the Hospital for equipment and other projects.

The Foundation is a private not-for-profit organization that reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), including ASC Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's statements in the Foundation's financial reporting entity for these differences.

b. 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, business-type activities, and discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and,

NOTE 1 - (Continued)

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 two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or 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, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Liquor, Lodging and Dining Gross Receipts Tax Fund - To account for the collection of a 1 percent tax on the gross receipts of lodgings, alcoholic beverages, prepared food and admissions which tax shall be used for the purpose of land acquisition, architectural fees, construction costs, payments for civic center, auditorium or athletic facility buildings, including the maintenance, staffing, and operations of such facilities and the promotion and advertising of the City (SDCL 10-52A-2). This fund may be established at the direction of the governing body through local ordinance. This is not a major fund.

Industrial Development Revolving Loan Fund - To account for a loan to an economic development corporation. This is not a major fund.

NOTE 1 - (Continued)

Special Park Gift Fund - To account for contributions and expenses designated for parks. This is not a major fund.

Special Rec Gift Fund - To account for contributions and expenses designated for recreation. This is not a major fund.

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 related costs.

Debt Service Fund - To account for sales taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not a major fund.

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.

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.

Library Endowment Fund - To account for gifts and donations given in the form of an endowment. The interest earned from the endowments may be spent by the Governing Board for library expenditures. This is not a major fund.

All of these nonmajor funds are reported on the fund financial statements as "Other Governmental Funds".

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.

a. 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.)

b. 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.

NOTE 1 - (Continued)

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

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) This is a major fund.

Sewer 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) This is a major fund.

Landfill Fund - To account for the collection and disposal of solid waste from the City. This is a major fund.

Hospital Fund - To account for the acquisition, construction, and operation of a City hospital and related facilities. This is a major fund.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

NOTE 1 - (Continued)

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the City is 30 days. The revenues which are accrued at December 31, 2025, are sales tax, state grants, and federal grants.

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. Unavailable revenues, where asset recognition criteria have been met but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

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

d. 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.

e. Deposits and Investments:

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

f. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and

NOTE 1 - (Continued)

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g. Patient Receivables:

Patient receivables are uncollateralized patient and third-party payor obligations. The Hospital does not charge interest on delinquent accounts. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debts provision. Management also reviews accounts to determine if classification as charity care is appropriate.

h. Notes Receivable:

Notes receivable are uncollateralized loans, bearing interest at market rates, from individuals who are seeking a medical degree as part of the Hospital's physician recruitment process. The notes have been issued with forgiveness provisions that match the work commitment to encourage retention. Management reviews the notes receivable periodically and estimates a portion, if any, of the balance that will not be collected or earned under the work commitment arrangement. There was no allowance as of December 31, 2025.

i. Capital Assets:

Capital assets include land, buildings, improvements other than buildings, furnishings and equipment, construction/development in progress, infrastructure, intangible lease assets, intangible subscription assets and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for 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 date donated. 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.

NOTE 1 - (Continued)

The total December 31, 2025 balance of governmental activities capital assets includes approximately 39 percent for which the costs were determined by estimates of the original costs. The total December 31, 2025 balance of business-type capital assets includes approximately 4 percent for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon and by appraisals.

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, 2004, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 2004, 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/amortization methods, and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land and land rights	$ --	N/A	N/A
Improvements other than buildings	$2,500	Straight-line	10 to 25 yrs.
Buildings	$2,500	Straight-line	20 to 50 yrs.
Furnishings and equipment	$2,500	Straight-line	3 to 18 yrs.
Infrastructure	$2,500	Straight-line	15 to 75 yrs.
Utility property and improvements	$2,500	Straight-line	15 to 100 yrs.
Hospital property and improvements	$5,000	Straight-line	5 to 40 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

NOTE 1 - (Continued)

j. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of revenue bonds, certificates of participation, 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 financial statements.

k. 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.

l. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

NOTE 1 - (Continued)

m. Proprietary Funds Revenue and Expense Classifications:

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

n. Net Patient Service Revenue:

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

o. Cash and Cash Equivalents:

The City pools the cash resources of its funds for cash management purposes. Except for the Hospital Fund, the proprietary funds essentially have access to the entire amount of their cash resources on demand. Accordingly, except for the Hospital Fund, 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.

p. 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".

NOTE 1 - (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

q. Application of Net Position:

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

r. Fund Balance Classification Policies and Procedures:

In accordance with Governmental Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

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

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

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

4. Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City Council.

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

The Nonspendable Fund Balance is comprised of the following:

Amount reported in nonspendable form such as inventory and prepaid expenses.

Amount legally or contractually required to be maintained intact such as Cemetery Perpetual Care Fund and Library Endowment Fund.

The City Council committed the following fund balance types by taking the following action:

Fund Balance Type	Amount	Action
Industrial Development Revolving Loan Fund	$282,086	Ordinance

NOTE 1 - (Continued)

The City uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government 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.

A schedule of fund balances is provided as follows:

CITY OF REDFIELD
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:			
Nonspendable:			
Inventory	$ 11,064	$ --	$ 11,064
Prepaid expenses	69,010	--	69,010
Nonexpendable Cemetery Perpetual Care	--	50,000	50,000
Nonexpendable Library Endowment	--	69,066	69,066
Restricted for:			
Debt Service requirements	--	50,205	50,205
Expendable Cemetery Perpetual Care	--	68,749	68,749
Expendable Library Endowment	--	26,441	26,441
Special Park Gift	--	2,500	2,500
Special Rec Gift	--	27,930	27,930
Committed for:			
Industrial Development Revolving Loan	--	282,086	282,086
Assigned to:			
Applied to next year's budget	76,030	--	76,030
Capital outlay accumulations	33,696	--	33,696
Unassigned	576,594	(313,117)	263,477
Total Fund Balances	$766,394	$ 263,860	$1,030,254

s. Grants and Contributions:

The Hospital may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after revenues in excess of expenses.

NOTE 1 - (Continued)

t. Charity Care:

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was $103,700 for the year ended December 31, 2025, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

u. 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/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. City contributions and net pension asset are recognized on an accrual basis of accounting.

v. Accountable Care Organization (ACO) Participation:

The Hospital participates in a Medicare Shared Savings ACO program. The Hospital is a minority owner in the Caravan Health ACO 15 LLC d/b/a Prairie Vista Care Organization, which merged with Signify Health, Inc in 2022. During the year ended December 31, 2025, the Hospital recognized $97,541 of revenue related to the ACO shared savings, which is included in other revenue on the Statement of Revenues, Expenses and Changes in Net Position. The ACO the Hospital participated in has no downside revenue risk associated with the program.

NOTE 2 - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare - The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost-based reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended December 31, 2023. Clinical services are paid on a cost basis or fixed fee schedule.

Medicaid - Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Clinical and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a reimbursement methodology based on historical costs. There are no retroactive settlements resulting from the Medicaid program.

Blue Cross - Services rendered to Blue Cross subscribers are reimbursed under a prospectively determined methodology.

NOTE 2 - (Continued)

The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, and discounts from established charges.

Concentration of net revenues by major payor accounted for the following percentages of the Hospital's net patient service revenue for the year ended December 31, 2025:

Medicare	50%
Medicaid	9%
Blue Cross	22%
Other third-party payors and patients	19%
	100%

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue for the year ended December 31, 2025, increased by approximately $51,000 due to differences between estimated and final settlements, removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

NOTE 3 - VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

	Year Ended 12/31/2025
General Fund:	
Activity:	
Public Works - Highways and Streets	$57,069
Public Works - Airport	$20,668
Culture and Recreation - Recreation	$30,585

The City plans to take following actions to address these violations: The City of Redfield will supplement the budget to cover the shortfall whenever the need arises in the future.

NOTE 4 - DEFICIT FUND BALANCES / NET POSITION OF INDIVIDUAL NONMAJOR FUNDS

As of December 31, 2025, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

Liquor, Lodging and Dining Gross Receipts Tax Fund	$313,117

The Governing Board plans to take the following actions to address the deficit fund balance/deficit net position:

NOTE 4 - (Continued)

The Council plans to transfer money from the General Fund to make that account $0.

NOTE 5 - DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

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.

Fair Value Measurement - 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.

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

As of December 31, 2025, the City had the following investments:

Investment	Credit Rating	Maturities	Fair Value
External Investment Pools:			
SDFIT	Unrated	$ 3,036	$13,036

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities,

NOTE 5 - (Continued)

school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Certificates of Deposit - 98.7% of total investments.

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The City's policy is to credit all income from deposits and investments to the General Fund, including investment income generated by the Cemetery Perpetual Care Fund, which must be credited to the General Fund, and used only for maintenance of the City cemetery, as required by SDCL 9-32-18, except for the Library Endowment Fund and the Hospital Fund, which retain their investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income, except where legal or contractual requirements require investment income to be credited to a fund other than the one associated with the assets. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities.

NOTE 6 - RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

Amount:	Purpose:
$179,074	For debt service in the Water Fund
$108,387	For debt service in the Sewer Fund
$569,496	For debt service in the Hospital Fund
$175,671	For customer deposits in the Water Fund

NOTE 7 - 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 $4,687 of receivables related to obligations paid on behalf of utility customers in the Water Fund, and for $961,801 of receivables related to obligations paid on behalf of patients in the Hospital Fund, for which appropriate allowances for estimated uncollectible have been established.

NOTE 8 - INVENTORY

Inventory in the General Fund consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

NOTE 8 - (Continued)

Inventory acquired for resale in the proprietary funds is recorded as an asset when acquired. The consumption of inventories held for resale is charged to expense as it is consumed. Inventories held for resale are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption.

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

NOTE 9 - 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.

NOTE 10 - CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2025, is as follows:

	Balance 01/01/2025	Increases	Decreases	Balance 12/31/2025
Governmental Activities:				
Capital assets, not-being depreciated/amortized:				
Land	$ 1,257,982	$ --	$ --	$ 1,257,982
Construction/Development in progress	108,495	27,469	--	135,964
Total, not being depreciated/amortized	1,366,477	27,469	--	1,393,946
Capital assets, being depreciated/amortized:				
Buildings	3,938,721	--	--	3,938,721
Improvements other than buildings	26,225,199	--	--	26,225,199
Furnishings and equipment	3,936,278	383,802	148,750	4,171,330
Total, being depreciated/amortized	34,100,198	383,802	148,750	34,335,250
Less accumulated depreciation/amortization for:				

NOTE 10 - (Continued)

	Balance 01/01/2025	Increases	Decreases	Balance 12/31/2025
Buildings	1,455,445	80,503	--	1,535,948
Improvements other than buildings	17,031,333	599,477	--	17,630,810
Furnishings and equipment	2,583,399	249,600	50,806	2,782,193
Total accumulated depreciation/amortization	21,070,177	929,580	50,806	21,948,951
Total governmental activities capital assets, being depreciated/amortized, net	13,030,021	(545,778)	97,944	12,386,299
Governmental activity capital assets, net	$14,396,498	$(518,309)	$ 97,944	$13,780,245

Depreciation/Amortization expense was charged to functions as follows:

Governmental activities:	
General government	$ 10,690
Public safety	92,997
Public works	703,284
Health and welfare	917
Culture and recreation	121,692
Total depreciation/amortization expense - governmental activities	$929,580

	Balance 01/01/2025	Increases	Decreases	Balance 12/31/2025
Business-Type Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 151,718	$ --	$ --	$ 151,718
Construction/Development in progress	19,270,622	759,858	--	20,030,480
Total, not being depreciated/amortized	19,422,340	759,858	--	20,182,198
Capital assets, being depreciated/amortized:				
Buildings	9,322,964	67,440	--	9,390,404
Improvements other than buildings	4,924,713	--	--	4,924,713
Furnishings and equipment	8,987,375	545,258	12,500	9,520,133
Total, being depreciated/amortized	23,235,052	612,698	12,500	23,835,250
Less accumulated depreciation/amortization for:				
Buildings	4,678,553	315,537	--	4,994,090
Improvements other than buildings	2,848,027	101,392	--	2,949,419
Furnishings and equipment	6,734,772	566,604	5,000	7,296,376

NOTE 10 - (Continued)

	Balance 01/01/2025	Increases	Decreases	Balance 12/31/2025
Total accumulated depreciation/amortization	14,261,352	983,533	5,000	15,239,885
Total business-type activities capital assets, being depreciated/amortized, net	8,973,700	(370,835)	7,500	8,595,365
Business-type activity capital assets, net	$28,396,040	$ 389,023	$ 7,500	$28,777,563

Depreciation/Amortization expense was charged to functions as follows:

Business-type activities:	
Water	$ 49,316
Sewer	68,311
Landfill	2,348
Hospital	863,558
Total depreciation/amortization expense - business-type activities	$983,533

Construction/Development in progress at December 31, 2025, is composed of the following:

Project Name	Project Authorization	Expended Thru 12/31/2025	Committed	Required Future Financing
Water/Wastewater Project	$18,674,764	$20,030,480	$--	$--
Airport Ag Extension Area Project	--	117,292	--	--
Airport Apron & Taxilane	--	18,672	--	--
Total	$18,674,764	$20,166,444	$--	$--

NOTE 11 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance 01/01/2025	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Primary Government:					
Governmental activities:					
Accrued compensated absences - governmental funds	$ 59,681	$20,086	$ --	$ 79,767	$ 7,977
Total governmental activities	59,681	20,086	--	79,767	7,977
Business-type activities:					
Bonds payable:					
Revenue	13,314,213	--	221,954	13,092,259	225,790
Certificates of participation	5,700,000	--	250,000	5,450,000	260,000

NOTE 11 - (Continued)

	Balance 01/01/2025	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Less unamortized discount	(37,700)	--	(3,741)	(33,959)	--
Total debt	18,976,513	--	468,213	18,508,300	485,790
Accrued compensated absences - business-type funds	1,046,329	13,912	103,512	956,729	634,329
Total business-type activities	20,022,842	13,912	571,725	19,465,029	1,120,119
Total Primary Government	$20,082,523	$33,998	$571,725	$19,544,796	$1,128,096

Debt payable at December 31, 2025, is comprised of the following:

Revenue Bonds:

The Water Fund obtained a revenue bond for $228,823 with quarterly payments of $2,723.25 being made beginning July 1, 2010, with interest at 2.5%, maturing October 1, 2039.	$ 126,417
The Sewer Fund obtained a revenue bond for $803,423 with quarterly payments of $10,506.39 being made beginning October 15, 2015, with interest at 3.25%, maturing July 15, 2045.	$ 610,765
The Water Fund obtained a revenue bond for $4,012,000 with monthly payments of $14,684 being made beginning November 11, 2023, with interest at 3.125%, maturing October 11, 2063.	$3,897,523
The Water Fund obtained a revenue bond for $376,000 with monthly payments of $1,091 being made beginning November 11, 2023, with interest at 1.75%, maturing October 11, 2063.	$ 361,596
The Sewer Fund obtained a revenue bond for $7,980,000 with monthly payments of $25,776 being made beginning November 11, 2023, with interest at 2.375%, maturing October 11, 2063.	$7,712,930
The Sewer Fund obtained a revenue bond for $400,000 with monthly payments of $1,060 being made beginning November 11, 2023, with interest at 1.25%, maturing October 11, 2063.	$ 383,028

Compensated Absences:

Accrued vacation and sick leave for General Fund and Enterprise Fund employees. Payment to be made by the fund that the payroll expenditures are charged to.	$1,036,496

Certificates of Participation:

Certificates of participation relate to debt issued by the City of Redfield to facilitate the financing of public capital projects. The City of Redfield leases the assets acquired with the proceeds from the certificates of participation under a ground lease agreement. For financial reporting purposes, the Hospital accounts for the certificates of participation as its own debt. The 2015 certificates carry interest rates ranging from 4.0% to 5.0% and come due in various biannual amounts up through the Hospital's fiscal year ending December 31, 2040.

NOTE 11 - (Continued)

Under terms of the certificates of participation, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with restricted assets in the financial statements. The agreement also places limitations on additional borrowings, requiring that the Hospital satisfy certain measures of financial performance, before any additional borrowing is allowed.

The certificates of participation are reported net of the applicable discounts. Discounts are amortized over the life of the certificates using the straight line method, which is materially consistent with the effective interest method. Amortization is included in interest expense. $5,450,000

The annual requirements to amortize all debt outstanding as of December 31, 2025, except for compensated absences, are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2025

Year Ending Dec. 31,	Revenue Bonds		Hospital Long-Term Debt		Total	
	Prin.	Int.	Prin.	Int.	Prin.	Int.
2026	$ 225,790	$ 335,739	$ 260,000	$ 255,945	$ 485,790	$ 591,684
2027	233,675	330,575	270,000	245,378	503,675	575,953
2028	239,804	324,446	285,000	233,925	524,804	558,371
2029	246,096	318,154	295,000	220,988	541,096	539,142
2030	252,563	311,687	310,000	207,488	562,563	519,175
2031 - 2035	1,366,096	1,455,157	1,790,000	802,369	3,156,096	2,257,526
2036 - 2040	1,545,228	1,265,132	2,240,000	317,875	3,785,228	1,583,007
2041 - 2045	1,703,984	1,052,297	--	--	1,703,984	1,052,297
2046 - 2050	1,726,648	830,012	--	--	1,726,648	830,012
2051 - 2055	1,962,731	593,929	--	--	1,962,731	593,929
2056 - 2060	2,232,159	324,501	--	--	2,232,159	324,501
2061 - 2063	1,357,485	50,053	--	--	1,357,485	50,053
Total	$13,092,259	$7,191,682	$5,450,000	$2,283,968	$18,542,259	$9,475,650

NOTE 12 - LEASES

The Hospital leases certain equipment under various operating leases with terms of less than one year or that are cancelable upon written notice. Total lease expense for the year ended December 31, 2025, for all operating leases was $46,490.

NOTE 13 - INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances at December 31, 2025, were:

Fund	Interfund Receivables	Interfund Payables
General Fund	$319,189	$ --
Liquor, Lodging and Dining Gross Receipts Tax Fund	$ --	$319,189

The purposes for the interfund receivable and payable balances are for the General Fund to help finance the Liquor, Lodging and Dining Gross Receipts Tax Fund until funds are available. The City expects all interfund receivables and payables to be resolved with an operating transfer.

NOTE 14 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2025, was as follows:

Major Purposes:	
Water Fund - Debt Service	$ 179,074
Sewer Fund - Debt Service	108,387
Hospital Fund - Debt Services	569,496
Total Major Purposes	856,957
Permanently Restricted Purposes:	
Library Endowment Fund - Expendable	26,441
Library Endowment Fund - Nonexpendable	69,066
Cemetery Perpetual Care Fund - Expendable	68,749
Cemetery Perpetual Care Fund - Nonexpendable	50,000
Total Permanently Restricted Purposes	214,256
Other Purposes:	
Special Park Gift Fund	2,500
Special Rec Gift Fund	27,930
SDRS Pension Purposes	1,181,927
Total Other Purposes	1,212,357
Total Restricted Net Position	$2,283,570

These balances are restricted due to federal grant, debt and statutory requirements.

NOTE 15 - INTERFUND TRANSFERS

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

	Transfers To: General Fund	Total
Transfers From:		
Major Funds:		
Aggregate Other Governmental Funds	$ 325	$ 325
Water Fund	15,384	15,384
Sewer Fund	25,632	25,632
Landfill Fund	617	617
	$41,958	$41,958

The City typically uses transfers to transfer earnings on deposits and investments from Special Revenue Funds and Proprietary Funds to the General Fund.

NOTE 16 - 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. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://sdrs.sd.gov/publications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, South Dakota 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

NOTE 16 - (Continued)

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 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 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 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, 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.

Contributions:
Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the calendar years ended December 31, 2025, 2024 and 2023, equal to the required contributions each year, were as follows:

Year	Amount
2025	$605,751
2024	$557,662
2023	$564,615

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2025, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement

NOTE 16 - (Continued)

period ended June 30, 2025, and reported by the City as of December 31, 2025, are as follows:

Proportionate share of total pension liability	$50,221,117
Less proportionate share of net position restricted for pension benefits	50,249,102
Proportionate share of net pension asset	$ (27,985)

At December 31, 2025, the City reported an asset of $27,985 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025, and the total pension liability 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 .329038%, which is a decrease of .010567% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized a reduction of expense of $588,892. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 958,133	$ --
Change in assumption	--	1,485,483
Net difference between projected and actual earnings on pension plan investments	1,363,521	--
Changes in proportion and difference between City contributions and proportionate share of contributions	43,918	21,229
City contributions subsequent to the measurement date	295,082	--
Total	$2,660,654	$1,506,712

$295,082 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of expense) as follows:

Year Ending December 31:	
2026	$ 654,765
2027	80,128
2028	48,594
2029	75,373
Total	$ 858,860

NOTE 16 - (Continued)

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

Mortality Rates:
- 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:

NOTE 16 - (Continued)

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%
Total	100.0%	

Discount Rate:
The discount rate used to measure the total pension asset was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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 Liability (Asset) to Changes in the Discount Rate:
The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.5%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset)	$6,858,573	$(27,985)	$(5,669,721)

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

NOTE 17 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2025, the City was not involved in any litigation.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes that the Hospital is in substantial compliance with current laws and regulations.

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2025, the City managed its risks as follows:

Employee Health Insurance:

The City purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The City purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Malpractice Insurance:

The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $3 million. The Hospital is also insured under an excess umbrella liability claims-made policy with a limit of $20 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Worker's Compensation:

The City joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first $650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of $2,000,000 per incident.

The City does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The City provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through September 16, 2026 the date on which the financial statements were available to be issued. Management has determined there are none.

NOTE 20 - SIGNIFICANT COMMITMENTS - PROFESSIONAL SERVICE AGREEMENT COMMITMENTS

The Hospital contracts with a third party for various information technology subscriptions and services in the operation of its facility. The Hospital entered into an agreement for information technology services, with an initial term that matures on June 30, 2026 and will automatically renew for successive one-year terms unless earlier terminated. The agreement can be terminated by either party, without cause or convenience, upon providing 180 days prior written notice. Under the agreement, the Hospital pays information technology subscription and services fees contingent on various factors, such as user count, volumes, service revenues, providers, etc., which are annually reviewed and adjusted by the parties based on various factors. In addition to the existing information technology services agreement, during 2024, the Hospital entered into a subscription agreement with the third party for access to a new electronic health record (EHR) platform. The EHR agreement has an initial term scheduled to mature in December 2034 and will automatically renew for successive one-year terms, unless earlier terminated. The EHR agreement can be terminated by either party, without cause, upon providing 12 months written notice, subject to an early termination fee. The fees under the EHR agreement are also contingent upon various factors, such as a user count, volumes, service revenues, providers, etc., which are reviewed annually. The estimated amount that the Hospital is expecting to incur for the year ending December 31, 2026, related to these agreements, is approximately $678,000

NOTE 21 - DISCLOSURES REGARDING REDFIELD COMMUNITY MEMORIAL HOSPITAL AND CLINIC FOUNDATION, INC.

Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

Short-Term Investments

Short-term investments include a certificate of deposit with an original maturity of twelve months, excluding assets limited as to use. The certificate of deposit is recorded at cost plus accrued interest, which is earned at 4.25% through the most recent maturity of December 2, 2025. On December 4, 2025, the certificate of deposit was renewed for 12 months at 3.80%

Cash Surrender Value of Life Insurance

The Foundation is the beneficiary of life insurance policies that were gifted by various individuals, with death benefits totaling $100,000 as of December 31, 2025. As of December 31, 2025, the cash surrender value of these policies is $12,771, which is included in other assets in the discretely presented balance sheet.

NOTE 21 - (Continued)

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Foundation believes they have appropriate support for any tax positions taken affecting their annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Net Assets with Donor Restrictions

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of changes in net assets as net assets released from restrictions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Net assets with donor restrictions, included in the accompanying financial statements, are restricted for the purpose of various projects at the Hospital.

NOTE 22 - RESTATEMENT DUE TO ERROR CORRECTION

The City received State and Local Fiscal Recovery Funds (SLFRF) in previous years. The City originally planned on spending the money in the Water and Sewer Funds on the water and sewer project, so the money was originally recorded into unearned revenue in those funds. The City then changed what they wanted the money to be spent on and $47,547 was taken out of the Water Fund and $205,531 was taken out of the Sewer Fund and $253,078 was moved to the General Fund, where it was all spent during the current period.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REDFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Taxes:				
General property taxes	$1,356,000	$1,356,000	$1,332,481	$ (23,519)
General sales and use taxes	1,000,000	1,000,000	1,250,636	250,636
Penalties and interest on delinquent taxes	4,500	4,500	3,273	(1,227)
License and Permits	22,000	22,000	21,633	(367)
Intergovernmental Revenue:				
Federal grants	25,000	56,000	289,178	233,178
State grants	10,000	10,000	1,653	(8,347)
State shared revenue:				
Bank franchise tax	10,000	10,000	7,694	(2,306)
Prorate license fees	7,000	7,000	8,707	1,707
Liquor tax reversion (25%)	15,000	15,000	15,041	41
Motor vehicle licenses	32,500	32,500	35,369	2,869
Local government highway and bridge fund	60,000	60,000	65,954	5,954
Other	150	150	--	(150)
County shared revenue:				
County road tax (25%)	5,180	5,180	5,182	2
County wheel tax	1,000	1,000	1,208	208
Charges for Goods and Services:				
General government	20,500	20,500	26,165	5,665
Public safety	2,600	2,600	2,592	(8)
Health	500	500	270	(230)
Culture and recreation	33,050	33,050	45,937	12,887
Cemetery	11,000	11,000	36,150	25,150
Other	1,500	1,500	--	(1,500)
Fines and Forfeits:				
Court fines and costs	5,000	5,000	6,040	1,040
Library	2,500	2,500	4,366	1,866
Miscellaneous Revenue:				
Investment earnings	5,025	5,025	8,732	3,707
Rentals	33,250	33,250	34,719	1,469
Special assessments	8,050	8,050	4,383	(3,667)
Contributions and donations from private sources	--	6,500	38,620	32,120
Other	16,500	16,500	17,622	1,122
TOTAL REVENUES	2,687,805	2,725,305	3,263,605	538,300
EXPENDITURES:				
General Government:				
Legislative	100,550	160,550	154,346	6,204
Contingency	30,000	30,000		
Amount transferred		--		30,000
Executive	11,325	11,325	1,331	9,994

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Financial administration	193,150	223,150	216,423	6,727
Other	19,500	24,500	24,204	296
Public Safety:				
Police	562,000	562,000	562,000	--
Fire	125,600	125,600	98,242	27,358
Public Works:				
Highways and streets	680,800	865,800	922,869	(57,069)
Airport	57,725	57,725	78,393	(20,668)
Cemeteries	53,050	53,050	49,145	3,905
Health and Welfare:				
Health	72,600	95,100	89,810	5,290
Ambulance	--	64,000	63,050	950
Culture and Recreation:				
Recreation	455,050	505,050	535,635	(30,585)
Parks	81,400	111,400	85,228	26,172
Libraries	224,425	254,425	220,973	33,452
Conservation and Development:				
Economic development and assistance	182,000	207,000	201,605	5,395
TOTAL EXPENDITURES	2,849,175	3,350,675	3,303,254	47,421
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(161,370)	(625,370)	(39,649)	585,721
OTHER FINANCING SOURCES:				
Transfers in	--	--	41,958	41,958
Sale of municipal property	10,000	10,000	4,982	(5,018)
TOTAL OTHER FINANCING SOURCES	10,000	10,000	46,940	36,940
NET CHANGE IN FUND BALANCES	(151,370)	(615,370)	7,291	622,661
CHANGE IN NONSPENDABLE	--	--	(2,122)	(2,122)
FUND BALANCE - BEGINNING	761,225	761,225	761,225	--
FUND BALANCE - ENDING	$ 609,855	$ 145,855	$ 766,394	$620,539

CITY OF REDFIELD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
DECEMBER 31, 2025

NOTE 1 - Budgets and Budgetary Accounting

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

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 expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.

3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City 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 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 (USGAAP).

NOTE 2 - USGAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

CITY OF REDFIELD
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

Last 10 Years *
(Dollar amount in thousands)

Calendar Year	City's Proportion of The Net Pension Liability/Asset	City's Proportionate Share of the Net Pension Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the total Pension Liability (Asset)
2025	0.329038%	$ (28)	$9,607	0.29%	100.10%
2024	0.339605%	$ (14)	$9,284	0.15%	100.00%
2023	0.352482%	$ (34)	$8,794	0.39%	100.10%
2022	0.362554%	$ (34)	$8,514	0.40%	100.10%
2021	0.330576%	$(2,532)	$7,419	34.13%	105.52%
2020	0.304355%	$ (13)	$6,551	0.20%	100.04%
2019	0.305694%	$ (32)	$6,421	0.50%	100.09%
2018	0.297865%	$ (7)	$6,106	0.11%	100.02%
2017	0.291244%	$ (26)	$5,819	0.45%	100.10%
2016	0.293411%	$ 991	$5,471	(18.11%)	96.89%

*The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

CITY OF REDFIELD
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

Last 10 Years
(Dollar amounts in thousands)

Calendar Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$606	$606	$--	$9,914	6.11%
2024	$558	$558	$--	$9,293	6.00%
2023	$565	$565	$--	$9,215	6.13%
2022	$506	$506	$--	$8,437	6.00%
2021	$486	$486	$--	$7,923	6.13%
2020	$425	$425	$--	$7,063	6.02%
2019	$397	$397	$--	$6,524	6.09%
2018	$379	$379	$--	$6,229	6.08%
2017	$363	$363	$--	$5,964	6.09%
2016	$343	$343	$--	$5,619	6.10%

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 the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2025 SDRS COLA was limited to a restricted maximum of 1.71%. For the June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.71%.

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.

SUPPLEMENTARY INFORMATION

CITY OF REDFIELD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
ASSETS:								
Cash and cash equivalents	$ --	$272,603	$2,500	$27,300	$50,205	$118,749	$32,507	$ 503,864
Investments	--	--	--	630	--	--	63,000	63,630
Notes receivable	--	9,483	--	--	--	--	--	9,483
Due from state government	7,793	--	--	--	--	--	--	7,793
TOTAL ASSETS	$ 7,793	$282,086	$2,500	$27,930	$50,205	$118,749	$95,507	$ 584,770
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
LIABILITIES:								
Accrued wages payable	$ 1,721	$ --	$ --	$ --	$ --	$ --	$ --	$ 1,721
Advance from General Fund	319,189	--	--	--	--	--	--	319,189
TOTAL LIABILITIES	320,910	--	--	--	--	--	--	320,910
FUND BALANCES:								
Nonspendable	--	--	--	--	--	50,000	69,066	119,066
Restricted	--	--	2,500	27,930	50,205	68,749	26,441	175,825
Committed	--	282,086	--	--	--	--	--	282,086
Unassigned	(313,117)	--	--	--	--	--	--	(313,117)
TOTAL FUND BALANCES	(313,117)	282,086	2,500	27,930	50,205	118,749	95,507	263,860
TOTAL LIABITLIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,793	$282,086	$2,500	$27,930	$50,205	$118,749	$95,507	$ 584,770

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

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
REVENUES:								
Taxes:								
General sales and use taxes	$ 83,632	$ --	$ --	$ --	$ --	$ --	$ --	$ 83,632
Intergovernmental Revenue:								
State grants	500	--	--	--	--	--	--	500
Charges for Goods and Services:								
Culture and recreation	2,187	--	--	--	--	--	--	2,187
Cemetery	--	--	--	--	--	9,500	--	9,500
Miscellaneous Revenue:								
Investment earnings	--	720	29	296	--	--	4,409	5,454
Contributions and donations from private sources	4,569	5,000	--	--	--	--	--	9,569
TOTAL REVENUES	90,888	5,720	29	296	--	9,500	4,409	110,842
EXPENDITURES:								
Culture and Recreation:								
Historical preservation	64,539	--	--	--	--	--	--	64,539
Conservation and Development:								
Economic development and assistance	1,955	--	--	--	--	--	--	1,955
TOTAL EXPENDITURES	66,494	--	--	--	--	--	--	66,494
EXCESS OF REVENUES OVER EXPENDITURES	24,394	5,720	29	296	--	9,500	4,409	44,348

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
OTHER FINANCING SOURCES (USES):								
Sale of municipal property	4,697	--	--	--	--	--	--	4,697
Transfers out	--	--	(29)	(296)	--	--	--	(325)
TOTAL OTHER FINANCING SOURCES (USES)	4,697	--	(29)	(296)	--	--	--	4,372
NET CHANGE IN FUND BALANCES	29,091	5,720	--	--	--	9,500	4,409	48,720
FUND BALANCE - BEGINNING	(342,208)	276,366	2,500	27,930	50,205	109,249	91,098	215,140
FUND BALANCE - ENDING	$(313,117)	$282,086	$2,500	$27,930	$50,205	$118,749	$95,507	$263,860

CITY OF REDFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2025
U.S. DEPARTMENT OF AGRICULTURE:			
Direct Programs:			
Water and Waste Disposal Systems for Rural Communities (Note 3)	10.760	N/A	$1,567,545
TOTAL U.S DEPARTMENT OF AGRICULTURE			1,567,545
U.S. DEPARTMENT OF TRANSPORTATION:			
Direct Programs:			
Airport Improvement Program	20.106	N/A	25,763
Airport Improvement Program - COVID-19	20.106	N/A	10,337
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			36,100
U.S. DEPARTMENT OF TREASURY:			
Direct Programs:			
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	None	443,634
TOTAL U.S. DEPARTMENT OF TREASURY			443,634
U.S. GENERAL SERVICES ADMINISTRATION:			
Pass-Through Programs:			
S.D. Federal Property Agency:			
Donation of Federal Surplus Personal Property (Note 4)	39.003	None	32,263
TOTAL U.S GENERAL SERVICES ADMINISTRATION:			32,263
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-Through Programs:			
S.D. Department of Health:			
Small Rural Hospital Improvement Grant Program	93.301	25SC090828	20,000
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			20,000
GRAND TOTAL			$2,099,542

NOTE 1: **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2025. 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 of the City.

NOTE 2: **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance. For grant awards issued prior to October 1, 2024, the de minimis indirect cost rate is 10% and for those grant awards issued after October 1, 2024, the de minimis indirect cost rate is 15%.

NOTE 3: **Major Federal Financial Assistance Program**

This represents a Major Federal Financial Assistance Program.

NOTE 4: **Federal Surplus Property**

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the City.