

CITY OF REDFIELD
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

CITY OF REDFIELD
CITY OFFICIALS
DECEMBER 31, 2019

Mayor:

Jayme Akin

Governing Board:

Dave Moeller
Michael Siebrecht
Randy Maddox
Darrell Ronnfeldt
Joseph Morrisette
Jessi Lewis
Eileen Kearney
Frank Schwartz

Finance Officer:

Adam Hansen

Attorney:

Gillette, Battey & Gillette

CITY OF REDFIELD

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	1 - 2
Schedule of Prior Audit Findings and Questioned Costs	3
Schedule of Current Audit Findings	4 - 5
Independent Auditors' Report	6 - 8
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of December 31, 2019:	
Statement of Net Position	9
Year Ended December 31, 2019:	
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
As of December 31, 2019:	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Year Ended December 31, 2019:	
Statement of Revenues, Expenditures and Changes in Fund Balances	13 - 14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	15
Proprietary Funds:	
As of December 31, 2019:	
Statement of Net Position	16
Year Ended December 31, 2019:	
Statement of Revenues, Expenses and Changes in Fund Net Position	17

CITY OF REDFIELD

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Statement of Cash Flows	18
Notes to the Financial Statements	19 - 46
Required Supplementary Information:	
Year Ended December 31, 2019:	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	47
Notes to the Required Supplementary Information - Budgetary Comparison Schedule	48
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)	49
Schedule of the City Pension Contributions	50
Notes to the Required Supplementary Information - Pension Schedules	51
Supplementary Information:	
As of December 31, 2019:	
Combining Balance Sheet - Nonmajor Governmental Funds	52
Year Ended December 31, 2019:	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	53

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

ROY R FAUTH, CPA
WILLIAM J BACHMEIER, CPA

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

WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

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

City Council
City of Redfield
Redfield, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, South Dakota (City), as of December 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 29, 2020. The financial statements do not include financial data for the City's legally separate component unit. Our report includes a reference to other auditors who audited the financial statements of the Hospital Fund, as described in our report on City of Redfield, South Dakota's 2019 financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as items #2019-001 and #2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

City's Response to Findings

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

Purpose of this Report

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

Kohlman, Bierschbach & Anderson, L L A

September 29, 2020

CITY OF REDFIELD
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2019

PRIOR AUDIT FINDINGS:

#2018-001

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, capital assets, and equity. This condition is restated as current audit finding #2019-001.

#2018-002

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal controls, and therefore could have resulted in a material misstatement of the City's financial statements. This comment is restated as current audit finding #2019-002.

CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2019

CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2019-001

Criteria

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

Condition Found

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

Cause

The City only has 3 employees in the finance department, so proper segregation of duties for all areas has not been achieved.

Effect

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

Recommendation

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

Views of Responsible Officials

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

Finding #2019-002

Criteria

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

CITY OF REDFIELD
SCHEDULE OF CURRENT AUDIT FINDINGS
DECEMBER 31, 2019
(Continued)

Condition Found

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

Cause

The City does not have a system of internal control in place to identify all adjustments necessary to ensure the financial statements are in conformity with generally accepted accounting principles.

Effect

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

Recommendation

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

Views of Responsible Officials

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

COMPLIANCE AND OTHER MATTERS:

There are no written compliance and other matters findings to report.

Closing Conference

The contents of this report were discussed with Randy Maddox and Adam Hansen on June 29, 2020.

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

ROY R FAUTH, CPA
WILLIAM J BACHMEIER, CPA

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

WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

City Council
City of Redfield
Redfield, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, South Dakota (City), as of December 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Hospital Fund, which represent 73 percent, 60 percent, and 92 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion on Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City's legally separate component unit, the Housing and Redevelopment Commission of the City of Redfield. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the discretely presented component unit would have been presented as \$984,729, \$875,099, \$109,630, \$338,159, and \$317,228, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City of Redfield, South Dakota, as of December 31, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redfield, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset), and Schedule of the City Pension Contributions on pages 47 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining nonmajor fund financial statements are 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 September 29, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Koffman, Bierschbach & Anderson, LLP

September 29, 2020

CITY OF REDFIELD
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 123,530	\$ 3,397,877	\$ 3,521,407
Investments	583,262	652,844	1,236,106
Accounts receivable, net	302,139	2,036,200	2,338,339
Inventories	7,827	316,574	324,401
Other assets	41,276	422,036	463,312
Restricted Assets:			
Cash and cash equivalents	49,248	768,649	817,897
Net pension asset	2,248	30,147	32,395
Capital Assets:			
Land, improvements and construction in progress	5,261,344	778,279	6,039,623
Other capital assets, net of depreciation	<u>11,444,100</u>	<u>8,853,550</u>	<u>20,297,650</u>
TOTAL ASSETS	<u>17,814,974</u>	<u>17,256,156</u>	<u>35,071,130</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>92,837</u>	<u>1,355,751</u>	<u>1,448,588</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>92,837</u>	<u>1,355,751</u>	<u>1,448,588</u>
LIABILITIES:			
Accounts payable	32,051	725,588	757,639
Other current liabilities	10,858	508,147	519,005
Unearned revenue	--	6,308	6,308
Noncurrent Liabilities:			
Due within one year	264,563	312,512	577,075
Due in more than one year	<u>269,024</u>	<u>7,787,433</u>	<u>8,056,457</u>
TOTAL LIABILITIES	<u>576,496</u>	<u>9,339,988</u>	<u>9,916,484</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	<u>61,142</u>	<u>660,777</u>	<u>721,919</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>61,142</u>	<u>660,777</u>	<u>721,919</u>
NET POSITION:			
Net investment in capital assets	16,221,503	1,958,847	18,180,350
Restricted for:			
Debt service purposes	55,404	625,824	681,228
SDRS pension purposes	33,943	725,121	759,064
Permanently restricted purposes:			
Expendable	56,118	--	56,118
Non-expendable	119,066	--	119,066
Special Park Gift purposes	2,000	--	2,000
Special Rec Gift purposes	630	--	630
Unrestricted	<u>781,509</u>	<u>5,301,350</u>	<u>6,082,859</u>
TOTAL NET POSITION	<u>\$17,270,173</u>	<u>\$ 8,611,142</u>	<u>\$25,881,315</u>

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

CITY OF REDFIELD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 309,848	\$ 70,736	\$ --	\$ --	\$ (239,112)		\$ (239,112)
Public safety	504,293	6,148	--	--	(498,145)		(498,145)
Public works	1,276,045	11,276	104,007	62,257	(1,098,505)		(1,098,505)
Health and welfare	94,443	805	5,757	--	(87,881)		(87,881)
Culture and recreation	823,293	43,071	--	16,180	(764,042)		(764,042)
Conservation and development	179,400	--	--	--	(179,400)		(179,400)
*Interest on long-term debt	21,403	--	--	--	(21,403)		(21,403)
Total Governmental Activities	<u>3,208,725</u>	<u>132,036</u>	<u>109,764</u>	<u>78,437</u>	<u>(2,888,488)</u>		<u>(2,888,488)</u>
Business-Type Activities:							
Water	578,341	543,109	--	130,932		\$ 95,700	95,700
Sewer	278,116	363,640	--	50,000		135,524	135,524
Landfill	232,627	236,782	--	--		4,155	4,155
Hospital	<u>13,786,563</u>	<u>12,743,912</u>	<u>38,601</u>	<u>--</u>	<u>(1,004,050)</u>		<u>(1,004,050)</u>
Total Business-Type Activities	<u>14,875,647</u>	<u>13,887,443</u>	<u>38,601</u>	<u>180,932</u>	<u>(768,671)</u>		<u>(768,671)</u>
Total Primary Government	<u>\$18,084,372</u>	<u>\$14,019,479</u>	<u>\$148,365</u>	<u>\$259,369</u>	<u>(2,888,488)</u>	<u>(768,671)</u>	<u>(3,657,159)</u>
General Revenues:							
Taxes:							
Property taxes					1,168,081	--	1,168,081
Sales taxes					1,018,992	--	1,018,992
State shared revenues					22,245	--	22,245
Grants and contributions not restricted to specific programs					27,426	--	27,426
Unrestricted investment earnings					9,151	31,749	40,900
Miscellaneous revenue					28,853	--	28,853
Transfers					<u>13,950</u>	<u>(13,950)</u>	<u>--</u>
Total General Revenues and Transfers					<u>2,288,698</u>	<u>17,799</u>	<u>2,306,497</u>
Change in Net Position					(599,790)	(750,872)	(1,350,662)
Net Position - Beginning					<u>17,869,963</u>	<u>9,362,014</u>	<u>27,231,977</u>
Net Position - Ending					<u>\$17,270,173</u>	<u>\$ 8,611,142</u>	<u>\$25,881,315</u>

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

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

CITY OF REDFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 48,064	\$ 75,466	\$ 123,530
Investments	202,496	380,766	583,262
Taxes receivable - delinquent	53,861	--	53,861
Accounts receivable, net	17,993	--	17,993
Special assessments receivable - current	8,835	--	8,835
Special assessments receivable - noncurrent	52,809	--	52,809
Due from Liquor, Lodging and Dining Gross Receipts Tax Fund	211,367	--	211,367
Due from federal government	41,341	--	41,341
Due from state government	115,328	10,704	126,032
Interest receivable	1,268	--	1,268
Inventory of supplies	7,827	--	7,827
Prepaid expenses	41,276	--	41,276
Restricted cash and cash equivalents	<u>--</u>	<u>49,248</u>	<u>49,248</u>
TOTAL ASSETS	<u>\$802,465</u>	<u>\$ 516,184</u>	<u>\$1,318,649</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable	\$ 31,813	\$ 238	\$ 32,051
Due to General Fund	--	211,367	211,367
Accrued wages payable	5,612	--	5,612
Amounts held for others	<u>5,246</u>	<u>--</u>	<u>5,246</u>
TOTAL LIABILITIES	<u>42,671</u>	<u>211,605</u>	<u>254,276</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - sales and use taxes	13,352	741	14,093
Unavailable revenue - property taxes	43,803	--	43,803
Unavailable revenue - special assessments	<u>61,644</u>	<u>--</u>	<u>61,644</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>118,799</u>	<u>741</u>	<u>119,540</u>
FUND BALANCES:			
Nonspendable	49,103	119,066	168,169
Restricted	--	114,152	114,152
Committed	--	276,366	276,366
Assigned	289,274	--	289,274
Unassigned	<u>302,618</u>	<u>(205,746)</u>	<u>96,872</u>
TOTAL FUND BALANCES	<u>640,995</u>	<u>303,838</u>	<u>944,833</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$802,465</u>	<u>\$ 516,184</u>	<u>\$1,318,649</u>

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

CITY OF REDFIELD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total Fund Balances - Governmental Funds	\$ 944,833
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.	2,248
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	16,705,444
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds.	92,837
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.	(533,587)
Assets, such as taxes receivable (delinquent) and special assessments receivable (current, delinquent and noncurrent), are not available to pay for current period expenditures and therefore are deferred in the funds.	119,540
Pension related deferred inflows are components of pension asset and therefore are not reported in the funds.	<u>(61,142)</u>
Net Position - Governmental Activities	<u>\$17,270,173</u>

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes:			
General property taxes	\$1,164,393	\$ --	\$1,164,393
General sales and use taxes	917,381	114,287	1,031,668
Amusement taxes	252	--	252
Penalties and interest on delinquent taxes	3,944	--	3,944
Licenses and Permits	21,641	--	21,641
Intergovernmental Revenue:			
Federal grants	55,179	--	55,179
State grants	8,719	500	9,219
State shared revenue:			
Bank franchise tax	6,938	--	6,938
Prorate license fees	7,119	--	7,119
Liquor tax reversion (25%)	15,307	--	15,307
Motor vehicle licenses	32,052	--	32,052
Local government highway and bridge fund	58,465	--	58,465
County shared revenue:			
County road tax (25%)	5,182	--	5,182
County wheel tax	1,189	--	1,189
Other intergovernmental revenues	6,000	--	6,000
Charges for Goods and Services:			
General government	18,820	--	18,820
Public safety	2,592	--	2,592
Health	805	--	805
Culture and recreation	37,586	2,506	40,092
Cemetery	7,613	3,663	11,276
Other	5,731	6,307	12,038
Fines and Forfeits:			
Court fines and costs	3,556	--	3,556
Library	2,979	--	2,979
Miscellaneous Revenue:			
Investment earnings	7,546	1,605	9,151
Rentals	18,237	--	18,237
Special assessments	12,565	--	12,565
Contributions and donations from private sources	23,420	20,186	43,606
Other	<u>20,950</u>	<u>799</u>	<u>21,749</u>
TOTAL REVENUES	<u>2,466,161</u>	<u>149,853</u>	<u>2,616,014</u>

	General Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES:			
General Government:			
Legislative	112,265	--	112,265
Executive	11,033	--	11,033
Financial administration	154,557	--	154,557
Other	12,813	--	12,813
Public Safety:			
Police	325,000	--	325,000
Fire	91,012	--	91,012
Public Works:			
Highways and streets	582,282	--	582,282
Airport	6,430	--	6,430
Cemeteries	44,063	--	44,063
Health and Welfare:			
Health	93,526	--	93,526
Culture and Recreation:			
Recreation	367,474	--	367,474
Parks	46,016	--	46,016
Libraries	154,280	25,641	179,921
Historical preservation	--	85,867	85,867
Conservation and Development:			
Economic development and assistance	76,525	102,500	179,025
Debt Service	225,387	49,248	274,635
Capital Outlay	<u>200,538</u>	<u>18,695</u>	<u>219,233</u>
TOTAL EXPENDITURES	<u>2,503,201</u>	<u>281,951</u>	<u>2,785,152</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(37,040)</u>	<u>(132,098)</u>	<u>(169,138)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	13,969	--	13,969
Sale of municipal property	1,104	--	1,104
Compensation for loss or damage to capital assets	7,264	--	7,264
Transfers out	<u>--</u>	<u>(19)</u>	<u>(19)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,337</u>	<u>(19)</u>	<u>22,318</u>
NET CHANGE IN FUND BALANCES	(14,703)	(132,117)	(146,820)

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CHANGE IN NONSPENDABLE	(1,651)	--	(1,651)
FUND BALANCE - BEGINNING	<u>657,349</u>	<u>435,955</u>	<u>1,093,304</u>
FUND BALANCE - ENDING	\$ <u>640,995</u>	\$ <u>303,838</u>	\$ <u>944,833</u>

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

CITY OF REDFIELD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds \$(146,820)

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. 219,233

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. (835,600)

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 assets.

Revenue bond	\$ 39,731	
Other long-term	<u>213,501</u>	253,232

The fund financial statement governmental fund property tax accruals differ from the
government-wide statement property tax accruals in that the fund financial statements
require the amounts to be "available". (508)

The fund financial statement governmental fund sales and use tax accruals differ from the
government-wide statement sales and use tax accruals in that the fund financial
statements require the amounts to be "available". (12,676)

Governmental funds report special assessments as revenue when "available", but the
statement of activities includes the full amount of special assessments as revenue upon
completion of the project at the point when an enforceable legal claim arises. (8,949)

Governmental funds recognize expenditures for amounts of compensated absences actually
paid to employees with current financial resources during the fiscal year. Amounts of
compensated absences earned by employees are not recognized in the funds. In the
statement of activities, expenses for these benefits are recognized when the employees
earn leave credits.

Vacation leave	<u>\$4,686</u>	(4,686)
----------------	----------------	---------

Some expenses reported in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures in governmental funds. (62,059)

Supplies acquired are an expenditure on the fund statements when purchased but are
expensed on the statement of activities when consumed. This amount represents the
"change in" inventory of supplies. (1,651)

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

694

Change in Net Position of Governmental Activities

\$(599,790)

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

CITY OF REDFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-Type Activities Enterprise Funds				
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Hospital Fund</u>	<u>Totals</u>
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 15,316	\$ 2,346	\$ 50,949	\$ 3,329,266	\$ 3,397,877
Investments	360,480	243,237	49,127	--	652,844
Accounts receivable, net	50,134	29,140	1,726	1,955,200	2,036,200
Notes receivable	--	--	--	10,250	10,250
Contributions receivable	--	--	--	51,499	51,499
Inventory of supplies	70,822	8,191	--	237,561	316,574
Prepaid expenses	--	--	--	165,537	165,537
Total Current Assets	<u>496,752</u>	<u>282,914</u>	<u>101,802</u>	<u>5,749,313</u>	<u>6,630,781</u>
Noncurrent Assets:					
Restricted cash and cash equivalents	228,250	8,755	--	531,644	768,649
Notes receivable	--	--	--	194,750	194,750
Net pension asset	423	503	178	29,043	30,147
Capital Assets:					
Land	645	76,789	43,886	30,398	151,718
Buildings	44,722	--	6,965	6,922,287	6,973,974
Improvements other than buildings	2,102,322	2,707,238	--	123,254	4,932,814
Machinery and equipment	188,583	199,780	36,034	8,087,702	8,512,099
Construction/Development in Progress	95,880	530,681	--	--	626,561
Less: accumulated depreciation	<u>(1,200,288)</u>	<u>(1,338,542)</u>	<u>(32,772)</u>	<u>(8,993,735)</u>	<u>(11,565,337)</u>
Total Noncurrent Assets	<u>1,460,537</u>	<u>2,185,204</u>	<u>54,291</u>	<u>6,925,343</u>	<u>10,625,375</u>
TOTAL ASSETS	<u>1,957,289</u>	<u>2,468,118</u>	<u>156,093</u>	<u>12,674,656</u>	<u>17,256,156</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related deferred outflows	<u>23,864</u>	<u>26,732</u>	<u>9,945</u>	<u>1,295,210</u>	<u>1,355,751</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>23,864</u>	<u>26,732</u>	<u>9,945</u>	<u>1,295,210</u>	<u>1,355,751</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	37,185	29,064	12,184	647,155	725,588
Accrued interest payable	--	--	--	25,482	25,482
Accrued wages payable	1,059	1,095	716	279,145	282,015
Other accrued expenses	--	--	--	57,825	57,825
Customer deposits	142,825	--	--	--	142,825
Unearned revenue	--	--	--	6,308	6,308
Bonds Payable Current:					
Revenue	<u>8,828</u>	<u>18,485</u>	<u>--</u>	<u>--</u>	<u>27,313</u>
Total Current Liabilities	<u>189,897</u>	<u>48,644</u>	<u>12,900</u>	<u>1,015,915</u>	<u>1,267,356</u>
Noncurrent Liabilities:					

	Business-Type Activities Enterprise Funds				
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Hospital Fund</u>	<u>Totals</u>
Bonds Payable:					
Revenue	164,351	712,722	--	--	877,073
Accrued leave payable	8,686	17,192	4,986	359,985	390,849
Other long-term liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,804,710</u>	<u>6,804,710</u>
Total Noncurrent Liabilities	<u>173,037</u>	<u>729,914</u>	<u>4,986</u>	<u>7,164,695</u>	<u>8,072,632</u>
TOTAL LIABILITIES	<u>362,934</u>	<u>778,558</u>	<u>17,886</u>	<u>8,180,610</u>	<u>9,339,988</u>
DEFERRED INFLOWS OF RESOURCES:					
Pension related deferred inflows	<u>11,945</u>	<u>13,843</u>	<u>5,050</u>	<u>629,939</u>	<u>660,777</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,945</u>	<u>13,843</u>	<u>5,050</u>	<u>629,939</u>	<u>660,777</u>
NET POSITION:					
Net investment in capital assets (deficit)	1,058,685	1,444,739	54,113	(598,690)	1,958,847
Restricted for:					
Revenue bond debt service	85,425	8,755	--	531,644	625,824
SDRS pension purposes	12,342	13,392	5,073	694,314	725,121
Unrestricted	<u>449,822</u>	<u>235,563</u>	<u>83,916</u>	<u>4,532,049</u>	<u>5,301,350</u>
TOTAL NET POSITION	<u>\$ 1,606,274</u>	<u>\$ 1,702,449</u>	<u>\$ 143,102</u>	<u>\$ 5,159,317</u>	<u>\$ 8,611,142</u>

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

CITY OF REDFIELD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities Enterprise Funds				
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Hospital Fund</u>	<u>Totals</u>
OPERATING REVENUE:					
Surcharge as security for debt	\$ 70,409	\$ 138,401	\$ --	\$ --	\$ 208,810
Charges for goods and services	472,700	225,239	236,782	12,102,777	13,037,498
Miscellaneous	<u>--</u>	<u>--</u>	<u>--</u>	<u>641,135</u>	<u>641,135</u>
TOTAL OPERATING REVENUE	<u>543,109</u>	<u>363,640</u>	<u>236,782</u>	<u>12,743,912</u>	<u>13,887,443</u>
OPERATING EXPENSES:					
Personal services	130,019	145,897	71,890	8,588,642	8,936,448
Other current expense	61,744	37,388	158,291	4,215,216	4,472,639
Materials (cost of goods sold)	328,839	--	--	--	328,839
Depreciation and amortization	<u>53,058</u>	<u>70,702</u>	<u>2,446</u>	<u>666,837</u>	<u>793,043</u>
TOTAL OPERATING EXPENSES	<u>573,660</u>	<u>253,987</u>	<u>232,627</u>	<u>13,470,695</u>	<u>14,530,969</u>
OPERATING INCOME (LOSS)	<u>(30,551)</u>	<u>109,653</u>	<u>4,155</u>	<u>(726,783)</u>	<u>(643,526)</u>
NONOPERATING REVENUE (EXPENSE):					
Operating grants	--	--	--	38,601	38,601
Capital grants	130,932	50,000	--	--	180,932
Investment earnings	6,033	6,868	1,049	17,799	31,749
Interest expense	<u>(4,681)</u>	<u>(24,129)</u>	<u>--</u>	<u>(315,868)</u>	<u>(344,678)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>132,284</u>	<u>32,739</u>	<u>1,049</u>	<u>(259,468)</u>	<u>(93,396)</u>
INCOME (LOSS) BEFORE TRANSFERS	101,733	142,392	5,204	(986,251)	(736,922)
TRANSFERS OUT	<u>(6,033)</u>	<u>(6,868)</u>	<u>(1,049)</u>	<u>--</u>	<u>(13,950)</u>
CHANGE IN NET POSITION	95,700	135,524	4,155	(986,251)	(750,872)
NET POSITION - BEGINNING	<u>1,510,574</u>	<u>1,566,925</u>	<u>138,947</u>	<u>6,145,568</u>	<u>9,362,014</u>
NET POSITION - ENDING	<u>\$1,606,274</u>	<u>\$1,702,449</u>	<u>\$143,102</u>	<u>\$ 5,159,317</u>	<u>\$ 8,611,142</u>

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

CITY OF REDFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities Enterprise Funds				Totals
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 513,540	\$ 335,547	\$ 236,582	\$12,571,819	\$13,657,488
Cash receipts from interfund services provided	13,794	1,659	252	--	15,705
Other operating cash receipts	--	--	--	658,988	658,988
Cash payments to employees for services	(118,848)	(132,858)	(66,403)	(6,951,169)	(7,269,278)
Cash payments to suppliers of goods and services	(374,025)	(10,692)	(151,008)	(5,163,434)	(5,699,159)
Net cash provided by operating activities	<u>34,461</u>	<u>193,656</u>	<u>19,423</u>	<u>1,116,204</u>	<u>1,363,744</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Noncapital grants and contributions	--	--	--	31,698	31,698
Transfers out	(6,033)	(6,868)	(1,049)	--	(13,950)
Net cash provided (used) by noncapital financing activities	<u>(6,033)</u>	<u>(6,868)</u>	<u>(1,049)</u>	<u>31,698</u>	<u>17,748</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions and grants	130,932	50,000	--	53,865	234,797
Purchase of capital assets	(171,637)	(535,062)	--	(227,746)	(934,445)
Proceeds from sale of capital assets	--	--	--	500	500
Principal paid on capital debt	(12,680)	(17,896)	--	(315,867)	(346,443)
Interest paid on capital debt	(4,681)	(24,129)	--	(312,513)	(341,323)
Net cash used by capital and related financing activities	<u>(58,066)</u>	<u>(527,087)</u>	<u>--</u>	<u>(801,761)</u>	<u>(1,386,914)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash received for interest	<u>6,033</u>	<u>6,868</u>	<u>1,049</u>	<u>17,799</u>	<u>31,749</u>
Net cash provided by investing activities	<u>6,033</u>	<u>6,868</u>	<u>1,049</u>	<u>17,799</u>	<u>31,749</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(23,605)</u>	<u>(333,431)</u>	<u>19,423</u>	<u>363,940</u>	<u>26,327</u>
BALANCES - BEGINNING	<u>627,651</u>	<u>587,769</u>	<u>80,653</u>	<u>3,496,970</u>	<u>4,793,043</u>
BALANCES - ENDING	<u>\$ 604,046</u>	<u>\$ 254,338</u>	<u>\$ 100,076</u>	<u>\$ 3,860,910</u>	<u>\$ 4,819,370</u>

	Business-Type Activities Enterprise Funds				Totals
	Water Fund	Sewer Fund	Landfill Fund	Hospital Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (30,551)	\$ 109,653	\$ 4,155	\$ (726,783)	\$ (643,526)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	53,058	70,702	2,446	666,837	793,043
Provision for bad debts	--	--	--	701,116	701,116
Loss on disposal of capital assets	--	--	--	5,249	5,249
Change in assets and liabilities:					
Accounts receivable	(19,205)	(26,434)	52	(619,221)	(664,808)
Inventories	7,069	(1,237)	--	(96,718)	(90,886)
Prepaid expense	--	--	--	(55,943)	(55,943)
Pension related deferred outflows	6,812	7,771	2,769	715,119	732,471
Net pension asset	(350)	(406)	(140)	(22,706)	(23,602)
Accounts and other payables	9,489	27,933	7,283	360,957	405,662
Accrued wages payable	(67)	(181)	576	--	328
Accrued leave payable	(593)	(385)	133	--	(845)
Accrued expenses	--	--	--	58,947	58,947
Pension related deferred inflows	5,369	6,240	2,149	129,350	143,108
Customer deposits	3,430	--	--	--	3,430
Net cash provided by operating activities	<u>\$ 34,461</u>	<u>\$ 193,656</u>	<u>\$ 19,423</u>	<u>\$ 1,116,204</u>	<u>\$ 1,363,744</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Amortization of discounts on certificates of participation	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,740</u>	<u>\$ 3,740</u>

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Financial Reporting Entity:**

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

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

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

b. **Basis of Presentation:**

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

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

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

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

Governmental Funds:

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

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

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

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

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

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

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

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

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

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

Proprietary Funds:

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

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

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

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

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 fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available.

"Available" means resources are collected or to be collected soon enough after the end of the fiscal year

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

that they can be used to pay the bills of the current period. The accrual period for the City is 30 days. The revenues which are accrued at December 31, 2019, are sales tax and federal and state grants.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

e. Deposits and Investments:

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

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

f. Use of Estimates:

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

g. Patient Receivables:

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

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

h. Notes Receivable:

Notes receivable are uncollateralized loans, issued at market value, from individuals who are seeking a medical degree as part of the Hospital's physician recruitment process. The notes have been issued with forgiveness provisions that match the work commitment to encourage retention. Management reviews the notes receivable periodically and estimates a portion, if any, of the balance that will not be collected or earned under the work commitment arrangement. There was no allowance as of December 31, 2019.

i. Contributions Receivable:

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received and all eligibility requirements have been met. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at the discounted present value of expected future payments at the date of promise. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

j. Capital Assets:

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

Government-Wide Financial Statements:

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

The total December 31, 2019 balance of governmental activities capital assets includes approximately 42 percent for which the costs were determined by estimates of the original costs. The total December 31, 2019 balance of business-type capital assets includes approximately 8 percent for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon and by appraisals.

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

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

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

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

k. Long-Term Liabilities:

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

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

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

l. Program Revenues:

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

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

m. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

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

n. Proprietary Funds Revenue and Expense Classifications:

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

o. Net Patient Service Revenue:

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

p. Cash and Cash Equivalents:

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

q. 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.

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

2. Restricted net position - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

r. Application of Net Position:

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

s. Fund Balance Classification Policies and Procedures:

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

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

The Nonspendable Fund Balance is comprised of the following:

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

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

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

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
Industrial Development Revolving Loan Fund	\$276,366	Ordinance

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

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

A schedule of fund balances is provided as follows:

CITY OF REDFIELD
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Inventory	\$ 7,827	\$ --	\$ 7,827
Prepaid expenses	41,276	--	41,276
Nonexpendable Cemetery Perpetual Care	--	50,000	50,000
Nonexpendable Library Endowment	--	69,066	69,066
Restricted for:			
Debt Service requirements	--	55,404	55,404
Expendable Cemetery Perpetual Care	--	40,770	40,770
Expendable Library Endowment	--	15,348	15,348
Special Park Gift	--	2,000	2,000
Special Rec Gift	--	630	630
Committed for:			
Industrial Development Revolving Loan	--	276,366	276,366
Assigned to:			
Applied to next year's budget	271,130	--	271,130
Capital outlay accumulations	18,144	--	18,144
Unassigned	<u>302,618</u>	<u>(205,746)</u>	<u>96,872</u>
Total Fund Balances	<u>\$640,995</u>	<u>\$ 303,838</u>	<u>\$944,833</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - (Continued)

t. Grants and Contributions:

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

u. Charity Care:

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$8,700 for the year ended December 31, 2019, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

v. Pensions:

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

w. New Accounting Pronouncements Adopted in 2019:

The City adopted new accounting pronouncements during the year ended December 31, 2019, as follows:

GASB Statement No. 84, Fiduciary Activities (GASB No. 84) was issued January 2017 to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The adoption of GASB No. 84 caused the previously reported Agency Fund to now be reported in the General Fund and there are no longer any fiduciary funds reported.

NOTE 2 - NET PATIENT SERVICE REVENUE

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 - (Continued)

Medicare - The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost-based reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended December 31, 2016. Clinical services are paid on a cost basis or fixed fee schedule.

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

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

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

Concentration of net revenues by major payor accounted for the following percentages of the Hospital's net patient service revenue for the year ended December 31, 2019:

Medicare	51%
Medicaid	7%
Blue Cross	15%
Other third-party payors and patients	<u>27%</u>
	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue for the year ended December 31, 2019, decreased by approximately \$22,000 due to differences between estimated and final settlements, removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

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

As of December 31, 2019, the following individual nonmajor funds had deficit fund balance/net position in the amounts shown:

Liquor, Lodging and Dining Gross Receipts	
Tax Fund	\$205,746

The Governing Board plans to take the following actions to address the deficit fund balance/deficit net position: "The Council plans to transfer money from the General Fund to make that account \$0."

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

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

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

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

Fair Value Measurement - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

As of December 31, 2019, the City had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
External Investment Pools:			
SDFIT	Unrated	<u>\$11,214</u>	<u>\$11,214</u>

The City has the following recurring fair value measurement as of December 31, 2019:

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

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 - (Continued)

Concentration of Credit Risk - The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Certificates of Deposit - 99.0% of total investments.

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

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

NOTE 5 - RESTRICTED CASH AND INVESTMENTS

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

<u>Amount:</u>	<u>Purpose:</u>
\$ 85,425	For debt service in the Water Fund
\$ 8,755	For debt service in the Sewer Fund
\$531,644	For debt service in the Hospital Fund
\$ 49,248	For debt service in the Debt Service Fund
\$142,825	For customer deposits in the Water Fund

NOTE 6 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The City expects all receivables to be collected within one year, except for \$4,687 of receivables related to obligations paid on behalf of utility customers in the Water Fund, for which appropriate allowances for estimated uncollectible have been established.

NOTE 7 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give that the Hospital has received. Certain promises are receivable over a period of time. The following is a summary of contributions receivable.

Amounts due within one year	\$55,088
Amounts due in one to two years	<u>55,088</u>
	<u>(3,589)</u>
Less discounts	
Contributions receivable, net	<u>\$51,499</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 - INVENTORY

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

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

NOTE 9 - PROPERTY TAXES

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

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

NOTE 10 - CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2019, is as follows:

	<u>Balance</u> <u>01/01/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,257,982	\$ --	\$ --	\$ 1,257,982
Construction/Development in progress	<u>3,939,338</u>	<u>68,624</u>	<u>4,600</u>	<u>4,003,362</u>
Total, not being depreciated	<u>5,197,320</u>	<u>68,624</u>	<u>4,600</u>	<u>5,261,344</u>
Capital assets, being depreciated:				
Buildings	3,659,689	46,815	--	3,706,504
Improvements other than buildings	21,394,833	16,036	--	21,410,869
Machinery and equipment	<u>3,290,103</u>	<u>92,358</u>	<u>23,338</u>	<u>3,359,123</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10 - (Continued)

	Balance 01/01/2019	Increases	Decreases	Balance 12/31/2019
Total, being depreciated	<u>28,344,625</u>	<u>155,209</u>	<u>23,338</u>	<u>28,476,496</u>
Less accumulated depreciation for:				
Buildings	988,223	75,494	--	1,063,717
Improvements other than buildings	13,555,917	523,111	--	14,079,028
Machinery and equipment	<u>1,675,994</u>	<u>236,995</u>	<u>23,338</u>	<u>1,889,651</u>
Total accumulated depreciation	<u>16,220,134</u>	<u>835,600</u>	<u>23,338</u>	<u>17,032,396</u>
Total governmental activities capital assets, being depreciated, net	<u>12,124,491</u>	<u>(680,391)</u>	--	<u>11,444,100</u>
Governmental activity capital assets, net	<u>\$17,321,811</u>	<u>\$ (611,767)</u>	<u>\$ 4,600</u>	<u>\$16,705,444</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 10,235
Public safety	88,281
Public works	613,487
Health and welfare	917
Culture and recreation	122,305
Conservation and development	<u>375</u>
Total depreciation expense - governmental activities	<u>\$835,600</u>

	Balance 01/01/2019	Increases	Decreases	Balance 12/31/2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 151,718	\$ --	\$ --	\$ 151,718
Construction/Development in progress	<u>--</u>	<u>626,561</u>	<u>--</u>	<u>626,561</u>
Total, not being depreciated	<u>151,718</u>	<u>626,561</u>	<u>--</u>	<u>778,279</u>
Capital assets, being depreciated:				
Buildings	6,887,948	86,026	--	6,973,974
Improvements other than buildings	4,857,057	75,757	--	4,932,814
Machinery and equipment	<u>8,418,837</u>	<u>146,101</u>	<u>52,839</u>	<u>8,512,099</u>
Total, being depreciated	<u>20,163,842</u>	<u>307,884</u>	<u>52,839</u>	<u>20,418,887</u>
Less accumulated depreciation for:				
Buildings	3,638,803	207,460	--	3,846,263

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10 - (Continued)

	<u>Balance</u> <u>01/01/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
Improvements other than buildings	2,250,806	98,362	--	2,349,168
Machinery and equipment	<u>4,929,775</u>	<u>487,221</u>	<u>47,090</u>	<u>5,369,906</u>
Total accumulated depreciation	<u>10,819,384</u>	<u>793,043</u>	<u>47,090</u>	<u>11,565,337</u>
Total business-type activities capital assets, being depreciated, net	<u>9,344,458</u>	<u>(485,159)</u>	<u>5,749</u>	<u>8,853,550</u>
Business-type activity capital assets, net	<u>\$ 9,496,176</u>	<u>\$ 141,402</u>	<u>\$ 5,749</u>	<u>\$ 9,631,829</u>

Depreciation expense was charged to functions as follows:

Business-type activities:

Water	\$ 53,058
Sewer	70,702
Landfill	2,446
Hospital	<u>666,837</u>

Total depreciation expense - business-type activities \$793,043

Construction/Development in progress at December 31, 2019, is composed of the following:

<u>Project Name</u>	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>thru</u> <u>12/31/2019</u>	<u>Committed</u>	<u>Required</u> <u>Future</u> <u>Financing</u>
Airport	\$3,391,918	\$3,997,376	\$--	\$ --
Fence	--	5,986	--	--
Water Project	--	95,880	--	4,012,000
Wastewater Project	<u>--</u>	<u>530,681</u>	<u>--</u>	<u>7,980,000</u>
Total	<u>\$3,391,918</u>	<u>\$4,629,923</u>	<u>\$--</u>	<u>\$11,992,000</u>

NOTE 11 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	<u>Balance</u> <u>01/01/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Primary Government:					
Governmental activities:					
Bonds payable:					
Revenue	\$ 242,028	\$ --	\$ 39,731	\$ 202,297	\$ 41,452

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 - (Continued)

	Balance 01/01/2019	Additions	Deletions	Balance 12/31/2019	Due Within One Year
Financing (capital acquisition)					
lease	371,008	--	183,299	187,709	187,709
Note payable	124,137	--	30,202	93,935	30,437
Accrued compensated absences - governmental funds	<u>44,960</u>	<u>4,686</u>	<u>--</u>	<u>49,646</u>	<u>4,965</u>
Total governmental activities	<u>782,133</u>	<u>4,686</u>	<u>253,232</u>	<u>533,587</u>	<u>264,563</u>
Business-type activities:					
Bonds payable:					
Revenue	934,962	--	30,576	904,386	27,314
Certificates of participation	7,035,000	--	210,000	6,825,000	210,000
Less unamortized discount	(60,145)	--	(3,741)	(56,404)	--
Notes payable	<u>141,982</u>	<u>--</u>	<u>105,868</u>	<u>36,114</u>	<u>36,114</u>
Total debt	8,051,799	--	342,703	7,709,096	273,428
Accrued compensated absences - business-type funds	<u>385,118</u>	<u>5,731</u>	<u>--</u>	<u>390,849</u>	<u>39,084</u>
Total business-type activities	<u>8,436,917</u>	<u>5,731</u>	<u>342,703</u>	<u>8,099,945</u>	<u>312,512</u>
Total Primary Government	<u>\$9,219,050</u>	<u>\$10,417</u>	<u>\$595,935</u>	<u>\$8,633,532</u>	<u>\$577,075</u>

Debt payable at December 31, 2019, is comprised of the following:

Revenue Bonds:

A loan with Rural Development was obtained for \$545,000 with monthly payments of \$4,104 being made out of the Debt Service Fund with interest at 4.25%, maturing May 24, 2024. \$ 202,297

The Water Fund is making quarterly payments of \$1,617 to First National Bank in Sioux Falls with interest at 4.5%, maturing October 1, 2020. \$ 3,803

The Water Fund obtained a revenue bond for \$228,823 with quarterly payments of \$2,723.25 being made beginning July 1, 2010, with interest at 2.5%, maturing October 1, 2039. \$ 169,376

The Sewer Fund obtained a revenue bond for \$803,423 with quarterly payments of \$10,506.39 being made beginning October 15, 2015, with interest at 3.25%, maturing July 15, 2045. \$ 731,207

Compensated Absences:

Accrued vacation and sick leave for General Fund and Enterprise Fund employees. Payment to be made by the fund that the payroll expenditures are charged to. \$ 440,495

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 - (Continued)

Financing (Capital Acquisition) Leases:

The General Fund has a 3 year lease for \$550,000 beginning September 8, 2017, with annual payments of \$192,225.74 with interest at 2.41%. \$ 187,709

The purchase price at the commencement of the financing (capital acquisition) lease was:

Principal	\$550,000
Interest	<u>26,677</u>
Total	<u>\$576,677</u>

The principal amount above was included in the appropriate classification of capital assets and is being depreciated over the shorter of the estimated useful-life of the asset, or the lease term (where title never transfers), as appropriate.

Notes Payable:

The General Fund obtained a note payable for \$124,137, with annual payments of \$33,161 being made beginning February 1, 2019, with interest at 2.9%, maturing February 1, 2022. \$ 93,935

The Hospital's notes have an interest rate of 3.49% and are due in monthly payments of \$9,095 through April 1, 2020, and are secured by the general assets of the City. \$ 36,114

Certificates of Participation:

Certificates of participation relate to debt issued by the City of Redfield to facilitate the financing of public capital projects. The City of Redfield leases the assets acquired with the proceeds from the certificates of participation under a ground lease agreement. For financial reporting purposes, the Hospital accounts for the certificates of participation as its own debt. The 2015 certificates carry interest rates ranging from 2.7% to 5.0% and come due in various biannual amounts up through the Hospital's fiscal year ending December 31, 2040.

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

The certificates of participation are reported net of the applicable discounts. Discounts are amortized over the life of the certificates using the straight line method, which is a reasonable estimate of the effective interest method. Amortization is included in interest expense. \$6,825,000

The annual requirements to amortize all debt outstanding as of December 31, 2019, except for compensated absences, are as follows:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 - (Continued)

Annual Requirements to Amortize Long-Term Debt
December 31, 2019

Year Ending Dec. 31,	Revenue Bonds		Note Payable		Financing (Capital Acquisition) Lease		Hospital Long-Term Debt		Total	
	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.
2020	\$ 68,766	\$ 34,556	\$30,437	\$2,724	\$187,709	\$4,517	\$ 246,114	\$ 304,626	\$ 533,026	\$ 346,423
2021	69,188	32,979	31,319	1,842	--	--	220,000	298,458	320,507	333,279
2022	71,864	30,302	32,179	933	--	--	225,000	291,720	329,043	322,955
2023	74,646	27,520	--	--	--	--	230,000	284,183	304,646	311,703
2024	53,816	24,805	--	--	--	--	240,000	275,745	293,816	300,550
2025 – 2029	155,839	108,754	--	--	--	--	1,360,000	1,222,279	1,515,839	1,331,033
2030 – 2034	181,506	83,087	--	--	--	--	1,705,000	883,724	1,886,506	966,811
2035 – 2039	211,456	53,137	--	--	--	--	2,145,000	425,506	2,356,456	478,643
2040 – 2044	188,588	21,540	--	--	--	--	490,000	18,500	678,588	40,040
2045	31,014	506	--	--	--	--	--	--	31,014	506
Total	<u>\$1,106,683</u>	<u>\$417,186</u>	<u>\$93,935</u>	<u>\$5,499</u>	<u>\$187,709</u>	<u>\$4,517</u>	<u>\$6,861,114</u>	<u>\$4,004,741</u>	<u>\$8,249,441</u>	<u>\$4,431,943</u>

NOTE 12 - OPERATING LEASES

The Hospital leases certain equipment under various operating leases with terms of less than one year or cancelable upon written notice. Total lease expense for the year ended December 31, 2019, for all operating leases was \$36,440.

NOTE 13 - INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Interfund receivable and payable balances at December 31, 2019, were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$211,367	\$ --
Liquor, Lodging and Dining Gross Receipts Tax Fund	\$ --	\$211,367

The purposes for the interfund receivable and payable balances are for the General Fund to help finance the Liquor, Lodging and Dining Gross Receipts Tax Fund until funds are available. The City expects all interfund receivables and payables to be resolved with an operating transfer within one year.

NOTE 14 - RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2019, was as follows:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14 - (Continued)

Major Purposes:

Water Fund	\$ 85,425
Sewer Fund	8,755
Hospital Fund	<u>531,644</u>
Total Major Purposes	<u>625,824</u>

Debt Service Purposes:

Debt Service Fund	<u>55,404</u>
-------------------	---------------

Permanently Restricted Purposes:

Library Endowment Fund - Expendable	15,348
Library Endowment Fund - Nonexpendable	69,066
Cemetery Perpetual Care Fund - Expendable	40,770
Cemetery Perpetual Care Fund - Nonexpendable	<u>50,000</u>
Total Permanently Restricted Purposes	<u>175,184</u>

Other Purposes:

Special Park Gift Fund	2,000
Special Rec Gift Fund	630
SDRS Pension Purposes	<u>759,064</u>
Total Other Purposes	<u>761,694</u>

Total Restricted Net Position	<u>\$1,618,106</u>
--------------------------------------	---------------------------

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

NOTE 15 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2019, were as follows:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 15 - (Continued)

<u>Transfers From:</u>	<u>Transfers To:</u>	
	<u>General Fund</u>	<u>Total</u>
Major Funds:		
Aggregate Other		
Governmental Funds	\$ 19	\$ 19
Water Fund	6,033	6,033
Sewer Fund	6,868	6,868
Landfill Fund	<u>1,049</u>	<u>1,049</u>
	<u>\$13,969</u>	<u>\$13,969</u>

The City typically uses transfers to transfer earnings on deposits and investments from Special Revenue Funds and Proprietary Funds to the General Fund.

NOTE 16 - PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - (Continued)

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The City's share of contributions to the SDRS for the calendar years ended December 31, 2019, 2018 and 2017, equal to the required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2019	\$397,653
2018	\$379,284
2017	\$363,135

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

At June 30, 2019, SDRS is 100.09% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the City as of this measurement period ended June 30, 2019, and reported by the City as of December 31, 2019, are as follows:

Proportionate share of total pension liability	\$38,096,205
Less proportionate share of net position restricted for pension benefits	<u>38,128,600</u>

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - (Continued)

Proportionate share of net pension asset \$ (32,395)

At December 31, 2019, the City reported an asset of \$32,395 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the City's proportion was .3056940%, which is an increase of .0078288% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$1,269,568. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 127,074	\$ 14,663
Changes in assumption	1,118,845	458,673
Net difference between projected and actual earnings on pension plan investments	--	186,623
Changes in proportion and difference between City contributions and proportionate share of contributions	14,474	61,960
City contributions subsequent to the measurement date	<u>188,195</u>	<u>--</u>
Total	<u>\$1,448,588</u>	<u>\$721,919</u>

\$188,195 reported as deferred outflow of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of expense) as follows:

<u>Year Ended December 31:</u>	
2020	\$ 695,547
2021	(128,412)
2022	(86,876)
2023	<u>58,215</u>
Total	<u>\$ 538,474</u>

Actuarial Assumptions:

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

Inflation	2.25 percent
Salary increases	Graded by years of service, from 6.5% at entry to 3.00% after 25 years of service

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - (Continued)

Discount rate	6.50% net of plan investment expense
Future COLAs	1.88%

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	<u>2.0%</u>	0.9%
Total	<u>100.0%</u>	

Discount Rate:

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

Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the City's proportionate share of net pension asset calculated using the discount rate of 6.5%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current rate:

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 16 - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset)	<u>\$5,376,968</u>	<u>\$(32,395)</u>	<u>\$(4,440,048)</u>

Pension Plan Fiduciary Net Position:

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

NOTE 17 - SIGNIFICANT CONTINGENCIES - LITIGATION

At December 31, 2019, the City was not involved in litigation.

NOTE 18 - SIGNIFICANT CONTINGENCIES - OTHER

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

NOTE 19 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2019, the City managed its risks as follows:

Employee Health Insurance:

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

Liability Insurance:

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

Worker's Compensation:

The City joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member

CITY OF REDFIELD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 19 - (Continued)

organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The City's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The City pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of \$2,000,000 per incident.

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

Unemployment Benefits:

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

NOTE 20 - SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Hospital's operations have been negatively impacted by the coronavirus pandemic with some affects to the patient volumes and revenues from service lines involving elective procedures.

The Hospital is closely monitoring its operations to minimize the financial impact of the pandemic. As of the date of issuance of the financial statements, the complete impact to the Hospital's financial position is undetermined. The Hospital's financial statements do not include any adjustments directly attributable to the pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF REDFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
REVENUES:				
Taxes:				
General property taxes	\$1,186,000	\$1,186,000	\$1,164,393	\$ (21,607)
General sales and use taxes	900,000	900,000	917,381	17,381
Amusement taxes	--	--	252	252
Penalties and interest on				
delinquent taxes	3,000	3,000	3,944	944
License and Permits	21,000	21,000	21,641	641
Intergovernmental Revenue:				
Federal grants	25,000	127,907	55,179	(72,728)
State grants	10,000	14,958	8,719	(6,239)
State shared revenue:				
Bank franchise tax	10,000	10,000	6,938	(3,062)
Prorate license fees	5,500	5,500	7,119	1,619
Liquor tax reversion (25%)	15,000	15,000	15,307	307
Motor vehicle licenses	30,000	30,000	32,052	2,052
Local government highway				
and bridge fund	50,000	50,000	58,465	8,465
Other	150	150	--	(150)
County shared revenue:				
County road tax (25%)	5,180	5,180	5,182	2
County road and bridge tax (25%)	2,770	2,770	--	(2,770)
County wheel tax	1,000	1,000	1,189	189
Other intergovernmental revenues	--	--	6,000	6,000
Charges for Goods and Services:				
General government	15,250	15,250	18,820	3,570
Public safety	2,600	2,600	2,592	(8)
Health	250	250	805	555
Culture and recreation	30,550	30,550	37,586	7,036
Cemetery	8,500	8,500	7,613	(887)
Other	500	500	5,731	5,231
Fines and Forfeits:				
Court fines and costs	3,000	3,000	3,556	556
Library	2,000	2,000	2,979	979
Miscellaneous Revenue:				
Investment earnings	7,750	7,750	7,546	(204)
Rentals	10,250	10,250	18,237	7,987
Special assessments	3,000	3,000	12,565	9,565
Contributions and donations				
from private sources	--	--	23,420	23,420
Other	24,000	24,000	20,950	(3,050)
TOTAL REVENUES	2,372,250	2,480,115	2,466,161	(13,954)
EXPENDITURES:				
General Government:				
Legislative	103,640	213,640	112,265	101,375
Contingency	30,000	30,000		
Amount transferred		--		30,000
Executive	11,825	11,825	11,033	792
Financial administration	147,225	147,225	154,557	(7,332)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other	17,000	17,000	12,813	4,187
Public Safety:				
Police	325,000	325,000	325,000	--
Fire	108,450	125,950	120,760	5,190
Public Works:				
Highways and streets	613,275	638,275	640,346	(2,071)
Airport	54,600	204,600	75,055	129,545
Cemeteries	37,200	47,200	44,063	3,137
Health and Welfare:				
Health	88,205	108,205	93,526	14,679
Culture and Recreation:				
Recreation	372,125	402,125	391,947	10,178
Parks	81,625	81,625	46,016	35,609
Libraries	159,300	159,300	173,908	(14,608)
Conservation and Development:				
Economic development and assistance	85,000	85,000	76,525	8,475
Debt Service	--	226,000	225,387	613
TOTAL EXPENDITURES	<u>2,234,470</u>	<u>2,822,970</u>	<u>2,503,201</u>	<u>319,769</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>137,780</u>	<u>(342,855)</u>	<u>(37,040)</u>	<u>305,815</u>
OTHER FINANCING SOURCES:				
Transfers in	--	--	13,969	13,969
Sale of municipal property	5,000	5,000	1,104	(3,896)
Compensation for loss or damage to capital assets	--	--	7,264	7,264
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>5,000</u>	<u>22,337</u>	<u>17,337</u>
NET CHANGE IN FUND BALANCES	142,780	(337,855)	(14,703)	323,152
CHANGE IN NONSPENDABLE	--	--	(1,651)	(1,651)
FUND BALANCE - BEGINNING	<u>657,349</u>	<u>657,349</u>	<u>657,349</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$ 800,129</u>	<u>\$ 319,494</u>	<u>\$ 640,995</u>	<u>\$321,501</u>

CITY OF REDFIELD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
DECEMBER 31, 2019

NOTE 1 - Budgets and Budgetary Accounting

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

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total City budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpended appropriations lapse at year end unless encumbered by resolution of the Governing Board.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP).

NOTE 2 - USGAAP/Budgetary Accounting Basis Differences

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

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

	Last 5 Fiscal Years*				
	(Dollar amounts in thousands)				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	.3056940%	.2978652%	.29124420%	.2934105%	.3053577%
City's proportionate share of net pension liability (asset)	\$(32)	\$(7)	\$(26)	\$991	\$(1,295)
City's covered payroll	\$6,421	\$6,106	\$5,819	\$5,471	\$5,474
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	.50%	0.11%	0.45%	18.11%	23.66%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.09%	100.02%	100.10%	96.89%	104%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

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

	* Last 5 Fiscal Years (Dollar amounts in thousands)				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 397	\$ 379	\$ 363	\$ 343	\$ 331
Contributions in relation to the contractually required contribution	<u>397</u>	<u>379</u>	<u>363</u>	<u>343</u>	<u>331</u>
Contribution deficiency (excess)	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>
City's covered payroll	\$6,524	\$6,229	\$5,964	\$5,619	\$5,436
Contributions as a percentage of covered payroll	6.09%	6.08%	6.09%	6.10%	6.09%

* Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF REDFIELD
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(ASSET) AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes of benefit terms:

No significant changes.

Changes of assumptions:

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

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

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

SUPPLEMENTARY INFORMATION

CITY OF REDFIELD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
ASSETS:								
Cash and cash equivalents	\$ --	\$ 50,000	\$2,000	\$ --	\$ 2,052	\$ --	\$21,414	\$ 75,466
Investments	--	226,366	--	630	--	90,770	63,000	380,766
Due from state government	6,600	--	--	--	4,104	--	--	10,704
Restricted cash and cash equivalents	--	--	--	--	49,248	--	--	49,248
TOTAL ASSETS	<u>\$ 6,600</u>	<u>\$276,366</u>	<u>\$2,000</u>	<u>\$630</u>	<u>\$55,404</u>	<u>\$90,770</u>	<u>\$84,414</u>	<u>\$516,184</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
LIABILITIES:								
Accounts payable	\$ 238	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 238
Due to General Fund	<u>211,367</u>	--	--	--	--	--	--	<u>211,367</u>
TOTAL LIABILITIES	<u>211,605</u>	--	--	--	--	--	--	<u>211,605</u>
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - sales and use taxes	<u>741</u>	--	--	--	--	--	--	<u>741</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>741</u>	--	--	--	--	--	--	<u>741</u>
FUND BALANCES:								
Nonspendable	--	--	--	--	--	50,000	69,066	119,066
Restricted	--	--	2,000	630	55,404	40,770	15,348	114,152
Committed	--	276,366	--	--	--	--	--	276,366
Unassigned	<u>(205,746)</u>	--	--	--	--	--	--	<u>(205,746)</u>
TOTAL FUND BALANCES	<u>(205,746)</u>	<u>276,366</u>	<u>2,000</u>	<u>630</u>	<u>55,404</u>	<u>90,770</u>	<u>84,414</u>	<u>303,838</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,600</u>	<u>\$276,366</u>	<u>\$2,000</u>	<u>\$630</u>	<u>\$55,404</u>	<u>\$90,770</u>	<u>\$84,414</u>	<u>\$516,184</u>

CITY OF REDFIELD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
REVENUES:								
Taxes:								
General sales and use taxes	\$ 63,808	\$ --	\$ --	\$ --	\$50,479	\$ --	\$ --	\$ 114,287
Intergovernmental Revenue:								
State grants	500	--	--	--	--	--	--	500
Charges for Goods and Services:								
Culture and recreation	2,506	--	--	--	--	--	--	2,506
Cemetery	--	--	--	--	--	3,663	--	3,663
Other	6,307	--	--	--	--	--	--	6,307
Miscellaneous Revenue:								
Investment earnings	--	--	19	--	--	--	1,586	1,605
Contributions and donations								
from private sources	18,731	--	--	1,455	--	--	--	20,186
Other	799	--	--	--	--	--	--	799
TOTAL REVENUES	<u>92,651</u>	<u>--</u>	<u>19</u>	<u>1,455</u>	<u>50,479</u>	<u>3,663</u>	<u>1,586</u>	<u>149,853</u>
EXPENDITURES:								
Culture and Recreation:								
Libraries	--	--	--	--	--	--	25,641	25,641
Historical preservation	85,867	--	--	--	--	--	--	85,867
Conservation and Development:								
Economic development and assistance	102,500	--	--	--	--	--	--	102,500
Debt Service	--	--	--	--	49,248	--	--	49,248
Capital Outlay	6,148	--	--	12,547	--	--	--	18,695
TOTAL EXPENDITURES	<u>194,515</u>	<u>--</u>	<u>--</u>	<u>12,547</u>	<u>49,248</u>	<u>--</u>	<u>25,641</u>	<u>281,951</u>
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	<u>(101,864)</u>	<u>--</u>	<u>19</u>	<u>(11,092)</u>	<u>1,231</u>	<u>3,663</u>	<u>(24,055)</u>	<u>(132,098)</u>

	Liquor, Lodging and Dining Gross Receipts Tax Fund	Industrial Development Revolving Loan Fund	Special Park Gift Fund	Special Rec Gift Fund	Debt Service Fund	Cemetery Perpetual Care Fund	Library Endowment Fund	Total Nonmajor Governmental Funds
OTHER FINANCING USES:								
Transfers out	--	--	(19)	--	--	--	--	(19)
TOTAL OTHER FINANCING USES	--	--	(19)	--	--	--	--	(19)
NET CHANGE IN FUND BALANCES	(101,864)	--	--	(11,092)	1,231	3,663	(24,055)	(132,117)
FUND BALANCE - BEGINNING	(103,882)	276,366	2,000	11,722	54,173	87,107	108,469	435,955
FUND BALANCE - ENDING	<u>\$ (205,746)</u>	<u>\$ 276,366</u>	<u>\$ 2,000</u>	<u>\$ 630</u>	<u>\$ 55,404</u>	<u>\$ 90,770</u>	<u>\$ 84,414</u>	<u>\$ 303,838</u>