

Redfield School District No. 56-4

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
June 30, 2021**

Redfield School District No. 56-4

School District Officials

June 30, 2021

Board Members

Jennifer Wurtz ----- Board President
Darvin Dickhaut -----Vice President
Kelly Hodges----- Member
Thomas Lambert ----- Member
Dominic Evans ----- Member

George Seiler -----Superintendent

Kelsey Edwards -----Business Manager

Redfield School District No. 56-4

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

School Board
Redfield School District No. 56-4
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, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota, as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated January 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District’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 School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Audit Findings as an item that we consider to be a significant deficiency (item 2021-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redfield School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

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

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 Redfield School District'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 entity'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.



Huron, South Dakota
January 20, 2022



**Independent Auditor’s Report on Compliance for each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

School Board
Redfield School District No. 56-4
Redfield, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Redfield School District No. 56-4’s, South Dakota compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Redfield School District’s major federal programs for the year ended June 30, 2021. Redfield School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Redfield School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Huron, South Dakota
January 20, 2022

Redfield School District No. 56-4
 Schedule of Audit Findings and Questioned Costs
 Year ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified:	Yes
Significant deficiencies identified not considered to be material weaknesses:	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program:	
Material weakness identified:	No
Significant deficiencies identified not considered to be material weaknesses:	No
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No
Identification of major program:	
<u>Name of Federal Program</u>	<u>CFDA Number</u>
Coronavirus Relief Fund	21.019
ESSER I & II	84.425D
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Redfield School District No. 56-4
Schedule of Prior and Current Audit Findings
Year ended June 30, 2021

Prior Audit Findings

Finding Number 2020-001:

A significant deficiency in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures. This finding has not been corrected and is being restated as current audit finding number 2021-01.

Current Audit Findings

Compliance and Other Matters Findings:

Finding Number 2021-001:

A significant deficiency in internal controls was disclosed by our audit for a lack of proper segregation of duties for revenues and expenditures. This is the sixth consecutive audit report in which this finding has appeared.

Internal Control – Related Finding – Significant Deficiency:

Criteria: The internal control system of a School can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for the loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Cause: The School District has insufficient number of staff to adequately separate duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response: Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Redfield School District No. 56-4

*Office of the Business Manager
Phone: (605)472-4520*

*111 E 6th Ave
Redfield, SD 57469*

Corrective Action Plan (Unaudited)

Redfield School District No. 56-4 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

ELO Prof. LLC
PO Box 951
Huron, SD 57350

Findings – Financial Statement Audit

Finding 2021-001
Significant Deficiency

Internal Control Due to Lack of Proper Segregation of Duties

Criteria: The internal control system of a School can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for the loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Cause: The School District has insufficient number of staff to adequately separate duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Auditor's Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response: Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Anticipated Completion Date: Ongoing

If there are questions regarding this plan, please call Kelsey Edwards, Business Manager, at 605-472-4520.



Independent Auditor's Report

School Board
Redfield School District No. 56-4
Redfield, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, Redfield, South Dakota, as of June 30, 2021, and for the year then ended, and the related notes to the financial statements, which collectively comprise Redfield School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota as of June 30, 2021, 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.

Other Matters

Emphasis of Matter

As discussed in Note 17 to the financial statements, in 2021, the School District adopted Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and Schedule of School District Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redfield School District's 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) listed in the Table of Contents is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 January 20, 2022 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CIO Prof LRC". The signature is written in a cursive, somewhat stylized font.

Huron, South Dakota
January 20, 2022

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

This section of Redfield School District 56-4's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2021. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, Redfield School District's Net Position in Government Activities increased by \$371,145 (7.55%).
- In FY17, the Redfield School District received \$15,095,000 in General Obligation bonds and \$7,870,000 in Limited General Obligation Capital Outlay Certificates. In FY18, construction was completed on the Middle School/High Building. In FY21, construction was completed on the Elementary School, Auxiliary Gym, and Theater.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation, Drivers Education and an Internal Service Fund (Unemployment).
 - Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

Figure A-1 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of Redfield School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation, preschool, PASS, and the drivers’ education program	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	Modified accrual accounting and current financial resources focus	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus 	<ul style="list-style-type: none"> • Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

Government-Wide Statements

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

The two government-wide statements report the School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

- Increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The School charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund and the Other Enterprise Fund (Driver's Education) are the only business-type activities of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes:

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like the Scholarship Trust).

The School has three kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund's statements, or on the subsequent page, that explains the relationship (or differences) between them.

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

- Proprietary Funds – Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund, Drivers Education Fund and the Internal Service Fund (Unemployment) are the only proprietary funds maintained by the School.
- Fiduciary Funds – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School’s fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude these activities from the School’s government-wide financial statements because the School cannot use these assets to finance its operations.

Financial Analysis of the School as a Whole

Net Position

The School’s combined net position increased as follows:

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	2020-2021
Current and Other Assets	\$ 7,878,577	\$ 7,555,462	\$ 119,024	\$ 126,455	\$ 7,997,601	\$ 7,681,917	-3.95%
Capital Assets (Net of Depreciation)	22,048,423	21,960,769	53,676	47,641	22,102,099	22,008,410	-0.42%
Total Assets	29,927,000	29,516,231	172,700	174,096	30,099,700	29,690,327	-1.36%
Pension Related Deferred Outflows	933,492	1,156,105	--	--	933,492	1,156,105	23.85%
Total Deferred Outflows or Resources	933,492	1,156,105	--	--	933,492	1,156,105	23.85%
Long-Term Liabilities Outstanding	22,605,631	21,523,980	--	--	22,605,631	21,523,980	-4.78%
Other Liabilities	724,781	638,898	23,932	24,195	748,713	663,093	-11.44%
Total Liabilities	23,330,412	22,162,878	23,932	24,195	23,354,344	22,187,073	-5.00%
Taxes Levied for Future Period	2,243,657	2,310,138	--	--	2,243,657	2,310,138	2.96%
Pension Related Deferred Inflows	370,877	912,629	--	--	370,877	912,629	146.07%
Total Deferred Inflows of Resources	2,614,534	3,222,767	--	--	2,614,534	3,222,767	23.26%
Net Investment in Capital Assets	761,552	413,899	53,676	47,641	815,228	461,540	-43.39%
Restricted	2,851,481	3,290,515	--	--	2,851,481	3,290,515	15.40%
Unrestricted	1,302,513	1,582,277	95,092	102,260	1,397,605	1,684,537	20.53%
Total Net Assets	4,915,546	5,286,691	148,768	149,901	5,064,314	5,436,592	7.35%
Beginning Net Position	5,668,497	4,915,546	77,106	148,768	5,745,603	5,064,314	-11.86%
Increase (Decrease) in Net Position	\$ (752,951)	\$ 371,145	\$ 71,662	\$ 1,133	\$ (681,289)	\$ 372,278	154.64%

The School’s combined net position of approximately \$5.3 million is approximately \$372,340 or 7.35% larger than on June 30, 2020. The increase in the School’s financial position was primarily in its governmental activities due in part to additional general revenues in taxes and federal sourced income.

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School, consisting of bonds payable, capital outlay certificates, capital lease purchase payables, and compensated absences payable have been reported in this manner on the Statement of Net Position. The difference between the School’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Changes in Net Position

The Redfield School District’s total revenues (excluding transfers) in FY21 were \$9,080,880. More than 58% of the School’s revenue comes from property and other taxes, with approximately 23% coming from state aid. (See Table A-2).

Table A-2
Redfield School District 56-4
Sources of Revenues
Fiscal Year 2020-2021

Taxes	\$ 5,340,940	58.82%
State Sources	2,043,129	22.50%
Operating Grants & Contributions	1,160,046	12.77%
Federal Sources	279,500	3.08%
Charges For Services	109,684	1.21%
Other General Revenues	107,696	1.19%
Intermediate sources	30,835	0.33%
Unrestricted Investment Earnings	9,050	0.10%
Total Revenue	<u>\$ 9,080,880</u>	<u>100.00%</u>

Total expenditures of all programs and services decreased by approximately 3%. The Redfield School District expenses totaled \$8,708,540 (See Table A-4). The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, nonprogrammed charges, food services, and driver’s education. (See Table A-3).

Table A-3
Redfield School District 56-4
Statement of Expenditures
Fiscal Year 2020-2021

Instruction	\$ 5,031,524	57.78%
Support Services	2,428,895	27.89%
Interest - on Long-Term Debt	662,024	7.60%
Cocurricular Activities	277,769	3.19%
Food Service	287,492	3.30%
Nonprogrammed Charges	15,793	0.18%
Drivers Education	5,105	0.06%
Total Expenditures	<u>\$ 8,708,602</u>	<u>100.00%</u>

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

Governmental and Business-Type Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School:

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	
Revenues							
Program Revenues							
Charge for Services	\$ 48,043	\$ 56,088	\$ 112,946	\$ 53,596	\$ 160,989	\$ 109,684	-31.87%
Operating Grants/ Contributions	503,069	921,333	174,130	238,713	677,199	1,160,046	71.30%
General Revenues							
Taxes	5,253,591	5,340,940	--	--	5,253,591	5,340,940	1.66%
Revenue State Sources	2,057,292	2,041,708	1,115	1,421	2,058,407	2,043,129	-0.74%
Federal state sources	--	279,500	--	--	--	279,500	100.00%
Revenue Intermediate Sources	--	30,835	--	--	--	30,835	100.00%
Other							
Other general revenues	142,844	107,696	--	--	142,844	107,696	-24.61%
Unrestricted Investment Earnings	15,672	9,050	--	--	15,672	9,050	-42.25%
	<u>8,020,511</u>	<u>8,787,150</u>	<u>288,191</u>	<u>293,730</u>	<u>8,308,702</u>	<u>9,080,880</u>	<u>9.29%</u>
Expenses							
Instruction	4,375,842	5,031,524	--	--	4,375,842	5,031,524	14.98%
Support Services	3,323,585	2,428,895	--	--	3,323,585	2,428,895	-26.92%
Non-programmed Charges	66,922	15,793	--	--	66,922	15,793	-76.40%
Interest on long-term debt	680,825	662,024	--	--	680,825	662,024	-2.76%
Co-curricular Activities	273,223	277,769	--	--	273,223	277,769	1.66%
Food Service	--	--	264,621	287,492	264,621	287,492	8.64%
Drivers Education	--	--	4,973	5,105	4,973	5,105	2.65%
	<u>8,720,397</u>	<u>8,416,005</u>	<u>269,594</u>	<u>292,597</u>	<u>8,989,991</u>	<u>8,708,602</u>	<u>-3.13%</u>
Excess (Deficiency)							
Before Transfers	(699,886)	371,145	18,597	1,133	(681,289)	372,278	-154.64%
Transfers	<u>(53,065)</u>	<u>--</u>	<u>53,065</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.00%</u>
Increase (Decrease) in Net Assets	(752,951)	371,145	71,662	1,133	(681,289)	372,278	-154.64%
Beginning Adjusted Net Position	<u>5,668,497</u>	<u>4,915,546</u>	<u>77,106</u>	<u>148,768</u>	<u>5,745,603</u>	<u>5,064,314</u>	<u>-11.86%</u>
Ending Net Position	<u>\$ 4,915,546</u>	<u>\$ 5,286,691</u>	<u>\$ 148,768</u>	<u>\$ 149,901</u>	<u>\$ 5,064,314</u>	<u>\$ 5,436,592</u>	<u>7.35%</u>

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

Governmental Activities

Revenues for the School's governmental activities increased approximately 9.6% while expenses for governmental activities decreased by approximately 3.5%. One of the largest revenue increases occurred in operating grants/contributions and federal state sources. Expenditures decreased by approximately 3.5%, largely due to decreases in the SDRS Pension adjustments and cost of capital asset removal adjustments due to the construction project.

Business-Type Activities

Expenditures of the School's business-type activities (Food Service Operation) increased by 8.5% while revenues remained consistent with last year's total.

Financial Analysis of the School's Funds

The General Fund increased in fund balance from FY20 to FY21 by \$214,627 and the Capital Outlay fund balance decreased by \$434,604 due to projects that the school completed in FY21. The Special Education Fund had a decrease in fund balance of \$16,087, which was mostly caused by reduced Special Education state aid due to an excess fund balance. The Capital Projects Fund was closed out at the end of FY21 due to all projects were completed.

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the School budget several times. These amendments fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this School.
- Changes made to reflect the hiring freeze implemented by the School Board.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns in the general fund.

There were budget changes for the year due to needing additional funding for general operating expenses in the General Fund.

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

Capital Asset Administration

By the end of FY21, the School had invested \$21,960,769 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$93,689.

Table A-5
Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2020	2021	2020	2021		
Land	\$ 146,198	\$ 146,198	\$ --	\$ --	\$ --	0.00%
Construction in progress	114,503	--	--	--	(114,503)	-100.00%
Buildings	20,893,952	20,589,259	--	--	(304,693)	-1.46%
Improvements Other than Buildings	237,769	360,428	--	--	122,659	51.59%
Machinery & Equipment	656,001	864,884	53,676	47,641	202,848	28.58%
Total Capital Assets	\$ 22,048,423	\$ 21,960,769	\$ 53,676	\$ 47,641	\$ (93,689)	-0.42%

Major capital outlay purchases in FY21 included a camera system, bi-polar ionization HVAC system, utility tractor, lawn mower, busses, and improvements to parking lots, lawns and weight room.

Long-Term Debt

At year-end, the School had \$21,523,980 in general long-term obligations. This balance includes Qualified Zone Academy Bonds, General Obligation Bonds, Capital Outlay Certificates, and accrued sick leave payable. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2020	2021		
Qualified Zone Academy Bonds	\$ 1,700,000	\$ 1,700,000	\$ --	0.00%
General Obligation Bonds	13,290,000	12,665,000	(625,000)	-4.70%
Plus: Unamortized Premiums	654,816	630,795	(24,021)	-3.67%
Capital Outlay Certificates	6,730,000	6,310,000	(420,000)	-6.24%
Plus: Unamortized Premiums	206,783	195,295	(11,488)	-5.56%
Accrued Compensated Absences - Governmental Funds	24,032	22,890	(1,142)	-4.75%
Total Outstanding Debt	\$ 22,605,631	\$ 21,523,980	\$ (1,081,651)	-4.78%

The school is liable for the repayment of Qualified Zone Academy Bonds, General Obligation bonds, Capital Outlay Certificates, and accrued sick leave payable to the various employees who have ten consecutive years or more of employment at the School District.

Redfield School District No. 56-4
Management Discussion and Analysis (MD&A)
June 30, 2021

Economic Factors And Next Year's Budgets And Rates

The School's current economic position has shown little change. The School did experience an increase in total property valuation from the prior year. The increase in property valuation allows the School the ability to increase the amount of revenue generated from property taxes, however, the total amount which can be levied is limited by the State of South Dakota.

The School's enrollment for the last three years has been as follows:

Table A-7
Redfield School District
ADM for the Last Three Years

<u>Year</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2021	559	-4.12%
2020	583	-1.35%
2019	591	0.00%

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Redfield School's Business Office, 111 East 6th Avenue, Redfield, SD 57469.

Redfield School District No. 56-4
Statement of Net Position – Government-Wide
June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 3,500,765	\$ 113,531	\$ 3,614,296
Incidental imprest account	3,000	--	3,000
Accounts receivable	--	2,513	2,513
Taxes receivable	2,356,778	--	2,356,778
Inventories	--	10,411	10,411
Other assets	452,171	--	452,171
Restricted Assets:			
Cash and cash equivalents	1,235,767	--	1,235,767
Net pension asset	6,981	--	6,981
Capital assets:			
Land and construction in progress	146,198	--	146,198
Other capital assets, net of depreciation	21,814,571	47,641	21,862,212
Total Assets	29,516,231	174,096	29,690,327
Deferred Outflows of Resources:			
Pension-related deferred outflows	1,156,105	--	1,156,105
Liabilities:			
Unearned revenue	--	10,879	10,879
Other current liabilities	638,898	13,316	652,214
Long-term liabilities:			
Due within one year	1,128,399	--	1,128,399
Due in more than one year	20,395,581	--	20,395,581
Total Liabilities	22,162,878	24,195	22,187,073
Deferred Inflows of Resources:			
Taxes levied for future periods	2,310,138	--	2,310,138
Pension related deferred inflows	912,629	--	912,629
Total Deferred Inflows of Resources	3,222,767	--	3,222,767
Net Position:			
Net investment in capital assets	413,899	47,641	461,540
Restricted for:			
Capital outlay	1,350,945	--	1,350,945
Special education	453,346	--	453,346
Debt service	1,235,767	--	1,235,767
SDRS pension purposes	250,457	--	250,457
Unrestricted	1,582,277	102,260	1,684,537
Total Net Position	\$ 5,286,691	\$ 149,901	\$ 5,436,592

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4
Statement of Activities – Government-Wide
June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 5,031,524	\$ 20,869	\$ 921,333	\$ (4,089,322)	\$ --	\$ (4,089,322)
Support services	2,428,895	--	--	(2,428,895)	--	(2,428,895)
Nonprogrammed Charges	15,793	--	--	(15,793)	--	(15,793)
Interest on long-term debt	662,024	--	--	(662,024)	--	(662,024)
Cocurricular activities	277,769	35,219	--	(242,550)	--	(242,550)
Total Governmental Activities	8,416,005	56,088	921,333	(7,438,584)	--	(7,438,584)
Business-Type Activities						
Food service	287,492	48,646	238,713	--	(133)	(133)
Drivers education	5,105	4,950	--	--	(155)	(155)
Total Business Type Activities	292,597	53,596	238,713	--	(288)	(288)
Total Primary Government	\$ 8,708,602	\$ 109,684	\$ 1,160,046	(7,438,584)	(288)	(7,438,872)
General Revenues:						
Taxes:						
Property taxes				5,269,601	--	5,269,601
Gross receipts taxes				71,339	--	71,339
Revenue from state sources:						
State aid				1,843,682	--	1,843,682
Other				198,026	1,421	199,447
Revenue from Federal Sources:						
Revenue from Intermediate Source				279,500	--	279,500
Unrestricted investment earnings				30,835	--	30,835
Other general revenues				9,050	--	9,050
				107,696	--	107,696
Total General Revenues and Transfers				7,809,729	1,421	7,811,150
Change in Net Position				371,145	1,133	372,278
Net Position - Beginning				4,915,546	148,768	5,064,314
Net Position - Ending	\$ 5,286,691			\$ 5,286,691	\$ 149,901	\$ 5,436,592

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4
Balance Sheet – Governmental Funds
June 30, 2021

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 1,850,993	\$ 1,085,968	\$ 558,045	\$ --	\$ --	\$ 3,495,006
Permanent incidental account	3,000	--	--	--	--	3,000
Taxes receivable - current	703,310	698,837	424,555	483,436	--	2,310,138
Taxes receivable - delinquent	19,834	12,065	6,473	8,268	--	46,640
Due from other governments	130,961	264,977	56,233	--	--	452,171
Restricted cash and cash equivalents	--	--	--	1,235,767	--	1,235,767
Total Assets	<u>\$ 2,708,098</u>	<u>\$ 2,061,847</u>	<u>\$ 1,045,306</u>	<u>\$ 1,727,471</u>	<u>\$ --</u>	<u>\$ 7,542,722</u>
Liabilities and Fund Balances:						
Liabilities:						
Contracts payable	361,582	--	127,429	--	--	489,011
Payroll deductions and withholding and employer matching payable	<u>116,384</u>	<u>--</u>	<u>33,503</u>	<u>--</u>	<u>--</u>	<u>149,887</u>
Total Liabilities	<u>477,966</u>	<u>--</u>	<u>160,932</u>	<u>--</u>	<u>--</u>	<u>638,898</u>
Deferred Inflows of Resources:						
Taxes levied for future period	703,310	698,837	424,555	483,436	--	2,310,138
Delinquent taxes not available	<u>19,834</u>	<u>12,065</u>	<u>6,473</u>	<u>8,268</u>	<u>--</u>	<u>46,640</u>
Total Deferred Inflows of Resources	<u>723,144</u>	<u>710,902</u>	<u>431,028</u>	<u>491,704</u>	<u>--</u>	<u>2,356,778</u>
Fund Balances:						
Restricted:						
For capital outlay	--	1,350,945	--	--	--	1,350,945
For special education	--	--	453,346	--	--	453,346
For debt service	--	--	--	1,235,767	--	1,235,767
Assigned	--	--	--	--	--	--
Unassigned	<u>1,506,988</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,506,988</u>
Total Fund Balances	<u>1,506,988</u>	<u>1,350,945</u>	<u>453,346</u>	<u>1,235,767</u>	<u>--</u>	<u>4,547,046</u>
Total Liabilities and Fund Balances	<u>\$ 2,708,098</u>	<u>\$ 2,061,847</u>	<u>\$ 1,045,306</u>	<u>\$ 1,727,471</u>	<u>\$ --</u>	<u>\$ 7,542,722</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds		\$ 4,547,046
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		21,960,769
Pension related deferred outflows are components of pension liability and therefore are not reported in the funds.		1,156,105
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
QZAB	(1,700,000)	
GO Bonds	(13,295,795)	
Capital Outlay Certificates	(6,505,295)	
Accrued Leave	<u>(22,890)</u>	(21,523,980)
Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:		
Delinquent Property Taxes Receivable		46,640
Proportionate Share of Net Pension Asset		6,981
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(912,629)
An internal service fund is used by the District's management to charge the costs of unemployment		<u>5,759</u>
Net Position - Governmental Activities		<u><u>\$ 5,286,691</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2021

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues						
Revenue from Local Sources:						
Taxes						
Ad valorem taxes	\$ 1,605,981	\$ 1,577,296	\$ 926,712	\$ 1,092,314	\$ --	\$ 5,202,303
Prior years' ad valorem taxes	22,843	15,320	8,072	9,625	--	55,860
Tax Deed Revenue	1,667	--	--	-	--	1,667
Utility taxes	71,339	--	--	--	--	71,339
Penalties and interest on taxes	6,486	4,083	2,159	1,949	--	14,677
Earnings on Investments and Deposits	9,039	--	--	--	11	9,050
Tuition and Fees:						
Regular day school tuition						--
Cocurricular Activities						
Admissions	33,570	--	--	--	--	33,570
Rentals	1,749	--	--	--	--	1,749
Other student activity income	1,649	--	--	--	--	1,649
Other Revenue from Local Sources						
Rentals	1,342	7,097	--	--	--	8,439
Contributions and donations	10,279	--	--	--	--	10,279
Charges for services	16,194	--	4,675	--	--	20,869
Other	30,310	170	--	--	--	30,480
Revenue from Intermediate Sources:						
County Sources						
County apportionment	30,154	--	--	--	--	30,154
Revenue in lieu of taxes	139	236	143	163	--	681
Revenue from State Sources:						
Grants-in-Aid						
Unrestricted grants-in-aid	1,843,682	--	--	--	--	1,843,682
Restricted grants-in-aid	5,114	--	192,912	--	--	198,026
Other state revenue	55,468	--	--	--	--	55,468
Revenue from Federal Sources:						
Grants-in-Aid						
Unrestricted grants-in-aid received from federal government through the state	279,500	--	--	--	--	279,500
Restricted grants-in-aid received from federal government through an intermediate source	507	--	--	--	--	507
Restricted grants-in-aid received directly from federal government	18,231	--	--	--	--	18,231
Restricted grants-in-aid received from federal government through the state	268,084	402,407	220,713	--	--	891,204
Other Federal Sources	8,679	2,712	--	--	--	11,391
Total Revenues	<u>\$ 4,322,006</u>	<u>\$ 2,009,321</u>	<u>\$ 1,355,386</u>	<u>\$ 1,104,051</u>	<u>\$ 11</u>	<u>\$ 8,790,775</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2021 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures						
Instructional Services:						
Regular programs	\$ 2,458,094	\$ 619,641	\$ --	\$ --	\$ --	\$ 3,077,735
Special programs	163,558	--	1,017,788	--	--	1,181,346
Support Services:						
Students						
Attendance and social work	200,131	--	--	--	--	200,131
Guidance	88,919	--	15,266	--	--	104,185
Health	26,468	--	4,451	--	--	30,919
Psychological services	--	--	58,842	--	--	58,842
Student therapy services	--	--	60,618	--	--	60,618
Instructional Staff						
Improvement of instruction	14,728	--	--	--	--	14,728
Educational media	191,337	35,792	226	--	--	227,355
General Administration						
Board of education	46,012	--	--	--	--	46,012
Executive administration	145,201	--	--	--	--	145,201
School Administration						
Office of the principal	248,628	--	--	--	--	248,628
Other	1,369	--	--	--	--	1,369
Business						
Fiscal services	91,459	--	--	--	--	91,459
Facilities acquisition and construction	--	--	--	--	31,974	31,974
Operation and maintenance of plant	559,782	94,438	--	--	--	654,220
Student transportation	159,580	--	--	--	--	159,580
Food Services	8,679	--	--	--	--	8,679
Internal Services	8,265	28,619	--	--	--	36,884
Special Education						
Administrative costs	--	--	119,005	--	--	119,005
Transportation costs	--	--	36,675	--	--	36,675
Other special education costs	--	--	58,602	--	--	58,602
Nonprogrammed Charges:	13,630	--	--	--	--	13,630
Debt Services:	--	647,783	--	1,094,750	--	1,742,533
Cocurricular Activities:						
Male activities	56,960	19,007	--	--	--	75,967
Female activities	37,057	3,509	--	--	--	40,566
Transportation	20,918	--	--	--	--	20,918
Combined activities	51,604	--	--	--	--	51,604
Capital Outlay	--	396,803	--	--	141,330	538,133
Total Expenditures	<u>4,592,379</u>	<u>1,845,592</u>	<u>1,371,473</u>	<u>1,094,750</u>	<u>173,304</u>	<u>9,077,498</u>
Excess of Revenue Over (Under) Expenditures	(270,373)	163,729	(16,087)	9,301	(173,293)	(286,723)
Other Financing Sources (Uses):						
Transfer in	\$ 485,000	\$ --	\$ --	\$ 225,347	\$ --	\$ 710,347
Transfer out	--	(598,333)	--	--	(112,014)	(710,347)
Total Other Financing Sources (Uses)	<u>485,000</u>	<u>(598,333)</u>	<u>--</u>	<u>225,347</u>	<u>(112,014)</u>	<u>--</u>
Net Change in Fund Balances	214,627	(434,604)	(16,087)	234,648	(285,307)	(286,723)
Fund Balance, Beginning	<u>1,292,361</u>	<u>1,785,549</u>	<u>469,433</u>	<u>1,001,119</u>	<u>285,307</u>	<u>4,833,769</u>
Fund Balance, Ending	<u>\$ 1,506,988</u>	<u>\$ 1,350,945</u>	<u>\$ 453,346</u>	<u>\$ 1,235,767</u>	<u>\$ --</u>	<u>\$ 4,547,046</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2021

Net Change in Fund Balances - Total Governmental Funds			\$ (286,723)
Amounts reported for governmental activities in the statement of activities are different because:			
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.			
			538,133
The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.			
			(625,787)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position			
GO Bond		649,021	
CO Certificate		431,488	
		<u>1,080,509</u>	1,080,509
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."			
			(4,906)
Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses.			
			1,142
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.			
			(330,341)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance to individual funds. The net revenue (expense) of the internal service funds is reported within the governmental activities.			
			<u>(882)</u>
Change in net position of governmental activities			<u>\$ 371,145</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4
Statement of Net Position – Proprietary Funds
June 30, 2021

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Drivers Education Fund	Totals	
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 106,004	\$ 7,527	\$ 113,531	\$ 5,759
Accounts receivable, net	2,513	--	2,513	--
Inventory - stores for resale	4,286	--	4,286	--
Inventory of donated food	6,125	--	6,125	--
Total Current Assets	<u>118,928</u>	<u>7,527</u>	<u>126,455</u>	<u>5,759</u>
Noncurrent Assets:				
Machinery and equipment - local funds	75,547	--	75,547	--
Less accumulated depreciation	<u>(27,906)</u>	<u>--</u>	<u>(27,906)</u>	<u>--</u>
Total Noncurrent Assets	<u>47,641</u>	<u>--</u>	<u>47,641</u>	<u>--</u>
Total Assets	<u><u>\$ 166,569</u></u>	<u><u>\$ 7,527</u></u>	<u><u>\$ 174,096</u></u>	<u><u>\$ 5,759</u></u>
Liabilities:				
Current Liabilities:				
Contracts payable	\$ 11,455	\$ --	\$ 11,455	\$ --
Accrued payroll expenses	1,861	--	1,861	--
Unearned revenue	<u>10,879</u>	<u>--</u>	<u>10,879</u>	<u>--</u>
Total Current Liabilities	<u>24,195</u>	<u>--</u>	<u>24,195</u>	<u>--</u>
Net Position:				
Net investment in capital assets	47,641	--	47,641	--
Unrestricted net position	<u>94,733</u>	<u>7,527</u>	<u>102,260</u>	<u>5,759</u>
Total Net Position	<u><u>\$ 142,374</u></u>	<u><u>\$ 7,527</u></u>	<u><u>\$ 149,901</u></u>	<u><u>\$ 5,759</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2021

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Drivers Education Fund	Totals	
Operating Revenue:				
Tuition and Fees:				
Regular day school tuition	\$ --	\$ 4,950	\$ 4,950	\$ --
Food Sales:				
Student	45,007	--	45,007	--
Adult	3,639	--	3,639	--
Other charges for goods and services	--	--	--	--
Other	--	--	--	1,281
Total Operating Revenue	48,646	4,950	53,596	1,281
Operating Expenses:				
Food Service:				
Salaries	101,807	--	101,807	--
Employee benefits	18,611	--	18,611	--
Purchased services	11,774	--	11,774	--
Supplies	10,567	--	10,567	--
Cost of sales - purchased	111,823	--	111,823	--
Cost of sales - donated	26,875	--	26,875	--
Depreciation	6,035	--	6,035	--
Community Services				
Other community services	--	5,105	5,105	2,163
Total Operating Expenses	287,492	5,105	292,597	2,163
 Operating Income(Loss)	 (238,846)	 (155)	 (239,001)	 (882)
Nonoperating Revenues/Expenses:				
State grants	1,421	--	1,421	--
Federal grants	212,816	--	212,816	--
Donated food	25,897	--	25,897	--
Total Nonoperating Revenue/ (Expenses)	240,134	--	240,134	--
 Change in Net Position	 1,288	 (155)	 1,133	 (882)
 Net Position - Beginning	 141,086	 7,682	 148,768	 6,641
Net Position - Ending	\$ 142,374	\$ 7,527	\$ 149,901	\$ 5,759

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4
Statement of Cash Flows – Proprietary Funds
June 30, 2021

	Food Service Fund	Drivers Education Fund	Totals	Internal Service Funds
Cash Flows from Operating Activities				
Cash receipts from customers	\$ 61,404	\$ 4,950	\$ 66,354	\$ --
Cash payments to suppliers	(131,502)	--	(131,502)	(882)
Cash payments to employees	(117,594)	(5,105)	(122,699)	--
Net Cash (Used) by Operating Activities	<u>(187,692)</u>	<u>(155)</u>	<u>(187,847)</u>	<u>(882)</u>
Cash Flows from Noncapital Financing Activities:				
Cash reimbursements - state	1,421	--	1,421	--
Cash reimbursements - federal	212,816	--	212,816	--
Net Cash Provided by Noncapital Financing Activities	<u>214,237</u>	<u>--</u>	<u>214,237</u>	<u>--</u>
Net Change in Cash and Cash Equivalents	26,545	(155)	26,390	(882)
Cash and Cash Equivalents, Beginning of Year	79,459	7,682	87,141	6,641
Cash and Cash Equivalents, End of Year	<u>\$ 106,004</u>	<u>\$ 7,527</u>	<u>\$ 113,531</u>	<u>\$ 5,759</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:				
Operating (Loss)	\$ (238,846)	\$ (155)	\$ (239,001)	\$ (882)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation expense	6,035	--	6,035	--
Value of commodities used	26,875	--	26,875	--
Change in Assets and Liabilities:				
Accounts receivable	15,319	--	15,319	--
Inventory	2,662	--	2,662	--
Deferred revenue	(2,561)	--	(2,561)	--
Accrued wages payable	2,824	--	2,824	--
Net cash (used) by operating activities:	<u>\$ (187,692)</u>	<u>\$ (155)</u>	<u>\$ (187,847)</u>	<u>\$ (882)</u>
Noncash Investing, Capital and Financing Activities				
Value of commodities received	<u>\$ 25,897</u>	<u>\$ --</u>	<u>\$ 25,897</u>	<u>\$ --</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4
Statement of Net Position – Fiduciary Funds
June 30, 2021

	Private -Purpose Trust Funds	Custodial Funds	Totals
Assets			
Cash and cash equivalents	\$ 45,320	\$ 162,758	\$ 208,078
Total Assets	\$ 45,320	\$ 162,758	\$ 208,078
Net Position			
Scholarships	45,320	--	45,320
Individuals, organizations, and other governments	--	162,758	162,758
Total Net Position	\$ 45,320	\$ 162,758	\$ 208,078

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2021

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Contributions and donations	\$ 1,200	\$ --
Other additions	116	--
Collections for student activities	--	187,348
	<u>1,316</u>	<u>187,348</u>
Total Additions	<u>1,316</u>	<u>187,348</u>
Deductions		
Trust deductions for scholarships awarded	3,800	--
Payments for student activities	--	188,621
	<u>3,800</u>	<u>188,621</u>
Total Deductions	<u>3,800</u>	<u>188,621</u>
Change in Net Position	<u>(2,484)</u>	<u>(1,273)</u>
Net Position - Beginning	47,804	--
Restatement - See Note 14	--	164,031
Net Position - Beginning, as Restated	<u>47,804</u>	<u>164,031</u>
Net Position - Ending	<u>\$ 45,320</u>	<u>\$ 162,758</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies:

The accounting policies of the School District conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Reporting Entity:

The reporting entity of Redfield School District No. 56-4, 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, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); 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.

The District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a five-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organizations governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

The School District participates in a cooperative service unit with several other School Districts. See detailed note entitled "Consortium Information" for specific disclosures. Consortiums do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the School District.

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

The Statement of Net Position reports all financial and capital resources, in a net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net Position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

Governmental Funds:

General Fund – A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Special Revenue Fund Types – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund: A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund: A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the District. This fund is financed by grants and property taxes. This is 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.

The Bond Redemption Funds: A fund established by SDCL 13-16-13. There are two Bond Redemption Funds: The Bond Redemption Fund – a fund established by SDCL 13-16-13 to account for the proceeds on a special property tax restricted to use for the payment of principal and interest of general obligation bonded debt, and the QZAB Fund – a fund was established to collect money in the sinking funds for payment of term bonds. The Capital Outlay fund transfers money to the QZAB fund on a yearly basis. At the end of the term, the bonds will be paid off. These are major funds.

Capital Projects Funds – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds. The New School Construction Fund is the only capital projects fund maintained by the School District. This fund was closed by the end of FY21.

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods and services. Activities are required to be reported as enterprise funds if any one of the following criteria is met:

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Food Service Fund: A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Drivers Education Fund: A fund used to record financial transactions related to driver's education. This fund is financed by user charges. This is a major fund.

Internal Service Fund Types – are used to report activities that provide goods or services to other funds, departments, or agencies of the School District and its component units, or to other governments, on a cost-reimbursement basis. Internal Service Funds are never considered to be major funds:

Unemployment Fund: This fund accounts for unemployment self-insurance coverage provided to other departments on a cost-reimbursement basis.

Fiduciary Funds:

Fiduciary Funds consist of the following sub-categories and are never considered to be major funds:

Private Purpose Trust Funds – Trust funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains several private-purpose trust funds; their purposes are for scholarships and memorials.

Custodial Fund Types – Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The district maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

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, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Redfield School District No. 56-4
Notes to the Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally 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 does not exceed one bill-paying cycle, and for the Redfield School District 56-4, the length of that cycle is sixty days. The revenues which are accrued at June 30, 2021 are due from federal governments, local governments, rural electric and telephone gross receipts.

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

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

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:

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

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

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

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

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:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair 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.

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

The total June 30, 2021 balance of capital assets for governmental activities includes approximately less than one percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2021 balance of capital assets for business-type activities are all valued at original cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land*	\$ 5,000	--	--
Buildings	50,000	Straight-line	50 years
Improvements	20,000	Straight-line	20 years
Equipment (governmental)	5,000	Straight-line	3-15 years
Equipment (proprietary funds)	\$ 1,000	Straight-line	3-15 years

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, capital outlay certificates payable, capital lease purchase payables, early retirement benefits payable, and compensated absences.

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

h. Deferred Outflows/Inflows of Resources:

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 12.

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected within the available period; property taxes collected within the available period that are intended to finance the next fiscal year; and capital credits that are owed to the District but will be received at some point in the future. In the government-wide financial statements, the District reports deferred inflows of resources for property taxes levied for a future period and pension-related items. In the business-type activities, the District reports deferred inflows for pension-related items.

i. Program Revenues:

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District'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 nonexchange 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 nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

j. Proprietary Funds Revenue and Expense Classifications:

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

k. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

l. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net position held in trust for other purposes.

m. Application of Net Position:

It is the School District’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 position is available.

n. Fund Balance Classification Policies and Procedures:

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

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- 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 School District uses restricted 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 School District’s assigned fund balance consists of amounts assigned for subsequent year’s budget in the General Fund. There was no balance in assigned fund balance for the year ended June 30, 2021.

The Government does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund ---- Revenue Source

Capital Outlay Fund----- Taxes
Special Education Fund----- Taxes

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

p. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), 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. School District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

q. Emerging Accounting Standards:

In June 2017, the GASB issued Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the terms of the lease. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District has not yet determined the specific impact of this statement on the financial statements. The standard is effective for fiscal years beginning after June 15, 2021, making the standard effective for the School District's year ending June 30, 2022. Early implementation is allowed.

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

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

Deposits – The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA.

In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk (Continued):

Investments – In general, SDCL 4-5-6 permits school funds to be invested 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); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall 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.

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, when insured or collateralized and are considered deposits.

Custodial Credit Risk – Deposits – The risk that, in the event of depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

Interest Rate Risk – The School District 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.

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

Concentrations of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer.

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 District's policy is to credit all income from deposits and investment to the General Fund, except for the private purpose trust funds which retains its investments income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. 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. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

3. Restricted Cash and Investments:

Assets restricted for use for a specific purpose through segregation of balances in separate account. As of June 30, 2021, \$1,235,767 was restricted in the Debt Service Fund for sinking fund requirements in the debt covenants and \$0 was restricted in the Capital Projects Fund for construction of the new school.

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

4. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is actual cost. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements and in the enterprise fund financial statements, Food Service Fund inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2021.

5. Property Tax:

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

6. Due from other Governments:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$452,171 due from various county, school, state and federal governments.

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

7. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2021 is as follows:

	<u>6/30/2020</u>			<u>6/30/2021</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 146,198	\$ --	\$ --	\$ 146,198
Construction in progress	114,503	--	114,503	--
Total capital assets not being depreciated	<u>260,701</u>	<u>--</u>	<u>114,503</u>	<u>146,198</u>
Capital assets being depreciated:				
Buildings	22,807,315	147,047	--	22,954,362
Improvements	468,212	176,365	--	644,577
Equipment	2,207,130	329,224	243,770	2,292,584
Total capital assets being depreciated	<u>25,482,657</u>	<u>652,636</u>	<u>243,770</u>	<u>25,891,523</u>
Less accumulated depreciation for:				
Buildings	1,913,363	451,740	--	2,365,103
Improvements	230,443	53,706	--	284,149
Equipment	1,551,129	120,341	243,770	1,427,700
Total accumulated depreciation	<u>3,694,935</u>	<u>625,787</u>	<u>243,770</u>	<u>4,076,952</u>
Total capital assets being depreciated, net	<u>21,787,722</u>	<u>26,849</u>	<u>--</u>	<u>21,814,571</u>
Net Capital Assets	<u>\$ 22,048,423</u>	<u>\$ 26,849</u>	<u>\$ 114,503</u>	<u>\$ 21,960,769</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 443,244
Support services	93,829
Co-curricular activities	88,714
Total Depreciation Expense	<u>\$ 625,787</u>

	<u>6/30/2020</u>			<u>6/30/2021</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 75,547	\$ --	\$ --	\$ 75,547
Less accumulated depreciation for:				
Less: Accumulated Depreciation	21,871	6,035	--	27,906
Total capital assets being depreciated, net	<u>\$ 53,676</u>	<u>\$ (6,035)</u>	<u>\$ --</u>	<u>\$ 47,641</u>

Redfield School District No. 56-4
Notes to the Financial Statements
June 30, 2021

7. Changes in Capital Assets: (Continued)

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u><u>\$ 6,035</u></u>

8. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	<u>6/30/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Qualified Zone Academy Bonds	\$ 1,700,000	\$ --	\$ --	\$ 1,700,000	\$ --
General Obligation Bonds	13,290,000	--	625,000	12,665,000	640,000
Plus: Unamortized Premiums	654,816	--	24,021	630,795	24,021
Capital Outlay Certificates	6,730,000	--	420,000	6,310,000	430,000
Plus: Unamortized Premiums	206,783	--	11,488	195,295	11,488
	<u>22,581,599</u>	<u>--</u>	<u>1,080,509</u>	<u>21,501,090</u>	<u>1,105,509</u>
Other Liabilities:					
Compensated Absences	24,032	5,100	6,242	22,890	22,890
Total Long-Term Liabilities	<u>\$22,605,631</u>	<u>\$ 5,100</u>	<u>\$ 1,086,751</u>	<u>\$21,523,980</u>	<u>\$ 1,128,399</u>

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

8. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2021 is comprised of the following:

Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2009	During November 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$500,000. There is no interest assessed on these bonds. Final payment is November 2024. The Debt Service Fund makes payment on this debt.	\$ 500,000
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2012	During June 2012, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$1,200,000. There is an interest rate of 4.38% assessed on these bonds. Final payment is June 2027. The Debt Service Fund makes payment on this debt.	\$ 1,200,000
Redfield School District No 56-4 General Obligation Bonds, Series 2016	During July 2016, the School District entered into an agreement to receive General Obligations Bonds in the amount of \$15,095,000. There is an interest rate of 2.89% assessed on these bonds. Final payment is December 2036. The Debt Service Fund makes payment on this debt.	\$ 12,665,000
Redfield School District No 56-4 Capital Outlay Certificates Series 2017A	During December 2016, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$7,870,000. There is an interest rate of 3.33% assessed on these bonds. Final payment is August 2036. The Capital Outlay Fund makes payment on this debt.	\$ 6,310,000

The Qualified Zone Academy Bonds program provides bondholders with a tax credit in lieu of cash interest payments. A Sinking fund deposit agreement was required whereby the School District makes annual payments of \$33,333, and \$80,000 until November 30, 2024, and June 27, 2027 respectively at which time the bonds will mature and be retired.

Compensated Absences –

Payable from the fund to which payroll expenditures are charged \$ 22,890

Redfield School District No. 56-4
Notes to the Financial Statements
June 30, 2021

8. Long-Term Liabilities: (Continued)

The annual requirements to amortize the Qualified Zone Academy Bonds and capital lease/purchase agreements outstanding at June 30, 2021, are as follows:

Annual Requirements to Maturity for Long-Term Debt June 30, 2021

<u>Year Ending</u>	<u>General Obligation Bonds</u>		<u>Capital Outlay Certificates (including QZAB)</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2022	\$ 640,000	\$ 456,550	\$ 430,000	\$ 238,927	\$ 1,070,000
2023	650,000	443,700	440,000	227,155	1,090,000	670,855
2024	665,000	425,750	445,000	214,689	1,110,000	640,439
2025	685,000	405,650	880,000	200,812	1,565,000	606,462
2026	715,000	384,875	305,000	185,508	1,020,000	570,383
2027-2031	3,960,000	1,516,175	2,930,000	698,104	6,890,000	2,214,279
2032-2036	4,815,000	652,100	2,105,000	311,900	6,920,000	964,000
2037	535,000	10,700	475,000	9,500	1,010,000	20,200
Totals	<u>\$ 12,665,000</u>	<u>\$ 4,295,500</u>	<u>\$ 8,010,000</u>	<u>\$ 2,086,595</u>	<u>\$ 20,675,000</u>	<u>\$ 6,382,095</u>

9. Interfund Transfers:

Transfers to/from other funds at June 30, 2021, consist of the following:

Transfer from the Capital Outlay Fund to the Debt Service Fund to deposit money towards paying off the Qualified Zone Academy Bonds when their term is complete. This transfer was made to meet the yearly obligations of the Quality Zone Academy Term Bonds which are tracked in the Debt Service Fund until the term is complete at which time the bonds are paid off.	\$ 113,333
Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds.	\$ 485,000
Transfer from the Capital Projects to the debt service fund to close the capital projects fund.	\$ 112,014

Redfield School District No. 56-4
Notes to the Financial Statements
June 30, 2021

10. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2021 was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 1,350,945
Special Education	Law	453,346
Debt Service	Debt Covenant	1,235,767
SDRS Pension Purposes	Law	250,457
Total		<u>\$ 3,290,515</u>

11. Operating Leases:

The School District entered into an agreement to lease two large copiers and nine printers for a sixty-three (63) month period in May 2020. The monthly payment is approximately \$2,385 for the lease and \$.0015 per black and white copy and \$.0932 per color copy per year. The agreement contains various covenants, restrictions, and provisions. Payments are made from the Capital Outlay Fund.

The following are the minimum payments on existing operating leases:

<u>Year</u>	<u>Copier</u>
2022	\$ 28,619
2023	28,619
2024	28,619
2025	28,619
2026	\$ 26,234

12. Pension Plan:

a. Plan Information:

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

12. Pension Plan: (Continued)

b. Benefits Provided:

SDRS has three different classes of employees, Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundations 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.

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 earning 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, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

12. Pension Plan: (Continued)

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2021, 2020 and 2019, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 226,118
2020	211,672
2019	\$ 218,890

d. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2020, SDRS is 100.04% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2021 are as follows:

Proportionate share of pension liability	\$ 19,760,314
Less proportionate share of net pension restricted for pension	<u>19,767,295</u>
Proportionate share of net pension (asset)	<u><u>\$ (6,981)</u></u>

At June 30, 2021, the School District reported an asset of (\$6,981) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2020 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the School District's proportion was 0.16074450%, which is a decrease of 0.0108342% from its proportion measured as of June 30, 2019.

Redfield School District No. 56-4
Notes to the Financial Statements
June 30, 2021

12. Pension Plan: (Continued)

For the year ended June 30, 2021, the School District recognized pension expense of \$330,341. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,707	\$ 5,469
Changes in assumption	224,867	906,900
Net difference between projected and actual earnings on pension plan investments	648,859	--
Changes in proportion and difference between district contributions and proportionate share of contributions	29,554	260
District contributions subsequent to the measurement date	226,118	--
Total	\$ 1,156,105	\$ 912,629

\$226,118 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
2022	\$ (69,254)
2023	(52,832)
2024	16,762
2025	122,682
2026	--
Thereafter	--
Total	\$ 17,358

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

12. Pension Plan: (Continued)

e. Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount	6.50% net of plan investment expense
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

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, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.0%	5.1%
Fixed income	30.0%	1.5%
Real estate	10.0%	6.2%
Cash	2.0%	1.0%
Total	<u>100.0%</u>	

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

12. Pension Plan: (Continued)

f. Discount Rate:

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

g. Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the School District’s proportionate share of net pension (asset) calculated using the discount rate of 6.50%, as well as what the School’s proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension (asset)	<u>\$ 2,708,205</u>	<u>\$ (6,981)</u>	<u>\$ (2,227,950)</u>

h. Pension Plan Fiduciary Net Position:

Detailed information about the plan’s fiduciary net position is available in the separately issued SDRS financial report.

i. Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

13. Consortium Information:

The School District participates in the North Central Perkin’s Consortium for the purpose of providing educational services to the member School Districts. The members of the consortium are as follows with each member district having a determined allocation:

Bowdle School District No. 22-1	Hitchcock-Tulare School District No. 56-6
Clark School District No. 12-2	Hoven School District No. 53-2
Doland School District No. 56-2	Miller Area School District No. 29-3
Faulkton Area School District No. 24-3	Redfield School District No. 56-4
Gettysburg School District No. 53-1	Webster School District No. 18-4
Highmore-Harold School District No. 34-1	Wolsey-Wessington School District No. 2-6

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

13. Consortium Information: (Continued)

The vocational instructors from each participating School District request funds which are approved by the state. Any allocation of and spending of funds is also approved by the state. The Webster School District acts as the fiscal agent for this consortium.

Financial data for this venture is available from the Webster School District. At June 30, 2021, this venture had no fund equity and no long-term debt.

14. Risk Management:

The School District 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 June 30, 2021, the School District managed its risks as follows:

Employee Health Insurance:

The School District 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 School District 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.

Workers' Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool, which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, of 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 School District'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 School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members.

Redfield School District No. 56-4

Notes to the Financial Statements

June 30, 2021

14. Risk Management: (Continued)

The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance, which covers up to \$1,000,000 per individual per incident.

The School District 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 School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has equity in the Internal Service Fund in the amount of \$5,759 for the payment of future unemployment benefits.

During the year ended June 30, 2021, there were claims for unemployment that were paid. At June 30, 2021, three claims had been filed for unemployment benefits. These claims totaled \$13,630 and were paid from the Unemployment Fund.

15. Risks and Uncertainties:

As a result of the spread of the SARS-COV-2 virus, the incidence of COVID-19, and the world-wide coronavirus pandemic economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the School District. The School District is closely monitoring its operations, liquidity, and capital resources and is working to minimize the current and future impact of this unprecedented situation. The duration of these uncertainties and the ultimate financial effects cannot be reasonable estimated at this time.

Redfield School District No. 56-4
Notes to the Financial Statements
June 30, 2021

16. Restatement and Implementation of New Standards:

In 2021, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This Standard improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2021. The implementation of this standard required the District reclassify previously reported agency funds as custodial funds. The adjustment to beginning fund balance is as follows:

<u>Fiduciary Activities-Custodial Funds:</u>	
Net Position – June 30, 2020, as previously reported	\$ --
Restatement due to the inclusion of amounts held for others	<u>164,031</u>
Net Position – July 1, 2020, as restated	<u>\$ 164,031</u>

17. Implementation of New Standards:

In 2021, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This standard improves the user's understanding of debt by expanding the disclosure requirements for certain types of debt. The implementation of this standard did not have an impact on the financial statements.

18. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

Required Supplementary Information

Redfield School District No. 56-4

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 1,556,858	\$ 1,556,858	\$ 1,605,981	\$ 49,123
Prior years' ad valorem taxes	12,000	12,000	22,843	10,843
Utility taxes	92,000	92,000	71,339	(20,661)
Tax deed revenue	--	--	1,667	1,667
Penalties and interest on taxes	5,000	5,000	6,486	1,486
Earnings on Investments and Deposits	12,000	12,000	9,039	(2,961)
Cocurricular Activities				
Admissions	15,000	15,000	33,570	18,570
Rentals	1,800	1,800	1,749	(51)
Other student activity income	--	--	1,649	1,649
Other Revenue from Local Sources:				
Rentals	1,000	1,000	1,342	342
Contributions and donations	--	10,000	10,279	279
Charges for services	11,000	11,000	16,194	5,194
Other	36,000	36,000	30,310	(5,690)
Revenue from Intermediate Sources:				
County Sources				
County apportionment	25,000	25,000	30,154	5,154
Revenue in lieu of taxes	--	--	139	139
Revenue from State Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid	1,857,639	1,857,639	1,843,682	(13,957)
Restricted grants-in-aid	15,000	15,000	5,114	(9,886)
Other state revenues	150,000	180,000	55,468	(124,532)
Revenue from Federal Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid received from federal government through the state	--	--	279,500	279,500
Restricted grants-in-aid received from federal government through an intermediate source	--	--	507	507
Restricted grants-in-aid received directly from federal government	--	--	18,231	18,231
Restricted grants-in-aid received from federal government through the state	316,366	341,366	268,084	(73,282)
Other Federal Sources	19,750	19,750	8,679	(11,071)
Total Revenues	\$ 4,126,413	\$ 4,191,413	\$ 4,322,006	\$ 130,593

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Redfield School District No. 56-4

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2021 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular programs	\$ 2,520,792	\$ 2,541,134	2,458,094	\$ 83,040
Special programs	164,366	164,366	163,558	808
Support Services:				
Students				
Attendance and social work	152,000	202,000	200,131	1,869
Guidance	103,896	103,896	88,919	14,977
Health	27,126	27,126	26,468	658
Instructional Staff				
Improvement of instruction	25,500	25,500	14,728	10,772
Educational media	189,045	197,045	191,337	5,708
General Administration				
Board of education	57,650	57,650	46,012	11,638
Executive administration	152,200	152,200	145,201	6,999
School Administration				
Office of the principal	252,100	257,100	248,628	8,472
Other	1,200	1,200	1,369	(169)
Business				
Fiscal services	90,900	90,900	91,459	(559)
Operation and maintenance of plant	541,780	571,146	559,782	11,364
Student transportation	196,000	196,000	159,580	36,420
Food service	--	8,000	8,679	(679)
Internal service	8,000	9,000	8,265	735
Nonprogrammed charges				
Other	--	13,630	13,630	--
Cocurricular Activities:				
Male activities	67,400	67,400	56,960	10,440
Female activities	45,245	45,245	37,057	8,188
Transportation	18,600	18,600	20,918	(2,318)
Combined activities	51,167	51,167	51,604	(437)
Contingencies:				
Transfers	75,000	75,000	--	75,000
Contingencies transferred	--	--	--	--
Total Expenditures	<u>4,739,967</u>	<u>4,875,305</u>	<u>4,592,379</u>	<u>282,926</u>
Excess of Revenues Over Expenditures	<u>(613,554)</u>	<u>(683,892)</u>	<u>(270,373)</u>	<u>413,519</u>
Other Financing Sources:				
Operating transfers in	534,480	534,480	485,000	(49,480)
Sale of surplus property	--	--	--	--
Compensation for loss of general capital assets	--	--	--	--
Total Other Financing Sources:	<u>534,480</u>	<u>534,480</u>	<u>485,000</u>	<u>(49,480)</u>
Net Change in Fund Balances	(79,074)	(149,412)	214,627	364,039
Fund Balance, Beginning	1,292,361	1,292,361	1,292,361	--
Fund Balance, Ending	<u>\$ 1,213,287</u>	<u>\$ 1,142,949</u>	<u>\$ 1,506,988</u>	<u>\$ 364,039</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Redfield School District No. 56-4

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 1,577,309	\$ 1,577,309	\$ 1,577,296	\$ (13)
Prior years' ad valorem taxes	7,000	7,000	15,320	8,320
Penalties and interest on taxes	3,500	3,500	4,083	583
Other Revenue from Local Sources:				
Rentals	7,000	7,000	7,097	97
Other	52,200	52,200	170	(52,030)
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	--	--	236	236
Revenue from Federal Sources:				
Grants-in-Aid				
Restricted grants-in-aid received from federal government through the state	--	285,000	402,407	117,407
Other	94,480	94,480	2,712	(91,768)
Total Revenues	1,741,489	2,026,489	2,009,321	(17,168)
Expenditures				
Instructional Services:				
Regular programs	542,000	669,000	667,809	1,191
Support Services:				
Instructional Staff				
Educational media	105,000	155,000	41,128	113,872
School Administration				
Office of the principal	3,000	3,000	--	3,000
Business				
Facilities acquisition and construction	30,000	98,000	67,578	30,422
Operation and maintenance of plant	101,000	144,200	144,110	90
Student transportation	173,200	226,200	226,049	151
Internal service	29,200	29,200	28,619	581
Debt Services:	646,000	646,000	647,783	(1,783)
Cocurricular Activities:				
Male activities	22,000	22,000	19,007	2,993
Female activities	8,000	8,000	3,509	4,491
Total Expenditures	1,659,400	2,000,600	1,845,592	155,008
Excess of Revenue Over (Under)				
Expenditures	82,089	25,889	163,729	137,840
Other Financing Sources (Uses):				
Transfers out	(651,980)	(651,980)	(598,333)	53,647
Total Other Financing Sources (Uses)	(651,980)	(651,980)	(598,333)	53,647
Net Change in Fund Balances	(569,891)	(626,091)	(434,604)	191,487
Fund Balance, Beginning	1,785,549	1,785,549	1,785,549	--
Fund Balance, Ending	\$ 1,215,658	\$ 1,159,458	\$ 1,350,945	\$ 191,487

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Redfield School District No. 56-4
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 913,155	\$ 913,155	\$ 926,712	\$ 13,557
Prior years' ad valorem taxes	3,500	3,500	8,072	4,572
Penalties and interest on taxes	1,300	1,300	2,159	859
Other Revenue from Local Sources:				
Charges for services	2,600	2,600	4,675	2,075
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	--	--	143	143
Revenue from State Sources:				
Grants-in-Aid				
Restricted grants-in-aid	260,942	260,942	192,912	(68,030)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	232,469	232,469	220,713	(11,756)
Total Revenues	<u>1,413,966</u>	<u>1,413,966</u>	<u>1,355,386</u>	<u>(58,580)</u>
Expenditures				
Instructional Services:				
Special programs	1,079,194	1,093,194	1,017,788	75,406
Support Services:				
Students:				
Guidance services	18,450	18,450	15,266	3,184
Health services	4,450	4,450	4,451	(1)
Psychological services	70,000	70,000	58,842	11,158
Student therapy services	51,500	59,500	60,618	(1,118)
Education Media	--	--	226	(226)
Special Education				
Administrative costs	121,340	121,340	119,005	2,335
Transportation costs	51,500	51,500	36,675	14,825
Other special education costs	63,445	63,445	58,602	4,843
Total Expenditures	<u>1,459,879</u>	<u>1,481,879</u>	<u>1,371,473</u>	<u>110,406</u>
Excess of Revenues Over (Under) Expenditures	<u>(45,913)</u>	<u>(67,913)</u>	<u>(16,087)</u>	<u>51,826</u>
Net Change in Fund Balance	(45,913)	(67,913)	(16,087)	51,826
Fund Balance, Beginning	469,433	469,433	469,433	--
Fund Balance, Ending	<u>\$ 423,520</u>	<u>\$ 401,520</u>	<u>\$ 453,346</u>	<u>\$ 51,826</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Redfield School District No. 56-4
Notes to the Required Supplementary Information
June 30, 2021

1. Basis of Presentation:

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present Capital outlay expenditures as a separate function.

2. Budgets and Budgetary Accounting:

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (h).
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Redfield School District No. 56-4

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1607445%	0.1715787%	0.1753616%	0.1752367%	0.1810958%	0.1830441%	0.1830352%
District's proportionate share of net pension liability (asset)	\$ (6,981)	\$ (18,183)	\$ (4,090)	\$ (15,903)	\$ 611,724	\$ (776,342)	\$ (1,318,694)
District's covered-employee payroll	\$ 3,527,855	\$ 3,648,168	\$ 3,645,583	\$ 3,560,434	\$ 3,443,515	\$ 3,341,848	\$ 3,331,093
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.20%	0.50%	0.11%	0.45%	17.76%	-23.23%	39.59%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Note: The information disclosed for each fiscal year is reported as the measurement date of the collective net pension liability (asset) which is June 30 of the preceding year.

Redfield School District No. 56-4

Schedule of the School District Contributions South Dakota Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 226,118	\$ 211,672	\$ 218,890	\$ 218,736	\$ 213,627	\$ 206,612	\$ 200,512
Contributions in relation to the contractually-required contribution	<u>226,118</u>	<u>211,672</u>	<u>218,890</u>	<u>218,736</u>	<u>213,627</u>	<u>206,612</u>	<u>200,512</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,768,617	\$ 3,527,855	\$ 3,648,168	\$ 3,645,583	\$ 3,560,434	\$ 3,443,515	\$ 3,341,848
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Redfield School District No. 56-4

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2021

Changes from Prior Valuation

The June 30, 2020 Actuarial Valuation reflect no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

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 0.5% 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%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

Supplementary Information

Redfield School District No. 56-4
Schedule of Expenditures of Federal Awards
June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NA	\$ 25,897
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NA	9,777
National School Lunch Program (Note 3)	10.555	NA	<u>203,040</u>
Total Child Nutrition Cluster			<u>238,714</u>
Other Programs:			
Fresh Fruit and Vegetable Program	10.582	NA	<u>8,679</u>
Total U.S. Department of Agriculture			<u>247,393</u>
U.S. Department of the Interior			
Pass Through Spink County			
Payments in Lieu of Taxes (Note 3)	15.226	NA	<u>507</u>
Total U.S. Department of Interior			<u>507</u>
U.S. Department of Education:			
Pass through the S.D. Department of Education:			
Coronavirus Relief Fund	21.019	NA	279,500
Title I Grants to Local Educational Agencies	84.010	NA	117,587
Career and Technical Education	84.048	NA	4,090
Alcohol Abuse Reduction Program	84.184A	NA	58,601
Rural Education	84.358	NA	18,231
Supporting Effective Instruction State Grant	84.367	NA	33,368
Student Support and Academic Enrichment Program	84.424A	NA	12,603
Cares ESSER funds	84.425D	NA	377,900
Special Education Cluster:			
Special Education Grants to States	84.027	NA	153,114
Special Education - Preschool Grants	84.173	NA	<u>8,998</u>
Total Special Education Cluster			<u>162,112</u>
Total U.S. Department of Education			<u>1,063,992</u>
U.S. Environmental Protection Agency			
Pass through SD Department of Environment and Natural Resources			
State Clean Diesel Grant Program	66.040	NA	<u>42,950</u>
Total U.S. Environmental Protection Agency			<u>42,950</u>
U.S. Department of Health and Human Service:			
Pass through SD Department of Human Services			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	NA	<u>81,991</u>
Total U.S. Department of Health and Human Services			<u>81,991</u>
Grand Total			<u>\$ 1,436,833</u>

Redfield School District No. 56-4
Schedule of Expenditures of Federal Awards
June 30, 2021(Continued)

1. Basis Of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Redfield School District No. 56-4 under programs of the federal government for the year ended . 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 Redfield School District No. 56-4, it is not intended to and does not present the financial position, changes in net position, or cash flows of Redfield School District No. 56-4.

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.

3. Indirect Cost Rate:

Redfield School District does not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Federal Reimbursements:

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.