

RAPID CITY AREA SCHOOL DISTRICT NO. 51-4

Financial Statements

June 30, 2021

Rapid City Area School District No. 51-4
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June 30, 2021

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Independent Auditor's Report

School Board
Rapid City Area School District No. 51-4
Pennington County, South Dakota

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rapid City Area School District No. 51-4 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

RAPID CITY

909 ST. JOSEPH STREET, SUITE 101
RAPID CITY, SD 57701
605.348.1930

GILLETTE

612 S. DOUGLAS HWY
GILLETTE, WY 82716
307.682.4795

FAITH

127 MAIN ST. S.
FAITH, SD 57626
605.791.3142

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited), budgetary comparison information, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and the Notes to the Required Supplementary Information respectively, 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, which 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Balance Sheet - Western Dakota Technical Institute, the Statement of Revenues, Expenditures, and Changes in Fund Balance - Western Dakota Technical Institute, the Schedule of Capital Assets - Western Dakota Technical Institute, and the Schedule of Long-term Liabilities - Western Dakota Technical Institute 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules listed above 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Balance Sheet - Western Dakota Technical Institute, the Statement of Revenues, Expenditures, and Changes in Fund Balance - Western Dakota Technical Institute, the Schedule of Capital Assets - Western Dakota Technical Institute, the Schedule of Long-term Liabilities - Western Dakota Technical Institute, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Corrective Action Plan and the list of School District Officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of 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 District's internal control over financial reporting and compliance.

Handwritten signature in blue ink that reads "Casey Peterson, LTD." The signature is written in a cursive style.

Casey Peterson, LTD

Rapid City, South Dakota

April 5, 2022

Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Rapid City Area School District No. 51-4's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position from governmental and business-type activities increased by \$7,475,703 or 4.87%. This is mainly due to revenue in excess of expenses. During the year, cash and cash equivalents, cash designated for special purposes, restricted cash, and investments increased \$23,821,836, or 21.63%, and other liabilities (consisting of accounts payable and contractual obligations) increased \$147,054, or 2.42%.
- During the year, the District's unrestricted revenues generated from taxes and other sources increased by \$4,449,256 or 3.34%. The District's net expenses before general revenues decreased by \$7,018,398 or 4.06%.
- The increase in District revenue is due primarily to an increase in property taxes and receipt of grant funding. The decreased net expenses were primarily due to program closures in response to COVID-19 related to instruction and non-programmed charges.
- The District's long-term debt increased by \$7,510,428, or 9.37%, due to refinancing capital outlay certificates offset by payment of capital outlay certificates.
- Total Governmental Fund balances increased by \$23,506,828, or 30.11%, primarily due to revenues in excess of expenses. Individual fund balance changes are as follows: the General Fund increased by \$4,815,553, or 29.34%; the Capital Outlay Fund increased by \$16,404,302, or 38.54%, the Special Education Fund increased by \$550,310, or 6.76%; the Post-Secondary Fund increased by \$1,362,194, or 18.82%; and the Debt Service Fund increased by \$374,469, or 10.09%.
- The District's Food Service Fund experienced an increase in net position of \$546,759, or 215%. Total non-operating revenue increased 68%. Revenues from food sales were down 77.30% and federal cash reimbursements from free and reduced student meals were up 81.64%. Operating expenses were down 16.11%.
- The Internal Service Fund (Health Insurance Trust) experienced a \$1,539,799 decrease in net position. Total revenue increased by \$2,384,078, or 13%. Total expenditures increased by \$2,000,770, or 10%.

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

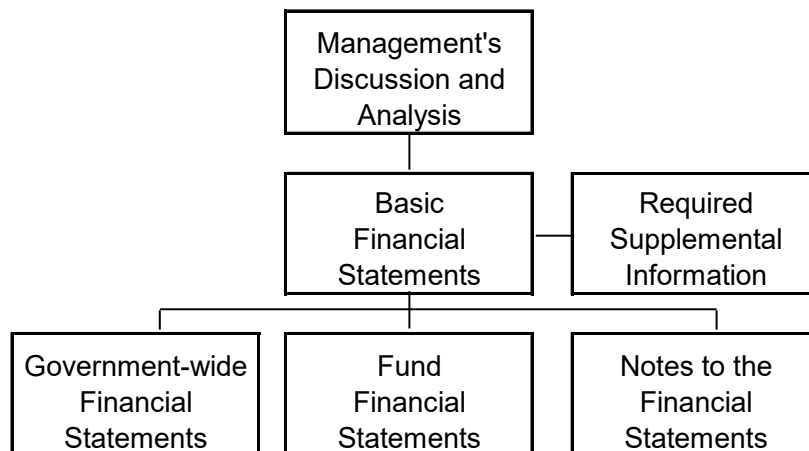
This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (government-wide and fund financial statements), and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Position and Statement of Activities are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.
 - Governmental funds statements tell how general governmental services are financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities that the District operates like businesses. The only proprietary funds operated by the District are the Food Service Fund, the Self-Insurance Fund, and the Preschool Fund.
 - Fiduciary fund statements provide information about the financial relationships - like student organization club accounts - in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that provide further explanation of some of the information in the financial statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements by including a comparison of the District's budget data for the year.

Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1
Required Components of Rapid City Area School's Financial Report



**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the activities reported and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2				
Major Features of Rapid City School District's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional, support and co-curricular activities.	Activities of the District operates similar to private businesses, the food services operation.	Assets held by District on behalf of someone else. Student organizations that have funds on deposit with the District are reported here.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Asset/Deferred Outflow of Resources/ Liability/ Deferred Inflow or Resources Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; all deferred outflows and inflows of resources; no capital or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

Government-wide Financial Statements

The view of the District as a whole looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?" The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. The government-wide financial statements report information about the District as a whole using full accrual accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's overall financial health or position.

- Over time, increases or decreases in the District's net position are useful indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, additional non-financial factors such as changes in the District's property tax base, the condition of school buildings and changes in the state school aid funding formula from the State of South Dakota need to be considered.

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

In the government-wide financial statements, the District's activities are reported in two categories:

- Governmental Activities - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, pupil transportation, etc.), debt service payments, special education, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state aid formula, state grants, federal grants, and interest earnings finance most of these activities.
- Business-type Activities - The District has two business-type activity funds: Food Service Fund and Preschool Fund. The District charges a fee to students and receives federal and state reimbursement to cover the costs of providing lunch services to all students in the Food Service Fund. The District charges a fee to pupils to attend an integrated preschool program in the Preschool Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's individual funds - not the District as a whole. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Funds are accounting devices that the District uses to ensure and demonstrate compliance with finance-related legal requirements.

- State Law requires some of the funds (like the Capital Outlay Fund, Special Education Fund, and Post-Secondary Fund).
- The School Board establishes other funds to control and manage money for particular purposes (like managing medical insurance premiums and claims).

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

The District has three kinds of funds:

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

The District maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Outlay Fund, Special Education Fund, Post-Secondary Fund, and the Debt Service Fund since these are considered major funds.

- *Proprietary Funds* -
 - Enterprise Funds - Services for which the District charges customers a fee and for which revenues are expected to cover all expenses are generally reported in proprietary funds-enterprise funds. Enterprise funds, like the government-wide financial statements, provide both short and long-term financial information. The enterprise funds use the same basis of accounting as business-type activities. Therefore, these statements will essentially match the information provided in the statements for the District as a whole. The Food Service Fund and Preschool Fund are the only enterprise funds maintained by the District.
 - Internal Service Funds - A fund provided to account for monies received from other funds as payment for providing medical, hospitalization, and dental employee health benefits. The self-insurance fund makes payments for services provided to employees to a third-party administrator for claim payments, administration, stop-loss coverage, or other reinsurance. The amounts charged are intended to recoup the total costs of such services. Unemployment insurance is also included in this fund with payments made quarterly to the State Unemployment office.
- *Fiduciary Funds* - The District is the trustee, or fiduciary, for external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and only by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The District's combined net position increased as follows:

Table A-1
Rapid City Area School District No. 51-4
Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	2020 - 2021
Current and Other Assets	\$ 109,730,870	\$ 132,743,402	\$ 399,419	\$ 1,208,723	\$ 110,130,289	\$ 133,952,125	21.63%
Capital Assets (Net of Depreciation)	151,691,391	152,878,643	875,080	848,400	152,566,471	153,727,043	0.76%
Total Assets	261,422,261	285,622,045	1,274,499	2,057,123	262,696,760	287,679,168	9.51%
Deferred Outflows of Resources	23,189,616	28,774,529	690,082	706,582	23,879,698	29,481,111	23.46%
Total Assets and Deferred Outflows	284,611,877	314,396,574	1,964,581	2,763,705	286,576,458	317,160,279	10.67%
Long-term Liabilities Outstanding	79,709,152	87,256,246	466,361	429,695	80,175,513	87,685,941	9.37%
Other Liabilities	5,881,880	5,909,888	201,399	320,445	6,083,279	6,230,333	2.42%
Total Liabilities	85,591,032	93,166,134	667,760	750,140	86,258,792	93,916,274	8.88%
Deferred Inflows of Resources	46,481,259	61,667,441	274,657	539,111	46,755,916	62,206,552	33.05%
Net Position							
Net Investment in Capital Assets	91,718,330	97,376,945	875,080	848,400	92,593,410	98,225,345	6.08%
Restricted	53,758,380	49,849,656	370,173	118,568	54,128,553	49,968,224	-7.69%
Unrestricted	7,062,876	12,336,398	(223,089)	507,486	6,839,787	12,843,884	87.78%
Total Net Position	\$ 152,539,586	\$ 159,562,999	\$ 1,022,164	\$ 1,474,454	\$ 153,561,750	\$ 161,037,453	4.87%

Recall that the Statement of Net Position provides the perspective of the District as a whole. The most significant changes are an increase in current and other assets of 21.63% and deferred outflows of resources of 23.46% offset by an increase in deferred inflows of resources by 33.05%.

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

Changes in Net Position

The District's revenues totaled \$173,213,141 (See Table A-2). Approximately 45% of the District's revenue comes from property and other taxes with 29% coming from state aid. (See Figure A-3).

**Rapid City Area School District No. 51-4
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

The District’s expenditures totaled \$165,737,438. The District’s expenses cover a range of services, encompassing instruction, support service, transportation, and food services. Over one-half of the total expenses were spent on instruction with more than one-third on support services. (See Figure A-4).

For the year ended June 30, 2021, total revenues surpassed expenses by \$173,213,141.

SOURCES OF REVENUES FOR FISCAL YEAR 2021

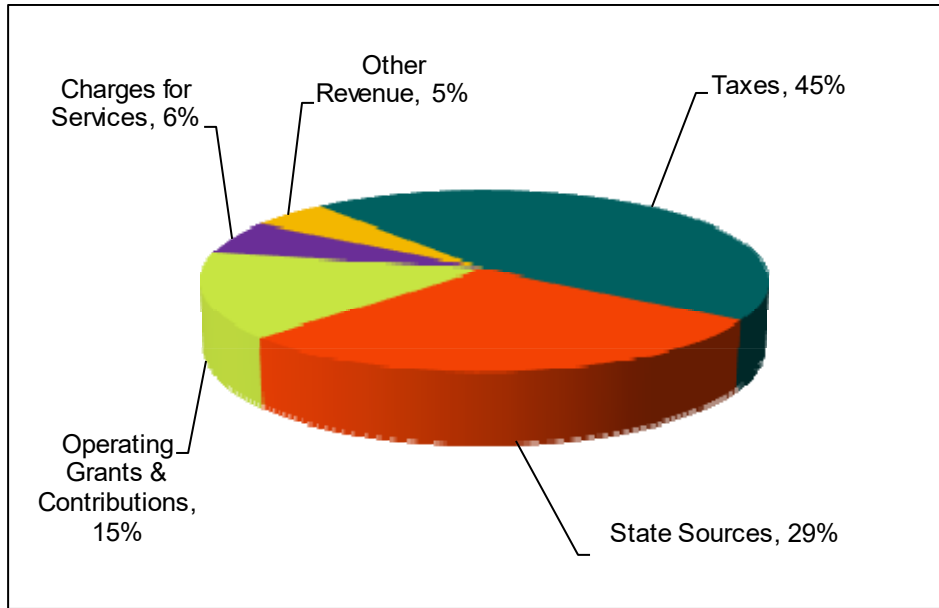


Figure A-3

FUNCTIONAL EXPENSES FOR FISCAL YEAR 2021

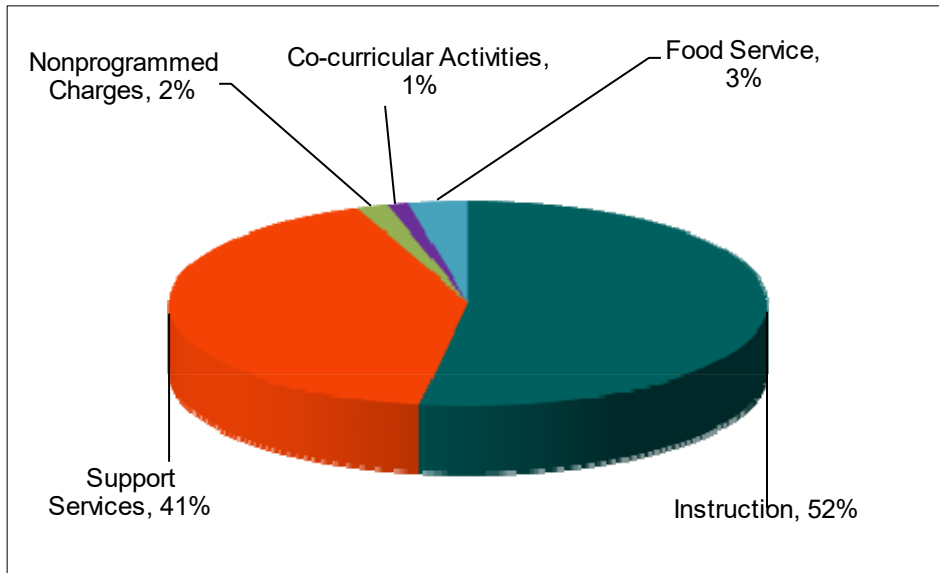


Figure A-4

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

Governmental Activities

Table A-2 and the narrative that follows show the changes in net position for fiscal year 2021.

Table A-2
Rapid City Area School District No. 51-4
Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	2020 - 2021
Revenues							
Program Revenues							
Charges for Services	\$ 8,966,825	\$ 9,313,438	\$ 1,566,709	\$ 672,321	\$ 10,533,534	\$ 9,985,759	-5.20%
Operating Grants and Contributions	15,214,344	19,954,485	3,335,041	5,638,040	18,549,385	25,592,525	37.97%
Capital Grants and Contributions	-	-	18,683	-	18,683	-	100.00%
General Revenues							
Taxes	74,369,765	77,626,344	-	-	74,369,765	77,626,344	4.38%
Revenue State Sources	53,067,455	50,092,733	-	-	53,067,455	50,092,733	-5.61%
Revenue Federal Sources	31,537	7,100,086	-	-	31,537	7,100,086	22413.51%
Revenue Intermediate Sources	2,648,527	1,101,168	-	-	2,648,527	1,101,168	-58.42%
Revenue Local Sources	1,729,491	873,338	28,424	22,336	1,757,915	895,674	-49.05%
Gain (Loss) on Disposal of Assets	354,101	366,594	852	1,331	354,953	367,925	-3.65%
Transfers	-	(69,715)	-	69,715	-	-	0.00%
Unrestricted Earnings	950,608	450,927	4,841	-	955,449	450,927	-52.80%
Total Revenues	157,332,653	166,809,398	4,954,550	6,403,743	162,287,203	173,213,141	6.73%
Expenses							
Instruction	89,893,422	86,576,718	-	-	89,893,422	86,576,718	-3.69%
Support Services	64,604,009	67,962,443	-	-	64,604,009	67,962,443	5.20%
Community Services	298,264	489,446	-	-	298,264	489,446	64.10%
Nonprogrammed Charges	3,010,451	2,786,058	-	-	3,010,451	2,786,058	-7.45%
Debt Service	6,060,436	66,538	-	-	6,060,436	66,538	-98.90%
Co-curricular Activities	1,869,992	1,904,782	-	-	1,869,992	1,904,782	1.86%
Food Service	-	-	6,579,248	5,514,446	6,579,248	5,514,446	-16.18%
Preschool	-	-	440,014	437,007	440,014	437,007	-9.90%
Total Expenses	165,736,574	159,785,985	7,019,262	5,951,453	172,755,836	165,737,438	-4.06%
Change in Net Position	\$ (8,403,921)	\$ 7,023,413	\$ (2,064,712)	\$ 452,290	\$ (10,468,633)	\$ 7,475,703	171.41%

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$78,069,953, an increase of \$23,506,828 compared to the prior year. Of this amount, \$13,020,621 of the ending fund balance is unassigned, which is available for spending at the District's discretion. The remainder of the fund balances are non-spendable (invested in inventory and prepaid expenses) \$2,787,620, assigned for next year's budget or special purposes \$1,084,902 or restricted to the specific purpose of the fund \$61,176,810.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$13,020,621, while the total fund balance was \$16,411,190. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13% of total general fund expenditures, while total fund balance represents 16% of that same amount.

Business-type Activities

Revenues of the District's business-type activities increased by 29% to \$6,403,743, and expenses decreased by 15% to \$5,951,453.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial analysis of the District's funds mirrors those highlighted in the analysis of governmental and business-type activities presented above. The District maintains two business-type funds - the Food Service Fund and the Preschool Fund.

General Fund Budgetary Highlights

Original vs. Final Budget

The Board of Education approved the original budget for the fiscal year on July 27, 2020. As a matter of practice, over the course of the year, it was revised four times. These amendments fall into two categories:

- Supplemental appropriations approved for unanticipated, yet necessary expenses to provide for items necessary for the education programs.
- Increases and decreases in federal funds to reflect changes made in grant programs.

There were no significant budget variances during the 2020-21 fiscal year.

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2021, the District's governmental activities had invested \$152,878,643 in a broad range of capital assets, including land, buildings, improvements other than buildings, and various machinery and equipment (See Table A-3). This amount represents a net increase (including additions and deletions) of \$1,160,572.

**Table A-3
Rapid City Area School District No. 51-4
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2020	2021	2020	2021	2020 - 2021	2020 - 2021
Land	\$ 2,949,845	\$ 4,015,646	\$ -	\$ -	\$ 1,065,801	36.13%
Buildings	128,157,132	125,986,394	-	-	(2,170,738)	-1.69%
Improvements	6,673,449	8,272,485	-	-	1,599,036	23.96%
Equipment	11,750,249	14,504,508	875,080	848,400	2,727,579	21.60%
Assets Held for Sale	1,413,154	-	-	-	(1,413,154)	-100.00%
Construction in Progress	747,562	99,610	-	-	(647,952)	-86.68%
Total Capital Assets (Net)	\$ 151,691,391	\$ 152,878,643	\$ 875,080	\$ 848,400	\$ 1,160,572	0.76%

LONG-TERM DEBT

At year-end, the District had \$70,111,700 in capital outlay certificates and other long-term obligations of \$17,144,546. This is an increase of 9% as shown in Table A-4 below.

**Table A-4
Rapid City Area School District No. 51-4
Outstanding Debt and Obligations**

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2020	2021	2020	2021	2020 - 2021	2020 - 2021
Compensated Absences	\$ 10,896,831	\$ 9,192,169	\$ 271,552	\$ 235,417	\$ (1,740,797)	-15.59%
Accrued Leave Payable	379,124	344,523	15,541	13,885	(36,257)	-9.19%
Early Retirement	1,626,211	710,669	-	-	(915,542)	-56.30%
OPEB Liability	6,833,925	6,897,185	179,268	180,393	64,385	0.92%
Capital Outlay Certificates	59,973,061	70,111,700	-	-	10,138,639	16.91%
Total Outstanding Debt and Obligations	\$ 79,709,152	\$ 87,256,246	\$ 466,361	\$ 429,695	\$ 7,510,428	9.37%

The District retired \$3,770,000 of capital outlay certificates relating to capital projects and issued \$14,610,000 in refunding capital outlay certificates.

The District is liable for the accrued leave payable to various groups with 12-month employees: Secretarial, Custodial Maintenance Union, and Western Dakota Technical. The decrease is due to a decrease in the calculated pay rate.

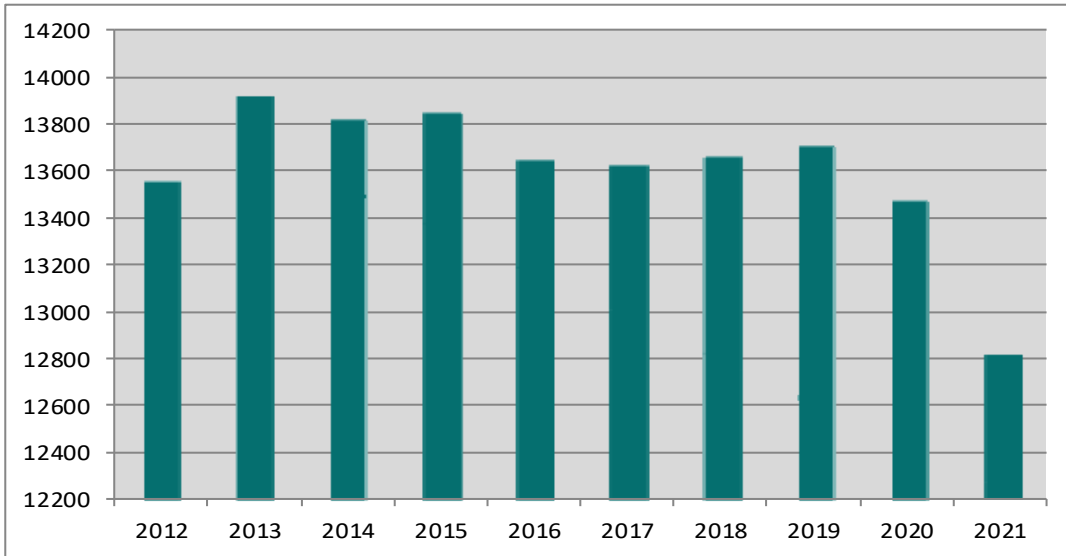
**Rapid City Area School District No. 51-4
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021**

The District also maintains an early retirement plan, which allows certified staff meeting certain qualifications, to retire early and receive a percentage of their last year’s salary spread over three to five years. The decrease this year is due to a phase-out of this program. The remaining balance represents the final payouts for retired staff prior to the discontinuance of the program.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s current net position increased 5% from FY 2020 to FY 2021 due to revenues in excess of expenses. Enrollment has been decreased in the current year.

One of the primary sources of revenue for the District is an allocation received from the State of South Dakota. The state aid funding formula for the year ended June 30, 2021 is based on a target statewide average salary and benefits for teachers of \$66,264, with a 15 to 1 target student-to-teacher ratio to determine the number of teachers funded, based upon the District’s fall enrollment. The number of target teachers is multiplied times \$66,264 and an additional 34.93% for overhead costs. Local effort is applied against this total need amount to determine the state aid.



Enrollment has declined 5.94% over the past five years and decreased by 1.85% from 2019-20 to 2020-21. Contributing to the decline from 2018-19 to 2020-21 was the increase in open enrollment out of the District and homeschool.

COVID-19 has impacted the District with new challenges and demands on finances, personnel, and student performance and wellbeing. Federal Monies have assisted in meeting some of the demands for distance learning technology, additional staff requirements, and personal protective equipment.

The District keeps current with existing technology within available resources and mandates. Management by the District will continue to be challenged with balancing staffing needs, enrollment, and prudently providing the resources to meet the students’ needs.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Coy Sasse, Director of Business and Support Services, Rapid City Area School District, 625 9th Street, Rapid City, SD 57701.

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BASIC FINANCIAL STATEMENTS

Rapid City Area School District No. 51-4
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 47,992,772	\$ 882,293	\$ 48,875,065
Cash Designated for Special Purposes	467,774	-	467,774
Investments	23,223,325	-	23,223,325
Taxes Receivable	36,292,509	-	36,292,509
Inventories	502,802	66,681	569,483
Internal Balances	323,653	(323,653)	-
Other Assets	5,771,991	579,359	6,351,350
	<u>114,574,826</u>	<u>1,204,680</u>	<u>115,779,506</u>
Capital Assets:			
Land	4,015,646	-	4,015,646
Buildings	195,042,937	-	195,042,937
Improvements	14,175,628	-	14,175,628
Equipment	38,649,495	2,478,616	41,128,111
Construction in Progress	99,610	-	99,610
Less: Accumulated Depreciation	<u>(99,104,673)</u>	<u>(1,630,216)</u>	<u>(100,734,889)</u>
Total Capital Assets, Net of Depreciation	<u>152,878,643</u>	<u>848,400</u>	<u>153,727,043</u>
Restricted Assets:			
Net Pension Asset	165,466	4,043	169,509
Cash Restricted for Debt Service	17,861,021	-	17,861,021
Cash Restricted for Healthcare	<u>142,089</u>	<u>-</u>	<u>142,089</u>
Total Restricted Assets	<u>18,168,576</u>	<u>4,043</u>	<u>18,172,619</u>
TOTAL ASSETS	<u>285,622,045</u>	<u>2,057,123</u>	<u>287,679,168</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	26,656,954	651,253	27,308,207
OPEB-related Deferred Outflows	<u>2,117,575</u>	<u>55,329</u>	<u>2,172,904</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>28,774,529</u>	<u>706,582</u>	<u>29,481,111</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts Payable	2,839,762	17,223	2,856,985
Contracts Payables and Payroll Liabilities	1,090,315	60,206	1,150,521
Incurred But Not Reported	1,123,357	-	1,123,357
Amounts Held for Others	87,892	-	87,892
Accrued Interest Payable	456,486	-	456,486
Unearned Revenue	312,076	243,016	555,092
Long-term Liabilities:			
Due Within One Year	19,323,522	38,372	19,361,894
Due in More than One Year	<u>67,932,724</u>	<u>391,323</u>	<u>68,324,047</u>
TOTAL LIABILITIES	<u>93,166,134</u>	<u>750,140</u>	<u>93,916,274</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	39,618,321	-	39,618,321
OPEB-related Deferred Inflows	79,863	2,383	82,246
Pension-related Deferred Inflows	<u>21,969,257</u>	<u>536,728</u>	<u>22,505,985</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>61,667,441</u>	<u>539,111</u>	<u>62,206,552</u>
NET POSITION			
Net Investment in Capital Assets	97,376,945	848,400	98,225,345
Restricted:			
Capital Outlay	28,052,718	-	28,052,718
Proportionate Share of Net Pension Asset	4,853,163	118,568	4,971,731
Special Education	6,924,481	-	6,924,481
Post Secondary Education	6,308,018	-	6,308,018
Debt Service	3,711,276	-	3,711,276
Unrestricted	<u>12,336,398</u>	<u>507,486</u>	<u>12,843,884</u>
TOTAL NET POSITION	<u>\$ 159,562,999</u>	<u>\$ 1,474,454</u>	<u>\$ 161,037,453</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 86,576,718	\$ 7,926,087
Support Services	67,962,443	820,231
Community Services	489,446	-
Cocurricular Activities	2,786,058	567,120
Nonprogrammed Charges	66,538	-
Interest on Long-term Debt *	<u>1,904,782</u>	<u>-</u>
Total Governmental Activities	<u>159,785,985</u>	<u>9,313,438</u>
BUSINESS-TYPE ACTIVITIES		
Food Service	5,514,446	257,321
Preschool	<u>437,007</u>	<u>415,000</u>
Total Business-type Activities	<u>5,951,453</u>	<u>672,321</u>
Total Primary Government	<u>\$ 165,737,438</u>	<u>\$ 9,985,759</u>

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

The accompanying notes are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 12,724,573	\$ -	\$ (65,926,058)	\$ -	\$ (65,926,058)
7,229,912	-	(59,912,300)	-	(59,912,300)
-	-	(489,446)	-	(489,446)
-	-	(2,218,938)	-	(2,218,938)
-	-	(66,538)	-	(66,538)
-	-	(1,904,782)	-	(1,904,782)
<u>19,954,485</u>	<u>-</u>	<u>(130,518,062)</u>	<u>-</u>	<u>(130,518,062)</u>
5,638,040	-	-	380,915	380,915
-	-	-	(22,007)	(22,007)
<u>5,638,040</u>	<u>-</u>	<u>-</u>	<u>358,908</u>	<u>358,908</u>
<u>\$ 25,592,525</u>	<u>\$ -</u>	<u>(130,518,062)</u>	<u>358,908</u>	<u>(130,159,154)</u>

GENERAL REVENUES

Taxes:			
Property Taxes	77,204,403	-	77,204,403
Gross Receipts Taxes	421,941	-	421,941
Revenue from State Sources:			
State Aid	40,697,558	-	40,697,558
Other	9,395,175	-	9,395,175
Revenue from Federal Sources	7,100,086	-	7,100,086
Revenue from Intermediate Sources	1,101,168	-	1,101,168
Unrestricted Investment Earnings	172,703	-	172,703
Interest Rebate	278,224	-	278,224
Gain on Disposal of Capital Assets	366,594	1,331	367,925
Transfers	(69,715)	69,715	-
Other General Revenues	<u>873,338</u>	<u>22,336</u>	<u>895,674</u>
Total General Revenues	<u>137,541,475</u>	<u>93,382</u>	<u>137,634,857</u>
CHANGE IN NET POSITION	7,023,413	452,290	7,475,703
NET POSITION - BEGINNING	<u>152,539,586</u>	<u>1,022,164</u>	<u>153,561,750</u>
NET POSITION - ENDING	<u>\$ 159,562,999</u>	<u>\$ 1,474,454</u>	<u>\$ 161,037,453</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund
ASSETS			
Cash and Cash Equivalents	\$ 10,124,692	\$ 17,810,504	\$ 8,530,917
Cash Designated for Special Purposes	467,774	-	-
Certificates of Deposit	5,279,419	12,665,816	-
Taxes Receivable, Current	18,115,713	11,443,112	6,655,320
Taxes Receivable, Delinquent	48,263	19,870	10,231
Accounts Receivable, Net	189,969	18,199	81
Due from Other Governments	2,351,270	2,945	178,205
Inventory of Supplies	307,260	-	-
Inventory of Stores Purchased for Resale	-	-	-
Prepaid Expenses	1,998,407	159,565	108,146
Restricted Assets:			
Cash Restricted for Debt Service	-	14,149,745	-
TOTAL ASSETS	<u>\$ 38,882,767</u>	<u>\$ 56,269,756</u>	<u>\$ 15,482,900</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ 7,119,377	\$ -	\$ 43,585,490
-	-	467,774
-	-	17,945,235
-	-	36,214,145
-	-	78,364
72,508	-	280,757
667,722	-	3,200,142
-	-	307,260
195,542	-	195,542
18,700	-	2,284,818
-	3,711,276	17,861,021
\$ 8,073,849	\$ 3,711,276	\$ 122,420,548

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Balance Sheet - Governmental Funds (Continued)
June 30, 2021

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 875,469	\$ 1,252,387	\$ 45,045
Contracts Payable	613,064	-	38,878
Payroll Deductions and Employer Matching Payable	285,839	-	17,123
Unearned Revenue	<u>261,665</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,036,037</u>	<u>1,252,387</u>	<u>101,046</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Future Periods	20,061,367	12,364,651	7,192,303
Property Taxes Received Outside the Period of Availability	110,191	84,199	46,465
Grants/Reimbursements Received Outside the Period of Availability	<u>263,982</u>	<u>-</u>	<u>1,364</u>
Total Deferred Inflows of Resources	<u>20,435,540</u>	<u>12,448,850</u>	<u>7,240,132</u>
Fund Balances:			
Nonspendable:			
Inventory	307,260	-	-
Prepaid Expenses	1,998,407	159,565	108,146
Restricted:			
For Capital Outlay	-	28,259,209	-
For Special Education	-	-	8,033,576
For Post Secondary Education	-	-	-
For Debt Service	-	14,149,745	-
Assigned:			
For Next Year's Budget	617,128	-	-
For Special Purposes	467,774	-	-
Unassigned	<u>13,020,621</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>16,411,190</u>	<u>42,568,519</u>	<u>8,141,722</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 38,882,767</u>	<u>\$ 56,269,756</u>	<u>\$ 15,482,900</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ 243,821	\$ -	\$ 2,416,722
105,656	-	757,598
29,755	-	332,717
<u>50,411</u>	<u>-</u>	<u>312,076</u>
<u>429,643</u>	<u>-</u>	<u>3,819,113</u>
-	-	39,618,321
-	-	240,855
<u>406,960</u>	<u>-</u>	<u>672,306</u>
<u>406,960</u>	<u>-</u>	<u>40,531,482</u>
195,542	-	502,802
18,700	-	2,284,818
-	-	28,259,209
-	-	8,033,576
7,023,004	-	7,023,004
-	3,711,276	17,861,021
-	-	617,128
-	-	467,774
<u>-</u>	<u>-</u>	<u>13,020,621</u>
<u>7,237,246</u>	<u>3,711,276</u>	<u>78,069,953</u>
<u>\$ 8,073,849</u>	<u>\$ 3,711,276</u>	<u>\$ 122,420,548</u>

The accompanying notes are an integral part of this statement.

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**Rapid City Area School District No. 51-4
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021**

Total Fund Balances - Governmental Funds	\$	78,069,953
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		152,878,643
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
General Obligation Debt, Net of Unamortized Premiums		(70,111,700)
Compensated Absences		(9,192,169)
Early Retirement Benefits		(710,669)
Accrued Leave Payable		(344,523)
Other Post Employment Benefits (OPEB)		(6,897,185)
Accrued Interest Payable		(456,486)
Assets, including property taxes receivable, grants receivable, and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds.		913,161
Pension-related balances reported in the governmental activities are not available financial resources and, therefore, are not reported in the funds.		
Net Pension Asset		165,466
Pension-related Deferred Outflows		26,656,954
Pension-related Deferred Inflows		(21,969,257)
OPEB-related balances are components of the Total OPEB Liability and are not reported in the funds.		
OPEB-related Deferred Outflows		2,117,575
OPEB-related Deferred Inflows		(79,863)
The internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.		8,523,099
Net Position - Governmental Activities	\$	159,562,999

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund
REVENUES			
Revenue from Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 19,667,828	\$ 12,432,232	\$ 7,230,534
Prior Years' Ad Valorem	19,247,012	11,720,720	6,646,349
Gross Receipts Taxes	1,097,675	-	-
Tax Deed Revenue	3,909	1,625	921
Penalties and Interest on Taxes	55,104	29,311	16,476
Tuition and Fees			
Local Sources	21,565	-	-
Support Services	528,049	-	188,313
Post Secondary	-	-	-
Cocurricular Activities	195,596	-	-
Earnings on Deposits	51,121	119,777	325
Restricted Operating Contributions	345,971	-	-
Other Local Revenue	375,555	328,826	1,817
Total Revenue from Local Sources	<u>41,589,385</u>	<u>24,632,491</u>	<u>14,084,735</u>
Revenue from Intermediate Sources:			
County Sources	649,450	-	-
Revenue in Lieu of Taxes	199,411	84,885	48,740
Revenue for Joint Facilities	120,497	13,203	-
Total Revenue from Intermediate Sources	<u>969,358</u>	<u>98,088</u>	<u>48,740</u>
Revenue from State Sources:			
Unrestricted Grants-in-aid	40,421,634	-	-
Restricted Grants-in-aid	-	-	5,952,898
Other State Revenue	447,684	76,013	-
Total Revenue from State Sources	<u>40,869,318</u>	<u>76,013</u>	<u>5,952,898</u>
Revenue from Federal Sources:			
Unrestricted Grants-in-aid	6,373,019	-	-
Restricted Grants-in-aid	9,409,636	3,255,043	3,638,603
Other Federal Revenue	-	-	2,200
Total Revenue from Federal Sources	<u>15,782,655</u>	<u>3,255,043</u>	<u>3,640,803</u>
TOTAL REVENUES	<u>99,210,716</u>	<u>28,061,635</u>	<u>23,727,176</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 39,330,594
-	-	37,614,081
-	-	1,097,675
-	-	6,455
-	-	100,891
7,904,522	-	7,926,087
786,595	-	1,502,957
365,524	-	365,524
-	-	195,596
1,122	358	172,703
-	-	345,971
181,640	-	887,838
<u>9,239,403</u>	<u>358</u>	<u>89,546,372</u>
-	-	649,450
-	-	333,036
-	-	133,700
<u>-</u>	<u>-</u>	<u>1,116,186</u>
275,924	-	40,697,558
3,460,234	-	9,413,132
972,628	-	1,496,325
<u>4,708,786</u>	<u>-</u>	<u>51,607,015</u>
-	-	6,373,019
2,080,502	-	18,383,784
12,818	-	15,018
<u>2,093,320</u>	<u>-</u>	<u>24,771,821</u>
<u>16,041,509</u>	<u>358</u>	<u>167,041,394</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund
EXPENDITURES			
Instructional Services:			
Regular Programs	50,261,213	2,150,775	248,999
Special Programs	5,161,180	326,313	15,269,821
Post-secondary Occupational Programs	-	-	-
Total Instructional Services	<u>55,422,393</u>	<u>2,477,088</u>	<u>15,518,820</u>
Support Services:			
Pupils	3,789,841	65,842	5,284,523
Instructional Staff	6,547,442	1,020,220	-
General Administration	3,163,786	13,232	-
School Administration	7,647,828	52,554	-
Business	16,857,503	4,833,128	-
Central	937,357	147,510	-
Special Education	-	-	2,373,523
Other Support Services	104,264	-	-
Total Support Services	<u>39,048,021</u>	<u>6,132,486</u>	<u>7,658,046</u>
Community Services:			
Community Recreation Services	77,725	-	-
Custody and Care of Children	19,924	-	-
Nonpublic School Pupil Services	366,448	13,263	-
Total Community Services	<u>464,097</u>	<u>13,263</u>	<u>-</u>
Cocurricular Activities:			
Male Activities	982,936	80,051	-
Female Activities	902,372	30,555	-
Combined Activities	655,096	1,135	-
Total Cocurricular Activities	<u>2,540,404</u>	<u>111,741</u>	<u>-</u>
Other Nonprogrammed Costs	<u>964,325</u>	<u>-</u>	<u>-</u>
Debt Services	<u>-</u>	<u>6,244,789</u>	<u>-</u>
Capital Outlay	<u>37,924</u>	<u>7,770,500</u>	<u>-</u>
TOTAL EXPENDITURES	<u>98,477,164</u>	<u>22,749,867</u>	<u>23,176,866</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
-	-	52,660,987
-	-	20,757,314
<u>6,587,268</u>	-	<u>6,587,268</u>
<u>6,587,268</u>	-	<u>80,005,569</u>
433,527	-	9,573,733
386,118	-	7,953,780
612,761	-	3,789,779
2,022,976	-	9,723,358
3,078,729	-	24,769,360
792,512	-	1,877,379
-	-	2,373,523
-	-	104,264
<u>7,326,623</u>	-	<u>60,165,176</u>
-	-	77,725
-	-	19,924
-	-	379,711
<u>-</u>	-	<u>477,360</u>
-	-	1,062,987
-	-	932,927
<u>172</u>	-	<u>656,403</u>
<u>172</u>	-	<u>2,652,317</u>
<u>17,756</u>	-	<u>982,081</u>
-	-	6,244,789
<u>749,687</u>	-	<u>8,558,111</u>
<u>14,681,506</u>	-	<u>159,085,403</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>733,552</u>	<u>5,311,768</u>	<u>550,310</u>
OTHER FINANCING SOURCES			
Net Transfers In (Out)	4,053,648	(4,374,111)	-
Debt Proceeds	-	14,610,000	-
Interest Rebate	-	278,224	-
Sale of Surplus Property	<u>28,353</u>	<u>578,421</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>4,082,001</u>	<u>11,092,534</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,815,553	16,404,302	550,310
FUND BALANCE - BEGINNING	<u>11,595,637</u>	<u>26,164,217</u>	<u>7,591,412</u>
FUND BALANCE - ENDING	<u>\$ 16,411,190</u>	<u>\$ 42,568,519</u>	<u>\$ 8,141,722</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>1,360,003</u>	<u>358</u>	<u>7,955,991</u>
-	374,111	53,648
-	-	14,610,000
-	-	278,224
<u>2,191</u>	<u>-</u>	<u>608,965</u>
<u>2,191</u>	<u>374,111</u>	<u>15,550,837</u>
1,362,194	374,469	23,506,828
<u>5,875,052</u>	<u>3,336,807</u>	<u>54,563,125</u>
<u>\$ 7,237,246</u>	<u>\$ 3,711,276</u>	<u>\$ 78,069,953</u>

The accompanying notes are an integral part of this statement.

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Rapid City Area School District No. 51-4
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 23,506,828
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,313,654
Governmental funds only report proceeds from the sale of capital assets. However, the Statement of Activities report gains and losses on capital assets. This is the amount in which retired capital assets book value exceeded accumulated depreciation.	(132,402)
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available".	(926,699)
The receipt of donated capital assets is not reported on the fund statements, but is reported as a revenue in the Statement of Activities.	6,000
Governmental funds do not reflect the change in accrued leave, compensated absences, and early retirement, but the Statement of Activities reflects the change in these accruals through expenses.	2,654,805
Repayment of general obligation debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	3,770,000
The issuance of long-term debt is an other financing source in the governmental funds, but an increase in long-term liabilities on the Statement of Net Position.	(14,610,000)
Unamortized premiums and the deferred amount on refunding associated with general obligation debt are recorded as expenditures or other financing sources in the governmental funds. However, these items are amortized over the life of the debt in the governmental activities. This is the amount by which the amortization of unamortized premiums exceeded deferrals for the current period.	701,361
Pension expenses in the Statement of Activities do not provide or require use of current financial resources and are not reported in the funds.	(7,421,233)
OPEB-related expenses in the Statement of Activities do not require the use of current financial resources and are not reported in the funds.	(240,221)
Accrued interest expense is reported in the Statement of Activities do not require the use of current financial resources and are not reported in the funds.	(131,354)
The internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue of the internal service funds are reported with governmental activities.	<u>(1,467,326)</u>
Change in Net Position of Governmental Activities	<u>\$ 7,023,413</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Net Position - Proprietary Funds
June 30, 2021

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 811,112	\$ 71,181	\$ 882,293	\$ 4,407,282
Restricted Cash	-	-	-	142,089
Investments	-	-	-	5,278,090
Accounts Receivable, Net	96,637	-	96,637	5,948
Due from Other Funds	-	-	-	917,000
Due From Other Governments	397,691	-	397,691	-
Inventory of Supplies	42,395	-	42,395	-
Inventory of Stores Purchased for Resale	17,930	-	17,930	-
Inventory of Donated Food	6,356	-	6,356	-
Prepaid Expenses	83,802	1,229	85,031	326
Total Current Assets	1,455,923	72,410	1,528,333	10,750,735
Noncurrent Assets:				
Net Pension Asset	3,475	568	4,043	-
Machinery and Equipment - Local Funds	2,417,446	-	2,417,446	-
Machinery and Equipment - Federal Assistance	61,170	-	61,170	-
Less: Accumulated Depreciation	(1,630,216)	-	(1,630,216)	-
Total Noncurrent Assets	851,875	568	852,443	-
TOTAL ASSETS	2,307,798	72,978	2,380,776	10,750,735
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related Deferred Outflows	559,793	91,460	651,253	-
OPEB-related Deferred Outflows	51,954	3,375	55,329	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	611,747	94,835	706,582	-

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	17,223	-	17,223	423,040
Contracts Payable	38,881	-	38,881	-
Amounts Held for Others	-	-	-	87,892
Incurred but not Reported Claims	-	-	-	1,123,357
Due to Other Funds	917,000	-	917,000	-
Unearned Revenue	243,016	-	243,016	-
Payroll Deductions and Employer Matching Payable	21,325	-	21,325	-
Current Portion of Noncurrent Liabilities	<u>38,372</u>	-	<u>38,372</u>	-
Total Current Liabilities	<u>1,275,817</u>	-	<u>1,275,817</u>	<u>1,634,289</u>
Noncurrent Liabilities:				
Compensated Absences, Net of Current Portion	210,930	-	210,930	-
OPEB Liability	<u>168,569</u>	<u>11,824</u>	<u>180,393</u>	-
Total Noncurrent Liabilities	<u>379,499</u>	<u>11,824</u>	<u>391,323</u>	-
TOTAL LIABILITIES	<u>1,655,316</u>	<u>11,824</u>	<u>1,667,140</u>	<u>1,634,289</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related Deferred Inflows	461,352	75,376	536,728	-
OPEB-related Deferred Inflows	<u>1,988</u>	<u>395</u>	<u>2,383</u>	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>463,340</u>	<u>75,771</u>	<u>539,111</u>	-
NET POSITION				
Net Investment in Capital Assets	848,400	-	848,400	-
Restricted for Net Pension Asset	101,916	16,652	118,568	-
Unrestricted	<u>(149,427)</u>	<u>63,566</u>	<u>(85,861)</u>	<u>9,116,446</u>
Total Net Position	<u>\$ 800,889</u>	<u>\$ 80,218</u>	<u>\$ 881,107</u>	<u>\$ 9,116,446</u>

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Enterprise Fund participation in the activities conducted in the internal service fund.

593,347

Net Position of Business-type Activities \$ 1,474,454

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenses, and Changes in Fund
Net Position - Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
OPERATING REVENUE				
Sales to Pupils	\$ 65,242	\$ -	\$ 65,242	\$ -
Sales to Adults	17,818	-	17,818	-
Sales a la Carte	174,122	-	174,122	-
Tuition	-	415,000	415,000	-
Other	139	-	139	-
Self-insurance Premiums	-	-	-	17,739,753
Total Operating Revenue	<u>257,321</u>	<u>415,000</u>	<u>672,321</u>	<u>17,739,753</u>
OPERATING EXPENSES				
Salaries	1,867,557	302,194	2,169,751	48,807
Employee Benefits	1,097,485	131,732	1,229,217	17,473
Purchased Services	115,127	4	115,131	2,072,503
Supplies	211,680	3,077	214,757	-
Cost of Sales - Purchased Food	1,252,976	-	1,252,976	-
Cost of Sales - Donated Food	765,130	-	765,130	-
Miscellaneous	36,391	-	36,391	-
Depreciation	95,627	-	95,627	-
Self-insurance Costs	-	-	-	18,784,297
Total Operating Expenses	<u>5,441,973</u>	<u>437,007</u>	<u>5,878,980</u>	<u>20,923,080</u>
OPERATING INCOME (LOSS)	<u>(5,184,652)</u>	<u>(22,007)</u>	<u>(5,206,659)</u>	<u>(3,183,327)</u>
NONOPERATING REVENUE (EXPENSES)				
Local Sources:				
Interest Earned	-	-	-	67,408
Gain on Sale of Fixed Assets	1,331	-	1,331	-
Miscellaneous	22,325	11	22,336	1,629,768
State Sources:				
Cash Reimbursements	16,544	-	16,544	-
Federal Sources:				
Cash Reimbursements	5,169,182	-	5,169,182	-
Donated Food	452,314	-	452,314	-
Total Nonoperating Revenue (Expenses)	<u>5,661,696</u>	<u>11</u>	<u>5,661,707</u>	<u>1,697,176</u>

The accompanying notes are an integral part of this statement.

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Food Service Fund</u>	<u>Preschool Fund</u>	<u>Total</u>	
NET INCOME BEFORE TRANSFERS/CONTRIBUTIONS	477,044	(21,996)	455,048	(1,486,151)
TRANSFERS/CONTRIBUTIONS				
Capital Contributions	69,715	-	69,715	-
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,648)</u>
Total Transfers/Contributions	<u>69,715</u>	<u>-</u>	<u>69,715</u>	<u>(53,648)</u>
CHANGE IN NET POSITION	546,759	(21,996)	524,763	(1,539,799)
NET POSITION - BEGINNING	<u>254,130</u>	<u>102,214</u>	<u>356,344</u>	<u>10,656,245</u>
NET POSITION - ENDING	<u>\$ 800,889</u>	<u>\$ 80,218</u>	<u>\$ 881,107</u>	<u>\$ 9,116,446</u>

The accompanying notes are an integral part of this statement.

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**Rapid City Area School District No. 51-4
Reconciliation of the Enterprise Fund Statement of Revenues,
Expenses, and Changes in Fund Net Position to the Statement of Activities
For the Year Ended June 30, 2021**

Change in Net Position - Total Enterprise Funds	\$ 524,763
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of the Enterprise Fund's participation in the activities conducted in the internal service fund.	<u>(72,473)</u>
Change in Net Position of Business-type Activities	<u>\$ 452,290</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
CASH FLOWS PROVIDED (USED)				
BY OPERATING ACTIVITIES				
Receipts from Customers	\$ 265,895	\$ 415,108	\$ 681,003	\$ -
Receipts from Interfund				
Services Provided	-	-	-	17,826,824
Payments to Suppliers	(1,541,004)	(1,585)	(1,542,589)	(1,963,658)
Payments to Employees	(2,756,584)	(406,370)	(3,162,954)	(66,280)
Claims Paid	-	-	-	(18,862,378)
	-	-	-	(18,862,378)
Net Cash Provided (Used)				
by Operating Activities	(4,031,693)	7,153	(4,024,540)	(3,065,492)
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES				
Interfund Loan Proceeds (Issuance)	213,295	-	213,295	(181,788)
Transfer to General Fund	-	-	-	(53,648)
Operating Subsidies	4,588,207	-	4,588,207	-
Other Sources	22,325	-	22,325	1,629,768
	22,325	-	22,325	1,629,768
Net Cash Provided by Noncapital				
Financing Activities	4,823,827	-	4,823,827	1,394,332
CASH FLOWS FROM CAPITAL				
FINANCING ACTIVITIES				
Sale of Machinery and Equipment	1,331	-	1,331	-
	1,331	-	1,331	-
CASH FLOWS PROVIDED BY				
INVESTING ACTIVITIES				
Deposits into Investments	-	-	-	(101,373)
Interest Earnings	-	-	-	67,408
	-	-	-	(33,965)
Net Cash Used by				
Investing Activities	-	-	-	(33,965)
NET INCREASE (DECREASE) IN CASH				
AND CASH EQUIVALENTS	793,465	7,153	800,618	(1,705,125)
CASH AND CASH EQUIVALENTS,				
BEGINNING OF YEAR	17,647	64,028	81,675	6,112,407
CASH AND CASH EQUIVALENTS,				
END OF YEAR	\$ 811,112	\$ 71,181	\$ 882,293	\$ 4,407,282

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	\$ (5,184,652)	\$ (22,007)	\$ (5,206,659)	\$ (3,183,327)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	95,627	-	95,627	-
Cost of Sales - Donated Food	765,130	-	765,130	-
Change in Assets and Liabilities:				
Accounts Receivable	(94,966)	108	(94,858)	87,071
Inventories	59,195	1,564	60,759	-
Prepaid Expenses	16,902	(68)	16,834	32,601
Accounts Payable	(927)	-	(927)	76,244
Contracts Payable	10,537	-	10,537	-
Incurred But Not Reported Claims	-	-	-	(78,081)
Deferred Revenue	103,540	-	103,540	-
Payroll Deductions and Employer Matching Payable	5,896	-	5,896	-
Compensated Absences Payable	(37,791)	-	(37,791)	-
Pension Activity	224,898	26,707	251,605	-
OPEB Liability	4,918	849	5,767	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,031,693)</u>	<u>\$ 7,153</u>	<u>\$ (4,024,540)</u>	<u>\$ (3,065,492)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Value of Commodities Received	<u>\$ 452,314</u>	<u>\$ -</u>	<u>\$ 452,314</u>	<u>\$ -</u>
Equipment Purchased by Capital Outlay Fund	<u>\$ 69,715</u>	<u>\$ -</u>	<u>\$ 69,715</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2021

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 50,022	\$ 515,286
Due from Other Governments	<u>-</u>	<u>100</u>
Total Assets	<u>50,022</u>	<u>515,386</u>
LIABILITIES		
Amounts Held for Others	<u>-</u>	<u>250</u>
NET POSITION		
Restricted for Individuals, Organizations and Other Governments		\$ 515,136
Restricted for Scholarships:		
Non-expendable	10,000	-
Expendable	<u>40,022</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 50,022</u>	<u>\$ 515,136</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions and Donations	\$ -	\$ 341,412
Interest	<u>3</u>	<u>-</u>
Total Additions	<u>3</u>	<u>341,412</u>
DEDUCTIONS		
Payments for Student Activities	-	381,173
Scholarships Awarded	<u>1,450</u>	<u>-</u>
CHANGE IN NET POSITION	(1,447)	(39,761)
NET POSITION - BEGINNING, PREVIOUSLY REPORTED	<u>51,469</u>	<u>-</u>
RESTATEMENT	<u>-</u>	<u>554,897</u>
NET POSITION - BEGINNING, AS RESTATED	<u>51,469</u>	<u>554,897</u>
NET POSITION - ENDING	<u>\$ 50,022</u>	<u>\$ 515,136</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The reporting entity of Rapid City Area School District No. 51-4 (the District) is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

B. RELATED ORGANIZATIONS

Related organizations are excluded from the financial reporting entity because the District's accountability for these organizations does not extend beyond making appointments or because management has determined the assets the District has the ability to otherwise access are not significant. Related organizations are described as follows:

Black Hills Special Services Cooperative (Co-op) - A cooperative service unit formed for the purpose of providing special educational services to member school districts. The governing board of the Co-op is comprised of one representative from each member school district, who is a school board member. The Co-op reports independently. See Note 10 entitled "Joint Ventures" for specific disclosures.

Rapid City Public School Foundation (School Foundation) - A non-profit organization. The School Foundation's mission is to enhance and enrich the educational experiences of students, to motivate and recognize those who guide student learning, and to increase community support for K-12 public education. The District's Board nominates one member of the School Foundation's twenty-five-member governing board and also has two employees that participate on the Foundation's governing board. The School Foundation reports independently.

Western Dakota Technical Institute Foundation, Inc. (WDTI Foundation) - A non-profit organization whose charitable and educational purposes are designed to benefit the activities, programs, and students of Western Dakota Technical Institute. WDTI Foundation's governing board consists of ten directors who are elected independently of the District. WDTI Foundation reports independently. Effective July 1, 2021, WDTI Foundation is no longer part of the District due to Western Dakota Technical Institute forming its own entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the District 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 Net Position reports all financial and capital resources in net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net position is displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental and proprietary funds are reported in separate columns.

D. FUND TYPES AND MAJOR FUNDS

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 District or if it meets the following criteria:

1. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 year to year or because of public interest in the fund's operations.

The funds of the District are described below within their respective fund types:

Governmental Funds

General Fund - The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District's special revenue funds are as follows:

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post Secondary Fund (WDT) - A fund established by SDCL 13-39-39.1 to pay for post-secondary education for training to upgrade or update the occupational skills of persons to prepare them for the labor market or to assist those who have already entered the labor market. This fund is financed by student tuition and fees as well as state and federal grants. This is a major fund.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District's debt service fund is used to account for the accumulation of resources to meet debt sinking fund requirements related to the 2010B and 2011A Capital Outlay Certificates. This is a major fund.

Proprietary Funds

Enterprise Fund Types - 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: (a) the activity is financed with debt that is secured solely by a pledge of net revenues and charges and the full faith credit of related primary government or component unit, even if the government is not expected to make any payments, is not payable solely from fees and charges of 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). The District's enterprise funds are as follows:

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

Preschool Fund - A fund used to record financial transactions related to the preschool operations. This fund is financed by user charges. This is a major fund.

Internal Service Fund Types - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis. The Master Insurance Fund is the only internal service fund maintained by the District. Internal service funds are never considered to be major funds.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

Private-Purpose Trust Fund Types - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The District maintains the Cheerleader Memorial Scholarship Fund, the Surbeck Scholarship Fund, and the Vocational Scholarship Fund. The purpose of these funds is to provide scholarships to qualifying students.

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 generally are recorded when earned (usually when the right to receive cash vests), and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or will be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end.

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

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide financial statements the District has charged certain "centralized expenses", including an administrative overhead component, as direct expenses to programs in order to show all expenses that are associated with a service, program, or department. This process minimizes the doubling-up effect on internal service fund activity.

G. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. The District pools its cash resources for deposit purposes. Accordingly, the enterprise fund has access to its cash resources on demand. All reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

H. INVENTORY

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

Inventory in the governmental activities and the governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Inventories reported in the fund financial statements are equally offset by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The non-spendable fund balance associated with inventory is reduced by the related amounts included in accounts payable, if applicable.

I. CAPITAL ASSETS

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

The accounting treatment of 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.

Land and buildings used in the operation of the post-secondary fund are owned and financed by the State of South Dakota (see Note 11 for additional information). It is the District's policy to record any capital improvements made to the state-owned facilities as a contribution to the State upon completion of such improvements.

Government-wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at 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. Construction period interest is not capitalized.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Capitalization Threshold	Estimated Useful Life
Land	\$ 1,000	-----
Buildings	50,000	50 yrs
Improvements	20,000	20 yrs
Machinery and Equipment	5,000	5-15 yrs

Depreciation expense is calculated using the straight-line and composite methods. Depreciation of exhaustible fixed assets for machinery and equipment is recorded as an allocated expense in the Statement of Activities. Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the 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.

J. LONG-TERM LIABILITIES

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

Government-wide 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. Long-term liabilities consist of compensated absences payable, accrued leave payable, early retirement benefits payable, other post-employment benefits, and capital outlay certificates payable. Accounting policies related to compensated absences and accrued leave payable are as follows:

Compensated Absences Payable - Compensated absences payable is sick leave earned by employees at the rate of 13 to 16 days per year cumulative to 140 or 180 days depending on job description. Upon termination, employees are entitled to receive compensation for their accrued sick leave balance if they meet various age and years of service requirements. They will receive one-half of unused sick leave, but not in excess of 50 or 90 days, depending on job description, of their actual accumulated unused sick leave. The amount of sick leave pay is determined by the employee's basic salary. These amounts are submitted to a special pay plan that does not require the District to withhold payroll taxes. For employees normally paid out of the governmental funds these amounts are charged as an expenditure at the time of retirement. For employees normally paid out of the enterprise fund, these amounts are recorded as an expense when earned. Compensated absences for governmental activities typically have been liquidated from the General Fund and Post Secondary Fund.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Leave Payable - Accrued leave payable is the annual vacation earned by employees at the rate of 5 to 20 days per year depending on years of service and job description and accumulates to a maximum of one and one-half times the annual accrual. Employees are only eligible for accrued leave after the completion of one year of service. Upon termination, employees are entitled to receive compensation for their accrued annual vacation balance at their most recent hourly rate. These amounts include the employer's matching share of payroll deductions unless the employee is retiring in which case the payment is submitted to the special pay plan and taxes are not withheld. Accrued leave payable for governmental activities typically has been liquidated from the General Fund and Post-Secondary Fund.

Fund Financial Statements:

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 as in the government-wide financial statements.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The only deferred outflows of resources reported are a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 9 and a deferred amount arising from the District's OPEB plan as discussed in Note 15. There are no deferred outflows of resources reported in the governmental funds' balance sheets. Pension-related and OPEB-related deferred outflows are reported in the proprietary fund statements.

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 30 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected with the available period, property taxes collected within the available period that are intended to finance the next fiscal year, and grants receivable not collected within the available period. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes levied for future periods, pension-related inflows, and OPEB-related inflows. The District reports pension and OPEB-related inflows of resources in the proprietary fund statements and the business-type activity statements for the current year.

L. UNEARNED REVENUE

The food service fund reports meal tickets that have been purchased but not yet redeemed as unearned revenue.

The governmental funds report various grants and tuition payments received in advance of the eligibility criteria for revenue recognition as unearned revenue.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. NET POSITION AND FUND BALANCE

Government-wide Financial Statements:

It is the District's policy to 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. Net position on the Statement of Net Position includes the following:

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 capital outlay certificates or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - 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.

Unrestricted - Represents all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

The fund definitions were discussed in Note 1.D. Classification of governmental fund balances are as follows:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts that are constrained by the District's intent to be used for specific purposes but are not restricted. Amounts can be assigned by the School Board or management of the District.

Unassigned - Represents positive fund balance that has not been assigned to other funds and that has not been restricted or assigned.

The District uses restricted amounts first when both the restricted and the unrestricted fund balances are available unless a legal document, such as a contract or a grant agreement requiring dollar-for-dollar spending, prohibits it. Additionally, the District would use assigned amounts before unassigned amounts of unrestricted fund balance when expenditures are made.

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

N. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. PROGRAM REVENUES

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

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.

Program Revenues - 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.

Program Revenues - 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.

P. PENSIONS

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

NOTE 2 - DEPOSITS AND INVESTMENTS

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

Deposits - The District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1, and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA", or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

The District's policy is to report deposits at cost plus interest and credit all income from investments to the fund making the investment, with the exception of the payroll clearing account whose interest income is credited to the General Fund.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Fair Value Measurement - The District 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.

As of June 30, 2021, the District had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Level</u>	<u>Maturities Less than 1 Year</u>	<u>Maturities 1 - 5 Years</u>	<u>Total</u>
Cash and Money Market Account	N/A	1	\$ 1,453,041	\$ -	\$ 1,453,041
Government Bonds	AA+	2	10,877,120	10,893,164	21,770,284
					<u>\$ 23,223,325</u>

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing purposes. 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.

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

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments included in the fund financial statements consisted of the following as of June 30, 2021:

State of South Dakota	\$ 1,943,504
Pennington County	949,270
U.S. Government	691,478
Various Other School Districts and Counties	<u>13,581</u>
	<u>\$ 3,597,833</u>
Reconciliation to Fund Financial Statements	
Due from Other Governments - Governmental Funds	\$ 3,200,142
Due from Other Governments - Enterprise Fund	<u>397,691</u>
	<u>\$ 3,597,833</u>

NOTE 4 - PROPERTY TAX

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the District's taxes and remits them to the District. Levy amounts are established by state statute per \$1,000 of taxable valuation of property in the district. State statute allows the General Fund tax rates to be increased by special election of the voters.

The District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to the current year's property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 5 - CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 2,949,845	\$ 1,065,801	\$ -	\$ 4,015,646
Construction in Progress	747,562	1,465,937	(2,113,889)	99,610
Assets Held for Sale	1,413,154	-	(1,413,154)	-
Subtotal	<u>5,110,561</u>	<u>2,531,738</u>	<u>(3,527,043)</u>	<u>4,115,256</u>
Depreciable Capital Assets:				
Buildings	193,629,783	1,413,154	-	195,042,937
Improvements	12,148,799	2,026,829	-	14,175,628
Equipment	33,607,751	6,032,372	(990,628)	38,649,495
Subtotal	<u>239,386,333</u>	<u>9,472,355</u>	<u>(990,628)</u>	<u>247,868,060</u>
Less Accumulated Depreciation for:				
Buildings	65,472,651	3,583,892		69,056,543
Improvements	5,475,350	427,793	-	5,903,143
Equipment	21,857,502	3,232,771	(945,286)	24,144,987
Subtotal	<u>92,805,503</u>	<u>7,244,456</u>	<u>(945,286)</u>	<u>99,104,673</u>
Net Capital Assets	<u>\$ 151,691,391</u>	<u>\$ 4,759,637</u>	<u>\$ (3,572,385)</u>	<u>\$ 152,878,643</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 2,424,269	\$ 69,715	\$ (15,368)	\$ 2,478,616
Less: Accumulated Depreciation	<u>1,549,189</u>	<u>95,627</u>	<u>(14,600)</u>	<u>1,630,216</u>
Net Capital Assets	<u>\$ 875,080</u>	<u>\$ (25,912)</u>	<u>\$ (768)</u>	<u>\$ 848,400</u>

Commitments related to construction projects in progress as of June 30, 2021 are discussed in Note 13.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,592,716
Support Services	5,623,084
Cocurricular Activities	<u>28,656</u>
Total Depreciation Expense	<u>\$ 7,244,456</u>

Depreciation expense was charged to the business-type activities as follows:

Food Service	\$ 95,627
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Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)

During the year ended June 30, 2018, the District entered into an agreement to sell its portion of the City/School Administration Building to the City of Rapid City. The District received a down payment for the purchase during the year ended June 30, 2018. During the year ended June 30, 2021, the District received all payments from the City of Rapid City and ownership of the building has been transferred.

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt:					
Capital Outlay					
Certificates	\$ 56,750,000	\$ 14,610,000	\$ (3,770,000)	\$ 67,590,000	\$ 17,630,000
Related Premiums	3,223,061	-	(701,361)	2,521,700	-
Total General Obligation Debt	<u>59,973,061</u>	<u>14,610,000</u>	<u>(4,471,361)</u>	<u>70,111,700</u>	<u>17,630,000</u>
Other Liabilities:					
Accrued Leave Payable	379,124	282,800	(317,401)	344,523	344,523
Compensated Absences	10,896,831	212,139	(1,916,801)	9,192,169	664,421
Early Retirement Benefits	1,626,211	-	(915,542)	710,669	684,578
OPEB Liability	6,833,925	63,260	-	6,897,185	-
Total Other Liabilities	<u>19,736,091</u>	<u>558,199</u>	<u>(3,149,744)</u>	<u>17,144,546</u>	<u>1,693,522</u>
Total Long-term Liabilities	<u>\$ 79,709,152</u>	<u>\$ 15,168,199</u>	<u>\$ (7,621,105)</u>	<u>\$ 87,256,246</u>	<u>\$ 19,323,522</u>
Business-type Activities:					
Accrued Leave Payable	\$ 15,541	\$ 14,162	\$ (15,818)	\$ 13,885	\$ 13,885
Compensated Absences	271,552	34,741	(70,876)	235,417	24,487
OPEB Liability	179,268	567	558	180,393	-
Total Long-term Liabilities	<u>\$ 466,361</u>	<u>\$ 49,470</u>	<u>\$ (86,136)</u>	<u>\$ 429,695</u>	<u>\$ 38,372</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Capital outlay certificates at June 30, 2021 are comprised of the following individual issues:

2010B Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.30%. Due 11/1/2029.	\$ 3,000,000
2011 A Capital Outlay Certificates. Bearing interest at 5.0%. Due 11/1/2030.	4,000,000
2011 B Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 3.375%. Due 11/1/2031.	6,215,000
2014 A Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 4.00%. Due 7/1/2034.	7,040,000
2017A Capital Outlay Certificates. Bearing Interest at 3.0%. Due 6/30/2030.	9,475,000
2017B Capital Outlay Certificates. Bearing Interest at fixed rates ranging from 4.0% to 5.0%. Due 7/1/2026.	11,985,000
2019 Capital Outlay Certificates. Bearing Interest at fixed rates ranging from 3.0% to 5.0%. Due 8/1/2032.	11,265,000
2020 Capital Outlay Certificates. Bearing Interest at fixed rates ranging from 0.410% to 1.78%. Due 8/1/2030.	14,610,000
Unamortized Premiums	<u>2,521,700</u>
	<u>\$ 70,111,700</u>

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2021, excluding compensated absences, accrued leave payable, and the OPEB liability are as follows:

Year Ending June 30,	General Obligation Debt		Early Retirement Benefits	Totals
	Principal	Interest		
2022	\$ 17,630,000	\$ 2,226,629	\$ 693,337	\$ 20,549,966
2023	4,490,000	1,670,237	26,667	6,186,904
2024	4,645,000	1,504,575		6,149,575
2025	4,820,000	1,324,529	-	6,144,529
2026	4,200,000	1,149,720	-	5,349,720
2027-2031	30,540,000	3,384,297	-	33,924,297
2032-2036	<u>1,265,000</u>	<u>25,300</u>	-	<u>1,290,300</u>
Total Payments	<u>\$ 67,590,000</u>	<u>\$ 11,285,287</u>	720,004	<u>\$ 79,595,291</u>
Less Interest			<u>9,335</u>	
Present Value of Early Retirement Benefits			<u>\$ 710,669</u>	

Payments of all capital outlay certificates were made from the Capital Outlay Fund during the year ended June 30, 2021.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Early retirement benefits are available to teachers and administrators who meet certain criteria. Upon retirement, an eligible employee is entitled to receive a payment, which is dependent upon several criteria, one of which may include the employee's last contract salary. At June 30, 2021, 74 employees were entitled to receive early retirement payments. Early retirement benefits are paid in two to six equal installments on the first payroll date after July 1, with subsequent payments every six months thereafter until paid in full. Final payment is currently scheduled for January 2023. Early retirement benefit liabilities are recorded in the Statement of Net Position at the present value of future payments and have been discounted at rates varying from 1.76% to 2.73%, for liabilities incurred during the years ended June 30, 2017 to 2021. During the year ended June 30, 2019 and 2020, the administrators and the teachers, respectively, agreed to the termination of the early retirement program with a lump sum settlement to eligible participants. The administrators' and teachers' buyouts were based on age, number of years of service, and placement on the salary scale. Administrators not retired as of June 30, 2018 and teachers not retired as of June 30, 2019 are no longer eligible for early retirement.

For the year ended June 30, 2021, payments of early retirement benefits were made from the General Fund in the amount of \$908,301, and the Post Secondary Fund in the amount of \$7,241.

Sinking fund provisions on the 2010B Capital Outlay Certificates - Qualified School Construction Bonds require semi-annual deposits of \$78,947 on or before May 1 and November 1 of each year through 2029, during which the fund will continue to earn interest until maturity of the debt on November 1, 2029. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2010B Capital Outlay Certificates as of June 30, 2021 was \$1,627,091.

Sinking fund provisions on the 2011A Capital Outlay Certificates require semi-annual deposits of \$108,108 on or before May 1 and November 1 of each year through May 2030, during which the fund will continue to earn interest until maturity of the debt on November 1, 2030. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2011A Capital Outlay Certificates as of June 30, 2021 was \$2,084,185.

During the year ended June 30, 2021, the District issued Series 2020 Limited Tax General Obligation Capital Outlay Refunding Certificates in the amount of \$14,610,000, with interest rates ranging from .041% to 1.78%, to refund the Series 2011B and Series 2014A with respective unpaid principal at the time of refunding of \$6,500,000 and \$8,110,000 with interest rates ranging from 3.00% to 4.00%. The District refunded the debt to reduce total debt service payments over the next 10 years by \$1,378,458 and to obtain an economic gain of \$1,061,713.

NOTE 7 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2021:

Fund	Interfund Receivables	Interfund Payables
Food Service Fund	\$ -	\$ 917,000
Internal Service Fund	917,000	-
Total	\$ 917,000	\$ 917,000

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 7 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund receivable and payable balances are due to the Internal Service Fund loaning funds to the Food Service Fund.

Interfund transfers for the year ended June 30, 2021 were as follows:

<u>Transfers From:</u>	<u>Transfers To:</u>			Total
	Debt Service Fund	General Fund	Food Service Fund	
Internal Service Fund	\$ -	\$ 53,648	\$ -	\$ 53,648
Capital Outlay Fund	<u>374,111</u>	<u>4,000,000</u>	<u>69,715</u>	<u>4,443,826</u>
	<u>\$ 374,111</u>	<u>\$ 4,053,648</u>	<u>\$ 69,715</u>	<u>\$ 4,497,474</u>

Transfers were made for the following purposes:

- A transfer was made from the Capital Outlay Fund to the Debt Service Fund to make payments to the sinking fund related to the 2010B and 2011A Capital Outlay Certificates.
- A transfer was made from the Capital Outlay Fund to the General Fund to support operations as allowed by South Dakota Codified Law.
- A transfer was made from the Internal Service Fund to the General Fund to close out the Unemployment Fund and move all assets to the General Fund.
- A transfer was made from the Capital Outlay Fund to the Food Service Fund to transfer assets purchased with Capital Outlay for Food Service use.

NOTE 8 - RESTRICTED NET POSITION

The following table shows restricted net position and the purposes for such restrictions as shown on the Statement of Net Position:

<u>Major Purposes:</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay Purposes	State Law	\$ 28,052,718
Special Education Purposes	State Law	6,924,481
Post Secondary Purposes	State Law	6,308,018
Proportionate Share of Net Pension Asset	State Law	4,971,731
Debt Service Purpose	Debt Covenants	<u>3,711,276</u>
Total Restricted Net Position		<u>\$ 49,968,224</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN

Plan Information

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

Benefits Provided

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

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.

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% 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% 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 liabilities will be calculated assuming the COLA is equal to the 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%

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

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

All benefits except those depending on the member's accumulated contributions are annually increased by the Cost-of-living 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 District's share of contributions to the SDRS for the fiscal years ended June 30, 2021, 2020, and 2019 were \$5,258,937, \$5,134,814, and \$5,067,639, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

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

Proportionate Share of Pension Liability	\$ 479,799,562
Less: Proportionate Share of Net Pension Restricted for Pension Benefit	<u>479,969,071</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (169,509)</u>

At June 30, 2021, the District reported a liability (asset) of \$(169,509) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the District's proportion was 3.903%, which is an increase (decrease) of (0.073)% from its proportion measured as of June 30, 2019.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2021, the District recognized pension expense (reduction of pension expense) of \$7,672,838. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 648,460	\$ 132,788
Changes in Assumption	5,459,984	22,020,423
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,754,932	-
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	185,894	352,774
District Contributions Subsequent to the Measurement Date	5,258,937	-
Total	\$ 27,308,207	\$ 22,505,985

\$5,258,937 is reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2022	\$ (2,176,300)
2023	(1,514,537)
2024	285,379
2025	2,948,743
2026	-
Thereafter	-
Total	\$ (456,715)

Actuarial Assumptions

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

Inflation	2.25%
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount 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.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

Mortality rates for disabled members were based on 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 on 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%</u>	

Discount Rate

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 65,757,840</u>	<u>\$ (169,509)</u>	<u>\$ (54,096,780)</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 10 - JOINT VENTURES

Black Hills Special Services Cooperative

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special educational services to the member school districts. During the year ended June 30, 2021, the District paid \$354,292 for services provided by the Co-op.

The members of the Co-op and their relative percentage participation in the Co-op are as follows:

Spearfish School District No. 40-2	8.33%
Lead/Deadwood School District No. 40-1	8.33%
Oelrichs School District No. 23-3	8.33%
Meade School District No. 46-1	8.33%
Rapid City School District No. 51-4	8.33%
Belle Fourche School District No. 9-1	8.33%
Custer School District No. 16-1	8.33%
Douglas School District No. 51-1	8.33%
Edgemont School District No. 23-1	8.33%
Haakon School District No. 27-1	8.33%
Hill City School District No. 51-2	8.33%
Hot Springs School District No. 23-2	8.33%

The Co-op's governing board is comprised of one representative from each member school district who is a school board member. The board is responsible for adopting the Co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The District retains no equity in the net position of the Co-op but does have a responsibility to fund deficits of the Co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Black Hills Special Services Cooperative.

At June 30, 2021, this joint venture had assets of \$8,896,374, deferred outflows of \$4,500,801, liabilities of \$2,508,387 deferred inflows of \$3,480,948 and net position of \$7,407,840.

Rapid City Performing Arts Center

During the year ended June 30, 2010, the District entered into an agreement with the City of Rapid City (City) and the Rapid City Performing Arts Coalition (Coalition) to construct and renovate a Performing Arts Center owned by the District. The District retains all ownership of the Rapid City Performing Arts Center (RCPAC).

A Board of Directors was established to set policies and procedures for the management and operation of the RCPAC. Board members are appointed by the City, the District, and the Coalition. Proceeds from the sale of tickets and concessions will be retained by the organization holding the event at the RCPAC.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 11 - WESTERN DAKOTA TECHNICAL INSTITUTE

The District operates Western Dakota Technical Institute (WDTI) in facilities owned by the State of South Dakota. These facilities are leased by WDTI from the South Dakota Board of Education. The facilities were constructed with debt proceeds issued by the South Dakota Health and Education Facilities Authority (Authority). The South Dakota Board of Education leases the facility from the Authority and then sub-leases it to WDTI to operate a post-secondary education facility. The lease agreement calls for rental payments coinciding with the bond retirement schedule. Currently, those rentals are being paid by WDTI through a monthly facility fee for each attending student at a rate set by the State Board of Education. It is anticipated that these fees will be sufficient to make the debt payments throughout the term of the leases and, therefore, no rent expense has been recorded by the District. As of June 30, 2021, this rate was \$36 per credit hour for credit courses and \$0.45 per clock hour per student for non-credit courses. Total expenditures related to this monthly facility fee for the year ended June 30, 2021 were \$815,222 for credit courses and \$2,277 for non-credit courses.

The WDTI campus was financed by debt issued by the Authority and ownership of the campus is held by the Authority. As such, the facilities comprising the WDTI campus are not reported as assets by the District. The estimated book value of these assets was \$565,703,837 as of June 30, 2021. The bonds used to construct these facilities are not obligations of the District and are being repaid by fees assessed by the South Dakota Board of Education. Therefore, the outstanding bonds are not included in these financial statements.

During the year ended June 30, 2019, the District and WDTI signed a Memorandum of Understanding (MOU) authorizing WDTI to separate from the District and become its own distinct local education agency under the provisions of SDCL 13-39A. This MOU has been approved by the State and effective July 1, 2021, WDTI is its own local education agency.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the District managed its risks as follows:

Employee Health Insurance

During the year ended June 30, 2021, employees of the District were covered by a self-insured health and dental insurance plan. The self-insured health plan has been in place since September 1993 and the self-insured dental plan was established during the year ended June 30, 2010. The District pays approximately 65% of the family premium and 85% of the single premium. The coverage provides various deductibles per calendar year. After the deductibles of \$2,000 per individual or \$3,600 per family for the health insurance plan and \$50 per individual and \$150 per family for the dental insurance plan are met, the plan has a 30% coinsurance up to an out-of-pocket limit of \$4,000 single or \$6,800 family after which 100% is paid. Included in the group insurance premium is also a \$10,000 life insurance and accidental death insurance policy. Claims are paid by a third-party administrator (Wellmark) acting on behalf of the District. The administrative contract between the District and Wellmark is renewable annually and administrative fees and stop-loss premiums are included in the contractual provision. The District is covered by stop-loss coverage for individual claims exceeding \$175,000.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 12 - RISK MANAGEMENT (CONTINUED)

In accordance with the District's self-insured health insurance plan agreement, retired employees of the District may elect to continue their participation in the plan. Retired employees must pay 100% of the premiums for coverage. The amount of participant contributions, net of benefit expenditures/expenses, recognized during the year ended June 30, 2021 for retired employees was (\$288,963). As of June 30, 2021, there were approximately 97 retirees eligible to receive benefits.

The District estimates the liabilities for claims based on claims paid out subsequent to year-end. Changes in the claims liability for the years ended June 30, 2021, 2020, and 2019 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2018 - 2019	\$ 1,065,000	\$ 18,952,836	\$ 18,900,836	\$ 1,117,000
2019 - 2020	1,117,000	18,469,095	18,384,657	1,201,438
2020 - 2021	1,201,438	18,995,180	19,073,261	1,123,357

As of June 30, 2021, the District had accumulated \$9,116,446 in the Master Insurance Fund, which is available to fund claims incurred in future years.

Liability Insurance

The District purchases insurance for risks related to theft or damage to property, general liability, educators' legal liability, automobile and crime, and fidelity from a commercial carrier, Liberty Mutual Group, through Western Dakota Insurors.

The policy provides that the above coverage will be provided with a \$3,000,000 limit on liability coverage and a \$10,000,000 limit on umbrella coverage. As of June 30, 2021, the District carried the following deductibles related to insurance coverage:

General Liability	\$ -
Educators Legal Liability	10,000
Property	50,000
Automobile	3,000
Crime	1,000

In prior years, settled claims resulting from these risks have not exceeded the District's liability coverage.

Workmen's Compensation

The District purchases liability insurance for worker's compensation from a commercial carrier.

Unemployment Benefits

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

The District transferred \$53,648 from the Internal Service Fund into the General Fund per GASB 84 (see note 17) during the year ended June 30, 2021. There were no claims paid during the year ended June 30, 2021.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Pending Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements and accordingly, no provisions for losses have been recorded.

Construction in Progress

The District has one project in progress to remodel South Middle School. This project is expected to cost approximately \$60,000,000 and will be paid for with grant funds and debt proceeds. It is expected to be completed in FY 2025.

Federal Funds

The District receives a significant amount of funds from the federal government. These funds are subject to federal regulations, as such these funds may need to be repaid if regulations are not followed.

During the year ended June 30, 2020, the District identified violations of compliance regulations in one of its federally funded programs. After determining the amount, the District reported the violation to the state department of education. During the year ended June 30, 2021, the State determined there would need to be no funds paid back or penalties applied.

NOTE 14 - INTERNAL BALANCES

Internal balances of \$323,653 between Governmental and Business activities shown on the Statement of Net Position are related to the allocation of the net position of the Internal Service Fund as of June 30, 2021.

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The Rapid City Area School District offers a self-insured health insurance plan. Claims are paid by a third-party administrator (Wellmark) acting on behalf of the District. Retired employees of the District may elect to continue their participation in the plan. The self-insured health insurance plan is a single-employer plan, established under SDCL 13-10-3. Coverage ceases when the retiree attains the age of 65. Retired employees must pay 100% of the premiums for coverage. The contribution rates of the covered retirees are established by, and may be amended by, the School Board. The self-insured health plan does not have separately stated stand-alone financial statements.

Funding Policy

Retired employees must pay 100% of the premiums for coverage. Under GASB 45, the District incurs an expense due to the implicit rate subsidy for retirees.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in Liability

For the year ended June 30, 2021, the beginning balance of the OPEB liability was \$7,013,193. Total OPEB liability was determined as the measurement date, which is June 30, 2021. The changes in the total OPEB liability for 2021 were as follows:

Total OPEB Liability - June 30, 2020	\$ 7,013,193
Changes for the Year:	
Service Cost	448,226
Interest on Total OPEB Liability	158,637
Effect on Assumption Changes or Inputs	24,027
Benefit Payments	<u>(566,505)</u>
Net OPEB Obligation - June 30, 2021	<u>\$ 7,077,578</u>

For the year ended June 30, 2021, the District recognized OPEB Expense of \$812,493. OPEB expense was determined as follows:

Service Costs	\$ 448,226
Interest on Total OPEB Liability	158,637
Recognition of Deferred Inflows/Outflows of Resources:	
Differences Between Actual and Expected	42,112
Recognition of Assumption Changes	<u>163,518</u>
OPEB Expense	<u>\$ 812,493</u>

As of June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 424,872	\$ -
Changes in Assumptions/Inputs	1,748,032	(82,246)
Net Difference Between Projected and Actual Investments	<u>-</u>	<u>-</u>
	<u>\$ 2,172,904</u>	<u>\$ (82,246)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (revenue) expense as follows:

Year Ended June 30,	
2022	\$ 205,630
2023	205,630
2024	205,630
2025	205,630
2026	205,630
Thereafter	<u>1,062,508</u>
	<u>\$ 2,090,658</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The state prohibits local governments from separately rating active employees and retirees, therefore both groups are charged an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated based on the discount rate and actuarial assumptions below and projected forward to the measurement date.

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions:

- The assumed claims costs were developed using a 22-month historical claim experience through June 30, 2021, adjusted to reflect expected increases related to age and gender based on a 2013 Society of Actuaries study.
- Health care cost trend rates were 6.5% for 2020, decreasing 0.5% until an ultimate health care cost trend rate of 4.5% is reached.
- The discount rate used was 2.16% as of June 30, 2021. Discount rate was based on the Bond Buyer 20-Bond General Obligation index.
- Salary increases were calculated at 3.5% per year.
- Mortality rates were according to Pub-2010 mortality table with generational scale MP-2019.
- Retiree participation rate was assumed to be 60% and initial spouse participation rate was assumed to be 20% for both male and female employees.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

•NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

- The rate of withdrawal is based on the withdrawal assumption used in the South Dakota Retirement System Actuarial Valuation as of June 30, 2019. The rate of withdrawal for reasons other than death and retirement is dependent on the employee's age and years of service. Sample rates vary by age:

Select Termination				
Rate				
Credited Service	Class A Teachers		Class A Non-teachers	
	Male	Female	Male	Female
0	20.00%	20.00%	17.25%	23.00%
1	16.50%	15.50%	15.00%	18.75%
2	14.00%	13.00%	13.00%	15.75%
3	12.00%	11.00%	12.00%	13.00%
4	10.00%	9.00%	10.50%	11.50%

Ultimate Termination				
Rate				
Age	Class A Teachers		Class A Non-teachers	
	Male	Female	Male	Female
25	8.50%	7.25%	9.00%	9.75%
30	7.60%	6.35%	7.95%	8.55%
35	5.80%	4.55%	6.05%	6.70%
40	4.40%	3.60%	4.65%	5.25%
45	3.70%	3.50%	3.95%	4.30%
50	3.50%	3.50%	3.60%	4.00%
55	3.50%	3.50%	3.50%	4.00%

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

- Retirement rates vary by age, as follows and were based on the South Dakota Retirement System actuarial valuation as of June 30, 2019:

Age	Rate			
	Class A Teachers		Class A Non-teachers	
	Male	Female	Male	Female
55-56	10.0%	8.0%	6.0%	7.0%
57	11.0%	10.0%	6.0%	7.0%
58	13.5%	9.0%	6.0%	7.0%
59	17.0%	10.0%	6.0%	7.0%
60	20.0%	10.5%	6.0%	7.0%
61	25.0%	17.5%	9.0%	11.5%
62	25.0%	19.0%	12.5%	12.5%
63	25.0%	17.5%	13.0%	12.5%
64	25.0%	22.5%	18.0%	20.0%
65	35.0%	50.0%	30.0%	30.0%
66	35.0%	35.0%	30.0%	30.0%
67	30.0%	35.0%	25.0%	25.0%
68-69	25.0%	35.0%	25.0%	25.0%
70-76	100.0%	100.0%	25.0%	25.0%
77-79	100.0%	100.0%	35.0%	25.0%
80	100.0%	100.0%	100.0%	100.0%

Sensitivity Analysis

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

	1% Decrease <u>1.16%</u>	Current <u>Discount Rate</u>	1% Increase <u>3.16%</u>
Total OPEB Liability	<u>\$ 7,573,000</u>	<u>\$ 7,077,578</u>	<u>\$ 6,626,000</u>

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

	1% Decrease <u>1.16%</u>	Current Trend <u>1.16%</u>	1% Increase <u>3.16%</u>
Total OPEB Liability	<u>\$ 6,424,000</u>	<u>\$ 7,077,578</u>	<u>\$ 7,845,000</u>

NOTE 16 - CONCENTRATIONS

The District is dependent upon program revenues and operating revenues from the State of South Dakota for its primary existence.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2021

NOTE 17 - IMPLEMENTATION OF ACCOUNTING STANDARDS AND RESTATEMENT

In 2021, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for the year ended June 30, 2021. The implementation of this standard required the District to reclassify previously reported agency funds as custodial funds. The District restated the net position of the fiduciary funds to appropriately reflect the July 1, 2020 balance as follows:

Net Position July 1, 2020, as Previously Reported	\$	-
Restatement for Recognition Change:		
Implementation of GASB 84		<u>554,897</u>
Net Position July 1, 2020, as Restated	\$	<u>554,897</u>

NOTE 18 - EMERGING ACCOUNTING STANDARDS

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*. GASB 87 affects any government entity that enters into a lease. The main difference between previous GAAP and GASB 87 is the recognition of lease assets and lease liabilities for the lessee and the recognition of a lease receivable and deferred inflow of resources for the lessor. GASB 87 is effective for years beginning after December 15, 2019. Implementation was delayed to fiscal years beginning after June 15, 2021 as a result of GASB Statement No. 95 issued in May 2020. The District has not yet implemented this update and is in the process of assessing the effect on the District's financial statements.

NOTE 19 - SUBSEQUENT EVENTS

As discussed in Note 11, WDT became its own legal entity effective July 1, 2021.

The District has considered subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended June 30, 2021

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 19,346,093	\$ 19,346,093	19,667,828	\$ 321,735
Prior Years' Ad Valorem	18,986,954	18,986,954	19,247,012	260,058
Gross Receipts Taxes	900,000	900,000	1,097,675	197,675
Penalties and Interest on Taxes	75,000	75,000	55,104	(19,896)
Tax Deed Revenue	-	-	3,909	3,909
Tuition and Fees				
Local Sources	125,000	125,000	21,565	(103,435)
Support Services	565,744	565,744	528,049	(37,695)
Cocurricular Activities	248,500	248,500	195,596	(52,904)
Earnings on Deposits	185,000	185,000	51,121	(133,879)
Restricted Operating Contributions	354,196	711,601	345,971	(365,630)
Other Local Revenue	72,500	72,500	375,555	303,055
Total Revenue from Local Sources	<u>40,858,987</u>	<u>41,216,392</u>	<u>41,589,385</u>	<u>372,993</u>
Revenue from Intermediate Sources:				
County Sources	750,000	750,000	649,450	(100,550)
Revenue in Lieu of Taxes	75,000	75,000	199,411	124,411
Revenue for Joint Facilities	250,000	250,000	120,497	(129,503)
Total Revenue from Intermediate Sources	<u>1,075,000</u>	<u>1,075,000</u>	<u>969,358</u>	<u>(105,642)</u>
Revenue from State Sources:				
Unrestricted Grants-in-aid	43,393,851	43,393,851	40,421,634	(2,972,217)
Other State Revenue	10,000	10,000	447,684	437,684
Total Revenue from State Sources	<u>43,403,851</u>	<u>43,403,851</u>	<u>40,869,318</u>	<u>(2,534,533)</u>
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	1,500	1,500	6,373,019	6,371,519
Restricted Grants-in-aid	9,893,511	12,958,737	9,409,636	(3,549,101)
Total Revenue from Federal Sources	<u>9,895,011</u>	<u>12,960,237</u>	<u>15,782,655</u>	<u>2,822,418</u>
TOTAL REVENUES	<u>95,232,849</u>	<u>98,655,480</u>	<u>99,210,716</u>	<u>555,236</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
Instructional Services:				
Regular Programs	49,771,898	49,771,898	50,277,073	(505,175)
Special Programs	5,461,037	6,336,510	5,161,180	1,175,330
Total Instructional Services	<u>55,232,935</u>	<u>56,108,408</u>	<u>55,438,253</u>	<u>670,155</u>
Support Services:				
Pupils	3,404,364	3,950,020	3,789,841	160,179
Instructional Staff	6,930,745	8,532,928	6,559,212	1,973,716
General Administration	3,279,674	3,336,047	3,163,786	172,261
School Administration	7,594,682	7,687,338	7,647,828	39,510
Business	17,544,682	17,544,682	16,857,503	687,179
Central	999,578	999,578	937,357	62,221
Other Support Services	20,000	377,269	104,264	273,005
Total Support Services	<u>39,773,725</u>	<u>42,427,862</u>	<u>39,059,791</u>	<u>3,368,071</u>
Community Services:				
Community Recreation Services	76,334	76,334	77,725	(1,391)
Custody and Care of Children	81,000	81,000	19,924	61,076
Nonpublic School Pupil Services	611,101	504,122	366,448	137,674
Total Community Services	<u>768,435</u>	<u>661,456</u>	<u>464,097</u>	<u>197,359</u>
Cocurricular Activities:				
Male Activities	1,043,944	1,043,944	982,936	61,008
Female Activities	1,052,926	1,052,926	902,372	150,554
Combined Activities	900,759	900,759	665,390	235,369
Total Cocurricular Activities	<u>2,997,629</u>	<u>2,997,629</u>	<u>2,550,698</u>	<u>446,931</u>
Other Nonprogrammed Costs	<u>922,400</u>	<u>922,400</u>	<u>964,325</u>	<u>(41,925)</u>
TOTAL EXPENDITURES	<u>99,695,124</u>	<u>103,117,755</u>	<u>98,477,164</u>	<u>4,640,591</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(4,462,275)	(4,462,275)	733,552	5,195,827
OTHER FINANCING SOURCES				
Net Transfers In (Out)	4,097,205	4,097,205	4,053,648	(43,557)
Sale of Surplus Property	10,000	10,000	28,353	18,353
TOTAL OTHER FINANCING SOURCES	<u>4,107,205</u>	<u>4,107,205</u>	<u>4,082,001</u>	<u>(25,204)</u>
NET CHANGE IN FUND BALANCES	(355,070)	(355,070)	4,815,553	5,170,623
FUND BALANCE - BEGINNING	<u>11,595,637</u>	<u>11,595,637</u>	<u>11,595,637</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 11,240,567</u>	<u>\$ 11,240,567</u>	<u>\$ 16,411,190</u>	<u>\$ 5,170,623</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Capital Outlay Fund -
Budgetary Basis
For the Year Ended June 30, 2021

	<u>Budgeted Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 11,898,351	\$ 11,898,351	\$ 12,432,232	\$ 533,881
Prior Years' Ad Valorem	11,557,235	11,557,235	11,720,720	163,485
Gross Receipts Taxes	8,000	8,000	-	(8,000)
Penalties and Interest on Taxes	30,000	30,000	29,311	(689)
Tax Deed Revenue	-	-	1,625	1,625
Earnings on Deposits	200,000	200,000	119,777	(80,223)
Other Local Revenue	156,200	156,200	328,826	172,626
Total Revenue from Local Sources	<u>23,849,786</u>	<u>23,849,786</u>	<u>24,632,491</u>	<u>782,705</u>
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	10,000	10,000	84,885	74,885
Revenue for Joint Facilities	-	-	13,203	13,203
Total Revenue from Intermediate Sources	<u>10,000</u>	<u>10,000</u>	<u>98,088</u>	<u>88,088</u>
Revenue from State Sources:				
Other State Revenue	225,000	225,000	76,013	(148,987)
Revenue from Federal Sources:				
Restricted Grants-in-aid	3,115,362	3,332,362	3,255,043	(77,319)
TOTAL REVENUES	<u>27,200,148</u>	<u>27,417,148</u>	<u>28,061,635</u>	<u>644,487</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
Instructional Services:				
Regular Programs	3,880,840	3,880,840	2,651,461	1,229,379
Special Programs	3,084,779	3,301,779	3,566,513	(264,734)
Total Instructional Services	<u>6,965,619</u>	<u>7,182,619</u>	<u>6,217,974</u>	<u>964,645</u>
Support Services:				
Pupils	71,138	71,138	65,842	5,296
Instructional Staff	1,636,329	1,636,329	1,423,502	212,827
General Administration	10,000	10,000	13,232	(3,232)
School Administration	51,475	51,475	65,049	(13,574)
Business	6,956,195	6,956,195	8,218,069	(1,261,874)
Central	107,100	107,100	147,510	(40,410)
Special Education	224,000	224,000	211,400	12,600
Total Support Services	<u>9,056,237</u>	<u>9,056,237</u>	<u>10,144,604</u>	<u>(1,088,367)</u>
Community Services:				
Nonpublic School Pupil Services	50,000	50,000	13,263	36,737
Cocurricular Activities:				
Male Activities	92,734	92,734	97,547	(4,813)
Female Activities	31,993	31,993	30,555	1,438
Combined Activities	6,410	6,410	1,135	5,275
Total Cocurricular Activities	<u>131,137</u>	<u>131,137</u>	<u>129,237</u>	<u>1,900</u>
Other Nonprogrammed Costs	1,156,390	1,156,390	-	1,156,390
Debt Services	6,168,900	20,778,900	6,244,789	14,534,111
TOTAL EXPENDITURES	<u>23,528,283</u>	<u>38,355,283</u>	<u>22,749,867</u>	<u>15,605,416</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	3,671,865	(10,938,135)	5,311,768	16,249,903
OTHER FINANCING SOURCES				
Net Transfers	(4,471,315)	(4,471,315)	(4,374,111)	97,204
Debt Proceeds	-	14,610,000	14,610,000	-
Interest Rebate	230,000	230,000	278,224	48,224
Sale of Surplus Property	569,450	569,450	578,421	8,971
TOTAL OTHER FINANCING SOURCES	<u>(3,671,865)</u>	<u>10,938,135</u>	<u>11,092,534</u>	<u>154,399</u>
NET CHANGE IN FUND BALANCES	-	-	16,404,302	16,404,302
FUND BALANCE - BEGINNING	<u>26,164,217</u>	<u>26,164,217</u>	<u>26,164,217</u>	-
FUND BALANCE - ENDING	<u>\$ 26,164,217</u>	<u>\$ 26,164,217</u>	<u>\$ 42,568,519</u>	<u>\$ 16,404,302</u>

See independent auditor's report and notes to required supplementary information.

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Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis
For the Year Ended June 30, 2021

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 6,545,404	\$ 6,545,404	\$ 7,230,534	\$ 685,130
Prior Years' Ad Valorem	6,426,082	6,426,082	6,646,349	220,267
Gross Receipts Taxes	5,000	5,000	-	(5,000)
Tax Deed Revenue	3,000	3,000	921	(2,079)
Penalties and Interest on Taxes	13,000	13,000	16,476	3,476
Tuition and Fees				
Local Sources	5,000	5,000	-	(5,000)
Support Services	150,000	150,000	188,313	38,313
Earnings on Deposits	60,000	60,000	325	(59,675)
Other Local Revenue	5,000	5,000	1,817	(3,183)
Total Revenue from Local Sources	<u>13,212,486</u>	<u>13,212,486</u>	<u>14,084,735</u>	<u>872,249</u>
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	<u>5,000</u>	<u>5,000</u>	<u>48,740</u>	<u>43,740</u>
Revenue from State Sources:				
Restricted Grants-in-aid	<u>8,574,252</u>	<u>8,574,252</u>	<u>5,952,898</u>	<u>(2,621,354)</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	3,633,593	3,633,593	3,638,603	5,010
Other Federal Revenue	-	-	2,200	2,200
Total Revenue from Federal Sources	<u>3,633,593</u>	<u>3,633,593</u>	<u>3,640,803</u>	<u>7,210</u>
TOTAL REVENUES	<u>25,425,331</u>	<u>25,425,331</u>	<u>23,727,176</u>	<u>(1,698,155)</u>
EXPENDITURES				
Instructional Services:				
Regular Programs	260,000	260,000	248,999	11,001
Special Programs	<u>16,241,880</u>	<u>16,241,880</u>	<u>15,269,821</u>	<u>972,059</u>
Total Instructional Services	<u>16,501,880</u>	<u>16,501,880</u>	<u>15,518,820</u>	<u>983,060</u>
Support Services:				
Pupils	5,473,963	5,473,963	5,284,523	189,440
Special Education	<u>3,444,488</u>	<u>3,444,488</u>	<u>2,373,523</u>	<u>1,070,965</u>
Total Support Services	<u>8,918,451</u>	<u>8,918,451</u>	<u>7,658,046</u>	<u>1,260,405</u>
TOTAL EXPENDITURES	<u>25,420,331</u>	<u>25,420,331</u>	<u>23,176,866</u>	<u>2,243,465</u>
NET CHANGE IN FUND BALANCES	5,000	5,000	550,310	545,310
FUND BALANCE - BEGINNING	<u>7,591,412</u>	<u>7,591,412</u>	<u>7,591,412</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 7,596,412</u>	<u>\$ 7,596,412</u>	<u>\$ 8,141,722</u>	<u>\$ 545,310</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Post Secondary Fund - Budgetary Basis
For the Year Ended June 30, 2021

	<u>Budgeted Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue from Local Sources:				
Tuition and Fees				
Local Sources	\$ 7,217,075	\$ 7,386,892	\$ 7,904,522	\$ 517,630
Support Services	743,262	843,262	786,595	(56,667)
Post Secondary	448,547	458,547	365,524	(93,023)
Earnings on Deposits	26,477	4,977	1,122	(3,855)
Other Local Revenue	<u>9,775</u>	<u>29,775</u>	<u>181,640</u>	<u>151,865</u>
Total Revenue from Local Sources	<u>8,445,136</u>	<u>8,723,453</u>	<u>9,239,403</u>	<u>515,950</u>
Revenue from State Sources:				
Unrestricted Grants-in-aid	271,590	271,590	275,924	4,334
Restricted Grants-in-aid	2,961,426	2,961,426	3,460,234	498,808
Other State Revenue	<u>630,000</u>	<u>630,000</u>	<u>972,628</u>	<u>342,628</u>
Total Revenue from State Sources	<u>3,863,016</u>	<u>3,863,016</u>	<u>4,708,786</u>	<u>845,770</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	916,307	2,373,359	2,080,502	(292,857)
Other Federal Revenue	<u>2,853</u>	<u>2,853</u>	<u>12,818</u>	<u>9,965</u>
Total Revenue from Federal Sources	<u>919,160</u>	<u>2,376,212</u>	<u>2,093,320</u>	<u>(282,892)</u>
TOTAL REVENUES	<u>13,227,312</u>	<u>14,962,681</u>	<u>16,041,509</u>	<u>1,078,828</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
Instructional Services:				
Post-secondary Occupational Programs	6,288,763	6,391,855	6,993,281	(601,426)
Total Instructional Services	<u>6,288,763</u>	<u>6,391,855</u>	<u>6,993,281</u>	<u>(601,426)</u>
Support Services:				
Pupils	521,788	467,788	433,527	34,261
Instructional Staff	443,764	443,764	490,681	(46,917)
General Administration	688,792	658,946	612,761	46,185
School Administration	1,175,331	2,533,283	2,179,856	353,427
Business	3,231,799	3,556,538	3,160,960	395,578
Central	1,032,314	1,032,314	792,512	239,802
Total Support Services	<u>7,093,788</u>	<u>8,692,633</u>	<u>7,670,297</u>	<u>1,022,336</u>
Cocurricular Activities:				
Combined Activities	-	-	172	(172)
Other Nonprogrammed Costs	58,000	58,000	17,756	40,244
Debt Services	15,315	15,315	-	15,315
TOTAL EXPENDITURES	<u>13,455,866</u>	<u>15,157,803</u>	<u>14,681,506</u>	<u>476,297</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(228,554)	(195,122)	1,360,003	1,555,125
OTHER FINANCING SOURCES				
Sale of Surplus Property	5,000	2,691	2,191	(500)
NET CHANGE IN FUND BALANCES	(223,554)	(192,431)	1,362,194	1,554,625
FUND BALANCE - BEGINNING	<u>5,875,052</u>	<u>5,875,052</u>	<u>5,875,052</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,651,498</u>	<u>\$ 5,682,621</u>	<u>\$ 7,237,246</u>	<u>\$ 1,554,625</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51-4
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Years Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service Cost	\$ 448,226	\$ 256,497	\$ 233,846
Interest on Total OPEB Liability	158,637	161,019	175,185
Differences Between Expected and Actual Experience	-	509,095	-
Effect of Assumption Changes or Inputs	24,027	1,962,485	121,994
Benefit Payments	<u>(566,505)</u>	<u>(439,909)</u>	<u>(520,377)</u>
Net Change in Total OPEB Liability	64,385	2,449,187	10,648
Total OPEB Liability, Beginning	<u>7,013,193</u>	<u>4,564,006</u>	<u>4,553,358</u>
Total OPEB Liability, Ending	<u>\$ 7,077,578</u>	<u>\$ 7,013,193</u>	<u>\$ 4,564,006</u>
District's Covered-employee Payroll	<u>\$ 89,894,000</u>	<u>\$ 86,854,000</u>	<u>\$ 83,917,253</u>
Total OPEB Liability as a Percentage of Covered-employee Payroll	7.87%	8.07%	5.44%

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

See independent auditor's report.

**Rapid City Area School District No. 51-4
Schedule of the District's Proportionate Share
of the Net Pension Liability (Asset)
South Dakota Retirement System**

Year*	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Total Pension Liability (Asset)
2021	3.9030322%	\$ (169,509)	\$ 84,833,022	-0.20%	100.04%
2020	3.9762208%	\$ (421,371)	\$ 84,464,002	-0.50%	100.09%
2019	4.0020823%	\$ (93,337)	\$ 83,118,457	-0.11%	100.02%
2018	3.8610217%	\$ (350,392)	\$ 78,267,895	-0.45%	100.10%
2017	3.7005170%	\$ 12,499,983	\$ 70,329,411	17.77%	96.89%
2016	3.8704467%	\$ (16,415,670)	\$ 70,622,542	-23.24%	104.10%
2015	4.0386593%	\$ (29,096,889)	\$ 70,732,350	-41.14%	107.30%

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

See independent auditor's report.

**Rapid City Area School District No. 51-4
Schedule of Pension Contributions
South Dakota Retirement System**

*Year	Contractually- required Contribution	Contributions in Relation to the Contractually- required Contribution	Contribution Deficiency (Excess)	District's Covered- employee Payroll	Contributions as a Percentage of Covered- employee Payroll
2021	\$ 5,258,937	\$ 5,258,937	\$ -	\$ 85,904,065	6.12%
2020	5,134,814	5,134,814	-	84,833,022	6.05%
2019	5,067,639	5,067,639	-	84,464,002	6.00%
2018	4,987,020	4,987,020	-	83,118,457	6.00%
2017	4,696,367	4,696,367	-	78,267,895	6.00%
2016	4,219,783	4,219,783	-	70,329,411	6.00%
2015	4,243,941	4,243,941	-	70,622,542	6.01%

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

See independent auditor's report.

Rapid City Area School District No. 51-4
Notes to the Required Supplementary Information
June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular Board meeting in May of each year, the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in May of each year.
3. The proposed budget is published for public review no later than July 15 of each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except Trust and Agency Funds.
6. After adoption by the school board, the operating budget is legally binding, and the actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total District budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.

Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

See independent auditor's report.

Rapid City Area School District No. 51-4
Notes to the Required Supplementary Information
June 30, 2021

NOTE 3 - PENSION PLAN

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. Any recommended changes are 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.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

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**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Balance Sheet
June 30, 2021**

	<u>Post Secondary (WDT) Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 7,119,377
Accounts Receivable, Net	72,508
Due From Other Governments	667,722
Inventory of Stores Purchased for Resale	195,542
Prepaid Expenses	<u>18,700</u>
TOTAL ASSETS	<u><u>\$ 8,073,849</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 243,821
Contracts Payable	105,656
Payroll Deductions and Employer Matching Payable	29,755
Unearned Revenue	<u>50,411</u>
Total Liabilities	<u>429,643</u>
Deferred Inflows of Resources:	
Grants Received Outside the Period of Availability	<u>406,960</u>
Fund Balances:	
Nonspendable:	
Inventory	195,542
Prepaid Expenses	18,700
Restricted:	
For Post Secondary Education	<u>7,023,004</u>
Total Fund Balances	<u>7,237,246</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 8,073,849</u></u>

See independent auditor's report.

**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2021**

	<u>Post Secondary (WDT) Fund</u>
REVENUES	
Revenue from Local Sources:	
Tuition and Fees	
Local Sources	\$ 7,904,522
Support Services	786,595
Post Secondary	365,524
Earnings on Deposits	1,122
Other Local Revenue	<u>181,640</u>
Total Revenue from Local Sources	<u>9,239,403</u>
Revenue from State Sources:	
Unrestricted Grants-in-aid	275,924
Restricted Grants-in-aid	3,460,234
Other State Revenue	<u>972,628</u>
Total Revenue from State Sources	<u>4,708,786</u>
Revenue from Federal Sources:	
Restricted Grants-in-aid	2,080,502
Other Federal Revenue	<u>12,818</u>
Total Revenue from Federal Sources	<u>2,093,320</u>
TOTAL REVENUES	<u>16,041,509</u>

See independent auditor's report.

	<u>Post Secondary (WDT) Fund</u>
EXPENDITURES	
Instructional Services:	
Post Secondary Occupational Programs	<u>6,587,268</u>
Support Services:	
Pupils	433,527
Instructional Staff	386,118
General Administration	612,761
School Administration	2,022,976
Business	3,078,729
Central	<u>792,512</u>
Total Support Services	<u>7,326,623</u>
Other Nonprogrammed Costs	<u>17,756</u>
Cocurricular Activities:	
Combined Activities	<u>172</u>
Capital Outlay	<u>749,687</u>
TOTAL EXPENDITURES	<u>14,681,506</u>
EXCESS OF REVENUE UNDER EXPENDITURES	1,360,003
OTHER FINANCING SOURCES	
Sale of Surplus Property	<u>2,191</u>
NET CHANGE IN FUND BALANCES	1,362,194
FUND BALANCE - BEGINNING	<u>5,875,052</u>
FUND BALANCE - ENDING	<u>\$ 7,237,246</u>

See independent auditor's report.

**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Schedule of Long-term Liabilities
June 30, 2021**

	Balance <u>June 30, 2020</u>	Increase	Decrease	Balance <u>June 30, 2021</u>
Accrued Leave Payable	\$ 37,775	\$ 30,300	\$ (33,782)	\$ 34,293
Compensated Absences	673,462	212,139	(27,584)	858,017
Early Retirement Benefits	7,241	-	(7,241)	-
Other Post-employment Benefits	<u>439,395</u>	<u>4,483</u>	<u>-</u>	<u>443,878</u>
Total Long-term Liabilities	<u>\$ 1,157,873</u>	<u>\$ 246,922</u>	<u>\$ (68,607)</u>	<u>\$ 1,336,188</u>

See independent auditor's report.

**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Schedule of Capital Assets
June 30, 2021**

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Governmental Activities:				
Equipment	\$ 9,488,337	\$ 755,686	\$ (5,536)	\$ 10,238,487
Less: Accumulated Depreciation for Equipment	5,973,223	821,597	(5,536)	6,789,284
Net Capital Assets	\$ 3,515,114	\$ (65,911)	\$ -	\$ 3,449,203

See independent auditor's report.

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SINGLE AUDIT INFORMATION

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

School Board
Rapid City Area School District No. 51-4
Pennington County, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rapid City Area School District No. 51-4 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 5, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 Findings and Questioned Costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

RAPID CITY

909 ST. JOSEPH STREET, SUITE 101
RAPID CITY, SD 57701
605.348.1930

GILLETTE

612 S. DOUGLAS HWY
GILLETTE, WY 82716
307.682.4795

FAITH

127 MAIN ST. S.
FAITH, SD 57626
605.791.3142

Compliance and Other Matters

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

Rapid City Area School District No. 51-4's Response to Findings

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

Purpose of this Report

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



Casey Peterson, LTD

Rapid City, South Dakota

April 5, 2022

Independent Auditor's Report on Compliance for
Each Major Program and Report on Internal Control
over Compliance Required by the Uniform Guidance

School Board
Rapid City Area School District No. 51-4
Pennington County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Rapid City Area School District No. 51-4's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

RAPID CITY

909 ST. JOSEPH STREET, SUITE 101
RAPID CITY, SD 57701
605.348.1930

GILLETTE

612 S. DOUGLAS HWY
GILLETTE, WY 82716
307.682.4795

FAITH

127 MAIN ST. S.
FAITH, SD 57626
605.791.3142

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 identify deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-003 and 2021-004, that we consider to be material weaknesses.

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

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



Casey Peterson, LTD

Rapid City, South Dakota
April 5, 2022

Rapid City Area School District No. 51-4
Schedule of Findings and Questioned Costs
June 30, 2021

SUMMARY OF THE INDEPENDENT AUDITOR’S RESULTS

- a. The Independent Auditor’s Report expressed an unmodified opinion on the financial statements of Rapid City Area School District No. 51-4.
- b. Two material weaknesses were disclosed in The Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.
- d. The Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance for the District expresses an unmodified opinion on all major federal programs.
- e. Two material weaknesses in internal control related to major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance.
- f. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- g. The federal awards tested as major programs were:

<u>Assisted Listing (AL) Numbers</u>	<u>Name of Federal Program</u>
84.425	Education Stabilization Fund
84.048	Career and Technical Education
84.060	Indian Education Grants to LEAs
10.582	Fresh Fruit and Vegetables
21.019	Coronavirus Relief Fund
	<u>Child Nutrition Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$1,140,968.
- i. Rapid City Area School District No. 51-4 did not qualify as a low-risk entity.

Rapid City Area School District No. 51-4
Schedule of Findings and Questioned Costs
June 30, 2021

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Internal Control over Payroll Procedures

2021-001 *Condition:* In several instances, the District did not have proper payroll agreements or addendums available for select employees working in the Distance Learning programs. Proper support was available for the first half of the year but not in the latter half of the year.

Criteria: A strong system of internal control includes proper maintenance of all payroll amendments and addendums for all periods in which employees are paid.

Cause: Employees could be improperly paid.

Effect: Employees could be paid in a manner not consistent with the most current agreements and addendums.

Repeat of Prior Year Finding: No

Auditor's Recommendation: We recommend the District implement a process to ensure that all employees have agreements and addendums for all periods worked.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Material Weakness

Internal Control over Post-Secondary Inventory

2021-002 *Condition:* Bookstore inventory held by the Post Secondary Fund was not properly reconciled as of the end of the year which led to the inventory list needing to be recreated and a material adjustment to be made.

Criteria: A strong system of internal controls includes accurate recording, reconciliation, and presentation of the amounts and disclosures in the financial statements in accordance with GAAP.

Cause: The bookstore had a turnover in staffing during the year and the District did not have an adequate system of internal controls in place to identify all relevant and material adjustments necessary to ensure that the financial statements are in accordance with GAAP.

Effect: The lack of internal controls increases the risk of annual financial statements presented with material misstatements.

Repeat of Prior Year Finding: No

Auditor's Recommendation: We recommend the District implement a more thorough review and reconciliation process for bookstore inventory throughout the year and during the year-end.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Rapid City Area School District No. 51-4
Schedule of Findings and Questioned Costs
June 30, 2021

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Material Weakness

Internal Control over Allowable Costs

Education Stabilization Fund #84.425, Career and Technical Education #84.048, and Indian Education Grants to LEAs #84.060

2021-003 See 2021-001 for the condition, criteria, cause, effect, repeat of prior year finding, auditor's recommendation, and view of management.

Material Weakness

Internal Control over Financial Reporting

Career and Technical Education #84.048 and Educational Stabilization Fund #84.425

2021-004 *Condition:* Certain amounts recorded on the Schedule of Expenditures of Federal Awards (SEFA) were incorrect and adjustments were needed.

Criteria: The Uniform Guidance requires the auditee to prepare an appropriate SEFA in accordance with Section 200.510.

Cause: The District does not have an adequate system of internal controls to identify all relevant and material adjustments necessary to ensure that the SEFA is in accordance with Uniform Guidance.

Effect: The lack of internal controls increases the risk of the SEFA being presented with material misstatements.

Repeat of Prior Year Finding: No

Auditor's Recommendation: We recommend the District implement a more thorough review and reconciliation process to ensure the SEFA is presented in accordance with the Uniform Guidance.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENT AUDIT

None reported.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Agriculture, Child Nutrition Cluster
CFDAs 10.555, 10.553, 10.559

Material Weakness

Internal Control over Allowable Costs

Noncompliance with Eligibility

Child Nutrition Cluster - Eligibility

2020-001 *Condition:* We noted instances where the District did not have proper applications on file for students who were receiving free and reduced meals under the Child Nutrition Cluster. The projected error did not result in questioned costs for this program.

Criteria: A strong system of internal control includes proper verification that all students receiving free and reduced benefits have proper documentation on file to receiving benefits.

Cause: Eligibility was not verified for students receiving free and reduced benefits.

Auditor's Recommendation: We recommend the District implement a process to verify students receiving free and reduced benefits have proper documentation before receiving benefits.

Current Status: This was not a relevant compliance requirement in the current year as all students received free meals.

CORRECTIVE ACTION PLAN (UNAUDITED)

Rapid City Area School District No. 51-4 respectfully submits the following Corrective Action Plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Casey Peterson, LTD
909 St. Joseph Street, Ste 101
Rapid City, SD 57701

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Internal Control over Payroll Procedures

2021-001 *Condition:* In several instances, the District did not have proper payroll agreements or addendums available for select employees working in the Distance Learning programs. Proper support was available for the first half of the year but not in the latter half of the year.

Criteria: A strong system of internal control includes proper maintenance of all payroll amendments and addendums for all periods in which employees are paid.

Auditor's Recommendation: We recommend the District implement a process to ensure that all employees have agreements and addendums for all periods worked.

Management's Response: Management is aware of this issue and is working on revisions to the internal process and control procedure to address the specific issue. Part of this issue is due to limitations in the District's contract issuing system. An additional system was developed to be able to electronically issue contract addendums to employees. However, due to extremely high turnover throughout the year, that system has not been implemented. As the District stabilizes its turnover, that system will be implemented and should address all issues with this finding. Kristen, Strissel, Director of Human Resources, is responsible for this corrective action. Implementation will be completed by June 30, 2022.

Material Weakness

Internal Control over Post-Secondary Inventory

2021-002 *Condition:* Bookstore inventory held in the Post Secondary Fund was not properly reconciled as of the end of the year which led to the inventory list needing to be recreated and a material adjustment to be made.

Criteria: A strong system of internal controls includes accurate recording, reconciliation, and presentation of the amounts and disclosures in the financial statements in accordance with GAAP.

Repeat of Prior Year Finding: No

Auditor's Recommendation: We recommend the District implement a more thorough review and reconciliation process for bookstore inventory throughout the year and during the year-end.

CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)

Management's Response: Management has implemented a more thorough inventory tracking and reconciliation process for the Bookstore operation. Bookstore staff have been trained on the importance of consistency for item descriptions and duplicate items have been removed from the POS system. Training manuals have been greatly expanded to detail multiple software operations and reduce manual overrides to the system. Reports within the point-of-sale system are being utilized on a weekly and monthly basis, and physical inventory counts are being conducted after each semester, as well as annually. Any adjustments to the POS system inventory will have prior review by the Director of Accounting. Changes to inventory values will be analyzed after each semester in a report provided to the Vice President of Finance & Operations. The changes have already been implemented, and Katherine Maxson, Director of Accounting, is responsible for these corrective actions.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Material Weakness

Internal Control over Allowable Costs

Education Stabilization Fund #84.425, Career and Technical Education #84.048, and Indian Education Grants to LEAs #84.060

2021-003 See 2021-001 for the condition, criteria, auditor's recommendation, and management's response.

Material Weakness

Internal Control over Financial Reporting

Career and Technical Education #84.048 and Education Stabilization Fund #84.425

2021-004 *Condition:* Certain amounts recorded on the Schedule of Expenditures of Federal Awards (SEFA) were incorrect and adjustments were needed.

Criteria: The Uniform Guidance requires the auditee to prepare an appropriate SEFA in accordance with Section 200.510.

Auditor's Recommendation: We recommend the District implement a more thorough review and reconciliation process to ensure the SEFA is presented in accordance with the Uniform Guidance.

Management's Response: Management has implemented a more thorough grant administration review and reconciliation process that will lead to an accurate SEFA report. WDT has moved to a new chart of accounts with the separation from RCAS and restructured the accounts to capture revenues and expenses pertaining to each federal grant at the start of an award. The grant administration duties have been assigned to the Director of Accounting instead of an accounting clerk. The Business Office has created an internal tracking system to compare and reconcile expected activity in each federal grant on a monthly basis. The SEFA will be prepared by the Director of Accounting and confirmed by the Vice President of Finance & Operations prior to being finalized. The changes have already been implemented, and Christine Goldsmith, Vice President of Finance & Operations, is responsible for these corrective actions.



CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)

If there are any questions regarding this plan, please contact Coy Sasse, Director of Business and Support Services, at (605) 394-4026.

Sincerely,

Coy Sasse, Director of Business and Support Services
Rapid City Area School District No. 51-4
Pennington County, South Dakota

**Rapid City Area School District No. 51-4
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Assistance Listing	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<i>Child Nutrition Cluster:</i>				
<u>U.S. Department of Agriculture</u>				
Non-Cash Assistance (Commodities):				
10 . 555	National School Lunch Program (Note 3 & 4)	South Dakota Department of Education	2021G-CANS51004	\$ 452,313
Cash Assistance:				
10 . 553	School Breakfast Program (Note 3 & 4)	South Dakota Department of Education	2021G-CANS51004	30,344
10 . 555	National School Lunch Program (Note 3 & 4)	South Dakota Department of Education	2021G-CANS51004	457,514
10 . 555	National School Lunch Program (Note 3 & 4)	South Dakota Department of Education	2021G-CANS51004	10,517
10 . 559	Summer Food Service Program for Children (Note 3 & 4)	South Dakota Department of Education	NA	4,603,975
Total Child Nutrition Cluster				<u>5,554,663</u>
<i>Forest Service Schools and Roads Cluster:</i>				
<u>U.S. Department of Agriculture</u>				
10 . 665	Schools and Roads - Grants to States (Note 4)	Pennington County	NA	26,455
Total Forest Service Schools and Roads Cluster				<u>26,455</u>
<i>Student Financial Assistance Programs Cluster:</i>				
<u>U.S. Department of Education</u>				
84 . 007	Federal Supplemental Educational Opportunity Grants			75,259
84 . 033	Federal Work Study Programs			27,054
84 . 063	Federal PELL Grant Program			2,230,990
84 . 268	Federal Direct Student Loans			4,950,061
Total Student Financial Assistance Program Cluster				<u>7,283,364</u>
<i>Special Education Cluster:</i>				
<u>U.S. Department of Education</u>				
84 . 027	Special Education - Grants to States	South Dakota Department of Education	2021G-IDEA51004	3,511,119
84 . 027	Special Education - Grants to States	South Dakota Department of Education	2021G-IDEA51004	40,449
84 . 173	Special Education - Preschool Grants	South Dakota Department of Education	2021G-IDEA51004	84,573
Total Special Education Cluster				<u>3,636,141</u>

See independent auditor's report.

Assistance Listing	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<i>Indian Education Cluster:</i>				
<u>U.S. Department of Education</u>				
84 . 060	Indian Education Grants to Local Education Agencies (Note 3)			517,911
	Total Indian Education Cluster			<u>517,911</u>
<i>Other Programs:</i>				
<u>U.S. Department of Agriculture</u>				
10 . 558	Child and Adult Care Food Program	South Dakota Department of Education	2021G-CACFP51004	66,831
10 . 582	Fresh Fruit and Vegetable Program (Note 3)	South Dakota Department of Education	2021G-FFVP51004	249,209
10 . 170	Specialty Crop Block Grant Program	South Dakota Department of Education	NA	6,950
	Total Department of Agriculture			<u>322,990</u>
<u>U.S. Department of Defense</u>				
12 . 000	Reserve Officer Training Corp			35,604
	Total Department of Defense			<u>35,604</u>
<u>U.S. Department of Interior</u>				
15 . 227	Distribution of Receipts to State and Local Governments (Note 4)	South Dakota Department of Education	NA	1,564
	Total Department of Interior			<u>1,564</u>
<u>U.S. Department of Treasury</u>				
21 . 019	Coronavirus Relief Funds (Note 3)	South Dakota Department of Education	2021G-295	6,345,000
	Total Department of Treasury			<u>6,345,000</u>
<u>National Foundation on the Arts and Humanities</u>				
45 . 025	Promotion of the Arts Partnership Agreements	South Dakota Department of Tourism	NA	2,400
	Total National Foundation on the Arts and Humanities			<u>2,400</u>

See independent auditor's report.

Rapid City Area School District No. 51-4
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

Assistance Listing	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<u>U.S. Department of Education</u>				
84 . 010	Title I Grants to Local Educational Agencies	South Dakota Department of Education	2021G-CA51004	4,888,028
84 . 010	Title I Grants to Local Educational Agencies	South Dakota Department of Education	2021G-CA51004	194,381
84 . 010A	Title I Grants to Local Educational Agencies	South Dakota Department of Education	2021G-100351004	228,282
84 . 048	Career and Technical Education - Basic Grants to States (Note 3)	South Dakota Department of Education	2021G-069	15,000
84 . 048	Career and Technical Education - Basic Grants to States (Note 3)	South Dakota Department of Education	2022G-PERK800600	452,477
84 . 048	Career and Technical Education - Basic Grants to States (Note 3)	South Dakota Department of Education	2021G-068	27,877
84 . 048	Career and Technical Education - Basic Grants to States (Note 3)	South Dakota Department of Education	2022G-PERK800601	237,172
84 . 048	Career and Technical Education - Basic Grants to States (Note 3)	South Dakota Department of Education	2020G-CP51004	147,390
84 . 196	Education for Homeless Children and Youth	South Dakota Department of Education	2021G-MVH51004	93,632
84 . 323A	Special Education- State Personnel Development Grant	South Dakota Department of Education	2018G-633	187,299
84 . 365A	English Language Acquisition State Grants	South Dakota Department of Education	2021G-LEP51004	12,838
84 . 365A	Title III Immigrant	South Dakota Department of Education	2021G-TIIIM51004	7,184
84 . 367	Supporting Effective Instruction State Grant	South Dakota Department of Education	2021G-CA51004	1,026,169
84 . 424A	Student Support and Academic Enrichment Program	South Dakota Department of Education	2021G-CA51004	622,770
84 . 377A	School Improvement Grants	South Dakota Department of Education	NA	<u>97,319</u>
Education Stabilization Funds				
84 . 425D	CARES ESSER (Note 3)	South Dakota Department of Education	2021G-CARES51004	4,352,747
84 . 425F	HEERF Institutional Portion (Note 3)			848,010
84 . 425E	HEERF Student Aid Portion (Note 3)			432,840
84 . 425M	HEERF Strengthening Institutions Program (SIP) (Note 3)			<u>50,746</u>
Total Education Stabilization Funds				<u>5,684,343</u>
Total Department of Education				<u>13,922,161</u>

See independent auditor's report.

Assistance Listing	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
U.S. Department of Health and Human Services				
93 . 107	Area Health Education Centers Point of Service Maintenance and Enhancement Awards			375,832
93 . 498	Provider Relief Fund			2,200
93 . 913	Grants to States for Operation of Offices or Rural Health	South Dakota Department of Health	22SC090037	5,996
Total Department of Health and Human Services				<u>384,028</u>
Total Federal Financial Assistance				<u>\$ 38,032,281</u>

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2: The District has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: This represents a major federal financial assistance program.

NOTE 4: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 5: Loans guaranteed under federal guarantee loan programs and issued to parents of eligible students or eligible students attending this vocational technical school had the following values:

Federal PLUS Loans	\$	112,278
Stafford Loans		1,941,759
Unsubsidized Stafford Loans		<u>2,896,024</u>
Total	\$	<u>4,950,061</u>

NOTE 6: The District has no amounts passed through to subrecipients.

See independent auditor's report.

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OTHER INFORMATION

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Rapid City Area School District No. 51-4
School District Officials
June 30, 2021

BOARD MEMBERS

Curt Pochardt, Board President
Matt Stephens, 1st Vice President
Jim Hansen, 2nd Vice President
Clay Colombe
Amy Policky
Kate Thomas
Kara Flynn

SUPERINTENDENT

Dr. Lori Simon

DIRECTOR OF BUSINESS AND SUPPORT SERVICES

Coy Sasse

See independent auditor's report.