# BRIDGEWATER SCHOOL DISTRICT NO. 43-6

## AUDIT REPORT

## JUNE 30, 2009

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**TABLE OF CONTENTS**


| | PAGE |
|---|---|
| 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 | 1-3 |
| Independent Auditor's Report | 4-5 |
| Management's Discussion and Analysis | 6-16 |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS: | |
| Statement of Net Assets as of June 30, 2009 | 17 |
| Statement of Activities for the Year Ended June 30, 2009 | 18-19 |
| FUND FINANCIAL STATEMENTS | |
| Balance Sheet-Governmental Funds as of June 30, 2009 | 20-21 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds-for the Year Ended June 30, 2009 | 23-28 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-wide Statement of Activities | 29 |
| Balance Sheet-Proprietary Funds as of June 30, 2009 | 30 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Fund-for the Year Ended June 30, 2009 | 31 |
| Statement of Cash Flows-Proprietary Funds-For the Year Ended June 30, 2009 | 32-33 |
| Statement of Fiduciary Net Assets-Fiduciary Funds as of June 30, 2009 | 34 |
| Notes to Financial Statements | 35-54 |

Required Supplementary Information:
BUDGETARY COMPARISON SCHEDULES-
General Fund - Budgetary Basis 55-60
Capital Outlay Fund - Budgetary Basis 61-64
Special Education Fund - Budgetary Basis 65-68
Pension Fund - Budgetary Basis 69-70

Notes to Required Supplementary Information 71-72

Schedule of Current Audit Findings 73

Schedule of Prior Audit Findings 74

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

School Board
Bridgewater School District No. 43-6
McCook County, South Dakota

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bridgewater School District No. 43-6, McCook County, South Dakota, as of and for the fiscal year ended June 30, 2009 which collectively comprise Bridgewater School Districts basic final statements, and have issued my report thereon dated August 6, 2009. I conducted my 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Bridgewater School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Districts internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School Districts internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement or the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control. I consider the deficiency described in the accompanying schedule of current audit findings to be a significant deficiency in internal control over financial reporting. See finding number 2009-01

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

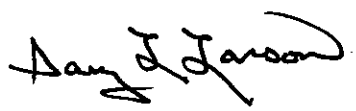
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is a material weakness. See finding number 2009-01

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridgewater School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The School District's response to the findings identified in my audit is described in the accompanying schedule of current audit findings. I did not audit the School District's response and accordingly, I express no opinion on it.

This report is intended for the information and use of the South Dakota Legislature, the governing board and management of Bridgewater School District No. 43-6 and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



August 6, 2009

**Gary L. Larson, CPA**

900 Winchester Drive
Pierre, SD 57501
(605) 940-1284

**INDEPENDENT AUDITOR'S REPORT**

School Board
Bridgewater School District No. 43-6
McCook County, South Dakota

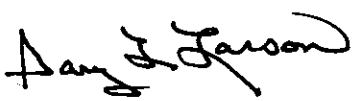
I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bridgewater School District No. 43-6, McCook County, South Dakota, as of June 30, 2009, and for the fiscal year then ended, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Bridgewater School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, I do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund, and the aggregate remaining fund information of the Bridgewater School District No. 43-6 as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated August 6, 2009 on my consideration of Bridgewater School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and to the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 16 and 55 through 72 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



August 6, 2009

Bridgewater School District 43-6
510 N. Main—PO Box 350
Bridgewater, SD 57319
Phone: (605) 729-2541--- Fax: (605) 729-2580
Jason Bailey, Superintendent
Kim Aman, Elementary Principal
Alyce Paweltzki, Business Manager
Christena Schultz, Secondary Principal

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED JUNE 30, 2009

**This section is to present the financial picture of the Bridgewater School District 43-6. This discussion and analysis of the School's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; please review the notes to the financial statements and the financial statements to enhance your understanding of our District's financial performance.**

## FINANCIAL HIGHLIGHTS

**The School's net assets from governmental and business-type activities decreased approximately $136,451 primarily due to an increase in expenses and a decrease in revenues.**

**During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were $136,451 less than the $2,045,718 governmental and business-type program expenditures.**

**The total cost of the School's programs increased by 9 per cent which was primarily due to an increase in salaries and fuel costs.**

**The general fund reported a $133,736 current year deficit primarily due to an increase in payroll expenses. Our capital outlay fund decreased by $70,220 and our special education fund increased by $30,052. We feel our capital outlay and special education funds have a good financial status at this time, but our general fund has showed a substantial deficit because of a decline in enrollment.**

**The Bridgewater School began to levy taxes for the pension fund three years ago. We lowered our capital outlay request by the pension levy amount so our taxpayers had no additional tax burden placed on them. This fund grew $31,172 in fiscal year 2009. It is our intention to use this fund in the future to finance our retirement expense and help preserve our general fund.**

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

**The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.**

**The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.**

**Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The Bridgewater School District has two proprietary funds. One is the Food Service Operation and the other an internal service fund for possible unemployment costs.**

**Fiduciary fund statements provide information about the financial relationships - like student organization club accounts - in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.**

**The financial statements also include notes that explain some of the information in the financial statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.**

**Figure A-1**

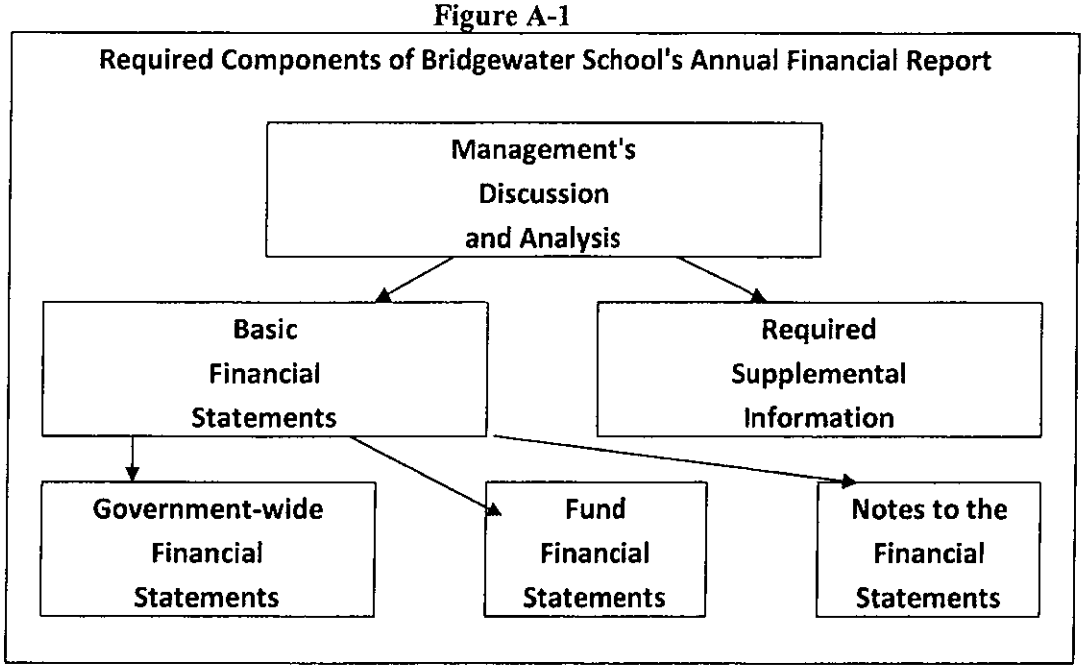


Figure A-2 shows the major features of Bridgewater School District 43-6 Government-wide and Fund Financial Statements

**Figure A-2**

| | Government-wide Statements | Fund Financial Statements | | |
|---|---|---|---|---|
| | | Governmental | Proprietary-Enterprise | Fiduciary |
| **Scope** | Entire School Government (except Fiduciary Funds) | The Activities of School that are not proprietary or fiduciary, such as elementary & high school education programs. | Activities the School operates similar to private businesses, the food service operation and the unemployment fund. | Assets held by the District on behalf of someone else. Students & other organizations that have funds on Deposit with the District are reported here. |
| **Required Financial Statements** | Statement of Net Assets and Statement of Activities. | Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balances. | Balance Sheet, Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flow. | Statement of Fiduciary Net Assets, Statement of Changes in Fiduciary Net Assets. |
| **Basis of Accounting & Measurement** | Accrual Accounting. Economic resources focus. | Modified accrual accounting & current financial resources focus. | Accrual Accounting. Economic resources focus. | Accrual Accounting. Economic resources focus. |
| **Type of Asset/Liability Information** | All assets and liabilities, both financial land capital, and short-term and long-term. | Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included. | All assets and liabilities, both financial and capital, and short-term and long-term. | All assets and liabilities, both short-term and long term: the school's funds do not currently contain capital assets although they can. |
| **Type of Inflow/Outflow Information** | All revenues and expenses during year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon at end the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and Expenses during year, regardless of when cash is received or paid. | All revenues and expenses during year, regardless of when cash is received or paid. |

Government-wide Statements

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

The two government-wide statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – are one way to measure the School's financial health or position.

- Increases or decreases in the School's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the School you need to consider additional non financial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

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

- Governmental Activities - This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.

- Business-type Activities - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity of the School.

Fund Financial Statements

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

- State Law requires some of the funds such as capital outlay and special education.

- The School Board establishes other funds to control and manage money for particular purposes.

The School has three kinds of funds:

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

- Proprietary Funds – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund (one type of proprietary fund) and the Unemployment Fund (an Internal Service Fund) are the only proprietary funds maintained by the School.

- Fiduciary Funds – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Assets:

The School's combined net assets increased as follows: (See Table A-1) on following page.

Table A-1

**Bridgewater School District 43-6**
**Statement of Net Assets**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Current and Other Assets | 1,943,253 | 1,809,433 | 7,314 | 8,401 | 1,950,567 | 1,817,834 |
| Capital Assets | 1,745,640 | 1,688,441 | 289 | 123 | 1,745,929 | 1,688,564 |
| Total Assets | 3,688,893 | 3,497,874 | 7,603 | 8,524 | 3,696,496 | 3,506,398 |
| Long-Term Debt Outstanding | 875,000 | 810,000 | | | 875,000 | 810,000 |
| Other Liabilities | 573,642 | 587,203 | 3,402 | 1,194 | 577,044 | 588,397 |
| Total Liabilities | 1,448,642 | 1,397,203 | 3,402 | 1,194 | 1,452,044 | 1,398,397 |
| Net Assets: | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Related Debt | 870,640 | 878,441 | 289 | 123 | 870,929 | 878,564 |
| Restricted | 842,314 | 836,605 | 3,912 | 7,207 | 846,226 | 843,812 |
| Unrestricted | 527,297 | 385,625 | 0 | 0 | 527,297 | 385,625 |
| Total Net Assets | 2,240,251 | 2,100,671 | 4,201 | 7,330 | 2,244,452 | 2,108,001 |
| Beginning Net Assets | 2,171,833 | 2,240,251 | 3,211 | 4,201 | 2,175,044 | 2,244,452 |
| Increase (Decrease) in Net Assets | 68,418 | (139,580) | 990 | 3,129 | 69,408 | (136,451) |
| Percentage of Increase (Decrease) in Net Assets | 3% | (6%) | 31% | 74% | 3% | (6%) |

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net assets.

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school consisting of general obligations bonds have been reported in this manner on the Statement of Net Assets. The difference between the school's assets and liabilities is its net assets. The Bridgewater School District pays the staff their compensated sick and personal leave at the end of each year thus creating no compensated leave liability.

Changes in Net Assets

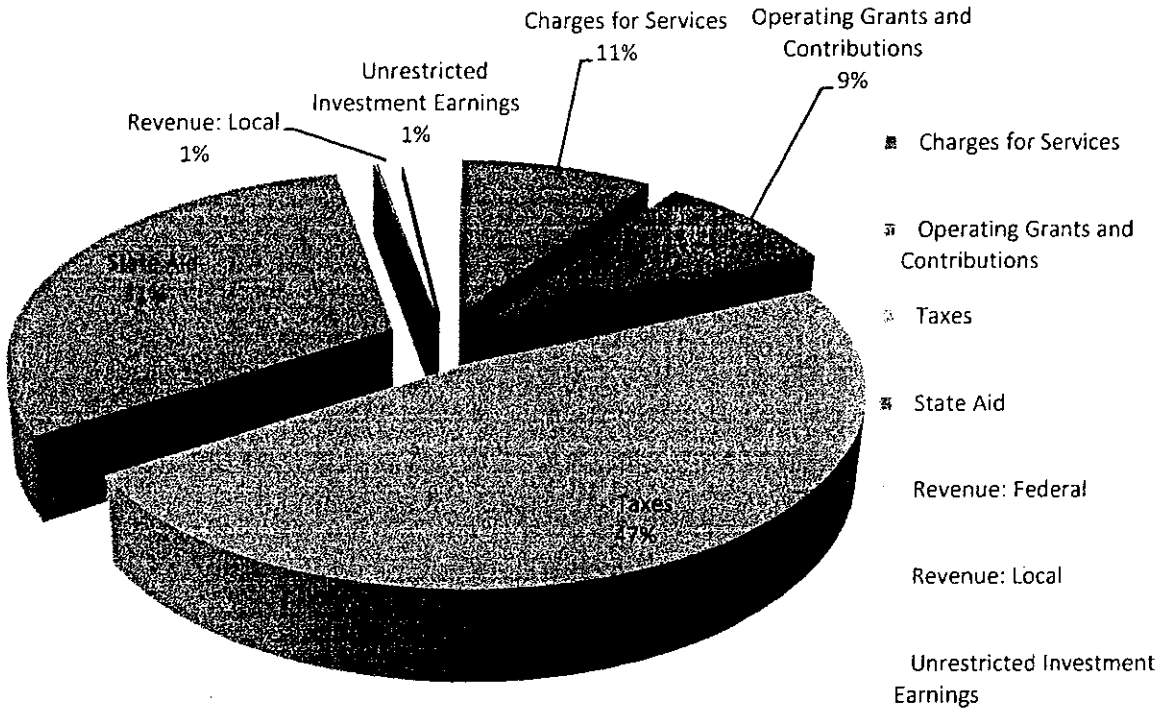
Discussion in this section will show condensed financial comparison of revenues and expenses and provide explanations for significant differences.

**The School's total revenues totaled $ 1,909,267 (See Table A-2.)**

| Table A-2 | | | | | | | |
|---|---|---|---|---|---|---|---|
| BRIDGEWATER SCHOOL DISTRICT 43-6 | | | | | | | |
| Changes in Net Assets | | | | | | | |
| | | | Business | Business | | | Total |
| | Governmental | Governmental | Type | Type | Total | Total | Percentage |
| | Activities | Activities | Activities | Activities | | | Change |
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008-2009 |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | 161,560 | 185,835 | 36,153 | 33,714 | 197,713 | 219,549 | 11% |
| Operating Grants and | 104,123 | 145,461 | 32,715 | 29,471 | 136,838 | 174,932 | 28% |
| Contributions | | | | | | | |
| General Revenues | | | | | | | |
| Taxes | 922,482 | 888,801 | | | 922,482 | 888,801 | (4%) |
| State Aid | 622,308 | 591,886 | | | 622,308 | 591,886 | (5%) |
| Revenue: Federal | 1,001 | | | | 1,001 | | (100%) |
| Revenue: Local | 24,258 | 17,354 | | | 24,258 | 17,354 | (28%) |
| Unrestricted Investment | | | | | | | |
| Earnings | 33,748 | 16,639 | 105 | 106 | 33,853 | 16,745 | (51%) |
| **Total Revenues** | **1,869,480** | **1,845,976** | **68,973** | **63,291** | **1,938,453** | **1,909,267** | **(2%)** |
| | | | | | | | |
| Expenses | | | | | | | |
| Instruction | 955,537 | 1,033,815 | | | 955,537 | 1,033,815 | 8% |
| Support Services | 727,513 | 831,760 | | | 727,513 | 831,760 | 14% |
| Interest | 30,896 | 30,630 | | | 30,896 | 30,630 | (1%) |
| Co-Curricular Activities | 77,821 | 71,430 | | | 77,821 | 71,430 | (8%) |
| Food Service | | | 77,728 | 78,083 | 77,278 | 78,083 | (1%) |
| **Total Expenses** | **1,791,767** | **1,967,635** | **77,728** | **78,083** | **1,869,045** | **2,045,718** | **9%** |
| | | | | | | | |
| Excess (Deficiency) | 77,713 | (121,659) | (8,305) | (14,792) | 69,408 | (136,451) | (297%) |
| Before Transfers and | | | | | | | |
| Transfers out | -9,295 | (17,921) | 9,295 | 17,921 | | | |
| **Increase (Decrease)** | **68,418** | **(139,580** | **990** | **3,129** | **69,408** | **(136,451)** | **(297%)** |
| **in Net Assets** | | | | | | | |
| Beginning Net Assets | 2,171,833 | 2,240,251 | 3,211 | 4,201 | 2,175,044 | 2,244,452 | 3% |
| **Ending Net Assets** | **2,240,251** | **2,100,671** | **4,201** | **7,330** | **2,244,452** | **2,108,001** | **(6%)** |

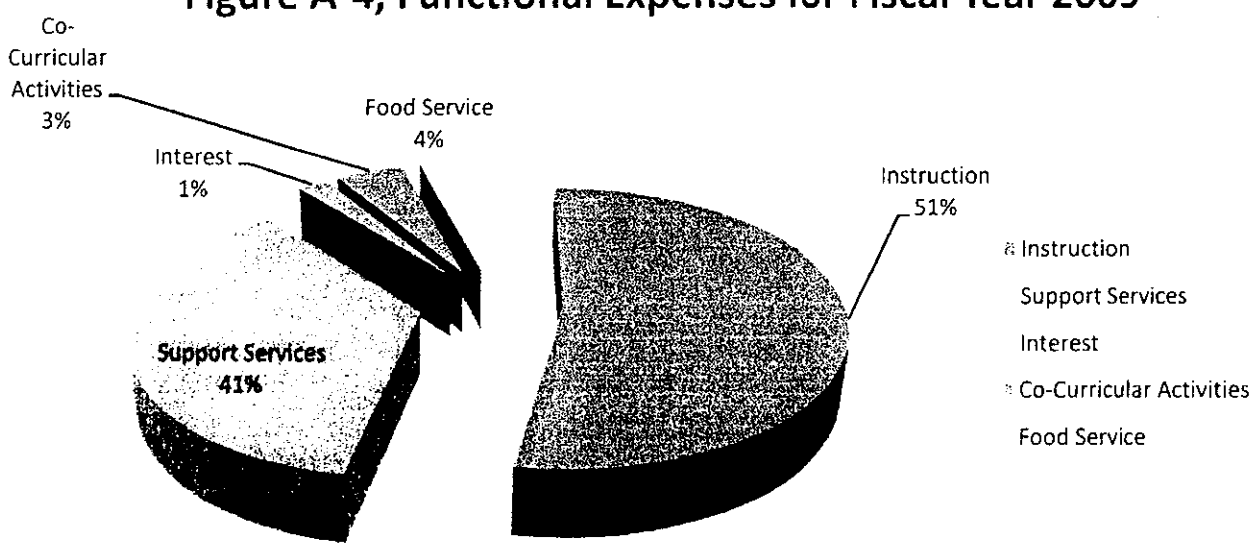
**Approximately one half of the School's revenue comes from property and other taxes, with another third coming from state aid. (See Figure A-3).**

## Figure A-3, Sources of Revenue for Fiscal Year 2009




**The total cost of all programs and services was up $176,673 from fiscal year 2008. The School's expenses cover a range of services, encompassing instruction, support services and food services. The School's total functional expenses were $2,045,718. (See Figure A-4)**

## Figure A-4, Functional Expenses for Fiscal Year 2009



## GOVERNMENTAL ACTIVITIES

Table A-3 and the narrative that follows consider the operations of the governmental activities.

## BUSINESS-TYPE ACTIVITIES

The revenues of the School's business-type activities decreased by approximately 8% in the amount of $5,682 and expenses increased by approximately .5% in the amount of $355.

There was a reduction in the number of students attending the school during 2009. This resulted in a decrease in the number of meals served by the food service operations.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The General Fund balance had a decrease of 27% due to a decrease in taxes and state aid and an increase in salaries and building expenses. The Capital Outlay Fund showed a loss of 15% for the fact that we installed air conditioning in our building and we participated in the one-to-one laptop program for our students. Our Special Education Fund showed a gain of 16% since we had a decrease of students in our Special Education program. The Bond Redemption Fund Balance increased by less than 2% since we attempt to levy no more than is absolutely needed to pay our bond. The Pension Fund increased by 32% due to no expenditures for fiscal year 2009. Our Food Service Fund Balance had a 74% increase due to an offset of a $18,027 transfer in from the General Fund.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revised the School budget just once at the end of the fiscal year. These amendments fall into two categories:

Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.

Increase in election, legal, newspaper, fuel, electricity, and co-curricular expense.

Change from Original to Final Budget

| | |
|---|---|
| Total Original Budget: | $1,490,000.00 |
| Total Final Budget: | $1,500,511.00 |
| Increase in Budgeted: | 10,511.00 |
| Revenue and Expenditures | .7% |

## CAPITAL ASSET ADMINISTRATION

By the end of 2009, the School had invested $1,688,564 in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-3)

| Table A-3 | | | | |
|---|---|---|---|---|
| BRIDGEWATER SCHOOL DISTRICT 43-6 - Capital Assets | | | | |
| (net of depreciation) | | | | |
| | | | | |
| | Governmental | Activities | Business-type | |
| | | | Activities | |
| | 2008 | 2009 | 2008 | 2009 |
| Land | 19,203 | 19,203 | | |
| Buildings | 1,691,951 | 1,645,899 | | |
| Machinery and Equipment | 34,486 | 23,339 | 289 | 123 |
| Total Capital Assets (Net) | 1,745,640 | 1,688,441 | 289 | 123 |

There were no capital asset purchases in fiscal year 2009.

## LONG-TERM DEBT

At year-end 2009 the Bridgewater School had 810,000 in General Obligation Bonds.

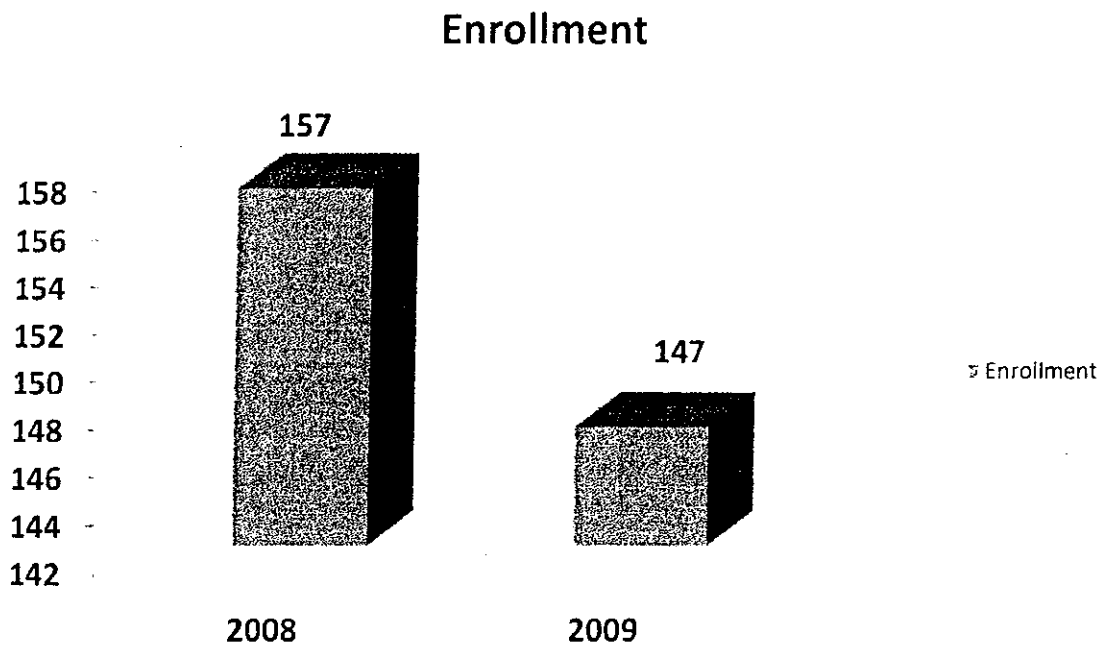
| Total Debt | 2008 | 2009 | Principal Paid |
|---|---|---|---|
| Outstanding Debt | $875,000 | 810,000 | $70,000 |
| Total Outstanding Debt and Obligations | $875,000 | 810,000 | $70,000 |

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

The School's current economic position has shown little change. The School did experience an increase in total property valuation of $3,045,045 from the prior year. The increase in property valuation generated only about $14,400 more in the general fund since the levy rates in the general fund decreased. One of the primary sources of revenue to the School is based on a per student allocation they receive from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal $4,664.66 per pupil. The allocation for the next year has been increased by 3%, however the school has experienced a reduction of ten students average daily membership (ADM) this year. This reduction in ADM will result in the school receiving less overall revenue from the State of South Dakota even with the increase in the allocation. The School is currently sharing staff with the surrounding schools in an effort to decrease costs. We are also receiving and

sending classes on our distance learning network. We have passed a consolidation plan with the Emery School District which will take effect on July 1, 2010.

The school's enrollment for the last two years has been as follow:




CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Alyce Paweltzki, Business Manager or Jason Bailey, Superintendent; Bridgewater School District 43-6, PO Box 350, Bridgewater, SD 57319

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF NET ASSETS**
**JUNE 30, 2009**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS: | | | |
| Cash and cash equivalents | $1,345,750 | $4,455 | 1,350,205 |
| Receivables | 459,982 | 0 | 459,982 |
| Inventories | 3,701 | 3,946 | 7,647 |
| Capital Assets: | | | |
| Land | 19,203 | 0 | 19,203 |
| Other capital assets, net of depreciation | 1,669,238 | 123 | 1,669,361 |
| TOTAL ASSETS | $3,497,874 | $8,524 | $3,506,398 |
| | | | |
| LIABILITIES: | | | |
| Accounts payable | $6,534 | $0 | $6,534 |
| Other current liabilities | 134,981 | 1,194 | 136,175 |
| Deferred revenue | 445,688 | 0 | 445,688 |
| Noncurrent Liabilities: | | | |
| Due within one year | 70,000 | 0 | 70,000 |
| Due in more than one year | 740,000 | 0 | 740,000 |
| TOTAL LIABILITIES | 1,397,203 | 1,194 | 1,398,397 |
| | | | |
| NET ASSETS: | | | |
| Invested in capital assets, net of related debt | 878,441 | 123 | 878,564 |
| Restricted For: | | | 0 |
| Capital outlay | 413,156 | 0 | 413,156 |
| Special education | 213,834 | 0 | 213,834 |
| Pension | 128,683 | 0 | 128,683 |
| Debt service | 80,932 | 0 | 80,932 |
| Food service | 0 | 7,207 | 7,207 |
| Unrestricted | 385,625 | 0 | 385,625 |
| | | | |
| TOTAL NET ASSETS | 2,100,671 | 7,330 | 2,108,001 |
| | | | |
| TOTAL LIABILITIES AND NET ASSETS | $3,497,874 | $8,524 | $3,506,398 |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | | PROGRAM REVENUES | |
|---|---|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions |
| Governmental Activities: | | | |
| Instruction | $1,033,815 | $740 | $145,461 |
| Support services | 831,760 | 178,497 | 0 |
| Interest on long-term debt* | 30,630 | 0 | 0 |
| Cocurricular activities | 71,430 | 6,598 | 0 |
| Total Governmental Activities | 1,967,635 | 185,835 | 145,461 |
| Business-type Activities: | | | |
| Food service | 78,083 | 33,714 | 29,471 |
| TOTAL | $2,045,718 | $219,549 | $174,932 |

GENERAL REVENUES:
Property taxes
Gross receipts tax
State aid
Unrestricted investment earnings
Other general revenues

TRANSFERS

Total general revenues and transfers

Change in net assets

Net Assets-beginning

NET ASSETS-ending

* Interest expense is on general long-term debt, not attributable to any of the functions included above.

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

| Governmental Activities | Business-type Activities | Total |
|---|---|---|
| ($887,614) | $0 | ($887,614) |
| (653,263) | 0 | (653,263) |
| (30,630) | 0 | (30,630) |
| (64,832) | 0 | (64,832) |
| (1,636,339) | 0 | (1,636,339) |
| 0 | (14,898) | (14,898) |
| (1,636,339) | (14,898) | (1,651,237) |
| 840,757 | 0 | 840,757 |
| 48,044 | 0 | 48,044 |
| 591,886 | 0 | 591,886 |
| 16,639 | 106 | 16,745 |
| 17,354 | 0 | 17,354 |
| (17,921) | 17,921 | 0 |
| 1,496,759 | 18,027 | 1,514,786 |
| (139,580) | 3,129 | (136,451) |
| 2,240,251 | 4,201 | 2,244,452 |
| $2,100,671 | $7,330 | $2,108,001 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2009**

| | General Fund | Capital Outlay Fund | Special Education Fund |
|---|---|---|---|
| ASSETS: | | | |
| Cash and cash equivalents | $476,858 | $410,580 | $222,164 |
| Taxes receivable-current | 177,852 | 121,992 | 77,631 |
| Taxes receivable-delinquent | 8,633 | 2,576 | 1,600 |
| Supply inventory | 3,701 | 0 | 0 |
| TOTAL ASSETS | $667,044 | $535,148 | $301,395 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities: | | | |
| Accounts payable | $5,620 | $0 | $914 |
| Contracts payable | 93,031 | 0 | 7,804 |
| Payroll deductions and withholding and employer matching payable | 19,156 | 0 | 1,212 |
| Deferred revenue | 186,485 | 124,568 | 79,231 |
| TOTAL LIABILITIES | 304,292 | 124,568 | 89,161 |
| Fund balances: | | | |
| Reserved: | | | |
| Reserved for inventory | 3,701 | 0 | 0 |
| Unreserved: | | | |
| Designated for FY '10 budget | 99,000 | 100,000 | 0 |
| Undesignated | 260,051 | 310,580 | 212,234 |
| TOTAL FUND BALANCE | 362,752 | 410,580 | 212,234 |
| TOTAL LIABILITIES AND FUND BALANCE | $667,044 | $535,148 | $301,395 |

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

| Pension Fund | Bond Redemption Fund | Total Governmental Funds |
|---|---|---|
| $128,343 | $93,565 | $1,331,510 |
| 16,644 | 51,569 | 445,688 |
| 340 | 1,145 | 14,294 |
| 0 | 0 | 3,701 |
| $145,327 | $146,279 | $1,795,193 |
| | | |
| $0 | $0 | $95,815 |
| 0 | 0 | 100,835 |
| 0 | 0 | 20,368 |
| 16,984 | 52,714 | 459,982 |
| 16,984 | 52,714 | 587,719 |
| | | |
| 0 | 0 | 3,701 |
| 18,000 | 0 | 217,000 |
| 110,343 | 93,565 | 986,773 |
| 128,343 | 93,565 | 1,207,474 |
| | | |
| $145,327 | $146,279 | $1,795,193 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS**
**JUNE 30, 2009**

| | |
|---|---|
| Total Fund Balances-Government Funds | $1,207,474 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 1,688,441 |
| Long-term liabilities, including general obligation bonds, are not due and payable in the current period and therefore are not reported in the funds. | (810,000) |
| Delinquent taxes receivable are recorded as revenue in the net assets, but are deferred in the funds. | 14,294 |
| Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported in the funds. | (13,778) |
| The Statement of Net Assets includes the net assets of the internal service fund. | 14,240 |
| Net Assets-Governmental Funds | $2,100,671 |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| Revenues: | General Fund | Capital Outlay Fund | Special Education Fund |
|---|---|---|---|
| Revenues from Local Sources: | | | |
| Taxes: | | | |
| Ad valorem taxes | $328,282 | $225,370 | $143,417 |
| Prior year's ad valorem taxes | 5,180 | 2,318 | 1,457 |
| Gross receipts taxes | 48,044 | 0 | 0 |
| Penalties and interest | 1,540 | 944 | 596 |
| Tuition and fees: | | | |
| Summer school fees | 740 | 0 | 0 |
| Earnings on deposits: | | | |
| Interest earned | 11,471 | 2,715 | 1,356 |
| Cocurricular activites: | | | |
| Admissions | 6,338 | 0 | 0 |
| Rentals | 260 | 0 | 0 |
| Other revenues from local sources: | | | |
| Services for other LEA's | 174,693 | 0 | 3,804 |
| Other | 4,289 | 0 | 0 |
| Revenues from Intermediate Sources: | | | |
| County Sources: | | | |
| County apportionment | 13,065 | 0 | 0 |
| Revenues from State Sources: | | | |
| Grants-in-aid: | | | |
| Unrestricted grants-in-aid | 591,886 | 0 | 0 |
| Revenues from Federal Sources: | | | |
| Grants-in-aid: | | | |
| Restricted grants-in-aid received from federal government through state | 106,419 | 0 | 39,042 |
| Total Revenue | $1,292,207 | $231,347 | $189,672 |

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

| Pension Fund | Bond Redemption Fund | Total Governmental Funds |
|---|---|---|
| $30,732 | $96,350 | $824,151 |
| 312 | 1,012 | $10,279 |
| 0 | 0 | $48,044 |
| 128 | 410 | $3,618 |
| 0 | 0 | 740 |
| 802 | 295 | 16,639 |
| 0 | 0 | 6,338 |
| 0 | 0 | 260 |
| 0 | 0 | 178,497 |
| 0 | 0 | 4,289 |
| 0 | 0 | 13,065 |
| 0 | 0 | 591,886 |
| 0 | 0 | 145,461 |
| $31,974 | $98,067 | $1,843,267 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009**

| | General Fund | Capital Outlay Fund | Special Education Fund |
|---|---|---|---|
| Expenditures: | | | |
| Instruction: | | | |
| Regular Programs: | | | |
| Elementary | $410,796 | $16,873 | $0 |
| High school | 315,811 | 108,184 | 0 |
| Special Programs: | | | |
| Programs for special education | 0 | 0 | 90,904 |
| Educationally deprived | 34,844 | 0 | 0 |
| Support Services: | | | |
| Pupils- | | | |
| Guidance | 38,894 | 0 | 287 |
| Health service | 406 | 0 | 35 |
| Psychological | 0 | 0 | 12,234 |
| Speech | 0 | | 25,589 |
| Student therapy | 0 | 0 | 3,564 |
| Instructional staff- | | | |
| Improvement of instruction | 32,223 | 0 | 296 |
| Educational media | 29,681 | 0 | 595 |
| General administration- | | | |
| Board of education | 37,739 | 0 | 2,036 |
| Executive administration | 101,643 | 0 | 0 |
| School administration- | | | |
| Office of principal | 102,779 | 0 | 0 |
| Other | 551 | 0 | 0 |
| Business- | | | |
| Fiscal services | 80,464 | 2,700 | 7,003 |
| Operation and maintenance of plant | 108,742 | 159,232 | 0 |
| Pupil transportation | 47,402 | 10,684 | 0 |
| Other | 4,968 | 0 | 0 |
| Special Education: | | | |
| Administration costs | 0 | 0 | 14,265 |
| Transportation costs | 0 | 0 | 1,456 |

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

| Pension Fund | Bond Redemption Fund | Total Governmental Funds |
|---|---|---|
| $0 | $0 | $427,669 |
| 0 | 0 | 423,995 |
| 0 | 0 | 90,904 |
| 0 | 0 | 34,844 |
| 0 | 0 | 39,181 |
| 0 | 0 | 441 |
| 0 | 0 | 12,234 |
| 0 | 0 | 25,589 |
| 0 | 0 | 3,564 |
| 0 | 0 | 32,519 |
| 0 | 0 | 30,276 |
| 0 | 0 | 39,775 |
| 0 | 0 | 101,643 |
| 0 | 0 | 102,779 |
| 0 | 0 | 551 |
| 0 | 0 | 90,167 |
| 0 | 0 | 267,974 |
| 0 | 0 | 58,086 |
| 0 | 0 | 4,968 |
| 0 | 0 | 14,265 |
| 0 | 0 | 1,456 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009**

| | General Fund | Capital Outlay Fund | Special Education Fund |
|---|---|---|---|
| Debt Service | $0 | $0 | $0 |
| Cocurricular activities: | | | |
| Male activities | 22,765 | 0 | 0 |
| Female activities | 13,927 | 0 | 0 |
| Combined activities | 29,555 | 1,179 | 0 |
| Total Expenditures | 1,413,190 | 298,852 | 158,264 |
| Excess of Revenues over(under) Expenditures | (120,983) | (67,505) | 31,408 |
| Other Financing Sources (Uses): | | | |
| Transfers-in | 5,274 | 0 | 0 |
| Transfers-out | (18,027) | (2,715) | (1,356) |
| Net Change in Fund Balances | (133,736) | (70,220) | 30,052 |
| FUND BALANCE, JULY 1, 2008 | 496,488 | 480,800 | 182,182 |
| FUND BALANCE, JUNE 30, 2009 | $362,752 | $410,580 | $212,234 |

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

| Pension Fund | Bond Redemption Fund | Total Governmental Funds |
|---|---|---|
| $0 | $96,389 | $96,389 |
| 0 | 0 | 22,765 |
| 0 | 0 | 13,927 |
| 0 | 0 | 30,734 |
| 0 | 96,389 | 1,966,695 |
| 31,974 | 1,678 | (123,428) |
| 0 | 0 | 5,274 |
| (802) | (295) | (23,195) |
| 31,172 | 1,383 | (141,349) |
| 97,171 | 92,182 | 1,348,823 |
| $128,343 | $93,565 | $1,207,474 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | |
|---|---|
| Net Changes in Fund Balances-Total Governmental Funds | ($141,349) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period. | (57,199) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | 65,000 |
| Delinquent taxes receivable is deferred in the governmental funds, but is reported as revenue in the statement of activities | 2,709 |
| Prepaid expenses are recorded as expenditures in the governmental funds, but are recorded as assets in the statement of net assets | (9,500) |
| Accrued interest payable is reported as an expense in the statement of activities, but is not reported in the governmental funds. | 759 |
| Change in Net Assets of Governmental Activities | ($139,580) |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**BALANCE SHEET-PROPRIETARY FUNDS**
**JUNE 30, 2009**

| | ENTERPRISE FUNDS | |
|---|---|---|
| | Food Service Fund | Internal Service Fund |
| ASSETS: | | |
| Current Assets: | | |
| Cash and cash equivalents | $4,455 | $14,240 |
| Inventory of supplies | 1,055 | 0 |
| Inventory of stores purchased for resale | 1,428 | 0 |
| Inventory of donated food | 1,463 | 0 |
| Total Current Assets | 8,401 | 14,240 |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Machinery and equipment | 60,159 | 0 |
| Accumulated depreciation | (60,036) | 0 |
| Total Noncurrent Assets | 123 | 0 |
| TOTAL ASSETS | $8,524 | $14,240 |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Contracts payable | $1,051 | $0 |
| Payroll deductions and withholdings and employer matching payable | 143 | 0 |
| Total Current Liabilities | 1,194 | 0 |
| NET ASSETS: | | |
| Invested in capital assets | 123 | 0 |
| Unrestricted net assets | 7,207 | 14,240 |
| Total Net Assets | 7,330 | 14,240 |
| TOTAL LIABILITIES AND NET ASSETS | $8,524 | $14,240 |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | ENTERPRISE FUNDS | |
|---|---|---|
| | Food Service Fund | Internal Service Fund |
| Operating Revenue: | | |
| Sales: | | |
| To pupils | $31,264 | $0 |
| To adults | 2,450 | 0 |
| Total Operating Revenue | 33,714 | 0 |
| Operating Expenses: | | |
| Salaries | 32,163 | 0 |
| Employee benefits | 4,222 | 0 |
| Purchased services | 999 | 0 |
| Supplies | 1,414 | 0 |
| Cost of sales-purchased food | 35,594 | 0 |
| Cost of sales-donated food | 3,525 | 0 |
| Depreciation | 166 | 0 |
| Total Operating Expenses | 78,083 | 0 |
| Operating Income (Loss) | (44,369) | 0 |
| Nonoperating Revenue (Expense): | | |
| Local Sources: | | |
| Investment earnings | 106 | 0 |
| State Sources: | | |
| Cash reimbursements | 385 | 0 |
| Federal Sources: | | |
| Cash reimbursements | 24,595 | 0 |
| Donated food | 4,491 | 0 |
| Total Nonoperating Revenue (Expense) | 29,577 | 0 |
| Income (Loss) before Transfers | (14,792) | 0 |
| Transfers-in | 18,027 | 0 |
| Transfers-out | (106) | 0 |
| Change in Net Assets | 3,129 | 0 |
| Net Assets-beginning | 4,201 | 14,240 |
| NET ASSETS-ending | $7,330 | $14,240 |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | ENTERPRISE FUNDS | |
|---|---|---|
| | Food Service Fund | Internal Service Fund |
| Cash Flows from Operating Activities: | | |
| Receipts from customers | $34,398 | $0 |
| Payments to suppliers | (39,227) | 0 |
| Payments to employees | (38,593) | 0 |
| Net Cash Provided (Used) by Operating Activities | (43,422) | 0 |
| Cash Flows from Noncapital Financing Activities: | | |
| Operating subsidies | 24,980 | 0 |
| Transfer to General Fund | (106) | 0 |
| Transfer from General Fund | 18,027 | 0 |
| Cash Flows from Investing Activities: | | |
| Interest received | 106 | 0 |
| Net Decrease in Cash and Cash Equivalents | ($415) | $0 |
| Cash and Cash Equivalents at Beginning of Year | $4,870 | $14,240 |
| Cash and Cash Equivalents at End of Year | 4,455 | 14,240 |
| Net Decrease in Cash and Cash Equivalents | ($415) | $0 |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | ENTERPRISE FUNDS | |
|---|---|---|
| | Food Service Fund | Internal Service Fund |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| Operating Income (Loss) | ($44,369) | $0 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation expense | 166 | 0 |
| Changes in Assets and Liabilities: | | |
| Receivables | 684 | 0 |
| Inventories | (1,220) | 0 |
| Payables | (2,208) | 0 |
| Commodities used | 3,525 | 0 |
| Net Cash Provided (Used) by Operating Activities | ($43,422) | $0 |
| Noncash Investing, Capital and Financing Activities: | | |
| Value of commodities received | $4,491 | $0 |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**
**JUNE 30, 2009**

| | Agency Funds |
|---|---|
| ASSETS: | |
| Cash and cash equivalents | $13,779 |
| Total Assets | $13,779 |
| LIABILITIES: | |
| Amounts held for others | $13,779 |
| Total Liabilities and Net Assets | $13,779 |

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

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**NOTES TO THE FINANCIAL STATEMENTS**
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Bridgewater School District No. 43-6 consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organization 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.

The school district participates in a cooperative service unit with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the school district.

b. Basis of Presentation:

*Government-wide Statements*: The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. These statements include all funds of the reporting entity, except for fiduciary activities. These statements distinguish between the *governmental and*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

*Fund Financial Statement:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

**Governmental Funds:**

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The Bond Redemption Fund - A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. The Bond Redemption Fund is the only debt service fund maintained by the school district. This is a major fund.

**Proprietary Funds:**

Enterprise Fund Types - enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

Internal Service Fund - A fund used for unemployment costs. This is not a major fund.

**Fiduciary Funds:**

Fiduciary Funds are never considered to be major funds.

Agency Fund Types - agency funds are used to account for resources held by the school district in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The District maintains agency funds for the following purposes:

Student clubs and organizations such as "FFA" and "Student Council"

c. Measurement of Focus and Basis of Accounting:

Measurement of 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 of focus.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Measurement Focus:**

Government-wide Financial Statements:

In the government-wide Statement of Net Assets 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 funds.

**Basis of Accounting:**

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Bridgewater School District No. 43-6, the length of that cycle is 60 days. No revenues were accrued at June 30, 2009.

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

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

The business-type activities and enterprise funds do not apply any FASB Statements and interpretations issued after November 30, 1989.

d. Capital Assets:

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

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

Government-wide Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2009 balance of capital assets for governmental activities includes approximately one percent for which the costs were determined by estimates of the original costs. The total June 30, 2009 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were established by deflated current replacement cost.

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

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|---|---|---|---|
| Land | ALL | N/A | N/A |
| Improvements | $ 25,000 | Straight-line | 15-50 years |
| Buildings | 25,000 | Straight-line | 15-50 years |
| Machinery and Equipment: | | | |
| General | 5,000 | Straight-line | 4-20 years |
| Food Service | 300 | Straight-line | 12 years |

Land is an inexhaustible capital asset and is not depreciated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements:

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

e. Long-term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of general obligation bonds.

In the fund financial statements, debt proceeds are reported as revenues (other financing resources), while payments of principle 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 statements.

f. Program Revenues:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

g. Proprietary Funds Revenue and Expense Classifications:

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

h. Cash and Cash Equivalents:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Equity Classifications:

Government-wide Statements:

Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt, - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

2. Restricted net assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified it the same as in the government-wide financial statements.

j. Application of Net Assets:

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

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

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

Deposits - The school district's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - In general, SDCL 4-5-6 permits school district 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.

**Custodial Credit Risk - Deposits** - The risk that, in the event of a depository failure, the school district's deposits may not be returned to it. The school district does not have a deposit policy for custodial credit risk. As of June 30, 2009, the district's deposits in financial institutions were not exposed to custodial credit risk.

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

**Investments**

As of June 30, 2009, the school district had no investments.

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

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

**Concentration of Credit Risk** - The school district places no limit on the amount that may be invested n any one issurer.

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

3. RECEIVABLES AND PAYABLES

Neither receivables nor payables are aggregated in these financial statements. The district expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been established.

4. INVENTORY

Inventory is stated at the lower of cost or market. The cost valuation method is first-in, first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

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

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. DEFFERED REVENUE

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.

6. PROPERTY TAX

Property taxes are levied on or before each October 1 and attach as an enforceable lien on property as of the following January 1, and are payable in two installments on or before the following April 30th and October 31st. The county bills and collects the school district's taxes and remits them to the school district.

6. PROPERTY TAXES (continued)

School district property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

7 CHANGES IN CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2009 is as follows:

Primary Government:

| | Balance 7/01/08 | Increase | Decrease | Balance 06/30/09 |
|---|---|---|---|---|
| Government Activities: | | | | |
| Capital Assets not being depreciated | | | | |
| Land | $ 19,203 | $ - | $ - | $ 19,203 |
| Capital Assets being depreciated | | | | |
| Buildings and improvements | 2,535,671 | - | - | 2,535,671 |
| Machinery and Equipment | 94,449 | - | - | 94,449 |
| Total | 2,630,120 | - | - | 2,630,120 |
| Less accumulated Depreciation: | | | | |
| Buildings and Improvement | 843,720 | 46,052 | - | 889,772 |
| Machinery and Equipment | 59,963 | 11,147 | - | 71,110 |
| Total | 903,683 | 57,199 | - | 960,882 |

7. CHANGES IN CAPITAL ASSETS (continued)

| | Balance 7/01/08 | Increase | Decrease | Balance 06/30/09 |
|---|---|---|---|---|
| Total capital assets being depreciated, net: | $1,726,437 | $ (57,199) | $ - | $1,669,238 |
| Governmental activity capital assets, net: | $ 1,745,640 | $ (57,199) | $ - | $ 1,688,441 |
| Business-type activities: | | | | |
| Machinery and Equipment | $ 60,159 | $ - | $ - | $ 60,159 |
| Less accumulated Depreciation | 59,870 | 166 | - | 60,036 |
| Business-type activity Capital assets, net | $ 289 | $ (166) | $ - | $ 123 |

Depreciation expense was changed to functions as follows:

Governmental activities:

| | |
|---|---|
| Instruction | $ 46,903 |
| Support Services | 6,292 |
| Cocurricular Activities | 4,004 |
| | $ 57,199 |
| Business-type activities: | |
| Food service | $ 166 |

8. LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities follows:

| | General Obligation |
|---|---|
| Liabilities payable, June 30, 2008 | $ 875,000 |
| Retired | (65,000) |
| Debt Payable, June 30, 2009 | $ 810,000 |
| Due within one year | $ 70,000 |

8. LONG-TERM LIABILITIES: (continued)

Debt payable at June 30, 2009 is comprised of the following:
General Obligated Bonds:

| | |
|---|---|
| 2003 Refunding Bonds; average interest rate of 2.98%, maturing 7/15/18. These will be paid by the Debt Service Fund. | $ 810,000 |

The above bonds were issued in 2004 to refund $1,020,000 of 1998 G. O. Bonds. Those bonds were called and paid in July, 2004.

The annual requirements to amortize all debt outstanding as of June 30, 2009 are as follows:

Annual Requirements to Amortize Long-term Debt
June 30, 2009

| Year Ending June 30, | General Obligation Principal | Interest | Total |
|---|---|---|---|
| 2010 | $ 70,000 | $ 29,080 | $ 99,080 |
| 2011 | 70,000 | 27,015 | 97,015 |
| 2012 | 75,000 | 24,693 | 99,693 |
| 2013 | 80,000 | 22,075 | 102,075 |
| 2014 | 75,000 | 19,345 | 94,345 |
| 2015-2019 | 440,000 | 47,458 | 487,458 |
| Total | $ 810,000 | $169,666 | $ 979,666 |

9. INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS

Interfund transfers at June 30, 2009 were as follows:

- The interest revenue earned by all funds but the General Fund was transferred to the General Fund.

- The General Fund transferred $ 18,027 to the Food Service Fund to subsidize its operations.

10. RESTRICTED NET ASSETS

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

| Fund | Restricted By | Amount |
|---|---|---|
| Capital Outlay Fund | Law | 413,156 |
| Special Education Fund | Law | 213,834 |
| Pension Fund | Law | $ 128,683 |
| Debt Service Funds | Debt covenants | 80,932 |
| Food Service Fund | Federal Regulation | 7,207 |
| Total Restricted Net Assets: | | $ 843,812 |

11. RETIREMENT PLAN

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, and multiple employer public employee retirement system established 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 by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The district's share of

11. RETIREMENT PLAN (continued)

contributions to the SDRS for the fiscal years ended June 30, 2009, 2008 and 2007 were $56,308, $53,019, and $50,164 respectively, equal to the required contributions each year.

12. JOINT VENTURES

The school district participates in the Cornbelt Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to the member school districts. The members of the co-op and their relative percentage of participation are:

| | |
|---|---|
| Bridgewater | 4% |
| Canistota | 6% |
| Emery | 5% |
| Freeman | 11% |
| Hanson | 10% |
| Hurley | 4% |
| Marion | 6% |
| McCook Central | 11% |
| Montrose | 5% |
| Parker | 9% |
| Tea Area | 29% |
| | 100% |

The co-op's governing board is composed of one representative from each member school district who is a school board member. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity in the net assets of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Cornbelt Special Services Cooperative, Box 9, Parker, South Dakota.

As of June 30, 2009, this joint venture had a total fund balance of $160,127.

13. RISK MANAGEMENT

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2009, the school district managed its risks as follows:

Employee Health Insurance:

The school district purchases health insurance for its employees from a commercial carrier. Filed claims did not exceed coverage for this liability during the past three years.

Liability and Workman's Compensation Insurance:

The school district purchases workman's compensation and liability insurance for risks related to torts' theft of or damage to property; and errors and omission of public officials from a commercial insurance carrier. Filed claims did not exceed coverage for this liability during the past three years.

Unemployment Benefits:

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

The School has equity in the Internal Service Fund in the amount of $14,240 for the payment of future unemployment benefits.

During the year ended June 30, 2009, no claims for unemployment benefits were filed. At June 30, 2009, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

14. CONSOLIDATION PLAN

Effective July 1, 2010, the District will consolidate with Emery School District.

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**GENERAL FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| Revenues: | Original | Final | Actual |
| Revenues from Local Sources: | | | |
| Taxes: | | | |
| Ad valorem taxes | $338,000 | $338,000 | $328,282 |
| Prior year's ad valorem taxes | 6,003 | 6,003 | 5,180 |
| Gross receipts taxes | 36,000 | 36,000 | 48,044 |
| Penalties and interest | 3,000 | 3,000 | 1,540 |
| Tuition and fees: | | | |
| Summer school | 600 | 600 | 740 |
| Earnings on deposits: | | | |
| Interest earned | 32,511 | 32,511 | 11,471 |
| Cocurricular activites: | | | |
| Admissions | 8,200 | 8,200 | 6,338 |
| Rentals | 400 | 400 | 260 |
| Other revenues from local sources: | | | |
| Services for other LEA's | 162,500 | 162,500 | 174,693 |
| Other | 14,949 | 14,949 | 4,289 |
| Revenues from Intermediate Sources: | | | |
| County Sources: | | | |
| County apportionment | 11,500 | 11,500 | 13,065 |
| Revenues from State Sources: | | | |
| Grants-in-aid: | | | |
| Unrestricted grants-in-aid | 620,016 | 624,119 | 591,886 |
| Revenues from Federal Sources: | | | |
| Grants-in-aid: | | | |
| Restricted grants-in-aid received from federal government through state | 64,321 | 70,729 | 106,419 |
| Total Revenue | $1,298,000 | $1,308,511 | $1,292,207 |

The accompanying notes to required supplemental informatoin are an integral part of this schedule.

| Variance with Final Budget |
| --- |
| ($9,718) |
| (823) |
| 12,044 |
| (1,460) |
| 140 |
| (21,040) |
| (1,862) |
| (140) |
| 12,193 |
| (10,660) |
| 1,565 |
| (32,233) |
| 35,690 |
| ($16,304) |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**GENERAL FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| | Original | Final | Actual |
| Expenditures: | | | |
| Instruction: | | | |
| Regular Programs: | | | |
| Elementary | $411,683 | $410,903 | $410,796 |
| High school | 329,918 | 327,202 | 315,811 |
| Special Programs: | | | |
| Gifted | 300 | 300 | 0 |
| Educationally deprived | 27,932 | 35,434 | 34,844 |
| Support Services: | | | |
| Pupils- | | | |
| Guidance | 40,794 | 40,794 | 38,894 |
| Health service | 500 | 500 | 406 |
| Instructional staff- | | | |
| Improvement of instruction | 31,698 | 33,884 | 32,223 |
| Educational media | 28,196 | 32,515 | 29,681 |
| General administration- | | | |
| Board of education | 36,125 | 40,168 | 37,739 |
| Executive administration | 101,768 | 101,768 | 101,643 |
| School administration- | | | |
| Office of principal | 109,898 | 109,898 | 102,779 |
| Other | 650 | 650 | 551 |
| Business- | | | |
| Fiscal services | 88,917 | 88,917 | 80,464 |
| Operation and maintenance of plant | 118,590 | 119,903 | 108,742 |
| Pupil transportation | 68,000 | 68,000 | 47,402 |
| Other | 5,000 | 5,000 | 4,968 |

The accompanying notes to required supplemental information are an integral part of this schedule.

| Variance with Final Budget |
|---|
| $107 |
| 11,391 |
| |
| 300 |
| 590 |
| |
| 1,900 |
| 94 |
| |
| 1,661 |
| 2,834 |
| |
| 2,429 |
| 125 |
| |
| 7,119 |
| 99 |
| |
| 8,453 |
| |
| 11,161 |
| 20,598 |
| 32 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**GENERAL FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| | Original | Final | Actual |
| Cocurricular activities: | | | |
| Male activities | $25,898 | $26,174 | $22,765 |
| Female activities | 17,987 | 17,987 | 13,927 |
| Combined activities | 33,746 | 35,077 | 29,555 |
| Contingencies | 12,400 | 12,400 | 0 |
| Amount transferred | 0 | (6,963) | 0 |
| Total Expenditures | 1,490,000 | 1,500,511 | 1,413,190 |
| Excess of Revenues over(under) Expenditures | (192,000) | (192,000) | (120,983) |
| Other Financing Sources (Uses): | | | |
| Transfers-in | 0 | 0 | 5,274 |
| Transfer-out | (8,000) | (18,027) | (18,027) |
| Net Change in Fund Balances | (200,000) | (210,027) | (133,736) |
| FUND BALANCE, JULY 1, 2008 | 496,488 | 496,488 | 496,488 |
| FUND BALANCE, JUNE 30, 2009 | $296,488 | $286,461 | $362,752 |

The accompanying notes to required supplemental information are an integral part of this schedule.

| Variance with Final Budget |
|---|
| $3,409 |
| 4,060 |
| 5,522 |
| 12,400 |
| (6,963) |
| 87,321 |
| 71,017 |
| 5,274 |
| 0 |
| 76,291 |
| 0 |
| $76,291 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**CAPITAL OUTLAY FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| Revenues: | Original | Final | Actual |
| Revenues from Local Sources: | | | |
| Taxes: | | | |
| Ad valorem taxes | $230,000 | $230,000 | $225,370 |
| Prior year's ad valorem taxes | 1,000 | 1,000 | 2,318 |
| Penalties and interest | 1,000 | 1,000 | 944 |
| Earnings on deposits: | | | |
| Interest earned | 0 | 0 | 2,715 |
| Total Revenue | 232,000 | 232,000 | 231,347 |
| Expenditures: | | | |
| Instruction: | | | |
| Regular Programs: | | | |
| Elementary | 19,000 | 19,000 | 16,873 |
| High school | 119,400 | 134,400 | 108,184 |
| Special Programs: | | | |
| Programs for special education | 2,000 | 2,000 | 0 |
| Support Services: | | | |
| Instructional staff- | | | |
| Educational media | 600 | 600 | 0 |
| School administration- | | | |
| Office of principal | 2,000 | 2,000 | 0 |
| Business- | | | |
| Fiscal services | 5,500 | 5,500 | 2,700 |
| Operation and maintenance of plant | 149,500 | 174,500 | 159,232 |
| Pupil transportation | 14,000 | 14,000 | 10,684 |
| Other | 1,000 | 1,000 | 0 |
| Cocurricular activities: | | | |
| Combined activities | 7,000 | 7,000 | 1,179 |
| Total Expenditures | 320,000 | 360,000 | 298,852 |

The accompanying notes to required supplemental information are an integral part of this schedule.

| Variance with Final Budget |
|---|
| ($4,630) |
| 1,318 |
| (56) |
| 2,715 |
| (653) |
| 2,127 |
| 26,216 |
| 2,000 |
| 600 |
| 2,000 |
| 2,800 |
| 15,268 |
| 3,316 |
| 1,000 |
| 5,821 |
| 61,148 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**CAPITAL OUTLAY FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| | Original | Final | Actual |
| Excess of Revenues over(under) Expenditures | ($88,000) | ($128,000) | ($67,505) |
| Other Financing Sources (Uses): | | | |
| Transfers-out | 0 | 0 | (2,715) |
| Net Change in Fund Balance | (88,000) | (128,000) | (70,220) |
| FUND BALANCE, JULY 1, 2008 | 480,800 | 480,800 | 480,800 |
| FUND BALANCE, JUNE 30, 2009 | $392,800 | $352,800 | $410,580 |

The accompanying notes to required supplemental information are an integral part of this schedule.

| Variance with Final Budget |
| --- |
| $60,495 |
| (2,715) |
| 57,780 |
| 0 |
| $57,780 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| Revenues: | Original | Final | Actual |
| Revenues from Local Sources: | | | |
| Taxes: | | | |
| Ad valorem taxes | $146,000 | $146,000 | $143,417 |
| Prior year's ad valorem taxes | 458 | 458 | 1,457 |
| Penalties and interest | 400 | 400 | 596 |
| Earnings on deposits: | | | |
| Interest earned | 0 | 0 | 1,356 |
| Other revenues from local sources: | | | |
| Services provided other LEA's | 1,600 | 1,600 | 3,804 |
| Revenues from Federal Sources: | | | |
| Grants-in-aid: | | | |
| Restricted grants-in-aid received from federal government through state | 39,042 | 39,042 | 39,042 |
| Total Revenue | 187,500 | 187,500 | 189,672 |
| Expenditures: | | | |
| Instruction: | | | |
| Special Programs: | | | |
| Programs for special education | 103,436 | 105,865 | 90,904 |
| Support Services: | | | |
| Pupils- | | | |
| Guidance | 287 | 287 | 287 |
| Health service | 200 | 200 | 35 |
| Psychological | 11,750 | 10,750 | 12,234 |
| Speech | 22,967 | 22,967 | 25,589 |
| Student therapy | 2,000 | 3,000 | 3,564 |

The accompanying notes to required supplemental information are an integral part of this schedule.

| Variance with Final Budget |
|---|
| ($2,583) |
| 999 |
| 196 |
| 1,356 |
| 2,204 |
| 0 |
| 2,172 |
| 14,961 |
| 0 |
| 165 |
| (1,484) |
| (2,622) |
| (564) |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| | Original | Final | Actual |
| Instructional staff- | | | |
| Improvement of instruction | $296 | $296 | $296 |
| Educationa media | 595 | 595 | 595 |
| General administration- | | | |
| Board of education | 2,036 | 2,036 | 2,036 |
| Business- | | | |
| Fiscal services | 7,003 | 7,003 | 7,003 |
| Special Education: | | | |
| Administration costs | 32,826 | 30,397 | 14,265 |
| Transportation costs | 4,104 | 4,104 | 1,456 |
| Total Expenditures | 187,500 | 187,500 | 158,264 |
| Excess of Revenues over (under) Expenses | 0 | 0 | 31,408 |
| Other Financing Uses: | | | |
| Transfers-out | 0 | 0 | (1,356) |
| Net Change in Fund Balances | 0 | 0 | 30,052 |
| FUND BALANCE, JULY 1, 2008 | 182,182 | 182,182 | 182,182 |
| FUND BALANCE, JUNE 30, 2009 | $182,182 | $182,182 | $212,234 |

The accompanying notes to required supplemental information are an integral part of this schedule.

| Variance with Final Budget |
|---|
| $0 |
| 0 |
| 0 |
| 0 |
| 16,132 |
| 2,648 |
| 29,236 |
| 31,408 |
| (1,356) |
| 30,052 |
| 0 |
| $30,052 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**
**PENSION FUND - BUDGETARY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2009**

| | Budgeted Amounts | | Budgetary Basis |
|---|---|---|---|
| Revenues: | Original | Final | Actual |
| Revenues from Local Sources: | | | |
| Taxes: | | | |
| Ad valorem taxes | $30,500 | $30,500 | $30,732 |
| Prior years ad valorem taxes | 100 | 100 | 312 |
| Penalties and interest | 200 | 200 | 128 |
| Earnings on deposits: | | | |
| Interest earned | 0 | 0 | 802 |
| Total Revenue | 30,800 | 30,800 | 31,974 |
| Expenditures: | | | |
| Instruction: | | | |
| Regular Programs: | | | |
| Elementary | 15,400 | 15,400 | 0 |
| High school | 15,400 | 15,400 | 0 |
| Total Expenditures | 30,800 | 30,800 | 0 |
| Excess of Revenues over (under) Expenditures | 0 | 0 | 31,974 |
| Other Financing Uses: | | | |
| Transfers-out | 0 | 0 | (802) |
| Net change in fund balances | 0 | 0 | 31,172 |
| FUND BALANCE, JULY 1, 2008 | 97,171 | 97,171 | 97,171 |
| FUND BALANCE, JUNE 30, 2009 | $97,171 | $97,171 | $128,343 |

The accompanying notes to required supplemental information are an integral part of this schedule.

| Variance with Final Budget |
|---|
| $232 |
| 212 |
| (72) |
| 802 |
| 1,174 |
| 15,400 |
| 15,400 |
| 30,800 |
| 31,974 |
| (802) |
| 31,172 |
| 0 |
| $31,172 |

**BRIDGEWATER SCHOOL DISTRICT NO. 43-6**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**JUNE 30, 2009**

1. Budgets and Budgetary Accounting:

The school district followed these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

2. The proposed budget is considered by the school board at the first regular meeting held in the month of May each year.

3. The proposed budget is published for public review no later than July 15 of each year.

4. Public hearings are held to solicit taxpayers input prior to the approval of the budget.

5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.

6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.

8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

1. Budgets and Budgetary Accounting (continued):

   9. Unexpected appropriations lapse at year-end unless encumbered by resolution of the school board. No encumbrances were outstanding at year-end.

   10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

   11. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the GAAP statements reporting of capital outlays as a separate expenditure, but the budgetary statements include capital outlays in the budgetary function to which they relate.

**BRIDGEWATER SCHOOL DISTRICT No. 43-6**
**SCHEDULE OF CURRENT AUDIT FINDINGS**
**JUNE 30, 2009**

FINDING NO. 2009-01:

A reportable condition and material weakness is present due to a lack of segregation of duties in revenue, expenditure and payroll functions.

CRITERIA:

To obtain adequate internal control, the duties of collecting and handling of cash must be segregated from the recording of cash transactions. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process. Various other accounting functions should be performed by different people to insure a proper segregation of duties.

POSSIBLE ASSERTED EFFECT:

Inaccurate financial statements and/or misappropriation of funds could result from a lack of segregation of duties.

RECOMMENDATION:

Management should remain aware of this situation and attempt to provide compensating controls wherever and whenever possible and practical.

MANAGEMENT RESPONSE:

The School Board and Superintendent agree with the finding This comment is a result of the size of the Bridgewater School District No. 43-6 which precludes staffing at a level sufficient to provide and ideal environment for internal controls. The Bridgewater School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenue, expenditures and payroll. The Bridgewater School District is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding the revenues, expenditures and payroll functions continues to exist.

**BRIDGEWATER SCHOOL DISTRICT No. 43-6**
**SCHEDULE OF PRIOR AUDIT FINDINGS**
**JUNE 30, 2009**

FINDING NUMBER 2007-01 and 2008-01:

A material weakness is present due to a lack of segregation of duties. This weakness was first reported in 1995.

STATUS AS OF JUNE 30, 2009:

The condition noted in prior audits is still applicable.