

CITY OF REDFIELD
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

CITY OF REDFIELD
CITY OFFICIALS
DECEMBER 31, 2015

Mayor:

Jayne Akin

Governing Board:

Dave Moeller
Michael Siebrecht
Randy Maddox
Darrell Ronnfeldt
Joseph Morrissette
Larry Eldeen
Eileen Kearney
Frank Schwartz

Finance Officer:

Adam Hansen

Attorney:

Gillette, Battey & Gillette

CITY OF REDFIELD

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1 - 2
Schedule of Prior Audit Findings	3
Schedule of Current Audit Findings	4 - 5
Independent Auditors' Report	6 - 8
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of December 31, 2015:	
Statement of Net Position	9
Year Ended December 31, 2015:	
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
As of December 31, 2015:	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Year Ended December 31, 2015:	
Statement of Revenues, Expenditures and Changes in Fund Balances	13 - 15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Proprietary Funds:	
As of December 31, 2015:	
Statement of Net Position	17
Year Ended December 31, 2015:	
Statement of Revenues, Expenses and Changes in Fund Net Position	18

CITY OF REDFIELD

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Statement of Cash Flows	19
Fiduciary Funds:	
As of December 31, 2015:	
Statement of Net Position	20
Notes to the Financial Statements	21 - 49
Required Supplementary Information:	
Year Ended December 31, 2015:	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	50
Notes to Required Supplementary Information - Budgetary Comparison Schedule	51
Schedule of the City's Proportionate Share of the Net Pension Asset	52
Schedule of the City Contributions	53
Supplementary Information:	
As of December 31, 2015:	
Combining Balance Sheet - Nonmajor Governmental Funds	54
Year Ended December 31, 2015:	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	55

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

ROY R FAUTH, CPA
WILLIAM J BACHMEIER, CPA

117 E 3RD STREET • PO Box 127
MILLER, SD 57362
605- 853-2744 • 605- 853-2745 (FAX)

WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

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

City Council
City of Redfield
Redfield, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, South Dakota, as of December 31, 2015, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 9, 2016. The financial statements do not include financial data for the City's legally separate component unit. Our report includes a reference to other auditors who audited the financial statements of the Hospital Fund, as described in our report on City of Redfield, South Dakota 2015 financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as items #2015-01 and #2015-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Current Audit Findings as item #2015-03.

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the 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.

Kohlman, Berschbach and Anderson, LLP

August 9, 2016

CITY OF REDFIELD
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015

PRIOR AUDIT FINDINGS:

#2014-01

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, capital assets, and equity. This condition is restated as current audit finding #2015-01.

#2014-02

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements. This comment is restated as current audit finding #2015-02.

#2014-03

The City went over budget in the General Fund in the health account by \$987, in the Capital Project Fund in the highway and streets account by \$339,915, in the Special Park Gift Fund in the parks account by \$31,415, and in the Special Rec Gift Fund in the recreation account by \$57,500. This comment has been resolved.

CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2015

CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2015-01

Criteria

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

Condition Found

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

Effect

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

Recommendation

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

Management's Response

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

Finding #2015-02

Criteria

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

Condition Found

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

CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2015
(Continued)

Effect

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

Recommendation

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

Management's Response

Jayne Akin is the contact person responsible for the corrective action plan for this comment. This comment is a result of the size of the City of Redfield which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The City of Redfield is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of control continues to exist.

COMPLIANCE AND OTHER MATTERS:

Finding #2015-03

Criteria

SDCL 5-18A requires cities to bid certain items that they purchase, including purchases of \$25,000 or more for materials, building supplies, or equipment, with certain exceptions.

Condition Found

The City purchased a pickup and built a comfort station that was not properly bid.

Effect

There were two items that were required to be bid before they were purchased. The City did not bid them at all. Therefore, the City was not in accordance with South Dakota Codified Law.

Recommendation

We recommend the City properly bid all items that are required to be bid before they are purchased.

Management's Response

Jayne Akin is the contact person responsible for the corrective action plan for this comment. He stated, "The City of Redfield will bid out any purchase over the bid amount set in SDCL 5-18A-22."

Closing Conference

The contents of this report were discussed with Darrel Ronnfeldt, Frank Schwartz, Larry Eldeen, Eileen Kearney, Jayme Akin, Adam Hansen, and Shelly Wipf on May 12, 2016.

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

ROY R FAUTH, CPA
WILLIAM J BACHMEIER, CPA

117 E 3RD STREET • PO Box 127
MILLER, SD 57362
605- 853-2744 • 605- 853-2745 (FAX)

WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council
City of Redfield
Redfield, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, South Dakota, as of December 31, 2015, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Hospital Fund, which represent 72 percent, 49 percent, and 92 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Basis for Adverse Opinion on Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the discretely presented component unit would have been presented as \$1,090,760, \$1,019,575, \$71,185, \$274,690, and \$286,668.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City of Redfield, South Dakota, as of December 31, 2015, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, South Dakota, as of December 31, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 16 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date. As discussed in Note 15 to the financial statements, the City has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule on pages 50 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 9, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Kohlman, Bierschbach & Anderson, LLP

August 9, 2016

CITY OF REDFIELD
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 486,849	\$ 1,697,968	\$ 2,184,817
Investments	1,039,491	558,091	1,597,582
Accounts receivable, net	215,496	1,848,100	2,063,596
Inventories	10,112	206,433	216,545
Other assets	32,431	172,400	204,831
Restricted Assets:			
Cash and cash equivalents	35,294	731,324	766,618
Net pension asset	68,566	1,226,544	1,295,110
Capital Assets:			
Land, improvements and construction in progress	450,353	126,320	576,673
Other capital assets, net of depreciation	11,653,574	9,716,645	21,370,219
TOTAL ASSETS	<u>13,992,166</u>	<u>16,283,825</u>	<u>30,275,991</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	124,090	2,151,414	2,275,504
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>124,090</u>	<u>2,151,414</u>	<u>2,275,504</u>
LIABILITIES:			
Accounts payable	21,758	165,441	187,199
Other current liabilities	16,084	320,190	336,274
Unearned revenue	-	96,547	96,547
Noncurrent Liabilities:			
Due within one year	38,581	401,774	440,355
Due in more than one year	348,998	9,009,196	9,358,194
TOTAL LIABILITIES	<u>425,421</u>	<u>9,993,148</u>	<u>10,418,569</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	101,170	1,809,789	1,910,959
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>101,170</u>	<u>1,809,789</u>	<u>1,910,959</u>
NET POSITION:			
Net investment in capital assets	11,752,337	1,193,815	12,946,152
Restricted for:			
Debt service purposes	39,398	602,406	641,804
SDRS pension purposes	91,486	1,568,169	1,659,655

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
Permanently restricted purposes:			
Expendable	63,318	-	63,318
Non-expendable	119,066	-	119,066
3rd Penny Sales Tax Fund	19,865	-	19,865
Special Park Gift Fund	2,000	-	2,000
Special Rec Gift Fund	7,192	-	7,192
Unrestricted	<u>1,495,003</u>	<u>3,267,912</u>	<u>4,762,915</u>
TOTAL NET POSITION	<u>\$ 13,589,665</u>	<u>\$ 6,632,302</u>	<u>\$ 20,221,967</u>

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

CITY OF REDFIELD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 253,450	\$ 80,910	\$ -	\$ -	\$ (172,540)		\$ (172,540)
Public safety	435,035	5,794	-	-	(429,241)		(429,241)
Public works	1,092,371	13,000	105,317	72,396	(901,658)		(901,658)
Health and welfare	93,175	565	13,357	-	(79,253)		(79,253)
Culture and recreation	748,804	54,067	6,170	11,978	(676,589)		(676,589)
Conservation and development	198,478	-	-	-	(198,478)		(198,478)
*Interest on long-term debt	15,719	-	-	-	(15,719)		(15,719)
Total Governmental Activities	2,837,032	154,336	124,844	84,374	(2,473,478)		(2,473,478)
Business-Type Activities:							
Water	440,906	432,142	-	-		\$ (8,764)	(8,764)
Sewer	232,327	253,226	-	-		20,899	20,899
Landfill	199,297	186,171	-	-		(13,126)	(13,126)
Hospital	11,022,263	10,470,034	183,110	712		(368,407)	(368,407)
Total Business-Type Activities	11,894,793	11,341,573	183,110	712		(369,398)	(369,398)
Total Primary Government	\$14,731,825	\$11,495,909	\$ 307,954	\$ 85,086	(2,473,478)	(369,398)	(2,842,876)
General Revenues:							
Taxes:							
					1,176,302	-	1,176,302
					957,896	-	957,896
					20,131	-	20,131
Grants and contributions not restricted to specific programs							
					6,334	-	6,334
Unrestricted investment earnings							
					5,432	3,007	8,439
Miscellaneous revenue							
					146,667	554,795	701,462
Transfers							
					8,569	(8,569)	-
Total General Revenues and Transfers					2,321,331	549,233	2,870,564
Change in Net Position					(152,147)	179,835	27,688
Net Position - Beginning					13,705,010	5,056,303	18,761,313
Adjustments:							
Prior period adjustments (Note 15)							
					36,802	1,396,164	1,432,966
Adjusted Net Position - Beginning					13,741,812	6,452,467	20,194,279
Net Position - Ending					\$13,589,665	\$6,632,302	\$20,221,967

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

CITY OF REDFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 423,426	\$ 63,423	\$ 486,849
Investments	663,571	375,920	1,039,491
Taxes receivable - delinquent	39,908	-	39,908
Accounts receivable, net	26,828	-	26,828
Special assessments receivable - current	2,385	-	2,385
Special assessments receivable - delinquent	133	-	133
Special assessments receivable - deferred	9,351	-	9,351
Interest receivable - special assessments	7	-	7
Due from Capital Project Fund	106,586	-	106,586
Due from state government	123,962	11,304	135,266
Interest receivable	1,618	-	1,618
Inventory of supplies	10,112	-	10,112
Prepaid expenses	32,431	-	32,431
Restricted cash and cash equivalents	-	35,294	35,294
TOTAL ASSETS	<u>\$ 1,440,318</u>	<u>\$ 485,941</u>	<u>\$ 1,926,259</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable	\$ 21,022	\$ 736	\$ 21,758
Due to General Fund	-	106,586	106,586
Accrued wages payable	16,084	-	16,084
TOTAL LIABILITIES	<u>37,106</u>	<u>107,322</u>	<u>144,428</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	34,633	-	34,633
Unavailable revenue - special assessments	11,875	-	11,875
Other deferred inflows of resources	22,888	1,692	24,580
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>69,396</u>	<u>1,692</u>	<u>71,088</u>
FUND BALANCES:			
Nonspendable	42,543	119,066	161,609
Restricted	-	130,081	130,081
Committed	-	234,366	234,366
Assigned	95,576	-	95,576
Unassigned	1,195,697	(106,586)	1,089,111
TOTAL FUND BALANCES	<u>1,333,816</u>	<u>376,927</u>	<u>1,710,743</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,440,318</u>	<u>\$ 485,941</u>	<u>\$ 1,926,259</u>

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

CITY OF REDFIELD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

Total Fund Balances - Governmental Funds	\$ 1,710,743
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	68,566
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,103,927
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	124,090
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	(387,579)
Assets, such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred), are not available to pay for current period expenditures and therefore are deferred in the funds.	71,088
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(101,170)</u>
Net Position - Governmental Activities	<u>\$ 13,589,665</u>

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes:			
General property taxes	\$ 1,174,831	\$ -	\$ 1,174,831
General sales and use taxes	833,239	116,157	949,396
Tax deed revenue	2,923	-	2,923
Penalties and interest on delinquent taxes	7,626	-	7,626
Licenses and Permits	22,260	-	22,260
Intergovernmental Revenue:			
Federal grants	79,624	-	79,624
State grants	17,115	-	17,115
State shared revenue:			
Bank franchise tax	5,624	-	5,624
Prorate license fees	6,811	-	6,811
Liquor tax reversion	14,507	-	14,507
Motor vehicle licenses (5%)	28,210	-	28,210
Local government highway and bridge fund	61,458	-	61,458
Other	144	-	144
County shared revenue:			
County road tax (25%)	5,182	-	5,182
County highway and bridge reserve tax (25%)	2,773	-	2,773
County wheel tax	883	-	883
Other	1,300	-	1,300
Charges for Goods and Services:			
General government	16,400	-	16,400
Public safety	2,592	-	2,592
Health	565	-	565
Culture and recreation	49,004	2,641	51,645
Cemetery	10,125	2,875	13,000
Other	11,454	5,800	17,254
Fines and Forfeits:			
Court fines and costs	3,202	-	3,202
Library	2,422	-	2,422
Miscellaneous Revenue:			
Investment earnings	4,781	651	5,432
Rentals	24,852	-	24,852
Special assessments	8,613	-	8,613
Contributions and donations from private sources	1,639	10,865	12,504
Other	19,471	108,000	127,471

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	General Fund	Other Governmental Funds	Total Governmental Funds
TOTAL REVENUE	<u>2,419,630</u>	<u>246,989</u>	<u>2,666,619</u>
EXPENDITURES:			
General Government:			
Legislative	96,421	-	96,421
Executive	12,389	-	12,389
Financial administration	124,704	-	124,704
Other	13,161	-	13,161
Public Safety:			
Police	351,350	-	351,350
Fire	41,875	-	41,875
Public Works:			
Highways and streets	445,060	529	445,589
Airport	56,331	-	56,331
Cemeteries	31,634	-	31,634
Health and Welfare:			
Health	93,175	-	93,175
Culture and Recreation:			
Recreation	416,327	-	416,327
Parks	45,986	-	45,986
Libraries	109,785	-	109,785
Historical preservation	-	64,662	64,662
Conservation and Development:			
Economic development and assistance (industrial development)	72,329	125,774	198,103
Debt Service	-	49,248	49,248
Capital Outlay	<u>362,754</u>	<u>11,072</u>	<u>373,826</u>
TOTAL EXPENDITURES	<u>2,273,281</u>	<u>251,285</u>	<u>2,524,566</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>146,349</u>	<u>(4,296)</u>	<u>142,053</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	2,460	41,129	43,589
Sale of municipal property	22,097	-	22,097
Compensation for loss or damage to capital assets	8,507	-	8,507
Transfers out	<u>(35,000)</u>	<u>(20)</u>	<u>(35,020)</u>

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	General Fund	Other Governmental Funds	Total Governmental Funds
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,936)</u>	<u>41,109</u>	<u>39,173</u>
NET CHANGE IN FUND BALANCES	144,413	36,813	181,226
CHANGE IN NONSPENDABLE	153	-	153
FUND BALANCE - BEGINNING	<u>1,189,250</u>	<u>340,114</u>	<u>1,529,364</u>
FUND BALANCE - ENDING	<u>\$ 1,333,816</u>	<u>\$ 376,927</u>	<u>\$ 1,710,743</u>

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

CITY OF REDFIELD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balances - Total Governmental Funds		\$ 181,226
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.		373,826
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(723,352)
In the statement of activities, gains \$544 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds \$22,097 from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.		(21,553)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		
Revenue bond	<u>\$ 33,529</u>	33,529
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available".		(9,078)
The fund financial statement governmental fund sales and use tax accruals differ from the government-wide statement sales and use tax accruals in that the fund financial statements require the amounts to be "available".		8,500
Governmental funds report special assessments as revenue when "available", but the statement of activities includes the full amount of special assessments as revenue upon completion of the project at the point when an enforceable legal claim arises		(7,621)
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.		
Vacation leave	<u>\$ 3,391</u>	3,391
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		8,845

Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the statement of activities when consumed. This amount represents the "change in" inventory of supplies.

153

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.

(13)

Change in Net Position of Governmental Activities

\$ (152,147)

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

CITY OF REDFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-Type Activities				Totals
	Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 352,339	\$ 248,970	\$ 18,594	\$ 1,078,065	\$ 1,697,968
Investments	115,532	306,692	60,460	75,407	558,091
Accounts receivable, net	36,418	7,970	822	1,802,890	1,848,100
Note receivable	-	-	-	87,500	87,500
Inventory of supplies	77,057	5,502	-	123,874	206,433
Prepaid expenses	-	-	-	84,900	84,900
Total Current Assets	<u>581,346</u>	<u>569,134</u>	<u>79,876</u>	<u>3,252,636</u>	<u>4,482,992</u>
Noncurrent Assets:					
Restricted cash and cash equivalents	193,197	8,755	-	529,372	731,324
Net pension asset	16,853	18,786	6,888	1,184,017	1,226,544
Capital Assets:					
Land	645	76,789	43,886	5,000	126,320
Buildings	23,216	-	6,965	6,367,661	6,397,842
Improvements other than buildings	2,013,922	2,664,976	-	127,454	4,806,352
Machinery and equipment	146,222	138,150	30,556	7,286,698	7,601,626
Less: accumulated depreciation	<u>(1,001,905)</u>	<u>(1,063,182)</u>	<u>(33,436)</u>	<u>(6,990,652)</u>	<u>(9,089,175)</u>
Total Noncurrent Assets	<u>1,392,150</u>	<u>1,844,274</u>	<u>54,859</u>	<u>8,509,550</u>	<u>11,800,833</u>
TOTAL ASSETS	<u>1,973,496</u>	<u>2,413,408</u>	<u>134,735</u>	<u>11,762,186</u>	<u>16,283,825</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related deferred outflows	<u>30,500</u>	<u>33,998</u>	<u>12,465</u>	<u>2,074,451</u>	<u>2,151,414</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>30,500</u>	<u>33,998</u>	<u>12,465</u>	<u>2,074,451</u>	<u>2,151,414</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	994	888	967	162,592	165,441
Accrued interest payable	-	-	-	26,789	26,789
Accrued wages payable	3,066	3,344	1,144	122,451	130,005
Other accrued expenses	-	-	-	34,478	34,478
Customer deposits	128,918	-	-	-	128,918
Unearned revenue	-	-	-	96,547	96,547
Bonds Payable Current:					
Revenue	<u>8,541</u>	<u>4,011</u>	<u>-</u>	<u>-</u>	<u>12,552</u>

	Business-Type Activities				Totals
	Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
Total Current Liabilities	<u>141,519</u>	<u>8,243</u>	<u>2,111</u>	<u>442,857</u>	<u>594,730</u>
Noncurrent Liabilities:					
Bonds Payable:					
Revenue	212,842	795,434	-	-	1,008,276
Accrued leave payable	4,870	16,032	3,552	299,065	323,519
Other long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,066,623</u>	<u>8,066,623</u>
Total Noncurrent Liabilities	<u>217,712</u>	<u>811,466</u>	<u>3,552</u>	<u>8,365,688</u>	<u>9,398,418</u>
TOTAL LIABILITIES	<u>359,231</u>	<u>819,709</u>	<u>5,663</u>	<u>8,808,545</u>	<u>9,993,148</u>
DEFERRED INFLOWS OF RESOURCES:					
Pension related deferred inflows	<u>24,867</u>	<u>27,719</u>	<u>10,163</u>	<u>1,747,040</u>	<u>1,809,789</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>24,867</u>	<u>27,719</u>	<u>10,163</u>	<u>1,747,040</u>	<u>1,809,789</u>
NET POSITION:					
Net investment in capital assets	960,717	1,017,288	47,971	(832,161)	1,193,815
Restricted for:					
Revenue bond debt service	64,279	8,755	-	529,372	602,406
SDRS pension purposes	22,486	25,065	9,190	1,511,428	1,568,169
Unrestricted	<u>572,416</u>	<u>548,870</u>	<u>74,213</u>	<u>2,072,413</u>	<u>3,267,912</u>
TOTAL NET POSITION	<u>\$1,619,898</u>	<u>\$1,599,978</u>	<u>\$131,374</u>	<u>\$ 3,281,052</u>	<u>\$ 6,632,302</u>

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Business-Type Activities				Totals
	Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
OPERATING REVENUE:					
Charges for goods and services	\$ 432,142	\$ 253,226	\$186,171	\$10,470,034	\$11,341,573
Miscellaneous	2,174	94,423	889	452,602	550,088
TOTAL OPERATING REVENUE	<u>434,316</u>	<u>347,649</u>	<u>187,060</u>	<u>10,922,636</u>	<u>11,891,661</u>
OPERATING EXPENSES:					
Personal services	95,897	106,102	50,650	6,374,872	6,627,521
Other current expense	45,219	39,582	144,898	3,188,580	3,418,279
Materials (cost of goods sold)	244,055	-	-	-	244,055
Depreciation	49,428	61,858	3,749	583,362	698,397
TOTAL OPERATING EXPENSES	<u>434,599</u>	<u>207,542</u>	<u>199,297</u>	<u>10,146,814</u>	<u>10,988,252</u>
OPERATING INCOME (LOSS)	<u>(283)</u>	<u>140,107</u>	<u>(12,237)</u>	<u>775,822</u>	<u>903,409</u>
NONOPERATING REVENUE (EXPENSE):					
Operating grants	-	-	-	183,110	183,110
Capital grants	-	-	-	712	712
Investment earnings	1,313	950	178	566	3,007
Interest expense	(6,307)	(24,785)	-	(768,068)	(799,160)
Loss on extinguishment of debt	-	-	-	(107,381)	(107,381)
Gain on disposition of assets	3,565	1,142	-	-	4,707
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(1,429)</u>	<u>(22,693)</u>	<u>178</u>	<u>(691,061)</u>	<u>(715,005)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,712)</u>	<u>117,414</u>	<u>(12,059)</u>	<u>84,761</u>	<u>188,404</u>
TRANSFERS OUT	<u>(1,313)</u>	<u>(7,078)</u>	<u>(178)</u>	<u>-</u>	<u>(8,569)</u>
CHANGE IN NET POSITION	<u>(3,025)</u>	<u>110,336</u>	<u>(12,237)</u>	<u>84,761</u>	<u>179,835</u>
NET POSITION - BEGINNING	1,602,608	1,466,997	135,308	1,851,390	5,056,303
ADJUSTMENTS:					
Recognition of net pension asset and related deferred outflows and inflows (Note 15)	20,315	22,645	8,303	1,344,901	1,396,164
ADJUSTED NET POSITION - BEGINNING	<u>1,622,923</u>	<u>1,489,642</u>	<u>143,611</u>	<u>3,196,291</u>	<u>6,452,467</u>
NET POSITION - ENDING	<u>\$ 1,619,898</u>	<u>\$1,599,978</u>	<u>\$131,374</u>	<u>\$ 3,281,052</u>	<u>\$ 6,632,302</u>

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

CITY OF REDFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Business-Type Activities				Totals
	Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 422,263	\$ 341,471	\$186,636	\$10,258,087	\$11,208,457
Cash receipts for interfund services provided	18,735	4,563	126	-	23,424
Other operating cash receipts	-	-	-	454,443	454,443
Cash payments to employees for services	(95,903)	(103,243)	(51,560)	(6,551,591)	(6,802,297)
Cash payments to suppliers of goods and services	<u>(286,557)</u>	<u>(40,059)</u>	<u>(144,914)</u>	<u>(3,330,053)</u>	<u>(3,801,583)</u>
Net cash provided (used) by operating activities	<u>58,538</u>	<u>202,732</u>	<u>(9,712)</u>	<u>830,886</u>	<u>1,082,444</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Noncapital gifts and contributions	-	-	-	184,729	184,729
Change in line of credit	-	-	-	(450,000)	(450,000)
Transfers out	<u>(1,313)</u>	<u>(7,078)</u>	<u>(178)</u>	<u>-</u>	<u>(8,569)</u>
Net cash used by noncapital financing activities	<u>(1,313)</u>	<u>(7,078)</u>	<u>(178)</u>	<u>(265,271)</u>	<u>(273,840)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	(42,573)	(35,450)	-	(10,251)	(88,274)
Contracts payable - retained percentage decrease	-	(11,585)	-	-	(11,585)
Interest paid on capital debt	(7,942)	(24,785)	-	(771,966)	(804,693)
Grants restricted for purchase of capital assets	-	-	-	712	712
Proceeds from issuance of long-term debt	-	10,944	-	8,063,321	8,074,265
Principal paid on capital debt	(13,759)	(3,979)	-	(7,762,324)	(7,780,062)
Loss on extinguishment of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,150)</u>	<u>(74,150)</u>
Net cash used by capital and related financing activities	<u>(64,274)</u>	<u>(64,855)</u>	<u>-</u>	<u>(554,658)</u>	<u>(683,787)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash received for interest	1,313	950	178	566	3,007
Purchases of short-term investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,307)</u>	<u>(25,307)</u>
Net cash provided (used) by investing activities	<u>1,313</u>	<u>950</u>	<u>178</u>	<u>(24,741)</u>	<u>(22,300)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,736)	131,749	(9,712)	(13,784)	102,517
BALANCES - BEGINNING	<u>666,804</u>	<u>432,668</u>	<u>88,766</u>	<u>1,621,221</u>	<u>2,809,459</u>
BALANCES - ENDING	<u>\$ 661,068</u>	<u>\$ 564,417</u>	<u>\$ 79,054</u>	<u>\$ 1,607,437</u>	<u>\$ 2,911,976</u>

	Business-Type Activities				Totals
	Enterprise Funds				
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (283)	\$ 140,107	\$(12,237)	\$ 775,822	\$ 903,409
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	49,428	61,858	3,749	583,362	698,397
Provision for bad debts	-	-	-	427,707	427,707
Change in assets and liabilities:					
Accounts receivable	6,731	808	591	(672,813)	(664,683)
Inventories	2,853	(418)	-	4,261	6,696
Prepaid expense	-	-	-	1,934	1,934
Accounts payable	(136)	(59)	(16)	(147,668)	(147,879)
Accrued wages	785	860	50	-	1,695
Other accrued expenses	-	-	-	24,808	24,808
Accrued leave payable	(794)	1,997	(961)	-	242
Net pension asset	14,377	16,026	5,875	887,629	923,907
Deferred outflows of resources	(5,245)	(5,847)	(2,143)	(401,881)	(415,116)
Deferred inflows of resources	(11,303)	(12,600)	(4,620)	(652,275)	(680,798)
Customer deposits	2,125	-	-	-	2,125
Net cash provided (used) by operating activities	<u>\$ 58,538</u>	<u>\$ 202,732</u>	<u>\$ (9,712)</u>	<u>\$ 830,886</u>	<u>\$ 1,082,444</u>
Noncash Investing, Capital and Financing Activities:					
Amortization of bond discounts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,126</u>	<u>\$ 47,126</u>
Sale of capital assets listed as an accounts receivable	<u>\$ 15,433</u>	<u>\$ 6,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,047</u>

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

CITY OF REDFIELD
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ <u>1,501</u>
TOTAL ASSETS	\$ <u><u>1,501</u></u>
LIABILITIES:	
Amounts held for others	\$ <u>1,501</u>
TOTAL LIABILITIES	\$ <u><u>1,501</u></u>

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

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

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

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

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

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

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

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

Governmental Funds:

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

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

Second Penny Sales Tax Fund - To account for an additional 1 percent sales tax which may be used only for capital improvement, land acquisition, the funding of public ambulances and medical emergency response vehicles, public hospitals, or nonprofit hospitals with fifty or fewer licensed beds and other public health care facilities or nonprofit health care facilities with fifty or fewer licensed beds, the transfer of the special 911 fund, the purchasing of fire fighting vehicles and equipment and debt retirement. Second penny sales tax collected after January 1, 2004, is no longer restricted. The City is accounting for second penny sales tax collected before January 1, 2004, in this fund. (SDCL 10-52-2) This fund was closed in 2015. This is not a major fund.

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

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

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

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

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

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

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Capital Project Fund - To account for financial resources to be used for the construction of the Shar-Winn development. This is not a major fund.

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

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

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

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

Proprietary Funds:

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

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

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

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

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

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and is never considered to be a major fund:

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are used to account for various pass through funds. The City of Redfield uses an agency fund to account for Section 125 withholding from the employees' pay checks for medical spending and dependent care.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the City is 30 days. The revenues which are accrued at December 31, 2015, are sales tax and a state grant.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

e. Deposits and Investments:

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

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

f. Use of Estimates:

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

g. Patient Receivables:

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

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

h. Note Receivable:

Note receivable represents an uncollateralized note receivable from an individual who is seeking a medical degree at market values as part of the Hospital's physician recruitment process. The note has been issued with forgiveness provisions that match the work commitment to encourage retention. Management reviews the note receivable periodically and estimates a portion, if any, of the balance that will not be collected or earned under the work commitment arrangement. There was no allowance as of December 31, 2015. The note receivable is included in other assets in the statement of net position.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

i. Capital Assets:

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

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

Government-Wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2015 balance of governmental activities capital assets includes approximately 53 percent for which the costs were determined by estimates of the original costs. The total December 31, 2015 balance of business-type capital assets includes approximately 9 percent for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon and by appraisals.

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

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

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

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

j. Long-Term Liabilities:

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

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

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

k. Program Revenues:

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

l. Deferred Inflows and Deferred Outflows of Resources:

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

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

m. Proprietary Funds Revenue and Expense Classifications:

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

n. Net Patient Service Revenue:

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

o. Cash and Cash Equivalents:

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

p. Equity Classifications:

Government-Wide Financial Statements:

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency funds have no fund equity. The net position is reported as net position held in agency capacity.

q. Application of Net Position:

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

r. Fund Balance Classification Policies and Procedures:

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

1. Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council.
5. Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

Amount reported in non-spendable form such as inventory and prepaid expenses.

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

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

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
Industrial Development Revolving Loan Fund	\$234,366	Ordinance

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

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

A schedule of fund balances is provided as follows:

CITY OF REDFIELD
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Inventory	\$ 10,112	\$ --	\$ 10,112
Prepaid expenses	32,431	--	32,431
Nonexpendable Cemetery Perpetual Care	--	50,000	50,000
Nonexpendable Library Endowment	--	69,066	69,066
Restricted for:			
Debt Service Requirements	--	39,398	39,398
Expendable Cemetery Perpetual Care	--	27,532	27,532
Expendable Library Endowment	--	35,786	35,786
Liquor, Lodging and Dining Gross Receipts Tax	--	18,173	18,173
Special Park Gift	--	2,000	2,000
Special Rec Gift	--	7,192	7,192
Committed for:			
Industrial Development Revolving Loan	--	234,366	234,366
Assigned to:			

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

	General Fund	Other Governmental Funds	Total Governmental Funds
Applied to next year's budget	21,945	--	21,945
Capital outlay accumulations	73,631	--	73,631
Unassigned	<u>1,195,697</u>	<u>(106,586)</u>	<u>1,089,111</u>
Total Fund Balances	<u>\$1,333,816</u>	<u>\$ 376,927</u>	<u>\$1,710,743</u>

s. Grants and Contributions:

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

t. Charity Care:

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$14,500 for the year ended December 31, 2015, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

u. Electronic Health Record (EHR) Incentives:

The American Recovery and Reinvestment Act of 2009 (ARRA) amended the Social Security Act to establish incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that meaningfully use certified Electronic Health Records (EHR) technology.

To qualify for the EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria. In addition, hospitals must attest that they have used certified EHR technology, satisfied the meaningful use objectives, and specify the EHR reporting period. This attestation is subject to audit by the federal government or its designee. The EHR incentive payment to hospitals for each payment year is calculated as a product of (1) allowable costs as defined by the Centers for Medicare and Medicaid Services (CMS) and (2) the Medicaid share. Once the initial attestation of meaningful use is completed, critical access hospitals receive the entire EHR incentive payment for submitted allowable costs of the respective periods in a lump sum, subject to a final adjustment on the cost report.

The Hospital recognizes EHR incentive payments when there is reasonable assurance that the Hospital will comply with the conditions attached to the incentive payments. The amount of EHR incentive

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - (Continued)

payments recognized are based on management's best estimate and those amounts are subject to change with such changes impacting the period in which they occur.

The Hospital recognized revenue of \$33,700 for the year ended December 31, 2015, related to EHR incentive payments.

v. Pensions:

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

NOTE 2 - NET PATIENT SERVICE REVENUE

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

Medicare - The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost-based reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended December 31, 2013. Clinical services are paid on a cost basis or fixed fee schedule.

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

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

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

Concentration of net revenues by major payor accounted for the following percentages of the Hospital's net patient service for the year ended December 31, 2015:

Medicare	57%
Medicaid	5%
Blue Cross	17%

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 - (Continued)

Other third-party payors and patients	<u>21%</u>
	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the year ended December 31, 2015, decreased approximately \$94,000 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

NOTE 3 - DEFICIT FUND BALANCE/NET POSITION OF INDIVIDUAL NONMAJOR FUNDS

As of December 31, 2015, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

Capital Project Fund	<u>\$106,586</u>
----------------------	------------------

The Governing Board plans to take the following actions to address the deficit fund balance/deficit net position: The City of Redfield will transfer sufficient funds from the General Fund to the Capital Project Fund.

NOTE 4 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 - (Continued)

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

As of December 31, 2015, the City had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
External Investment Pools:			
SDFIT	Unrated	\$ <u>10,825</u>	\$ <u>10,825</u>

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

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Certificates of Deposit - 99.3%.

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

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

NOTE 5 - RESTRICTED CASH AND INVESTMENTS

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

<u>Amount:</u>	<u>Purpose:</u>
\$ 64,279	For debt service in the Water Fund
\$ 8,755	For debt service in the Sewer Fund
\$529,372	For debt service in the Hospital Fund

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5 - (Continued)

\$ 35,294	For debt service in the Debt Service Fund
\$128,918	For customer deposits in the Water Fund

NOTE 6 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year.

NOTE 7 - INVENTORY

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

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

NOTE 8 - PROPERTY TAXES

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

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

NOTE 9 - CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2015, is as follows:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 - (Continued)

	<u>Balance</u> 01/01/2015	<u>Prior</u> <u>Period</u> <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/2015
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 288,469	\$ --	\$ --	\$ --	\$ 288,469
Construction work in progress	<u>1,154,522</u>	<u>(45,852)</u>	<u>83,004</u>	<u>1,029,790</u>	<u>161,884</u>
Total, not being depreciated	<u>1,442,991</u>	<u>(45,852)</u>	<u>83,004</u>	<u>1,029,790</u>	<u>450,353</u>
Capital assets, being depreciated:					
Buildings	3,125,672	--	296,476	--	3,422,148
Improvements other than buildings	19,914,767	--	906,237	--	20,821,004
Machinery and equipment	<u>2,057,463</u>	<u>---</u>	<u>117,899</u>	<u>52,726</u>	<u>2,122,636</u>
Total, being depreciated	<u>25,097,902</u>	<u>---</u>	<u>1,320,612</u>	<u>52,726</u>	<u>26,365,788</u>
Less accumulated depreciation for:					
Buildings	708,379	--	63,275	--	771,654
Improvements other than buildings	12,048,813	--	533,191	--	12,582,004
Machinery and equipment	<u>1,262,843</u>	<u>---</u>	<u>126,886</u>	<u>31,173</u>	<u>1,358,556</u>
Total accumulated depreciation	<u>14,020,035</u>	<u>---</u>	<u>723,352</u>	<u>31,173</u>	<u>14,712,214</u>
Total governmental activities capital assets, being depreciated, net	<u>11,077,867</u>	<u>---</u>	<u>597,260</u>	<u>21,553</u>	<u>11,653,574</u>
Governmental activity capital assets, net	<u>\$12,520,858</u>	<u>\$(45,852)</u>	<u>\$ 680,264</u>	<u>\$1,051,343</u>	<u>\$12,103,927</u>
Depreciation expense was charged to functions as follows:					
Governmental activities:					
General government					\$ 6,762
Public safety					41,810
Public works					562,361
Culture and recreation					112,044
Conservation and development					<u>375</u>
Total depreciation expense - governmental activities					<u>\$723,352</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 - (Continued)

	<u>Balance</u> <u>01/01/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2015</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 126,320	\$ --	\$ --	\$ 126,320
Construction work in progress	<u>549,008</u>	<u>19,004</u>	<u>568,012</u>	<u>--</u>
Total, not being depreciated	<u>675,328</u>	<u>19,004</u>	<u>568,012</u>	<u>126,320</u>
Capital assets, being depreciated:				
Buildings	6,412,635	--	14,793	6,397,842
Improvements other than buildings	4,234,142	572,210	--	4,806,352
Machinery and equipment	<u>7,680,228</u>	<u>65,073</u>	<u>143,675</u>	<u>7,601,626</u>
Total, being depreciated	<u>18,327,005</u>	<u>637,283</u>	<u>158,468</u>	<u>18,805,820</u>
Less accumulated depreciation for:				
Buildings	2,912,673	178,856	14,793	3,076,736
Improvements other than buildings	1,859,644	97,429	--	1,957,073
Machinery and equipment	<u>3,759,591</u>	<u>422,112</u>	<u>126,337</u>	<u>4,055,366</u>
Total accumulated depreciation	<u>8,531,908</u>	<u>698,397</u>	<u>141,130</u>	<u>9,089,175</u>
Total business-type activities capital assets, being depreciated, net	<u>9,795,097</u>	<u>(61,114)</u>	<u>17,338</u>	<u>9,716,645</u>
Business-type activity capital assets, net	<u>\$10,470,425</u>	<u>\$(42,110)</u>	<u>\$585,350</u>	<u>\$ 9,842,965</u>
Depreciation expense was charged to functions as follows:				
Business-type activities:				
Water				\$ 49,428
Sewer				61,858
Landfill				3,749
Hospital				<u>583,362</u>
Total depreciation expense - business-type activities				<u>\$698,397</u>

Construction work in progress at December 31, 2015, is composed of the following:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 - (Continued)

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended thru 12/31/2015</u>	<u>Committed</u>	<u>Required Future Financing</u>
Airport master plan	\$211,553	\$138,280	\$ 73,273	\$ --
Main street project	121,920	20,004	101,915	--
Armory improvement	<u>3,600</u>	<u>3,600</u>	<u>--</u>	<u>--</u>
Total	<u>\$337,073</u>	<u>\$161,884</u>	<u>\$175,188</u>	<u>\$--</u>

NOTE 10 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	<u>Balance 01/01/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2015</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental activities:					
Bonds payable:					
Revenue	\$ 385,119	\$ --	\$ 33,529	\$ 351,590	\$ 34,982
Accrued compensated absences - governmental funds	<u>39,380</u>	<u>--</u>	<u>3,391</u>	<u>35,989</u>	<u>3,599</u>
Total governmental activities	<u>424,499</u>	<u>--</u>	<u>36,920</u>	<u>387,579</u>	<u>38,581</u>
Business-type activities:					
Bonds payable:					
Revenue	1,027,621	10,944	17,737	1,020,828	24,781
Certificates of participation	7,545,000	7,635,000	7,545,000	7,635,000	200,000
Less unamortized discount	(43,385)	(71,679)	(47,126)	(67,938)	--
Notes payable	98,601	500,000	160,300	438,301	95,318
Financing (capital acquisition) leases	<u>118,286</u>	<u>--</u>	<u>57,026</u>	<u>61,260</u>	<u>49,323</u>
Total debt	8,746,123	8,074,265	7,732,937	9,087,451	369,422
Accrued compensated absences - business-type funds	<u>24,212</u>	<u>299,307</u>	<u>--</u>	<u>323,519</u>	<u>32,352</u>
Total business-type activities	<u>8,770,335</u>	<u>8,373,572</u>	<u>7,732,937</u>	<u>9,410,970</u>	<u>401,774</u>
Total Primary Government	<u>\$9,194,834</u>	<u>\$8,373,572</u>	<u>\$7,769,857</u>	<u>\$9,798,549</u>	<u>\$440,355</u>

Debt payable at December 31, 2015, is comprised of the following:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10 - (Continued)

Revenue Bonds:

A loan with Rural Development was obtained for \$545,000 with monthly payments of \$4,104 being made out of the Debt Service Fund with interest at 4.25%, maturing May 24, 2024. \$ 351,590

The Water Fund is making quarterly payments of \$1,617 to First National Bank in Sioux Falls with interest at 4.5%, maturing October 1, 2020. \$ 26,735

The Water Fund obtained a revenue bond for \$228,823 with quarterly payments of \$2,723.25 being made beginning July 1, 2010, with interest at 2.5%, maturing October 1, 2039. \$ 194,648

The Sewer Fund obtained a revenue bond for \$803,423 with quarterly payments of \$10,506.39 being made beginning October 15, 2015, with interest at 3.25%, maturing July 15, 2045. \$ 799,445

Compensated Absences:

Accrued vacation and sick leave for General Fund and Enterprise Fund employees. Payment to be made by the fund that the payroll expenditures are charged to. \$ 359,508

Financing (Capital Acquisition) Leases:

The Hospital leases certain equipment under non-cancelable long-term lease agreements. Certain leases have been recorded as capitalized leases and others as operating leases. Total lease expense for the year ended December 31, 2015, for all operating leases was \$15,176.

The capitalized leased assets consist of: \$ 61,260

Major moveable equipment	\$309,424
Less accumulated amortization	<u>(220,132)</u>
	<u>\$ 89,292</u>

Minimum future lease payments for the capital leases are as follows:

Year Ending December 31,

2016 \$52,302

2017 14,388

Total minimum lease payments 66,690

Less interest (5,430)

Present value of minimum lease payments \$61,260

Notes Payable:

The Hospital's notes have an interest rate of 3.49% and are due in monthly payments of \$9,095 through April 1, 2020, and are secured by the general assets of the City. \$ 438,301

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 10 - (Continued)

During the year ended December 31, 2015, the Hospital paid off its notes payable which had an original due date of June 2016. The original terms of the note payable called for monthly payments of \$5,735 and carried an interest rate of 4.75% and was secured by the Hospital's accounts receivable and general assets. \$ --

Certificates of Participation:

Certificates of participation relate to debt issued by the City of Redfield to facilitate the financing of public capital projects. The City of Redfield leases the assets acquired with the proceeds from the certificates of participation under a ground lease agreement. For financial reporting purposes, the Hospital accounts for the certificates of participation as its own debt.

Proceeds from the series 2015 certificates of participation were used to advance refund the Hospital's series 2008 certificates of participation. The 2015 certificates carry interest rates ranging from 1.2% to 5.0% and come due in various biannual amounts up through the Hospital's fiscal year ending December 31, 2040.

The series 2008 certificates of participation originally matured in various installments, with a final balloon payment of \$7,125,000 due on December 1, 2018. The 2008 certificates of participation had interest rates ranging from 6.375% to 7.125%.

Under terms of the certificates of participation, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with restricted assets in the financial statements. The agreement also place limitations on additional borrowings, requiring the Hospital to satisfy certain measures of financial performance, before any additional borrowing is allowed. \$7,635,000

The annual requirements to amortize all debt outstanding as of December 31, 2015, except for compensated absences, are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2015

<u>Year Ending</u> <u>Dec. 31,</u>	<u>Revenue Bonds</u>		<u>Hospital</u> <u>Long-Term Debt</u>		<u>Total</u>	
	Prin.	Int.	Prin.	Int.	Prin.	Int.
2016	\$ 59,763	\$ 44,531	\$ 344,641	\$ 338,890	\$ 404,404	\$ 383,421
2017	65,007	43,628	310,677	327,317	375,684	370,945
2018	67,550	41,084	302,241	320,294	369,791	361,378
2019	70,197	38,438	315,867	312,513	386,064	350,951
2020	71,975	35,685	246,135	304,626	318,110	340,311
2021 - 2025	298,820	139,227	1,165,000	1,416,153	1,463,820	1,555,380
2026 - 2030	160,661	103,932	1,420,000	1,163,725	1,580,661	1,267,657
2031 - 2035	187,132	77,461	1,790,000	802,372	1,977,132	879,833
2036 - 2040	207,026	46,674	2,240,000	317,875	2,447,026	364,549
2041 - 2045	<u>184,285</u>	<u>15,336</u>	<u>--</u>	<u>--</u>	<u>184,285</u>	<u>15,336</u>
Total	<u>\$1,372,416</u>	<u>\$585,996</u>	<u>\$8,134,561</u>	<u>\$5,303,765</u>	<u>\$9,506,977</u>	<u>\$5,889,761</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 11 - INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$106,586	\$ --
Capital Project Fund	\$ --	\$106,586

The purposes for the interfund receivable and payable balances are for the General Fund to help finance the Capital Project Fund until the project's funds are available. The City expects all interfund receivables and payables to be repaid within one year.

NOTE 12 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2015, was as follows:

Major Purposes:

Water Fund	\$ 64,279
Sewer Fund	8,755
Hospital Fund	<u>529,372</u>
Total Major Funds	<u>602,406</u>

Debt Service Purposes:

Debt Service Fund	<u>39,398</u>
-------------------	---------------

Permanently Restricted Purposes:

Library Endowment - Expendable	35,786
Library Endowment - Nonexpendable	69,066
Cemetery Perpetual Care Fund - Expendable	27,532
Cemetery Perpetual Care Fund - Nonexpendable	<u>50,000</u>
Total Permanently Restricted	<u>182,384</u>

Other Purposes:

3rd Penny Sales Tax Fund	19,865
Special Park Gift Fund	2,000
Special Rec Gift Fund	7,192
SDRS Pension Purposes	<u>1,659,655</u>
Total Other Purposes	<u>1,688,712</u>

Total Restricted Net Position	<u>\$2,512,900</u>
--------------------------------------	---------------------------

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 12 - (Continued)

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

NOTE 13 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2015, were as follows:

<u>Transfers From:</u>	Transfers To:			<u>Total</u>
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Liquor, Lodging and Dining Gross Receipts Tax Fund</u>	
Major Funds:				
Aggregate Other				
Governmental Funds	\$ 20	\$ --	\$ --	\$ 20
General Fund	--	--	35,000	35,000
Water Fund	1,313	--	--	1,313
Sewer Fund	949	6,129	--	7,078
Landfill Fund	<u>178</u>	<u>--</u>	<u>--</u>	<u>178</u>
	<u>\$2,460</u>	<u>\$6,129</u>	<u>\$35,000</u>	<u>\$43,589</u>

The City typically uses transfers to transfer earnings on deposits and investments from Special Revenue funds and Proprietary Funds to the General Fund and to transfer from the Sewer Fund to the Capital Project Fund to divide loan proceeds between the two funds and to transfer from the General Fund to the Liquor, Lodging and Dining Gross Receipts Tax Fund to conduct the indispensable functions of the City.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The City implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of January 1, 2015, as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position January 1, 2015, as previously reported	<u>\$13,705,010</u>	<u>\$5,056,303</u>
Restatement for pension accounting:		
Net Pension Asset	127,062	1,278,734
Pension Related Deferred Outflows of Resources	102,751	208,700
Pension Related Deferred Inflows of Resources	<u>(147,159)</u>	<u>(91,270)</u>
	<u>82,654</u>	<u>1,396,164</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 14 - (Continued)

There was a prior period adjustment for the Governmental Activities in the amount of \$45,852 due to capital asset records being understated in the prior year. This is reflected in the Statement of Activities also.

Capital asset restatement	(45,852)	--
Net Position January 1, 2015, as restated	<u>\$13,741,812</u>	<u>\$6,452,467</u>

NOTE 15 - PENSION PLAN

Plan Information:

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

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

1. If the SDRS market value funded ratio is 100% or more - 3.1% COLA
2. If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
 - a. 90.0% to 99.9% funded - 2.1% minimum and 2.8% maximum COLA
 - b. 80.0% to 90.0% funded - 2.1% minimum and 2.4% maximum COLA
3. If the SDRS market value funded ratio is less than 80% - 2.1% COLA

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - (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. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The City's share of contributions to the SDRS for the fiscal years ended December 31, 2015, 2014 and 2013, were \$331,879, \$335,650, and \$314,787, respectively, equal to the required contributions each year.

Pension Assets, Pension Revenue, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period and reported by the City as of December 31, 2015, are as follows:

Proportionate share of net position restricted for pension benefits	\$32,906,975
Less proportionate share of total pension liability	<u>31,611,865</u>
Proportionate share of net pension asset	<u>\$ 1,295,110</u>

At December 31, 2015, the City reported an asset of \$1,295,110 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the City's proportion was .3053577%, which is a decrease of .0097778% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$122,672. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 265,180	\$ --
Change in assumption	1,026,940	--
Net difference between projected and actual earnings on pension plan investments	791,160	1,910,959

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - (Continued)

Changes in proportion and difference between City contributions and proportionate share of contributions.	34,796	--
City contributions subsequent to the measurement date	<u>157,428</u>	<u>--</u>
Total	<u>\$2,275,504</u>	<u>\$1,910,959</u>

\$157,428 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. 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:

<u>Year Ended December 31:</u>	
2016	\$ 61,368
2017	61,368
2018	(165,097)
2019	<u>214,682</u>
Total	<u>\$ 172,321</u>

Actuarial Assumptions:

The total pension asset in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment rate of return	7.25 percent through 2016 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 15 - (Continued)

allocation as of June 30, 2015 (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	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	<u>2.0%</u>	0.8%
Total	<u>100.0%</u>	

Discount Rate:

The discount rate used to measure the total pension asset was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of asset to changes in discount rate:

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 7.25 percent through 2016 and 7.50 percent thereafter, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension asset	<u>\$(3,259,775)</u>	<u>\$1,295,110</u>	<u>\$5,009,226</u>

Pension Plan Fiduciary Net Position:

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

NOTE 16 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2015, the City was not involved in litigation.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 17 - SIGNIFICANT CONTINGENCIES - OTHER

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

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2015, the City managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

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

Worker's Compensation:

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

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

Unemployment Benefits:

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through August 9, 2016, the date on which the financial statements were available to be issued. Management has determined there are none.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REDFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
General property taxes	\$1,186,225	\$1,186,225	\$1,174,831	\$ (11,394)
General sales and use taxes	750,000	750,000	833,239	83,239
Tax deed revenue	-	-	2,923	2,923
Penalties and interest on delinquent taxes	2,500	2,500	7,626	5,126
License and Permits	16,000	16,000	22,260	6,260
Intergovernmental Revenue:				
Federal grants	25,000	25,000	79,624	54,624
State grants	7,500	7,500	17,115	9,615
State shared revenue:				
Bank franchise tax	3,500	3,500	5,624	2,124
Prorate license fees	5,500	5,500	6,811	1,311
Liquor tax reversion	17,500	17,500	14,507	(2,993)
Motor vehicle licenses (5%)	20,000	20,000	28,210	8,210
Local government highway and bridge fund	50,000	50,000	61,458	11,458
Other	150	150	144	(6)
County shared revenue:				
County road tax (25%)	5,180	5,180	5,182	2
County highway and bridge reserve tax (25%)	2,770	2,770	2,773	3
County wheel tax	750	750	883	133
Other	1,000	1,000	1,300	300
Charges for Goods and Services:				
General government	12,200	12,200	16,400	4,200
Public safety	2,600	2,600	2,592	(8)
Health	500	500	565	65
Culture and recreation	30,750	30,750	49,004	18,254
Cemetery	7,500	7,500	10,125	2,625
Other	2,500	2,500	11,454	8,954
Fines and Forfeits:				
Court fines and costs	2,000	2,000	3,202	1,202
Library	1,000	1,000	2,422	1,422
Other	100	100	-	(100)
Miscellaneous Revenue:				
Investment earnings	2,700	2,700	4,781	2,081
Rentals	20,750	20,750	24,852	4,102
Special assessments	11,750	11,750	8,613	(3,137)
Contributions and donations from private sources	-	-	1,639	1,639
Other	18,500	18,500	19,471	971
TOTAL REVENUE	<u>2,206,425</u>	<u>2,206,425</u>	<u>2,419,630</u>	<u>213,205</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
General Government:				
Legislative	84,695	94,695	96,421	(1,726)
Contingency	30,000	30,000		
Amount transferred		-		30,000
Executive	12,275	12,275	12,389	(114)
Financial administration	128,650	128,650	124,704	3,946
Other	21,650	21,650	13,161	8,489
Public Safety:				
Police	351,000	351,000	351,350	(350)
Fire	65,050	65,050	41,875	23,175
Public Works:				
Highways and streets	637,625	737,625	549,062	188,563
Airport	42,675	152,675	132,972	19,703
Cemeteries	32,200	32,200	31,634	566
Health and Welfare:				
Health	58,025	105,525	93,175	12,350
Culture and Recreation:				
Recreation	372,375	654,875	567,004	87,871
Parks	93,475	109,475	61,957	47,518
Libraries	98,475	124,475	125,248	(773)
Conservation and Development:				
Economic development and assistance (industrial development)	75,800	75,800	72,329	3,471
TOTAL EXPENDITURES	<u>2,103,970</u>	<u>2,695,970</u>	<u>2,273,281</u>	<u>422,689</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>102,455</u>	<u>(489,545)</u>	<u>146,349</u>	<u>635,894</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,460	2,460
Sale of municipal property	10,000	10,000	22,097	12,097
Compensation for loss or damage to capital assets	-	-	8,507	8,507
Transfers out	-	(55,000)	(35,000)	20,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>(45,000)</u>	<u>(1,936)</u>	<u>43,064</u>
NET CHANGE IN FUND BALANCES	112,455	(534,545)	144,413	678,958
CHANGE IN NONSPENDABLE	-	-	153	153
FUND BALANCE - BEGINNING	<u>1,189,250</u>	<u>1,189,250</u>	<u>1,189,250</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$1,301,705</u>	<u>\$ 654,705</u>	<u>\$1,333,816</u>	<u>\$ 679,111</u>

CITY OF REDFIELD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
DECEMBER 31, 2015

Note 1 - Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and special revenue funds.

The City did not encumber any amounts at December 31, 2015.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

Note 2 - USGAAP/Budgetary Accounting Basis Differences

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

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

	Last 1 Fiscal Year* (Dollar amounts in thousands)
	<u>2015</u>
City's proportion of the net pension asset	.3053577%
City's proportionate share of net pension asset	\$ 1,295
City's covered-employee payroll	\$ 5,473
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	23.66%
Plan fiduciary net position as a percentage of the total pension asset	104%

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

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

	Last 1 Fiscal Year (Dollar amounts in thousands)	
	<u>2015</u>	
Contractually required contribution	\$	331
Contributions in relation to the contractually required contribution		<u>331</u>
Contribution deficiency (excess)	<u>\$</u>	<u>-</u>
City's covered-employee payroll	\$	5,473
Contributions as a percentage of covered-employee payroll		6.05%

SUPPLEMENTARY INFORMATION

CITY OF REDFIELD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Capital Project Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
ASSETS:									
Cash and cash equivalents	\$ 13,401	\$ -	\$ 2,000	\$ 6,170	\$ -	\$ -	\$ -	\$ 41,852	\$ 63,423
Investments	-	234,366	-	1,022	-	-	77,532	63,000	375,920
Due from state government	7,200	-	-	-	4,104	-	-	-	11,304
Restricted cash and cash equivalents	-	-	-	-	35,294	-	-	-	35,294
TOTAL ASSETS	\$ 20,601	\$ 234,366	\$ 2,000	\$ 7,192	\$ 39,398	\$ -	\$ 77,532	\$ 104,852	\$ 485,941
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:									
LIABILITIES:									
Accounts payable	\$ 736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 736
Due to General Fund	-	-	-	-	-	106,586	-	-	106,586
TOTAL LIABILITIES	736	-	-	-	-	106,586	-	-	107,322
DEFERRED INFLOWS OF RESOURCES:									
Other deferred inflows of resources	1,692	-	-	-	-	-	-	-	1,692
TOTAL DEFERRED INFLOWS OF RESOURCES	1,692	-	-	-	-	-	-	-	1,692
FUND BALANCES:									
Nonspendable	-	-	-	-	-	-	50,000	69,066	119,066
Restricted	18,173	-	2,000	7,192	39,398	-	27,532	35,786	130,081
Committed	-	234,366	-	-	-	-	-	-	234,366
Unassigned	-	-	-	-	-	(106,586)	-	-	(106,586)
TOTAL FUND BALANCES	18,173	234,366	2,000	7,192	39,398	(106,586)	77,532	104,852	376,927
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 20,601	\$ 234,366	\$ 2,000	\$ 7,192	\$ 39,398	\$ -	\$ 77,532	\$ 104,852	\$ 485,941

CITY OF REDFIELD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	Second Penny Sales Tax Fund	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Capital Project Fund	Cemetery Perpetual Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
REVENUES:										
Taxes:										
General sales and use taxes	\$ -	\$ 61,985	\$ -	\$ -	\$ -	\$ 54,172	\$ -	\$ -	\$ -	\$ 116,157
Charges for Goods and Services:										
Culture and recreation	-	2,641	-	-	-	-	-	-	-	2,641
Cemetery	-	-	-	-	-	-	-	2,875	-	2,875
Other	-	5,800	-	-	-	-	-	-	-	5,800
Miscellaneous Revenue:										
Investment earnings	-	-	-	5	15	-	-	-	631	651
Contributions and donations from private sources	-	4,695	-	-	6,170	-	-	-	-	10,865
Other	-	-	-	-	-	-	108,000	-	-	108,000
TOTAL REVENUE	<u>-</u>	<u>75,121</u>	<u>-</u>	<u>5</u>	<u>6,185</u>	<u>54,172</u>	<u>108,000</u>	<u>2,875</u>	<u>631</u>	<u>246,989</u>
EXPENDITURES:										
Public Works:										
Highways and streets	529	-	-	-	-	-	-	-	-	529
Culture and Recreation:										
Historical preservation	-	64,662	-	-	-	-	-	-	-	64,662
Conservation and Development:										
Economic development and assistance (industrial development)	-	41,774	84,000	-	-	-	-	-	-	125,774
Debt Service	-	-	-	-	-	49,248	-	-	-	49,248
Capital Outlay	-	-	-	-	-	-	11,072	-	-	11,072
TOTAL EXPENDITURES	<u>529</u>	<u>106,436</u>	<u>84,000</u>	<u>-</u>	<u>-</u>	<u>49,248</u>	<u>11,072</u>	<u>-</u>	<u>-</u>	<u>251,285</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(529)</u>	<u>(31,315)</u>	<u>(84,000)</u>	<u>5</u>	<u>6,185</u>	<u>4,924</u>	<u>96,928</u>	<u>2,875</u>	<u>631</u>	<u>(4,296)</u>

	Second Penny Sales Tax Fund	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Capital Project Fund	Cemetery Perpetual Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
OTHER FINANCING SOURCES (USES):										
Transfers in	-	35,000	-	-	-	-	6,129	-	-	41,129
Transfers out	-	-	-	(5)	(15)	-	-	-	-	(20)
TOTAL OTHER FINANCING SOURCES (USES)	-	35,000	-	(5)	(15)	-	6,129	-	-	41,109
NET CHANGE IN FUND BALANCES	(529)	3,685	(84,000)	-	6,170	4,924	103,057	2,875	631	36,813
FUND BALANCE - BEGINNING	529	14,488	318,366	2,000	1,022	34,474	(209,643)	74,657	104,221	340,114
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ 18,173</u>	<u>\$ 234,366</u>	<u>\$ 2,000</u>	<u>\$ 7,192</u>	<u>\$ 39,398</u>	<u>\$(106,586)</u>	<u>\$ 77,532</u>	<u>\$ 104,852</u>	<u>\$ 376,927</u>