

***REDFIELD SCHOOL DISTRICT NO. 56-4
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2019***

***REDFIELD SCHOOL DISTRICT NO. 56-4
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2019***

Board Members:

**Heather Jordan – Board President
Jay Esser – Vice President
Fran Esser
Darvin Dickhaut
Kelly Hodges**

Superintendent:

Shad Storley

Business Manager:

Kevin Kocer

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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, 2019 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 December 2, 2019.

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 2019-01 and 2019-02).

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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, 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.

Handwritten signature in cursive script, appearing to read "CLO of LLC".

Huron, South Dakota
December 2, 2019

**REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

Prior Audit Findings

Finding Number 2018-01:

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 2019-01.

Current Audit Findings

Compliance and Other Matters Findings:

Finding Number 2019-01:

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.

**REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

Current Audit Findings

Compliance and Other Matters Findings:

Finding Number 2019-02:

A significant deficiency in internal controls was disclosed by our audit for violation of SDCL 6-1-10 of not publishing a complete list of all the officers and employees' salaries in the official minutes.

Internal Control – Related Finding – Significant Deficiency:

Criteria: The governing board shall publish a complete list of all the officers and employees' salaries in the official minutes. The governing board's internal control system of a School can help with compliance with laws and regulations, and decreased potential for the loss of public records. SDCL 6-1-10 states that schools have a responsibility to publish a complete list of all the officers and employees' salaries with the proceeding of the first meeting of the year, or within 30 days thereafter, or in the minutes of the first meeting following the completion of salary negotiations.

Condition: During our review of employee salaries and wages, we noted that the School District did not publish all of the officers and employees' salaries within 30 days, or in the minutes of the first meeting following the completion of salary negotiations for fiscal year 2019.

Cause: A lack of oversight in the control processes, and a changing of business managers between fiscal year 2018 and 2019 caused the School District to not be compliant with the applicable SDCL noted above.

Effect: As a result, wages and salaries were not properly published for fiscal year 2019 pursuant to SDCL 6-1-10.

Recommendation: We recommend that School officials exercise adequate oversight of the accounting function, become familiar with the statutory requirements and implement necessary controls and processes to ensure compliance with laws.

Management's Response: Management agrees with the finding and recommendation. The School District has properly published salaries for fiscal year 2020.



e l o c p a ■ c o m

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, 2019, 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.

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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, 2019, 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 December 2, 2019 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
December 2, 2019

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019

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, 2019. 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 decreased by \$110,137 (1.88%).
- 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 was completed on the Middle School/High Building. In FY19, construction continued and neared completion of the Elementary School and Auxiliary Gym. The District recognized Construction in Progress of \$18,971,089. 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, 2019**

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

Major Features of Redfield School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	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
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during 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, 2019**

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 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, 2019

- **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 2018-2019</i>
	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	
Current and Other Assets	\$ 19,744,383	\$ 11,305,377	\$ 70,186	\$ 83,635	\$ 19,814,569	\$ 11,389,012	-42.52%
Capital Assets (Net of Depreciation)	14,201,700	20,459,803	8,258	6,645	14,209,958	20,466,448	44.03%
<i>Total Assets</i>	<u>33,946,083</u>	<u>31,765,180</u>	<u>78,444</u>	<u>90,280</u>	<u>34,024,527</u>	<u>31,855,460</u>	<u>-6.38%</u>
Pension Related Deferred Outflows	1,729,659	1,426,324	--	--	1,729,659	1,426,324	-17.54%
<i>Total Deferred Outflows or Resources</i>	<u>1,729,659</u>	<u>1,426,324</u>	<u>--</u>	<u>--</u>	<u>1,729,659</u>	<u>1,426,324</u>	<u>-17.54%</u>
Long-Term Liabilities Outstanding	25,478,943	23,741,923	--	--	25,478,943	23,741,923	-6.82%
Other Liabilities	1,936,501	1,221,672	16,859	13,174	1,953,360	1,234,846	-36.78%
<i>Total Liabilities</i>	<u>27,415,444</u>	<u>24,963,595</u>	<u>16,859</u>	<u>13,174</u>	<u>27,432,303</u>	<u>24,976,769</u>	<u>-8.95%</u>
Taxes Levied for Future Period	2,160,382	2,249,655	--	--	2,160,382	2,249,655	4.13%
Pension Related Deferred Inflows	305,761	309,757	--	--	305,761	309,757	1.31%
<i>Total Deferred Inflows of Resources</i>	<u>2,466,143</u>	<u>2,559,412</u>	<u>--</u>	<u>--</u>	<u>2,466,143</u>	<u>2,559,412</u>	<u>3.78%</u>
Net Investment in Capital Assets	2,485,072	1,391,828	8,258	6,645	2,493,330	1,398,473	-43.91%
Restricted	3,046,420	3,443,813	--	--	3,046,420	3,443,813	13.04%
Unrestricted	262,663	832,856	53,327	70,461	315,990	903,317	185.87%
<i>Total Net Assets</i>	<u>5,794,155</u>	<u>5,668,497</u>	<u>61,585</u>	<u>77,106</u>	<u>5,855,740</u>	<u>5,745,603</u>	<u>-1.88%</u>
<i>Beginning Net Position</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>Increase (Decrease) in Net Position</i>	<u>\$ 944,376</u>	<u>\$ (125,658)</u>	<u>\$ (47,771)</u>	<u>\$ 15,521</u>	<u>\$ 896,605</u>	<u>\$ (110,137)</u>	<u>112.28%</u>
<i>Percentage of Increase (Decrease) in Net Position</i>	<u>19.47%</u>	<u>-2.17%</u>	<u>-43.68%</u>	<u>25.20%</u>	<u>18.08%</u>	<u>-1.88%</u>	

The School’s combined net position of approximately \$5.7 million is approximately \$110,000 or 1.8% smaller than on June 30, 2018. The small decrease in the School’s financial position was primarily in its governmental activities due starting to pay on the GO Bonds and CO Certificates.

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019

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 FY19 were \$8,449,140. More than 62% of the School’s revenue comes from property and other taxes, with approximately 24% coming from state aid. (See Table A-2).

Table A-2
Redfield School District 56-4
Sources of Revenues
Fiscal Year 2018-2019

Taxes	\$ 5,287,034	62.57%
State Sources	2,059,323	24.37%
Operating Grants & Contributions	656,835	7.77%
Charges for Services	224,613	2.66%
Unrestricted Investment Earnings	124,561	1.47%
Other Revenues	<u>96,774</u>	<u>1.15%</u>
<i>Total Revenue</i>	<u>\$ 8,449,140</u>	<u>100.00%</u>

Total expenditures of all programs and services increased by approximately 15%. The Redfield School District expenses totaled \$8,559,277 (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, nonprogrammed charges, food services, and driver’s education. (See Table A-3).

Table A-3
Redfield School District 56-4
Statement of Expenditures
Fiscal Year 2018-2019

Instruction	\$ 4,987,416	58.27%
Support Services	2,215,070	25.88%
Interest - on Long-Term Debt	703,063	8.21%
Food Service	270,549	3.16%
Cocurricular Activities	264,331	3.09%
Nonprogrammed Charges	111,941	1.31%
Drivers Education	<u>6,907</u>	<u>0.08%</u>
<i>Total Expenditures</i>	<u>\$ 8,559,277</u>	<u>100.00%</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019

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

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	
<i>Revenues</i>							
Program Revenues							
Charge for Services	\$ 70,546	\$ 66,333	\$ 148,564	\$ 158,280	\$ 219,110	\$ 224,613	2.51%
Operating Grants/ Contributions	496,051	523,346	112,053	133,489	608,104	656,835	8.01%
General Revenues							
Taxes	4,800,796	5,287,034	--	--	4,800,796	5,287,034	10.13%
Revenue State Sources	2,354,780	2,058,115	1,241	1,208	2,356,021	2,059,323	-12.59%
Other							
Other general revenues	93,727	96,774	--	--	93,727	96,774	3.25%
Unrestricted Investment Earnings	252,746	124,561	--	--	252,746	124,561	-50.72%
	<u>8,068,646</u>	<u>8,156,163</u>	<u>261,858</u>	<u>292,977</u>	<u>8,330,504</u>	<u>8,449,140</u>	<u>1.42%</u>
<i>Expenses</i>							
Instruction	3,844,141	4,987,416	--	--	3,844,141	4,987,416	29.74%
Support Services	2,147,278	2,215,070	--	--	2,147,278	2,215,070	3.16%
Non-programmed Charges	--	111,941	--	--	--	111,941	100.00%
Interest on long-term debt	724,080	703,063	--	--	724,080	703,063	-2.90%
Co-curricular Activities	408,771	264,331	--	--	408,771	264,331	-35.34%
Food Service	--	--	302,437	270,549	302,437	270,549	-10.54%
Drivers Education	--	--	7,192	6,907	7,192	6,907	-3.96%
	<u>7,124,270</u>	<u>8,281,821</u>	<u>309,629</u>	<u>277,456</u>	<u>7,433,899</u>	<u>8,559,277</u>	<u>15.14%</u>
Excess (Deficiency) of Revenues Over Expenses	944,376	(125,658)	(47,771)	15,521	896,605	(110,137)	-112.28%
Beginning Adjusted 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>
Ending Net Position	<u>\$ 5,794,155</u>	<u>\$ 5,668,497</u>	<u>\$ 61,585</u>	<u>\$ 77,106</u>	<u>\$ 5,855,740</u>	<u>\$ 5,745,603</u>	<u>-1.88%</u>

GOVERNMENTAL ACTIVITIES

Revenues for the School's governmental activities increased approximately 1.5% while expenses for governmental activities increased by approximately 15%. 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 Nonprogrammed Charges were seen as the increase in expenditures.

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019

BUSINESS-TYPE ACTIVITIES

Expenditures of the School’s business-type activities (Food Service Operation) decreased due to adjustments in Food Service capital assets that occurred during FY18.

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

The General Fund increased in fund balance from FY18 to FY19 by \$133,189 and the Capital Outlay fund balance increased by \$882,845, largely due to a transfer from the Capital Project Fund to cover construction project related expenses that had been originally paid out of the Capital Outlay Fund. The Special Education Fund had a decrease in fund balance of \$100,280, which was mostly caused by reduced Special Education state aid due to an excess fund balance. The Pension fund balance decreased by \$111,760 as the District paid early retirement benefits while no longer receiving tax revenue in FY19. The Capital Projects Fund had a significant decrease due to the payments that were made during the year for the school 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 FY19, the School had invested \$20,466,448 (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 \$6,256,490.

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>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>		
Land	\$ 146,198	\$ 146,198	\$ --	\$ --	\$ --	0.00%
Construction in progress	11,565,154	18,971,089	--	--	7,405,935	64.04%
Buildings	1,596,699	584,850	--	--	(1,011,849)	-63.37%
Improvements Other than Buildings	284,221	273,118	--	--	(11,103)	-3.91%
Machinery & Equipment	609,428	484,548	8,258	6,645	(126,493)	-20.48%
Total Capital Assets	\$ 14,201,700	\$ 20,459,803	\$ 8,258	\$ 6,645	\$ 6,256,490	44.03%

The major change in FY19 in capital assets occurred due to the demolition of the previous elementary 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, 2019

LONG-TERM DEBT

At year-end, the School had \$23,741,923 in general long-term obligations. This balance includes Qualified Zone Academy Bonds, General Obligation Bonds, Capital Outlay Certificates, 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>
	<u>2018</u>	<u>2019</u>		
Qualified Zone Academy Bonds	\$ 1,950,000	\$ 1,700,000	\$ (250,000)	-12.82%
General Obligation Bonds	14,505,000	13,905,000	(600,000)	-4.14%
Plus: Unamortized Premiums	702,858	678,837	(24,021)	-3.42%
Capital Outlay Certificates	7,565,000	7,150,000	(415,000)	-5.49%
Plus: Unamortized Premiums	229,759	218,271	(11,488)	-5.00%
Financing (Capital Acquisition) Leases	107,365	--	(107,365)	-100.00%
Early Retirement Payable - Governmental Funds	103,986	66,922	(37,064)	-35.64%
Accrued Compensated Absences - Governmental Funds	24,909	22,893	(2,016)	-8.09%
Total Outstanding Debt	<u>\$ 25,188,877</u>	<u>\$ 23,741,923</u>	<u>\$ (1,446,954)</u>	<u>-5.74%</u>

The school is liable for the repayment of Qualified Zone Academy Bonds, General Obligation bonds, Capital Outlay Certificates, 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 FY19.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019**

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>
2019	591	0.00%
2018	591	-3.90%
2017	615	2.67%

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, 111 East 6th Avenue, Redfield, SD 57469.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF NET POSITION – GOVERNMENT-WIDE
JUNE 30, 2019

	<i>Primary Government</i>		<i>Total</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	
ASSETS:			
Cash and cash equivalents	\$ 7,503,483	\$ 61,637	\$ 7,565,120
Incidental imprest account	3,000	--	3,000
Accounts receivable	--	2,663	2,663
Taxes receivable	2,285,638	--	2,285,638
Inventories	--	19,335	19,335
Other assets	234,328	--	234,328
Restricted Assets:			
Cash and cash equivalents	1,274,838	--	1,274,838
Net pension asset	4,090	--	4,090
Capital assets:			
Land and construction in progress	19,117,287	--	19,117,287
Other capital assets, net of depreciation	1,342,516	6,645	1,349,161
TOTAL ASSETS	31,765,180	90,280	31,855,460
DEFERRED OUTFLOWS OF RESOURCES:			
Pension-related deferred outflows	1,426,324	--	1,426,324
LIABILITIES:			
Accounts payable	626,989	--	626,989
Unearned revenue	--	2,801	2,801
Other current liabilities	594,683	10,373	605,056
Long-term liabilities:			
Due within one year	1,142,431	--	1,142,431
Due in more than one year	22,599,492	--	22,599,492
TOTAL LIABILITIES	24,963,595	13,174	24,976,769
DEFERRED INFLOWS OF RESOURCES:			
Taxes levied for future periods	2,249,655	--	2,249,655
Pension related deferred inflows	309,757	--	309,757
TOTAL DEFERRED INFLOWS OF RESOURCES	2,559,412	--	2,559,412
NET POSITION:			
Net investment in capital assets	1,391,828	6,645	1,398,473
Restricted for:			
Capital outlay	1,732,245	--	1,732,245
Special education	519,267	--	519,267
Pension	71,644	--	71,644
SDRS pension purposes	1,120,657	--	1,120,657
Unrestricted	832,856	70,461	903,317
TOTAL NET POSITION	\$ 5,668,497	\$ 77,106	\$ 5,745,603

*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, 2019

<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	\$ 4,987,416	\$ 14,678	\$ 521,828	\$ (4,450,910)	\$ --	\$ (4,450,910)
Support services	2,215,070	10,426	--	(2,204,644)	--	(2,204,644)
Nonprogrammed Charges	111,941	--	--	(111,941)	--	(111,941)
Interest on long-term debt	703,063	--	--	(703,063)	--	(703,063)
Cocurricular activities	264,331	41,229	--	(223,102)	--	(223,102)
Total Governmental Activities	8,281,821	66,333	521,828	(7,693,660)	--	(7,693,660)
<i>Business-Type Activities</i>						
Food service	270,549	150,030	133,489	--	12,970	12,970
Drivers education	6,907	8,250	--	--	1,343	1,343
Total Business Type Activities	277,456	158,280	133,489	--	14,313	14,313
Total Primary Government	\$ 8,559,277	\$ 224,613	\$ 655,317	(7,693,660)	14,313	(7,679,347)
<i>General Revenues:</i>						
<i>Taxes:</i>						
				5,194,613	--	5,194,613
				92,421	--	92,421
<i>Revenue from state sources:</i>						
				2,042,768	--	2,042,768
				15,347	1,208	16,555
<i>Revenue from federal sources</i>						
				1,518	--	1,518
				124,561	--	124,561
				96,774	--	96,774
				7,568,002	1,208	7,569,210
				(125,658)	15,521	(110,137)
				5,794,155	61,585	5,855,740
				\$ 5,668,497	\$ 77,106	\$ 5,745,603

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, 2019

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Cash and cash equivalents	\$ 1,414,208	\$ 1,709,047	\$ 619,167	\$ --	\$ 3,616,705	\$ 138,506	\$ 7,497,633
Permanent incidental account	3,000	--	--	--	--	--	3,000
Taxes receivable - current	673,898	705,932	380,306	489,519	--	--	2,249,655
Taxes receivable - delinquent	18,981	8,408	3,792	4,742	--	60	35,983
Due from other governments	159,592	14,790	59,946	--	--	--	234,328
Restricted cash and cash equivalents	--	--	--	884,838	390,000	--	1,274,838
TOTAL ASSETS	\$ 2,269,679	\$ 2,438,177	\$ 1,063,211	\$ 1,379,099	\$ 4,006,705	\$ 138,566	\$ 11,295,437
LIABILITIES AND FUND BALANCES:							
<i>Liabilities:</i>							
Accounts payable	--	--	4,417	--	622,572	--	626,989
Contracts payable	337,212	--	129,917	--	--	--	467,129
Payroll deductions and withholding and employer matching payable	98,250	--	29,304	--	--	--	127,554
Total Liabilities	435,462	--	163,638	--	622,572	--	1,221,672
<i>Deferred Inflows of Resources:</i>							
Taxes levied for future period	673,898	705,932	380,306	489,519	--	--	2,249,655
Delinquent taxes not available	18,981	8,408	3,792	4,742	--	60	35,983
Total Deferred Inflows of Resources	692,879	714,340	384,098	494,261	--	60	2,285,638
<i>Fund Balances:</i>							
<i>Restricted:</i>							
For capital outlay	--	1,723,837	--	--	--	--	1,723,837
For special education	--	--	515,475	--	--	--	515,475
For debt service	--	--	--	884,838	--	--	884,838
For capital projects	--	--	--	--	3,384,133	--	3,384,133
For pension	--	--	--	--	--	138,506	138,506
<i>Assigned</i>	138,332	--	--	--	--	--	138,332
<i>Unassigned</i>	1,003,006	--	--	--	--	--	1,003,006
Total Fund Balances	1,141,338	1,723,837	515,475	884,838	3,384,133	138,506	7,788,127
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,269,679	\$ 2,438,177	\$ 1,063,211	\$ 1,379,099	\$ 4,006,705	\$ 138,566	\$ 11,295,437

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, 2019**

<i>Total Fund Balances - Governmental Funds</i>	\$	7,788,127
 <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.		20,459,803
Pension related deferred outflows are components of pension liability and and therefore are not reported in the funds.		1,426,324
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
QZAB	(1,700,000)	
GO Bonds	(14,583,837)	
Capital Outlay Certificates	(7,368,271)	
Early Retirement	(66,922)	
Accured Leave	<u>(22,893)</u>	(23,741,923)
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		35,983
Proportionate Share of Net Pension Asset		4,090
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(309,757)
An internal service fund is used by the District's management to charge the costs of unemployment		<u>5,850</u>
 <i>Net Position - Governmental Activities</i>	 \$	 <u><u>5,668,497</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, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
<i>Revenue from Local Sources:</i>							
<i>Taxes</i>							
Ad valorem taxes	\$ 1,639,865	\$ 1,584,588	\$ 796,417	\$ 1,110,223	\$ --	\$ --	\$ 5,131,093
Prior years' ad valorem taxes	10,085	7,918	3,589	4,700	--	89	26,381
Utility taxes	92,421	--	--	--	--	--	92,421
Penalties and interest on taxes	4,361	3,413	1,576	1,608	--	32	10,990
<i>Earnings on Investments and Deposits</i>	11,034	--	--	--	113,527	--	124,561
<i>Cocurricular Activities</i>							
Admissions	39,346	--	--	--	--	--	39,346
Other student activity income	1,883	--	--	--	--	--	1,883
<i>Other Revenue from Local Sources</i>							
Rentals	1,950	10,522	--	--	--	--	12,472
Contributions and donations	2,652	--	--	--	--	--	2,652
LEAs within the state	--	--	10,426	--	--	--	10,426
Charges for services	11,390	--	3,288	--	--	--	14,678
Other	39,994	--	2,115	--	--	--	42,109
<i>Total Revenue from Local Sources</i>	<u>1,854,981</u>	<u>1,606,441</u>	<u>817,411</u>	<u>1,116,531</u>	<u>113,527</u>	<u>121</u>	<u>5,509,012</u>
<i>Revenue from Intermediate Sources:</i>							
<i>County Sources</i>							
County apportionment	26,763	--	--	--	--	--	26,763
<i>Total Revenue from Intermediate Sources</i>	<u>26,763</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>26,763</u>
<i>Revenue from State Sources:</i>							
<i>Grants-in-Aid</i>							
Unrestricted grants-in-aid	1,879,509	--	--	--	--	--	1,879,509
Restricted grants-in-aid	12,750	--	150,509	--	--	--	163,259
Other state revenue	1,305	14,042	--	--	--	--	15,347
<i>Total Revenue from State Sources</i>	<u>1,893,564</u>	<u>14,042</u>	<u>150,509</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,058,115</u>
<i>Revenue from Federal Sources:</i>							
<i>Grants-in-Aid</i>							
Restricted grants-in-aid received from federal government through an intermediate source	1,081	201	92	144	--	--	1,518
Restricted grants-in-aid received from federal government through the state	284,822	--	223,798	--	--	--	508,620
Other Federal Sources	13,208	--	--	--	--	--	13,208
<i>Total Revenue from Federal Sources</i>	<u>299,111</u>	<u>201</u>	<u>223,890</u>	<u>144</u>	<u>--</u>	<u>--</u>	<u>523,346</u>
TOTAL REVENUES	<u>\$ 4,074,419</u>	<u>\$ 1,620,684</u>	<u>\$ 1,191,810</u>	<u>\$ 1,116,675</u>	<u>\$ 113,527</u>	<u>\$ 121</u>	<u>\$ 8,117,236</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, 2019
(CONTINUED)

	<i>General</i>	<i>Capital Outlay</i>	<i>Special Education</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
EXPENDITURES							
<i>Instructional Services:</i>							
Regular programs	\$ 2,501,898	\$ 87,376	\$ --	\$ --	\$ --	\$ --	\$ 2,589,274
Special programs	145,043	--	956,036	--	--	--	1,101,079
<i>Total Instructional Services</i>	<u>2,646,941</u>	<u>87,376</u>	<u>956,036</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,690,353</u>
<i>Support Services:</i>							
<i>Students</i>							
Attendance and social work	100,697	--	--	--	--	--	100,697
Guidance	104,547	--	18,007	--	--	--	122,554
Health	24,557	--	4,169	--	--	--	28,726
Psychological services	--	--	48,827	--	--	--	48,827
Student therapy services	--	--	49,688	--	--	--	49,688
<i>Instructional Staff</i>							
Improvement of instruction	2,363	--	--	--	--	--	2,363
Educational media	184,404	49,899	--	--	--	--	234,303
<i>General Administration</i>							
Board of education	56,060	--	--	--	--	--	56,060
Executive administration	155,030	--	--	--	--	--	155,030
<i>School Administration</i>							
Office of the principal	245,760	--	--	--	--	--	245,760
Other	1,330	--	--	--	--	--	1,330
<i>Business</i>							
Fiscal services	95,303	--	--	--	--	--	95,303
Facilities acquisition and construction	--	473	--	--	--	--	473
Operation and maintenance of plant	467,219	53,484	--	--	--	--	520,703
Student transportation	169,825	--	--	--	--	--	169,825
Internal Services	4,609	29,823	--	--	--	--	34,432
<i>Special Education</i>							
Administrative costs	--	--	115,750	--	--	--	115,750
Transportation costs	--	--	40,758	--	--	--	40,758
Other special education costs	--	--	58,855	--	--	--	58,855
<i>Total Support Services</i>	<u>1,611,704</u>	<u>133,679</u>	<u>336,054</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,081,437</u>
<i>Nonprogrammed Charges:</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>111,941</u>	<u>111,941</u>
<i>Debt Services:</i>	<u>--</u>	<u>766,131</u>	<u>--</u>	<u>1,344,806</u>	<u>--</u>	<u>--</u>	<u>2,110,937</u>
<i>Cocurricular Activities:</i>							
Male activities	66,236	4,554	--	--	--	--	70,790
Female activities	41,922	7,432	--	--	--	--	49,354
Transportation	14,814	--	--	--	--	--	14,814
Combined activities	46,766	--	--	--	--	--	46,766
<i>Total Cocurricular Activities</i>	<u>169,738</u>	<u>11,986</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>181,724</u>
<i>Capital Outlay</i>	<u>--</u>	<u>85,407</u>	<u>--</u>	<u>--</u>	<u>7,405,934</u>	<u>--</u>	<u>7,491,341</u>
TOTAL EXPENDITURES	<u>4,428,383</u>	<u>1,084,579</u>	<u>1,292,090</u>	<u>1,344,806</u>	<u>7,405,934</u>	<u>111,941</u>	<u>15,667,733</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>(353,964)</u>	<u>536,105</u>	<u>(100,280)</u>	<u>(228,131)</u>	<u>(7,292,407)</u>	<u>(111,820)</u>	<u>(7,550,497)</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
JUNE 30, 2019
(CONTINUED)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):							
Transfer in	\$ 475,000	\$ 960,073	\$ --	\$ 645,073	\$ --	\$ --	\$ 2,080,146
Sale of surplus property	5,300	--	--	--	--	--	5,300
Compensation for loss of general capital assets	6,853	--	--	--	--	--	6,853
Transfer out	--	(613,333)	--	--	(1,466,813)	--	(2,080,146)
TOTAL OTHER FINANCING SOURCES (USES)	487,153	346,740	--	645,073	(1,466,813)	--	12,153
Net Change in Fund Balances	133,189	882,845	(100,280)	416,942	(8,759,220)	(111,820)	(7,538,344)
FUND BALANCE, Beginning	1,008,149	840,992	615,755	467,896	12,433,420	250,326	15,616,538
Adjustments:							
Unreported Underwriters Discount from FY17	--	--	--	--	(290,067)	--	(290,067)
ADJUSTED FUND BALANCE, Beginning	1,008,149	840,992	615,755	467,896	12,143,353	250,326	15,326,471
FUND BALANCE, Ending	\$ 1,141,338	\$ 1,723,837	\$ 515,475	\$ 884,838	\$ 3,384,133	\$ 138,506	\$ 7,788,127

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ (7,538,344)

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.	7,491,341
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.	(275,963)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$5,300 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(962,032)
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	624,021
CO Certificate	426,488
Other Long-Term	107,365
	1,407,874
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."	26,149
Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses.	43,836
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(319,144)
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.	625
<i>Change in net position of governmental activities</i>	\$ (125,658)

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, 2019

	<i>Enterprise Funds</i>			<i>Internal Service Fund</i>
	<i>Food Service Fund</i>	<i>Drivers Education Fund</i>	<i>Totals</i>	
ASSETS:				
<i>Current Assets:</i>				
Cash and cash equivalents	\$ 55,032	\$ 6,605	\$ 61,637	\$ 5,850
Accounts receivable, net	2,663	--	2,663	--
Inventory - stores for resale	4,008	--	4,008	--
Inventory of donated food	15,327	--	15,327	--
<i>Total Current Assets</i>	<u>77,030</u>	<u>6,605</u>	<u>83,635</u>	<u>5,850</u>
<i>Noncurrent Assets:</i>				
Machinery and equipment - local funds	30,123	--	30,123	--
Less accumulated depreciation	(23,478)	--	(23,478)	--
<i>Total Noncurrent Assets</i>	<u>6,645</u>	<u>--</u>	<u>6,645</u>	<u>--</u>
TOTAL ASSETS	<u><u>\$ 83,675</u></u>	<u><u>\$ 6,605</u></u>	<u><u>\$ 90,280</u></u>	<u><u>\$ 5,850</u></u>
LIABILITIES:				
<i>Current Liabilities:</i>				
Contracts payable	\$ 9,145	\$ --	\$ 9,145	\$ --
Accrued payroll expenses	1,228	--	1,228	--
Unearned revenue	2,801	--	2,801	--
<i>Total Current Liabilities</i>	<u>13,174</u>	<u>--</u>	<u>13,174</u>	<u>--</u>
NET POSITION:				
Net investment in capital assets	6,645	--	6,645	--
Unrestricted net position	63,856	6,605	70,461	5,850
TOTAL NET POSITION	<u><u>\$ 70,501</u></u>	<u><u>\$ 6,605</u></u>	<u><u>\$ 77,106</u></u>	<u><u>\$ 5,850</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, 2019

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Food Service Fund</u>	<u>Drivers Education Fund</u>	<u>Totals</u>	
OPERATING REVENUE:				
<i>Tuition and Fees:</i>				
Regular day school tuition	\$ --	\$ 8,250	\$ 8,250	\$ --
<i>Food Sales:</i>				
Student	141,373	--	141,373	--
Adult	7,530	--	7,530	--
Other charges for goods and services	1,127	--	1,127	--
Other	--	--	--	625
Total Operating Revenue	150,030	8,250	158,280	625
OPERATING EXPENSES:				
<i>Food Service:</i>				
Salaries	87,101	--	87,101	--
Employee benefits	15,677	--	15,677	--
Purchased services	9,582	--	9,582	--
Supplies	7,744	--	7,744	--
Cost of sales - purchased	121,724	--	121,724	--
Cost of sales - donated	27,108	--	27,108	--
Depreciation	1,613	--	1,613	--
<i>Community Services</i>				
Other community services	--	6,907	6,907	--
Total Operating Expenses	270,549	6,907	277,456	--
Operating (Loss)	(120,519)	1,343	(119,176)	625
NONOPERATING REVENUES/EXPENSES:				
State grants	1,208	--	1,208	--
Federal grants	104,146	--	104,146	--
Donated food	29,343	--	29,343	--
Loss on disposal of capital assets	--	--	--	--
Total Nonoperating Revenue/ (Expenses)	134,697	--	134,697	--
Change in Net Position	14,178	1,343	15,521	625
NET POSITION - Beginning	56,323	5,262	61,585	5,225
NET POSITION - Ending	\$ 70,501	\$ 6,605	\$ 77,106	\$ 5,850

*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, 2019

	<i>Food Service Fund</i>	<i>Drivers Education Fund</i>	<i>Totals</i>	<i>Internal Service Funds</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 144,455	\$ 8,250	\$ 152,705	\$ 625
Cash payments to suppliers	(139,083)	(513)	(139,596)	--
Cash payments to employees	(102,186)	(6,394)	(108,580)	--
<i>Net Cash (Used) by Operating Activities</i>	<u>(96,814)</u>	<u>1,343</u>	<u>(95,471)</u>	<u>625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash reimbursements - state	1,208	--	1,208	--
Cash reimbursements - federal	104,146	--	104,146	--
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>105,354</u>	<u>--</u>	<u>105,354</u>	<u>--</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,540	1,343	9,883	625
CASH AND CASH EQUIVALENTS, Beginning of Year	46,492	5,262	51,754	5,225
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 55,032</u></u>	<u><u>\$ 6,605</u></u>	<u><u>\$ 61,637</u></u>	<u><u>\$ 5,850</u></u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:				
<i>Operating (Loss)</i>	\$ (120,519)	\$ 1,343	\$ (119,176)	\$ 625
<i>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</i>				
Depreciation expense	1,613	--	1,613	--
Value of commodities used	27,108	--	27,108	--
Change in Assets and Liabilities:				
Accounts receivable	(1,298)	--	(1,298)	--
Inventory	(33)	--	(33)	--
Deferred revenue	(4,277)	--	(4,277)	--
Accrued wages payable	592	--	592	--
<i>Net cash (used) by operating activities:</i>	<u><u>\$ (96,814)</u></u>	<u><u>\$ 1,343</u></u>	<u><u>\$ (95,471)</u></u>	<u><u>\$ 625</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Value of commodities received	<u><u>\$ 29,343</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 29,343</u></u>	<u><u>\$ --</u></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, 2019

	<u>Private -Purpose Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	<u>\$ 49,461</u>	<u>\$ 147,269</u>	<u>\$ 196,730</u>
TOTAL ASSETS	<u><u>49,461</u></u>	<u><u>147,269</u></u>	<u><u>196,730</u></u>
LIABILITIES			
Amounts held for others	<u>--</u>	<u>147,269</u>	<u>147,269</u>
TOTAL LIABILITIES	<u><u>--</u></u>	<u><u>147,269</u></u>	<u><u>147,269</u></u>
NET POSITION			
Held in trust for others	<u>49,461</u>	<u>--</u>	<u>49,461</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 49,461</u></u>	<u><u>\$ 147,269</u></u>	<u><u>\$ 196,730</u></u>

*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, 2019

	<i>Private-Purpose Trust Funds</i>
ADDITIONS	
Contributions and donations	\$ 3,601
Other additions	<u>453</u>
Total Additions	<u>4,054</u>
DEDUCTIONS	
Trust deductions for scholarships awarded	<u>3,112</u>
CHANGE IN NET POSITION	<u>942</u>
NET POSITION - BEGINNING	<u>48,519</u>
NET POSITION - ENDING	<u><u>\$ 49,461</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, 2019

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, 2019

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, 2019

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 not a major fund.

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

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, 2019

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 driver’s 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, 2019

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, 2019

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, 2019 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, 2019

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, 2019**

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, 2019 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, 2019 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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, 2019

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, 2019

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, 2019**

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 nor 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:

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

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019, \$884,838 was restricted in the Debt Service Fund for sinking fund requirements in the debt covenants and \$390,000 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, 2019

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, 2019.

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 \$234,328 due from various county, school, state and federal governments.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

7. CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the fiscal year ended June 30, 2019 is as follows:

	<u>6/30/2018</u> <i>Balance</i>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2019</u> <i>Balance</i>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 146,198	\$ --	\$ --	\$ 146,198
Construction in progress	11,565,155	7,405,934	--	18,971,089
<i>Total capital assets not being depreciated</i>	<u>11,711,353</u>	<u>7,405,934</u>	<u>--</u>	<u>19,117,287</u>
Capital assets being depreciated:				
Buildings	3,808,687	20,215	1,775,077	2,053,825
Improvements	495,150	36,074	69,203	462,021
Equipment	2,474,783	29,118	127,902	2,375,999
<i>Total capital assets being depreciated</i>	<u>6,778,620</u>	<u>85,407</u>	<u>1,972,182</u>	<u>4,891,845</u>
Less accumulated depreciation for:				
Buildings	2,211,988	77,824	820,837	1,468,975
Improvements	210,929	42,196	64,222	188,903
Equipment	1,865,356	155,943	129,848	1,891,451
<i>Total accumulated depreciation</i>	<u>4,288,273</u>	<u>275,963</u>	<u>1,014,907</u>	<u>3,549,329</u>
<i>Total capital assets being depreciated, net</i>	<u>2,490,347</u>	<u>(190,556)</u>	<u>957,275</u>	<u>1,342,516</u>
<i>Net Capital Assets</i>	<u>\$ 14,201,700</u>	<u>\$ 7,215,378</u>	<u>\$ 957,275</u>	<u>\$ 20,459,803</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

7. CHANGES IN CAPITAL ASSETS: (continued)

Depreciation expense was charged to functions as follows:

Instruction	\$ 142,701
Support services	53,846
Co-curricular activities	79,416
<i>Total Depreciation Expense</i>	<u>\$ 275,963</u>

	<u>6/30/2018</u> <i>Balance</i>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2019</u> <i>Balance</i>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 30,123	\$ --	\$ --	\$ 30,123
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>21,865</u>	<u>1,613</u>	<u>--</u>	<u>23,478</u>
<i>Total capital assets being depreciated, net</i>	<u>\$ 8,258</u>	<u>\$ (1,613)</u>	<u>\$ --</u>	<u>\$ 6,645</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 1,613</u>

Construction work in progress at June 30, 2019 is composed of the following:

<u>Project Name</u>	<u>Project</u> <i>Authorization</i>	<u>Through</u> <i>6/30/2019</i>	<u>Committed</u>	<u>Required</u> <i>Future</i> <u>Financing</u>
School building additions and remodel	<u>\$ 22,965,000</u>	<u>\$ 18,971,089</u>	<u>\$ --</u>	<u>\$ 3,993,911</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

8. LONG-TERM LIABILITIES:

A summary of the changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	<u>6/30/2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Qualified Zone Academy Bonds	\$ 1,950,000	\$ --	\$ 250,000	\$ 1,700,000	\$ --
General Obligation Bonds	14,505,000	--	600,000	13,905,000	615,000
Plus: Unamortized Premiums	702,858	--	24,021	678,837	24,021
Capital Outlay Certificates	7,565,000	--	415,000	7,150,000	420,000
Plus: Unamortized Premiums	229,759	--	11,488	218,271	11,488
Financing (Capital Acquisition) Leases	107,365	--	107,365	--	--
	<u>25,059,982</u>	<u>--</u>	<u>1,407,874</u>	<u>23,652,108</u>	<u>1,070,509</u>
Early Retirement Payable - Governmental Funds	103,986	66,922	103,986	66,922	66,922
Other Liabilities:					
Compensated Absences	24,909	3,768	5,784	22,893	5,000
Total Long-Term Liabilities	<u>\$ 25,188,877</u>	<u>\$ 70,690</u>	<u>\$ 1,517,644</u>	<u>\$ 23,741,923</u>	<u>\$ 1,142,431</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 2019, the school had retirement payable in the amount of \$66,922.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

8. LONG-TERM LIABILITIES: (continued)

Debt payable at June 30, 2019 is comprised of the following:

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.	\$ 13,905,000
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.	\$ 7,150,000

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 whereby the School District makes annual payments of \$33,333, and \$80,000 until November 30, 2024, and June 27, 2027 respectively at which time the bonds will mature and be retired.

Compensated Absences –		
Payable from the fund to which payroll expenditures are charged	\$	22,893
Early Retirement Benefits –		
Payable from the Pension Fund	\$	62,166

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

8. LONG-TERM LIABILITIES: (continued)

The annual requirements to amortize the Qualified Zone Academy Bonds and capital lease/purchase agreements outstanding at June 30, 2019, are as follows:

Annual Requirements to Maturity for Long-Term Debt June 30, 2019

<u>Year Ending</u>	<u>General Obligation Bonds</u>		<u>Capital Outlay Certificates (including QZAB)</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2020	\$ 615,000	\$ 481,500	\$ 420,000	\$ 259,362	\$ 1,035,000
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	665,000	425,750	445,000	214,688	1,110,000	640,438
2025-2029	3,685,000	1,794,100	3,365,000	848,324	7,050,000	2,642,424
2030-2034	4,450,000	1,018,900	1,950,000	474,000	6,400,000	1,492,900
2035-2037	2,575,000	156,500	1,380,000	83,500	3,955,000	240,000
TOTALS	\$ 13,905,000	\$ 5,246,150	\$ 8,850,000	\$ 2,595,618	\$ 22,755,000	\$ 7,841,768

9. INTERFUND TRANSFERS:

Transfers to/from other funds at June 30, 2019, 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. \$ 138,333

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.

Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds. \$ 475,000

Transfer from the Capital Projects Fund to the Capital Outlay Fund to reimburse the Capital Outlay Fund for building project expenses that were originally charged to the Capital Outlay Fund. \$ 960,073

Transfer from the Capital Projects Fund to the Debt Service Fund to meet future debt service obligations. \$ 506,740

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

10. RESTRICTED NET POSITION:

Restricted Net Position for the year ended June 30, 2019 was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
<i>Major Purposes:</i>		
Capital Outlay	Law	\$ 1,732,245
Special Education	Law	519,267
Pension Fund	Law	71,644
SDRS Pension Purposes	Law	1,120,657
<i>Total</i>		<u>\$ 3,443,813</u>

11. ASSIGNED FUND BALANCES FOR CASH FLOW:

As authorized by SDCL 13-11-12, the School Board has determined that a year-end minimum fund balance of \$138,332 is necessary to protect the School District's cash liquidity from July 1, through mid-November of the subsequent fiscal year. This amount is reported as Assigned Fund Balance in the General Fund.

12. OPERATING LEASES:

The School District entered into an agreement to lease a copier for a sixty-three (63) month period in January 2016. The monthly payment is approximately \$2,054 for the lease and \$.0021 per black and white copy and \$.0700 per color copy per year. The agreement contains various covenants, restrictions, and provisions. Payments are made from the Capital Outlay Fund.

The following are the minimum payments on existing operating leases:

<u>Year</u>	<u>Copier</u>
2020	\$24,648
2021	\$20,540

13. PRIOR PERIOD ADJUSTMENTS:

A prior period adjustment was made to the Capital Projects Fund balance due to an error noted in the amount of \$290,067 in not reporting an underwriters discount on the GO Bonds and CO Certificates received in fiscal year 2017.

14. 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.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

b. **Benefits Provided:**

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

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundations members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

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

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

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

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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 contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2019, 2018 and 2017, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2019	\$218,890
2018	\$218,735
2017	\$213,627

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

At June 30, 2018, SDRS is 100.02% 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, 2018 and reported by the School District as of June 30, 2019 are as follows:

Proportionate share of pension liability	\$ 21,452,663
Less proportionate share of net pension restricted for pension benefits	<u>21,456,753</u>
<i>Proportionate share of net pension (asset)</i>	<u><u>\$ (4,090)</u></u>

At June 30, 2019, the School District reported an (asset) of (\$4,090) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2018 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, 2018, the School District's proportion was 0.17536160%, which is an increase of 0.0001249% from its proportion measured as of June 30, 2017.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

For the year ended June 30, 2019, the School District recognized pension expense of \$2,825,440. At June 30, 2019, 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	\$ 154,581	\$ --
Changes in assumption	1,038,338	--
Net difference between projected and actual earnings on pension plan investments	--	309,097
Changes in proportion and difference between district contributions and proportionate share of contributions	14,515	660
District contributions subsequent to the measurement date	<u>218,890</u>	<u>--</u>
TOTAL	<u><u>\$ 1,426,324</u></u>	<u><u>\$ 309,757</u></u>

\$218,890 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, 2020. 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 June 30,</i>	
2020	\$ 564,304
2021	420,172
2022	(52,449)
2023	(34,350)
2024	--
Thereafter	<u>--</u>
TOTAL	<u><u>\$ 897,677</u></u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

e. **Actuarial Assumptions:**

The total pension liability (asset) in the June 30, 2018 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% after 25 years of service
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.

A detailed experience analysis covering the period from June 30, 2011 to June 30, 2016 was conducted and appropriate modifications in the economic and demographic assumptions were made effective with the June 30, 2017 actuarial valuation.

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%
TOTAL	<u><u>100.0%</u></u>	

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

13. PENSION PLAN: (continued)

f. Discount Rate:

The discount rate used to measure the total pension (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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 (asset).

g. 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 (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)	\$ 3,088,975	\$ (4,090)	\$ (2,520,130)

h. Pension Plan Fiduciary Net Position:

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

i. Payables to the Pension Plan:

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

14. 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, 2019, this venture had no fund equity and no long-term debt.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

15. 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, 2019, 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, 2019

15. 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 \$5,850 for the payment of future unemployment benefits.

During the year ended June 30, 2019, there were claims for unemployment that were paid. At June 30, 2019, 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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 1,556,487	\$ 1,556,487	\$ 1,639,865	\$ 83,378
Prior years' ad valorem taxes	23,000	23,000	10,085	(12,915)
Utility taxes	30,000	30,000	92,421	62,421
Penalties and interest on taxes	5,000	5,000	4,361	(639)
<i>Earnings on Investments and Deposits</i>	8,000	8,000	11,034	3,034
<i>Cocurricular Activities</i>				
Admissions	35,000	35,000	39,346	4,346
Rentals	1,500	4,300	1,883	(2,417)
<i>Other Revenue from Local Sources:</i>				
Rentals	350	350	1,950	1,600
Contributions and donations	–	–	2,652	2,652
Charges for services	10,000	10,000	11,390	1,390
Other	24,200	29,700	39,994	10,294
<i>Total Revenue from Local Sources</i>	<u>1,693,537</u>	<u>1,701,837</u>	<u>1,854,981</u>	<u>153,144</u>
<i>Revenue from Intermediate Sources:</i>				
<i>County Sources</i>				
County apportionment	22,000	22,000	26,763	4,763
<i>Total Revenue from Intermediate Sources</i>	<u>22,000</u>	<u>22,000</u>	<u>26,763</u>	<u>4,763</u>
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid</i>				
Unrestricted grants-in-aid	1,873,929	1,884,429	1,879,509	(4,920)
Restricted grants-in-aid	–	–	12,750	12,750
<i>Other state revenues</i>	–	–	1,305	1,305
<i>Total Revenue from State Sources</i>	<u>1,873,929</u>	<u>1,884,429</u>	<u>1,893,564</u>	<u>9,135</u>
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid received from federal government through an intermediate source	–	–	1,081	1,081
Restricted grants-in-aid received from federal government through the state	246,768	261,868	284,822	22,954
<i>Other Federal Sources</i>	–	13,210	13,208	(2)
<i>Total Revenue from Federal Sources</i>	<u>246,768</u>	<u>275,078</u>	<u>299,111</u>	<u>24,033</u>
TOTAL REVENUES	<u>\$ 3,836,234</u>	<u>\$ 3,883,344</u>	<u>\$ 4,074,419</u>	<u>\$ 191,075</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS
JUNE 30, 2019
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES</u>				
<i>Instructional Services:</i>				
Regular programs	\$ 2,536,180	\$ 2,526,890	\$ 2,501,898	\$ 24,992
Special programs	159,677	159,677	145,043	14,634
<i>Total Instructional Services</i>	<u>2,695,857</u>	<u>2,686,567</u>	<u>2,646,941</u>	<u>39,626</u>
<i>Support Services:</i>				
<i>Students</i>				
Attendance and social work	87,082	102,182	100,697	1,485
Guidance	107,396	107,396	104,547	2,849
Health	26,878	26,678	24,557	2,121
<i>Instructional Staff</i>				
Improvement of instruction	11,500	6,500	2,363	4,137
Educational media	189,969	194,169	184,404	9,765
<i>General Administration</i>				
Board of education	47,600	60,600	56,060	4,540
Executive administration	155,500	155,500	155,030	470
<i>School Administration</i>				
Office of the principal	253,987	249,987	245,760	4,227
Other	1,200	1,350	1,330	20
<i>Business</i>				
Fiscal services	94,650	96,150	95,303	847
Operation and maintenance of plant	454,170	483,370	467,219	16,151
Student transportation	172,795	184,395	169,825	14,570
Internal service	10,000	8,895	4,609	4,286
<i>Total Support Services</i>	<u>1,612,727</u>	<u>1,677,172</u>	<u>1,611,704</u>	<u>65,468</u>
<i>Cocurricular Activities:</i>				
Male activities	65,270	68,070	66,236	1,834
Female activities	42,589	43,689	41,922	1,767
Transportation	13,638	15,038	14,814	224
Combined activities	36,283	46,838	46,766	72
<i>Total Cocurricular Activities</i>	<u>157,780</u>	<u>173,635</u>	<u>169,738</u>	<u>3,897</u>
<i>Contingencies:</i>				
Transfers	75,000	75,000	–	75,000
Contingencies transferred	–	(17,100)	–	(17,100)
<i>Total Contingencies</i>	<u>75,000</u>	<u>57,900</u>	<u>–</u>	<u>57,900</u>
TOTAL EXPENDITURES	<u>4,541,364</u>	<u>4,595,274</u>	<u>4,428,383</u>	<u>166,891</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(705,130)</u>	<u>(711,930)</u>	<u>(353,964)</u>	<u>357,966</u>
OTHER FINANCING SOURCES:				
Operating transfers in	–	475,000	475,000	–
Sale of surplus property	–	–	5,300	5,300
Compensation for loss of general capital assets	–	6,800	6,853	53
Total Other Financing Sources:	<u>–</u>	<u>481,800</u>	<u>487,153</u>	<u>5,353</u>
<i>Net Change in Fund Balances</i>	<u>(705,130)</u>	<u>(230,130)</u>	<u>133,189</u>	<u>363,319</u>
<i>FUND BALANCE, Beginning</i>	<u>1,008,149</u>	<u>1,008,149</u>	<u>1,008,149</u>	<u>–</u>
<i>FUND BALANCE, Ending</i>	<u>\$ 303,019</u>	<u>\$ 778,019</u>	<u>\$ 1,141,338</u>	<u>\$ 363,319</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – CAPITAL OUTLAY FUND – BUDGETARY BASIS
JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 1,560,701	\$ 1,560,701	\$ 1,584,588	\$ 23,887
Prior years' ad valorem taxes	8,000	8,000	7,918	(82)
Penalties and interest on taxes	3,500	3,500	3,413	(87)
<i>Other Revenue from Local Sources:</i>				
Rentals	6,200	10,400	10,522	122
<i>Revenue from State Sources:</i>				
Other State Revenue	–	3,800	14,042	10,242
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid received from federal government through an intermediate source	–	–	201	201
TOTAL REVENUES	1,578,401	1,586,401	1,620,684	34,283
<u>EXPENDITURES</u>				
<i>Instructional Services:</i>				
Regular programs	46,100	53,100	87,376	(34,276)
<i>Total Instructional Services</i>	46,100	53,100	87,376	(34,276)
<i>Support Services:</i>				
<i>Instructional Staff</i>				
Educational media	101,000	101,000	49,899	51,101
<i>School Administration</i>				
Office of the principal	3,000	3,000	–	3,000
<i>Business</i>				
Facilities acquisition and construction	90,000	36,500	7,774	28,726
Operation and maintenance of plant	76,205	121,705	121,418	287
Student transportation	90,000	72,100	–	72,100
Internal service	28,000	29,850	29,823	27
<i>Total Support Services</i>	388,205	364,155	208,914	155,241
<i>Debt Services:</i>				
<i>Total Debt Services</i>	762,199	764,549	766,131	(1,582)
<i>Cocurricular Activities:</i>				
Male activities	13,000	14,100	14,726	(626)
Female activities	7,000	7,500	7,432	68
<i>Total Cocurricular Activities</i>	20,000	21,600	22,158	(558)
TOTAL EXPENDITURES	1,216,504	1,203,404	1,084,579	118,825
<i>Excess of Revenue Over (Under)</i>				
<i>Expenditures</i>	361,897	382,997	536,105	153,108
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	–	960,073	960,073	–
Transfers out	(139,000)	(632,300)	(613,333)	18,967
TOTAL OTHER FINANCING SOURCES (USES)	(139,000)	327,773	346,740	18,967
<i>Net Change in Fund Balances</i>	222,897	710,770	882,845	172,075
FUND BALANCE, Beginning	840,992	840,992	840,992	–
FUND BALANCE, Ending	\$ 1,063,889	\$ 1,551,762	\$ 1,723,837	\$ 172,075

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND – BUDGETARY BASIS
JUNE 30, 2019

	<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>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 782,461	\$ 782,461	\$ 796,417	\$ 13,956
Prior years' ad valorem taxes	5,000	5,000	3,589	(1,411)
Penalties and interest on taxes	1,300	1,300	1,576	276
<i>Other Revenue from Local Sources:</i>				
LEAs within the state	23,470	13,470	10,426	(3,044)
Charges for services	2,100	2,100	3,288	1,188
Other	–	–	2,115	2,115
<i>Total Revenue from Local Sources</i>	<u>814,331</u>	<u>804,331</u>	<u>817,411</u>	<u>13,080</u>
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid	157,015	157,015	150,509	(6,506)
<i>Total Revenue from State Sources</i>	<u>157,015</u>	<u>157,015</u>	<u>150,509</u>	<u>(6,506)</u>
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid received from federal government through an intermediate source	–	–	92	92
Restricted grants-in-aid received from federal government through the state	223,122	223,122	223,798	676
<i>Total Revenue from Federal Sources</i>	<u>223,122</u>	<u>223,122</u>	<u>223,890</u>	<u>768</u>
TOTAL REVENUES	<u>1,194,468</u>	<u>1,184,468</u>	<u>1,191,810</u>	<u>7,342</u>
<u>EXPENDITURES</u>				
<i>Instructional Services:</i>				
Special programs	981,518	990,518	956,036	34,482
<i>Total Instructional Services</i>	<u>981,518</u>	<u>990,518</u>	<u>956,036</u>	<u>34,482</u>
<i>Support Services:</i>				
<i>Students:</i>				
Guidance services	18,250	18,250	18,007	243
Health services	4,376	4,376	4,169	207
Psychological services	92,632	62,632	48,827	13,805
Student therapy services	47,000	50,500	49,688	812
<i>Special Education</i>				
Administrative costs	163,590	163,590	115,750	47,840
Transportation costs	–	7,500	40,758	(33,258)
Other special education costs	58,854	58,854	58,855	(1)
<i>Total Support Services</i>	<u>384,702</u>	<u>365,702</u>	<u>336,054</u>	<u>29,648</u>
TOTAL EXPENDITURES	<u>1,366,220</u>	<u>1,356,220</u>	<u>1,292,090</u>	<u>64,130</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(171,752)</u>	<u>(171,752)</u>	<u>(100,280)</u>	<u>71,472</u>
<i>Net Change in Fund Balance</i>	<u>(171,752)</u>	<u>(171,752)</u>	<u>(100,280)</u>	<u>71,472</u>
<i>FUND BALANCE, Beginning</i>	<u>615,755</u>	<u>615,755</u>	<u>615,755</u>	<u>–</u>
<i>FUND BALANCE, Ending</i>	<u>\$ 444,003</u>	<u>\$ 444,003</u>	<u>\$ 515,475</u>	<u>\$ 71,472</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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, 2019
(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**

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1753616%	0.1752367%	0.1810958%	0.1830441%	0.1830352%
District's proportionate share of net pension liability (asset)	\$ (4,090)	\$ (15,903)	\$ 611,724	\$ (776,342)	\$ (1,318,694)
District's covered-employee payroll	\$ 3,645,583	\$ 3,560,434	\$ 3,443,515	\$ 3,341,848	\$ 3,200,783
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.11%	-0.45%	17.76%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.02%	100.10%	96.89%	104.10%	107.29%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Note: The information disclosed for each fiscal year is reported as the measurement date of the net pension liability (asset) which is June 30 of the preceding year.

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

	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Contractually-required contribution	\$ 218,890	\$ 218,735	\$ 233,626	\$ 206,611	\$ 200,511
Contributions in relation to the contractually-required contribution	<u>218,890</u>	<u>218,735</u>	<u>233,626</u>	<u>206,611</u>	<u>200,511</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,648,168	\$ 3,645,583	\$ 3,560,434	\$ 3,443,515	\$ 3,341,848
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.56%	6.00%	6.00%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.