

***REDFIELD SCHOOL DISTRICT NO. 56-4  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2020***

***REDFIELD SCHOOL DISTRICT NO. 56-4  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2020***

**Board Members:**

**Jay Esser – Board President  
Thomas Lambert – Vice President  
Kelly Hodges  
Jennifer Wurtz  
Darvin Dickhaut**

**Superintendent:**

**George Seiler**

**Business Manager:**

**Kevin Kocer**

**TABLE OF CONTENTS**

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



***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, 2020 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 28, 2020

***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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for 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 2020-01).

*Compliance and Other Matters*

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

*School District's Response to Findings*

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

*Purpose of this Report*

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

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

Huron, South Dakota  
October 28, 2020

**REDFIELD SCHOOL DISTRICT NO. 56-4  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

**Prior Audit Findings**

**Finding Number 2019-01:**

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 2020-01.

**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. This finding has been corrected in FY20.

**Current Audit Findings**

**Compliance and Other Matters Findings:**

**Finding Number 2020-01:**

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 fifth 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.



## *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, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise Redfield School District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

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

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2020 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Huron, South Dakota  
October 28, 2020



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**

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, 2020. 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 \$752,951 (13.28%).
- 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 FY20, construction was completed on the Elementary School, Auxiliary Gym, and Theater.

**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, 2020**

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**

**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 activities 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, 2020**

- **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:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Total</i>
	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>Percentage</i>
							<i>Change</i>
							<i>2019-2020</i>
Current and Other Assets	\$ 11,305,377	\$ 7,878,577	\$ 83,635	\$ 119,024	\$ 11,389,012	\$ 7,997,601	-29.78%
Capital Assets (Net of Depreciation)	20,459,803	22,048,423	6,645	53,676	20,466,448	22,102,099	7.99%
<i>Total Assets</i>	<u>31,765,180</u>	<u>29,927,000</u>	<u>90,280</u>	<u>172,700</u>	<u>31,855,460</u>	<u>30,099,700</u>	<u>-5.51%</u>
Pension Related Deferred Outflows	1,426,324	933,492	–	–	1,426,324	933,492	-34.55%
<i>Total Deferred Outflows or Resources</i>	<u>1,426,324</u>	<u>933,492</u>	<u>–</u>	<u>–</u>	<u>1,426,324</u>	<u>933,492</u>	<u>-34.55%</u>
Long-Term Liabilities Outstanding	23,741,923	22,605,631	–	–	23,741,923	22,605,631	-4.79%
Other Liabilities	1,221,672	724,781	13,174	23,932	1,234,846	748,713	-39.37%
<i>Total Liabilities</i>	<u>24,963,595</u>	<u>23,330,412</u>	<u>13,174</u>	<u>23,932</u>	<u>24,976,769</u>	<u>23,354,344</u>	<u>-6.50%</u>
Taxes Levied for Future Period	2,249,655	2,243,657	–	–	2,249,655	2,243,657	-0.27%
Pension Related Deferred Inflows	309,757	370,877	–	–	309,757	370,877	19.73%
<i>Total Deferred Inflows of Resources</i>	<u>2,559,412</u>	<u>2,614,534</u>	<u>–</u>	<u>–</u>	<u>2,559,412</u>	<u>2,614,534</u>	<u>2.15%</u>
Net Investment in Capital Assets	1,391,828	761,552	6,645	53,676	1,398,473	815,228	-41.71%
Restricted	3,443,813	2,851,481	–	–	3,443,813	2,851,481	-17.20%
Unrestricted	832,856	1,302,513	70,461	95,092	903,317	1,397,605	54.72%
<i>Total Net Assets</i>	<u>5,668,497</u>	<u>4,915,546</u>	<u>77,106</u>	<u>148,768</u>	<u>5,745,603</u>	<u>5,064,314</u>	<u>-11.86%</u>
<i>Beginning Net Position</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>Increase (Decrease) in Net Position</i>	<u>\$ (125,658)</u>	<u>\$ (752,951)</u>	<u>\$ 15,521</u>	<u>\$ 71,662</u>	<u>\$ (110,137)</u>	<u>\$ (681,289)</u>	<u>-518.58%</u>

The School’s combined net position of approximately \$5 million is approximately \$681,000 or 11.86% smaller than on June 30, 2019. The decrease in the School’s financial position was primarily in its governmental activities due in part to additional expenses in support services pertaining to construction costs that were not capitalized.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**

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 FY20 were \$8,308,702. More than 63% of the School’s revenue comes from property and other taxes, with approximately 25% coming from state aid. (See Table A-2).

**Table A-2**  
**Redfield School District 56-4**  
**Sources of Revenues**  
**Fiscal Year 2019-2020**

Taxes	\$ 5,253,591	63.23%
State Sources	2,058,407	24.77%
Operating Grants & Contributions	677,199	8.15%
Charges For Services	160,989	1.94%
Other General Revenues	142,844	1.72%
Unrestricted Investment Earnings	15,672	0.19%
<i>Total Revenue</i>	<b>\$ 8,308,702</b>	<b>100.00%</b>

Total expenditures of all programs and services increased by approximately 5%. The Redfield School District expenses totaled \$8,898,991 (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 2019-2020**

Instruction	\$ 4,375,842	48.67%
Support Services	3,323,585	36.97%
Interest - on Long-Term Debt	680,825	7.57%
Cocurricular Activities	273,223	3.04%
Food Service	264,621	2.94%
Nonprogrammed Charges	66,922	0.74%
Drivers Education	4,973	0.07%
<i>Total Expenditures</i>	<b>\$ 8,989,991</b>	<b>100.00%</b>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**

**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:

	<i>Government Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		<i>Total Percentage Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	
<i>Revenues</i>							
<b>Program Revenues</b>							
Charge for Services	\$ 66,333	\$ 48,043	\$ 158,280	\$ 112,946	\$ 224,613	\$ 160,989	-28.33%
Operating Grants/ Contributions	523,346	503,069	133,489	174,130	656,835	677,199	3.10%
<b>General Revenues</b>							
Taxes	5,287,034	5,253,591	--	--	5,287,034	5,253,591	-0.63%
Revenue State Sources	2,058,115	2,057,292	1,208	1,115	2,059,323	2,058,407	-0.04%
<b>Other</b>							
Other general revenues	96,774	142,844	--	--	96,774	142,844	47.61%
Unrestricted Investment Earnings	124,561	15,672	--	--	124,561	15,672	-87.42%
	8,156,163	8,020,511	292,977	288,191	8,449,140	8,308,702	-1.66%
<i>Expenses</i>							
Instruction	4,987,416	4,375,842	--	--	4,987,416	4,375,842	-12.26%
Support Services	2,215,070	3,323,585	--	--	2,215,070	3,323,585	50.04%
Non-programmed Charges	111,941	66,922	--	--	111,941	66,922	-40.22%
Interest on long-term debt	703,063	680,825	--	--	703,063	680,825	-3.16%
Co-curricular Activities	264,331	273,223	--	--	264,331	273,223	3.36%
Food Service	--	--	270,549	264,621	270,549	264,621	-2.19%
Drivers Education	--	--	6,907	4,973	6,907	4,973	-28.00%
	8,281,821	8,720,397	277,456	269,594	8,559,277	8,989,991	5.03%
<b>Excess (Deficiency)</b>							
Before Transfers	(125,658)	(699,886)	15,521	18,597	(110,137)	(681,289)	518.58%
Transfers	--	(53,065)	--	53,065	--	--	0.00%
<b>Increase (Decrease) in Net Assets</b>	<b>(125,658)</b>	<b>(752,951)</b>	<b>15,521</b>	<b>71,662</b>	<b>(110,137)</b>	<b>(681,289)</b>	<b>518.58%</b>
<b>Beginning Adjusted Net Position</b>							
	5,794,155	5,668,497	61,585	77,106	5,855,740	5,745,603	-1.88%
<b>Ending Net Position</b>	<b>\$ 5,668,497</b>	<b>\$ 4,915,546</b>	<b>\$ 77,106</b>	<b>\$ 148,768</b>	<b>\$ 5,745,603</b>	<b>\$ 5,064,314</b>	<b>-11.86%</b>

**GOVERNMENTAL ACTIVITIES**

Revenues for the School's governmental activities decreased approximately 1.7% while expenses for governmental activities increased by approximately 5.3%. One of the largest revenue decreases occurred in unrestricted investment earnings due to the fact that the Capital Projects Fund's investments were spent down for the School's construction project. Expenditures increased by approximately 5.3%, largely due to increases in the SDRS Pension adjustments and cost of capital asset removal adjustments due to the construction project.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**

**BUSINESS-TYPE ACTIVITIES**

Expenditures of the School's business-type activities (Food Service Operation) decreased slightly (2.83%) while revenues increased primarily due to transfer of capital contributions for the food service equipment.

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

The General Fund increased in fund balance from FY19 to FY20 by \$151,023 and the Capital Outlay fund balance increased by \$61,712. The Special Education Fund had a decrease in fund balance of \$46,042, which was mostly caused by reduced Special Education state aid due to an excess fund balance. The Pension fund balance was closed out during FY20 with the remaining balance of \$71,610 transferred into the General Fund per SDCL 13-10-18. 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.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**

**CAPITAL ASSET ADMINISTRATION**

By the end of FY20, the School had invested \$22,102,099 (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 \$1,635,651.

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>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>		
Land	\$ 146,198	\$ 146,198	\$ --	\$ --	\$ --	0.00%
Construction in progress	18,971,089	114,503	--	--	(18,856,586)	-99.40%
Buildings	584,850	20,893,952	--	--	20,309,102	3472.53%
Improvements Other than Buildings	273,118	237,769	--	--	(35,349)	-12.94%
Machinery & Equipment	484,548	656,001	6,645	53,676	218,484	44.48%
<b>Total Capital Assets</b>	<b>\$ 20,459,803</b>	<b>\$ 22,048,423</b>	<b>\$ 6,645</b>	<b>\$ 53,676</b>	<b>\$ 1,635,651</b>	<b>7.99%</b>

The major changes in FY20 in capital assets occurred due to the completion of the construction project that included a new elementary school, middle school, high school, auxiliary gym and theater.

**LONG-TERM DEBT**

At year-end, the School had \$22,605,631 in general long-term obligations. This balance includes Qualified Zone Academy Bonds, General Obligation Bonds, Capital Outlay Certificates, and accrued sick leave payable. See individual balances as shown on Table A-6 below:

Table A-6  
**Outstanding Debt and Obligations**

	<i>Governmental Activities</i>		<i>Total Dollar Change</i>	<i>Total % Change</i>
	<i>2019</i>	<i>2020</i>		
Qualified Zone Academy Bonds	\$ 1,700,000	\$ 1,700,000	\$ --	0.00%
General Obligation Bonds	13,905,000	13,290,000	(615,000)	-4.42%
Plus: Unamortized Premiums	678,837	654,816	(24,021)	-3.54%
Capital Outlay Certificates	7,150,000	6,730,000	(420,000)	-5.87%
Plus: Unamortized Premiums	218,271	206,783	(11,488)	-5.26%
Early Retirement Payable - Governmental Funds	66,922	--	(66,922)	-100.00%
Accrued Compensated Absences - Governmental Funds	22,893	24,032	1,139	4.98%
<b>Total Outstanding Debt</b>	<b>\$ 23,741,923</b>	<b>\$ 22,605,631</b>	<b>\$ (1,136,292)</b>	<b>-4.79%</b>

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 terminated the early retirement after FY19. The final payments for this benefit were made in FY20.



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**

**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>
2020	583	-1.35%
2019	591	0.00%
2018	591	-3.90%

**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 6<sup>th</sup> Avenue, Redfield, SD 57469.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF NET POSITION – GOVERNMENT-WIDE**  
**JUNE 30, 2020**

	<i>Primary Government</i>		<i>Total</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 3,979,458	\$ 87,141	\$ 4,066,599
Incidental imprest account	3,000	–	3,000
Accounts receivable	–	17,832	17,832
Taxes receivable	2,295,203	–	2,295,203
Inventories	–	14,051	14,051
Other assets	197,263	–	197,263
<b>Restricted Assets:</b>			
Cash and cash equivalents	1,385,470	–	1,385,470
Net pension asset	18,183	–	18,183
<b>Capital assets:</b>			
Land and construction in progress	260,701	–	260,701
Other capital assets, net of depreciation	21,787,722	53,676	21,841,398
<b>TOTAL ASSETS</b>	<b>29,927,000</b>	<b>172,700</b>	<b>30,099,700</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension-related deferred outflows	933,492	–	933,492
<b>LIABILITIES:</b>			
Accounts payable	103,108	–	103,108
Unearned revenue	–	13,440	13,440
Other current liabilities	621,673	10,492	632,165
<b>Long-term liabilities:</b>			
Due within one year	1,085,509	–	1,085,509
Due in more than one year	21,520,122	–	21,520,122
<b>TOTAL LIABILITIES</b>	<b>23,330,412</b>	<b>23,932</b>	<b>23,354,344</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Taxes levied for future periods	2,243,657	–	2,243,657
Pension related deferred inflows	370,877	–	370,877
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,614,534</b>	<b>–</b>	<b>2,614,534</b>
<b>NET POSITION:</b>			
Net investment in capital assets	761,552	53,676	815,228
<b>Restricted for:</b>			
Capital outlay	1,798,713	–	1,798,713
Special education	471,970	–	471,970
SDRS pension purposes	580,798	–	580,798
Unrestricted	1,302,513	95,092	1,397,605
<b>TOTAL NET POSITION</b>	<b>\$ 4,915,546</b>	<b>\$ 148,768</b>	<b>\$ 5,064,314</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF ACTIVITIES – GOVERNMENT-WIDE**  
**JUNE 30, 2020**

<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>Governmental Activities</i>	<i>Business-Type Activities</i>	
<i>Governmental Activities:</i>						
Instruction	\$ 4,375,842	\$ 14,374	\$ 503,069	\$ (3,858,399)	\$ --	\$ (3,858,399)
Support services	3,323,585	--	--	(3,323,585)	--	(3,323,585)
Nonprogrammed Charges	66,922	--	--	(66,922)	--	(66,922)
Interest on long-term debt	680,825	--	--	(680,825)	--	(680,825)
Cocurricular activities	273,223	33,669	--	(239,554)	--	(239,554)
<b>Total Governmental Activities</b>	<b>8,720,397</b>	<b>48,043</b>	<b>503,069</b>	<b>(8,169,285)</b>	<b>--</b>	<b>(8,169,285)</b>
<i>Business-Type Activities</i>						
Food service	264,621	106,896	174,130	--	16,405	16,405
Drivers education	4,973	6,050	--	--	1,077	1,077
<b>Total Business Type Activities</b>	<b>269,594</b>	<b>112,946</b>	<b>174,130</b>	<b>--</b>	<b>17,482</b>	<b>17,482</b>
<b>Total Primary Government</b>	<b>\$ 8,989,991</b>	<b>\$ 160,989</b>	<b>\$ 677,199</b>	<b>(8,169,285)</b>	<b>17,482</b>	<b>(8,151,803)</b>
<i>General Revenues:</i>						
<i>Taxes:</i>						
				5,163,313	--	5,163,313
				90,278	--	90,278
<i>Revenue from state sources:</i>						
				2,025,189	--	2,025,189
				32,103	1,115	33,218
				15,672	--	15,672
				142,844	--	142,844
				(53,065)	53,065	--
				<b>7,416,334</b>	<b>54,180</b>	<b>7,470,514</b>
				<b>Change in Net Position</b>	<b>(752,951)</b>	<b>(681,289)</b>
				<b>NET POSITION - Beginning</b>	<b>5,668,497</b>	<b>5,745,603</b>
				<b>NET POSITION - Ending</b>	<b>\$ 4,915,546</b>	<b>\$ 5,064,314</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<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>
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 1,622,269	\$ 1,776,424	\$ 574,124	\$ --	\$ --	\$ -	\$ 3,972,817
Permanent incidental account	3,000	--	--	--	--	--	3,000
Taxes receivable - current	667,857	698,718	392,510	484,572	--	--	2,243,657
Taxes receivable - delinquent	23,471	13,164	6,609	8,302	--	--	51,546
Due from other governments	130,886	13,189	53,188	--	--	--	197,263
Restricted cash and cash equivalents	--	--	--	1,001,119	384,351	--	1,385,470
<b>TOTAL ASSETS</b>	<b>\$ 2,447,483</b>	<b>\$ 2,501,495</b>	<b>\$ 1,026,431</b>	<b>\$ 1,493,993</b>	<b>\$ 384,351</b>	<b>\$ --</b>	<b>\$ 7,853,753</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<i>Liabilities:</i>							
Accounts payable	--	4,064	--	--	99,044	--	103,108
Contracts payable	361,862	--	128,330	--	--	--	490,192
Payroll deductions and withholding and employer matching payable	101,932	--	29,549	--	--	--	131,481
<b>Total Liabilities</b>	<b>463,794</b>	<b>4,064</b>	<b>157,879</b>	<b>--</b>	<b>99,044</b>	<b>--</b>	<b>724,781</b>
<i>Deferred Inflows of Resources:</i>							
Taxes levied for future period	667,857	698,718	392,510	484,572	--	--	2,243,657
Delinquent taxes not available	23,471	13,164	6,609	8,302	--	--	51,546
<b>Total Deferred Inflows of Resources</b>	<b>691,328</b>	<b>711,882</b>	<b>399,119</b>	<b>492,874</b>	<b>--</b>	<b>--</b>	<b>2,295,203</b>
<i>Fund Balances:</i>							
<i>Restricted:</i>							
For capital outlay	--	1,785,549	--	--	--	--	1,785,549
For special education	--	--	469,433	--	--	--	469,433
For debt service	--	--	--	1,001,119	--	--	1,001,119
For capital projects	--	--	--	--	285,307	--	285,307
<i>Assigned</i>	79,074	--	--	--	--	--	79,074
<i>Unassigned</i>	1,213,287	--	--	--	--	--	1,213,287
<b>Total Fund Balances</b>	<b>1,292,361</b>	<b>1,785,549</b>	<b>469,433</b>	<b>1,001,119</b>	<b>285,307</b>	<b>--</b>	<b>4,833,769</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,447,483</b>	<b>\$ 2,501,495</b>	<b>\$ 1,026,431</b>	<b>\$ 1,493,993</b>	<b>\$ 384,351</b>	<b>\$ --</b>	<b>\$ 7,853,753</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

*Total Fund Balances - Governmental Funds* \$ 4,833,769

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 22,048,423

Pension related deferred outflows are components of pension liability and therefore are not reported in the funds. 933,492

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	(13,944,816)	
Capital Outlay Certificates	(6,936,783)	
Accrued Leave	(24,032)	
	(24,032)	(22,605,631)

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 51,546

Proportionate Share of Net Pension Asset 18,183

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (370,877)

An internal service fund is used by the District's management to charge the costs of unemployment 6,641

*Net Position - Governmental Activities* \$ 4,915,546

*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, 2020**

	<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>
<b>REVENUES</b>							
<i>Revenue from Local Sources:</i>							
<i>Taxes</i>							
Ad valorem taxes	\$ 1,572,398	\$ 1,577,025	\$ 869,926	\$ 1,093,630	\$ --	\$ --	\$ 5,112,979
Prior years' ad valorem taxes	10,082	7,146	3,595	4,692	--	19	25,534
Utility taxes	90,278	--	--	--	--	--	90,278
Penalties and interest on taxes	3,579	2,822	1,481	1,348	--	7	9,237
<i>Earnings on Investments and Deposits</i>	12,352	--	--	--	3,320	--	15,672
<i>Cocurricular Activities</i>							
Admissions	31,626	--	--	--	--	--	31,626
Other student activity income	2,043	--	--	--	--	--	2,043
<i>Other Revenue from Local Sources</i>							
Rentals	2,424	6,891	--	--	--	--	9,315
Contributions and donations	6,694	19,156	--	--	40,000	--	65,850
Charges for services	11,155	--	3,219	--	--	--	14,374
Other	31,693	74	--	--	--	--	31,767
<i>Total Revenue from Local Sources</i>	<u>1,774,324</u>	<u>1,613,114</u>	<u>878,221</u>	<u>1,099,670</u>	<u>43,320</u>	<u>26</u>	<u>5,408,675</u>
<i>Revenue from Intermediate Sources:</i>							
<i>County Sources</i>							
County apportionment	27,733	--	--	--	--	--	27,733
Revenue in lieu of taxes	991	253	142	175	--	--	1,561
<i>Total Revenue from Intermediate Sources</i>	<u>28,724</u>	<u>253</u>	<u>142</u>	<u>175</u>	<u>--</u>	<u>--</u>	<u>29,294</u>
<i>Revenue from State Sources:</i>							
<i>Grants-in-Aid</i>							
Unrestricted grants-in-aid	1,860,405	--	--	--	--	--	1,860,405
Restricted grants-in-aid	8,877	--	155,907	--	--	--	164,784
Other state revenue	32,103	--	--	--	--	--	32,103
<i>Total Revenue from State Sources</i>	<u>1,901,385</u>	<u>--</u>	<u>155,907</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,057,292</u>
<i>Revenue from Federal Sources:</i>							
<i>Grants-in-Aid</i>							
Restricted grants-in-aid received from federal government through an intermediate source	421	293	161	203	--	--	1,078
Restricted grants-in-aid received from federal government through the state	270,859	--	211,715	--	--	--	482,574
Other Federal Sources	19,417	--	--	--	--	--	19,417
<i>Total Revenue from Federal Sources</i>	<u>290,697</u>	<u>293</u>	<u>211,876</u>	<u>203</u>	<u>--</u>	<u>--</u>	<u>503,069</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,995,130</u>	<u>\$ 1,613,660</u>	<u>\$ 1,246,146</u>	<u>\$ 1,100,048</u>	<u>\$ 43,320</u>	<u>\$ 26</u>	<u>\$ 7,998,330</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, 2020**  
**(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>
<b><u>EXPENDITURES</u></b>							
<i>Instructional Services:</i>							
Regular programs	\$ 2,346,785	\$ 95,571	\$ --	\$ --	\$ --	\$ --	\$ 2,442,356
Special programs	161,337	--	935,201	--	--	--	1,096,538
<i>Total Instructional Services</i>	<u>2,508,122</u>	<u>95,571</u>	<u>935,201</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,538,894</u>
<i>Support Services:</i>							
<i>Students</i>							
Attendance and social work	190,833	--	--	--	--	--	190,833
Guidance	98,019	--	16,924	--	--	--	114,943
Health	25,886	--	4,368	--	--	--	30,254
Psychological services	--	--	42,365	--	--	--	42,365
Student therapy services	--	--	54,196	--	--	--	54,196
<i>Instructional Staff</i>							
Improvement of instruction	11,934	--	--	--	--	--	11,934
Educational media	171,735	5,622	--	--	--	--	177,357
<i>General Administration</i>							
Board of education	46,330	--	--	--	--	--	46,330
Executive administration	141,101	--	--	--	--	--	141,101
<i>School Administration</i>							
Office of the principal	237,488	--	--	--	--	--	237,488
Other	1,386	--	--	--	--	--	1,386
<i>Business</i>							
Fiscal services	84,773	--	--	--	--	--	84,773
Facilities acquisition and construction	--	4,064	--	--	--	--	4,064
Operation and maintenance of plant	496,990	55,747	--	--	1,023,045	--	1,575,782
Student transportation	186,603	--	--	--	--	--	186,603
Food Services	6,274	--	--	--	--	--	6,274
Internal Services	6,485	30,206	--	--	--	--	36,691
<i>Special Education</i>							
Administrative costs	--	--	117,056	--	--	--	117,056
Transportation costs	--	--	42,406	--	--	--	42,406
Other special education costs	--	--	79,672	--	--	--	79,672
<i>Total Support Services</i>	<u>1,705,837</u>	<u>95,639</u>	<u>356,987</u>	<u>--</u>	<u>1,023,045</u>	<u>--</u>	<u>3,181,508</u>
<i>Nonprogrammed Charges:</i>	--	--	--	--	--	66,922	66,922
<i>Debt Services:</i>	--	654,234	--	1,097,100	--	--	1,751,334
<i>Cocurricular Activities:</i>							
Male activities	57,246	10,982	--	--	--	--	68,228
Female activities	39,627	6,509	--	--	--	--	46,136
Transportation	15,356	--	--	--	--	--	15,356
Combined activities	35,356	--	--	--	--	--	35,356
<i>Total Cocurricular Activities</i>	<u>147,585</u>	<u>17,491</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>165,076</u>
<i>Capital Outlay</i>	--	135,680	--	--	2,119,101	--	2,254,781
<b>TOTAL EXPENDITURES</b>	<u>4,361,544</u>	<u>998,615</u>	<u>1,292,188</u>	<u>1,097,100</u>	<u>3,142,146</u>	<u>66,922</u>	<u>10,958,515</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>(366,414)</u>	<u>615,045</u>	<u>(46,042)</u>	<u>2,948</u>	<u>(3,098,826)</u>	<u>(66,896)</u>	<u>(2,960,185)</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, 2020**  
**(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>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfer in	\$ 511,610	\$ --	\$ --	\$ 113,333	\$ --	\$ --	\$ 624,943
Sale of surplus property	--	--	--	--	--	--	--
Compensation for loss of general capital assets	5,827	--	--	--	--	--	5,827
Transfer out	--	(553,333)	--	--	--	(71,610)	(624,943)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>517,437</u>	<u>(553,333)</u>	<u>--</u>	<u>113,333</u>	<u>--</u>	<u>(71,610)</u>	<u>5,827</u>
 <i>Net Change in Fund Balances</i>	 151,023	 61,712	 (46,042)	 116,281	 (3,098,826)	 (138,506)	 (2,954,358)
 <i>FUND BALANCE, Beginning</i>	 <u>1,141,338</u>	 <u>1,723,837</u>	 <u>515,475</u>	 <u>884,838</u>	 <u>3,384,133</u>	 <u>138,506</u>	 <u>7,788,127</u>
 <i>FUND BALANCE, Ending</i>	 <u>\$ 1,292,361</u>	 <u>\$ 1,785,549</u>	 <u>\$ 469,433</u>	 <u>\$ 1,001,119</u>	 <u>\$ 285,307</u>	 <u>\$ --</u>	 <u>\$ 4,833,769</u>

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



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2020**

*Net Change in Fund Balances - Total Governmental Funds* \$ (2,954,358)

*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.		2,254,781
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.		(661,546)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$5,287 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(4,615)
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		
GO Bond	639,021	
CO Certificate	431,488	1,070,509
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."		15,563
Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses.		65,783
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(539,859)
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.		791
<i>Change in net position of governmental activities</i>		<b>\$ (752,951)</b>

*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, 2020**

	<i>Enterprise Funds</i>			<i>Internal Service Fund</i>
	<i>Food Service Fund</i>	<i>Drivers Education Fund</i>	<i>Totals</i>	
<b>ASSETS:</b>				
<i>Current Assets:</i>				
Cash and cash equivalents	\$ 79,459	\$ 7,682	\$ 87,141	\$ 6,641
Accounts receivable, net	2,882	--	2,882	--
Due from other government	14,950	--	14,950	--
Inventory - stores for resale	6,948	--	6,948	--
Inventory of donated food	7,103	--	7,103	--
<i>Total Current Assets</i>	<u>111,342</u>	<u>7,682</u>	<u>119,024</u>	<u>6,641</u>
<i>Noncurrent Assets:</i>				
Machinery and equipment - local funds	75,547	--	75,547	--
Less accumulated depreciation	<u>(21,871)</u>	<u>--</u>	<u>(21,871)</u>	<u>--</u>
<i>Total Noncurrent Assets</i>	<u>53,676</u>	<u>--</u>	<u>53,676</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 165,018</u></u>	<u><u>\$ 7,682</u></u>	<u><u>\$ 172,700</u></u>	<u><u>\$ 6,641</u></u>
<b>LIABILITIES:</b>				
<i>Current Liabilities:</i>				
Contracts payable	\$ 9,249	\$ --	\$ 9,249	\$ --
Accrued payroll expenses	1,243	--	1,243	--
Unearned revenue	<u>13,440</u>	<u>--</u>	<u>13,440</u>	<u>--</u>
<i>Total Current Liabilities</i>	<u>23,932</u>	<u>--</u>	<u>23,932</u>	<u>--</u>
<b>NET POSITION:</b>				
Net investment in capital assets	53,676	--	53,676	--
Unrestricted net position	<u>87,410</u>	<u>7,682</u>	<u>95,092</u>	<u>6,641</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 141,086</u></u>	<u><u>\$ 7,682</u></u>	<u><u>\$ 148,768</u></u>	<u><u>\$ 6,641</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, 2020**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Food Service Fund</u>	<u>Drivers Education Fund</u>	<u>Totals</u>	
<b>OPERATING REVENUE:</b>				
<i>Tuition and Fees:</i>				
Regular day school tuition	\$ —	\$ 6,050	\$ 6,050	\$ —
<i>Food Sales:</i>				
Student	100,023	—	100,023	—
Adult	6,104	—	6,104	—
Other charges for goods and services	769	—	769	—
Other	—	—	—	791
<b>Total Operating Revenue</b>	<b>106,896</b>	<b>6,050</b>	<b>112,946</b>	<b>791</b>
<b>OPERATING EXPENSES:</b>				
<i>Food Service:</i>				
Salaries	88,389	—	88,389	—
Employee benefits	15,781	—	15,781	—
Purchased services	6,395	—	6,395	—
Supplies	11,031	—	11,031	—
Cost of sales - purchased	108,764	—	108,764	—
Cost of sales - donated	28,226	—	28,226	—
Depreciation	6,035	—	6,035	—
<i>Community Services</i>				
Other community services	—	4,973	4,973	—
<b>Total Operating Expenses</b>	<b>264,621</b>	<b>4,973</b>	<b>269,594</b>	<b>—</b>
<b>Operating Income(Loss)</b>	<b>(157,725)</b>	<b>1,077</b>	<b>(156,648)</b>	<b>791</b>
<b>NONOPERATING REVENUES/EXPENSES:</b>				
State grants	1,115	—	1,115	—
Federal grants	154,127	—	154,127	—
Donated food	20,003	—	20,003	—
<b>Total Nonoperating Revenue/ (Expenses)</b>	<b>175,245</b>	<b>—</b>	<b>175,245</b>	<b>—</b>
<b>Income Before Contributions</b>	<b>17,520</b>	<b>1,077</b>	<b>18,597</b>	<b>791</b>
<b>Capital contributions</b>	<b>53,065</b>	<b>—</b>	<b>53,065</b>	<b>—</b>
<b>Change in Net Position</b>	<b>70,585</b>	<b>1,077</b>	<b>71,662</b>	<b>791</b>
<b>NET POSITION - Beginning</b>	<b>70,501</b>	<b>6,605</b>	<b>77,106</b>	<b>5,850</b>
<b>NET POSITION - Ending</b>	<b>\$ 141,086</b>	<b>\$ 7,682</b>	<b>\$ 148,768</b>	<b>\$ 6,641</b>

*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, 2020**

	<i>Food Service Fund</i>	<i>Drivers Education Fund</i>	<i>Totals</i>	<i>Internal Service Funds</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 102,366	\$ 6,050	\$ 108,416	\$ 791
Cash payments to suppliers	(129,130)	–	(129,130)	–
Cash payments to employees	(104,051)	(4,973)	(109,024)	–
<i>Net Cash (Used) by Operating Activities</i>	<u>(130,815)</u>	<u>1,077</u>	<u>(129,738)</u>	<u>791</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash reimbursements - state	1,115	–	1,115	–
Cash reimbursements - federal	154,127	–	154,127	–
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>155,242</u>	<u>–</u>	<u>155,242</u>	<u>–</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>24,427</b>	<b>1,077</b>	<b>25,504</b>	<b>791</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>55,032</b>	<b>6,605</b>	<b>61,637</b>	<b>5,850</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b><u>\$ 79,459</u></b>	<b><u>\$ 7,682</u></b>	<b><u>\$ 87,141</u></b>	<b><u>\$ 6,641</u></b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:</b>				
<i>Operating (Loss)</i>	\$ (157,725)	\$ 1,077	\$ (156,648)	\$ 791
<i>Adjustments to reconcile operating (loss) to net cash (used) by operating activities:</i>				
Depreciation expense	6,035	–	6,035	–
Value of commodities used	28,226	–	28,226	–
<b>Change in Assets and Liabilities:</b>				
Accounts receivable	(15,169)	–	(15,169)	–
Inventory	(2,940)	–	(2,940)	–
Deferred revenue	10,639	–	10,639	–
Accrued wages payable	119	–	119	–
<i>Net cash (used) by operating activities:</i>	<u>\$ (130,815)</u>	<u>\$ 1,077</u>	<u>\$ (129,738)</u>	<u>\$ 791</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Value of commodities received	\$ 20,003	\$ –	\$ 20,003	\$ –
Equipment purchased by Capital Projects Fund	\$ 53,065	\$ –	\$ 53,065	\$ –

*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, 2020**

	<i>Private -Purpose Trust Funds</i>	<i>Agency Funds</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 47,804	\$ 164,031	\$ 211,835
<b>TOTAL ASSETS</b>	<b>\$ 47,804</b>	<b>\$ 164,031</b>	<b>\$ 211,835</b>
<b>LIABILITIES</b>			
Amounts held for others	--	164,031	164,031
<b>NET POSITION</b>			
Held in trust for others	47,804	--	47,804
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 47,804</b>	<b>\$ 164,031</b>	<b>\$ 211,835</b>

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS**  
**JUNE 30, 2020**

	<i>Private-Purpose Trust Funds</i>
<b>ADDITIONS</b>	
Contributions and donations	\$ 2,300
Other additions	<u>143</u>
<b>Total Additions</b>	<u>2,443</u>
<b>DEDUCTIONS</b>	
Trust deductions for scholarships awarded	<u>4,100</u>
<b>CHANGE IN NET POSITION</b>	<u>(1,657)</u>
<b>NET POSITION - BEGINNING</b>	<u>49,461</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 47,804</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, 2020**

**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, 2020**

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, 2020**

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 is not a major fund. This fund was closed out at the end of FY20.

**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, 2020**

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, 2020**

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, 2020**

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, 2020 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, 2020**

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, 2020**

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, 2020 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, 2020 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, 2020**

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, 2020**

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, 2020**

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:

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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.

p. **Emerging Accounting Standards:**

In March 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, which expand disclosure requirements for certain types of debt. The School District has not yet determined the specific impact of this statement on the financial statements. The standard is effective for the School District's year ending June 30, 2021.

In June 2017, the GASB issued Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the terms of the lease. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District has not yet determined the specific impact of this statement on the financial statements. The standard is effective for the School District's fiscal year beginning after December 15, 2022.

In 2019, the GASB issued Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The School District has not yet determined the specific impact of this statement on the financial statements. The standard is effective for the School District's year ending June 30, 2022.

*REDFIELD SCHOOL DISTRICT NO. 56-4  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020*

**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.

**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.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**3. RESTRICTED CASH AND INVESTMENTS:**

Assets restricted for use for a specific purpose through segregation of balances in separate account. As of June 30, 2020, \$1,001,119 was restricted in the Debt Service Fund for sinking fund requirements in the debt covenants and \$384,351 was restricted in the Capital Projects Fund for construction of the new school.

**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, 2020.

**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 \$212,213 due from various county, school, state and federal governments.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**7. CHANGES IN CAPITAL ASSETS:**

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

	<i>6/30/2019</i> <i>Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>6/30/2020</i> <i>Balance</i>
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 146,198	\$ --	\$ --	\$ 146,198
Construction in progress	18,971,089	114,503	18,971,089	114,503
<i>Total capital assets not being depreciated</i>	<u>19,117,287</u>	<u>114,503</u>	<u>18,971,089</u>	<u>260,701</u>
<b>Capital assets being depreciated:</b>				
Buildings	2,053,825	20,753,490	--	22,807,315
Improvements	462,021	6,191	--	468,212
Equipment	2,375,999	351,686	520,555	2,207,130
<i>Total capital assets being depreciated</i>	<u>4,891,845</u>	<u>21,111,367</u>	<u>520,555</u>	<u>25,482,657</u>
<b>Less accumulated depreciation for:</b>				
Buildings	1,468,975	444,388	--	1,913,363
Improvements	188,903	41,540	--	230,443
Equipment	1,891,451	175,618	515,940	1,551,129
<i>Total accumulated depreciation</i>	<u>3,549,329</u>	<u>661,546</u>	<u>515,940</u>	<u>3,694,935</u>
<i>Total capital assets being depreciated, net</i>	<u>1,342,516</u>	<u>20,449,821</u>	<u>4,615</u>	<u>21,787,722</u>
<i>Net Capital Assets</i>	<u>\$ 20,459,803</u>	<u>\$ 20,564,324</u>	<u>\$ 18,975,704</u>	<u>\$ 22,048,423</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 503,235
Support services	55,562
Co-curricular activities	102,749
<i>Total Depreciation Expense</i>	<u>\$ 661,546</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

	<u>6/30/2019</u> <i>Balance</i>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2020</u> <i>Balance</i>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 30,123	\$ 53,065	\$ 7,641	\$ 75,547
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>23,478</u>	<u>6,034</u>	<u>7,641</u>	<u>21,871</u>
<i>Total capital assets being depreciated, net</i>	<u>\$ 6,645</u>	<u>\$ 47,031</u>	<u>\$ --</u>	<u>\$ 53,676</u>

Depreciation expense was charged to functions as follows:

<b>Business-type activities:</b>	
Food service	<u>\$ 6,034</u>

Construction work in progress at June 30, 2020 is composed of the following:

<u>Project Name</u>	<u>Project</u> <i>Authorization</i>	<u>Through</u> <i>6/30/2020</i>	<u>Committed</u>	<u>Required</u> <i>Future</i> <u>Financing</u>
Weight Room Remodel Project	<u>\$ 145,607</u>	<u>\$ 114,503</u>	<u>\$ --</u>	<u>\$ 31,104</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**8. LONG-TERM LIABILITIES:**

A summary of the changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	<u>6/30/2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2020</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
Qualified Zone Academy Bonds	\$ 1,700,000	\$ --	\$ --	\$ 1,700,000	\$ --
General Obligation Bonds	13,905,000	--	615,000	13,290,000	625,000
Plus: Unamortized Premiums	678,837	--	24,021	654,816	24,021
Capital Outlay Certificates	7,150,000	--	420,000	6,730,000	420,000
Plus: Unamortized Premiums	218,271	--	11,488	206,783	11,488
	<u>23,652,108</u>	<u>--</u>	<u>1,070,509</u>	<u>22,581,599</u>	<u>1,080,509</u>
Early Retirement Payable - Governmental Funds	66,922	--	66,922	--	--
<b>Other Liabilities:</b>					
Compensated Absences	22,893	4,844	3,705	24,032	5,000
<b>Total Long-Term Liabilities</b>	<u>\$ 23,741,923</u>	<u>\$ 4,844</u>	<u>\$ 1,141,136</u>	<u>\$ 22,605,631</u>	<u>\$ 1,085,509</u>

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

The District discontinued the early retirement program by school board action effective 6/30/2019. The final early retirement plan payment was made in fiscal year 2020.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

Debt payable at June 30, 2020 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.	\$ 13,290,000
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.	\$ 6,730,000

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	\$ 24,032



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

The annual requirements to amortize the Qualified Zone Academy Bonds and capital lease/purchase agreements outstanding at June 30, 2020, are as follows:

Annual Requirements to Maturity for Long-Term Debt June 30, 2020

<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>
	2021	\$ 625,000	\$ 469,150	\$ 420,000	\$ 249,663	\$ 1,045,000
2022	640,000	456,550	430,000	238,927	1,070,000	695,477
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	685,000	405,650	880,000	200,812	1,565,000	606,462
2026-2030	3,820,000	1,661,350	2,845,000	772,912	6,665,000	2,434,262
2031-2035	4,630,000	839,100	2,025,000	394,500	6,655,000	1,233,600
2036-2037	1,575,000	63,400	945,000	37,600	2,520,000	101,000
<b>TOTALS</b>	<b>\$ 13,290,000</b>	<b>\$ 4,764,650</b>	<b>\$ 8,430,000</b>	<b>\$ 2,336,257</b>	<b>\$ 21,720,000</b>	<b>\$ 7,100,907</b>

**9. INTERFUND TRANSFERS:**

Transfers to/from other funds at June 30, 2020, 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. 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.	\$ 113,333
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.	\$ 440,000
Transfer from the Pension Fund to the General Fund to comply with SDCL 13-10-18, which sets forth the discontinuance of the Pension Fund and requirement for unexpended funds to be transferred into the General Fund.	\$ 71,610

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**10. RESTRICTED NET POSITION:**

Restricted Net Position for the year ended June 30, 2020 was as follows:

<i>Purpose</i>	<i>Restricted By</i>	<i>Amount</i>
<i>Major Purposes:</i>		
Capital Outlay	Law	\$ 1,798,713
Special Education	Law	471,970
SDRS Pension Purposes	Law	580,798
<i>Total</i>		<b>\$ 2,851,481</b>

**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 \$79,074 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 two large copiers and nine printers for a sixty-three (63) month period in May 2020. The monthly payment is approximately \$2,385 for the lease and \$.0015 per black and white copy and \$.0932 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:

Year	Copier
2021	\$ 28,619
2022	\$ 28,619
2023	\$ 28,619
2024	\$ 28,619
2025	\$ 26,234

**13. PENSION PLAN:**

**a. Plan Information:**

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and 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, 2020**

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

b. **Benefits Provided:**

SDRS has three different classes of employees, Class A general members, Class B public safety and 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 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 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 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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, 2020, 2019 and 2018, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2020	\$211,672
2019	\$218,890
2018	\$218,736

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

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2020 are as follows:

Proportionate share of pension liability	\$ 21,382,485
Less proportionate share of net pension restricted for pension benefits	<u>21,400,668</u>
<i>Proportionate share of net pension (asset)</i>	<u><u>\$ (18,183)</u></u>

At June 30, 2020, the School District reported an asset of (\$18,183) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2019 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, 2019, the School District's proportion was 0.17157870%, which is an increase of 0.0037829% from its proportion measured as of June 30, 2018.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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, 2020, the School District recognized pension expense of \$539,859. At June 30, 2020, 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	\$ 71,323	\$ 8,230
Changes in assumption	627,981	257,442
Net difference between projected and actual earnings on pension plan investments	--	104,747
Changes in proportion and difference between district contributions and proportionate share of contributions	22,516	458
District contributions subsequent to the measurement date	<u>211,672</u>	<u>--</u>
<b>TOTAL</b>	<b><u>\$ 933,492</u></b>	<b><u>\$ 370,877</u></b>

\$211,672 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<i>Year Ended June 30,</i>	
2021	\$ 407,166
2022	(55,332)
2023	(37,667)
2024	36,776
2025	--
Thereafter	--
<b>TOTAL</b>	<b><u>\$ 350,943</u></b>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

e. **Actuarial Assumptions:**

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

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Global equity	58.0%	4.7%
Fixed income	30.0%	1.7%
Real estate	10.0%	4.3%
Cash	2.0%	0.9%
<b>TOTAL</b>	<b>100.0%</b>	

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

f. **Discount Rate:**

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

	<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
District's proportionate share of the net pension (asset)	\$ 3,017,963	\$ (18,183)	\$ (2,492,093)

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.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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:

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

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 Webster School District acts as the fiscal agent for this consortium.

Financial data for this venture is available from the Webster School District. At June 30, 2020, this venture had no fund equity and no long-term debt.

**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, 2020, 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.



**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Workers' Compensation: (continued)**

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.

**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 \$6,641 for the payment of future unemployment benefits.

During the year ended June 30, 2020, there were claims for unemployment that were paid. At June 30, 2020, three claims had been filed for unemployment benefits. These claims totaled \$2,163 and were paid in August 2020 from the Unemployment Fund.

**16. SUBSEQUENT EVENTS:**

As a result of the spread of the SARS-COV-2 virus, the incidence of COVID-19, and the world-wide coronavirus pandemic economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the School District. The School District is closely monitoring its operations, liquidity, and capital resources and is working to minimize the current and future impact of this unprecedented situation. The duration of these uncertainties and the ultimate financial effects cannot be reasonable estimated at this time.

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS**  
**JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 1,576,651	\$ 1,576,651	\$ 1,572,398	\$ (4,253)
Prior years' ad valorem taxes	13,000	13,000	10,082	(2,918)
Utility taxes	88,000	88,000	90,278	2,278
Penalties and interest on taxes	5,000	5,000	3,579	(1,421)
<i>Earnings on Investments and Deposits</i>	12,000	12,000	12,352	352
<i>Cocurricular Activities</i>				
Admissions	31,200	31,200	31,626	426
Rentals	1,800	1,800	2,043	243
<i>Other Revenue from Local Sources:</i>				
Rentals	850	850	2,424	1,574
Contributions and donations	–	–	6,694	6,694
Charges for services	11,000	11,000	11,155	155
Other	31,000	31,000	31,693	693
<i>Total Revenue from Local Sources</i>	<u>1,770,501</u>	<u>1,770,501</u>	<u>1,774,324</u>	<u>3,823</u>
<i>Revenue from Intermediate Sources:</i>				
<i>County Sources</i>				
County apportionment	24,500	24,500	27,733	3,233
Revenue in lieu of taxes	–	–	991	991
<i>Total Revenue from Intermediate Sources</i>	<u>24,500</u>	<u>24,500</u>	<u>28,724</u>	<u>4,224</u>
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid</i>				
Unrestricted grants-in-aid	1,821,468	1,821,468	1,860,405	38,937
Restricted grants-in-aid	–	–	8,877	8,877
<i>Other state revenues</i>	–	–	32,103	32,103
<i>Total Revenue from State Sources</i>	<u>1,821,468</u>	<u>1,821,468</u>	<u>1,901,385</u>	<u>79,917</u>
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid received from federal government through an intermediate source	–	–	421	421
Restricted grants-in-aid received from federal government through the state	275,048	275,048	270,859	(4,189)
<i>Other Federal Sources</i>	18,152	18,152	19,417	1,265
<i>Total Revenue from Federal Sources</i>	<u>293,200</u>	<u>293,200</u>	<u>290,697</u>	<u>(2,503)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,909,669</u>	<u>\$ 3,909,669</u>	<u>\$ 3,995,130</u>	<u>\$ 85,461</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS**  
**JUNE 30, 2020**  
**(CONTINUED)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>EXPENDITURES</u></b>				
<i>Instructional Services:</i>				
Regular programs	\$ 2,492,238	\$ 2,492,238	2,346,785	\$ 145,453
Special programs	165,085	165,085	161,337	3,748
<i>Total Instructional Services</i>	<u>2,657,323</u>	<u>2,657,323</u>	<u>2,508,122</u>	<u>149,201</u>
<i>Support Services:</i>				
<i>Students</i>				
Attendance and social work	109,963	190,883	190,833	50
Guidance	102,996	102,996	98,019	4,977
Health	26,378	26,378	25,886	492
<i>Instructional Staff</i>				
Improvement of instruction	11,000	23,593	11,934	11,659
Educational media	191,345	192,345	171,735	20,610
<i>General Administration</i>				
Board of education	53,650	53,650	46,330	7,320
Executive administration	150,100	150,100	141,101	8,999
<i>School Administration</i>				
Office of the principal	249,000	249,000	237,488	11,512
Other	1,200	1,200	1,386	(186)
<i>Business</i>				
Fiscal services	89,850	89,850	84,773	5,077
Operation and maintenance of plant	482,625	527,125	496,990	30,135
Student transportation	175,900	193,900	186,603	7,297
Food service			6,274	(6,274)
Internal service	9,000	9,000	6,485	2,515
<i>Total Support Services</i>	<u>1,653,007</u>	<u>1,810,020</u>	<u>1,705,837</u>	<u>104,183</u>
<i>Cocurricular Activities:</i>				
Male activities	67,000	67,000	57,246	9,754
Female activities	44,654	44,654	39,627	5,027
Transportation	17,600	17,600	15,356	2,244
Combined activities	45,417	45,417	35,356	10,061
<i>Total Cocurricular Activities</i>	<u>174,671</u>	<u>174,671</u>	<u>147,585</u>	<u>27,086</u>
<i>Contingencies:</i>				
Transfers	75,000	75,000	–	75,000
Contingencies transferred	–	(63,500)	–	(63,500)
<i>Total Contingencies</i>	<u>75,000</u>	<u>11,500</u>	<u>–</u>	<u>11,500</u>
<b>TOTAL EXPENDITURES</b>	<u>4,560,001</u>	<u>4,653,514</u>	<u>4,361,544</u>	<u>291,970</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(650,332)</u>	<u>(743,845)</u>	<u>(366,414)</u>	<u>377,431</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	512,000	512,000	511,610	(390)
Sale of surplus property	–	–	–	–
Compensation for loss of general capital assets	–	–	5,827	5,827
<b>Total Other Financing Sources:</b>	<u>512,000</u>	<u>512,000</u>	<u>517,437</u>	<u>5,437</u>
<i>Net Change in Fund Balances</i>	(138,332)	(231,845)	151,023	382,868
<b>FUND BALANCE, Beginning</b>	<u>1,141,338</u>	<u>1,141,338</u>	<u>1,141,338</u>	<u>–</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,003,006</u>	<u>\$ 909,493</u>	<u>\$ 1,292,361</u>	<u>\$ 382,868</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – CAPITAL OUTLAY FUND – BUDGETARY BASIS**  
**JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 1,577,309	\$ 1,577,309	\$ 1,577,025	\$ (284)
Prior years' ad valorem taxes	8,000	8,000	7,146	(854)
Penalties and interest on taxes	3,500	3,500	2,822	(678)
<i>Other Revenue from Local Sources:</i>				
Rentals	6,500	6,500	6,891	391
Contributions and Donations	–	–	19,156	19,156
Other	2,500	2,500	74	(2,426)
<i>Revenue from Intermediate Sources:</i>				
<i>County Sources</i>				
Revenue in lieu of taxes	–	–	253	253
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid received from federal government through an intermediate source	–	–	293	293
<b>TOTAL REVENUES</b>	<u>1,597,809</u>	<u>1,597,809</u>	<u>1,613,660</u>	<u>15,851</u>
<b><u>EXPENDITURES</u></b>				
<i>Instructional Services:</i>				
Regular programs	115,000	115,000	95,571	19,429
<i>Total Instructional Services</i>	<u>115,000</u>	<u>115,000</u>	<u>95,571</u>	<u>19,429</u>
<i>Support Services:</i>				
<i>Instructional Staff</i>				
Educational media	47,730	47,730	9,669	38,061
<i>School Administration</i>				
Office of the principal	3,000	3,000	–	3,000
<i>Business</i>				
Facilities acquisition and construction	50,000	50,000	16,597	33,403
Operation and maintenance of plant	63,000	63,000	61,938	1,062
Student transportation	99,500	274,500	100,474	174,026
Internal service	30,000	30,220	30,206	14
<i>Total Support Services</i>	<u>293,230</u>	<u>468,450</u>	<u>218,884</u>	<u>249,566</u>
<i>Debt Services:</i>				
<i>Total Debt Services</i>	<u>656,270</u>	<u>656,270</u>	<u>654,234</u>	<u>2,036</u>
<i>Cocurricular Activities:</i>				
Male activities	13,000	25,435	23,417	2,018
Female activities	8,000	8,000	6,509	1,491
<i>Total Cocurricular Activities</i>	<u>21,000</u>	<u>33,435</u>	<u>29,926</u>	<u>3,509</u>
<b>TOTAL EXPENDITURES</b>	<u>1,085,500</u>	<u>1,273,155</u>	<u>998,615</u>	<u>274,540</u>
<i>Excess of Revenue Over (Under)</i>				
<i>Expenditures</i>	<u>512,309</u>	<u>324,654</u>	<u>615,045</u>	<u>290,391</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(557,500)	(568,200)	(553,333)	14,867
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(557,500)</u>	<u>(568,200)</u>	<u>(553,333)</u>	<u>14,867</u>
<i>Net Change in Fund Balances</i>	(45,191)	(243,546)	61,712	305,258
<b>FUND BALANCE, Beginning</b>	<u>1,723,837</u>	<u>1,723,837</u>	<u>1,723,837</u>	<u>–</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,678,646</u>	<u>\$ 1,480,291</u>	<u>\$ 1,785,549</u>	<u>\$ 305,258</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND – BUDGETARY BASIS**  
**JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes</i>				
Ad valorem taxes	\$ 872,370	\$ 872,370	\$ 869,926	\$ (2,444)
Prior years' ad valorem taxes	4,000	4,000	3,595	(405)
Penalties and interest on taxes	1,300	1,300	1,481	181
<i>Other Revenue from Local Sources:</i>				
Charges for services	2,400	2,400	3,219	819
<i>Total Revenue from Local Sources</i>	<u>880,070</u>	<u>880,070</u>	<u>878,221</u>	<u>(1,849)</u>
<i>Revenue from Intermediate Sources:</i>				
<i>County Sources</i>				
Revenue in lieu of taxes	–	–	142	142
<i>Total Revenue from Intermediate Sources</i>	<u>–</u>	<u>–</u>	<u>142</u>	<u>142</u>
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid</i>				
Restricted grants-in-aid	174,316	174,316	155,907	(18,409)
<i>Total Revenue from State Sources</i>	<u>174,316</u>	<u>174,316</u>	<u>155,907</u>	<u>(18,409)</u>
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid received from federal government through an intermediate source	–	–	161	161
Restricted grants-in-aid received from federal government through the state	222,011	222,011	211,715	(10,296)
<i>Total Revenue from Federal Sources</i>	<u>222,011</u>	<u>222,011</u>	<u>211,876</u>	<u>(10,135)</u>
 <i>TOTAL REVENUES</i>	 <u>1,276,397</u>	 <u>1,276,397</u>	 <u>1,246,146</u>	 <u>(30,251)</u>
<b><u>EXPENDITURES</u></b>				
<i>Instructional Services:</i>				
Special programs	1,057,269	1,062,269	935,201	127,068
<i>Total Instructional Services</i>	<u>1,057,269</u>	<u>1,062,269</u>	<u>935,201</u>	<u>127,068</u>
<i>Support Services:</i>				
<i>Students:</i>				
Guidance services	18,250	18,250	16,924	1,326
Health services	4,376	4,376	4,368	8
Psychological services	52,000	52,000	42,365	9,635
Student therapy services	47,000	55,700	54,196	1,504
<i>Special Education</i>				
Administrative costs	119,590	119,590	117,056	2,534
Transportation costs	51,500	51,500	42,406	9,094
Other special education costs	58,854	58,854	79,672	(20,818)
<i>Total Support Services</i>	<u>351,570</u>	<u>360,270</u>	<u>356,987</u>	<u>3,283</u>
 <i>TOTAL EXPENDITURES</i>	 <u>1,408,839</u>	 <u>1,422,539</u>	 <u>1,292,188</u>	 <u>130,351</u>
 <i>Excess of Revenues Over (Under) Expenditures</i>	 <u>(132,442)</u>	 <u>(146,142)</u>	 <u>(46,042)</u>	 <u>100,100</u>
 <i>Net Change in Fund Balance</i>	 <u>(132,442)</u>	 <u>(146,142)</u>	 <u>(46,042)</u>	 <u>100,100</u>
 <i>FUND BALANCE, Beginning</i>	 <u>515,475</u>	 <u>515,475</u>	 <u>515,475</u>	 <u>–</u>
<i>FUND BALANCE, Ending</i>	<u>\$ 383,033</u>	<u>\$ 369,333</u>	<u>\$ 469,433</u>	<u>\$ 100,100</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**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).

**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.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1715787%	0.1753616%	0.1752367%	0.1810958%	0.1830441%	0.1830352%
District's proportionate share of net pension liability (asset)	\$ (18,183)	\$ (4,090)	\$ (15,903)	\$ 611,724	\$ (776,342)	\$ (1,318,694)
District's covered-employee payroll	\$ 3,648,168	\$ 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	0.50%	0.11%	0.45%	17.76%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	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**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Contractually-required contribution</b>	\$ 211,672	\$ 218,890	\$ 218,736	\$ 213,627	\$ 206,612	\$ 200,512
<b>Contributions in relation to the contractually-required contribution</b>	<u>211,672</u>	<u>218,890</u>	<u>218,736</u>	<u>213,627</u>	<u>206,612</u>	<u>200,512</u>
<b>Contribution deficiency (excess)</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b>District's covered-employee payroll</b>	\$ 3,527,855	\$ 3,648,168	\$ 3,645,583	\$ 3,560,434	\$ 3,443,515	\$ 3,341,848
<b>Contributions as a percentage of employee-covered payroll</b>	6.00%	6.00%	6.00%	6.00%	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.

**REDFIELD SCHOOL DISTRICT NO. 56-4**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Changes of benefit terms:**

No significant changes.

**Changes of assumptions:**

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

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

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.