

***REDFIELD SCHOOL DISTRICT NO. 56-4  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2018***

*REDFIELD SCHOOL DISTRICT NO. 56-4  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2018*

**Board Members:**

**Heather Jordan - Board President  
Jay Esser - Vice President  
Tom Lambert  
Fran Esser  
Darvin Dickhaut**

**Superintendent:**

**Shad Storley**

**Business Manager:**

**Marilyn Hodges**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b><i>INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</i></b> .....	1-2
<b><i>SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS</i></b> .....	3
<b><i>INDEPENDENT AUDITOR'S REPORT</i></b> .....	4-5
<b><i>MANAGEMENT DISCUSSION AND ANALYSIS (MD&amp;A)</i></b> .....	6-14
<b><i>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</i></b>	
Statement of Net Position.....	15
Statement of Activities .....	16
<b><i>FUND FINANCIAL STATEMENTS:</i></b>	
<b><i>Governmental Funds:</i></b>	
Balance Sheet.....	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances .....	19-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	22
<b><i>Proprietary Funds:</i></b>	
Statement of Net Position.....	23
Statement of Revenues, Expenses, and Changes in Net Position.....	24
Statement of Cash Flows.....	25
<b><i>Fiduciary Funds:</i></b>	
Statement of Fiduciary Net Position .....	26
Statement of Changes in Fiduciary Net Position .....	27
<b><i>NOTES TO THE FINANCIAL STATEMENTS</i></b> .....	28-54
<b><i>REQUIRED SUPPLEMENTARY INFORMATION</i></b> .....	55
Budgetary Comparison Schedule – Budgetary Basis – General Fund .....	56-57
Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund.....	58
Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund.....	59
Budgetary Comparison Schedule – Budgetary Basis – Pension Fund .....	60
Notes to the Required Supplementary Information – Budgetary Comparison Schedule ...	61-62
Schedule of the Proportionate Share of the Net Pension Liability (Asset) .....	63
Schedule of the School District Contributions .....	64



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota, as of June 30, 2018 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 29, 2018.

*Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Audit Findings as an item that we consider to be a significant deficiency (item 2018-01).

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Redfield School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*School District's Response to Findings*

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

*Purpose of this Report*

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

A handwritten signature in cursive script that reads "CIO of LLC".

Huron, South Dakota  
October 29, 2018

**REDFIELD SCHOOL DISTRICT NO. 56-4  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2018**

**Prior Audit Findings**

**Finding Number 2017-01:**

A significant deficiency in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures. This finding has not been corrected and is being restated as current audit finding number 2018-01.

**Finding Number 2017-02:**

A significant deficiency in the School District exceeded the budgeted appropriation total in the Capital Outlay Fund. This finding has been resolved.

**Current Other Audit Findings**

**Finding Number 2018-01:**

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

**Internal Control – Related Finding – Significant Deficiency:**

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

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

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

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

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

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



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## ***INDEPENDENT AUDITOR'S REPORT***

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, Redfield, South Dakota, as of June 30, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise Redfield School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

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

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2018 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Huron, South Dakota  
October 29, 2018



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

This section of Redfield School District 56-4's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2018. Please read it in conjunction with the School's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- During the year, Redfield School District's Net Position in Government Activities increased by \$944,376 (19.47%).
- In FY17, the Redfield School District received \$15,095,000 in General Obligation bonds and \$7,870,000 in Limited General Obligation Capital Outlay Certificates. In FY18, construction progressed to the completion of the Middle School/High Building. The District recognized Construction in Progress of \$11,829,755. Construction is expected to be completed by the end of October 2019.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

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

**Figure A-1**

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

**REDFIELD SCHOOL DISTRICT NO. 56-4  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018**

**Government-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

The School has three kinds of funds:

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

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

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Position**

The School’s combined net position increased as follows:

Table A-1  
Redfield School District 56-4  
Statement of Net Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Total Percentage Change 2017-2018</i>
	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	
Current and Other Assets	\$ 28,477,953	\$ 19,744,383	\$ 57,451	\$ 70,186	\$ 28,535,404	\$ 19,814,569	-30.56%
Capital Assets (Net of Depreciation)	5,247,632	14,201,700	57,321	8,258	5,304,953	14,209,958	167.86%
<i>Total Assets</i>	<u>33,725,585</u>	<u>33,946,083</u>	<u>114,772</u>	<u>78,444</u>	<u>33,840,357</u>	<u>34,024,527</u>	<u>0.54%</u>
Pension Related Deferred Outflows	1,480,644	1,729,659	--	--	1,480,644	1,729,659	16.82%
<i>Total Deferred Outflows or Resources</i>	<u>1,480,644</u>	<u>1,729,659</u>	<u>--</u>	<u>--</u>	<u>1,480,644</u>	<u>1,729,659</u>	<u>16.82%</u>
Long-Term Liabilities Outstanding	27,290,695	25,478,943	--	--	27,290,695	25,478,943	-6.64%
Other Liabilities	1,119,777	1,936,501	5,416	16,859	1,125,193	1,953,360	73.60%
<i>Total Liabilities</i>	<u>28,410,472</u>	<u>27,415,444</u>	<u>5,416</u>	<u>16,859</u>	<u>28,415,888</u>	<u>27,432,303</u>	<u>-3.46%</u>
Taxes Levied for Future Period	1,945,957	2,160,382	--	--	1,945,957	2,160,382	11.02%
Pension Related Deferred Inflows	20	305,761	--	--	20	305,761	1528705.00%
<i>Total Deferred Inflows of Resources</i>	<u>1,945,977</u>	<u>2,466,143</u>	<u>--</u>	<u>--</u>	<u>1,945,977</u>	<u>2,466,143</u>	<u>26.73%</u>
Net Investment in Capital Assets	1,625,506	2,485,072	57,321	8,258	1,682,827	2,493,330	48.16%
Restricted	3,196,828	3,046,420	--	--	3,196,828	3,046,420	-4.70%
Unrestricted	27,445	262,663	52,035	53,327	79,480	315,990	297.57%
<i>Total Net Assets</i>	<u>4,849,779</u>	<u>5,794,155</u>	<u>109,356</u>	<u>61,585</u>	<u>4,959,135</u>	<u>5,855,740</u>	<u>18.08%</u>
<i>Beginning Net Position</i>	<u>5,412,079</u>	<u>4,849,779</u>	<u>99,677</u>	<u>109,356</u>	<u>5,511,756</u>	<u>4,959,135</u>	<u>-10.03%</u>
<i>Increase (Decrease) in Net Position</i>	<u>\$ (562,300)</u>	<u>\$ 944,376</u>	<u>\$ 9,679</u>	<u>\$ (47,771)</u>	<u>\$ (552,621)</u>	<u>\$ 896,605</u>	<u>262.25%</u>
<i>Percentage of Increase (Decrease) in Net Position</i>	<u>-10.39%</u>	<u>19.47%</u>	<u>9.71%</u>	<u>-43.68%</u>	<u>-10.03%</u>	<u>18.08%</u>	

The School’s combined net position of approximately \$5.8 million is approximately \$897,000 or 18% larger than on June 30, 2017. The increase in the School’s financial position was primarily in its governmental activities due to the addition of construction work in progress on the new school.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

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

**Changes in Net Position**

The Redfield School District’s total revenues (excluding transfers) in FY18 were \$8,322,479. More than 57% of the School’s revenue comes from property and other taxes, with approximately 28% coming from state aid. (See Table A-2).

**Table A-2**  
**Redfield School District 56-4**  
**Sources of Revenues**  
**Fiscal Year 2017-2018**

Taxes	\$ 4,800,796	57.63%
State Sources	2,356,021	28.28%
Operating Grants & Contributions	608,104	7.30%
Unrestricted Investment Earnings	252,746	3.03%
Charges for Services	219,110	2.63%
Other Revenues	93,727	1.13%
<i>Total Revenue</i>	\$ 8,330,504	100.00%

Total expenditures of all programs and services decreased by approximately 13%. The Redfield School District expenses totaled \$7,433,899 (See Table A-4). The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, and driver’s education. (See Table A-3).

**Table A-3**  
**Redfield School District 56-4**  
**Statement of Expenditures**  
**Fiscal Year 2017-2018**

Instruction	\$ 3,844,141	51.71%
Support Services	2,147,278	28.88%
Interest - on Long-Term Debt	724,080	9.74%
Cocurricular Activities	408,771	5.50%
Food Service	302,437	4.07%
Drivers Education	7,192	0.10%
<i>Total Expenditures</i>	\$ 7,433,899	100.00%

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

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

Table A-4

	<i>Government Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		<i>Total Percentage Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	
<i>Revenues</i>							
<i>Program Revenues</i>							
Charge for Services	\$ 62,839	\$ 70,546	\$ 144,299	\$ 148,564	\$ 207,138	\$ 219,110	5.78%
Operating Grants/Contributions	1,242,340	496,051	123,844	112,053	1,366,184	608,104	-55.49%
<i>General Revenues</i>							
Taxes	3,917,082	4,800,796	--	--	3,917,082	4,800,796	22.56%
Revenue State Sources	2,107,934	2,354,780	--	1,241	2,107,934	2,356,021	11.77%
<i>Other</i>							
Other general revenues	83,628	93,727	--	--	83,628	93,727	12.08%
Unrestricted Investment Earnings	268,999	252,746	--	--	268,999	252,746	-6.04%
	<u>7,682,822</u>	<u>8,068,646</u>	<u>268,143</u>	<u>261,858</u>	<u>7,950,965</u>	<u>8,330,504</u>	<u>4.77%</u>
<i>Expenses</i>							
Instruction	4,453,740	3,844,141	--	--	4,453,740	3,844,141	-13.69%
Support Services	3,043,039	2,147,278	--	--	3,043,039	2,147,278	-29.44%
Non-programmed Charges	14,046	--	--	--	14,046	--	-100.00%
Interest on long-term debt	499,086	724,080	--	--	499,086	724,080	45.08%
Co-curricular Activities	235,211	408,771	--	--	235,211	408,771	73.79%
Food Service	--	--	252,420	302,437	252,420	302,437	19.81%
Drivers Education	--	--	6,044	7,192	6,044	7,192	18.99%
	<u>8,245,122</u>	<u>7,124,270</u>	<u>258,464</u>	<u>309,629</u>	<u>8,503,586</u>	<u>7,433,899</u>	<u>-12.58%</u>
Excess (Deficiency) of Revenues Over Expenses	(562,300)	944,376	9,679	(47,771)	(552,621)	896,605	-262.25%
Beginning Adjusted Net Position	<u>5,412,079</u>	<u>4,849,779</u>	<u>99,677</u>	<u>109,356</u>	<u>5,511,756</u>	<u>4,959,135</u>	<u>-10.03%</u>
Ending Net Position	<u>\$ 4,849,779</u>	<u>\$ 5,794,155</u>	<u>\$ 109,356</u>	<u>\$ 61,585</u>	<u>\$ 4,959,135</u>	<u>\$ 5,855,740</u>	<u>18.08%</u>

**GOVERNMENTAL ACTIVITIES**

Revenues for the School's governmental activities increased approximately 5% while expenses for governmental activities decreased by approximately 13.6%. The District saw a large increase in taxes due to a full year assessment of the debt service levy for the General Obligation Bond Debt Service payment. Instruction and Support Services were seen as the decrease in expenditures.

**REDFIELD SCHOOL DISTRICT NO. 56-4  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018**

**BUSINESS-TYPE ACTIVITIES**

Expenditures of the School’s business-type activities (Food Service Operation) increased due to increases in salary, wages, and adjustments in Food Service capital assets.

**FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS**

The General Fund had a decrease in fund balance from FY17 to FY18, while the Capital Outlay Fund experienced a similar sized increase. The Special Education and Pension Funds experience very slight increases in fund balance. The Capital Project Fund had a significant decrease due to the payments that were made during the year for the construction project.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

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

**CAPITAL ASSET ADMINISTRATION**

By the end of FY18, the School had invested \$14,209,958 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) This amount represents a net increase (including additions and deductions) of \$8,905,005.

Table A-5  
Capital Assets  
(net of depreciation)

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total Dollar Change</i>	<i>Total % Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>		
Land	\$ 146,198	\$ 146,198	\$ --	\$ --	\$ --	0.00%
Construction in progress	1,932,428	11,565,154	--	--	\$ 9,632,726	498.48%
Buildings	2,024,341	1,596,699	--	--	\$ (427,642)	-21.12%
Improvements Other than Buildings	321,614	284,221	--	--	\$ (37,393)	-11.63%
Machinery & Equipment	823,051	609,428	57,321	8,258	\$ (262,686)	-29.84%
<b>Total Capital Assets</b>	<b>\$ 5,247,632</b>	<b>\$ 14,201,700</b>	<b>\$ 57,321</b>	<b>\$ 8,258</b>	<b>\$ 8,905,005</b>	<b>167.86%</b>

The major change in FY18 in capital assets occurred due to the demolition of the previous middle school/high school building and the construction of a new replacement building, which is seen in the construction in progress increase.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

**LONG-TERM DEBT**

At year-end, the School had \$25,478,944 in general long-term obligations. This balance includes Qualified Zone Academy Bonds, General Obligation Bonds, Capital Outlay Certificates, Capital Lease/Purchase payables, early retirement payable, and accrued sick leave payable. See individual balances as shown on Table A-6 below:

Table A-6  
 Outstanding Debt and Obligations

	<i>Governmental Activities</i>		<i>Total Dollar Change</i>	<i>Total % Change</i>
	<i>2017</i>	<i>2018</i>		
Qualified Zone Academy Bonds	\$ 2,200,000	\$ 1,950,000	\$ (250,000)	-11.36%
General Obligation Bonds	15,095,000	14,505,000	(590,000)	-3.91%
Plus: Unamortized Premiums	1,028,386	992,924	(35,462)	-3.45%
Capital Outlay Certificates	7,870,000	7,565,000	(305,000)	-3.88%
Plus: Unamortized Premiums	241,852	229,759	(12,093)	-5.00%
Financing (Capital Acquisition) Leases	211,894	107,365	(104,529)	-49.33%
Early Retirement Payable - Governmental Funds	--	103,986	103,986	100.00%
Accrued Compensated Absences - Governmental Funds	31,839	24,909	(6,930)	-21.77%
<b>Total Outstanding Debt</b>	<b>\$ 26,678,971</b>	<b>\$ 25,478,943</b>	<b>\$ (1,200,028)</b>	<b>-4.50%</b>

The school is liable for the repayment of Qualified Zone Academy Bonds, General Obligation bonds, Capital Outlay Certificates, Capital Lease/Purchase agreements, and accrued sick leave payable to the various employees who have ten consecutive years or more of employment at the School District. The School District also has an early retirement benefit for any teacher or administrator who has been employed by the School for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. The School did have retirement payable as of the end of FY18.



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

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

<u>YEAR</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2018	591	-3.90%
2017	615	2.67%
2016	599	-6.84%

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Redfield School's Business Office, 502 E. 2<sup>nd</sup> Street, Redfield, SD 57469.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF NET POSITION – GOVERNMENT-WIDE**  
**JUNE 30, 2018**

	<i>Primary Government</i>		<i>Total</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 7,557,162	\$ 51,754	\$ 7,608,916
Incidental imprest account	3,000	--	3,000
Accounts receivable	--	1,365	1,365
Taxes receivable	2,170,217	--	2,170,217
Inventories	--	17,067	17,067
Other assets	220,139	--	220,139
<b>Restricted Assets:</b>			
Cash and cash equivalents	9,777,962	--	9,777,962
Net pension asset	15,903	--	15,903
<b>Capital assets:</b>			
Land and construction in progress	11,711,353	--	11,711,353
Other capital assets, net of depreciation	2,490,347	8,258	2,498,605
<b>TOTAL ASSETS</b>	<b>33,946,083</b>	<b>78,444</b>	<b>34,024,527</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension-related deferred outflows	1,729,659	--	1,729,659
<b>LIABILITIES:</b>			
Accounts payable	1,335,377	--	1,335,377
Unearned revenue	--	7,078	7,078
Other current liabilities	601,123	9,781	610,904
<b>Long-term liabilities:</b>			
Due within one year	1,528,906	--	1,528,906
Due in more than one year	23,950,037	--	23,950,037
<b>TOTAL LIABILITIES</b>	<b>27,415,443</b>	<b>16,859</b>	<b>27,432,302</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Taxes levied for future periods	2,160,383	--	2,160,383
Pension related deferred inflows	305,761	--	305,761
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,466,144</b>	<b>--</b>	<b>2,466,144</b>
<b>NET POSITION:</b>			
Net investment in capital assets	2,485,072	8,258	2,493,330
<b>Restricted for:</b>			
Capital outlay	843,435	--	843,435
Special education	616,844	--	616,844
Pension	146,340	--	146,340
SDRS pension purposes	1,439,801	--	1,439,801
Unrestricted	262,663	53,327	315,990
<b>TOTAL NET POSITION</b>	<b>\$ 5,794,155</b>	<b>\$ 61,585</b>	<b>\$ 5,855,740</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF ACTIVITIES – GOVERNMENT-WIDE**  
**JUNE 30, 2018**

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>		<i>Net (Expenses) Revenues and Changes in Net Position</i>		<i>Total</i>	
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Primary Government</i>			
				<i>Governmental Activities</i>	<i>Business-Type Activities</i>		
<i>Governmental Activities:</i>							
Instruction	\$ 3,844,141	\$ 13,047	\$ 496,051	\$ (3,335,043)	\$ --	\$ (3,335,043)	
Support services	2,147,278	20,852	--	(2,126,426)	--	(2,126,426)	
Interest on long-term debt	724,080	--	--	(724,080)	--	(724,080)	
Cocurricular activities	408,771	36,647	--	(372,124)	--	(372,124)	
<b>Total Governmental Activities</b>	<b>7,124,270</b>	<b>70,546</b>	<b>496,051</b>	<b>(6,557,673)</b>	<b>--</b>	<b>(6,557,673)</b>	
<i>Business-Type Activities</i>							
Food service	302,437	140,539	112,053	--	(49,845)	(49,845)	
Drivers education	7,192	8,025	--	--	833	833	
<b>Total Business Type Activities</b>	<b>309,629</b>	<b>148,564</b>	<b>112,053</b>	<b>--</b>	<b>(49,012)</b>	<b>(49,012)</b>	
<b>Total Primary Government</b>	<b>\$ 7,433,899</b>	<b>\$ 219,110</b>	<b>\$ 608,104</b>	<b>(6,557,673)</b>	<b>(49,012)</b>	<b>(6,606,685)</b>	
<i>General Revenues:</i>							
<i>Taxes:</i>							
Property taxes				4,719,391	--	4,719,391	
Gross receipts taxes				81,405	--	81,405	
<i>Revenue from state sources:</i>							
State aid				2,315,954	--	2,315,954	
Other				38,826	1,241	40,067	
Revenue from federal sources				1,809	--	1,809	
Unrestricted investment earnings				252,746	--	252,746	
Other general revenues				91,918	--	91,918	
<b>Total General Revenues and Transfers</b>				<b>7,502,049</b>	<b>1,241</b>	<b>7,503,290</b>	
				Change in Net Position	944,376	(47,771)	896,605
				<i>NET POSITION - Beginning</i>	4,849,779	109,356	4,959,135
				<i>NET POSITION - Ending</i>	<b>\$ 5,794,155</b>	<b>\$ 61,585</b>	<b>\$ 5,855,740</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Pension</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 1,311,282	\$ 833,312	\$ 717,100	\$ 250,326	\$ --	\$ 4,439,917	\$ 7,551,937
Permanent incidental account	3,000	--	--	--	--	--	3,000
Taxes receivable - current	657,354	693,436	317,576	--	492,017	--	2,160,383
Taxes receivable - delinquent	5,544	2,443	1,089	--	758	--	9,834
Due from other governments	134,243	20,000	65,896	--	--	--	220,139
Restricted cash and cash equivalents	--	--	--	--	467,896	9,310,066	9,777,962
<b>TOTAL ASSETS</b>	<b>\$ 2,111,423</b>	<b>\$ 1,549,191</b>	<b>\$ 1,101,661</b>	<b>\$ 250,326</b>	<b>\$ 960,671</b>	<b>\$ 13,749,983</b>	<b>\$ 19,723,255</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<i>Liabilities:</i>							
Accounts payable	--	12,320	6,494	--	--	1,316,563	1,335,377
Contracts payable	345,919	--	130,102	--	--	--	476,021
Payroll deductions and withholding and employer matching payable	94,457	--	30,645	--	--	--	125,102
<b>Total Liabilities</b>	<b>440,376</b>	<b>12,320</b>	<b>167,241</b>	<b>--</b>	<b>--</b>	<b>1,316,563</b>	<b>1,936,500</b>
<i>Deferred Inflows of Resources:</i>							
Taxes levied for future period	657,354	693,436	317,576	--	492,017	--	2,160,383
Delinquent taxes not available	5,544	2,443	1,089	--	758	--	9,834
<b>Total Deferred Inflows of Resources</b>	<b>662,898</b>	<b>695,879</b>	<b>318,665</b>	<b>--</b>	<b>492,775</b>	<b>--</b>	<b>2,170,217</b>
<i>Fund Balances:</i>							
<i>Restricted:</i>							
For capital outlay	--	840,992	--	--	--	--	840,992
For special education	--	--	615,755	--	--	--	615,755
For pension	--	--	--	250,326	--	--	250,326
For debt service	--	--	--	--	467,896	--	467,896
For capital projects	--	--	--	--	--	12,433,420	12,433,420
<i>Unassigned</i>	1,008,149	--	--	--	--	--	1,008,149
<b>Total Fund Balances</b>	<b>1,008,149</b>	<b>840,992</b>	<b>615,755</b>	<b>250,326</b>	<b>467,896</b>	<b>12,433,420</b>	<b>15,616,538</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,111,423</b>	<b>\$ 1,549,191</b>	<b>\$ 1,101,661</b>	<b>\$ 250,326</b>	<b>\$ 960,671</b>	<b>\$ 13,749,983</b>	<b>\$ 19,723,255</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<b>Total Fund Balances - Governmental Funds</b>		<b>\$ 15,616,538</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		14,201,700
Pension related deferred outflows are components of pension liability and and therefore are not reported in the funds.		1,729,659
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
QZAB	(1,950,000)	
GO Bonds	(15,497,924)	
Capital Outlay Certificates	(7,794,759)	
Financing Leases	(107,365)	
Early Retirement	(103,986)	
Accrued Leave	(24,909)	(25,478,943)
Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:		
Delinquent Property Taxes Receivable		9,834
Proportionate Share of Net Pension Asset		15,903
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(305,761)
An internal service fund is used by the District's management to charge the costs of unemployment		5,225
 <i>Net Position - Governmental Activities</i>		 <b>\$ 5,794,155</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

<u>REVENUES</u>	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Pension</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<i>Revenue from Local Sources:</i>							
<i>Taxes</i>							
Ad valorem taxes	\$ 1,605,954	\$ 1,558,121	\$ 704,926	\$ --	\$ 806,491	\$ --	\$ 4,675,492
Prior years' ad valorem taxes	18,074	18,327	7,754	1,006	2,582	--	47,743
Utility taxes	81,405	--	--	--	--	--	81,405
Penalties and interest on taxes	4,759	4,585	1,993	136	958	--	12,431
<i>Earnings on Investments and Deposits</i>	10,550	--	--	--	1,056	241,140	252,746
<i>Cocurricular Activities</i>							
Admissions	34,599	--	--	--	--	--	34,599
Other student activity income	2,048	--	--	--	--	--	2,048
<i>Other Revenue from Local Sources</i>							
Rentals	--	6,495	--	--	--	--	6,495
LEAs within the state	--	--	20,852	--	--	--	20,852
Charges for services	10,125	--	2,922	--	--	--	13,047
Other	31,176	--	--	--	--	--	31,176
<i>Total Revenue from Local Sources</i>	<u>1,798,690</u>	<u>1,587,528</u>	<u>738,447</u>	<u>1,142</u>	<u>811,087</u>	<u>241,140</u>	<u>5,178,034</u>
<i>Revenue from Intermediate Sources:</i>							
<i>County Sources</i>							
County apportionment	21,495	--	--	--	--	--	21,495
<i>Total Revenue from Intermediate Sources</i>	<u>21,495</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>21,495</u>
<i>Revenue from State Sources:</i>							
<i>Grants-in-Aid</i>							
Unrestricted grants-in-aid	1,986,040	--	--	--	--	--	1,986,040
Restricted grants-in-aid	--	--	329,914	--	--	--	329,914
Other state revenue	18,826	20,000	--	--	--	--	38,826
<i>Total Revenue from State Sources</i>	<u>2,004,866</u>	<u>20,000</u>	<u>329,914</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,354,780</u>
<i>Revenue from Federal Sources:</i>							
<i>Grants-in-Aid</i>							
Restricted grants-in-aid received from federal government through an intermediate source	679	643	287	--	200	--	1,809
Restricted grants-in-aid received from federal government through the state	285,696	--	210,355	--	--	--	496,051
<i>Total Revenue from Federal Sources</i>	<u>286,375</u>	<u>643</u>	<u>210,642</u>	<u>--</u>	<u>200</u>	<u>--</u>	<u>497,860</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,111,426</u>	<u>\$ 1,608,171</u>	<u>\$ 1,279,003</u>	<u>\$ 1,142</u>	<u>\$ 811,287</u>	<u>\$ 241,140</u>	<u>\$ 8,052,169</u>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**  
**(CONTINUED)**

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Pension</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>EXPENDITURES</u></b>							
<i>Instructional Services:</i>							
Regular programs	\$ 2,498,526	\$ 44,796	\$ --	\$ --	\$ --	\$ --	\$ 2,543,322
Special programs	172,165	--	897,736	--	--	--	1,069,901
<i>Total Instructional Services</i>	<u>2,670,691</u>	<u>44,796</u>	<u>897,736</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,613,223</u>
<i>Support Services:</i>							
<i>Students</i>							
Attendance and social work	76,619	--	--	--	--	--	76,619
Guidance	102,665	--	17,848	--	--	--	120,513
Health	25,327	--	4,242	--	--	--	29,569
Psychological services	--	--	86,013	--	--	--	86,013
Student therapy services	--	--	44,083	--	--	--	44,083
<i>Instructional Staff</i>							
Improvement of instruction	3,700	--	--	--	--	--	3,700
Educational media	174,618	21,854	--	--	--	--	196,472
<i>General Administration</i>							
Board of education	55,953	--	--	--	--	--	55,953
Executive administration	145,198	--	--	--	--	--	145,198
<i>School Administration</i>							
Office of the principal	249,717	--	--	--	--	--	249,717
Other	1,243	--	--	--	--	--	1,243
<i>Business</i>							
Fiscal services	78,340	--	--	--	--	--	78,340
Facilities acquisition and construction	--	8,140	--	--	--	--	8,140
Operation and maintenance of plant	441,407	54,004	--	--	--	--	495,411
Student transportation	160,406	--	--	--	--	--	160,406
Internal Services	10,924	33,263	--	--	--	--	44,187
<i>Special Education</i>							
Administrative costs	--	--	103,426	--	--	--	103,426
Transportation costs	--	--	59,794	--	--	--	59,794
Other special education costs	--	--	60,655	--	--	--	60,655
<i>Total Support Services</i>	<u>1,526,117</u>	<u>117,261</u>	<u>376,061</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,019,439</u>
<i>Debt Services:</i>	<u>--</u>	<u>674,709</u>	<u>--</u>	<u>--</u>	<u>1,346,454</u>	<u>--</u>	<u>2,021,163</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**  
**(CONTINUED)**

<i>Cocurricular Activities:</i>							
Male activities	78,073	--	--	--	--	--	78,073
Female activities	38,455	--	--	--	--	--	38,455
Transportation	13,119	--	--	--	--	--	13,119
Combined activities	48,382	--	--	--	--	--	48,382
<i>Total Cocurricular Activities</i>	<u>178,029</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>178,029</u>
<i>Capital Outlay</i>	<u>--</u>	<u>381,139</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,632,726</u>	<u>10,013,865</u>
<b>TOTAL EXPENDITURES</b>	<u>4,374,837</u>	<u>1,217,905</u>	<u>1,273,797</u>	<u>--</u>	<u>1,346,454</u>	<u>9,632,726</u>	<u>17,845,719</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>(263,411)</u>	<u>390,266</u>	<u>5,206</u>	<u>1,142</u>	<u>(535,167)</u>	<u>(9,391,586)</u>	<u>(9,793,550)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfer in	--	--	--	--	141,302	--	141,302
Sale of surplus property	31,502	1,250	--	--	--	--	32,752
Transfer out	--	141,302	--	--	--	--	141,302
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>31,502</u>	<u>(140,052)</u>	<u>--</u>	<u>--</u>	<u>141,302</u>	<u>--</u>	<u>32,752</u>
<i>Net Change in Fund Balances</i>	(231,909)	250,214	5,206	1,142	(393,865)	(9,391,586)	(9,760,798)
<b>FUND BALANCE, Beginning</b>	<u>1,240,058</u>	<u>590,778</u>	<u>610,549</u>	<u>249,184</u>	<u>861,761</u>	<u>21,825,006</u>	<u>25,377,336</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,008,149</u>	<u>\$ 840,992</u>	<u>\$ 615,755</u>	<u>\$ 250,326</u>	<u>\$ 467,896</u>	<u>\$ 12,433,420</u>	<u>\$ 15,616,538</u>

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



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2018**

*Net Change in Fund Balances - Total Governmental Funds* \$ (9,760,798)

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

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 10,013,865

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources. (357,339)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$32,752 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (702,458)

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

QZAB	250,000	
GO Bond	625,462	
CO Certificate	317,093	
Other Long-Term	104,529	1,297,084

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available." (16,275)

Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses. (97,056)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. 570,903

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance to individual funds. The net revenue (expense) of the internal service funds is reported within the governmental activities. (3,550)

*Change in net position of governmental activities* \$ 944,376

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<i>Enterprise Funds</i>			<i>Internal Service Fund</i>
	<i>Food Service Fund</i>	<i>Drivers Education Fund</i>	<i>Totals</i>	
<b>ASSETS:</b>				
<i>Current Assets:</i>				
Cash and cash equivalents	\$ 46,492	\$ 5,262	\$ 51,754	\$ 5,225
Accounts receivable, net	1,365	--	1,365	--
Inventory - stores for resale	3,975	--	3,975	--
Inventory of donated food	13,092	--	13,092	--
<i>Total Current Assets</i>	<u>64,924</u>	<u>5,262</u>	<u>70,186</u>	<u>5,225</u>
<i>Noncurrent Assets:</i>				
Machinery and equipment - local funds	30,123	--	30,123	--
Less accumulated depreciation	(21,865)	--	(21,865)	--
<i>Total Noncurrent Assets</i>	<u>8,258</u>	<u>--</u>	<u>8,258</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<u><u>73,182</u></u>	<u><u>5,262</u></u>	<u><u>78,444</u></u>	<u><u>5,225</u></u>
<b>LIABILITIES:</b>				
<i>Current Liabilities:</i>				
Contracts payable	8,626	--	8,626	--
Accrued payroll expenses	1,155	--	1,155	--
Unearned revenue	7,078	--	7,078	--
<i>Total Current Liabilities</i>	<u>16,859</u>	<u>--</u>	<u>16,859</u>	<u>--</u>
<b>NET POSITION:</b>				
Net investment in capital assets	8,258	--	8,258	--
Unrestricted net position	<u>48,065</u>	<u>5,262</u>	<u>53,327</u>	<u>5,225</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 56,323</u></u>	<u><u>\$ 5,262</u></u>	<u><u>\$ 61,585</u></u>	<u><u>\$ 5,225</u></u>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION – PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<i>Enterprise Funds</i>			<i>Internal Service Fund</i>
	<i>Food Service Fund</i>	<i>Drivers Education Fund</i>	<i>Totals</i>	
<b>OPERATING REVENUE:</b>				
<i>Tuition and Fees:</i>				
Regular day school tuition	\$ --	\$ 8,025	\$ 8,025	\$ --
<i>Food Sales:</i>				
Student	130,231	--	130,231	--
Adult	9,902	--	9,902	--
Other charges for goods and services	406	--	406	--
<i>Total Operating Revenue</i>	<u>140,539</u>	<u>8,025</u>	<u>148,564</u>	<u>--</u>
<b>OPERATING EXPENSES:</b>				
<i>Food Service:</i>				
Salaries	85,329	--	85,329	--
Employee benefits	13,403	--	13,403	--
Purchased services	6,600	--	6,600	--
Supplies	10,422	--	10,422	--
Cost of sales - purchased	121,008	--	121,008	--
Cost of sales - donated	16,612	--	16,612	--
Depreciation	11,544	--	11,544	--
<i>Community Services</i>				
Other community services	--	7,192	7,192	--
<i>Nonprogrammed Charges</i>				
Payments to State-Unemployment	--	--	--	3,550
<i>Total Operating Expenses</i>	<u>264,918</u>	<u>7,192</u>	<u>272,110</u>	<u>3,550</u>
<i>Operating (Loss)</i>	(124,379)	833	(123,546)	(3,550)
<b>NONOPERATING REVENUES/EXPENSES:</b>				
State grants	1,241	--	1,241	--
Federal grants	95,441	--	95,441	--
Donated food	16,612	--	16,612	--
Loss on disposal of capital assets	(37,519)	--	(37,519)	--
<i>Total Nonoperating Revenue/ (Expenses)</i>	<u>75,775</u>	<u>--</u>	<u>75,775</u>	<u>--</u>
<i>Change in Net Position</i>	(48,604)	833	(47,771)	(3,550)
<i>NET POSITION - Beginning</i>	<u>104,927</u>	<u>4,429</u>	<u>109,356</u>	<u>8,775</u>
<i>NET POSITION - Ending</i>	<u>\$ 56,323</u>	<u>\$ 5,262</u>	<u>\$ 61,585</u>	<u>\$ 5,225</u>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<i>Food Service Fund</i>	<i>Drivers Education Fund</i>	<i>Totals</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 180,070	\$ 8,025	\$ 188,095
Cash payments to suppliers	(138,030)	(620)	(138,650)
Cash payments to employees	(94,365)	(6,572)	(100,937)
<i>Net Cash (Used) by Operating Activities</i>	<u>(52,325)</u>	<u>833</u>	<u>(51,492)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash reimbursements - state	1,241	--	1,241
Cash reimbursements - federal	95,441	--	95,441
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>96,682</u>	<u>--</u>	<u>96,682</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>44,357</b>	<b>833</b>	<b>45,190</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>2,135</b>	<b>4,429</b>	<b>6,564</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b><u>\$ 46,492</u></b>	<b><u>\$ 5,262</u></b>	<b><u>\$ 51,754</u></b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:</b>			
<i>Operating (Loss)</i>	\$ (124,379)	\$ 833	\$ (123,546)
<i>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</i>			
Depreciation expense	11,544	--	11,544
Value of commodities used	16,612	--	16,612
<b>Change in Assets and Liabilities:</b>			
Accounts receivable	32,453	--	32,453
Deferred revenue	7,078	--	7,078
Accrued wages payable	4,367	--	4,367
<i>Net cash (used) by operating activities:</i>	<u>\$ (52,325)</u>	<u>\$ 833</u>	<u>\$ (51,492)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Value of commodities received	<u>\$ 16,612</u>	<u>\$ --</u>	<u>\$ 16,612</u>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF NET POSITION – FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<i>Private -Purpose Trust Funds</i>	<i>Agency Funds</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 48,519	\$ 174,616	\$ 223,135
<b>TOTAL ASSETS</b>	<b>48,519</b>	<b>174,616</b>	<b>223,135</b>
<b>LIABILITIES</b>			
Amounts held for others	--	174,616	174,616
<b>TOTAL LIABILITIES</b>	<b>--</b>	<b>174,616</b>	<b>174,616</b>
<b>NET POSITION</b>			
Held in trust for others	48,519	--	48,519
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 48,519</b>	<b>\$ 174,616</b>	<b>\$ 223,135</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<i>Private-Purpose Trust Funds</i>
<b>ADDITIONS</b>	
<b>Other additions</b>	<u>\$        261</u>
<b>DEDUCTIONS</b>	
<b>Trust deductions for scholarships awarded</b>	<u>          3,800</u>
<b>CHANGE IN NET POSITION</b>	<u>         (3,539)</u>
<b>NET POSITION - BEGINNING</b>	<u>         52,058</u>
<b>NET POSITION - ENDING</b>	<u><u>        \$  48,519</u></u>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

**a. Financial Reporting Entity:**

The reporting entity of Redfield School District No. 56-4, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

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

**b. Basis of Presentation:**

**Government-Wide Financial Statements:**

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds.

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

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)***

b. ***Basis of Presentation: (continued)***

**Government-Wide Financial Statements: (continued)**

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

**Fund Financial Statements:**

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

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



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

b. **Basis of Presentation:** *(continued)*

The funds of the School District financial reporting entity are described below within their respective fund types:

**Governmental Funds:**

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

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

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

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

**Pension Fund:** A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of School Districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

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

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

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

b. **Basis of Presentation:** *(continued)*

**Proprietary Funds:**

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

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

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

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

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

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)***

b. ***Basis of Presentation: (continued)***

**Fiduciary Funds:**

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

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

**Agency Funds – Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes, clubs and so on.**

c. ***Measurement Focus and Basis of Accounting:***

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

**Measurement Focus:**

**Government-Wide Financial Statements:**

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

**Fund Financial Statements:**

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

c. **Measurement Focus and Basis of Accounting:** *(continued)*

**Basis of Accounting:**

**Government-Wide Financial Statements:**

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

**Fund Financial Statements:**

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Redfield School District 56-4, the length of that cycle is sixty days. The revenues which are accrued at June 30, 2018 are due from federal governments, local governments, rural electric and telephone gross receipts.

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

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

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)***

d. **Interfund Eliminations and Reclassifications:**

**Government-Wide Financial Statements:**

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

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

e. **Deposits and Investments:**

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

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

f. **Capital Assets:**

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

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

**REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (continued)

f. **Capital Assets:** (continued)

**Government-Wide Financial Statements:**

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

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

The total June 30, 2018 balance of capital assets for governmental activities includes approximately less than one percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2018 balance of capital assets for business-type activities are all valued at original cost.

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

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

\*Land is an inexhaustible capital asset and is not depreciated.

**Fund Financial Statements:**

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

g. **Long-Term Liabilities:**

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

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

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

h. **Program Revenues:**

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

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

i. **Proprietary Funds Revenue and Expense Classifications:**

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)***

j. **Cash and Cash Equivalents:**

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

k. **Equity Classifications:**

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

l. **Application of Net Position:**

It is the School District’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position is available.



**REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**m. Fund Balance Classification Policies and Procedures:**

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

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

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

The School District's Assigned fund balance consists of amounts assigned for subsequent year's budget in the General Fund.

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Taxes
Special Education Fund	Taxes
Pension Fund	Taxes

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**n. 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.

**o. Pensions:**

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

**2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:**

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

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

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

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK: (continued)**

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

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

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

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

**Assignment of Investment Income** – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy is to credit all income from deposits and investment to the General Fund, except for the private purpose trust funds which retains its investments income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

**3. RESTRICTED CASH AND INVESTMENTS:**

Assets restricted for use for a specific purpose through segregation of balances in separate account. As of June 30, 2018, \$467,896 was restricted in the Debt Service Fund for sinking fund requirements in the debt covenants and \$9,310,066 was restricted in the Capital Projects Fund for construction of the new school.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. INVENTORY:**

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

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

In the governmental fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. No material inventories were on hand at June 30, 2018.

**5. PROPERTY TAX:**

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

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

**6. DUE FROM OTHER GOVERNMENTS:**

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$220,140 due from various county, school, state and federal governments.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**7. CHANGES IN CAPITAL ASSETS:**

A summary of changes in capital assets for the fiscal year ended June 30, 2018 is as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 146,198	\$ --	\$ --	\$ 146,198
Construction in progress	1,932,428	9,632,727	--	11,565,155
<i>Total capital assets not being depreciated</i>	<u>2,078,626</u>	<u>9,632,727</u>	<u>--</u>	<u>11,711,353</u>
<b>Capital assets being depreciated:</b>				
Buildings	5,190,862	295,880	1,678,055	3,808,687
Improvements	494,419	6,094	5,363	495,150
Equipment	3,113,042	79,165	717,424	2,474,783
<i>Total capital assets being depreciated</i>	<u>8,798,323</u>	<u>381,139</u>	<u>2,400,842</u>	<u>6,778,620</u>
<b>Less accumulated depreciation for:</b>				
Buildings	3,166,521	202,524	627,160	2,741,885
Improvements	172,805	114,188	1,068,721	(781,728)
Equipment	2,289,991	40,627	2,502	2,328,116
<i>Total accumulated depreciation</i>	<u>5,629,317</u>	<u>357,339</u>	<u>1,698,383</u>	<u>4,288,273</u>
<i>Total capital assets being depreciated, net</i>	<u>3,169,006</u>	<u>23,800</u>	<u>702,459</u>	<u>2,490,347</u>
<i>Net Capital Assets</i>	<u>\$ 5,247,632</u>	<u>\$ 9,656,527</u>	<u>\$ 702,459</u>	<u>\$ 14,201,700</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**7. CHANGES IN CAPITAL ASSETS: (continued)**

Depreciation expense was charged to functions as follows:

Instruction	\$	207,188
Support services		69,556
Co-curricular activities		80,595
<i>Total Depreciation Expense</i>		\$ 357,339

	<i>Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i>
<b>Business-Type Activities:</b>				
<b>Capital assets, being depreciated:</b>				
Equipment	\$ 169,437	\$ --	\$ 139,314	\$ 30,123
<b>Less accumulated depreciation for:</b>				
Less: Accumulated Depreciation	112,116	11,544	101,795	21,865
<i>Total capital assets being depreciated, net</i>	\$ 57,321	\$ (11,544)	\$ 37,519	\$ 8,258

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	\$ 11,544

Construction work in progress at June 30, 2018 is composed of the following:

<i>Project Name</i>	<i>Project</i>	<i>Expended</i>	<i>Committed</i>	<i>Required</i>
School building additions and remodel	\$ 22,965,000	\$ 11,565,155	\$ --	\$ 11,399,845

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**8. LONG-TERM LIABILITIES:**

	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>Amounts Due</u>
Governmental Activities:					
Bonds Payable:					
Qualified Zone Academy Bonds	\$ 2,200,000	\$ --	\$ 250,000	\$ 1,950,000	\$ 250,000
General Obligation Bonds	15,095,000	--	590,000	14,505,000	600,000
Plus: Unamortized Premiums	1,028,386	--	35,462	992,924	35,462
Capital Outlay Certificates	7,870,000	--	305,000	7,565,000	415,000
Plus: Unamortized Premiums	241,852	--	12,093	229,759	12,093
Financing (Capital Acquisition) Leases	211,894	--	104,529	107,365	107,365
	<u>26,647,132</u>	<u>--</u>	<u>1,297,084</u>	<u>25,350,048</u>	<u>1,419,920</u>
Early Retirement Payable - Governmental Funds	--	103,986	--	103,986	103,986
Other Liabilities:					
Compensated Absences	<u>\$ 31,839</u>	<u>\$ 5,329</u>	<u>\$ 12,259</u>	<u>24,909</u>	<u>\$ 5,000</u>
Total Long-Term Liabilities	<u>\$ 26,678,971</u>	<u>\$ 109,315</u>	<u>\$ 1,309,343</u>	<u>\$ 25,478,943</u>	<u>\$ 1,528,906</u>

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

The District maintains an early retirement plan for any teacher or administrator who has been employed by the School District for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. This plan allows the District to reduce the overall program cost by hiring lower paid employees to replace the higher paid employees. At the end of fiscal year 2018, the school had retirement payable in the amount of \$103,986.

**REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**8. LONG-TERM LIABILITIES: (continued)**

Debt payable at June 30, 2018 is comprised of the following:

<i>TERMS</i>		
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2008	During July 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$250,000. Interest rate is 1.75%. Final payment is November 2018. The Debt Service Fund makes payment on this debt.	\$ 250,000
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2009	During November 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$500,000. There is no interest assessed on these bonds. Final payment is November 2024. The Debt Service Fund makes payment on this debt.	\$ 500,000
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2012	During June 2012, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$1,200,000. There is an interest rate of 4.38% assessed on these bonds. Final payment is June 2027. The Debt Service Fund makes payment on this debt.	\$ 1,200,000
Redfield School District No 56-4 General Obligation Bonds, Series 2016	During July 2016, the School District entered into an agreement to receive General Obligations Bonds in the amount of \$15,095,000. There is an interest rate of 2.89% assessed on these bonds. Final payment is December 2036. The Debt Service Fund makes payment on this debt.	\$ 14,505,000
Redfield School District No 56-4 Capital Outlay Certificates Series 2017A	During December 2016, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$7,870,000. There is an interest rate of 3.33% assessed on these bonds. Final payment is August 2036. The Capital Outlay Fund makes payment on this debt.	\$ 7,565,000

The Qualified Zone Academy Bonds program provides bondholders with a tax credit in lieu of cash interest payments. A Sinking fund deposit agreement was required where by the School District makes annual payments of \$25,000, \$33,333, and \$80,000 until August 30, 2018, November 30, 2024, and June 27, 2027 respectively at which time the bonds will mature and be retired.

Midwest Leasing Inc. – Secured by equipment	During FY16, the School District entered into a capital lease/purchase agreement totaling \$418,175 for computers. The interest rate is 2.73%. Final maturity of the agreement is July 2018. The Capital Outlay fund makes payment on this debt.	\$ 107,365
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**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**8. LONG-TERM LIABILITIES: (continued)**

Compensated Absences –		
Payable from the fund to which payroll expenditures are charged	\$	24,909
Early Retirement Benefits –		
Payable from the Pension Fund	\$	103,986

The annual requirements to amortize the Qualified Zone Academy Bonds and capital lease/purchase agreements outstanding at June 30, 2018, are as follows:

Annual Requirements to Maturity for Long-Term Debt June 30, 2018

<u>Year Ending</u>	<u>General Obligation Bonds</u>		<u>Capital Outlay Certificates (including QZAB)</u>		<u>Financing (Capital Acquisition) Leases</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2019	\$ 600,000	\$ 493,550	\$ 665,000	\$ 268,619	\$ 107,365	2,961	\$ 1,372,365
2020	615,000	481,500	420,000	259,362	–	–	1,035,000	740,862
2021	625,000	469,150	420,000	249,663	–	–	1,045,000	718,813
2022	640,000	456,550	430,000	238,926	–	–	1,070,000	695,476
2023	650,000	443,700	440,000	227,155	–	–	1,090,000	670,855
2024-2028	3,560,000	1,915,050	3,465,000	923,513	–	–	7,025,000	2,838,563
2029-2033	4,280,000	1,191,800	1,875,000	550,500	–	–	6,155,000	1,742,300
2034-2037	3,535,000	288,400	1,800,000	146,500	–	–	5,335,000	434,900
<b>TOTALS</b>	<b>\$ 14,505,000</b>	<b>\$ 5,739,700</b>	<b>\$ 9,515,000</b>	<b>\$ 2,864,238</b>	<b>\$ 107,365</b>	<b>\$ 2,961</b>	<b>\$ 24,127,365</b>	<b>\$ 8,606,899</b>

**9. INTERFUND TRANSFERS:**

Transfers to/from other funds at June 30, 2018, consist of the following:

Transfer from the Capital Outlay Fund to the Debt Service Fund to deposit money towards paying off the Qualified Zone Academy Bonds when their term is complete.	\$	141,302
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This transfer was made to meet the yearly obligations of the Quality Zone Academy Term Bonds which are tracked in the Debt Service Fund until the term is complete at which time the bonds are paid off.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**10. RESTRICTED NET POSITION:**

Restricted Net Position for the year ended June 30, 2018 was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
<i>Major Purposes:</i>		
Capital Outlay	Law	\$ 843,435
Special Education	Law	616,844
Pension Fund	Law	146,340
SDRS Pension Purposes	Law	1,439,801
<i>Total</i>		<u><u>\$ 3,046,420</u></u>

**11. PENSION PLAN:**

a. 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 provide retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

b. 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.

**REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**11. PENSION PLAN: (continued)**

**b. Benefits Provided: (continued)**

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:

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

The 2017 legislation modified the COLA, effective for the July 1, 2018:

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

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

**c. Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for Social Security for general employees only. The School District’s share of contributions to the SDRS for the years ended June 30, 2018, 2017 and 2016, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2018	\$218,735
2017	\$213,627
2016	\$206,612

*REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

At June 30, 2017, SDRS is 100.1% 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 School District as of the measurement period ending June 30, 2017 and reported by the School District as of June 30, 2018 are as follows:

Proportionate share of pension liability	\$ 20,388,726
Less proportionate share of net pension restricted for pension benefits	<u>20,404,629</u>
<i>Proportionate share of net pension (asset)</i>	<u><u>\$ (15,903)</u></u>

11. *PENSION PLAN: (continued)*

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

At June 30, 2018, the School District reported an (asset) of (\$15,903) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2017 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2017, the School District's proportion was 0.17523670%, which is a (decrease) of (0.0058591%) from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized pension expense or \$2,171,663. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 254,808	\$ --
Changes in assumption	1,234,762	--
Net difference between projected and actual earnings on pension plan investments	--	305,749
Changes in proportion and difference between district contributions and proportionate share of contributions	21,354	12
District contributions subsequent to the measurement date	<u>218,735</u>	<u>--</u>
<i>TOTAL</i>	<u><u>\$ 1,729,659</u></u>	<u><u>\$ 305,761</u></u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**11. PENSION PLAN: (continued)**

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

\$218,735 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. 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:

<i>Year Ended</i> <i>June 30,</i>		
2019	\$	327,915
2020		545,865
2021		401,835
2022		(70,452)
2023		--
Thereafter		--
<b>TOTAL</b>	<b>\$</b>	<b><u>1,205,163</u></b>

**e. Actuarial Assumptions:**

The total pension liability (asset) in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00%
Discount	6.50% net of plan investment expense

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

*REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

11. *PENSION PLAN: (continued)*

e. *Actuarial Assumptions: (continued)*

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Global equity	58.0%	4.8%
Fixed income	30.0%	1.8%
Real estate	10.0%	4.6%
Cash	2.0%	0.7%
<i>TOTAL</i>	<u>100.0%</u>	

f. *Discount Rate:*

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

**REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**11. PENSION PLAN: (continued)**

**f. Discount Rate: (continued)**

Sensitivity of liability (asset) to changes in the discount rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension (asset)	<u>\$ 2,912,615</u>	<u>\$ (15,903)</u>	<u>\$ (2,400,669)</u>

**g. Pension Plan Fiduciary Net Position:**

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

**h. Payables to the Pension Plan:**

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

**12. CONSORTIUM INFORMATION:**

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

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

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

Financial data for this venture is available from the Doland School District. At June 30, 2018, this venture had no fund equity and no long-term debt.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**13. RISK MANAGEMENT:**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2018, the School District managed its risks as follows:

**Employee Health Insurance:**

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

**Liability Insurance:**

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

**Workers' Compensation:**

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool, which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, of behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members.

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

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



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**13. RISK MANAGEMENT: (continued)**

**Unemployment Benefits:**

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

**The School District has equity in the Internal Service Fund in the amount of \$5,225 for the payment of future unemployment benefits.**

**During the year ended June 30, 2018, there were claims for unemployment that were paid. At June 30, 2018, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.**

***REQUIRED SUPPLEMENTARY INFORMATION***

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS**  
**JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 1,490,000	\$ 1,490,000	\$ 1,605,954	\$ 115,954
Prior years' ad valorem taxes	23,000	23,000	18,074	(4,926)
Utility taxes	27,000	27,000	81,405	54,405
Penalties and interest on taxes	5,000	5,000	4,759	(241)
<i>Earnings on Investments and Deposits</i>	6,000	6,000	10,550	4,550
<i>Cocurricular Activities</i>				
Admissions	35,000	35,000	34,599	(401)
Rentals	500	500	2,048	1,548
<i>Other Revenue from Local Sources</i>				
Rentals	500	500	--	(500)
Charges for services	10,000	10,000	10,125	125
Other	21,200	21,200	31,176	9,976
<i>Total Revenue from Local Sources</i>	<u>1,618,200</u>	<u>1,618,200</u>	<u>1,798,690</u>	<u>180,490</u>
<i>Revenue from Intermediate Sources:</i>				
<i>County Sources</i>				
County apportionment	22,000	22,000	21,495	(505)
<i>Total Revenue from Intermediate Sources</i>	<u>22,000</u>	<u>22,000</u>	<u>21,495</u>	<u>(505)</u>
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid</i>				
Unrestricted grants-in-aid	2,126,030	2,126,030	1,986,040	(139,990)
Restricted grants-in-aid	--	--	18,826	18,826
<i>Total Revenue from State Sources</i>	<u>2,126,030</u>	<u>2,126,030</u>	<u>2,004,866</u>	<u>(121,164)</u>
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid received from federal government through an intermediate source	--	--	679	679
Restricted grants-in-aid received from federal government through the state	271,766	271,766	285,696	13,930
<i>Total Revenue from Federal Sources</i>	<u>271,766</u>	<u>271,766</u>	<u>286,375</u>	<u>14,609</u>
<b>TOTAL REVENUES</b>	<u>\$ 4,037,996</u>	<u>\$ 4,037,996</u>	<u>\$ 4,111,426</u>	<u>\$ 73,430</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS**  
**JUNE 30, 2018**  
**(CONTINUED)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>EXPENDITURES</u></b>				
<i>Instructional Services:</i>				
Regular programs	\$ 2,569,422	\$ 2,588,479	\$ 2,498,526	\$ 89,953
Special programs	179,720	180,485	172,165	8,320
<i>Total Instructional Services</i>	<u>2,749,142</u>	<u>2,768,964</u>	<u>2,670,691</u>	<u>98,273</u>
<i>Support Services:</i>				
<i>Students</i>				
Attendance and social work	92,082	95,477	76,619	18,858
Guidance	105,591	105,640	102,665	2,975
Health	26,408	26,408	25,327	1,081
<i>Instructional Staff</i>				
Improvement of instruction	12,200	12,200	3,700	8,500
Educational media	182,027	182,027	174,618	7,409
<i>General Administration</i>				
Board of education	60,800	69,175	55,953	13,222
Executive administration	151,958	153,468	145,198	8,270
<i>School Administration</i>				
Office of the principal	243,463	256,163	249,717	6,446
Other	–	1,243	1,243	–
<i>Business</i>				
Fiscal services	120,050	120,050	78,340	41,710
Operation and maintenance of plant	465,665	491,059	441,407	49,652
Student transportation	173,483	184,391	160,406	23,985
Internal service	9,000	10,924	10,924	–
<i>Total Support Services</i>	<u>1,642,727</u>	<u>1,708,225</u>	<u>1,526,117</u>	<u>182,108</u>
<i>Cocurricular Activities:</i>				
Male activities	77,749	82,912	78,073	4,839
Female activities	44,749	45,936	38,455	7,481
Transportation	13,638	13,671	13,119	552
Combined activities	42,380	51,991	48,382	3,609
<i>Total Cocurricular Activities</i>	<u>178,516</u>	<u>194,510</u>	<u>178,029</u>	<u>16,481</u>
<i>Contingencies:</i>				
Transfers	75,000	75,000	–	75,000
Contingencies transferred	–	(74,993)	–	(74,993)
<i>Total Contingencies</i>	<u>75,000</u>	<u>7</u>	<u>–</u>	<u>7</u>
<b>TOTAL EXPENDITURES</b>	<u>4,645,385</u>	<u>4,671,706</u>	<u>4,374,837</u>	<u>296,869</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(607,389)</u>	<u>(633,710)</u>	<u>(263,411)</u>	<u>370,299</u>
<b>OTHER FINANCING SOURCES:</b>				
Sale of surplus property	–	–	31,502	31,502
<b>Total Other Financing Sources:</b>	<u>–</u>	<u>–</u>	<u>31,502</u>	<u>31,502</u>
<i>Net Change in Fund Balances</i>	<u>(607,389)</u>	<u>(633,710)</u>	<u>(231,909)</u>	<u>401,801</u>
<b>FUND BALANCE, Beginning</b>	<u>1,240,058</u>	<u>1,240,058</u>	<u>1,240,058</u>	<u>–</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 632,669</u>	<u>\$ 606,348</u>	<u>\$ 1,008,149</u>	<u>\$ 401,801</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – CAPITAL OUTLAY FUND – BUDGETARY BASIS**  
**JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 1,544,000	\$ 1,544,000	\$ 1,558,121	\$ 14,121
Prior years' ad valorem taxes	7,000	7,000	18,327	11,327
Penalties and interest on taxes	3,000	3,000	4,585	1,585
<i>Other Revenue from Local Sources:</i>				
Rentals	6,200	6,200	6,495	295
<i>Revenue from State Sources:</i>				
Other State Revenue	--	--	20,000	20,000
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid received from federal government through an intermediate source	--	--	643	643
<b>TOTAL REVENUES</b>	<b>1,560,200</b>	<b>1,560,200</b>	<b>1,608,171</b>	<b>47,971</b>
<b><u>EXPENDITURES</u></b>				
<i>Instructional Services:</i>				
Regular programs	43,800	93,338	78,961	14,377
<i>Total Instructional Services</i>	43,800	93,338	78,961	14,377
<i>Support Services:</i>				
<i>Instructional Staff</i>				
Educational media	35,000	35,000	21,854	13,146
<i>Business</i>				
Facilities acquisition and construction	170,000	176,480	81,205	95,275
Operation and maintenance of plant	153,000	282,913	282,913	--
Student transportation	90,000	90,000	45,000	45,000
Internal service	35,000	35,000	33,263	1,737
<i>Total Support Services</i>	483,000	619,393	464,235	155,158
<i>Debt Services:</i>				
	673,194	674,769	674,709	60
<b>TOTAL EXPENDITURES</b>	<b>1,199,994</b>	<b>1,387,500</b>	<b>1,217,905</b>	<b>169,595</b>
<i>Excess of Revenue Over (Under)</i>				
<i>Expenditures</i>	360,206	172,700	390,266	217,566
<b><i>OTHER FINANCING SOURCES (USES):</i></b>				
Transfers out	(139,400)	(141,302)	(141,302)	--
Sale of surplus property	--	--	1,250	1,250
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(139,400)</b>	<b>(141,302)</b>	<b>(140,052)</b>	<b>1,250</b>
<i>Net Change in Fund Balances</i>	220,806	31,398	250,214	218,816
<b>FUND BALANCE, Beginning</b>	<b>590,778</b>	<b>590,778</b>	<b>590,778</b>	<b>--</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 811,584</b>	<b>\$ 622,176</b>	<b>\$ 840,992</b>	<b>\$ 218,816</b>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND – BUDGETARY BASIS**  
**JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 682,194	\$ 682,194	\$ 704,926	\$ 22,732
Prior years' ad valorem taxes	5,000	5,000	7,754	2,754
Penalties and interest on taxes	1,300	1,300	1,993	693
<i>Other Revenue from Local Sources:</i>				
LEAs within the state	31,293	31,293	20,852	(10,441)
Charges for services	2,500	2,500	2,922	422
<i>Total Revenue from Local Sources</i>	<u>722,287</u>	<u>722,287</u>	<u>738,447</u>	<u>16,160</u>
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid	567,424	567,424	329,914	(237,510)
<i>Total Revenue from State Sources</i>	<u>567,424</u>	<u>567,424</u>	<u>329,914</u>	<u>(237,510)</u>
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid received from federal government through an intermediate source	–	–	287	287
Restricted grants-in-aid received from federal government through the state	225,913	225,913	210,355	(15,558)
<i>Total Revenue from Federal Sources</i>	<u>225,913</u>	<u>225,913</u>	<u>210,642</u>	<u>(15,271)</u>
 <i>TOTAL REVENUES</i>	 <u>1,515,624</u>	 <u>1,515,624</u>	 <u>1,279,003</u>	 <u>(236,621)</u>
<b><u>EXPENDITURES</u></b>				
<i>Instructional Services:</i>				
Special programs	934,491	968,028	897,736	70,292
<i>Total Instructional Services</i>	<u>934,491</u>	<u>968,028</u>	<u>897,736</u>	<u>70,292</u>
<i>Support Services:</i>				
<i>Students:</i>				
Guidance services	17,888	17,888	17,848	40
Health services	4,308	4,308	4,242	66
Psychological services	97,232	99,479	86,013	13,466
Student therapy services	43,000	44,055	44,083	(28)
<i>Special Education</i>				
Administrative costs	101,563	101,563	103,426	(1,863)
Transportation costs	52,575	70,822	59,794	11,028
Other special education costs	61,645	61,645	60,655	990
<i>Total Support Services</i>	<u>378,211</u>	<u>399,760</u>	<u>376,061</u>	<u>23,699</u>
 <i>TOTAL EXPENDITURES</i>	 <u>1,312,702</u>	 <u>1,367,788</u>	 <u>1,273,797</u>	 <u>93,991</u>
 <i>Excess of Revenues Over (Under) Expenditures</i>	 <u>202,922</u>	 <u>147,836</u>	 <u>5,206</u>	 <u>(142,630)</u>
 <i>Net Change in Fund Balance</i>	 <u>202,922</u>	 <u>147,836</u>	 <u>5,206</u>	 <u>(142,630)</u>
 <i>FUND BALANCE, Beginning</i>	 <u>610,549</u>	 <u>610,549</u>	 <u>610,549</u>	 <u>–</u>
<i>FUND BALANCE, Ending</i>	<u>\$ 813,471</u>	<u>\$ 758,385</u>	<u>\$ 615,755</u>	<u>\$ (142,630)</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – PENSION FUND – BUDGETARY BASIS**  
**JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Prior years' ad valorem taxes	\$ 700	\$ 700	\$ 1,006	\$ 306
Penalties and interest on taxes	–	–	136	136
<i>Total Revenue from Local Sources</i>	<u>700</u>	<u>700</u>	<u>1,142</u>	<u>442</u>
<b>TOTAL REVENUES</b>	<u>700</u>	<u>700</u>	<u>1,142</u>	<u>442</u>
<b><u>EXPENDITURES</u></b>				
<i>Instructional Services:</i>				
Regular programs	700	700	–	700
<i>Total Instructional Services</i>	<u>700</u>	<u>700</u>	<u>–</u>	<u>700</u>
<i>Nonprogrammed Charges</i>				
Early retirement payment	44,436	44,436	–	44,436
<i>Total Nonprogrammed Charges</i>	<u>44,436</u>	<u>44,436</u>	<u>–</u>	<u>44,436</u>
<b>TOTAL EXPENDITURES</b>	<u>45,136</u>	<u>45,136</u>	<u>–</u>	<u>45,136</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(44,436)	(44,436)	1,142	45,578
<i>FUND BALANCE, Beginning</i>	249,184	249,184	249,184	–
<i>FUND BALANCE, Ending</i>	<u>\$ 204,748</u>	<u>\$ 204,748</u>	<u>\$ 250,326</u>	<u>\$ 45,578</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

**1. BUDGETS AND BUDGETARY ACCOUNTING:**

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

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



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**  
**(CONTINUED)**

**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 school bus 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 school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

**3. 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 school bus 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 school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

**REDFIELD SCHOOL DISTRICT NO. 56-4  
SCHEDULE OF THE PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (ASSET)  
SOUTH DAKOTA RETIREMENT SYSTEM**

	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<b>District's proportion of the net pension liability (asset)</b>	<b>0.1752367%</b>	<b>0.1810958%</b>	<b>0.1830441%</b>	<b>0.1830352%</b>
<b>District's proportionate share of net pension liability (asset)</b>	<b>\$ (15,903)</b>	<b>\$ 611,724</b>	<b>\$ (776,342)</b>	<b>\$ (1,318,694)</b>
<b>District's covered-employee payroll</b>	<b>\$ 3,560,434</b>	<b>\$ 3,443,515</b>	<b>\$ 3,341,848</b>	<b>\$ 3,200,783</b>
<b>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	<b>-0.45%</b>	<b>17.76%</b>	<b>-23.23%</b>	<b>-41.20%</b>
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	<b>100.10%</b>	<b>96.89%</b>	<b>104.10%</b>	<b>107.29%</b>

**REDFIELD SCHOOL DISTRICT NO. 56-4  
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS  
SOUTH DAKOTA RETIREMENT SYSTEM**

	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
<b>Contractually-required contribution</b>	\$ 218,735	\$ 233,626	\$ 206,611	\$ 200,511
<b>Contributions in relation to the contractually-required contribution</b>	<u>218,735</u>	<u>233,626</u>	<u>206,611</u>	<u>200,511</u>
<b>Contribution deficiency (excess)</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b>District's covered-employee payroll</b>	\$ 3,645,583	\$ 3,560,434	\$ 3,443,515	\$ 3,341,848
<b>Contributions as a percentage of employee-covered payroll</b>	6.00%	6.56%	6.00%	6.00%