

CITY OF REDFIELD
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

CITY OF REDFIELD
CITY OFFICIALS
DECEMBER 31, 2020

Mayor:

Vacant

Governing Board:

Randy Maddox - President and Acting Mayor

Dave Moeller

Michael Siebrecht

Todd Schwartz

Joseph Morrissette

Jessi Lewis

Eileen Kearney

Frank Schwartz

Finance Officer:

Adam Hansen

Attorney:

Gillette, Battey & Gillette

CITY OF REDFIELD

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CITY OF REDFIELD

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KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

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

City Council
City of Redfield
Redfield, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, South Dakota (City), as of December 31, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 24, 2021. The financial statements do not include financial data for the City's legally separate component unit. Our report includes a reference to other auditors who audited the financial statements of the Hospital Fund, as described in our report on City of Redfield, South Dakota's 2020 financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items #2020-001 and #2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item #2020-003.

City's Response to Findings

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

Purpose of this Report

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

Kohleman, Bierschbach & Anderson, LLP

August 24, 2021

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
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WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

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

City Council
City of Redfield
Redfield, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the City of Redfield, South Dakota's (City) compliance with the types of compliance requirements described in the (OMB) Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for the major federal program are matters of public record and their distribution is not limited.

Kohlman, Burschbach & Anderson, LLP

August 24, 2021



City of Redfield

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Randy Maddox

City Council President
Eileen Kearney

City Attorney
Gillette Law Office

City Council Members

Ward 1
Todd Schwartz
Ward 2
Eileen Kearney
Mike Siebrecht

Ward 3
Frank Schwartz
David Moeller

Ward 4
Joe Morrissette
Jessi Lewis

City Finance Officer
Adam L. Hansen

Parks & Recreation
Heidi Appel

SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020

PRIOR AUDIT FINDINGS:

#2019-001

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, capital assets, and equity. This comment has not been corrected and is restated as current other audit finding #2020-001. The reason for the recurrence is a lack of financial resources available to have the additional staff needed to adequately segregate duties.

#2019-002

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements. This comment has not been corrected and is restated as current other audit finding #2020-002. The reason for the recurrence is the lack of financial resources available to provide an internal control structure to record all necessary adjustments.

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CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020

Summary of the Independent Auditors' Results:

Financial Statements:

- a. An adverse opinion on the financial statements of the discretely presented component unit opinion unit was issued because of its omission of financial data. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information opinion units.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings #2020-001 and #2020-002.
- c. Our audit disclosed noncompliance which was material to the financial statements which is described in finding #2020-003.

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to the major program.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal award tested as a major program was:
 1. Water and Waste Disposal Systems for Rural Communities CFDA #10.760.
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. City of Redfield did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

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

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2020-001

Criteria

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

Condition Found

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, capital assets, and equity.

CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020
(Continued)

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

See the unaudited corrective action plan on pages 9 - 10.

Finding #2020-002

Criteria

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

Condition Found

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

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020
(Continued)

See the unaudited corrective action plan on pages 9 - 10.

COMPLIANCE AND OTHER MATTERS:

Finding #2020-003

Criteria

SDCL 9-21-9 limits expenditures to appropriated amounts.

Condition Found

In the General Fund, there was a budget overdraft of \$81,370 in the ambulance account.

Cause

The City went overbudget in one account during the year.

Effect

Budgets are required for all special revenue funds, as well as the other funds already adopted. Per SDCL 9-21-9, expenditures are limited to appropriated amounts.

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

See the unaudited corrective action plan on pages 9 - 10.

Closing Conference

The contents of this report were discussed with Frank Schwartz and Adam Hansen on June 24, 2021.



City of Redfield

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CORRECTIVE ACTION PLANS DECEMBER 31, 2020

Mayor
Randy Maddox

City Council President
Eileen Kearney

City Attorney
Gillette Law Office

City Council Members
Ward 1
Todd Schwartz
Ward 2
Eileen Kearney
Mike Siebrecht
Ward 3
Frank Schwartz
David Moeller
Ward 4
Joe Morrisette
Jessi Lewis

City Finance Officer
Adam L. Hansen

Parks & Recreation
Heidi Appel

City of Redfield submits the following corrective action plans for the year ended December 31, 2020.

Corrective Action Plan #2020-001

Condition: A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, capital assets, and equity.

Responsible official: Randy Maddox

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

Anticipated completion date: Ongoing

Corrective Action Plan #2020-002

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

Responsible official: Randy Maddox

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

Anticipated completion date: Ongoing

Corrective Action Plan #2020-003

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CORRECTIVE ACTION PLANS
DECEMBER 31, 2020

Condition: In the General Fund, there was a budget overdraft of \$81,370 in the ambulance account.

Responsible official: Randy Maddox

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

Anticipated completion date: December 31, 2021

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council
City of Redfield
Redfield, South Dakota

Report on the Financial Statements

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 City of Redfield, South Dakota (City), as of December 31, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Hospital Fund, which represent 68 percent, 57 percent, and 91 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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.

Basis for Adverse Opinion on Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City's legally separate component unit, the Housing and Redevelopment Commission of the City of Redfield. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the discretely presented component unit would have been presented as \$952,419, \$0, \$840,813, \$0, \$111,606, \$335,432, and \$335,002, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City of Redfield, South Dakota, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, as of December 31, 2020, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the City Pension Contributions on pages 51 through 55 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the combining nonmajor fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the Schedule of Expenditures of Federal Awards and the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Kohlman, Bierschbach & Anderson, LLP

August 24, 2021

CITY OF REDFIELD
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 245,776	\$ 8,604,193	\$ 8,849,969
Investments	384,384	242,464	626,848
Accounts receivable, net	600,696	2,009,893	2,610,589
Inventories	8,333	395,037	403,370
Other assets	45,638	696,365	742,003
Restricted Assets:			
Cash and cash equivalents	49,248	719,695	768,943
Net pension asset	956	12,263	13,219
Capital Assets:			
Land, improvements and construction/development in progress	1,523,284	3,742,668	5,265,952
Other capital assets, net of depreciation/amortization	<u>14,748,234</u>	<u>8,541,215</u>	<u>23,289,449</u>
TOTAL ASSETS	<u>17,606,549</u>	<u>24,963,793</u>	<u>42,570,342</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>140,128</u>	<u>1,790,267</u>	<u>1,930,395</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>140,128</u>	<u>1,790,267</u>	<u>1,930,395</u>
LIABILITIES:			
Accounts payable	41,321	429,768	471,089
Other current liabilities	12,345	3,522,780	3,535,125
Unearned revenue	--	10,870	10,870
Noncurrent Liabilities:			
Due within one year	79,949	286,584	366,533
Due in more than one year	<u>198,262</u>	<u>12,102,047</u>	<u>12,300,309</u>
TOTAL LIABILITIES	<u>331,877</u>	<u>16,352,049</u>	<u>16,683,926</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	<u>139,339</u>	<u>1,625,225</u>	<u>1,764,564</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>139,339</u>	<u>1,625,225</u>	<u>1,764,564</u>
NET POSITION:			
Net investment in capital assets	16,047,184	1,822,351	17,869,535
Restricted for:			
Debt service purposes	55,404	574,279	629,683
SDRS pension purposes	1,745	177,305	179,050
Permanently restricted purposes:			
Expendable	61,401	--	61,401
Non-expendable	119,066	--	119,066
Special Park Gift purposes	2,000	--	2,000
Special Rec Gift purposes	9,300	--	9,300
Unrestricted	<u>979,361</u>	<u>6,202,851</u>	<u>7,182,212</u>
TOTAL NET POSITION	<u>\$17,275,461</u>	<u>\$ 8,776,786</u>	<u>\$26,052,247</u>

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

CITY OF REDFIELD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business- Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 312,600	\$ 65,276	\$ 20,978	\$ --	\$ (247,324)		\$ (247,324)	
Public safety	525,864	6,890	223,087	--	(263,810)		(263,810)	
Public works	1,281,213	15,231	113,001	320,088	(838,786)		(838,786)	
Health and welfare	82,276	115	5,541	--	(76,620)		(76,620)	
Culture and recreation	673,796	8,402	5,206	--	(665,394)		(665,394)	
Conservation and development	134,711	--	--	--	(134,711)		(134,711)	
*Interest on long-term debt	<u>15,028</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(15,028)</u>		<u>(15,028)</u>	
Total Governmental Activities	<u>3,025,488</u>	<u>95,914</u>	<u>367,813</u>	<u>320,088</u>	<u>(2,241,673)</u>		<u>(2,241,673)</u>	
Business-Type Activities:								
Water	618,364	653,778	1,461	--		\$ 36,875	36,875	
Sewer	290,133	542,374	197	--		252,438	252,438	
Landfill	237,285	246,225	--	--		8,940	8,940	
Hospital	<u>14,256,507</u>	<u>13,263,125</u>	<u>721,380</u>	<u>--</u>		<u>(272,002)</u>	<u>(272,002)</u>	
Total Business-Type Activities	<u>15,402,289</u>	<u>14,705,502</u>	<u>723,038</u>	<u>--</u>		<u>26,251</u>	<u>26,251</u>	
Total Primary Government	<u>\$18,427,777</u>	<u>\$14,801,416</u>	<u>\$1,090,851</u>	<u>\$320,088</u>	<u>(2,241,673)</u>	<u>26,251</u>	<u>(2,215,422)</u>	
* The City does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.		General Revenues:						
		Taxes:						
		Property taxes				1,160,902	--	1,160,902
		Sales taxes				1,055,234	--	1,055,234
		State shared revenues				26,284	--	26,284
		Grants and contributions not restricted to specific programs				31,284	--	31,284
		Unrestricted investment earnings				3,256	32,206	35,462
		Miscellaneous revenue				73,147	4,041	77,188
		Transfers				<u>(103,146)</u>	<u>103,146</u>	<u>--</u>
		Total General Revenues and Transfers				<u>2,246,961</u>	<u>139,393</u>	<u>2,386,354</u>
		Change in Net Position				5,288	165,644	170,932
		Net Position - Beginning				<u>17,270,173</u>	<u>8,611,142</u>	<u>25,881,315</u>
		Net Position - Ending				<u>\$17,275,461</u>	<u>\$8,776,786</u>	<u>\$26,052,247</u>

CITY OF REDFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 159,975	\$ 85,801	\$ 245,776
Investments	--	384,384	384,384
Taxes receivable - delinquent	61,754	--	61,754
Accounts receivable, net	10,280	26	10,306
Special assessments receivable - current	6,601	--	6,601
Special assessments receivable - noncurrent	46,208	--	46,208
Due from Liquor, Lodging and Dining Gross Receipts Tax Fund	259,549	--	259,549
Due from federal government	338,683	--	338,683
Due from state government	124,131	10,758	134,889
Interest receivable	2,255	--	2,255
Inventory of supplies	8,333	--	8,333
Prepaid expenses	45,638	--	45,638
Restricted cash and cash equivalents	<u>--</u>	<u>49,248</u>	<u>49,248</u>
TOTAL ASSETS	<u>\$1,063,407</u>	<u>\$ 530,217</u>	<u>\$1,593,624</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable	\$ 40,290	\$ 1,031	\$ 41,321
Due to General Fund	--	259,549	259,549
Accrued wages payable	8,343	--	8,343
Amounts held for others	<u>4,002</u>	<u>--</u>	<u>4,002</u>
TOTAL LIABILITIES	<u>52,635</u>	<u>260,580</u>	<u>313,215</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - sales and use taxes	4,343	102	4,445
Unavailable revenue - property taxes	47,123	--	47,123
Unavailable revenue - special assessments	<u>52,809</u>	<u>--</u>	<u>52,809</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>104,275</u>	<u>102</u>	<u>104,377</u>
FUND BALANCES:			
Nonspendable	53,971	119,066	173,037
Restricted	--	128,105	128,105
Committed	--	276,366	276,366
Assigned	352,696	--	352,696
Unassigned	<u>499,830</u>	<u>(254,002)</u>	<u>245,828</u>
TOTAL FUND BALANCES	<u>906,497</u>	<u>269,535</u>	<u>1,176,032</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$1,063,407</u>	<u>\$ 530,217</u>	<u>\$1,593,624</u>

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

CITY OF REDFIELD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balances - Governmental Funds	\$ 1,176,032
--	--------------

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

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	956
--	-----

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	16,271,518
---	------------

Pension related deferred outflows are components of pension asset and therefore are not reported in the funds.	140,128
--	---------

Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	(278,211)
--	-----------

Assets, such as taxes receivable (delinquent) and special assessments receivable (current, delinquent and noncurrent), are not available to pay for current period expenditures and therefore are deferred in the funds.	104,377
--	---------

Pension related deferred inflows are components of pension asset and therefore are not reported in the funds.	<u>(139,339)</u>
---	------------------

Net Position - Governmental Activities	<u>\$17,275,461</u>
--	---------------------

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes:			
General property taxes	\$1,152,834	\$ --	\$1,152,834
General sales and use taxes	954,503	110,378	1,064,881
Amusement taxes	156	--	156
Penalties and interest on delinquent taxes	4,593	--	4,593
Licenses and Permits	22,095	--	22,095
Intergovernmental Revenue:			
Federal grants	567,681	--	567,681
State grants	9,997	--	9,997
State shared revenue:			
Bank franchise tax	9,437	--	9,437
Prorate license fees	7,287	--	7,287
Liquor tax reversion (25%)	16,847	--	16,847
Motor vehicle licenses	33,046	--	33,046
Local government highway and bridge fund	60,378	--	60,378
County shared revenue:			
County road tax (25%)	5,182	--	5,182
County wheel tax	1,215	--	1,215
Other intergovernmental revenues	47,685	--	47,685
Charges for Goods and Services:			
General government	24,942	--	24,942
Public safety	2,592	--	2,592
Health	115	--	115
Culture and recreation	5,900	830	6,730
Cemetery	7,631	3,618	11,249
Other	3,982	--	3,982
Fines and Forfeits:			
Court fines and costs	4,298	--	4,298
Library	1,672	--	1,672
Miscellaneous Revenue:			
Investment earnings	1,549	1,707	3,256
Rentals	18,239	--	18,239
Special assessments	11,950	--	11,950
Contributions and donations from private sources	17,671	13,613	31,284
Other	<u>23,134</u>	<u>2,328</u>	<u>25,462</u>
TOTAL REVENUES	<u>3,016,611</u>	<u>132,474</u>	<u>3,149,085</u>

	General Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES:			
General Government:			
Legislative	106,852	--	106,852
Executive	5,671	--	5,671
Elections	15	--	15
Financial administration	160,634	--	160,634
Other	23,195	--	23,195
Public Safety:			
Police	325,000	--	325,000
Fire	111,002	--	111,002
Public Works:			
Highways and streets	522,641	--	522,641
Airport	27,705	--	27,705
Cemeteries	39,740	--	39,740
Health and Welfare:			
Health	81,359	--	81,359
Ambulance	81,370	--	81,370
Culture and Recreation:			
Recreation	276,717	--	276,717
Parks	39,485	--	39,485
Libraries	161,052	--	161,052
Historical preservation	--	69,177	69,177
Conservation and Development:			
Economic development and assistance	86,026	48,310	134,336
Debt Service	225,387	49,248	274,635
Capital Outlay	487,422	--	487,422
TOTAL EXPENDITURES	<u>2,761,273</u>	<u>166,735</u>	<u>2,928,008</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>255,338</u>	<u>(34,261)</u>	<u>221,077</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	9,658	--	9,658
Transfers out	--	(42)	(42)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,658</u>	<u>(42)</u>	<u>9,616</u>
NET CHANGE IN FUND BALANCES	264,996	(34,303)	230,693
CHANGE IN NONSPENDABLE	506	--	506
FUND BALANCE - BEGINNING	<u>640,995</u>	<u>303,838</u>	<u>944,833</u>
FUND BALANCE - ENDING	<u>\$ 906,497</u>	<u>\$269,535</u>	<u>\$1,176,032</u>

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

CITY OF REDFIELD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 230,693

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements. 487,422

This amount represents the current year depreciation/amortization expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources. (818,525)

In the statement of activities, losses of \$26,967 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds \$75,856 from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized. (102,823)

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 assets.

Revenue bond	\$ 41,454	
Other long-term	<u>218,153</u>	259,607

The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available". 3,319

The fund financial statement governmental fund sales and use tax accruals differ from the government-wide statement sales and use tax accruals in that the fund financial statements require the amounts to be "available". (9,647)

Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises. (8,835)

Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.

Vacation leave	\$4,231	(4,231)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (32,057)

Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the statement of activities when consumed. This amount represents the "change in" inventory of supplies.	506
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(141)</u>
Change in Net Position of Governmental Activities	\$ <u><u>5,288</u></u>

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

CITY OF REDFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-Type Activities				
	Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	Totals
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 367,670	\$ 495,308	\$ 52,087	\$ 7,689,128	\$ 8,604,193
Investments	69,950	123,387	49,127	--	242,464
Accounts receivable, net	47,393	78,149	1,360	1,882,991	2,009,893
Estimated third-party payor settlements receivable	--	--	--	390,000	390,000
Notes receivable	--	--	--	11,410	11,410
Inventory of supplies	73,949	7,773	--	313,315	395,037
Prepaid expenses	--	--	--	243,985	243,985
Total Current Assets	<u>558,962</u>	<u>704,617</u>	<u>102,574</u>	<u>10,530,829</u>	<u>11,896,982</u>
Noncurrent Assets:					
Restricted cash and cash equivalents	187,301	8,755	--	523,639	719,695
Notes receivable	--	--	--	50,970	50,970
Net pension asset	189	219	75	11,780	12,263
Capital Assets:					
Land	645	76,789	43,886	30,398	151,718
Buildings	44,722	--	6,965	6,965,813	7,017,500
Improvements other than buildings	2,102,322	2,707,238	--	123,254	4,932,814
Furnishings and equipment	196,614	211,630	48,534	8,275,229	8,732,007
Construction/Development in Progress	992,759	2,598,191	--	--	3,590,950
Less: accumulated depreciation	<u>(1,240,842)</u>	<u>(1,403,750)</u>	<u>(34,312)</u>	<u>(9,462,202)</u>	<u>(12,141,106)</u>
Total Noncurrent Assets	<u>2,283,710</u>	<u>4,199,072</u>	<u>65,148</u>	<u>6,518,881</u>	<u>13,066,811</u>
TOTAL ASSETS	<u>2,842,672</u>	<u>4,903,689</u>	<u>167,722</u>	<u>17,049,710</u>	<u>24,963,793</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related deferred outflows	<u>25,346</u>	<u>30,759</u>	<u>11,180</u>	<u>1,722,982</u>	<u>1,790,267</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>25,346</u>	<u>30,759</u>	<u>11,180</u>	<u>1,722,982</u>	<u>1,790,267</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	35,175	11,850	8,957	373,786	429,768
Accrued interest payable	--	--	--	25,009	25,009
Accrued wages payable	1,608	1,608	1,215	86,295	90,726
Other accrued expenses	--	--	--	52,390	52,390
Customer deposits	145,416	--	--	--	145,416
Unearned revenue	--	--	--	10,870	10,870
Refundable advance	--	--	--	3,209,239	3,209,239
Bonds Payable Current:					
Revenue	<u>5,152</u>	<u>19,093</u>	<u>--</u>	<u>--</u>	<u>24,245</u>
Total Current Liabilities	<u>187,351</u>	<u>32,551</u>	<u>10,172</u>	<u>3,757,589</u>	<u>3,987,663</u>

	Business-Type Activities Enterprise Funds				Totals
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
Noncurrent Liabilities:					
Bonds Payable:					
Revenue	980,262	2,894,688	--	--	3,874,950
Accrued leave payable	9,178	9,178	5,571	399,465	423,392
Note payable - Paycheck Protection Program	--	--	--	1,503,708	1,503,708
Other long-term liabilities	--	--	--	6,562,336	6,562,336
Total Noncurrent Liabilities	<u>989,440</u>	<u>2,903,866</u>	<u>5,571</u>	<u>8,465,509</u>	<u>12,364,386</u>
TOTAL LIABILITIES	<u>1,176,791</u>	<u>2,936,417</u>	<u>15,743</u>	<u>12,223,098</u>	<u>16,352,049</u>
DEFERRED INFLOWS OF RESOURCES:					
Pension related deferred inflows	<u>25,203</u>	<u>30,586</u>	<u>11,117</u>	<u>1,558,319</u>	<u>1,625,225</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>25,203</u>	<u>30,586</u>	<u>11,117</u>	<u>1,558,319</u>	<u>1,625,225</u>
NET POSITION:					
Net investment in capital assets (deficit)	1,110,806	1,276,317	65,073	(629,845)	1,822,351
Restricted for:					
Revenue bond debt service	41,885	8,755	--	523,639	574,279
SDRS pension purposes	332	392	138	176,443	177,305
Unrestricted	<u>513,001</u>	<u>681,981</u>	<u>86,831</u>	<u>4,921,038</u>	<u>6,202,851</u>
TOTAL NET POSITION	<u>\$ 1,666,024</u>	<u>\$ 1,967,445</u>	<u>\$ 152,042</u>	<u>\$ 4,991,275</u>	<u>\$ 8,776,786</u>

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	Totals
OPERATING REVENUE:					
Surcharge as security for debt	\$ 166,528	\$ 328,273	\$ --	\$ --	\$ 494,801
Charges for goods and services	487,250	214,101	246,225	12,437,607	13,385,183
Miscellaneous	--	--	--	825,518	825,518
TOTAL OPERATING REVENUE	<u>653,778</u>	<u>542,374</u>	<u>246,225</u>	<u>13,263,125</u>	<u>14,705,502</u>
OPERATING EXPENSES:					
Personal services	127,028	137,812	64,597	8,709,183	9,038,620
Other current expense	53,600	48,841	171,148	4,549,940	4,823,529
Materials (cost of goods sold)	365,303	--	--	--	365,303
Depreciation and amortization	<u>55,904</u>	<u>71,787</u>	<u>1,540</u>	<u>689,491</u>	<u>818,722</u>
TOTAL OPERATING EXPENSES	<u>601,835</u>	<u>258,440</u>	<u>237,285</u>	<u>13,948,614</u>	<u>15,046,174</u>
OPERATING INCOME (LOSS)	<u>51,943</u>	<u>283,934</u>	<u>8,940</u>	<u>(685,489)</u>	<u>(340,672)</u>
NONOPERATING REVENUE (EXPENSE):					
Operating grants	1,461	197	--	721,380	723,038
Investment earnings	3,624	5,375	617	22,590	32,206
Interest expense	(7,904)	(31,425)	--	(307,893)	(347,222)
Gain (loss) on disposition of assets	(8,625)	(268)	--	--	(8,893)
Other	<u>4,041</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,041</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(7,403)</u>	<u>(26,121)</u>	<u>617</u>	<u>436,077</u>	<u>403,170</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	44,540	257,813	9,557	(249,412)	62,498
CAPITAL CONTRIBUTIONS	18,834	12,558	--	81,370	112,762
TRANSFERS OUT	<u>(3,624)</u>	<u>(5,375)</u>	<u>(617)</u>	<u>--</u>	<u>(9,616)</u>
CHANGE IN NET POSITION	59,750	264,996	8,940	(168,042)	165,644
NET POSITION - BEGINNING	<u>1,606,274</u>	<u>1,702,449</u>	<u>143,102</u>	<u>5,159,317</u>	<u>8,611,142</u>
NET POSITION - ENDING	<u>\$1,666,024</u>	<u>\$1,967,445</u>	<u>\$152,042</u>	<u>\$ 4,991,275</u>	<u>\$ 8,776,786</u>

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

CITY OF REDFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities Enterprise Funds				Totals
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 654,896	\$ 490,026	\$ 246,339	\$11,725,822	\$13,117,083
Cash receipts from interfund services provided	4,214	3,339	252	--	7,805
Other operating cash receipts	--	--	--	879,512	879,512
Cash payments to employees for services	(113,977)	(132,313)	(58,578)	(8,207,497)	(8,512,365)
Cash payments to suppliers of goods and services	(424,040)	(65,637)	(174,375)	(4,637,511)	(5,301,563)
Net cash provided (used) by operating activities	<u>121,093</u>	<u>295,415</u>	<u>13,638</u>	<u>(239,674)</u>	<u>190,472</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Noncapital grants and contributions	1,461	197	--	3,935,181	3,936,839
Transfers out	(3,624)	(5,375)	(617)	--	(9,616)
Net cash provided (used) by noncapital financing activities	<u>(2,163)</u>	<u>(5,178)</u>	<u>(617)</u>	<u>3,935,181</u>	<u>3,927,223</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital debt	822,759	2,201,059	--	1,503,708	4,527,526
Capital contributions and grants	--	--	--	132,869	132,869
Purchase of capital assets	(924,451)	(2,083,249)	(12,500)	(452,077)	(3,472,277)
Proceeds from sale of capital assets	14,400	9,600	--	--	24,000
Principal paid on capital debt	(10,524)	(18,485)	--	(246,114)	(275,123)
Interest paid on capital debt	(7,904)	(31,425)	--	(304,626)	(343,955)
Other receipts (payments)	4,041	--	--	--	4,041
Net cash provided (used) by capital and related financing activities	<u>(101,679)</u>	<u>77,500</u>	<u>(12,500)</u>	<u>633,760</u>	<u>597,081</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash received for interest	<u>3,624</u>	<u>5,375</u>	<u>617</u>	<u>22,590</u>	<u>32,206</u>
Net cash provided by investing activities	<u>3,624</u>	<u>5,375</u>	<u>617</u>	<u>22,590</u>	<u>32,206</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>20,875</u>	<u>373,112</u>	<u>1,138</u>	<u>4,351,857</u>	<u>4,746,982</u>
BALANCES - BEGINNING	<u>604,046</u>	<u>254,338</u>	<u>100,076</u>	<u>3,860,910</u>	<u>4,819,370</u>
BALANCES - ENDING	<u>\$ 624,921</u>	<u>\$ 627,450</u>	<u>\$ 101,214</u>	<u>\$ 8,212,767</u>	<u>\$ 9,566,352</u>

	Business-Type Activities Enterprise Funds				Totals
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 51,943	\$ 283,934	\$ 8,940	\$ (685,489)	\$ (340,672)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	55,904	71,787	1,540	689,491	818,722
Provision for bad debts	--	--	--	719,889	719,889
Change in assets and liabilities:					
Accounts receivable	2,741	(49,009)	366	(895,060)	(940,962)
Inventories	(3,127)	418	--	(75,754)	(78,463)
Prepaid expense	--	--	--	(78,448)	(78,448)
Pension related deferred outflows	(1,482)	(4,027)	(1,235)	(427,772)	(434,516)
Net pension asset	234	284	103	17,263	17,884
Accounts and other payables	(2,010)	(17,214)	(3,227)	(273,369)	(295,820)
Accrued wages payable	549	513	499	--	1,561
Accrued leave payable	492	(8,014)	585	--	(6,937)
Accrued expenses	--	--	--	(158,805)	(158,805)
Pension related deferred inflows	13,258	16,743	6,067	928,380	964,448
Customer deposits	<u>2,591</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,591</u>
Net cash provided (used) by operating activities	<u>\$ 121,093</u>	<u>\$ 295,415</u>	<u>\$ 13,638</u>	<u>\$ (239,674)</u>	<u>\$ 190,472</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Equipment purchased by General Fund	<u>\$ 18,834</u>	<u>\$ 12,558</u>	<u>\$ --</u>	<u>\$ 81,370</u>	<u>\$ 112,762</u>
Amortization of discounts on certificates of participation	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,740</u>	<u>\$ 3,740</u>

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Financial Reporting Entity:**

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

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

The Housing and Redevelopment Commission of the City of Redfield, South Dakota (Commission), is a proprietary fund-type, discretely-presented component unit. The financial statements of this component unit have been omitted from the City of Redfield's financial statements. The five members of the Commission are appointed by the Mayor, with the approval of the Governing Board, for five-year, staggered terms. The Commission elects its own Chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: 610 Main Street, Redfield, SD 57469.

b. **Basis of Presentation:**

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

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

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

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

Governmental Funds:

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

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

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

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

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

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

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

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

Proprietary Funds:

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

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

Water Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the City waterworks system and related facilities. (SDCL 9-47-1) This is a major fund.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

Sewer Fund - Financed primarily by user charges, this fund accounts for the construction and operation of the City sanitary sewer system and related facilities. (SDCL 9-48-2) This is a major fund.

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

that they can be used to pay the bills of the current period. The accrual period for the City is 30 days. The revenues which are accrued at December 31, 2020, are sales tax and federal and state grants.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

g. Patient Receivables:

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

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

h. Notes Receivable:

Notes receivable are uncollateralized loans, issued at market value, from individuals who are seeking a medical degree as part of the Hospital's physician recruitment process. The notes have been issued with forgiveness provisions that match the work commitment to encourage retention. Management reviews the notes receivable periodically and estimates a portion, if any, of the balance that will not be collected or earned under the work commitment arrangement. There was no allowance as of December 31, 2020.

i. Contributions Receivable:

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received and all eligibility requirements have been met. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at the discounted present value of expected future payments at the date of promise. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

j. Capital Assets:

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

Government-Wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their 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.

The total December 31, 2020 balance of governmental activities capital assets includes approximately 41 percent for which the costs were determined by estimates of the original costs. The total December 31, 2020 balance of business-type capital assets includes approximately 7 percent for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon and by appraisals.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the City. Infrastructure assets acquired since January 1, 2004, are recorded at cost and classified as "Improvements Other than Buildings".

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

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

k. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of revenue bonds, notes payable, financing (capital acquisition) leases, and compensated absences.

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

l. Program Revenues:

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

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

m. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

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

n. Proprietary Funds Revenue and Expense Classifications:

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

o. Net Patient Service Revenue:

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

p. Cash and Cash Equivalents:

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

q. 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.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

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" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

r. Application of Net Position:

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

s. Fund Balance Classification Policies and Procedures:

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

1. Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City Council.
5. Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

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

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
Industrial Development Revolving Loan Fund	\$276,366	Ordinance

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

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

A schedule of fund balances is provided as follows:

CITY OF REDFIELD
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Inventory	\$ 8,333	\$ --	\$ 8,333
Prepaid expenses	45,638	--	45,638
Nonexpendable Cemetery Perpetual Care	--	50,000	50,000
Nonexpendable Library Endowment	--	69,066	69,066
Restricted for:			
Debt Service requirements	--	55,404	55,404
Expendable Cemetery Perpetual Care	--	44,388	44,388
Expendable Library Endowment	--	17,013	17,013
Special Park Gift	--	2,000	2,000
Special Rec Gift	--	9,300	9,300
Committed for:			
Industrial Development Revolving Loan	--	276,366	276,366
Assigned to:			
Applied to next year's budget	331,960	--	331,960
Capital outlay accumulations	20,736	--	20,736
Unassigned	<u>499,830</u>	<u>(254,002)</u>	<u>245,828</u>
Total Fund Balances	<u>\$906,497</u>	<u>\$ 269,535</u>	<u>\$1,176,032</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - (Continued)

t. Grants and Contributions:

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

u. Charity Care:

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$35,500 for the year ended December 31, 2020, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

v. Pensions:

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

NOTE 2 - NET PATIENT SERVICE REVENUE

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

Medicare - The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost-based reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended December 31, 2017. Clinical services are paid on a cost basis or fixed fee schedule.

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - (Continued)

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

Concentration of net revenues by major payor accounted for the following percentages of the Hospital's net patient service revenue for the year ended December 31, 2020:

Medicare	55%
Medicaid	7%
Blue Cross	13%
Other third-party payors and patients	<u>25%</u>
	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue for the year ended December 31, 2020, decreased by approximately \$68,000 due to differences between estimated and final settlements, removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

NOTE 3 - PROVIDER RELIEF FUNDS

The Hospital received \$3,823,111 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS), in addition to other smaller COVID-19 grants. The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus for the HHS program. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has a deadline to incur eligible expenses of June 30, 2021. Unspent funds will be expected to be repaid.

These funds are considered subsidies and recorded as a liability when received and are recognized as revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. As these funds are considered subsidies, they are considered nonoperating activities. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As of December 31, 2020, the Hospital had a total refundable advance balance of \$3,209,239, which was included in the current liabilities on the accompanying statement of net position. During the year ended December 31, 2020, the Hospital recognized \$613,872 of revenue from the Provider Relief Funds in the accompanying statement of revenues, expenses, and changes in net position.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

General Fund:	Year Ended
<u>Activity</u>	<u>12/31/2020</u>
Health and Welfare - Ambulance	\$81,370

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

NOTE 5 - DEFICIT FUND BALANCES / NET POSITION OF INDIVIDUAL NONMAJOR FUNDS

As of December 31, 2020, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

Liquor, Lodging and Dining Gross Receipts	
Tax Fund	\$254,002

The Governing Board plans to take the following actions to address the deficit fund balance/net position: "The Council plans to transfer money from the General Fund to make that account \$0."

NOTE 6 - DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 - (Continued)

Fair Value Measurement - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

As of December 31, 2020, the City had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
External Investment Pools:			
SDFIT	Unrated	<u>\$11,263</u>	<u>\$11,263</u>

The City has the following recurring fair value measurement as of December 31, 2020:

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Certificates of Deposit - 98.2% of total investments.

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - RESTRICTED CASH AND INVESTMENTS

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

<u>Amount:</u>	<u>Purpose:</u>
\$ 41,885	For debt service in the Water Fund
\$ 8,755	For debt service in the Sewer Fund
\$523,639	For debt service in the Hospital Fund
\$ 49,248	For debt service in the Debt Service Fund
\$145,416	For customer deposits in the Water Fund

NOTE 8 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year, except for \$4,687 of receivables related to obligations paid on behalf of utility customers in the Water Fund, for which appropriate allowances for estimated uncollectible have been established.

NOTE 9 - INVENTORY

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

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

NOTE 10 - PROPERTY TAXES

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 - CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020, is as follows:

	Balance 01/01/2020	Increases	Decreases	Balance 12/31/2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,257,982	\$ --	\$ --	\$ 1,257,982
Construction/Development in progress	<u>4,003,362</u>	<u>259,317</u>	<u>3,997,377</u>	<u>265,302</u>
Total, not being depreciated	<u>5,261,344</u>	<u>259,317</u>	<u>3,997,377</u>	<u>1,523,284</u>
Capital assets, being depreciated:				
Buildings	3,706,504	13,275	--	3,719,779
Improvements other than buildings	21,410,869	4,041,214	--	25,452,083
Furnishings and equipment	<u>3,359,123</u>	<u>170,993</u>	<u>163,262</u>	<u>3,366,854</u>
Total, being depreciated	<u>28,476,496</u>	<u>4,225,482</u>	<u>163,262</u>	<u>32,538,716</u>
Less accumulated depreciation for:				
Buildings	1,063,717	73,974	--	1,137,691
Improvements other than buildings	14,079,028	522,892	--	14,601,920
Furnishings and equipment	<u>1,889,651</u>	<u>221,659</u>	<u>60,439</u>	<u>2,050,871</u>
Total accumulated depreciation	<u>17,032,396</u>	<u>818,525</u>	<u>60,439</u>	<u>17,790,482</u>
Total governmental activities capital assets, being depreciated, net	<u>11,444,100</u>	<u>3,406,957</u>	<u>102,823</u>	<u>14,748,234</u>
Governmental activity capital assets, net	<u>\$16,705,444</u>	<u>\$3,666,274</u>	<u>\$4,100,200</u>	<u>\$16,271,518</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 9,121
Public safety	89,862
Public works	603,106
Health and welfare	917
Culture and recreation	115,144
Conservation and development	<u>375</u>
Total depreciation expense - governmental activities	<u>\$818,525</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 - (Continued)

	Balance 01/01/2020	Increases	Decreases	Balance 12/31/2020
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 151,718	\$ --	\$ --	\$ 151,718
Construction/Development in progress	<u>626,561</u>	<u>2,964,389</u>	<u>--</u>	<u>3,590,950</u>
Total, not being depreciated	<u>778,279</u>	<u>2,964,389</u>	<u>--</u>	<u>3,742,668</u>
Capital assets, being depreciated:				
Buildings	6,973,974	106,234	62,708	7,017,500
Improvements other than buildings	4,932,814	--	--	4,932,814
Furnishings and equipment	<u>8,512,099</u>	<u>433,045</u>	<u>213,137</u>	<u>8,732,007</u>
Total, being depreciated	<u>20,418,887</u>	<u>539,279</u>	<u>275,845</u>	<u>20,682,321</u>
Less accumulated depreciation for:				
Buildings	3,846,263	205,408	62,708	3,988,963
Improvements other than buildings	2,349,168	101,392	--	2,450,560
Furnishings and equipment	<u>5,369,906</u>	<u>511,922</u>	<u>180,245</u>	<u>5,701,583</u>
Total accumulated depreciation	<u>11,565,337</u>	<u>818,722</u>	<u>242,953</u>	<u>12,141,106</u>
Total business-type activities capital assets, being depreciated, net	<u>8,853,550</u>	<u>(279,443)</u>	<u>32,892</u>	<u>8,541,215</u>
Business-type activity capital assets, net	<u>\$ 9,631,829</u>	<u>\$2,684,946</u>	<u>\$ 32,892</u>	<u>\$12,283,883</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Water	\$ 55,904
Sewer	71,787
Landfill	1,540
Hospital	<u>689,491</u>
Total depreciation expense - business-type activities	<u>\$818,722</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 - (Continued)

Construction/Development in progress at December 31, 2020, is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2020</u>	<u>Committed</u>	<u>Required Future Financing</u>
Fence	\$ 472,358	\$ 247,156	\$ 225,202	\$ --
Irrigation System	--	18,146	--	--
Water/Wastewater Project	<u>8,401,294</u>	<u>3,590,951</u>	<u>4,810,343</u>	<u>4,810,343</u>
Total	<u>\$8,873,652</u>	<u>\$3,856,253</u>	<u>\$5,035,545</u>	<u>\$4,810,343</u>

NOTE 12 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	<u>Balance 01/01/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental activities:					
Bonds payable:					
Revenue	\$ 202,297	\$ --	\$ 41,454	\$ 160,843	\$ 43,248
Financing (capital acquisition) lease	187,709	--	187,709	--	--
Note payable	93,935	--	30,444	63,491	31,313
Accrued compensated absences - governmental funds	<u>49,646</u>	<u>4,231</u>	<u>--</u>	<u>53,877</u>	<u>5,388</u>
Total governmental activities	<u>533,587</u>	<u>4,231</u>	<u>259,607</u>	<u>278,211</u>	<u>79,949</u>
Business-type activities:					
Bonds payable:					
Revenue	904,386	3,023,818	29,009	3,899,195	24,245
Certificates of participation	6,825,000	--	210,000	6,615,000	220,000
Less unamortized discount	(56,404)	--	(3,740)	(52,664)	--
Notes payable	<u>36,114</u>	<u>1,503,708</u>	<u>36,114</u>	<u>1,503,708</u>	<u>--</u>
Total debt	7,709,096	4,527,526	271,383	11,965,239	244,245
Accrued compensated absences - business-type funds	<u>390,849</u>	<u>32,543</u>	<u>--</u>	<u>423,392</u>	<u>42,339</u>
Total business-type activities	<u>8,099,945</u>	<u>4,560,069</u>	<u>271,383</u>	<u>12,388,631</u>	<u>286,584</u>
Total Primary Government	<u>\$8,633,532</u>	<u>\$4,564,300</u>	<u>\$530,990</u>	<u>\$12,666,842</u>	<u>\$366,533</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 - (Continued)

Debt payable at December 31, 2020, is comprised of the following:

Revenue Bonds:

A loan with Rural Development was obtained for \$545,000 with monthly payments of \$4,104 being made out of the Debt Service Fund with interest at 4.25%, maturing May 24, 2024. \$ 160,843

The Water Fund obtained a revenue bond for \$228,823 with quarterly payments of \$2,723.25 being made beginning July 1, 2010, with interest at 2.5%, maturing October 1, 2039. \$ 162,655

The Sewer Fund obtained a revenue bond for \$803,423 with quarterly payments of \$10,506.39 being made beginning October 15, 2015, with interest at 3.25%, maturing July 15, 2045. \$ 712,722

Water Revenue Bond, the City is still borrowing on this debt. They are able to borrow up to \$4,012,000. The repayment schedule has not yet been determined. It will have an interest rate no greater than 3.125% per annum and will mature over a period not to exceed 40 years. This debt is serviced by the Water Fund. \$ 822,759

Wastewater Project Revenue Bond, the City is still borrowing on this debt. They are able to borrow up to \$7,980,000. The repayment schedule has not yet been determined. It will have an interest rate no greater than 2.375% per annum and will mature over a period not to exceed 40 years. This debt is serviced by the Sewer Fund. \$ 2,201,059

Compensated Absences:

Accrued vacation and sick leave for General Fund and Enterprise Fund employees. Payment to be made by the fund that the payroll expenditures are charged to. \$ 477,269

Notes Payable:

The General Fund obtained a note payable for \$124,137, with annual payments of \$33,161 being made beginning February 1, 2019, with interest at 2.9%, maturing February 1, 2022. \$ 63,491

The Hospital was granted a \$1,503,708 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is undercollateralized and is fully guaranteed by the Federal government. The Hospital is eligible for loan forgiveness of up to 100% of the loan balance, upon meeting certain requirements. The Hospital has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA and the lender. No forgiveness income has been recorded for the year ended December 31, 2020. Subsequent to the year-end, the Hospital applied for forgiveness and received full forgiveness of the PPP loan balance plus accrued interest. \$ 1,503,708

Certificates of Participation:

Certificates of participation relate to debt issued by the City of Redfield to facilitate the financing of public capital projects. The City of Redfield leases the assets acquired with the proceeds from the certificates of participation under a ground lease agreement. For financial reporting purposes, the Hospital accounts for the certificates of participation as its own debt. The 2015 certificates carry interest rates ranging from 2.7% to 5.0% and come due in various biannual amounts up

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 - (Continued)

through the Hospital's fiscal year ending December 31, 2040.

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

The certificates of participation are reported net of the applicable discounts. Discounts are amortized over the life of the certificates using the straight line method, which is a reasonable estimate of the effective interest method. Amortization is included in interest expense.

\$6,615,000

The annual requirements to amortize all debt outstanding as of December 31, 2020, except for compensated absences, are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2020

Year Ending Dec. 31,	Revenue Bonds		Note Payable		Hospital Long-Term Debt		Total	
	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.
2021	\$ 67,493	\$ 31,951	\$31,313	\$1,848	\$ 220,000	\$ 298,458	\$ 318,806	\$ 332,257
2022	71,864	30,302	32,178	935	225,000	291,720	329,042	322,957
2023	74,646	27,520	--	--	230,000	284,183	304,646	311,703
2024	53,815	24,806	--	--	240,000	275,745	293,815	300,551
2025	29,298	23,621	--	--	250,000	266,045	279,298	289,666
2026 – 2030	160,661	103,932	--	--	1,420,000	1,163,723	1,580,661	1,267,655
2031 – 2035	187,135	77,458	--	--	1,790,000	802,369	1,977,135	879,827
2036 – 2040	207,023	46,677	--	--	2,240,000	317,875	2,447,023	364,552
2041 – 2045	184,285	15,336	--	--	--	--	184,285	15,336
Total	<u>\$1,036,220</u>	<u>\$381,603</u>	<u>\$63,491</u>	<u>\$2,783</u>	<u>\$6,615,000</u>	<u>\$3,700,118</u>	<u>\$7,714,711</u>	<u>\$4,084,504</u>

NOTE 13 - OPERATING LEASES

The Hospital leases certain equipment under various operating leases with terms of less than one year or cancelable upon written notice. Total lease expense for the year ended December 31, 2020, for all operating leases was \$36,988.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 14 - INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances at December 31, 2020, were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$259,549	\$ --
Liquor, Lodging and Dining Gross Receipts Tax Fund	\$ --	\$259,549

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

NOTE 15 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2020, was as follows:

Major Purposes:

Water Fund	\$ 41,885
Sewer Fund	8,755
Hospital Fund	<u>523,639</u>
Total Major Purposes	<u>574,279</u>

Debt Service Purposes:

Debt Service Fund	<u>55,404</u>
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Permanently Restricted Purposes:

Library Endowment Fund - Expendable	17,013
Library Endowment Fund - Nonexpendable	69,066
Cemetery Perpetual Care Fund - Expendable	44,388
Cemetery Perpetual Care Fund - Nonexpendable	<u>50,000</u>
Total Permanently Restricted Purposes	<u>180,467</u>

Other Purposes:

Special Park Gift Fund	2,000
Special Rec Gift Fund	9,300
SDRS Pension Purposes	<u>179,050</u>
Total Other Purposes	<u>190,350</u>

Total Restricted Net Position	<u>\$1,000,500</u>
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These balances are restricted due to federal grant, debt and statutory requirements.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 16 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2020, were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>	
	<u>General</u>	<u>Total</u>
<u>Major Funds:</u>	<u>Fund</u>	
Aggregate Other		
Governmental Funds	\$ 42	\$ 42
Water Fund	3,624	3,624
Sewer Fund	5,375	5,375
Landfill Fund	<u>617</u>	<u>617</u>
	<u>\$9,658</u>	<u>\$9,658</u>

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

NOTE 17 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid 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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, South Dakota 57501-1098 or by calling (605)773-3731.

Benefits Provided:

SDRS has 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 Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - (Continued)

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

Legislation enacted in 2017 established the current COLA process. At each valuation date:

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the calendar years ended December 31, 2020, 2019 and 2018, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2020	\$425,075
2019	\$397,653
2018	\$379,284

Pension 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 share of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ended June 30, 2020, and reported by the City as of December 31, 2020, are as follows:

Proportionate share of total pension liability	\$37,414,382
--	--------------

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - (Continued)

Less proportionate share of net position restricted for pension benefits	<u>37,427,601</u>
Proportionate share of net pension asset	\$ <u>(13,219)</u>

At December 31, 2020, the City reported an asset of \$13,219 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the City's proportion was .3043553%, which is a decrease of .0013387% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$958,499. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 50,567	\$ 10,450
Changes in assumption	425,765	1,717,134
Net difference between projected and actual earnings on pension plan investments	1,228,557	--
Changes in proportion and difference between City contributions and proportionate share of contributions	8,592	36,980
City contributions subsequent to the measurement date	<u>216,914</u>	<u>--</u>
Total	<u>\$1,930,395</u>	<u>\$1,764,564</u>

\$216,914 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of expense) as follows:

<u>Year Ended December 31:</u>	
2021	\$(170,635)
2022	(129,252)
2023	15,260
2024	<u>233,544</u>
Total	\$ <u>(51,083)</u>

Actuarial Assumptions:

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - (Continued)

Inflation	2.25 percent
Salary increases	6.5% at entry to 3.00% after 25 years of service
Discount rate	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	<u>2.0%</u>	1.0%
Total	<u>100.0%</u>	

Discount Rate:

The discount rate used to measure the total pension asset was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.5%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 17 - (Continued)

calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset)	<u>\$5,127,743</u>	<u>\$(13,219)</u>	<u>\$(4,218,424)</u>

Pension Plan Fiduciary Net Position:

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

NOTE 18 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2020, the City was not involved in litigation.

NOTE 19 - SIGNIFICANT CONTINGENCIES - OTHER

The Redfield Housing and Redevelopment Commission is a component unit of the City. The Commission has two loans, one obtained in 2004 for a total of \$760,000 and one obtained in 2007 for \$543,000 for a total of \$1,303,000. The City has guaranteed 25% of each amount which was \$190,000 in 2004 and \$135,750 in 2007 for a total of \$325,750, but believes that the contingency will be immaterial, if any, because the Commission is to repay it.

NOTE 20 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2020, the City managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

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

Worker's Compensation:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 20 - (Continued)

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

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

Unemployment Benefits:

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

NOTE 21 - SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Hospital received full forgiveness of the PPP Loan plus accrued interest.

The City also accepted a bid for \$10,342,117 for Phase II of the Water/Wastewater Project. The City Council also approved a resolution for an additional loan for \$400,000 for the Sewer Fund for the wastewater project, which also includes a grant for \$567,000 from USDA. They also approved a resolution for an additional loan for \$367,000 for the Water Fund for the water project which also includes a grant for \$340,000 from USDA.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REDFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
REVENUES:				
Taxes:				
General property taxes	\$1,186,000	\$1,186,000	\$1,152,834	\$ (33,166)
General sales and use taxes	900,000	900,000	954,503	54,503
Amusement taxes	--	--	156	156
Penalties and interest on delinquent taxes	3,000	3,000	4,593	1,593
License and Permits	21,000	21,000	22,095	1,095
Intergovernmental Revenue:				
Federal grants	25,000	337,517	567,681	230,164
State grants	10,000	10,000	9,997	(3)
State shared revenue:				
Bank franchise tax	10,000	10,000	9,437	(563)
Prorate license fees	5,500	5,500	7,287	1,787
Liquor tax reversion (25%)	15,000	15,000	16,847	1,847
Motor vehicle licenses	30,000	30,000	33,046	3,046
Local government highway and bridge fund	50,000	50,000	60,378	10,378
Other	150	150	--	(150)
County shared revenue:				
County road tax (25%)	5,180	5,180	5,182	2
County road and bridge tax (25%)	2,770	2,770	--	(2,770)
County wheel tax	1,000	1,000	1,215	215
Other intergovernmental revenues	--	--	47,685	47,685
Charges for Goods and Services:				
General government	15,250	15,250	24,942	9,692
Public safety	2,600	2,600	2,592	(8)
Health	250	250	115	(135)
Culture and recreation	30,550	30,550	5,900	(24,650)
Cemetery	8,500	8,500	7,631	(869)
Other	500	500	3,982	3,482
Fines and Forfeits:				
Court fines and costs	3,000	3,000	4,298	1,298
Library	2,000	2,000	1,672	(328)
Miscellaneous Revenue:				
Investment earnings	7,750	7,750	1,549	(6,201)
Rentals	10,250	10,250	18,239	7,989
Special assessments	3,000	3,000	11,950	8,950
Contributions and donations from private sources	--	--	17,671	17,671
Other	<u>24,000</u>	<u>24,000</u>	<u>23,134</u>	<u>(866)</u>
TOTAL REVENUES	<u>2,372,250</u>	<u>2,684,767</u>	<u>3,016,611</u>	<u>331,844</u>
EXPENDITURES:				
General Government:				
Legislative	103,150	128,150	106,852	21,298
Contingency	30,000	30,000		
Amount transferred		--		30,000
Executive	11,825	11,825	5,671	6,154
Elections	1,200	1,200	15	1,185

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Financial administration	154,150	184,150	168,789	15,361
Other	15,650	25,650	23,195	2,455
Public Safety:				
Police	325,000	325,000	325,000	--
Fire	110,600	155,600	124,278	31,322
Public Works:				
Highways and streets	589,675	714,675	666,346	48,329
Airport	78,925	441,442	312,713	128,729
Cemeteries	37,450	47,450	39,740	7,710
Health and Welfare:				
Health	81,280	91,280	81,359	9,921
Ambulance	--	--	81,370	(81,370)
Culture and Recreation:				
Recreation	382,250	382,250	294,864	87,386
Parks	86,725	86,725	39,485	47,240
Libraries	157,400	187,400	180,183	7,217
Conservation and Development:				
Economic development and assistance	82,500	132,500	86,026	46,474
Debt Service	--	226,000	225,387	613
TOTAL EXPENDITURES	<u>2,247,780</u>	<u>3,171,297</u>	<u>2,761,273</u>	<u>410,024</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,470</u>	<u>(486,530)</u>	<u>255,338</u>	<u>741,868</u>
OTHER FINANCING SOURCES:				
Transfers in	--	--	9,658	9,658
Sale of municipal property	<u>5,000</u>	<u>5,000</u>	--	<u>(5,000)</u>
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>5,000</u>	<u>9,658</u>	<u>4,658</u>
NET CHANGE IN FUND BALANCES	129,470	(481,530)	264,996	746,526
CHANGE IN NONSPENDABLE	--	--	506	506
FUND BALANCE - BEGINNING	<u>640,995</u>	<u>640,995</u>	<u>640,995</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$ 770,465</u>	<u>\$ 159,465</u>	<u>\$ 906,497</u>	<u>\$747,032</u>

CITY OF REDFIELD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
DECEMBER 31, 2020

NOTE 1 - Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

NOTE 2 - USGAAP/Budgetary Accounting Basis Differences

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

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

	Last 6 Fiscal Years*					
	(Dollar amounts in thousands)					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	.3043553%	.3056940%	.2978652%	.29124420%	.2934105%	.3053577%
City's proportionate share of net pension liability (asset)	\$(13)	\$(32)	\$(7)	\$(26)	\$991	\$(1,295)
City's covered payroll	\$6,551	\$6,421	\$6,106	\$5,819	\$5,471	\$5,474
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	.20%	.50%	0.11%	0.45%	18.11%	23.66%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

	* Last 6 Fiscal Years (Dollar amounts in thousands)					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 425	\$ 397	\$ 379	\$ 363	\$ 343	\$ 331
Contributions in relation to the contractually required contribution	<u>425</u>	<u>397</u>	<u>379</u>	<u>363</u>	<u>343</u>	<u>331</u>
Contribution deficiency (excess)	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>
City's covered payroll	\$7,063	\$6,524	\$6,229	\$5,964	\$5,619	\$5,436
Contributions as a percentage of covered payroll	6.02%	6.09%	6.08%	6.09%	6.10%	6.09%

* Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF REDFIELD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(ASSET) AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation:

The June 30, 2020 Actuarial Valuation reflects 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

CITY OF REDFIELD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
ASSETS:								
Cash and cash equivalents	\$ --	\$ 50,000	\$2,000	\$8,670	\$ 2,052	\$ --	\$23,079	\$ 85,801
Investments	--	226,366	--	630	--	94,388	63,000	384,384
Accounts receivable, net	26	--	--	--	--	--	--	26
Due from state government	6,654	--	--	--	4,104	--	--	10,758
Restricted cash and cash equivalents	--	--	--	--	49,248	--	--	49,248
TOTAL ASSETS	\$ <u>6,680</u>	\$ <u>276,366</u>	\$ <u>2,000</u>	\$ <u>9,300</u>	\$ <u>55,404</u>	\$ <u>94,388</u>	\$ <u>86,079</u>	\$ <u>530,217</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable	\$ 1,031	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,031
Due to General Fund	<u>259,549</u>	--	--	--	--	--	--	<u>259,549</u>
TOTAL LIABILITIES	<u>260,580</u>	--	--	--	--	--	--	<u>260,580</u>
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - sales and use taxes	<u>102</u>	--	--	--	--	--	--	<u>102</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>102</u>	--	--	--	--	--	--	<u>102</u>
FUND BALANCES:								
Nonspendable	--	--	--	--	--	50,000	69,066	119,066
Restricted	--	--	2,000	9,300	55,404	44,388	17,013	128,105
Committed	--	276,366	--	--	--	--	--	276,366
Unassigned	<u>(254,002)</u>	--	--	--	--	--	--	<u>(254,002)</u>
TOTAL FUND BALANCES	<u>(254,002)</u>	<u>276,366</u>	<u>2,000</u>	<u>9,300</u>	<u>55,404</u>	<u>94,388</u>	<u>86,079</u>	<u>269,535</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>6,680</u>	\$ <u>276,366</u>	\$ <u>2,000</u>	\$ <u>9,300</u>	\$ <u>55,404</u>	\$ <u>94,388</u>	\$ <u>86,079</u>	\$ <u>530,217</u>

CITY OF REDFIELD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
REVENUES:								
Taxes:								
General sales and use taxes	\$ 61,130	\$ --	\$ --	\$ --	\$49,248	\$ --	\$ --	\$110,378
Charges for Goods and Services:								
Culture and recreation	830	--	--	--	--	--	--	830
Cemetery	--	--	--	--	--	3,618	--	3,618
Miscellaneous Revenue:								
Investment earnings	--	--	11	31	--	--	1,665	1,707
Contributions and donations from private sources	4,943	--	--	8,670	--	--	--	13,613
Other	<u>2,328</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,328</u>
TOTAL REVENUES	<u>69,231</u>	<u>--</u>	<u>11</u>	<u>8,701</u>	<u>49,248</u>	<u>3,618</u>	<u>1,665</u>	<u>132,474</u>
EXPENDITURES:								
Culture and Recreation:								
Historical preservation	69,177	--	--	--	--	--	--	69,177
Conservation and Development:								
Economic development and assistance	48,310	--	--	--	--	--	--	48,310
Debt Service	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>49,248</u>	<u>--</u>	<u>--</u>	<u>49,248</u>
TOTAL EXPENDITURES	<u>117,487</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>49,248</u>	<u>--</u>	<u>--</u>	<u>166,735</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(48,256)</u>	<u>--</u>	<u>11</u>	<u>8,701</u>	<u>--</u>	<u>3,618</u>	<u>1,665</u>	<u>(34,261)</u>

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
OTHER FINANCING USES:								
Transfers out	—	—	(11)	(31)	—	—	—	(42)
TOTAL OTHER FINANCING USES	—	—	(11)	(31)	—	—	—	(42)
NET CHANGE IN FUND BALANCES	(48,256)	—	—	8,670	—	3,618	1,665	(34,303)
FUND BALANCE - BEGINNING	(205,746)	276,366	2,000	630	55,404	90,770	84,414	303,838
FUND BALANCE - ENDING	<u>\$(254,002)</u>	<u>\$276,366</u>	<u>\$2,000</u>	<u>\$9,300</u>	<u>\$55,404</u>	<u>\$94,388</u>	<u>\$86,079</u>	<u>\$269,535</u>

CITY OF REDFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2020
U.S. DEPARTMENT OF AGRICULTURE:			
Direct Funding:			
Water and Waste Disposal Systems for Rural Communities (Note 3)	10.760	N/A	\$ <u>2,814,484</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,814,484</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Direct Funding:			
Airport Improvement Program	20.106	N/A	284,793
Airport Improvement Program - COVID	20.106	N/A	<u>27,724</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>312,517</u>
U.S. DEPARTMENT OF TREASURY:			
Pass-Through Programs:			
S.D. Bureau of Finance and Management: Coronavirus Relief Fund	21.019	None Available	<u>256,822</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>256,822</u>
U.S. GENERAL SERVICES ADMINISTRATION:			
Pass-Through Programs:			
S.D. Federal Property Agency: Donation of Federal Surplus Personal Property (Note 4)	39.003	None	<u>30,280</u>
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			<u>30,280</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Direct Funding:			
Provider Relief Fund	93.498	N/A	618,465
National Bioterrorism Hospital Preparedness Program - COVID	93.889	N/A	4,190
Pass-Through Programs:			
S.D. Department of Health:			
Small Rural Hospital Improvement Grant Program	93.301	21SC093616, 20SC093004	23,721
Small Rural Hospital Improvement Grant Program - COVID	93.301	21SC093029	84,317
State Rural Hospital Flexibility Program	93.241	20SC090944	<u>18,000</u>

CITY OF REDFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2020
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>748,693</u>
GRAND TOTAL			<u>\$4,162,796</u>

NOTE 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.

NOTE 4: Federal Surplus Property

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