

**RAPID CITY AREA
SCHOOL DISTRICT NO. 51-4**

INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2020

CASEY  **PETERSON**
Leading the Way.

RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

Rapid City Area School District No. 51-4
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June 30, 2020

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

School Board
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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rapid City Area School District No. 51-4's basic financial statements, and have issued our report thereon dated February 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rapid City Area School District No. 51-4'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 Rapid City Area School District No. 51-4's internal control. Accordingly, we do not express an opinion on the effectiveness of Rapid City Area School District No. 51-4'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 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rapid City Area School District No. 51-4'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. We consider item 2020-001 described in the accompanying Schedule of Findings and Questioned Costs to be noncompliance.

District's Response to Findings

Rapid City Area School District No. 51-4'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
February 8, 2021

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 compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rapid City Area School District No. 51-4's major federal programs for the year ended June 30, 2020. Rapid City Area School District No. 51-4'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 Rapid City Area School District No. 51-4'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 Rapid City Area School District No. 51-4'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 Rapid City Area School District No. 51-4's compliance.

Opinion on Each Major Federal Program

In our opinion, Rapid City Area School District No. 51-4, 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, 2020.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

Rapid City Area School District No. 51-4's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Rapid City Area School District No. 51-4's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Rapid City Area School District No. 51-4 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 Rapid City Area School District No. 51-4'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 Rapid City Area School District No. 51-4'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 and therefore, material weakness or significant deficiencies may exist that have not been identified. We consider item 2020-001 described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness in internal control over compliance.

Rapid City Area School District No. 51-4's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Rapid City Area School District No. 51-4'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.

Casey Peterson, Ltd.

Rapid City, South Dakota

February 8, 2021

Rapid City Area School District No. 51-4
Schedule of Findings and Questioned Costs
June 30, 2020

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. No 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. An instance of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, was 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. A material weakness in internal control related to major federal award programs was 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>CFDA Numbers</u>	<u>Name of Federal Program</u>
1. 84.367	Supporting Effective Instruction State Grants
2. 84.010	Title I Grants to Local Educational Agencies
	<u>Special Education Cluster</u>
3. 84.027	Special Education - Grants to States
4. 84.173	Special Education - Preschool Grants
	<u>Student Financial Assistance Programs Cluster</u>
5. 84.007	Federal Supplemental Educational Opportunity Grants
6. 84.033	Federal Work-Study Programs
7. 84.063	Federal PELL Grant Program
8. 84.268	Federal Direct Student Loans
	<u>Child Nutrition Cluster</u>
9. 10.553	School Breakfast Program
10. 10.555	National School Lunch Program
11. 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 \$750,000.
- 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, 2020

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.

Effect: Students improperly received free and reduced benefits causing the District to not be in compliance with the requirements of the grant.

Repeat of Prior Finding: No.

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

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

Material Weakness

Internal Control over Financial Reporting

2019-001 *Condition:* We noted approvals of change in status and employment forms are maintained electronically. Approvals of changes are not documented on the forms themselves, but rather through an electronic routing process. The electronic approvals were not provided by the District for our testing. We noted two instances of changes to employment status forms where documentation of account coding for wages did not agree with actual payroll distribution codes. We noted a change in employment status for one employee selected for testing could not be located.

Criteria: A strong system of internal control includes proper review and approval of account coding and documentation of authorized changes to wage rates or account coding.

Auditor's Recommendation: We recommend only the budget authority for each program or department enter or change account code numbers. If information is not entered or is incorrect, the budget authority should provide corrected information.

Current Status: This has been corrected in the current year.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Material Weakness

Internal Control over Allowable Costs

All Department of Education Major Federal Programs - Payroll

2019-002: See 2019-001 for condition, auditor's recommendation, and current status.

Material Weakness

Internal Control over Allowable Costs

Special Education Cluster

2019-003 *Condition:* We noted three instances where time and effort documentation did not agree with actual payments to individuals. The District was able to provide other documentation supporting the time and effort of these individuals after-the-fact.

Criteria: Per 2 CFR 200.430, charges to federal awards for salaries and wages must be based on records that accurately reflect work performed. The records must: be supported by a system of internal controls that provides reasonable assurance the charges are accurate, allowable, and properly allocated; are incorporated into the official records for the non-federal entity; reasonably reflect total activity for which the employee is compensated by the non-federal entity, not to exceed 100% of the compensated activities; encompass both federal-assisted and all other activities compensated by the non-federal entity on an integrated basis; comply with the established accounting policies and practices of the non-federal entity; and support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works for more than one federal award.

Auditor's Recommendation: We recommend only the budget authority for each program or department enter or change account code numbers. If information is not entered or is incorrect, the budget authority should provide corrected information.

Current Status: This has been corrected in the current year.



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, 2020.

Name and address of independent public accounting firm:

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

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.

Repeat of Prior Finding: No.

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

Management's Response: Management has implemented an internal process to identify students moving between CEP schools (meals at no charge for all students) and non-CEP schools. This report will be run daily, and Management will notify families within 10 days of transfer that they have the option to complete a Free and Reduced Priced Meals application. This process will also ensure students are accurately identified in the electronic system. The necessary technology was put into place in October 2020, however, will not be used until school year 2021-2022, as students eat at no charge at all schools currently under the Summer Food Service Program. Management is also revising the internal process to ensure students are accurately identified based on eligibility status after student rollover. This corrective action will be implemented upon the next student rollover, July 2021 and on a monthly basis moving forward. The Student Nutrition Manager is responsible for these corrective actions.

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 accompanying 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 as of and for the year ended June 30, 2020, 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rapid City Area School District No. 51-4, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules, 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 Notes to the Required Supplementary Information on pages 15 - 26, 86 - 93, 94, 95, 96, and 97 - 98 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 Rapid City Area School District No. 51-4'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 list of District Officials and Corrective Action Plan 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021 on our consideration of Rapid City Area School District No. 51-4'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 the Rapid City Area School District No. 51-4's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapid City Area School District No. 51-4's internal control over financial reporting and compliance.

Casey Peterson, LTD.

Casey Peterson, Ltd.

Rapid City, South Dakota

February 8, 2021

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

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, 2020. 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 decreased \$10,468,633, or 6.38%. This is mainly due to expenses in excess of revenues. During the year, Cash and Cash Equivalents, Cash Designated for Special Purposes, Restricted Cash and Investments increased \$711,942, or 1.07%.
- During the year, the District's unrestricted revenues generated from taxes and other sources increased by \$2,174,716 or 1.66%. The District's net expenses before general revenues increased \$7,594,631 or 5.58%.
- The increase in District revenue is due primarily to an increase in property taxes. The increased net expenses were primarily due to increased governmental activities net expense in the areas of instruction and non-programmed charges.
- The District's long-term debt decreased by \$1,166,135, or 1.43%, due to the payment of capital outlay certificates.
- Total Governmental Fund Balances increased \$5,504,928 or 11.22%, primarily due to revenues in excess of expenses. Individual Fund Balance changes are as follows: General Fund decreased \$2,907,699, or 20.05%; Capital Outlay Fund increased \$4,663,975 or 21.69%, Special Education Fund increased \$2,123,496, or 38.84%; Post-Secondary Fund increased \$1,216,070, or 26.10%; and, Debt Service Fund increased \$409,086, or 13.97%.
- The District's Food Service Fund experienced a decrease in net position of \$1,965,613 or 88.55%. Total non-operating revenue was down 21%. Revenues from food sales were down 29.8% and federal cash reimbursements from free and reduced student meals were down 20.31%. Operating expenses were down 11%.
- The Internal Service Fund (Health Insurance Trust) experienced a \$1,582,718 decrease in net position. Total revenue decreased by 8%. Total expenditures were up \$88,779.

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

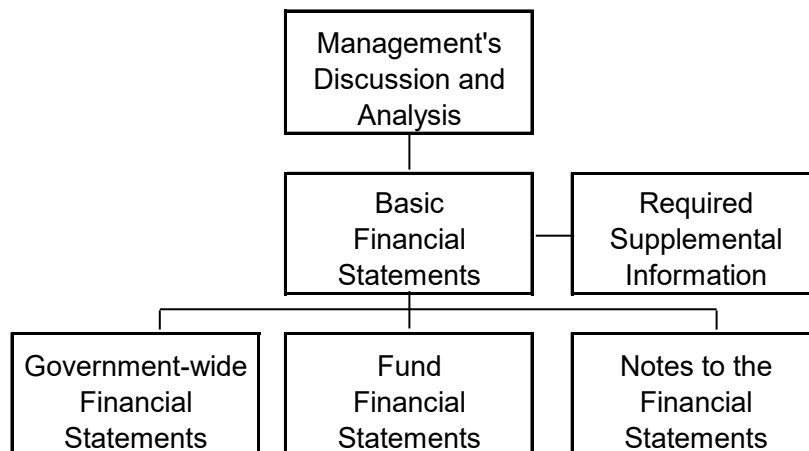
This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (government-wide and fund financial statements), and the required supplementary information. The basic financial statements include two kinds of statements that present different 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, 2020**

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, 2020

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, 2020

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 (one type of proprietary 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 year's 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, 2020**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The District's combined net position decreased 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
	2019	2020	2019	2020	2019	2020	2019 - 2020
Current and Other Assets	\$ 106,233,121	\$ 109,730,870	\$ 1,978,958	\$ 399,419	\$ 108,212,079	\$ 110,130,289	1.77%
Capital Assets (Net of Depreciation)	154,678,532	151,691,391	909,237	875,080	155,587,769	152,566,471	-1.94%
Total Assets	260,911,653	261,422,261	2,888,195	1,274,499	263,799,848	262,696,760	-0.42%
Deferred Outflows of Resources	31,763,535	23,189,616	966,521	690,082	32,730,056	23,879,698	-27.04%
Total Assets and Deferred Outflows	292,675,188	284,611,877	3,854,716	1,964,581	296,529,904	286,576,458	-3.36%
Long-term Liabilities Outstanding	80,980,743	79,709,152	360,905	466,361	81,341,648	80,175,513	-1.43%
Other Liabilities	7,278,537	5,881,880	164,252	201,399	7,442,789	6,083,279	-18.27%
Total Liabilities	88,259,280	85,591,032	525,157	667,760	88,784,437	86,258,792	-2.84%
Deferred Inflows of Resources	43,472,401	46,481,259	242,683	274,657	43,715,084	46,755,916	6.96%
Net Position							
Net Investment in Capital Assets	90,192,354	91,718,330	909,237	875,080	91,101,591	92,593,410	1.64%
Restricted	56,870,796	53,758,380	726,774	370,173	57,597,570	54,128,553	-6.02%
Unrestricted	13,880,357	7,062,876	1,450,865	(223,089)	15,331,222	6,839,787	-55.39%
Total Net Position	\$ 160,943,507	\$ 152,539,586	\$ 3,086,876	\$ 1,022,164	\$ 164,030,383	\$ 153,561,750	-6.38%

Recall that the Statement of Net Position provides the perspective of the District as a whole. The most significant changes are a decrease in deferred outflows of resources of \$8,850,358, or 27%, and a decrease in other liabilities outstanding of \$1,359,510, or 18%

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 and liabilities is its net position.

Changes in Net Position

The District's revenues totaled \$162,287,203. (See Table A-2). Approximately 46% of the District's revenue comes from property and other taxes, with 33% 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, 2020**

The District's expenditures totaled \$172,755,836. 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 for support services. (See Figure A-4).

For the year ended June 30, 2020, total expenses surpassed revenues by \$10,468,633.

SOURCES OF REVENUES FOR FISCAL YEAR 2020

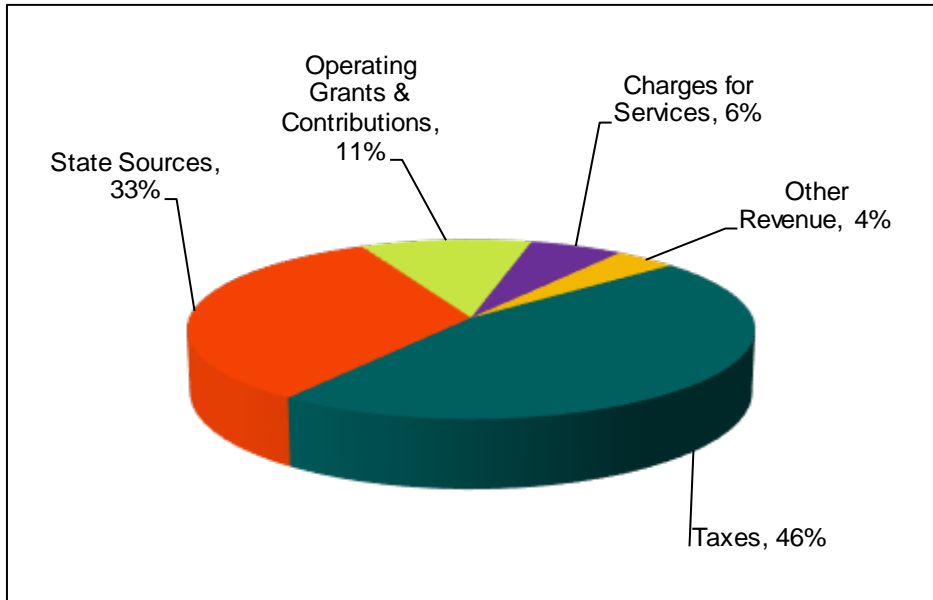


Figure A-3

FUNCTIONAL EXPENSES FOR FISCAL YEAR 2020

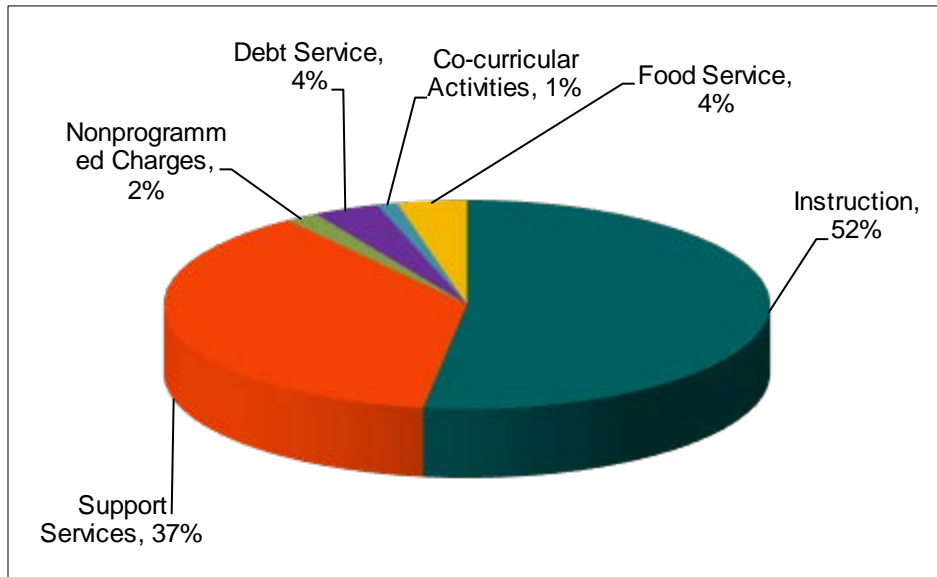


Figure A-4

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

Governmental Activities

Table A-2 and the narrative that follows, shows the changes in net position for fiscal year 2020.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2020	2019	2020	2019	2020	2019 - 2020
Revenues							
Program Revenues							
Charges for Services	\$ 8,368,281	\$ 8,966,825	\$ 2,111,017	\$ 1,566,709	\$ 10,479,298	\$ 10,533,534	0.52%
Operating Grants and Contributions	13,066,962	15,214,344	4,223,560	3,335,041	17,290,522	18,549,385	7.28%
Capital Grants and Contributions	-	-	7,070	18,683	7,070	18,683	100.00%
General Revenues							
Taxes	70,275,808	74,369,765	-	-	70,275,808	74,369,765	5.83%
Revenue State Sources	54,511,917	53,067,455	-	-	54,511,917	53,067,455	-2.65%
Revenue Federal Sources	298,498	31,537	-	-	298,498	31,537	-89.43%
Revenue Intermediate Sources	2,815,147	2,648,527	-	-	2,815,147	2,648,527	-5.92%
Revenue Local Sources	1,704,002	1,729,491	17,508	28,424	1,721,510	1,757,915	2.11%
Gain (Loss) on Disposal of Assets	(302,456)	354,101	(2,963)	852	(305,419)	354,953	216.22%
Unrestricted Earnings	1,666,437	950,608	26,987	4,841	1,693,424	955,449	-43.58%
Total Revenues	152,404,596	157,332,653	6,383,179	4,954,550	158,787,775	162,287,203	2.20%
Expenses							
Instruction	85,564,602	89,893,422	-	-	85,564,602	89,893,422	5.06%
Support Services	61,558,542	64,604,009	-	-	61,558,542	64,604,009	4.95%
Community Services	487,765	298,264	-	-	487,765	298,264	-38.85%
Nonprogrammed Charges	3,016,684	3,010,451	-	-	3,016,684	3,010,451	-0.21%
Debt Service	2,917,519	6,060,436	-	-	2,917,519	6,060,436	107.73%
Co-curricular Activities	2,536,390	1,869,992	-	-	2,536,390	1,869,992	-26.27%
Food Service	-	-	7,281,170	6,579,248	7,281,170	6,579,248	-9.64%
Preschool	-	-	473,821	440,014	473,821	440,014	-9.90%
Total Expenses	156,081,502	165,736,574	7,754,991	7,019,262	163,836,493	172,755,836	5.44%
Excess (Deficiency) Before Special							
Items and Transfers	(3,676,906)	(8,403,921)	(1,371,812)	(2,064,712)	(5,048,718)	(10,468,633)	107.35%
Transfers	-	-	-	-	-	-	100.00%
Change in Net Position	\$ (3,676,906)	\$ (8,403,921)	\$ (1,371,812)	\$ (2,064,712)	\$ (5,048,718)	\$ (10,468,633)	107.35%

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

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 \$54,563,125, an increase of \$5,504,928 compared to the prior year. \$8,877,018 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) \$2,610,319, assigned for next year's budget or special purposes \$373,488 or restricted to the specific purpose of the fund \$42,367,263.

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 \$8,877,018, while the total fund balance was \$11,595,637. 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 9% of total general fund expenditures, while total fund balance represents 12% of that same amount.

Business-type Activities

Revenues of the District's business-type activities decreased by 22% to \$4,954,550, and expenses decreased by 9% to \$7,019,262.

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 11, 2019. As a matter of practice, over the course of the year, it was revised five 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 2019-20 fiscal year.

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2020, the District's governmental activities had invested \$151,691,391 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 decrease (including additions and deletions) of \$2,987,141.

**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
	2019	2020	2019	2020	2019 - 2020	2019 - 2020
Land	\$ 2,949,845	\$ 2,949,845	\$ -	\$ -	\$ -	0.00%
Buildings	131,240,370	128,157,132	-	-	(3,083,238)	-2.35%
Improvements	7,148,710	6,673,449	-	-	(475,261)	-6.65%
Equipment	11,542,851	11,750,249	909,237	875,080	173,241	1.39%
Assets Held for Sale	1,413,154	1,413,154	-	-	-	0.00%
Construction in Progress	383,602	747,562	-	-	363,960	94.88%
Total Capital Assets (Net)	\$ 154,678,532	\$ 151,691,391	\$ 909,237	\$ 875,080	\$ (3,021,298)	-1.94%

LONG-TERM DEBT

At year-end, the District had \$59,973,061 in Capital Outlay Certificates and other long-term obligations of \$19,736,091. This is a decrease of 1% 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
	2019	2020	2019	2020	2019 - 2020	2019 - 2020
Compensated Absences	\$ 9,213,151	\$ 10,896,831	\$ 243,291	\$ 271,552	\$ 1,711,941	18.10%
Accrued Leave Payable	122,868	379,124	1,364	15,541	270,433	217.68%
Early Retirement	2,695,478	1,626,211	-	-	(1,069,267)	-39.67%
OPEB Liability	4,447,756	6,833,925	116,250	179,268	2,449,187	53.66%
Energy Upgrade Loan	15,313	-	-	-	(15,313)	-100.00%
Capital Outlay Certificates	64,486,177	59,973,061	-	-	(4,513,116)	-7.00%
Total Outstanding Debt and Obligations	\$ 80,980,743	\$ 79,709,152	\$ 360,905	\$ 466,361	\$ (1,166,135)	-1.43%

The District retired \$17,435,000 of capital outlay certificates relating to capital projects and issued \$11,940,000 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 increase is due to an increase 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, 2020**

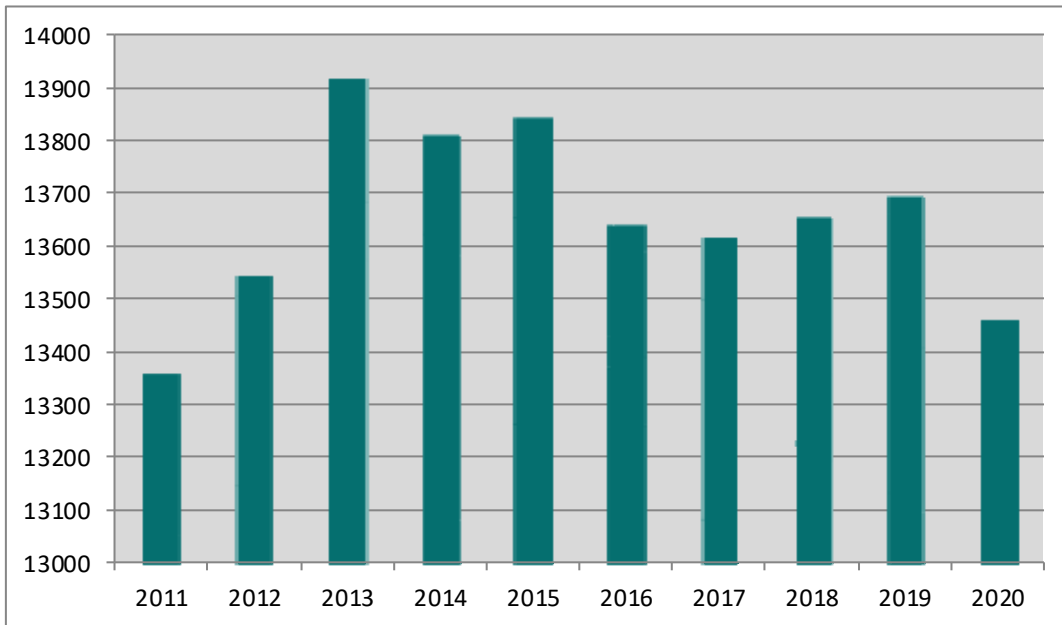
The District also maintains an early retirement plan, which allows certified staff meeting certain qualifications, to retire early and receive a percentage of their last year’s salary spread over three to five years. The decrease this year is due to a phase-out of this program. The remaining balance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

The energy upgrade loan for Western Dakota Tech was paid in full in 2019-20.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s current net position decreased 6% from FY 2019 to FY 2020 due to expenses in excess of revenues. Enrollment has been flat.

One of the primary sources of revenue to the District is an allocation received from the State of South Dakota. The state aid funding formula for the year ended June 30, 2020 is based on a target statewide average salary and benefits for teachers of \$64,965, 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 \$64,965 and an additional 33.06% for overhead costs. Local effort is applied against this total need amount to determine the state aid.



Enrollment has declined 1.29% over the past five years and decreased by 3.3% from 2019-20 to 2020-21. Contributing to the decline from 2018-19 to 2019-20 is the increase in open enrollment out of the district and in 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.

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020**

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 Mary R. Duncan, CPA, CGMA, Accounting Manager, Rapid City Area School District, 625 9th Street, Rapid City, SD 57701.

BASIC FINANCIAL STATEMENTS

Rapid City Area School District No. 51-4
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 40,113,447	\$ 81,675	\$ 40,195,122
Cash Designated for Special Purposes	373,455	-	373,455
Investments	23,006,225	-	23,006,225
Taxes Receivable	35,824,209	-	35,824,209
Inventories	482,337	143,190	625,527
Internal Balances	37,777	(37,777)	-
Other Assets	6,057,037	199,995	6,257,032
	<u>105,894,487</u>	<u>387,083</u>	<u>106,281,570</u>
Capital Assets:			
Land	2,949,845	-	2,949,845
Buildings	193,629,783	-	193,629,783
Improvements	12,148,799	-	12,148,799
Equipment	33,607,751	2,424,269	36,032,020
Construction in Progress	747,562	-	747,562
Assets Held for Sale	1,413,154	-	1,413,154
Less: Accumulated Depreciation	<u>(92,805,503)</u>	<u>(1,549,189)</u>	<u>(94,354,692)</u>
Total Capital Assets, Net of Depreciation	<u>151,691,391</u>	<u>875,080</u>	<u>152,566,471</u>
Restricted Assets:			
Net Pension Asset	409,035	12,336	421,371
Cash Restricted for Debt Service	3,336,807	-	3,336,807
Cash Restricted for Healthcare	<u>90,541</u>	<u>-</u>	<u>90,541</u>
Total Restricted Assets	<u>3,836,383</u>	<u>12,336</u>	<u>3,848,719</u>
TOTAL ASSETS	<u>261,422,261</u>	<u>1,274,499</u>	<u>262,696,760</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	20,883,226	629,800	21,513,026
OPEB-related Deferred Outflows	<u>2,306,390</u>	<u>60,282</u>	<u>2,366,672</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>23,189,616</u>	<u>690,082</u>	<u>23,879,698</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	3,272,340	18,150	3,290,490
Contracts Payables and Payroll Liabilities	820,986	43,773	864,759
Incurred But Not Reported	1,201,438	-	1,201,438
Amounts Held for Others	54,965	-	54,965
Accrued Interest Payable	325,132	-	325,132
Unearned Revenue	207,019	139,476	346,495
Long-term Liabilities:			
Due Within One Year	5,957,277	38,876	5,996,153
Due in More than One Year	<u>73,751,875</u>	<u>427,485</u>	<u>74,179,360</u>
TOTAL LIABILITIES	<u>85,591,032</u>	<u>667,760</u>	<u>86,258,792</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	37,371,675	-	37,371,675
OPEB-related Deferred Inflows	91,719	2,694	94,413
Pension-related Deferred Inflows	<u>9,017,865</u>	<u>271,963</u>	<u>9,289,828</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>46,481,259</u>	<u>274,657</u>	<u>46,755,916</u>
NET POSITION			
Net Investment in Capital Assets	91,718,330	875,080	92,593,410
Restricted:			
Capital Outlay	27,030,650	-	27,030,650
Proportionate Share of Net Pension Asset	12,274,396	370,173	12,644,569
Special Education	6,380,727	-	6,380,727
Post Secondary Education	4,735,800	-	4,735,800
Debt Service	3,336,807	-	3,336,807
Unrestricted	<u>7,062,876</u>	<u>(223,089)</u>	<u>6,839,787</u>
TOTAL NET POSITION	<u>\$ 152,539,586</u>	<u>\$ 1,022,164</u>	<u>\$ 153,561,750</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, 2020

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 89,893,422	\$ 7,681,854
Support Services	64,604,009	687,868
Community Services	298,264	-
Cocurricular Activities	3,010,451	597,103
Nonprogrammed Charges	6,060,436	-
Interest on Long-term Debt *	1,869,992	-
Total Governmental Activities	165,736,574	8,966,825
BUSINESS-TYPE ACTIVITIES		
Food Service	6,579,248	1,133,269
Preschool	440,014	433,440
Total Business-type Activities	7,019,262	1,566,709
Total Primary Government	\$ 172,755,836	\$ 10,533,534

* 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
\$ 8,550,288	\$ -	\$ (73,661,280)	\$ -	\$ (73,661,280)
6,115,188	-	(57,800,953)	-	(57,800,953)
116,928	-	(181,336)	-	(181,336)
-	-	(2,413,348)	-	(2,413,348)
431,940	-	(5,628,496)	-	(5,628,496)
-	-	(1,869,992)	-	(1,869,992)
<u>15,214,344</u>	<u>-</u>	<u>(141,555,405)</u>	<u>-</u>	<u>(141,555,405)</u>
3,335,041	18,683	-	(2,092,255)	(2,092,255)
-	-	-	(6,574)	(6,574)
<u>3,335,041</u>	<u>18,683</u>	<u>-</u>	<u>(2,098,829)</u>	<u>(2,098,829)</u>
<u>\$ 18,549,385</u>	<u>\$ 18,683</u>	<u>(141,555,405)</u>	<u>(2,098,829)</u>	<u>(143,654,234)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes		73,239,269	-	73,239,269
Gross Receipts Taxes		1,130,496	-	1,130,496
Revenue from State Sources:				
State Aid		42,216,068	-	42,216,068
Other		10,851,387	-	10,851,387
Revenue from Federal Sources		31,537	-	31,537
Revenue from Intermediate Sources		2,648,527	-	2,648,527
Unrestricted Investment Earnings		694,089	4,841	698,930
Interest Rebate		256,519	-	256,519
Gain on Disposal of Capital Assets		354,101	852	354,953
Other General Revenues		1,729,491	28,424	1,757,915
Total General Revenues		<u>133,151,484</u>	<u>34,117</u>	<u>133,185,601</u>
CHANGE IN NET POSITION		(8,403,921)	(2,064,712)	(10,468,633)
NET POSITION - BEGINNING		<u>160,943,507</u>	<u>3,086,876</u>	<u>164,030,383</u>
NET POSITION - ENDING		<u>\$ 152,539,586</u>	<u>\$ 1,022,164</u>	<u>\$ 153,561,750</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, 2020

	General Fund	Capital Outlay Fund	Special Education Fund
ASSETS			
Cash and Cash Equivalents	\$ 4,835,487	\$ 15,556,958	\$ 7,682,685
Cash Designated for Special Purposes	373,455	-	-
Certificates of Deposit	5,229,593	12,548,367	-
Taxes Receivable, Current	18,326,322	11,072,401	6,279,186
Taxes Receivable, Delinquent	87,971	38,045	20,284
Accounts Receivable, Net	110,146	134,333	6,703
Due from Other Funds	-	-	755
Due from Other Governments	2,386,406	727,921	219,260
Inventory of Supplies	328,287	-	985
Inventory of Stores Purchased for Resale	-	-	-
Prepaid Expenses	1,682,280	82,001	115,600
Restricted Assets:			
Cash Restricted for Debt Service	-	-	-
TOTAL ASSETS	<u>\$ 33,359,947</u>	<u>\$ 40,160,026</u>	<u>\$ 14,325,458</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>
\$ 5,925,910	\$ -	\$ 34,001,040
-	-	373,455
-	-	17,777,960
-	-	35,677,909
-	-	146,300
85,924	-	337,106
1,039	-	1,794
164,870	-	3,498,457
-	-	329,272
153,065	-	153,065
248,574	-	2,128,455
-	3,336,807	3,336,807
\$ 6,579,382	\$ 3,336,807	\$ 97,761,620

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, 2020

	<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	\$ 813,221	\$ 1,509,803	\$ 68,313
Due to Other Funds	33,306	-	103
Contracts Payable	438,104	-	23,312
Payroll Deductions and Employer Matching Payable	228,373	-	10,413
Unearned Revenue	176,301	-	-
Total Liabilities	<u>1,689,305</u>	<u>1,509,803</u>	<u>102,141</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Future Periods	19,162,612	11,619,573	6,589,490
Property Taxes Received Outside the Period of Availability	-	59,238	32,202
Grants/Reimbursements Received Outside the Period of Availability	912,393	807,195	10,213
Total Deferred Inflows of Resources	<u>20,075,005</u>	<u>12,486,006</u>	<u>6,631,905</u>
Fund Balances:			
Nonspendable:			
Inventory	327,814	-	985
Prepaid Expenses	1,682,280	82,001	115,600
Restricted:			
For Capital Outlay	-	26,082,216	-
For Special Education	-	-	7,474,827
For Post Secondary Education	-	-	-
For Debt Service	-	-	-
Assigned:			
For Special Purposes	373,455	-	-
Unassigned	8,877,018	-	-
Total Fund Balances	<u>11,595,637</u>	<u>26,164,217</u>	<u>7,591,412</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 33,359,947</u></u>	<u><u>\$ 40,160,026</u></u>	<u><u>\$ 14,325,458</u></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>
\$ 534,207	\$ -	\$ 2,925,544
-	-	33,409
80,594	-	542,010
40,190	-	278,976
30,718	-	207,019
<u>685,709</u>	<u>-</u>	<u>3,986,958</u>
-	-	37,371,675
-	-	91,440
<u>18,621</u>	<u>-</u>	<u>1,748,422</u>
<u>18,621</u>	<u>-</u>	<u>39,211,537</u>
153,065	-	481,864
248,574	-	2,128,455
-	-	26,082,216
-	-	7,474,827
5,473,413	-	5,473,413
-	3,336,807	3,336,807
-	-	373,455
<u>-</u>	<u>-</u>	<u>8,877,018</u>
<u>5,875,052</u>	<u>3,336,807</u>	<u>54,563,125</u>
<u>\$ 6,579,382</u>	<u>\$ 3,336,807</u>	<u>\$ 97,761,620</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, 2020**

Total Fund Balances - Governmental Funds	\$	54,563,125
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.		151,691,391
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 consist of:		
General Obligation Debt, Net of Unamortized Premiums		(59,973,061)
Compensated Absences		(10,896,831)
Early Retirement Benefits		(1,626,211)
Accrued Leave Payable		(379,124)
Other Post Employment Benefits (OPEB)		(6,833,925)
Accrued Interest Payable		(325,132)
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.		1,839,862
Pension-related balances reported in the governmental activities are not available financial resources and therefore are not reported in the funds.		
Net Pension Asset		409,035
Pension-related Deferred Outflows		20,883,226
Pension-related Deferred Inflows		(9,017,865)
OPEB-related balances are components of the Total OPEB Liability and are not reported in the funds.		
OPEB-related Deferred Outflows		2,306,390
OPEB-related Deferred Inflows		(91,719)
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.		9,990,425
Net Position - Governmental Activities	\$	152,539,586

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, 2020

	General Fund	Capital Outlay Fund	Special Education Fund
REVENUES			
Revenue from Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 19,170,082	\$ 11,621,777	\$ 6,590,714
Prior Years' Ad Valorem	18,623,325	11,120,762	6,106,171
Gross Receipts Taxes	1,120,171	-	-
Tax Deed Revenue	390	162	92
Penalties and Interest on Taxes	54,914	28,728	15,563
Tuition and Fees			
Local Sources	49,518	-	-
Support Services	450,040	-	149,376
Post Secondary	-	-	-
Cocurricular Activities	212,644	-	-
Earnings on Deposits	186,473	386,214	45,818
Restricted Operating Contributions	535,227	-	-
Other Local Revenue	443,559	43,703	3,704
Total Revenue from Local Sources	<u>40,846,343</u>	<u>23,201,346</u>	<u>12,911,438</u>
Revenue from Intermediate Sources:			
County Sources	646,173	-	-
Revenue in Lieu of Taxes	686,504	279,981	154,739
Revenue for Joint Facilities	172,029	709,101	-
Total Revenue from Intermediate Sources	<u>1,504,706</u>	<u>989,082</u>	<u>154,739</u>
Revenue from State Sources:			
Unrestricted Grants-in-aid	41,941,397	-	-
Restricted Grants-in-aid	-	-	7,532,363
Other State Revenue	249,916	76,013	-
Total Revenue from State Sources	<u>42,191,313</u>	<u>76,013</u>	<u>7,532,363</u>
Revenue from Federal Sources:			
Unrestricted Grants-in-aid	31,537	-	-
Restricted Grants-in-aid	9,515,241	-	3,547,518
Other Federal Revenue	-	200,000	-
Total Revenue from Federal Sources	<u>9,546,778</u>	<u>200,000</u>	<u>3,547,518</u>
TOTAL REVENUES	<u>94,089,140</u>	<u>24,466,441</u>	<u>24,146,058</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>
\$ -	\$ -	\$ 37,382,573
-	-	35,850,258
-	-	1,120,171
-	-	644
-	-	99,205
7,632,336	-	7,681,854
824,947	-	1,424,363
384,459	-	384,459
-	-	212,644
40,609	34,975	694,089
-	-	535,227
709,451	-	1,200,417
<u>9,591,802</u>	<u>34,975</u>	<u>86,585,904</u>
-	-	646,173
-	-	1,121,224
<u>-</u>	<u>-</u>	<u>881,130</u>
<u>-</u>	<u>-</u>	<u>2,648,527</u>
274,671	-	42,216,068
3,305,821	-	10,838,184
701,710	-	1,027,639
<u>4,282,202</u>	<u>-</u>	<u>54,081,891</u>
-	-	31,537
1,208,402	-	14,271,161
1,860	-	201,860
<u>1,210,262</u>	<u>-</u>	<u>14,504,558</u>
<u>15,084,266</u>	<u>34,975</u>	<u>157,820,880</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, 2020

	General Fund	Capital Outlay Fund	Special Education Fund
EXPENDITURES			
Instructional Services:			
Regular Programs	47,493,624	3,080,788	260,027
Special Programs	5,582,060	70,973	14,397,067
Post-secondary Occupational Programs	-	-	-
Total Instructional Services	<u>53,075,684</u>	<u>3,151,761</u>	<u>14,657,094</u>
Support Services:			
Pupils	3,030,631	29,714	4,975,942
Instructional Staff	6,320,455	995,366	42,134
General Administration	3,088,344	8,501	-
School Administration	7,349,302	65,410	-
Business	16,569,708	4,090,171	-
Central	951,430	95,027	-
Special Education	-	1,749	2,347,392
Other Support Services	198,730	-	-
Total Support Services	<u>37,508,600</u>	<u>5,285,938</u>	<u>7,365,468</u>
Community Services:			
Community Recreation Services	73,931	-	-
Custody and Care of Children	77,813	-	-
Nonpublic School Pupil Services	120,214	2,696	-
Total Community Services	<u>271,958</u>	<u>2,696</u>	<u>-</u>
Cocurricular Activities:			
Male Activities	943,280	80,404	-
Female Activities	891,459	53,331	-
Combined Activities	871,989	6,209	-
Total Cocurricular Activities	<u>2,706,728</u>	<u>139,944</u>	<u>-</u>
Other Nonprogrammed Costs	<u>5,427,292</u>	-	-
Debt Services	-	19,702,992	-
Capital Outlay	<u>26,090</u>	<u>3,622,355</u>	-
TOTAL EXPENDITURES	<u>99,016,352</u>	<u>31,905,686</u>	<u>22,022,562</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>
-	-	50,834,439
-	-	20,050,100
<u>6,357,909</u>	-	<u>6,357,909</u>
<u>6,357,909</u>	-	<u>77,242,448</u>
389,280	-	8,425,567
317,731	-	7,675,686
618,930	-	3,715,775
1,482,999	-	8,897,711
3,655,027	-	24,314,906
743,021	-	1,789,478
-	-	2,349,141
-	-	198,730
<u>7,206,988</u>	-	<u>57,366,994</u>
-	-	73,931
-	-	77,813
<u>-</u>	-	<u>122,910</u>
<u>-</u>	-	<u>274,654</u>
-	-	1,023,684
-	-	944,790
<u>-</u>	-	<u>878,198</u>
<u>-</u>	-	<u>2,846,672</u>
<u>18,730</u>	-	<u>5,446,022</u>
<u>15,314</u>	-	<u>19,718,306</u>
<u>280,791</u>	-	<u>3,929,236</u>
<u>13,879,732</u>	-	<u>166,824,332</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, 2020

	General Fund	Capital Outlay Fund	Special Education Fund
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(4,927,212)</u>	<u>(7,439,245)</u>	<u>2,123,496</u>
OTHER FINANCING SOURCES			
Net Transfers In (Out)	2,000,000	(2,374,111)	-
Debt Proceeds	-	13,645,016	-
Interest Rebate	-	256,519	-
Sale of Surplus Property	<u>19,513</u>	<u>575,796</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>2,019,513</u>	<u>12,103,220</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,907,699)	4,663,975	2,123,496
FUND BALANCE - BEGINNING	<u>14,503,336</u>	<u>21,500,242</u>	<u>5,467,916</u>
FUND BALANCE - ENDING	<u>\$ 11,595,637</u>	<u>\$ 26,164,217</u>	<u>\$ 7,591,412</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>1,204,534</u>	<u>34,975</u>	<u>(9,003,452)</u>
-	374,111	-
-	-	13,645,016
-	-	256,519
<u>11,536</u>	<u>-</u>	<u>606,845</u>
<u>11,536</u>	<u>374,111</u>	<u>14,508,380</u>
1,216,070	409,086	5,504,928
<u>4,658,982</u>	<u>2,927,721</u>	<u>49,058,197</u>
<u>\$ 5,875,052</u>	<u>\$ 3,336,807</u>	<u>\$ 54,563,125</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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 5,504,928
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 depreciation exceeded capital outlays in the current period.	(2,618,539)
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.	(383,602)
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".	(989,466)
The receipt of donated capital assets is not reported on the fund statements, but is reported as a revenue in the Statement of Activities	15,000
Governmental funds do not reflect the change in accrued leave, compensated absences, early retirement, other post-employment benefits, and energy upgrade loan, but the Statement of Activities reflects the change in these accruals through expenses.	(855,356)
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.	17,435,000
The issuance of long-term debt is an other financing source in the governmental funds, but an increase in long-term liabilities on the State of Net Position.	(13,645,016)
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.	723,132
Pension expenses in the Statement of Activities do not provide current financial resources and are not reported in the funds.	(11,598,675)
OPEB-related expenses in the Statement of Activities do not provide current financial resources and are not reported in the funds.	(175,998)
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.	(325,132)
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>(1,490,197)</u>
Change in Net Position of Governmental Activities	<u>\$ (8,403,921)</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, 2020

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 17,647	\$ 64,028	\$ 81,675	\$ 6,112,407
Restricted Cash	-	-	-	90,541
Investments	-	-	-	5,228,265
Accounts Receivable, Net	1,671	-	1,671	93,019
Due from Other Funds	-	108	108	735,212
Due From Other Governments	96,470	-	96,470	-
Inventory of Supplies	56,478	1,564	58,042	-
Inventory of Stores Purchased for Resale	63,042	-	63,042	-
Inventory of Donated Food	22,106	-	22,106	-
Prepaid Expenses	100,704	1,150	101,854	-
Total Current Assets	358,118	66,850	424,968	12,259,444
Noncurrent Assets:				
Net Pension Asset	10,891	1,445	12,336	-
Machinery and Equipment - Local Funds	2,363,099	-	2,363,099	-
Machinery and Equipment - Federal Assistance	61,170	-	61,170	-
Less: Accumulated Depreciation	(1,549,189)	-	(1,549,189)	-
Total Noncurrent Assets	885,971	1,445	887,416	-
TOTAL ASSETS	1,244,089	68,295	1,312,384	12,259,444
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related Deferred Outflows	556,030	73,770	629,800	-
OPEB-related Deferred Outflows	56,596	3,686	60,282	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	612,626	77,456	690,082	-

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	18,150	-	18,150	346,796
Contracts Payable	28,344	-	28,344	-
Amounts Held for Others	-	-	-	54,965
Incurred but not Reported Claims	-	-	-	1,201,438
Due to Other Funds	703,705	-	703,705	-
Unearned Revenue	139,476	-	139,476	-
Payroll Deductions and Employer Matching Payable	15,429	-	15,429	-
Current Portion of Noncurrent Liabilities	<u>38,876</u>	<u>-</u>	<u>38,876</u>	<u>-</u>
Total Current Liabilities	<u>943,980</u>	<u>-</u>	<u>943,980</u>	<u>1,603,199</u>
Noncurrent Liabilities:				
Compensated Absences, Net of Current Portion	248,217	-	248,217	-
OPEB Liability	<u>168,002</u>	<u>11,266</u>	<u>179,268</u>	<u>-</u>
Total Noncurrent Liabilities	<u>416,219</u>	<u>11,266</u>	<u>427,485</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,360,199</u>	<u>11,266</u>	<u>1,371,465</u>	<u>1,603,199</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related Deferred Inflows	240,107	31,856	271,963	-
OPEB-related Deferred Inflows	<u>2,279</u>	<u>415</u>	<u>2,694</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>242,386</u>	<u>32,271</u>	<u>274,657</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	875,080	-	875,080	-
Restricted for Net Pension Asset	326,814	43,359	370,173	-
Unrestricted	<u>(947,764)</u>	<u>58,855</u>	<u>(888,909)</u>	<u>10,656,245</u>
Total Net Position	<u>\$ 254,130</u>	<u>\$ 102,214</u>	<u>\$ 356,344</u>	<u>\$ 10,656,245</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.

665,820

Net Position of Business-type Activities \$ 1,022,164

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, 2020

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
OPERATING REVENUE				
Sales to Pupils	\$ 884,775	\$ -	\$ 884,775	\$ -
Sales to Adults	24,502	-	24,502	-
Sales a la Carte	221,590	-	221,590	-
Tuition	-	433,440	433,440	-
Other	2,402	-	2,402	-
Self-insurance Premiums	-	-	-	15,355,675
Total Operating Revenue	<u>1,133,269</u>	<u>433,440</u>	<u>1,566,709</u>	<u>15,355,675</u>
OPERATING EXPENSES				
Salaries	2,234,835	296,688	2,531,523	-
Employee Benefits	1,346,329	136,666	1,482,995	-
Purchased Services	165,784	-	165,784	1,875,744
Supplies	247,397	6,664	254,061	-
Cost of Sales - Purchased Food	1,535,115	-	1,535,115	-
Cost of Sales - Donated Food	845,937	-	845,937	-
Miscellaneous	18,009	-	18,009	-
Depreciation	93,317	-	93,317	-
Self-insurance Costs	-	-	-	17,046,566
Total Operating Expenses	<u>6,486,723</u>	<u>440,018</u>	<u>6,926,741</u>	<u>18,922,310</u>
OPERATING INCOME (LOSS)	<u>(5,353,454)</u>	<u>(6,578)</u>	<u>(5,360,032)</u>	<u>(3,566,635)</u>
NONOPERATING REVENUE (EXPENSES)				
Local Sources:				
Interest Earned	4,841	-	4,841	227,886
Gain on Sale of Fixed Assets	852	-	852	-
Miscellaneous	28,424	-	28,424	1,756,031
State Sources:				
Cash Reimbursements	21,981	-	21,981	-
Federal Sources:				
Cash Reimbursements	2,845,869	-	2,845,869	-
Donated Food	467,191	-	467,191	-
Total Nonoperating Revenue (Expenses)	<u>3,369,158</u>	<u>-</u>	<u>3,369,158</u>	<u>1,983,917</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
NET INCOME BEFORE TRANSFERS/CONTRIBUTIONS	(1,984,296)	(6,578)	(1,990,874)	(1,582,718)
TRANSFERS/CONTRIBUTIONS				
Capital Contributions	18,683	-	18,683	-
CHANGE IN NET POSITION	(1,965,613)	(6,578)	(1,972,191)	(1,582,718)
NET POSITION - BEGINNING	2,219,743	108,792	2,328,535	12,238,963
NET POSITION - ENDING	<u>\$ 254,130</u>	<u>\$ 102,214</u>	<u>\$ 356,344</u>	<u>\$ 10,656,245</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, 2020**

Change in Net Position - Total Enterprise Funds	\$ (1,972,191)
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>(92,521)</u>
Change in Net Position of Business-type Activities	<u>\$ (2,064,712)</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, 2020

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Receipts from Customers	\$ 1,278,846	\$ 433,332	\$ 1,712,178	\$ -
Receipts from Interfund Services Provided	-	-	-	15,388,129
Payments to Suppliers	(2,113,771)	(9,333)	(2,123,104)	(2,087,978)
Payments to Employees	(3,244,744)	(383,542)	(3,628,286)	-
Claims Paid	-	-	-	(16,962,128)
Net Cash Provided (Used) by Operating Activities	<u>(4,079,669)</u>	<u>40,457</u>	<u>(4,039,212)</u>	<u>(3,661,977)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Loan Proceeds (Issuance)	703,705	-	703,705	(735,212)
Operating Subsidies	2,577,115	-	2,577,115	-
Other Sources	28,424	-	28,424	1,756,031
Net Cash Provided by Noncapital Financing Activities	<u>3,309,244</u>	<u>-</u>	<u>3,309,244</u>	<u>1,020,819</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Contributions	18,683	-	18,683	-
Purchases of Machinery and Equipment	(59,160)	-	(59,160)	-
Sale of Machinery and Equipment	852	-	852	-
Net Cash Used by Capital Financing Activities	<u>(39,625)</u>	<u>-</u>	<u>(39,625)</u>	<u>-</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES				
Deposits into Investments	-	-	-	(101,618)
Interest Earnings	4,841	-	4,841	227,886
Net Cash Provided by Investing Activities	<u>4,841</u>	<u>-</u>	<u>4,841</u>	<u>126,268</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(805,209)	40,457	(764,752)	(2,514,890)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>822,856</u>	<u>23,571</u>	<u>846,427</u>	<u>8,627,297</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 17,647</u>	<u>\$ 64,028</u>	<u>\$ 81,675</u>	<u>\$ 6,112,407</u>

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	\$ (5,353,454)	\$ (6,578)	\$ (5,360,032)	\$ (3,566,635)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	93,317	-	93,317	-
Cost of Sales - Donated Food	845,937	-	845,937	-
Change in Assets and Liabilities:				
Accounts Receivable	6,101	(108)	5,993	32,454
Inventories	(68,834)	(374)	(69,208)	-
Prepaid Expenses	3,416	(72)	3,344	(15,099)
Accounts Payable	(82,048)	(2,223)	(84,271)	(197,135)
Contracts Payable	(13,287)	-	(13,287)	-
Incurred But Not Reported Claims	-	-	-	84,438
Deferred Revenue	139,476	-	139,476	-
Payroll Deductions and Employer Matching Payable	(4,771)	-	(4,771)	-
Compensated Absences Payable	42,438	-	42,438	-
Pension Activity	307,415	49,186	356,601	-
OPEB Liability	4,625	626	5,251	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,079,669)</u>	<u>\$ 40,457</u>	<u>\$ (4,039,212)</u>	<u>\$ (3,661,977)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Value of Commodities Received	<u>\$ 467,191</u>	<u>\$ -</u>	<u>\$ 467,191</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, 2020

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 51,469</u>	<u>\$ 555,147</u>
LIABILITIES		
Amounts Held for Others	<u>-</u>	<u>\$ 555,147</u>
NET POSITION		
Restricted for Scholarships:		
Non-expendable	10,000	
Expendable	<u>41,469</u>	
TOTAL NET POSITION	<u><u>\$ 51,469</u></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, 2020

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Private Donations	\$ 3,590
Interest	<u>299</u>
Total Additions	3,889
DEDUCTIONS	
Scholarships Awarded	<u>1,300</u>
CHANGE IN NET POSITION	2,589
NET POSITION - BEGINNING	<u>48,880</u>
NET POSITION - ENDING	<u>\$ 51,469</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, 2020

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.

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, 2020

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, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post Secondary Fund (WDT) - A fund established by SDCL 13-39-39.1 to pay 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 Unemployment Fund and the Master Insurance Fund are the only internal service funds 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.

Agency Fund Types - Agency funds are used to account for resources held by the District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature, they do not involve the measurement of the results of operations. The District maintains a variety of agency funds. These funds are established to account for the monies earned by student organizations for various expenditures. The students of these organizations earn the monies recorded in the agency funds and determine the appropriate expenditures based on the purpose of the student organization.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

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 similar trust funds.

Basis of Accounting

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or 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, 2020

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, 2020

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, 2020

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 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, 2020

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, 2020

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, 2020

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.

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, 2020, 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	\$ 3,103,783	\$ -	\$ 3,103,783
Government Bonds	AA+	2	8,703,604	11,198,838	<u>19,902,442</u>
					<u>\$ 23,006,225</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, 2020, 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, 2020

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, 2020:

State of South Dakota	\$ 1,416,192
Pennington County	1,372,520
U.S. Government	217,969
City of Rapid City	573,304
Various Other School Districts and Counties	<u>14,942</u>
	<u>\$ 3,594,927</u>

Reconciliation to Fund Financial Statements	
Due from Other Governments - Governmental Funds	\$ 3,498,457
Due from Other Governments - Enterprise Fund	<u>96,470</u>
	<u>\$ 3,594,927</u>

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, resulting in the amount due from the City of Rapid City. The City is to pay the remaining balance in annual payments of at least \$260,000. However, the entire remaining balance must be paid off in no more than 4 years.

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 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, 2020

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 2,949,845	\$ -	\$ -	\$ 2,949,845
Construction in Progress	383,602	747,562	(383,602)	747,562
Assets Held for Sale	<u>1,413,154</u>	<u>-</u>	<u>-</u>	<u>1,413,154</u>
Subtotal	<u>4,746,601</u>	<u>747,562</u>	<u>(383,602)</u>	<u>5,110,561</u>
Depreciable Capital Assets:				
Buildings	193,128,787	500,996	-	193,629,783
Improvements	12,148,799	-	-	12,148,799
Equipment	<u>31,974,849</u>	<u>2,695,678</u>	<u>(1,062,776)</u>	<u>33,607,751</u>
Subtotal	<u>237,252,435</u>	<u>3,196,674</u>	<u>(1,062,776)</u>	<u>239,386,333</u>
Less Accumulated Depreciation for:				
Buildings	61,888,417	3,584,234	-	65,472,651
Improvements	5,000,089	475,261	-	5,475,350
Equipment	<u>20,431,998</u>	<u>2,488,280</u>	<u>(1,062,776)</u>	<u>21,857,502</u>
Subtotal	<u>87,320,504</u>	<u>6,547,775</u>	<u>(1,062,776)</u>	<u>92,805,503</u>
Net Capital Assets	<u>\$ 154,678,532</u>	<u>\$ (2,603,539)</u>	<u>\$ (383,602)</u>	<u>\$ 151,691,391</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 2,365,109	\$ 59,160	\$ -	\$ 2,424,269
Less: Accumulated Depreciation	<u>1,455,872</u>	<u>93,317</u>	<u>-</u>	<u>1,549,189</u>
Net Capital Assets	<u>\$ 909,237</u>	<u>\$ (34,157)</u>	<u>\$ -</u>	<u>\$ 875,080</u>

Commitments related to construction projects in progress as of June 30, 2020 are discussed in Note 13.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,684,024
Support Services	<u>2,863,751</u>
Total Depreciation Expense	<u>\$ 6,547,775</u>

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

Food Service	<u>\$ 93,317</u>
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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. Future payments are disclosed in Note 3. The ownership of the property does not change hands until the amount owed by the City of Rapid City is paid in full. As such, the building is shown as Assets Held for Sale until ownership is transferred.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES

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

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt:					
Capital Outlay					
Certificates	\$ 62,245,000	\$ 11,940,000	\$ (17,435,000)	\$ 56,750,000	\$ 3,770,000
Related Premiums	2,241,177	1,705,016	(723,132)	3,223,061	-
Total General Obligation Debt	<u>64,486,177</u>	<u>13,645,016</u>	<u>(18,158,132)</u>	<u>59,973,061</u>	<u>3,770,000</u>
Other Liabilities:					
Accrued Leave Payable	122,868	356,378	(100,122)	379,124	379,124
Compensated Absences	9,213,151	2,066,758	(383,078)	10,896,831	885,503
Energy Upgrade Loan	15,313	-	(15,313)	-	-
Early Retirement Benefits	2,695,478	-	(1,069,267)	1,626,211	922,650
OPEB Liability	4,447,756	2,386,169	-	6,833,925	-
Total Other Liabilities	<u>16,494,566</u>	<u>4,809,305</u>	<u>(1,567,780)</u>	<u>19,736,091</u>	<u>2,187,277</u>
Total Long-term Liabilities	<u>\$ 80,980,743</u>	<u>\$ 18,454,321</u>	<u>\$ (19,725,912)</u>	<u>\$ 79,709,152</u>	<u>\$ 5,957,277</u>
Business-type Activities:					
Accrued Leave Payable	\$ 1,364	\$ 14,177	\$ -	\$ 15,541	\$ 15,541
Compensated Absences	243,291	37,626	(9,365)	271,552	23,335
OPEB Liability	116,250	63,018	-	179,268	-
Total Long-term Liabilities	<u>\$ 360,905</u>	<u>\$ 114,821</u>	<u>\$ (9,365)</u>	<u>\$ 466,361</u>	<u>\$ 38,876</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Capital outlay certificates at June 30, 2020 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.	6,685,000
2014 A Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 4.00%. Due 7/1/2034.	7,455,000
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.	14,195,000
2019 Capital Outlay Certificates. Bearing Interest at fixed rates ranging from 3.0% to 5.0%. Due 8/1/2032.	11,940,000
Unamortized Premiums	3,223,061
	<u>\$ 59,973,061</u>

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2020, 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		
2021	\$ 3,770,000	\$ 2,388,884	\$ 927,289	\$ 7,086,173
2022	4,050,000	2,105,269	693,333	6,848,602
2023	4,230,000	1,925,219	26,667	6,181,886
2024	4,420,000	1,732,744	-	6,152,744
2025	4,615,000	1,531,494	-	6,146,494
2026-2030	25,365,000	5,063,934	-	30,428,934
2031-2035	10,300,000	502,075	-	10,802,075
Total Payments	\$ 56,750,000	\$ 15,249,619	1,647,289	\$ 73,646,908
Less Interest			21,078	
Present Value of Early Retirement Benefits			\$ 1,626,211	

Payments of all capital outlay certificates were made from the Capital Outlay Fund.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The Energy Upgrade Loan was obtained during the year ended June 30, 2012 to provide lighting upgrades at WDTI. Repayment began during the year ended June 30, 2013. The loan requires annual payments of \$50,000 at 0% interest until maturity on July 1, 2020. This loan was paid from the Post Secondary Fund.

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, 2020, 78 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 a rate of 1.76%, 2.73%, and 1.77% for liabilities incurred during the years ended June 30, 2019, June 30, 2018, and June 30, 2017, respectively. During the year ended June 30, 2019, the administrators agreed to the termination of the early retirement program and a lump sum settlement with eligible participants. Subsequent to year-end, the teachers agreed to the termination of the early retirement program and a lump sum settlement with 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. The total amount of the administrators' buyout was \$790,711 and was paid in January 2019. The total amount of the teachers' buyout was \$4,275,000 and was paid in January of 2020.

For the year ended June 30, 2020, payments of early retirement benefits were made from the General Fund in the amount of \$5,337,456, including the \$4,275,000 noted above, and the Post Secondary Fund in the amount of \$17,275.

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, 2020 was \$1,469,040.

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, 2020 was \$1,867,767.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 7 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2020:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 33,306
Special Education Fund	755	103
Post Secondary Fund	1,039	-
Food Service Fund	-	703,705
Preschool Fund	108	-
Internal Service Fund	735,212	-
Total	\$ 737,114	\$ 737,114

Interfund transfers for the year ended June 30, 2020 were as follows:

Transfers From:	Transfers To:		
	Debt Service Fund	General Fund	Total
Capital Outlay Fund	<u>\$ 374,111</u>	<u>\$ 2,000,000</u>	<u>\$ 2,374,111</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.

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:

Major Purposes:	Restricted By	Amount
Capital Outlay Purposes	State Law	\$ 27,030,650
Special Education Purposes	State Law	6,380,727
Post Secondary Purposes	State Law	4,735,800
Proportionate Share of Net Pension Asset	State Law	12,644,569
Debt Service Purpose	Debt Covenants	<u>3,336,807</u>
Total Restricted Net Position		\$ 54,128,553

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

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 are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> 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%
- 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.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

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, 2020, 2019, and 2018 were \$5,134,814, \$5,067,639, and \$4,987,020, 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, 2019, SDRS is 100.09% 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 June 30, 2020 are as follows:

Proportionate Share of Pension Liability	\$ 495,524,684
Less: Proportionate Share of Net Pension Restricted for Pension Benefit	<u>495,946,055</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (421,371)</u>

At June 30, 2020, the District reported a liability (asset) of \$(421,371) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019 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, 2019, the District's proportion was 3.976%, which is an increase (decrease) of (0.025)% from its proportion measured as of June 30, 2018.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the District recognized pension expense (reduction of pension expense) of \$11,955,277. At June 30, 2020, 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	\$ 1,652,872	\$ 190,720
Changes in Assumption	14,553,039	5,966,040
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,427,439
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	172,301	705,629
District Contributions Subsequent to the Measurement Date	5,134,814	-
Total	\$ 21,513,026	\$ 9,289,828

\$5,134,814 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, 2021. 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,	
2021	\$ 8,960,131
2022	(1,681,582)
2023	(1,011,420)
2024	821,255
2025	-
Thereafter	-
Total	\$ 7,088,384

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.88%

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

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

The actuarial assumptions used in the June 30, 2019 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, 2018 (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%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	<u>2.0%</u>	0.9%
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).

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

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:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 69,939,260	\$ (421,371)	\$ (57,752,570)

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, 2020, the District paid \$396,664 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, 2020, this joint venture had assets of \$6,908,703, deferred outflows of \$3,517,665, liabilities of \$2,249,584, deferred inflows of \$1,357,685 and net position of \$6,819,099.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 10 - JOINT VENTURES (CONTINUED)

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.

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, 2020, this rate was \$35 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, 2020 were \$872,761 for credit courses and \$2,052 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 \$59,292,176 as of June 30, 2020. 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. According to the MOU, WDTI would become its own local education agency starting at a date to be determined, pending State approval.

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, 2020, the District managed its risks as follows:

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 12 - RISK MANAGEMENT (CONTINUED)

Employee Health Insurance

During the year ended June 30, 2020, 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.

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, 2020 for retired employees was \$325,495. As of June 30, 2020, 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, 2020, 2019, and 2018 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2017 - 2018	\$ 947,000	\$ 17,654,496	\$ 17,536,496	\$ 1,065,000
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

As of June 30, 2020, the District had accumulated \$10,602,597 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, a \$10,000,000 limit on umbrella coverage, and a \$345,216,871 limit on property. As of June 30, 2020, 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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 12 - RISK MANAGEMENT (CONTINUED)

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 has accumulated \$53,648 in the Unemployment Fund, which is available to fund unemployment claims incurred in future years. Claims are billed by the state quarterly. During the year ended June 30, 2020, total claims were \$6,477. These claims were funded by premium payments recorded in the Unemployment Fund. The District expects that interest earned on these deposits during fiscal year 2020 and current cash reserves in the Unemployment Fund will be sufficient to cover claims incurred during fiscal year 2020.

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 projects in progress at several locations for HVAC and building upgrades. These projects are expected to cost approximately \$2,295,000 and will be paid for with capital outlay funds. These projects are expected to be completed in FY 2021.

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.

The District has identified possible violations of regulations in one of its federally funded programs. The District is currently investigating the amount involved. District management is working to resolve this with the state and the federal departments of education. It is unknown as of the date of the financial statements if the District will be required to repay funds.

COVID-19

During the year ended June 30, 2020, COVID-19 created a worldwide pandemic. The pandemic caused many jurisdictions to declare states of emergency which forced the closure of businesses, schools, and government offices. The disruption is expected to be temporary, but effects may continue for some time. The extent of the impact of COVID-19 on the District's operations will depend on developments including the duration and spread of the outbreak and impact on local education agencies, which are uncertain and cannot be predicted. COVID-19 has affected enrollment for the fiscal year ended June 30, 2021, as enrollment has declined 3.3% from the prior year. If this trend continues it will affect the amount of funds the District receives for state aid.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 14 - INTERNAL BALANCES

Internal balances as shown on the Statement of Net Position are related to the allocation of the net position of the Internal Service Fund and other interfund transactions (see Note 7) as of June 30, 2020.

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.

Changes in Liability

For the year ended June 30, 2020, the beginning balance of the OPEB liability was \$4,564,006. Total OPEB liability was determined as the measurement date, which is June 30, 2020. The changes in the total OPEB liability for 2020 were as follows:

Total OPEB Liability - June 30, 2019	\$ 4,564,006
Changes for the Year:	
Service Cost	256,497
Interest on Total OPEB Liability	161,019
Differences Between Actual and Expected	509,095
Effect on Assumption Changes or Inputs	1,962,485
Benefit Payments	<u>(439,909)</u>
Net OPEB Obligation - June 30, 2020	<u>\$ 7,013,193</u>

For the year ended June 30, 2020, the District recognized OPEB Expense of \$621,158. OPEB expense was determined as follows:

Service Costs	\$ 256,497
Interest on Total OPEB Liability	161,019
Recognition of Deferred Inflows/Outflows of Resources:	
Differences Between Actual and Expected	42,112
Recognition of Assumption Changes	<u>161,530</u>
OPEB Expense	<u>\$ 621,158</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

As of June 30, 2020, 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	\$ 466,984	\$ -
Changes in Assumptions/Inputs	1,899,689	(94,413)
Net Difference Between Projected and Actual Investments	-	-
	\$ 2,366,673	\$ (94,413)

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,	
2021	\$ 203,642
2022	203,642
2023	203,642
2024	203,642
2025	203,642
Thereafter	1,254,050
	\$ 2,272,260

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, 2020 actuarial valuation was determined using the following assumptions:

- The assumed claims costs were developed using a 22-month historical claim experience through June 30, 2020, 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 2019, decreasing 0.5% until an ultimate health care cost trend rate of 4.5% is reached.
- The discount rate used was 3.50% at the beginning of the year and 2.21% at the end of the year. Discount rate was based on the Bond Buyer 20-Bond General Obligation index.
- Salary increases were calculated at 3.5% per year.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2020

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

- 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.
- 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

Credited Service	Rate			
	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

Age	Rate			
	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, 2020

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>1.21%</u>	Current <u>Discount Rate</u>	1% Increase <u>3.21%</u>
Total OPEB Liability	<u>\$ 7,503,000</u>	<u>\$ 7,013,193</u>	<u>\$ 6,565,000</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:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 6,365,000</u>	<u>\$ 7,013,193</u>	<u>\$ 7,773,000</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, 2020

NOTE 17- SUBSEQUENT EVENTS

Subsequent to year-end, the District issued \$14,610,000 Taxable Limited Tax General Obligation Capital Outlay Refunding Certificates to refinance debt. The certificates have varying interest from .41% to 1.78% with the final payment due August 2030.

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, 2020

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 18,808,621	\$ 18,808,621	19,170,082	\$ 361,461
Prior Years' Ad Valorem	18,405,957	18,405,957	18,623,325	217,368
Gross Receipts Taxes	800,000	800,000	1,120,171	320,171
Penalties and Interest on Taxes	75,000	75,000	54,914	(20,086)
Tax Deed Revenue	-	-	390	390
Tuition and Fees				
Local Sources	125,000	125,000	49,518	(75,482)
Support Services	590,300	590,300	450,040	(140,260)
Cocurricular Activities	248,500	248,500	212,644	(35,856)
Earnings on Deposits	175,000	175,000	186,473	11,473
Restricted Operating Contributions	291,903	570,643	535,227	(35,416)
Other Local Revenue	62,000	62,000	443,559	381,559
Total Revenue from Local Sources	<u>39,582,281</u>	<u>39,861,021</u>	<u>40,846,343</u>	<u>985,322</u>
Revenue from Intermediate Sources:				
County Sources	750,000	750,000	646,173	(103,827)
Revenue in Lieu of Taxes	75,000	75,000	686,504	611,504
Revenue for Joint Facilities	250,000	250,000	172,029	(77,971)
Total Revenue from Intermediate Sources	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,504,706</u>	<u>429,706</u>
Revenue from State Sources:				
Unrestricted Grants-in-aid	43,418,422	43,418,422	41,941,397	(1,477,025)
Other State Revenue	-	-	249,916	249,916
Total Revenue from State Sources	<u>43,418,422</u>	<u>43,418,422</u>	<u>42,191,313</u>	<u>(1,227,109)</u>
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	-	-	31,537	31,537
Restricted Grants-in-aid	10,124,165	12,232,815	9,515,241	(2,717,574)
Total Revenue from Federal Sources	<u>10,124,165</u>	<u>12,232,815</u>	<u>9,546,778</u>	<u>(2,686,037)</u>
TOTAL REVENUES	<u>94,199,868</u>	<u>96,587,258</u>	<u>94,089,140</u>	<u>(2,498,118)</u>

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

	<u>Budgeted Original</u>	<u>Amounts Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Instructional Services:				
Regular Programs	49,954,446	49,894,750	47,504,924	2,389,826
Special Programs	<u>5,284,088</u>	<u>6,348,698</u>	<u>5,582,060</u>	<u>766,638</u>
Total Instructional Services	<u>55,238,534</u>	<u>56,243,448</u>	<u>53,086,984</u>	<u>3,156,464</u>
Support Services:				
Pupils	3,056,505	3,142,730	3,030,631	112,099
Instructional Staff	7,723,427	8,456,260	6,331,368	2,124,892
General Administration	2,780,789	3,003,057	3,088,344	(85,287)
School Administration	7,700,331	7,778,363	7,349,302	429,061
Business	17,242,119	17,242,119	16,569,708	672,411
Central	929,930	929,930	951,430	(21,500)
Other Support Services	-	278,739	198,730	80,009
Total Support Services	<u>39,433,101</u>	<u>40,831,198</u>	<u>37,519,513</u>	<u>3,311,685</u>
Community Services:				
Community Recreation Services	74,609	74,609	73,931	678
Custody and Care of Children	77,500	80,100	77,813	2,287
Nonpublic School Pupil Services	<u>303,595</u>	<u>285,374</u>	<u>120,214</u>	<u>165,160</u>
Total Community Services	<u>455,704</u>	<u>440,083</u>	<u>271,958</u>	<u>168,125</u>
Cocurricular Activities:				
Male Activities	1,042,969	1,042,969	943,280	99,689
Female Activities	1,049,426	1,049,426	891,459	157,967
Combined Activities	<u>864,454</u>	<u>864,454</u>	<u>875,866</u>	<u>(11,412)</u>
Total Cocurricular Activities	<u>2,956,849</u>	<u>2,956,849</u>	<u>2,710,605</u>	<u>246,244</u>
Other Nonprogrammed Costs	<u>1,088,310</u>	<u>1,088,310</u>	<u>5,427,292</u>	<u>(4,338,982)</u>
Contingency	<u>27,370</u>	<u>27,370</u>	-	<u>27,370</u>
TOTAL EXPENDITURES	<u>99,199,868</u>	<u>101,587,258</u>	<u>99,016,352</u>	<u>2,570,906</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(5,000,000)	(5,000,000)	(4,927,212)	72,788
OTHER FINANCING SOURCES				
Net Transfers In (Out)	5,000,000	5,000,000	2,000,000	(3,000,000)
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>19,513</u>	<u>19,513</u>
TOTAL OTHER FINANCING SOURCES	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,019,513</u>	<u>(2,980,487)</u>
NET CHANGE IN FUND BALANCES	-	-	(2,907,699)	(2,907,699)
FUND BALANCE - BEGINNING	<u>14,503,336</u>	<u>14,503,336</u>	<u>14,503,336</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 14,503,336</u>	<u>\$ 14,503,336</u>	<u>\$ 11,595,637</u>	<u>\$ (2,907,699)</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, 2020

	<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	\$ 11,515,000	\$ 11,515,000	\$ 11,621,777	\$ 106,777
Prior Years' Ad Valorem	10,954,164	10,954,164	11,120,762	166,598
Gross Receipts Taxes	8,000	8,000	-	(8,000)
Penalties and Interest on Taxes	30,000	30,000	28,728	(1,272)
Tax Deed Revenue	-	-	162	162
Earnings on Deposits	75,000	75,000	386,214	311,214
Other Local Revenue	<u>150,000</u>	<u>150,000</u>	<u>43,703</u>	<u>(106,297)</u>
Total Revenue from Local Sources	<u>22,732,164</u>	<u>22,732,164</u>	<u>23,201,346</u>	<u>469,182</u>
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	10,000	10,000	279,981	269,981
Revenue for Joint Facilities	<u>-</u>	<u>-</u>	<u>709,101</u>	<u>709,101</u>
Total Revenue from Intermediate Sources	<u>10,000</u>	<u>10,000</u>	<u>989,082</u>	<u>979,082</u>
Revenue from State Sources:				
Other State Revenue	<u>-</u>	<u>-</u>	<u>76,013</u>	<u>76,013</u>
Total Revenue from Federal Sources	<u>-</u>	<u>-</u>	<u>76,013</u>	<u>76,013</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	276,012	276,012	-	(276,012)
Other Federal Revenue	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Total Revenue from Federal Sources	<u>276,012</u>	<u>276,012</u>	<u>200,000</u>	<u>(76,012)</u>
TOTAL REVENUES	<u>23,018,176</u>	<u>23,018,176</u>	<u>24,466,441</u>	<u>1,448,265</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	4,956,909	5,594,633	3,209,343	2,385,290
Special Programs	75,201	75,201	70,973	4,228
Total Instructional Services	<u>5,032,110</u>	<u>5,669,834</u>	<u>3,280,316</u>	<u>2,389,518</u>
Support Services:				
Pupils	29,747	29,747	29,714	33
Instructional Staff	1,462,698	1,561,114	1,234,759	326,355
General Administration	10,000	10,000	8,501	1,499
School Administration	28,032	45,299	65,410	(20,111)
Business	6,706,194	8,948,134	6,875,324	2,072,810
Central	98,200	98,200	106,115	(7,915)
Special Education	424,594	424,594	424,549	45
Total Support Services	<u>8,759,465</u>	<u>11,117,088</u>	<u>8,744,372</u>	<u>2,372,716</u>
Community Services:				
Nonpublic School Pupil Services	50,000	50,000	2,696	47,304
Cocurricular Activities:				
Male Activities	102,316	102,316	104,544	(2,228)
Female Activities	63,296	63,296	64,557	(1,261)
Combined Activities	6,274	10,266	6,209	4,057
Total Cocurricular Activities	<u>171,886</u>	<u>175,878</u>	<u>175,310</u>	<u>568</u>
Debt Services	6,244,363	19,889,378	19,702,992	186,386
TOTAL EXPENDITURES	<u>20,257,824</u>	<u>36,902,178</u>	<u>31,905,686</u>	<u>4,996,492</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	2,760,352	(13,884,002)	(7,439,245)	6,444,757
OTHER FINANCING SOURCES				
Net Transfers	(5,374,110)	(5,374,110)	(2,374,111)	2,999,999
Debt Proceeds	-	13,645,015	13,645,016	1
Interest Rebate	500,000	500,000	256,519	(243,481)
Sale of Surplus Property	575,000	575,000	575,796	796
TOTAL OTHER FINANCING SOURCES	<u>(4,299,110)</u>	<u>9,345,905</u>	<u>12,103,220</u>	<u>2,757,315</u>
NET CHANGE IN FUND BALANCES	(1,538,758)	(4,538,097)	4,663,975	9,202,072
FUND BALANCE - BEGINNING	<u>21,500,242</u>	<u>21,500,242</u>	<u>21,500,242</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 19,961,484</u>	<u>\$ 16,962,145</u>	<u>\$ 26,164,217</u>	<u>\$ 9,202,072</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, 2020

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 5,698,187	\$ 5,698,187	\$ 6,590,714	\$ 892,527
Prior Years' Ad Valorem	5,897,915	5,897,915	6,106,171	208,256
Gross Receipts Taxes	15,000	15,000	-	(15,000)
Tax Deed Revenue	3,000	3,000	92	(2,908)
Penalties and Interest on Taxes	-	-	15,563	15,563
Tuition and Fees				
Support Services	150,000	150,000	149,376	(624)
Earnings on Deposits	60,000	60,000	45,818	(14,182)
Other Local Revenue	-	-	3,704	3,704
Total Revenue from Local Sources	<u>11,824,102</u>	<u>11,824,102</u>	<u>12,911,438</u>	<u>1,087,336</u>
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	<u>5,000</u>	<u>5,000</u>	<u>154,739</u>	<u>149,739</u>
Revenue from State Sources:				
Restricted Grants-in-aid	<u>7,564,636</u>	<u>7,564,636</u>	<u>7,532,363</u>	<u>(32,273)</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	<u>3,545,221</u>	<u>3,613,047</u>	<u>3,547,518</u>	<u>(65,529)</u>
TOTAL REVENUES	<u>22,938,959</u>	<u>23,006,785</u>	<u>24,146,058</u>	<u>1,139,273</u>
EXPENDITURES				
Instructional Services:				
Regular Programs	260,000	260,000	260,040	(40)
Special Programs	16,690,282	16,690,282	14,397,067	2,293,215
Total Instructional Services	<u>16,950,282</u>	<u>16,950,282</u>	<u>14,657,107</u>	<u>2,293,175</u>
Support Services:				
Pupils	5,002,757	5,002,757	4,975,942	26,815
Instructional Staff	-	67,825	42,134	25,691
Special Education	2,625,479	2,625,479	2,347,392	278,087
Total Support Services	<u>7,628,236</u>	<u>7,696,061</u>	<u>7,365,468</u>	<u>330,593</u>
TOTAL EXPENDITURES	<u>24,578,518</u>	<u>24,646,343</u>	<u>22,022,575</u>	<u>2,623,768</u>
NET CHANGE IN FUND BALANCES	(1,639,559)	(1,639,558)	2,123,483	3,763,041
FUND BALANCE - BEGINNING	<u>5,467,929</u>	<u>5,467,929</u>	<u>5,467,929</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 3,828,370</u>	<u>\$ 3,828,371</u>	<u>\$ 7,591,412</u>	<u>\$ 3,763,041</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, 2020

	<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	\$ 7,556,870	\$ 7,895,956	\$ 7,632,336	\$ (263,620)
Support Services	740,000	825,847	824,947	(900)
Post Secondary	235,480	472,103	384,459	(87,644)
Earnings on Deposits	400	53,354	40,609	(12,745)
Other Local Revenue	<u>398,000</u>	<u>675,659</u>	<u>709,451</u>	<u>33,792</u>
Total Revenue from Local Sources	<u>8,930,750</u>	<u>9,922,919</u>	<u>9,591,802</u>	<u>(331,117)</u>
Revenue from State Sources:				
Unrestricted Grants-in-aid	242,700	271,590	274,671	3,081
Restricted Grants-in-aid	2,920,749	3,290,473	3,305,821	15,348
Other State Revenue	<u>666,738</u>	<u>701,710</u>	<u>701,710</u>	<u>-</u>
Total Revenue from State Sources	<u>3,830,187</u>	<u>4,263,773</u>	<u>4,282,202</u>	<u>18,429</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	513,260	1,404,867	1,208,402	(196,465)
Other Federal Revenue	<u>1,000</u>	<u>5,030</u>	<u>1,860</u>	<u>(3,170)</u>
Total Revenue from Federal Sources	<u>514,260</u>	<u>1,409,897</u>	<u>1,210,262</u>	<u>(199,635)</u>
TOTAL REVENUES	<u>13,275,197</u>	<u>15,596,589</u>	<u>15,084,266</u>	<u>(512,323)</u>

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

	<u>Budgeted Original</u>	<u>Amounts Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Instructional Services:				
Post-secondary Occupational Programs	6,253,004	6,664,391	6,526,284	138,107
Total Instructional Services	<u>6,253,004</u>	<u>6,664,391</u>	<u>6,526,284</u>	<u>138,107</u>
Support Services:				
Pupils	444,835	378,478	389,280	(10,802)
Instructional Staff	221,674	319,523	317,731	1,792
General Administration	677,733	622,699	618,930	3,769
School Administration	1,051,658	1,840,903	1,554,200	286,703
Business	3,638,040	3,858,748	3,655,027	203,721
Central	856,934	915,643	784,236	131,407
Other Support Services	3,000	875,527	-	875,527
Total Support Services	<u>6,893,874</u>	<u>8,811,521</u>	<u>7,319,404</u>	<u>1,492,117</u>
Other Nonprogrammed Costs	<u>81,319</u>	<u>82,213</u>	<u>18,730</u>	<u>63,483</u>
Debt Services	<u>50,000</u>	<u>50,000</u>	<u>15,314</u>	<u>34,686</u>
TOTAL EXPENDITURES	<u>13,278,197</u>	<u>15,608,125</u>	<u>13,879,732</u>	<u>1,728,393</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(3,000)	(11,536)	1,204,534	1,216,070
OTHER FINANCING SOURCES				
Sale of Surplus Property	<u>3,000</u>	<u>11,536</u>	<u>11,536</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	1,216,070	1,216,070
FUND BALANCE - BEGINNING	<u>4,658,982</u>	<u>4,658,982</u>	<u>4,658,982</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,658,982</u>	<u>\$ 4,658,982</u>	<u>\$ 5,875,052</u>	<u>\$ 1,216,070</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>2020</u>	<u>2019</u>
Service Cost	\$ 256,497	\$ 233,846
Interest on Total OPEB Liability	161,019	175,185
Differences Between Expected and Actual Experience	509,095	-
Effect of Assumption Changes or Inputs	1,962,485	121,994
Benefit Payments	<u>(439,909)</u>	<u>(520,377)</u>
Net Change in Total OPEB Liability	2,449,187	10,648
Total OPEB Liability, Beginning	<u>4,564,006</u>	<u>4,553,358</u>
 Total OPEB Liability, Ending	 <u>\$ 7,013,193</u>	 <u>\$ 4,564,006</u>
 District's Covered-employee Payroll	 <u>\$ 86,854,000</u>	 <u>\$ 83,917,253</u>
 Total OPEB Liability as a Percentage of Covered-employee Payroll	 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 Pension Liability (Asset)
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
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, 2020

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 are 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, 2020

NOTE 3 - PENSION PLAN

Changes of Benefit Terms

No significant changes

Changes in Assumptions

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal 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 an FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

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.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

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Rapid City Area School District No. 51-4
School District Officials
June 30, 2020

BOARD MEMBERS

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

SUPERINTENDENT

Dr. Lori Simon

DIRECTOR OF BUSINESS AND SUPPORT SERVICES

Coy Sasse

See independent auditor's report.

**Rapid City Area School District No. 51-4
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

CFDA Numbers	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 & 6)	South Dakota Department of Education	NA	\$ 467,191
Cash Assistance:				
10 . 553	School Breakfast Program (Note 3 & 6)	South Dakota Department of Education	202020N109943	561,099
10 . 555	National School Lunch Program (Note 3 & 6)	South Dakota Department of Education	202020N109943	1,877,425
10 . 555	National School Lunch Program (Note 3 & 6)	South Dakota Department of Education	NA	24,025
10 . 559	Summer Food Service Program for Children (Note 3 & 6)	South Dakota Department of Education	202020N109943	<u>307,970</u>
Total Child Nutrition Cluster				<u><u>3,237,710</u></u>
<i>Student Financial Assistance Programs Cluster:</i>				
<u>U.S. Department of Education</u>				
84 . 007	Federal Supplemental Educational Opportunity Grants (Note 3)		P033A185127	49,124
84 . 033	Federal Work Study Programs (Note 3)		P033A185127	43,458
84 . 063	Federal PELL Grant Program (Note 3)		P063Q183303	2,485,519
84 . 268	Federal Direct Student Loans (Note 3 & 4)		P268K183303	<u>5,248,467</u>
Total Student Financial Assistance Program Cluster				<u><u>7,826,568</u></u>
<i>Special Education Cluster:</i>				
<u>U.S. Department of Education</u>				
84 . 027	Special Education - Grants to States (Note 3)	South Dakota Department of Education	H027A190091	3,354,862
84 . 027	Special Education - Grants to States (Note 3)	South Dakota Department of Education	2015G-456 SSIP	37,920
84 . 027	Special Education - Grants to States (Note 3)	South Dakota Department of Education	H027A190091	36,659
84 . 173	Special Education - Preschool Grants (Note 3)	South Dakota Department of Education	H173A190091	80,432
84 . 173	Special Education - Preschool Grants (Note 3)	South Dakota Department of Education	H173A190091	<u>4,213</u>
Total Special Education Cluster				<u><u>3,514,086</u></u>

See independent auditor's report.

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
Other Programs:				
<u>U.S. Department of Agriculture</u>				
10 . 170	Specialty Crop Block Grant Program			9,266
10 . 558	Child and Adult Care Food Program	South Dakota Department of Education	NA	75,350
10 . 582	Fresh Fruit and Vegetable Program	South Dakota Department of Education	203SD371L603	186,507
10 . 665	Schools and Roads - Grants to States (Note 6)	Pennington County	NA	<u>28,956</u>
	Total Department of Agriculture			<u>300,079</u>
<u>U.S. Department of Defense</u>				
12 . 000	Reserve Officer Training Corp			<u>20,473</u>
	Total Department of Defense			<u>20,473</u>
<u>U.S. Department of Interior</u>				
15 . 227	Distribution of Receipts to State and Local Governments (Note 6)	South Dakota Department of Education	NA	<u>2,581</u>
	Total Department of Interior			<u>2,581</u>
<u>U.S. Department of Energy</u>				
81 . 128	Energy Efficiency Conservation Block Grant Program, Recovery Act (Note 5)	South Dakota Energy Management Office	NA	<u>15,313</u>
	Total Department of Energy			<u>15,313</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, 2020

CFDA Numbers	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 (Note 3)	South Dakota Department of Education	S010A190041	6,116,640
84 . 048	Career and Technical Education - Basic Grants to States	South Dakota Department of Education	V048A190041	721,125
84 . 060	Indian Education - Grants to Local Education Agencies			521,097
84 . 196	Education for Homeless Children and Youth	South Dakota Department of Education	S196A190043	94,773
84 . 323	Special Education - State Personnel Development Grant	South Dakota Department of Education	2019G-633	305,041
84 . 365	English Language Acquisition State Grants	South Dakota Department of Education	S365A190041	9,385
84 . 367	Supporting Effective Instruction State Grants (Note 3)	South Dakota Department of Education	S367A190039	949,105
84 . 377	School Improvement Grants	South Dakota Department of Education	S377A150042	215,402
84 . 424	Student Support and Academic Enrichment Program	South Dakota Department of Education	S424A190043	579,406
85 . 425D	Education Stabilization Fund	South Dakota Department of Education	S425D200050	95,304
86 . 425F	Education Stabilization Fund			562,993
	Total Department of Education			<u>10,170,271</u>
<u>U.S. Department of Health and Human Services</u>				
93 . 107	Area Health Education Centers Point of Service Maintenance and Enhancement Awards			111,592
93 . 913	Grants to States for Operation of Offices or Rural Health			6,000
	Total Department of Homeland Security			<u>117,592</u>
<u>General Services Administration</u>				
39 . 003	Donation of Federal Surplus Personal Property (Note 8)	SD Federal Property Agency	NA	238
	Total General Services Administration			<u>238</u>
	Total Federal Financial Assistance			<u>\$ 25,204,911</u>

See independent auditor's report.

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: 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	\$ 53,059
Stafford Loans	2,151,238
Unsubsidized Stafford Loans	<u>3,044,170</u>
Total	<u>\$ 5,248,467</u>

NOTE 5: This amount represents the loan balance outstanding at June 30, 2019. The outstanding loan balance was \$0 as of June 30, 2020.

NOTE 6: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 7: The District has no amounts passed through to subrecipients.

NOTE 8: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the District

See independent auditor's report.

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**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Balance Sheet
June 30, 2020**

	<u>Post Secondary (WDT) Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 5,925,910
Accounts Receivable, Net	85,924
Due From Other Governments	164,870
Due from Other Funds	1,039
Inventory of Stores Purchased for Resale	153,065
Prepaid Expenses	<u>248,574</u>
TOTAL ASSETS	<u>\$ 6,579,382</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 534,207
Contracts Payable	80,594
Payroll Deductions and Employer Matching Payable	40,190
Unearned Revenue	<u>30,718</u>
Total Liabilities	<u>685,709</u>
Deferred Inflows of Resources:	
Grants Received Outside the Period of Availability	<u>18,621</u>
Total Deferred Inflows of Resources	<u>18,621</u>
Fund Balances:	
Nonspendable:	
Inventory	153,065
Prepaid Expenses	248,574
Restricted:	
For Post Secondary Education	<u>5,473,413</u>
Total Fund Balances	<u>5,875,052</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,579,382</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, 2020**

	<u>Post Secondary (WDT) Fund</u>
REVENUES	
Revenue from Local Sources:	
Tuition and Fees	
Local Sources	\$ 7,632,336
Support Services	824,947
Post Secondary	384,459
Earnings on Deposits	40,609
Other Local Revenue	<u>709,451</u>
Total Revenue from Local Sources	<u>9,591,802</u>
Revenue from State Sources:	
Unrestricted Grants-in-aid	274,671
Restricted Grants-in-aid	3,305,821
Other State Revenue	<u>701,710</u>
Total Revenue from State Sources	<u>4,282,202</u>
Revenue from Federal Sources:	
Restricted Grants-in-aid	1,208,402
Other Federal Revenue	<u>1,860</u>
Total Revenue from Federal Sources	<u>1,210,262</u>
TOTAL REVENUES	<u>15,084,266</u>

See independent auditor's report.

	<u>Post Secondary (WDT) Fund</u>
EXPENDITURES	
Instructional Services:	
Post Secondary Occupational Programs	<u>6,357,909</u>
Support Services:	
Pupils	389,280
Instructional Staff	317,731
General Administration	618,930
School Administration	1,482,999
Business	3,655,027
Central	<u>743,021</u>
Total Support Services	<u>7,206,988</u>
Other Nonprogrammed Costs	<u>18,730</u>
Debt Services	<u>15,314</u>
Capital Outlay	<u>280,791</u>
TOTAL EXPENDITURES	<u>13,879,732</u>
EXCESS OF REVENUE UNDER EXPENDITURES	1,204,534
OTHER FINANCING SOURCES	
Sale of Surplus Property	<u>11,536</u>
NET CHANGE IN FUND BALANCES	1,216,070
FUND BALANCE - BEGINNING	<u>4,658,982</u>
FUND BALANCE - ENDING	<u>\$ 5,875,052</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, 2020**

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020
Accrued Leave Payable	\$ 10,123	\$ 42,734	\$ (15,082)	\$ 37,775
Compensated Absences	427,210	271,999	(25,747)	673,462
Early Retirement Benefits	24,516	-	(17,275)	7,241
Other Post-employment Benefits	278,974	160,421	-	439,395
Energy Upgrade Loan	<u>15,313</u>	<u>-</u>	<u>(15,313)</u>	<u>-</u>
Total Long-term Liabilities	<u>\$ 756,136</u>	<u>\$ 475,154</u>	<u>\$ (73,417)</u>	<u>\$ 1,157,873</u>

See independent auditor's report.

**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Schedule of Capital Assets
June 30, 2020**

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Equipment	\$ 9,235,468	\$ 280,791	\$ (27,922)	\$ 9,488,337
Subtotal	<u>9,235,468</u>	<u>280,791</u>	<u>(27,922)</u>	<u>9,488,337</u>
Less: Accumulated Depreciation for Equipment	<u>5,201,105</u>	<u>800,040</u>	<u>(27,922)</u>	<u>5,973,223</u>
Net Capital Assets	<u>\$ 4,034,363</u>	<u>\$ (519,249)</u>	<u>\$ -</u>	<u>\$ 3,515,114</u>

See independent auditor's report.