

***REDFIELD SCHOOL DISTRICT NO. 56-4
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2015***

***REDFIELD SCHOOL DISTRICT NO. 56-4
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015***

Board Members:

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

Superintendent:

Shad Storley

Business Manager:

Marilyn Hodges

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota, as of June 30, 2015 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 February 17, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Finding and Questioned Costs. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as Finding Number 2015-01 to be a significant deficiency.

Compliance and Other Matters

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

School District's Response to Findings

The School District's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. 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.



Huron, South Dakota
February 17, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Redfield School District No. 56-4, South Dakota compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Redfield School District's major federal programs for the year ended June 30, 2015. Redfield School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Redfield School District No. 56-4, South Dakota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Redfield School District is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Handwritten signature in blue ink that reads "CLO of LLC".

Huron, South Dakota
February 17, 2016

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SCHEDULE OF PRIOR AUDIT FINDING

Prior Federal Audit Findings:

The prior audit report contained no written audit comments.

Prior Other Audit Findings:

Finding Number 2014-01:

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 2015-01.

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

- a) **An unmodified opinion was issued on the financial statements of each opinion unit.**
- b) **A significant deficiency was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues and expenditures in finding number 2015-01.**
- c) **Our audit did not disclose any noncompliance which was material to the financial statements.**

Federal Awards

- a) **An unmodified opinion was issued on compliance with the requirements applicable to major programs.**
- b) **Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office Management and Budget Circular A-133, Section .510(a).**
- c) **The federal awards tested as major programs were:**

Special Education Cluster

84.027 Special Education – Grants to States

84.173 Special Education – Preschool Grants

- d) **The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.**
- e) **Redfield School District No. 56-4 did qualify as a low risk auditee.**

*REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015*

Current Other Audit Findings:

Internal Control – Related Finding – Significant Deficiency

Finding Number 2015-01:

A significant deficiency in internal controls was disclosed by our audit for a lack of proper segregation of duties for revenues and expenditures.

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.

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.

Closing Conference:

The closing conference was held on February 17, 2016 with Marilyn Hodges, Business Manager and Shad Storley, Superintendent.



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, Redfield, South Dakota, as of June 30, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 11 to the financial statements, the Redfield School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. As discussed in Note 10 to the financial statements, the Redfield School District has retroactively restated the previously reported Net Position in accordance with these statements. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the budgetary comparison schedules, the schedule of proportionate share of the net pension liability (assets), 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2016 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 grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

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

Huron, South Dakota
February 17, 2016

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2015

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, 2015. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$807,938 more than the \$5,982,454 governmental and business-type program expenditures.
- The total cost of the School's programs decreased by only 3.91% which primarily due to FY15 not having the large repair and replacement projects paid for out of the Capital Outlay Fund as there were in FY14 and controlling operation and maintenance supply expenses.
- The general fund reported a \$35,235 current-year surplus primarily due to controlling expenses.

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 is 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.

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.

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A), (CONTINUED)
JUNE 30, 2015

Figure A-1

Major Features of Sample School's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service operation and the drivers education program.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Net Position *Statement of Changes in Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A), (CONTINUED)
JUNE 30, 2015

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 councilor, 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 is the only business-type activity of the School.

Fund Financial Statements

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

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

The School has three kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds 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), (CONTINUED)
JUNE 30, 2015

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

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School’s combined net position increased as follows:

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Total Percentage Change 2014-2015</i>
	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	
Current and Other Assets	\$ 6,352,384	\$ 8,005,650	\$ 52,302	\$ 55,181	\$ 6,404,686	\$ 8,060,831	25.86%
Capital Assets (Net of Depreciation)	3,094,439	3,094,060	63,300	64,106	3,157,739	3,158,166	0.01%
<i>Total Assets</i>	<u>9,446,823</u>	<u>11,099,710</u>	<u>115,602</u>	<u>119,287</u>	<u>9,562,425</u>	<u>11,218,997</u>	17.32%
Pension Related Deferred Outflows	--	1,172,894	--	--	--	1,172,894	100.00%
<i>Total Deferred Outflows or Resources</i>	--	1,172,894	--	--	--	1,172,894	100.00%
Long-Term Liabilities Outstanding	4,215,157	3,976,157	--	--	4,215,157	3,976,157	-5.67%
Other Liabilities	646,929	586,014	8,797	5,593	655,726	591,607	-9.78%
<i>Total Liabilities</i>	<u>4,862,086</u>	<u>4,562,171</u>	<u>8,797</u>	<u>5,593</u>	<u>4,870,883</u>	<u>4,567,764</u>	-6.22%
Taxes Levied for Future Period	--	1,515,529	--	--	--	1,515,529	100.00%
Pension Related Deferred Inflows	--	1,527,270	--	--	--	1,527,270	100.00%
<i>Total Deferred Inflows of Resources</i>	--	3,042,799	--	--	--	3,042,799	100.00%
<i>Net Assets</i>							
Net Investment in Capital Assets	161,653	386,714	63,300	64,106	224,953	450,820	100.41%
Restricted	1,294,798	2,522,464	--	--	1,294,798	2,522,464	94.82%
Unrestricted	1,702,028	1,758,456	43,505	49,588	1,745,533	1,808,044	3.58%
<i>Total Net Assets</i>	<u>3,158,479</u>	<u>4,667,634</u>	<u>106,805</u>	<u>113,694</u>	<u>3,265,284</u>	<u>4,781,328</u>	46.43%
<i>Beginning Net Position</i>	<u>2,532,561</u>	<u>3,866,585</u>	<u>110,379</u>	<u>106,805</u>	<u>2,642,940</u>	<u>3,973,390</u>	
<i>Increase (Decrease) in Net Position</i>	<u>\$ 625,918</u>	<u>\$ 801,049</u>	<u>\$ (3,574)</u>	<u>\$ 6,889</u>	<u>\$ 622,344</u>	<u>\$ 807,938</u>	
<i>Percentage of Increase (Decrease) in Net Position</i>	<u>24.71%</u>	<u>20.72%</u>	<u>-3.24%</u>	<u>6.45%</u>	<u>23.55%</u>	<u>20.33%</u>	

The district’s combined net position of approximately \$4.8 million is approximately \$807,000 or 20% larger than on June 30, 2014. The increase in the district’s financial position mostly came from its governmental activities.

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A), (CONTINUED)
JUNE 30, 2015

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 lease purchase payables, compensated absences payable and early retirement benefits 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 district’s total revenues (excluding transfers) totaled \$6,790,392 (See Table A-4). This was approximately a 1% decrease. Approximately 47% of the district’s revenue comes from property and other taxes, with another 30% from state aid. (See Table A-2)

Table A-2
Redfield School District 56-4
Sources of Revenues
Fiscal Year 2014-2015

Taxes	\$ 3,216,442	47.37%
State Sources	2,024,032	29.81%
Operating Grants & Contributio	1,204,555	17.74%
Charges for Services	219,076	3.23%
Other Revenues	115,330	1.70%
Unrestricted Investment Earning	<u>10,957</u>	<u>0.16%</u>
Total Revenue	<u>\$ 6,790,392</u>	<u>100.00%</u>

All total cost of all programs and service decreased by approximately 4%. The district’s total expenses totaled \$5,982,454. (See Table A-4). The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, and driver’s education. (See Table A-3). The decrease in expenditures is mostly attributable controlling expenditures.

Table A-3
Redfield School District 56-4
Statement of Expenditures
Fiscal Year 2014-2015

Instruction	\$ 3,470,298	58.01%
Support Services	1,971,118	32.95%
Nonprogrammed charges	25,101	0.42%
Interest - on Long-Term Del	67,094	1.12%
Cocurricular Activities	187,035	3.13%
Food Service	255,179	4.27%
Drivers Education	<u>6,629</u>	<u>0.11%</u>
Total Expenditures	<u>\$ 5,982,454</u>	<u>100.00%</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A), (CONTINUED)
JUNE 30, 2015

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the school.

Table A-4
Redfield School District 56-4
Changes in Net Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Total Percentage Change 2014-2015</i>
	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	
<i>Revenues</i>							
<i>Program Revenues</i>							
Charges for Services	\$ 86,226	\$ 74,372	\$ 133,858	\$ 144,704	\$ 220,084	\$ 219,076	-0.46%
Operating Grants and Contributions	1,325,461	1,082,457	119,797	122,098	1,445,258	1,204,555	-16.65%
<i>General Revenues</i>							
Taxes	3,227,250	3,216,442	--	--	3,227,250	3,216,442	-0.33%
Revenue State Sources	1,873,534	2,022,137	1,423	1,895	1,874,957	2,024,032	7.95%
Unrestricted Investment Earnings	12,715	10,957	--	--	12,715	10,957	-13.83%
Other General Revenues	68,220	115,330	--	--	68,220	115,330	69.06%
<i>Total Revenues</i>	<u>6,593,406</u>	<u>6,521,695</u>	<u>255,078</u>	<u>268,697</u>	<u>6,848,484</u>	<u>6,790,392</u>	<u>-0.85%</u>
<i>Expenses</i>							
Instruction	3,570,450	3,470,298	--	--	3,570,450	3,470,298	-2.81%
Support Services	2,107,943	1,971,118	--	--	2,107,943	1,971,118	-6.49%
Nonprogrammed Charges	55,609	25,101	--	--	55,609	25,101	-54.86%
Interest on Long Term Debt	61,546	67,094	--	--	61,546	67,094	9.01%
Cocurricular Activities	171,940	187,035	--	--	171,940	187,035	8.78%
Food Service	--	--	253,204	255,179	253,204	255,179	0.78%
Drivers Education	--	--	5,448	6,629	5,448	6,629	21.68%
<i>Total Expenses</i>	<u>5,967,488</u>	<u>5,720,646</u>	<u>258,652</u>	<u>261,808</u>	<u>6,226,140</u>	<u>5,982,454</u>	<u>-3.91%</u>
<i>Increase (Decrease) in Net Assets</i>	<u>625,918</u>	<u>801,049</u>	<u>(3,574)</u>	<u>6,889</u>	<u>622,344</u>	<u>807,938</u>	<u>29.82%</u>
<i>Beginning Net Assets</i>	<u>2,532,561</u>	<u>3,866,585</u>	<u>110,379</u>	<u>106,805</u>	<u>2,642,940</u>	<u>3,973,390</u>	<u>50.34%</u>
<i>Ending Net Assets</i>	<u>\$ 3,158,479</u>	<u>\$ 4,667,634</u>	<u>\$ 106,805</u>	<u>\$ 113,694</u>	<u>\$ 3,265,284</u>	<u>\$ 4,781,328</u>	<u>46.43%</u>

GOVERNMENTAL ACTIVITIES

Revenues for the School's governmental activities decreased approximately 1% while expenses for governmental activities decreased by approximately 4%. Although revenues and expenditures both decreased, overall net assets increased by approximately 45%. The reason for this was due to a change in reporting of Pension accumulated in the South Dakota Retirement System as per GASB 68.

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A), (CONTINUED)
JUNE 30, 2015

BUSINESS-TYPE ACTIVITIES

Net position of the School’s business-type activities decreased approximately \$3,500. This was primarily a result of higher food costs and increase in payroll.

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

The General, Capital Outlay, Special Education and Debt Service Funds all had increases in net position. General, Capital Outlay, and Special Education Funds brought in more in revenues than they spent. Debt Service Fund does not have any expenditures since no QZAB bonds have reached their term date yet. The Pension Fund had a slight decrease in net position. This was due to using all of their revenue towards paying retirements.

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 district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

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

CAPITAL ASSET ADMINISTRATION

By the end of 2015, the School had invested \$3,158,166 (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 a slight dollar increase of \$427. This low increase was due to a combination of adding approximately \$260,000 in capital asset additions and also to the natural increase of accumulated depreciation.

Table A-5
Redfield School District
Capital Assets (net of depreciation)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Dollar Change</i>	<i>Total Percentage Change</i>
	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014-2015</i>	<i>2014-2015</i>
Land	\$ 113,900	\$ 113,900	\$ --	\$ --	\$ --	0.00%
Buildings	27,246	22,218	--	--	(5,028)	-18.45%
Improvements Other than Building	2,329,637	2,223,375	--	--	(106,262)	-4.56%
Machinery and Equipment	623,656	734,567	63,300	64,106	111,717	16.26%
<i>Total Capital Assets (Net)</i>	<u>\$ 3,094,439</u>	<u>\$ 3,094,060</u>	<u>\$ 63,300</u>	<u>\$ 64,106</u>	<u>\$ 427</u>	<u>0.01%</u>

This year’s capital asset purchases were primarily library books, phone system, shot clocks, bleachers, Suburban, Impala, bus and water heater.

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A), (CONTINUED)
JUNE 30, 2015

LONG-TERM DEBT

At year-end the School had \$3,976,157 in general long term obligations. This balance includes Qualified Zone Academy Bonds payable, capital lease/purchase payables, early retirement and accrued sick leave payable. See individual balances as shown on Table A-6 below.

Table A-6
Redfield School District
Outstanding Debt and Obligations

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	<i>Total</i>
	<i>Activities</i>		<i>Activities</i>		<i>Dollar</i>	<i>Percentage</i>
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>Change</u>	<u>Change</u>
					<u>2014-2015</u>	<u>2014-2015</u>
Qualified Zone Academy Bonds	\$ 2,525,000	\$ 2,525,000	\$ --	\$ --	\$ --	0.00%
Financing (Capital Acquisition Lease)	1,607,786	1,382,346	--	--	(225,440)	-14.02%
Early Retirement	55,285	31,606	--	--	(23,679)	-42.83%
Compensated Absences	<u>27,086</u>	<u>37,205</u>	<u>--</u>	<u>--</u>	<u>10,119</u>	<u>37.36%</u>
Total Outstanding Debt and Obligations	<u>\$ 4,215,157</u>	<u>\$ 3,976,157</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (239,000)</u>	<u>-5.67%</u>

The School is liable for the repayment of Qualified Zone Academy Bonds, Capital Lease/Purchase agreements, and accrued sick leave payable to the various employees who have ten consecutive years or more of employment at the School District. The School District also has an early retirement benefit for any teacher or administrator who has been employed by the School district for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. The School District did have three additional teachers participate in early retirement payable as of the end of FY15.

REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A), (CONTINUED)
JUNE 30, 2015

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 a change 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.

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal \$4,781 per pupil. This is a \$155 increase from the year before. The school has experienced an increase of 20 students average daily membership (ADM) from the year before. This increase in ADM will result in the school receiving more overall revenue from the State of South Dakota along with the increase in the allocation.

The school’s enrollment for the last two years has been as follows:

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

<u>YEAR</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2015	643	3.2%
2014	623	0.6%

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, PO Box 560, Redfield, SD 57469-0560.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF NET POSITION – GOVERNMENT-WIDE
JUNE 30, 2015

	<i>Primary Government</i>		<i>Total</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	
ASSETS:			
Cash and cash equivalents	\$ 3,862,090	\$ 50,821	\$ 3,912,911
Incidental imprest account	3,000	--	3,000
Taxes receivable	1,529,718	--	1,529,718
Inventories	--	2,413	2,413
Other assets	195,414	1,947	197,361
Restricted Assets:			
Cash and cash equivalents	1,096,735	--	1,096,735
Net pension asset	1,318,693	--	1,318,693
Capital Assets:			
Land	113,900	--	113,900
Other capital assets, net of depreciation	2,980,160	64,106	3,044,266
TOTAL ASSETS	11,099,710	119,287	11,218,997
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	1,172,894	--	1,172,894
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,172,894	--	1,172,894
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,272,604	\$ 119,287	\$ 12,391,891
LIABILITIES:			
Accounts payable	\$ 575	\$ --	\$ 575
Other current liabilities	585,439	5,593	591,032
Noncurrent liabilities:			
Due within one year	249,349	--	249,349
Due in more than one year	3,726,808	--	3,726,808
TOTAL LIABILITIES	4,562,171	5,593	4,567,764
DEFERRED INFLOWS OF RESOURCES:			
Property taxes levied for future periods	1,515,529	--	1,515,529
Pension related deferred inflows	1,527,270	--	1,527,270
TOTAL DEFERRED INFLOWS OF RESOURCES	3,042,799	--	3,042,799
NET POSITION:			
Net investment in capital assets	386,714	64,106	450,820
Restricted for:			
Special education	405,859	--	405,859
Pension	55,553	--	55,553
Debt service	1,096,735	--	1,096,735
SDRS pension purposes	964,317	--	964,317
Unrestricted	1,758,456	49,588	1,808,044
TOTAL NET POSITION	\$ 4,667,634	\$ 113,694	\$ 4,781,328

*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, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<i>Primary Government:</i>							
<i>Governmental Activities:</i>							
Instruction	\$ 3,470,298	\$ 7,795	\$ 1,082,457	\$ --	\$ (2,380,046)	\$ --	\$ (2,380,046)
Support Services	1,971,118	17,279	--	--	(1,953,839)	--	(1,953,839)
Non Programmed Charges	25,101	--	--	--	(25,101)	--	(25,101)
*Interest - on Long-Term Debt	67,094	--	--	--	(67,094)	--	(67,094)
Cocurricular Activities	187,035	49,298	--	--	(137,737)	--	(137,737)
Total Governmental Activities	5,720,646	74,372	1,082,457	--	(4,563,817)	--	(4,563,817)
<i>Business-Type Activities</i>							
Food Service	255,179	136,729	122,098	--	--	3,648	3,648
Driver's Education	6,629	7,975	--	--	--	1,346	1,346
Total Business-Type Activities	261,808	144,704	122,098	--	--	4,994	4,994
Total Primary Government	\$ 5,982,454	\$ 219,076	\$ 1,204,555	\$ --	(4,563,817)	4,994	(4,558,823)
<i>General Revenues:</i>							
<i>Taxes:</i>							
Property Taxes					\$ 3,125,911	\$ --	\$ 3,125,911
Utility Taxes					90,531	--	90,531
<i>Revenue from State Sources:</i>							
State Aid					2,022,137	1,895	2,024,032
Unrestricted Investment Earnings					10,957	--	10,957
Other General Revenues					115,330	--	115,330
Total General Revenues					5,364,866	1,895	5,366,761
Change in Net Position					801,049	6,889	807,938
<i>NET POSITION, Beginning of Year</i>					3,158,479	106,805	3,265,284
<i>PRIOR PERIOD ADJUSTMENT (NOTE 10)</i>					708,106	--	708,106
<i>ADJUSTED NET POSITION, Beginning of Year</i>					3,866,585	106,805	3,973,390
<i>NET POSITION, End of Year</i>					\$ 4,667,634	\$ 113,694	\$ 4,781,328

*The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

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

REDFIELD SCHOOL DISTRICT NO. 56-4
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Pension</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS:						
Cash and cash equivalents	\$ 2,199,244	\$ 1,084,035	\$ 480,956	\$ 86,800	\$ --	\$ 3,851,035
Receivables:						
Taxes -- current	733,670	495,362	236,918	49,579	--	1,515,529
Taxes -- delinquent	8,735	3,589	1,506	359	--	14,189
Due from other governments	132,040	--	63,374	--	--	195,414
Advance payments	3,000	--	--	--	--	3,000
Restricted cash and cash equivalents	--	--	--	--	1,096,735	1,096,735
TOTAL ASSETS	\$ 3,076,689	\$ 1,582,986	\$ 782,754	\$ 136,738	\$ 1,096,735	\$ 6,675,902
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
<i>Liabilities:</i>						
Accounts payable	\$ --	\$ --	\$ 575	\$ --	\$ --	\$ 575
Contracts payable	355,057	--	112,436	--	--	467,493
Payroll deductions and withholding and employer matching payable	90,980	--	26,966	--	--	117,946
Total Liabilities	446,037	--	139,977	--	--	586,014
<i>Deferred inflows of resources:</i>						
Taxes levied for a future period	733,670	495,362	236,918	49,579	--	1,515,529
Unavailable revenue-property taxes	8,735	3,589	1,506	359	--	14,189
Total Deferred Inflows of Resources	742,405	498,951	238,424	49,938	--	1,529,718
<i>Fund Balances:</i>						
<i>Restricted for:</i>						
Capital Outlay Fund	--	1,084,035	--	--	--	1,084,035
Special Education Fund	--	--	404,353	--	--	404,353
Pension Fund	--	--	--	86,800	--	86,800
Debt Service Requirements	--	--	--	--	1,096,735	1,096,735
<i>Assigned</i>	683,597	--	--	--	--	683,597
<i>Unassigned</i>	1,204,650	--	--	--	--	1,204,650
Total Fund Balances	1,888,247	1,084,035	404,353	86,800	1,096,735	4,560,170
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 3,076,689	\$ 1,582,986	\$ 782,754	\$ 136,738	\$ 1,096,735	\$ 6,675,902

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, 2015

Total Fund Balances - Governmental Funds \$ 4,560,170

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

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 1,318,693

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	The cost of capital assets are	\$ 7,967,478	
	Accumulated depreciation is	<u>(4,873,418)</u>	
	Net		3,094,060

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 1,172,894

Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.	Quality Zone Academy Bonds 2001	(325,000)	
	Quality Zone Academy Bonds 2002	(250,000)	
	Quality Zone Academy Bonds 2008	(250,000)	
	Quality Zone Academy Bonds 2009	(500,000)	
	Quality Zone Academy Bonds 2012	(1,200,000)	
	Capital Lease Purchase Agreements	(1,382,346)	
	Accrued Sick Leave Payable	(37,205)	
	Early Retirement Payable	<u>(31,606)</u>	
	Net		(3,976,157)

Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.	Taxes Receivable		14,189
--	------------------	--	--------

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (1,527,270)

An internal service fund is used by the District's management to charge the costs of unemployment claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities. 11,055

Net Position-Governmental Funds \$ 4,667,634

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, 2015

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Pension</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>						
<i>Revenue from Local Sources:</i>						
<i>Taxes:</i>						
Ad valorem taxes	\$ 1,502,585	\$ 1,027,944	\$ 463,801	\$ 102,846	\$ --	\$ 3,097,176
Prior years' ad valorem taxes	15,743	6,139	2,530	624	--	25,036
Tax deed revenue	1,672	--	--	--	--	1,672
Utility taxes	90,531	--	--	--	--	90,531
Penalties and interest on taxes	4,994	2,825	1,174	283	--	9,276
<i>Tuition and Fees:</i>						
Regular day school tuition	1,800	--	5,995	--	--	7,795
Earnings on investments and deposits	1,850	909	389	97	7,712	10,957
<i>Cocurricular Activities:</i>						
Admissions	48,007	--	--	--	--	48,007
Rentals	1,291	--	--	--	--	1,291
<i>Other Revenue from Local Sources:</i>						
Rentals	625	2,972	--	--	--	3,597
Charges for services	12,475	--	4,804	--	--	17,279
Other	25,108	--	700	--	--	25,808
<i>Revenue from Intermediate Sources:</i>						
<i>County Sources:</i>						
County apportionment	28,074	--	--	--	--	28,074
Revenue in Lieu of Taxes	961	772	340	77	--	2,150
<i>Revenue from State Sources:</i>						
<i>Grants-in-Aid:</i>						
Unrestricted grants-in-aid	2,022,137	--	--	--	--	2,022,137
Restricted grants-in-aid	--	--	588,114	--	--	588,114
<i>Revenue from Federal Sources:</i>						
<i>Grants-in-Aid:</i>						
Restricted grants-in-aid received from federal government through the state	287,056	--	207,287	--	--	494,343
TOTAL REVENUES	\$ 4,044,909	\$ 1,041,561	\$ 1,275,134	\$ 103,927	\$ 7,712	\$ 6,473,243

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 (CONTINUED)
JUNE 30, 2015

<u>EXPENDITURES</u>	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Pension</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<i>Instruction:</i>						
<i>Regular Programs:</i>						
Elementary	\$ 1,211,245	\$ 31,073	\$ --	\$ 40,004	\$ --	\$ 1,282,322
High school	1,095,062	70,785	--	40,004	--	1,205,851
<i>Special Programs:</i>						
Programs for special education	--	--	851,511	--	--	851,511
Educationally deprived	139,488	--	--	--	--	139,488
<i>Support Services:</i>						
<i>Pupils:</i>						
Attendance and social work	108,830	--	--	--	--	108,830
Guidance	79,392	--	13,776	--	--	93,168
Health	17,283	--	2,838	--	--	20,121
Psychological	--	--	40,674	--	--	40,674
Student therapy services	--	--	44,846	--	--	44,846
<i>Instructional Staff:</i>						
Improvement of instruction	13,426	--	--	--	--	13,426
Educational media	97,340	--	--	--	--	97,340
<i>General Administration:</i>						
Board of education	59,696	--	--	--	--	59,696
Executive administration	79,536	--	--	--	--	79,536
<i>School Administration:</i>						
Office of the principal	238,500	--	--	--	--	238,500
Other	366	--	--	--	--	366
<i>Business:</i>						
Fiscal services	88,094	--	--	--	--	88,094
Operation and maintenance of plant	441,926	166,834	--	--	--	608,760
Pupil transportation	174,184	--	--	--	--	174,184
Internal services	8,089	26,526	--	--	--	34,615
<i>Special Education</i>						
Administrative costs	--	--	136,876	--	--	136,876
Transportation costs	--	--	9,021	--	--	9,021
Other special education costs	--	--	98,318	--	--	98,318
<i>Nonprogrammed Charges:</i>						
Early retirement payments	--	--	--	25,100	--	25,100
<i>Debt Services:</i>	--	292,535	--	--	--	292,535

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 (CONTINUED)
JUNE 30, 2015

	<i>General</i>	<i>Capital Outlay</i>	<i>Special Education</i>	<i>Pension</i>	<i>Debt Service</i>	<i>Total Governmental Funds</i>
<i>Co-curricular Activities:</i>						
Male Activities	57,324	--	--	--	--	57,324
Female Activities	40,990	--	--	--	--	40,990
Transportation	14,728	--	--	--	--	14,728
Combined Activities	44,175	--	--	--	--	44,175
Capital Outlay	--	259,382	--	--	--	259,382
TOTAL EXPENDITURES	4,009,674	847,135	1,197,860	105,108	--	6,159,777
 <i>Excess of Revenue Over (Under) Expenditures</i>	 \$ 35,235	 \$ 194,426	 \$ 77,274	 \$ (1,181)	 \$ 7,712	 \$ 313,466
 <i>OTHER FINANCING SOURCES (USES):</i>						
Interfund transfers in	1,395	--	--	--	157,325	158,720
Interfund transfers out	--	(158,234)	(389)	(97)	--	(158,720)
TOTAL OTHER FINANCING SOURCES (USES)	1,395	(158,234)	(389)	(97)	157,325	--
 <i>Excess of Revenue and Other Sources Over (Under) Expenditures</i>	 36,630	 36,192	 76,885	 (1,278)	 165,037	 313,466
 <i>FUND BALANCE, Beginning of Year</i>	 1,851,617	 1,047,843	 327,468	 88,078	 931,698	 4,246,704
FUND BALANCE, End of Year	\$ 1,888,247	\$ 1,084,035	\$ 404,353	\$ 86,800	\$ 1,096,735	\$ 4,560,170

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 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
JUNE 30, 2015

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$	313,466
 Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements		259,382
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources		(259,761)
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	Capital Lease Purchase Agreements	225,440
In both the government-wide and the fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide wide in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	Property Taxes	(7,249)
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of Early Retirement activities, expenses for these benefits are recognized when the Compensated Absences employees earn leave credits or elect to retire early.		13,559
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds such as pension revenue		55,701
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		<u>200,511</u>
<i>Change in net position of governmental activities</i>	\$	<u><u>801,049</u></u>

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

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2015

	<i>Enterprise Funds</i>			<i>Internal Service Fund</i>
	<i>Food Service</i>	<i>Drivers Education</i>	<i>Total Enterprise Funds</i>	
ASSETS:				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 47,816	\$ 3,005	\$ 50,821	\$ 11,055
Accounts Receivable	1,947	--	1,947	--
Inventory of Stores Purchased for Resale	513	--	513	--
Inventory of Donated Food	1,900	--	1,900	--
<i>Total Current Assets</i>	<u>52,176</u>	<u>3,005</u>	<u>55,181</u>	<u>11,055</u>
<i>Capital Assets:</i>				
Machinery and Equipment-Local Funds	153,132	--	153,132	--
Less: Accumulated Depreciation	(89,026)	--	(89,026)	--
<i>Capital Assets - Net</i>	<u>64,106</u>	<u>--</u>	<u>64,106</u>	<u>--</u>
TOTAL ASSETS	<u>116,282</u>	<u>3,005</u>	<u>119,287</u>	<u>11,055</u>
 LIABILITIES AND NET POSITION:				
<i>Current Liabilities:</i>				
Contracts Payable	4,954	--	4,954	--
Payroll Deductions and Withholdings and Employer Matching Payable	639	--	639	--
<i>Total Current Liabilities</i>	<u>5,593</u>	<u>--</u>	<u>5,593</u>	<u>--</u>
<i>Net Position:</i>				
Net Investment in Capital Assets	64,106	--	64,106	--
Unrestricted Net Position	46,583	3,005	49,588	11,055
<i>Total Net Position</i>	<u>\$ 110,689</u>	<u>\$ 3,005</u>	<u>\$ 113,694</u>	<u>\$ 11,055</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, 2015

	<i>Enterprise Fund</i>			<i>Internal Service Fund</i>
	<i>Food Service</i>	<i>Drivers Education</i>	<i>Total Enterprise Funds</i>	
OPERATING REVENUES:				
<i>Tuition and Fees:</i>				
Regular Day School Tuition	\$ --	\$ 7,975	\$ 7,975	\$ --
<i>Charges for Services</i>				
To Pupils	125,456	--	125,456	--
To Adults	11,213	--	11,213	--
Miscellaneous	60	--	60	--
<i>Total Operating Revenue</i>	<u>136,729</u>	<u>7,975</u>	<u>144,704</u>	<u>--</u>
<i>Operating Expenses:</i>				
<i>Food Service:</i>				
Salaries	73,785	--	73,785	--
Employee Benefits	13,499	--	13,499	--
Purchased Services	3,194	--	3,194	--
Supplies	7,847	--	7,847	--
Cost of Sales - Purchased Food	129,043	--	129,043	--
Cost of Sales - Donated Food	18,768	--	18,768	--
Depreciation Expense	9,043	--	9,043	--
<i>Community Services</i>				
Other Community Services	--	6,629	6,629	--
<i>Total Operating Expenses</i>	<u>255,179</u>	<u>6,629</u>	<u>261,808</u>	<u>--</u>
<i>Operating Income (Loss)</i>	<u>(118,450)</u>	<u>1,346</u>	<u>(117,104)</u>	<u>--</u>
NONOPERATING REVENUES:				
<i>State Sources:</i>				
Cash Reimbursements	1,895	--	1,895	--
<i>Federal Sources:</i>				
Cash Reimbursements	103,330	--	103,330	--
Donated Food	18,768	--	18,768	--
<i>Total Non-operating Revenue</i>	<u>123,993</u>	<u>--</u>	<u>123,993</u>	<u>--</u>
<i>Change in Net Position</i>	<u>5,543</u>	<u>1,346</u>	<u>6,889</u>	<u>--</u>
<i>NET POSITION - Beginning of Year</i>	<u>105,146</u>	<u>1,659</u>	<u>106,805</u>	<u>11,055</u>
<i>NET POSITION - End of Year</i>	<u>\$ 110,689</u>	<u>\$ 3,005</u>	<u>\$ 113,694</u>	<u>\$ 11,055</u>

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

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
JUNE 30, 2015

	<i>ENTERPRISE FUNDS</i>			<i>Internal Service Fund</i>
	<i>Food Service</i>	<i>Drivers Education</i>	<i>Total Enterprise Funds</i>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 134,782	\$ 7,975	\$ 142,757	\$ --
Cash paid to suppliers	(140,084)	(525)	(140,609)	--
Cash paid to employees	(90,487)	(6,104)	(96,591)	--
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	(95,789)	1,346	(94,443)	--
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Cash reimbursements - state	1,895	--	1,895	--
Cash reimbursements - federal	103,330	--	103,330	--
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	105,225	--	105,225	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(9,849)	--	(9,849)	--
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(413)	1,346	933	--
CASH AND CASH EQUIVALENTS, Beginning of Year	48,229	1,659	49,888	11,055
CASH AND CASH EQUIVALENTS, End of Year	\$ 47,816	\$ 3,005	\$ 50,821	\$ 11,055
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:				
<i>Operating Income (Loss)</i>	\$ (118,450)	\$ 1,346	\$ (117,104)	\$ --
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>				
Depreciation	9,043	--	9,043	--
Noncash cost of sales-commodities	18,768	--	18,768	--
Change in Assets and Liabilities:				
Receivables	(1,947)	--	(1,947)	--
Accrued wages payable	(3,203)	--	(3,203)	--
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (95,789)	\$ 1,346	\$ (94,443)	\$ --
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:				
Commodities received from Federal Government	\$ 18,768	\$ --	\$ 18,768	\$ --

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, 2015

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS:		
Cash and Cash Equivalents	\$ 78,229	\$ 103,187
TOTAL ASSETS	\$ 78,229	\$ 103,187
LIABILITIES:		
Amounts Held for Others	\$ --	\$ 103,187
NET POSITION		
Held in Trust for Scholarships	\$ 78,229	\$ --

*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, 2015

	<i>Private-Purpose Trust Funds</i>
ADDITIONS:	
Other Additions	\$ 544
DEDUCTIONS:	
Trust Deductions for Scholarships	2,675
Other Deductions	7,066
Total Deductions	9,741
Change in Net Position	(9,197)
NET POSITION, Beginning of Year	87,426
NET POSITION, End of Year	\$ 78,229

*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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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, 2015

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, 2015

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

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

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

Governmental Funds:

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

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

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

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

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

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

The Bond Redemption Fund: The QZAB Fund is the only debt service fund. This fund was established to collect money in the sinking funds for payment of term bonds. The Capital Outlay fund transfers money to this fund on a yearly basis. At the end of the term, the bonds will be paid off. This is a major fund.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

Proprietary Funds:

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

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

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

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

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

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

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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 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, 2015 are due from federal 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. Reported deferred inflows of resources are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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, 2015

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, 2015**

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, 2015 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, 2015 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	--	--
Land improvements	\$5,000	Straight-line	15 years
Buildings	\$5,000	Straight-line	10-30 years
equipment	\$5,000	Straight-line	3-20 years
Machinery and equipment - Proprietary	\$5,000	Straight-line	15 years

Land, an inexhaustible capital asset, 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, 2015

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 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, 2015

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, 2015

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

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

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

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

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

The School District's Assigned Fund Balance consists of amounts assigned for Subsequent Year's Budget in the General Fund.

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

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

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

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

n. Use of Estimates:

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

o. Pensions:

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

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

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

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

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

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

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

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

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

3. RESTRICTED CASH AND INVESTMENTS:

Assets restricted for use for a specific purpose through segregation of balances in separate account. As of June 30, 2015, \$1,096,735 was restricted in the Debt Service Fund for sinking fund requirements in the debt covenants.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015.

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 \$195,400 due from various county, state and federal governments.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

7. CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the fiscal year ended June 30, 2015 is as follows:

	<u>Balance 7/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2015</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 113,900	\$ --	\$ --	\$ 113,900
<i>Total, not being depreciated</i>	<u>113,900</u>	<u>--</u>	<u>--</u>	<u>113,900</u>
Capital assets, being depreciated:				
Buildings	5,180,658	--	--	5,180,658
Improvements Other than Buildings	108,861	--	--	108,861
Machinery and equipment	2,304,677	259,382	--	2,564,059
<i>Total, being depreciated</i>	<u>7,594,196</u>	<u>259,382</u>	<u>--</u>	<u>7,853,578</u>
Less accumulated depreciation for:				
Buildings	2,851,021	106,262	--	2,957,283
Improvements Other than Buildings	81,615	5,028	--	86,643
Machinery and equipment	1,681,021	148,471	--	1,829,492
<i>Total accumulated depreciation</i>	<u>4,613,657</u>	<u>259,761</u>	<u>--</u>	<u>4,873,418</u>
<i>Total capital assets, being depreciated, net</i>	<u>2,980,539</u>	<u>(379)</u>	<u>--</u>	<u>2,980,160</u>
Total Governmental Activity Capital Assets, Net	<u>\$ 3,094,439</u>	<u>\$ (379)</u>	<u>\$ --</u>	<u>\$ 3,094,060</u>
Depreciation expense was charged to functions as follows:				
Instruction	\$ 152,831			
Support Services	73,996			
Co-curricular activities	32,934			
	<u>\$ 259,761</u>			

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

7. CHANGES IN CAPITAL ASSETS: (continued)

	<u>Balance 7/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2015</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 143,283	\$ 9,849	\$ --	\$ 153,132
Less accumulated depreciation for:				
Machinery and equipment	79,983	9,042	--	89,025
<i>Total capital assets, being depreciated, net</i>	<u>\$ 63,300</u>	<u>\$ 807</u>	<u>\$ --</u>	<u>\$ 64,107</u>
 Depreciation expense was charged to functions as follows:				
Business-type activities:				
Food service		<u>\$ 9,042</u>		

8. LONG-TERM LIABILITIES:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Qualified Zone Academy Bonds	\$ 2,525,000	\$ --	\$ --	\$ 2,525,000	\$ --
Financing (Capital Acquisition) Leases	1,607,786	--	225,440	1,382,346	225,790
	4,132,786	--	225,440	3,907,346	225,790
Early Retirement Payable - Governmental Funds	55,285	--	23,679	31,606	18,558
Accrued Compensated Absences - Governmental Funds	27,086	14,719	4,600	37,205	5,000
<i>Total Governmental Activities</i>	<u>\$ 4,215,157</u>	<u>\$ 14,719</u>	<u>\$ 253,719</u>	<u>\$ 3,976,157</u>	<u>\$ 249,348</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

8. LONG-TERM LIABILITIES: (continued)

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

The district maintains an early retirement plan for any teacher or administrator who has been employed by the School District for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. This plan allows the district to reduce the overall program cost by hiring lower paid employees to replace the higher paid employees. In the fiscal year 2015, five employees received benefits and as of the end of FY15, three more employees were eligible to receive benefits.

Debt payable at June 30, 2015 is comprised of the following:

	<i>TERMS</i>	
Redfield School District No. 56-4 Qualified Zone Academy Bonds, Series 2001	0%; bond matures and final principal payment due December 31, 2015. Annual deposits of \$18,992 are required to be made to the fund on December 31, with final deposit to be made on December 31, 2015. The Debt Service Fund makes this payment.	\$ 325,000
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2002	During July 2003, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$250,000. The unstated interest rate is at 3%. Final payment is November 2013, maturity November 2017. The Debt Service Fund makes payment on this debt.	\$ 250,000
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2008	During July 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$250,000. Interest rate is 1.75%. Final payment is November 2018. The Debt Service Fund makes payment on this debt.	\$ 250,000
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2009	During November 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$500,000. There is no interest assessed on these bonds. Final payment is November 2024. The Debt Service Fund makes payment on this debt.	\$ 500,000
Redfield School District No 56-4 Qualified Zone Academy Bonds, Series 2012	During June 2012, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$1,200,000. There is an interest rate of 4.38% assessed on these bonds. Final payment is June 2027. The Debt Service Fund makes payment on this debt.	\$ 1,200,000

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

8. LONG-TERM LIABILITIES: (continued)

The Qualified Zone Academy Bonds program provides bondholders with a tax credit in lieu of cash interest payments. A Sinking fund deposit agreement was required where by the School District makes annual payments of \$18,992, \$25,000, \$25,000, \$33,333, and \$80,000 until December 31, 2015, November 30, 2013, November 30, 2018, November 30, 2024, and June 27, 2027 respectively at which time the bonds will mature and be retired.

TERMS

Capital One Public Funding LLC – Secured by equipment	During 2009, the School District entered into a capital lease/purchase agreement totaling \$1,821,716 for energy conservation measures taken at the school. The interest rate is 6.13%. In 2013 the School District refinanced the capital lease, with an interest rate of 3.75%. Final maturity of the agreement is January 7, 2024. The Capital Outlay fund makes payment on this debt.	\$ 1,332,875
Wells Fargo Brokerage Services, LLC – Secured by equipment	During FY09, the School District entered into a capital lease/purchase agreement totaling \$167,641 for energy conservation measures taken at the school. The interest rate is 4.57%. Final maturity of the agreement is July 10, 2015. The Capital Outlay fund makes payment on this debt.	\$ 13,811
HP Financial Services Company – Secured by equipment	During FY13, the School District entered into a capital lease/purchase agreement totaling \$128,196 for computers. The interest rate is 5.21%. Final maturity of the agreement is September 27, 2014. The Capital Outlay fund makes payment on this debt.	\$ --
Apple Inc.– Secured by equipment	During FY14, the School District entered into a capital lease/purchase agreement totaling \$57,114 for iPad carts. The interest rate is 5.66%. Final maturity of the agreement is July 15, 2015. The Capital Outlay fund makes payment on this debt.	\$ 19,019
HP Financial Services Company – Secured by equipment	During FY14, the School District entered into a capital lease/purchase agreement totaling \$49,960 for computers. The interest rate is 4.875%. Final maturity of the agreement is September 20, 2015. The Capital Outlay fund makes payment on this debt.	\$ 16,641

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

10. PRIOR PERIOD ADJUSTMENTS:

The School District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of July 1, 2014 as follows:

Net position July 1, 2014, as previously reported	\$ 3,158,749
Restatement for pension accounting:	
Net pension asset - pension related to deferred outflows of resources	708,106
<i>Net position July, 2014, as restated</i>	\$ 3,866,855

11. PENSION PLAN:

a. Plan Information:

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

b. Benefits Provided:

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

**REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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

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

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

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

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

c. **Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for Social Security for general employees only. The School District’s share of contributions to the SDRS for the years ended June 30, 2015, 2014, and 2013, were \$200,511, \$192,047, and \$195,294, respectively, equal to the required contributions each year.

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

At June 30, 2014, SDRS is 107.% 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, 2014 are as follows:

Proportionate share of net position restricted for pension benefits	\$	19,415,559
Less proportionate share of total pension liability		<u>18,096,865</u>
<i>Proportionate share of net pension liability (asset)</i>	<i>\$</i>	<i><u><u>(1,318,694)</u></u></i>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

11. *PENSION PLAN: (continued)*

c. *Contributions: (continued)*

At June 30 2015, the School District reported a liability (asset) of \$ (1,318,694) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2014 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, the School District's proportion was .1830352%, which is an increase of .1830352% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense (revenue) of \$(55,701). At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 111,579	\$ --
Changes in assumption	860,804	--
Net difference between projected and actual earnings on	--	1,527,270
Changes in proportion and difference between District	--	--
District contributions subsequent to the measurement date	<u>200,511</u>	<u>--</u>
<i>TOTAL</i>	<u>\$ 1,172,894</u>	<u>\$ 1,527,270</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

c. **Contributions:** (continued)

\$200,511 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<i>Year Ended</i> <i>June 30,</i>	
2016	\$104,785
2017	104,785
2018	104,785
2019	240,531
2020	--
Thereafter	--
TOTAL	<u><u>\$554,886</u></u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

11. *PENSION PLAN: (continued)*

c. Contributions: (continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (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	64.0%	4.7%
Fixed income	26.0%	1.8%
Real estate	8.0%	5.5%
Cash	2.0%	0.8%
<i>TOTAL</i>	<u>100.0%</u>	

d. Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that employee 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). (NOTE: If there had been a change in the discount rate since the prior measurement date, the School District should disclose information about that change, as required by paragraph 78a of Statement 68.)

*REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015*

11. *PENSION PLAN: (continued)*

d. *Discount Rate: (continued)*

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

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

	<i>1% Decrease</i>	<i>Current</i>	<i>1% Increase</i>
School District's proportionate share of the net pension liability (asset)	\$ 1,303,117	\$ (1,318,697)	\$ (3,457,054)

e. *Pension Plan Fiduciary Net Position:*

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

f. *Payables to the Pension Plan:*

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

12. *CONSORTIUM INFORMATION:*

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

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

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

Financial data for this venture is available from the Redfield School District. At June 30, 2015, this venture had no fund equity and no long-term debt.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

13. RISK MANAGEMENT:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2015, the School District managed its risks as follows:

Employee Health Insurance:

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The District pays \$438 towards a single premium for ten and twelve month non-certified staff, \$440 towards a full single for certified staff and full single, two-party or family for administrative staff. The deductible rates are as follows: \$200, \$500, \$1,000 and \$1,500 for single and \$400, \$1,000, \$2,000 and \$3,000 for family.

The plan also provides 80/20 co-pay on the next \$2,500 or \$5,000 depending on the deductible. The plan has no lifetime maximum per person. The pool purchases reinsurance coverage with the premiums it receives from the members. The School District does not carry additional health insurance coverage to pay claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The School District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota School Districts. The objective of ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage.

The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident, which could result in a claim being made by or against the School District. The School District pays an annual premium to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The School District pays an annual premium to the pool to provide coverage for: General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, Loss Fund – Liability & Property, Employee Practices Liability, Property and Boiler & Machinery, Crime, and Excess Liability.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided to a \$1,900,000 limit for General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, and Employee Practices. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The School District carries a \$2,500 maintenance deductible for Loss Fund – Liability & Property coverage and \$500 and \$1,000 member deductible for the Property and Boiler & Machinery coverage.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

Liability Insurance: *(continued)*

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 during the past three years.

Workers' Compensation:

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

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

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

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

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 \$11,055 for the payment of future unemployment benefits.

During the year ended June 30, 2015, there were no claims for unemployment benefits were paid. At June 30, 2015, no claims had been filed for unemployment benefits but some are anticipated in the next fiscal year.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

14. CONTINGENCY:

Redfield School District is a member of the South Dakota School District Benefits Fund which has been operating at a deficit for several years. If Redfield School District would leave the fund, they would be liable for their share of the deficit which is potentially a significant amount.

REQUIRED SUPPLEMENTARY INFORMATION

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,502,585	\$ 102,585
Prior years' ad valorem taxes	15,000	15,000	15,743	743
Tax deed revenue	--	--	1,672	1,672
Utility taxes	56,400	56,400	90,531	34,131
Penalties and interest on taxes	4,000	4,000	4,994	994
<i>Tuitions and Fees:</i>				
Regular day school tuition	1,200	1,200	1,800	600
<i>Earnings on Investments and Deposits</i>	3,000	3,000	1,850	(1,150)
<i>Cocurricular Activities:</i>				
Admissions	35,000	35,000	48,007	13,007
Rentals	1,500	1,500	1,291	(209)
<i>Other Revenue from Local Sources:</i>				
Rentals	500	500	625	125
Charges for services	18,000	18,000	12,475	(5,525)
Other	18,700	18,700	25,108	6,408
<i>Revenue from Intermediate Sources:</i>				
<i>County Sources:</i>				
County apportionment	17,000	17,000	28,074	11,074
Revenue in lieu of taxes	--	--	961	961
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid:</i>				
Unrestricted grants-in-aid	1,959,000	1,959,000	2,022,137	63,137
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid received from Federal government through the state	198,346	198,346	287,056	88,710
TOTAL REVENUES	3,727,646	3,727,646	4,044,909	317,263

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES</u>				
<i>Instruction:</i>				
<i>Regular Programs:</i>				
Elementary	\$ 1,274,595	\$ 1,274,715	\$ 1,211,245	\$ 63,470
High School	1,167,589	1,168,000	1,095,062	72,938
<i>Special Programs:</i>				
Educationally Deprived	105,297	105,297	139,488	(34,191)
<i>Support Services:</i>				
<i>Pupils:</i>				
Attendance and Social Work	--	108,830	108,830	--
Guidance	81,322	81,322	79,392	1,930
Health	19,229	19,341	17,283	2,058
<i>Instructional Staff:</i>				
Improvement of Instruction	4,000	4,000	13,426	(9,426)
Educational Media	120,886	122,828	97,340	25,488
<i>General Administration:</i>				
Board of Education	62,221	64,716	59,696	5,020
Executive Administration	77,942	80,037	79,536	501
<i>School Administration:</i>				
Office of the Principal	245,616	249,244	238,500	10,744
Other	1,200	1,200	366	834
<i>Business:</i>				
Fiscal Services	89,640	90,645	88,094	2,551
Operation and Maintenance of Plant	461,805	462,673	441,926	20,747
Pupil Transportation	212,376	214,640	174,184	40,456
Internal Services	11,000	11,000	8,089	2,911
<i>Cocurricular Activities:</i>				
Male Activities	56,743	60,733	57,324	3,409
Female Activities	44,438	47,093	40,990	6,103
Transportation	15,911	15,911	14,728	1,183
Combined Activities	42,052	48,585	44,175	4,410
<i>Contingencies</i>	75,000	75,000	--	75,000
<i>Transfers</i>	--	(28,118)	--	(28,118)
TOTAL EXPENDITURES	4,168,862	4,277,692	4,009,674	268,018

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>\$ (441,216)</u>	<u>\$ (550,046)</u>	<u>\$ 35,235</u>	<u>\$ 585,281</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>--</u>	<u>--</u>	<u>1,395</u>	<u>1,395</u>
<i>Excess of Revenue and other Sources Over (Under) Expenditures</i>	(441,216)	(550,046)	36,630	586,676
<i>FUND BALANCE, Beginning of Year</i>	<u>1,851,617</u>	<u>1,851,617</u>	<u>1,851,617</u>	<u>--</u>
<i>FUND BALANCE, End of Year</i>	<u><u>\$ 1,410,401</u></u>	<u><u>\$ 1,301,571</u></u>	<u><u>\$ 1,888,247</u></u>	<u><u>\$ 586,676</u></u>

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – CAPITAL OUTLAY FUND – BUDGETARY BASIS
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,027,944	\$ (72,056)
Prior years' ad valorem taxes	5,000	5,000	6,139	1,139
Penalties and interest on taxes	2,000	2,000	2,825	825
<i>Earnings on investments and deposits</i>	--	--	909	909
<i>Revenue from Local Sources:</i>				
Rentals	3,000	3,000	2,972	(28)
<i>Revenue from Intermediate Sources:</i>				
Revenue in lieu of taxes	--	--	772	772
TOTAL REVENUES	<u>1,110,000</u>	<u>1,110,000</u>	<u>1,041,561</u>	<u>(68,439)</u>
<u>EXPENDITURES</u>				
<i>Instruction:</i>				
<i>Regular Programs:</i>				
Elementary	30,000	35,796	31,073	4,723
High School	72,250	74,583	70,785	3,798
<i>Support Services:</i>				
<i>Instructional Staff:</i>				
Educational Media	10,000	10,000	5,025	4,975
<i>Business:</i>				
Operation and Maintenance of Plant	409,135	412,457	292,652	119,805
Pupil Transportation	128,550	128,550	128,539	11
Internal Services	30,000	30,000	26,526	3,474
<i>Debt Services</i>	270,765	288,063	287,221	842
TOTAL EXPENDITURES	<u>950,700</u>	<u>979,449</u>	<u>841,821</u>	<u>137,628</u>
<i>Excess of Revenue Over (Under)</i>				
<i>Expenditures</i>	<u>159,300</u>	<u>130,551</u>	<u>199,740</u>	<u>69,189</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>--</u>	<u>(162,639)</u>	<u>(163,548)</u>	<u>(909)</u>
<i>Excess of Revenue and Other Sources Over (Under)</i>				
<i>Expenditures</i>	159,300	(32,088)	36,192	68,280
FUND BALANCE, Beginning of Year	<u>1,047,843</u>	<u>1,047,843</u>	<u>1,047,843</u>	<u>--</u>
FUND BALANCE, End of Year	<u>\$ 1,207,143</u>	<u>\$ 1,015,755</u>	<u>\$ 1,084,035</u>	<u>\$ 68,280</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND – BUDGETARY BASIS
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 445,000	\$ 445,000	\$ 463,801	\$ 18,801
Prior years' ad valorem taxes	2,500	2,500	2,530	30
Penalties and interest on taxes	1,000	1,000	1,174	174
<i>Tuitions and Fees:</i>				
Regular Day School Tuition	--	--	5,995	5,995
Earnings on Investments and Deposits	--	--	389	389
<i>Other Revenue from Local Sources:</i>				
Charges for services	5,700	5,700	4,804	(896)
Other	--	--	700	700
<i>Revenue from Intermediate Sources:</i>				
Revenue in lieu of Taxes	--	--	340	340
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid	605,000	605,000	588,114	(16,886)
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid received from Federal government through the state	203,788	203,788	207,287	3,499
TOTAL REVENUES	<u>1,262,988</u>	<u>1,262,988</u>	<u>1,275,134</u>	<u>12,146</u>
<u>EXPENDITURES</u>				
<i>Instruction:</i>				
<i>Special Programs:</i>				
Programs for special education	873,119	885,420	851,511	33,909
<i>Support Services:</i>				
<i>Pupils:</i>				
Guidance	13,879	13,879	13,776	103
Health	3,068	3,068	2,838	230
Psychological	88,003	88,003	40,674	47,329
Student therapy services	34,000	44,846	44,846	--
<i>Special Education:</i>				
Administration costs	136,458	142,884	136,876	6,008
Transportation costs	13,000	13,000	9,021	3,979
Other special education costs	101,461	101,461	98,318	3,143
TOTAL EXPENDITURES	<u>1,262,988</u>	<u>1,292,561</u>	<u>1,197,860</u>	<u>94,701</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	--	(29,573)	77,274	106,847
<i>Other Financing Sources (Uses):</i>				
Transfers out	--	--	(389)	(389)
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures</i>	--	(29,573)	76,885	106,458
<i>FUND BALANCE, Beginning of Year</i>	327,468	327,468	327,468	--
<i>FUND BALANCE, End of Year</i>	<u>\$ 327,468</u>	<u>\$ 297,895</u>	<u>\$ 404,353</u>	<u>\$ 106,458</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE – PENSION FUND – BUDGETARY BASIS
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 105,000	\$ 105,000	\$ 102,846	\$ (2,154)
Prior years' ad valorem taxes	500	500	624	124
Penalties and interest on taxes	--	--	283	283
<i>Earnings on Investments and Deposits</i>	--	--	97	97
<i>Revenue from Intermediate Sources:</i>				
Revenue in lieu of taxes	--	--	77	77
TOTAL REVENUES	105,500	105,500	103,927	(1,573)
<u>EXPENDITURES</u>				
<i>Instruction:</i>				
<i>Regular Programs:</i>				
Elementary	40,004	40,004	40,004	--
High school	40,004	40,004	40,004	--
<i>Nonprogrammed Charges:</i>				
Early retirement payments	25,492	25,492	25,100	392
TOTAL EXPENDITURES	105,500	105,500	105,108	392
<i>Excess of Revenue Over (Under) Expenditures</i>	--	--	(1,181)	(1,181)
<i>Other Financing Sources (Uses):</i>				
Transfers out	--	--	(97)	(97)
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures</i>	--	--	(1,278)	(1,278)
<i>FUND BALANCE - Beginning of Year</i>	88,078	88,078	88,078	--
<i>FUND BALANCE - End of Year</i>	\$ 88,078	\$ 88,078	\$ 86,800	\$ (1,278)

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

1. BASIS OF PRESENTATION:

The financial statements prepared in conformity with accounting principles generally accepted in the United States of America 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 Required Supplementary Information 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.

2. 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. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year. The proposed budget is published for public review no later than July 15 each year. Public hearings are held to solicit taxpayer input prior to the approval of the budget. 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.
- b. 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 (d).
- c. 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.
- d. 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.
- e. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- f. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. No encumbrances were outstanding at June 30, 2015.
- g. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- h. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

	<i>2015</i>
District's proportion of the net pension liability (asset)	0.183035200%
District's proportionate share of net pension liability (asset)	(1,318,694)
District's covered-employee payroll	\$ 3,200,783
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107%

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

	<i>2014</i>	<i>2015</i>
Contractually required contribution	\$ 192,047	\$ 200,511
Contributions in relation to the contractually required contribution	192,047	200,511
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,200,783	\$ 3,341,850
Contributions as a percentage of covered-employee payroll	6.00%	6.00%

**REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<i>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</i>	<i>FEDERAL CFDA NUMBER</i>	<i>FEDERAL EXPENDITURE</i>
<i>U.S. Department of Agriculture:</i>		
<i>Pass through the S.D. Department of Education:</i>		
<i>Child Nutrition Cluster:</i>		
<i>Non-Cash Assistance (Commodities):</i>		
National School Lunch Program	10.555	\$ 18,768
<i>Cash Assistance:</i>		
School Breakfast Program (Note 1)	10.553	8,084
National School Lunch Program (Note 1)	10.555	92,841
Total Child Nutrition Cluster		119,693
<i>Total U.S. Department of Agriculture</i>		119,693
 <i>U.S. Department of Interior:</i>		
<i>Pass-Through Hand County</i>		
Payments in Lieu of Taxes (Note 1)	15.226	2,150
<i>Total U.S. Department of Interior</i>		2,150
 <i>U.S. Department of Education:</i>		
<i>Pass through the S.D. Department of Education:</i>		
<i>Special Education Cluster:</i>		
Special Education Grants to States (P.L. 94-142) (Note 1)	84.027	147,752
Special Education - Preschool Grants	84.173	8,317
Total Special Education Cluster		156,069
Title I Grants to Local Educational Agencies	84.010	94,199
Vocational Education - Basic Grants to States	84.048	37,680
Special Education - Grants for Infants and Families with Disabilities	84.181	50,218
Improving Teacher Quality State Grants	84.367	43,405
		225,502
<i>Total U.S. Department of Education</i>		381,571
 <i>U.S. Department of Health and Human Services:</i>		
<i>Pass through the S.D. Department of Education:</i>		
Substance Abuse and Mental Health Services	93.243	111,342
<i>Total U.S. Department of Health and Human Services</i>		111,342
GRAND TOTAL		\$ 614,756

Note 1: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.