

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
OF HANSON COUNTY

**AUDIT REPORT**

FISCAL YEAR JULY 1, 2014, TO JUNE 30, 2015

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3

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BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2015

BOARD MEMBERS:

James Hanssen – President  
Bryan Harberts – Vice-President  
Dale Becker  
Terry Hanssen  
John G. Janssen  
Carolyn Meyer  
Merlin Wollmann

SUPERINTENDENT:

Jason Bailey

BUSINESS MANAGERS:

Lori Jansen and Alyce Paweltzki

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

School Board  
Bridgewater-Emery School District No. 30-3  
Hanson County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bridgewater-Emery School District No. 30-3, South Dakota (School District), as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated June 13, 2016.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as item 2015-001 to be a material weakness.

### Compliance and Other Matters

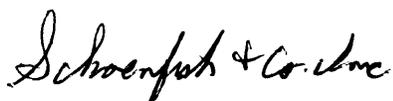
As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompany Schedule of Current Audit Findings as item 2015-002.

### School District's Response to Findings

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

### Purpose of this Report

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



Schoenfish & Co., Inc.  
Certified Public Accountants  
June 13, 2016

*Schoenfish & Co., Inc.*

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR OTHER AUDIT FINDINGS:

Finding Number 2014-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2015-001.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Findings – Material Weakness:

Finding Number 2015-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is the fifth consecutive audit in which a similar deficiency has been reported.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Condition:

A limited number of employees process all revenue transactions from beginning to end. They also receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Effect:

As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation:

1. We recommend that the Bridgewater-Emery School District officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response:

The Bridgewater-Emery School District Board President, James Hanssen, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Bridgewater-Emery School District, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to provide compensating controls.

Compliance – Related Findings – Material Weaknesses:

Finding Number 2015-002:

Expenditures exceeded the amounts budgeted in the Pension Fund. This is the first audit in which a similar weakness has occurred.

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SCHEDULE OF CURRENT AUDIT FINDINGS  
(Continued)

Criteria:

SDCL 13-11-2 states in part, "the school board shall prepare a proposed budget for the next fiscal year according to the budgeting standards prescribed by the auditor general for consideration not later than the regular meeting the month of May.....Before October first, every school shall approve a budget for the anticipated obligations of each fund, except trust and agency funds, for the school fiscal year."

Condition:

The School District expended money in excess of amounts budgeted without amending the budget as allowed by SDCL 13-11-3.2.

Effect:

Without amending the budget or limiting expenditures, expenditures are being made without proper authority.

Recommendation:

2. We recommend that expenditures be limited to amounts budgeted or budget amendments be made in accordance with SDCL 13-11-3.2 to allow for expenditures.

Management's Response:

The Bridgewater-Emery School District Board President, James Hanssen, is the contact person responsible for the corrective action plan for this comment. The School will be more careful to follow the budgetary guidelines prescribed by law.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with the Superintendent and Business Manager at the conclusion of the audit.

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**INDEPENDENT AUDITOR'S REPORT**

School Board  
Bridgewater-Emery School District No. 30-3  
Hanson County, South Dakota

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bridgewater-Emery School District No. 30-3, South Dakota, (School District) as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

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

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

**Auditor's Responsibility**

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

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

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Bridgewater-Emery School District No. 30-3 as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

*Adoption of New Accounting Standard.*

As described in Note 12 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 12 to the financial statements, the School District has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District Contributions on pages 9 through 22, 54 through 61, and 63 and 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. As a result of such limited procedures, we believe that the Management's Discussion and Analysis is not in conformity with guidelines established by the Governmental Accounting Standards Board because the information presented is not confined to the topics discussed in Section 2200.109 of Codification of Governmental Accounting and Financial Reporting Standards. One of the more significant departures is the Budgetary Highlights section is not limited to the General Fund.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.  
Certified Public Accountants  
June 13, 2016

*Schoenfish & Co., Inc.*

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**BRIDGEWATER-EMERY SCHOOL DISTRICT #30-3  
Management Discussion and Analysis (Unaudited)**

**For the Year Ended June 30, 2015**

This Management's Discussion & Analysis is an overview of the Bridgewater-Emery School District's financial performance during the school district's fiscal year ended on June 30, 2015. The intent of this discussion and analysis is to review the school district's financial performance as a whole. Please review the notes to the financial statement and the financial statements to enhance your general understanding of the school district's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB), in their statement No. 34 Basic Financial Statements and Managements' Discussion and Analysis, for State and Local Governments.

**FINANCIAL HIGHLIGHTS**

For the fiscal year ended June 30, 2015, the Bridgewater-Emery School District's Total Net Position was \$6,301,276.95. Total Net Position includes two components: Total Net Position for Governmental Activities of \$6,274,394.47 and Total Net Position from Business Activities of \$26,882.48. The overall change in the school district's net position from Fiscal Year 2013-2014 to Fiscal Year 2014-2015 was 3.63%.

	<b><u>FY2014-2015</u></b>	<b><u>FY2013-2014</u></b>
Total Net Position-Governmental Activities	\$6,274,394.47	\$6,053,582.75
Total Net Position-Business Activities	<u>\$ 26,882.48</u>	<u>\$ 26,944.27</u>
Total Net Position-District Wide	\$6,301,276.95	\$6,080,527.02

In reviewing the Bridgewater-Emery School District's Statement of Activities, the total cost of the Bridgewater-Emery School District's Educational Program was \$3,492,718.05. The percentage breakdown of the district's educational program costs are:

<b><u>Program Costs:</u></b>	<b><u>FY2014-2015</u></b>	<b><u>% Total</u></b>	<b><u>FY 2013-2014</u></b>	<b><u>% Total</u></b>
Program of Instruction	\$1,880,354.06	54%	\$1,837,537.76	54%
Support Services	\$1,215,400.63	35%	\$1,166,069.05	35%
Non-Programmed Charges	\$ 1,731.93	0%	\$ 1,776.44	0%
Co-Curricular Activities	\$ 181,747.90	5%	\$ 178,627.00	5%
Food Service (Business)	\$ 209,102.95	6%	\$ 206,202.68	6%
Driver's Education (Business)	<u>\$ 4,380.58</u>	<u>0%</u>	<u>\$ 4,540.97</u>	<u>0%</u>
<b>Total Program Cost</b>	<b>\$3,492,718.05</b>	<b>100%</b>	<b>\$3,394,753.90</b>	<b>100%</b>

Bridgewater-Emery School District's Total Program Costs increased by \$97,964.15, or 2.88 percent, during FY2014-2015. Instructional salaries and employee benefits have increased in the 3 previous fiscal years, after remaining unchanged during the FY2011-2012 school year. The school district is contributing a larger percentage of the district's group health insurance plan, to meet the Affordability Requirements of the Affordable Care Act, since it is deemed to be a large employer.

The Bridgewater-Emery School District's Enrollment in 2014-2015 was 329.60 students. The partial average daily enrollment represents a student who must be partially enrolled, due to contracted service provisions. The school district's enrollment has grown consistently, since the formation of the new school district, on July 1, 2010.

## Required Components of Bridgewater-Emery School's District Financial Report

The Bridgewater-Emery School District's Annual Report consists of three parts: The Management's Discussion and Analysis, the basic financial statements (government-wide and fund statements) and required supplementary information. The basic financial statements include two types of statements that present different views of the school district.

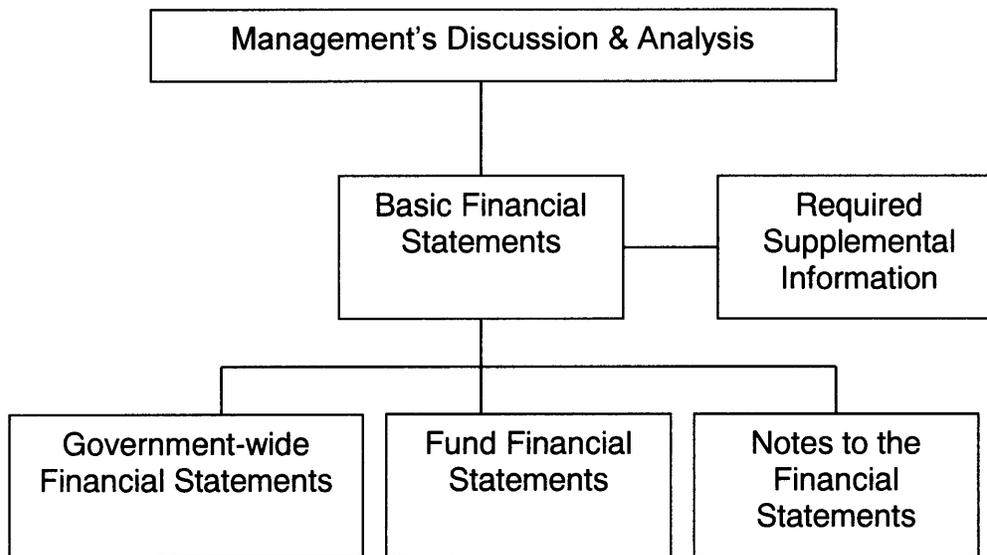
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the school district's overall financial standing.
- The remaining statements are fund financial statements that focus on individual parts of the school district, reporting district operations, in more detail than the government wide statements.
- The governmental fund statements tell how basic services such as General and Special Education, were financed in the short term as well as what remains, for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities that the school operates like a business, and the activities which provide services for its other programs and activities. The Bridgewater-Emery School District has 2 Internal Service Activities: Food Service Fund and the Driver's Education Fund.
- Fiduciary Fund Statements provide information about the financial relationships in which the school district acts solely as a trustee or agent of resources that belong to others.

The financial statements also include notes that explain some of the information, detailed in the financial statements. The statements are followed by a section of required supplementary information, which further explains and supports the information, in the financial statements. The following illustration depicts how the required components of the annual report are arranged and relate to one another.

The Bridgewater-Emery School District's Annual Report includes three parts, as depicted in Figure A-1:

1. The Management's Discussion & Analysis
2. The Basic Financial Statements
3. Required Supplementary Information

Figure A-1



**Bridgewater-Emery School District's Financial Statement Required Components:**

The basic financial statements include two types of statements that present different views of the school financial environment:

Government wide financial statements provide both long term and short term information about the school district's overall financial status.

Fund financial statements focus on individual parts of the school government, reporting the Bridgewater-Emery School District's financial operation in greater detail, than the government wide statements.

There are 3 types of fund financial statements:

1. Governmental funds statements tell how general government services were financed in the short-term, as well as what remains for future spending.
2. Proprietary fund statements offer short and long term financial information about the activities that the school operates like a business.
3. Fiduciary fund statements provide information about the financial relationships-like student organizations, 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 provide further explanation, of some of the information in the financial statements and additional disclosures, which allow the statement users to be informed, of the school district's financial activities and position.

The statements are followed by a section of required supplementary information that further explain and support the information contained in the financial statements.

## Major Features of the Bridgewater-Emery School District's Government Wide and Fund Financial Statements

Figure A-2 summarizes the major features of the Bridgewater-Emery School District's Financial Statements, including the portion of the school districts' activities, which they cover and the nature of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

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

### Government-Wide Statements

The government-wide statements report material financial information about the school district, as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the district's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 Bridgewater- Emery School District's net position and how it has changed. The Statement of the Bridgewater-Emery School District's Net Position is one way to measure the school district's overall financial health.

- Increases or decreases in the school's net position are an indicator of whether the district's financial health is improving or deteriorating, respectively.
- To assess the overall health of the school district, you need to consider additional non-financial factors such as changes in the district's property tax base and changes in the state aid funding formula, received from the State of South Dakota.

In the government-wide financial statements of the school district, the district's activities are reported in two categories:

- Governmental Activities-This category includes the school districts' basic instructional services, such as elementary and high school educational programs, support services such as the guidance counselor, executive administration, the board of education, fiscal services, debt service payments, extra-curricular activities such as sports, drama, and music, and capital equipment purchases. Property taxes, state aid, 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 school lunch, to all students. The Food Service Fund and the Driver's Education Fund are the business type activities of the school district.

### Fund Financial Statements

The fund financial statements provide more detailed information about the school district's most significant funds – not the school as a whole. For governmental funds, these statements tell how services were financed in the short term, as well as what is available for future purchases. Funds are accounting devices that the school uses to ensure compliance with finance related legal requirements.

- State Law requires some of the funds, such as the General Fund, Capital Outlay Fund, Special Education Fund, and the Pension Fund, which the school district maintains.
- The Bridgewater-Emery Board of Education may establish other funds to control and manage money for particular intentions.

There are three generic fund types within the Bridgewater-Emery School District financial structure:

- **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 the reader 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, additional information is provided on a subsequent page, which explain the relationship and reconciles the differences between the fund financial statements and the government wide statements.
- **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 school district uses an enterprise fund (one type of proprietary fund) to report the activities of its Food Service Program. School districts have historically operated as enterprise funds using the same basis of accounting as business type activities; therefore, these statements will essentially match the information provided in the statement for the district, as a whole.
- **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.

### ***The Statement of Net Position***

The Statement of Net Position reports all financial and capital resources, as assets and liabilities in order of their relative liquidity. The report provides a district wide perspective, based on a full accrual basis of accounting and includes prior year analytical data to allow for comparison. The difference between the school district's assets and its liabilities is its net position.

The Net Position of the Bridgewater-Emery School District are divided into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

Net Investment in Capital Assets is the difference between the dollar amount shown for the capital assets and the debt incurred to finance those assets.

Restricted Net Position represents financial resources that are set aside for a particular purpose, by a higher level government, a donor, or a law/regulation that is imposed on a government. Restricted Net Position can either be expendable or non-expendable.

Unrestricted Net Position includes all assets not included in other components, which can be utilized for another purpose.

**Bridgewater-Emery School District No. 30-3  
Statement of Net Position Comparison Data**

**Table A-1  
Bridgewater-Emery School District #30-3  
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current & Other Assets	4,263,582	5,267,317	29,740	29,338	4,293,322	5,296,655
Capital Assets, Net of Depr.	2,603,924	2,564,464	13,084	14,710	2,617,008	2,579,174
Total Assets	<u>6,867,506</u>	<u>7,831,781</u>	<u>42,824</u>	<u>44,048</u>	<u>6,910,330</u>	<u>7,875,829</u>
Deferred Outflows of Resouces	960,374	634,936			960,374	634,936
Total Deferred Inflows	<u>960,374</u>	<u>634,936</u>	<u>0</u>	<u>0</u>	<u>960,374</u>	<u>634,936</u>
Long-Term Debt Outstanding	26,568	36,493			26,568	36,493
Other Liabilities	210,356	238,025	15,880	17,166	226,236	255,191
Total Liabilities	<u>236,924</u>	<u>274,518</u>	<u>15,880</u>	<u>17,166</u>	<u>252,804</u>	<u>291,684</u>
Deferred Inflows of Resouces		1,917,804				1,917,804
Total Deferred Inflows	<u>0</u>	<u>1,917,804</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,917,804</u>
Net Investment in Capital Assets	2,603,924	2,564,464	13,084	14,710	2,617,008	2,579,174
Restricted	1,347,280	2,116,221			1,347,280	2,116,221
Unrestricted	1,719,004	1,593,709	13,860	12,172	1,732,864	1,605,882
Total Net Position	<u>5,670,208</u>	<u>6,274,395</u>	<u>26,944</u>	<u>26,882</u>	<u>5,697,152</u>	<u>6,301,277</u>
Beginning Net Position	5,570,335	5,670,208	19,936	26,944	5,590,271	5,697,152
Prior Period Adjustment		383,375			0	383,375
Restated Beginnin Net Position	<u>5,570,335</u>	<u>6,053,583</u>	<u>19,936</u>	<u>26,944</u>	<u>5,590,271</u>	<u>6,080,527</u>
Change in Net Position	<u>99,873</u>	<u>220,812</u>	<u>7,008</u>	<u>(62)</u>	<u>106,881</u>	<u>220,750</u>
Percentage of Change/Net Position	<u>1.79%</u>	<u>3.89%</u>	<u>35.15%</u>	<u>-0.23%</u>	<u>1.91%</u>	<u>3.87%</u>

**Changes In Net Position:**

- Current and Other Governmental Assets increased by \$1,003,735 from \$4,263,582 to \$5,267,317 in FY2014-15.
- The school board also utilized Senate Bill #111, which allows school districts to use the Capital Outlay Fund to pay for \$100,000.00 in General Fund Expenditures. The expenses paid were \$14,930.00 in pupil transportation contracted services, \$43,670.00 in property insurance and \$41,400.00 in propane fuel expense.

	2013-2014 Gov't Activities	2014-2015 Gov't Activities	Change/Yr.
<b>District assets:</b>			
Cash and cash equivalents	\$2,977,338.29	\$ 3,162,382.23	\$ 185,043.94
Investments	\$ 200,000.00	\$ 200,000.00	\$ 0.00
Taxes Receivable	\$ 985,037.94	\$ 1,113,864.31	\$ 128,826.37
Other Assets	\$ 95,755.85	\$ 73,064.80	\$ ( 22,691.05)
Prepaid Inventory	\$ 5,449.52	\$ 4,053.41	\$ (1,396.11)
Net Pension Asset	\$ 0.00	\$ 713,952.63	\$ 713,952.63
Capital Assets-land	\$ 31,579.00	\$ 31,579.00	\$ 0.00
Capital Assets-buildings & equip.	<u>\$2,572,344.54</u>	<u>\$ 2,532,884.90</u>	<u>(\$ 39,459.64)</u>
<b>Total Assets</b>	<b>\$6,867,505.14</b>	<b>\$ 7,831,781.28</b>	<b>\$ 964,276.14</b>

	<b>2013 -2014</b>	<b>2014-2015</b>	
<b><u>District assets:</u></b>	<b><u>Business Act.</u></b>	<b><u>Business Act.</u></b>	<b><u>Change/Yr.</u></b>
Cash and cash equivalents	\$ 16,000.04	\$ 17,536.95	\$ 1,536.91
Other Assets	\$ 6,873.92	\$ 6,955.37	\$ 81.45
Prepaid Inventory	\$ 6,866.28	\$ 4,845.96	(\$ 2,020.32)
Capital Assets-buildings & equip.	\$ 13,084.19	\$ 14,710.20	\$ 1,626.01
<b>Total Assets</b>	<b>\$ 42,824.43</b>	<b>\$ 44,048.48</b>	<b>\$ 1,224.05</b>

The school district incurred liabilities for Governmental Activities and Business Type Activities. The breakdown of the school district's liabilities include:

	<b>2013-2014</b>	<b>2014-2015</b>	
<b><u>District liabilities:</u></b>	<b><u>Gov't Activities</u></b>	<b><u>Gov't Activities</u></b>	<b><u>Change/Yr.</u></b>
Accounts Payable	\$ 5,594.47	\$ 9,827.56	\$ 4,233.09
Other Current Liabilities	\$ 204,761.06	\$ 228,197.45	\$ 23,436.39
Noncurrent Liabilities	\$ 26,568.02	\$ 36,493.35	\$ 9,925.33
<b>Total Liabilities</b>	<b>\$ 236,923.55</b>	<b>\$ 274,518.36</b>	<b>\$ 37,594.81</b>

<b><u>Deferred Inflow of Resources:</u></b>			
Deferred Inflows-Property Taxes	\$ 960,373.94	\$ 1,090,927.38	\$130,553.44
Pension Related Deferred Inflows	\$ 0.00	\$ 826,877.52	\$ 826,877.52
<b>Total Deferred Inflow- Resources</b>	<b>\$ 960,373.94</b>	<b>\$ 1,917,804.90</b>	<b>\$ 957,430.96</b>

In accordance with GASB 68, school districts must now include SD Retirement System Pension Related Deferred Inflows, within their school district annual financial reporting, as noted above.

In accordance with GASB #45, the Bridgewater-Emery School District School Business Manager did coordinate with the Silverstone Group, who completed actuarial computations to fulfill employer accounting requirement, for GASB 45. Due to the dissolution of the Retiree Group Health Insurance Pool, by the Associated School Boards of SD Insurance Board, the liability computed was deemed to be immaterial in amount and is not reflected in the district's end of the year financial statements.

	<b>2013-2014</b>	<b>2014-2015</b>	
<b><u>District liabilities:</u></b>	<b><u>Business Type Act.</u></b>	<b><u>Business Type Act.</u></b>	<b><u>Change/Yr.</u></b>
Other Current Liabilities	\$ 15,310.46	\$ 16,546.24	\$1,235.78
Unearned Revenue	\$ 569.70	\$ 619.76	\$ 50.06
<b>Total Liabilities</b>	<b>\$ 15,880.16</b>	<b>\$ 17,166.00</b>	<b>\$1,285.84</b>

The difference between the school's assets plus deferred outflows and liabilities plus deferred inflows represents its net position. The district's Net Position on 6/30/2015 includes Governmental Net Position and Business-Type Net Position. The breakdown of the district's Net Position is:

	<b>2013-2014</b>	<b>2014-2015</b>	
<b><u>District Net Position-Gov't Act.</u></b>	<b><u>Gov't Activities</u></b>	<b><u>Gov't Activities</u></b>	<b><u>Overall Change</u></b>
Net Investment in Capital Assets	\$2,603,923.54	\$2,564,463.90	(\$ 39,459.64)
Restricted -Capital Outlay	\$ 977,174.95	\$1,200,576.41	\$ 223,401.46
Restricted -Special Education	\$ 200,085.63	\$ 239,937.86	\$ 39,852.23
SD Retirement Pension Purposes	\$ 0.00	\$ 522,011.56	\$ 522,011.56
Restricted -Pension Fund	\$ 170,019.25	\$ 153,695.29	(\$ 16,323.96)
Unrestricted Net Position	<u>\$1,719,004.28</u>	<u>\$1,593,709.45</u>	<u>(\$ 125,294.83)</u>
<b>Total Net Position</b>	<b>\$5,670,207.65</b>	<b>\$ 6,274,394.47</b>	<b>\$ 604,186.82</b>

	2014	2015	
<u>District Net Position-Bus. Act.</u>	<u>Business Type Act.</u>	<u>Business Type Act.</u>	<u>Overall Change</u>
Net Investment in Capital Assets	\$ 13,084.19	\$ 14,710.20	\$1,626.01
Unrestricted Net Position	<u>\$ 13,860.08</u>	<u>\$ 12,172.28</u>	<u>\$1,687.80</u>
<b>Total Net Position</b>	<b>\$ 26,944.27</b>	<b>\$ 26,882.48</b>	<b>(\$ 61.79)</b>

Governmental Capital Assets, net of depreciation decreased \$39,449.64 from \$2,603,923.54 in FY2013-14 to \$2,564,463.90 in FY2014-15, primarily due to capital asset depreciation and new assets added throughout the fiscal year.

<u>Asset Type</u>	<u>FY2013-2014</u>	<u>FY2014-2015</u>
Land	\$ 31,579.00	\$ 31,579.00
Buildings	\$4,236,948.05	\$4,236,948.05
Improvements	\$ 13,111.76	\$ 13,111.76
Equipment-Local	\$ 383,082.64	\$ 447,540.99
Less Accum. Depr.	<u>(\$2,060,797.91)</u>	<u>(\$2,164,715.90)</u>
<b>Total Capital Assets</b>	<b>\$ 2,603,923.54</b>	<b>\$2,564,463.90</b>

**FY 2014-2015 Governmental Capital Asset Reconciliation:**

**Governmental Activities:**

Assets purchased this year:

2002 Chevy Pickup	\$ 4,000.00
2002 Dodge Caravan with Lift	\$ 19,500.00
2011 Chevy Suburban	\$ 22,500.00
Eco Floor Scrubber	\$ 6,312.45
Fujitsu Server	\$ 5,869.00
Library Books 2014-2015	<u>\$ 6,276.90</u>
<b>Total fixed asset additions</b>	<b>\$ 64,458.35</b>

Assets deleted this year:

None	\$ 0.00
<b>Total Fixed Assets deleted</b>	<b>\$ 0.00</b>

**Governmental Depreciation Expense (by category)**

Land improvements	\$ 655.59
Construction	\$ 77,217.15
Machinery & Equipment	\$ 13,455.28
Licensed Vehicles	<u>\$ 12,589.97</u>
<b>Total Depreciation Expense</b>	<b>\$103,917.99</b>

**Governmental Capital Asset Fiscal Year Reconciliation:**

Beginning Capital Asset Balance	\$ 2,603,923.54
Plus Governmental Assets purchased	\$ 64,458.35
Less net disposition of assets	(\$ 0.00)
Plus Accumulated Depreciation-Disposal	\$ 0.00
Less depreciation expense	<u>(\$ 103,917.99)</u>
<b>Ending Capital Asset Balance</b>	<b>\$2,564,463.90</b>

**Business Type Assets:**

Assets purchased this year:

Aluminum Can Rack	\$ 552.00
Commercial Food Processor	\$ 1,013.00

Holding/Proofing Cabinet	\$ 1,550.00
Freezer	\$ 549.00
<b>Total Fixed Assets Additions</b>	<b>\$ 3,664.00</b>

Business Type Capital Assets net of depreciation increased, due to the purchase of additional Food Service Equipment, for the School Lunch Program.

Assets deleted this year:

None	\$ 0.00
<b>Total fixed asset deletions</b>	<b>\$ 0.00</b>

- At June 30, 2015 the Bridgewater-Emery School District was liable for \$36,493.35 Accrued Compensated Absences. This amount is comprised of accrued leave balances up to 50 days times half of the substitute rate.
- At consolidation, the former Bridgewater School District had an outstanding GO Refunding Bonds Series 2010. Although the bonds are not an obligation of the new district, Bridgewater-Emery School District is a fiscal agent for the bonds and accounts for them within the District's Trust & Agency Fund. The principal balance remaining to be paid on the Bridgewater Bonds at June 30, 2015, was \$220,000.00.

**Bridgewater-Emery School District #30-3**  
**Statement of Activities-Two Year Comparison Data**  
**FY2013-14 and FY2014-15**

The Statement of Activities depicts how the net position of the school district has changed throughout the fiscal year and how the school district finances its services. The Statement of Activities compares the expenses of a government's functions and programs with the resources those functions or programs generate.

Table A-2  
 Bridgewater-Emery School District 30-3  
 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
<b>Program Revenues:</b>						
Charges for Services	61,906	64,802	119,916	118,235	181,822	183,037
Operating Grants & Cont.	146,438	146,871	89,151	78,392	235,589	225,263
Capital Grants & Cont.		11,000				11,000
<b>General Revenues:</b>						
Taxes	1,976,821	2,192,257			1,976,821	2,192,257
State Sources	1,062,512	1,018,452			1,062,512	1,018,452
Federal Sources	1,606	4,029			1,606	4,029
Unrestricted Grants	1,682	1,004			1,682	1,004
Unrestricted Investments	7,851	7,585			7,851	7,585
Other General	33,752	70,842			33,752	70,842
<b>Total Revenue</b>	<b>3,292,568</b>	<b>3,516,842</b>	<b>209,067</b>	<b>196,627</b>	<b>3,501,635</b>	<b>3,713,469</b>
<b>Expenses:</b>						
Instruction	1,837,538	1,880,354			1,837,538	1,880,354
Support Services	1,166,069	1,215,401			1,166,069	1,215,401
Nonprogramed Charges	1,776	1,732			1,776	1,732
Cocurricular Activities	178,627	181,748			178,627	181,748
Food Service			206,203	209,103	206,203	209,103
Driver's Education			4,541	4,381	4,541	4,381
<b>Total Expenses</b>	<b>3,184,010</b>	<b>3,279,235</b>	<b>210,744</b>	<b>213,484</b>	<b>3,394,754</b>	<b>3,492,719</b>
<b>Change in Net Position Before Transfers</b>	<b>108,558</b>	<b>237,607</b>	<b>(1,677)</b>	<b>(16,857)</b>	<b>106,881</b>	<b>220,750</b>
<b>Transfers</b>	<b>(8,685)</b>	<b>(16,795)</b>	<b>8,685</b>	<b>16,795</b>	<b>0</b>	<b>0</b>
<b>Change in Net Position</b>	<b>99,873</b>	<b>220,812</b>	<b>7,008</b>	<b>(62)</b>	<b>106,881</b>	<b>220,750</b>
<b>Prior Period Adjustment</b>		<b>383,375</b>			<b>0</b>	<b>383,375</b>
<b>Net Position - Ending</b>	<b>5,670,208</b>	<b>6,274,395</b>	<b>26,944</b>	<b>26,882</b>	<b>5,697,152</b>	<b>6,301,277</b>

Revenues of the district's governmental activities were \$3,516,842. Governmental activities includes program revenue and general revenues. Program revenues include charges for services and operating grants. General revenues include ad valorem taxes, state sources, federal sources, and unrestricted investments.

Expenses for governmental activities included \$1,880,354.00 for Instruction; \$1,215,401.00 for support services; \$1,732 for non-programmed charges and \$181,748 for co-curricular activities.

### **Revenue Analysis**

Total revenue earned by the Bridgewater-Emery School District, for fiscal year 2014-2015, totaled \$3,682,533.50. The breakdown of the school district's revenue by fund source includes:

<b>Fund</b>	<b>2013-2014</b>		<b>2014-2015</b>	
	<b>Revenue/Fund</b>	<b>% Total Rev.</b>	<b>Revenue/Fund</b>	<b>% Total Rev.</b>
General Fund	\$2,192,278.47	63%	\$ 2,274,031.28	62%
Capital Outlay	\$ 629,692.51	18%	\$ 680,735.99	18%
Special Ed Fund	\$ 389,387.60	11%	\$ 450,615.26	12%
Pension Fund	\$ 72,632.77	2%	\$ 76,859.81	2%
Food Service Fund	\$ 204,866.75	6%	\$ 196,541.16	6%
Driver's Ed. Fund	\$ 4,200.00	0%	\$ 3,750.00	0%
<b>Total Revenue</b>	<b>\$3,493,058.10</b>	<b>100%</b>	<b>\$ 3,682,533.50</b>	<b>100%</b>

In examining the Bridgewater-Emery School District's Statement of Activities for Fiscal Year ended June 30, 2015, the following reflects the school district's primary revenue sources, including special items:

	<b>FY 2013-14</b>		<b>FY2014-15</b>	
	<b>District Wide Rev.</b>	<b>% Total</b>	<b>District Wide Rev.</b>	<b>% Total</b>
Property Taxes	\$1,904,766.01	54%	\$ 2,122,619.83	58%
Gross Receipts Tax	\$ 72,055.21	2%	\$ 69,637.42	2%
State Sources	\$1,062,511.69	31%	\$1,018,451.46	29%
Revenue-Federal Sources	\$ 1,605.83	0%	\$ 4,028.63	0%
Investment Earnings	\$ 7,850.54	0%	\$ 7,584.89	0%
Other General Revenues	\$ 33,752.49	1%	\$ 70,842.17	0%
Charges For Services	\$ 181,821.80	5%	\$ 183,037.09	5%
Operating Grants	\$ 235,589.50	7%	\$ 225,262.69	6%
Capital Grant/Contributions	\$ 0.00	0%	\$ 11,000.00	0%
Unrestricted Grants	\$ 1,682.00	0%	\$ 1,004.00	0%
<b>Total Revenue</b>	<b>\$3,501,635.07</b>	<b>100%</b>	<b>\$3,713,468.18</b>	<b>100%</b>

The district's total revenues equaled \$3,713,468.18, for the year ended June 30, 2015. Property taxes represent approximately 58% of the Total Revenue of the Bridgewater-Emery School District Wide Budget.

**School District Taxable Valuation:**

The school district's taxable valuation increased by 16.34% within the 2013-2014 fiscal year.

Taxable Valuation 2011	\$195,242,432
Taxable Valuation 2012	\$208,181,453
Taxable Valuation 2013	\$226,359,761
Taxable Valuation 2014	\$263,345,768
Taxable Valuation 2015	\$295,200,272

The General Fund Tax Levies were adjusted due to the Cutler-Gabriel Bill, which is used to keep the state and the local portion of the ad valorem taxes in proportion. The school district requested \$250,000 in Ad Valorem Property Tax Opt Dollars during the 2014-2015 fiscal year.

The school district received 29% of its overall revenue as State Aid to Education/State Sources. The breakdown of those funds included: \$980,084.00 in state aid revenue, \$25,000.27 in state apportionment, and \$13,367.19 in bank franchise tax.

**Annual Per Student Allocation:**

FY2010-2011	\$4,804.60
FY2011-2012	\$4,389.95
FY2012-2013	\$4,490.92
FY2013-2014	\$4,625.65
FY2014-2015	\$4,876.76

**District Annual Student Enrollment:**

The annual student enrollment for the Bridgewater-Emery School District is growing at an encouraging rate of approximately 3.61% per year.

2010-2011 school year	299 students
2011-2012 school year	307 students
2012-2013 school year	321 students
2013-2014 school year	332.60 students
2014-2015 school year	329.60 students

Investment earnings in this fiscal year were only \$7,584.89, due to the continued sluggishness of interest rates, within the banking industry.

The Food Service Fund required an operating transfer of \$12,500 from the General Fund in June 2015, to subsidize the operation of the School Lunch Program. There was \$3,664 in Contributed Capital Funds donated to the Food Service Fund, in Fiscal Year 2014-2015, for the following equipment: \$552 for an Aluminum Can Rack; \$1,013 for a Commercial Food Processor; \$1,550 for a Bread Holding/Proofing Cabinet; and \$549 for a Freezer. The overall Net Position from Business-Type Activities was \$26,883 on June 30, 2015.

**Expense Analysis**

Governmental & business-type program expenses increased by 2.88 % from FY 2013/14 to FY2014/15, primarily resulting from increasing prices in the public marketplace and expanding employer requirements for employee benefits, such as the implementation of the Affordable Care Act.

**Government & Business Type Expenses:**

Fiscal Year 2010-2011	\$3,067,623.00
Fiscal Year 2011-2012	\$3,077,660.03
Fiscal Year 2012-2013	\$3,200,238.00
Fiscal Year 2013-2014	\$3,394,753.90
Fiscal Year 2014-2015	\$3,492,718.05

<b><u>Function/Program</u></b>	<b>2013/14</b>		<b>2014/15</b>	
	<b><u>Expense/Yr.</u></b>	<b><u>% Total Exp.</u></b>	<b><u>Expense/Yr.</u></b>	<b><u>% Total Exp.</u></b>
Instructional	\$1,837,537.76	54%	\$1,880,354.06	54%
Support Services	\$1,166,069.05	35%	\$1,215,400.63	35%
Non-programmed Charges	\$ 1,776.44	0%	\$ 1,731.93	0%
Co-Curricular Activities	\$ 178,627.00	5%	\$ 81,747.90	5%
Food Service Fund	\$ 206,202.68	6%	\$ 209,102.95	6%
Driver's Education Fund	\$ 4,540.97	0%	\$ 4,380.58	0%
<b>Total Expense</b>	<b>\$ 3,394,753.90</b>	<b>100%</b>	<b>\$3,392,718.05</b>	<b>100%</b>

**BUSINESS-TYPE ACTIVITIES**

Revenues of the school's business-type activities of significance included \$114,485.34 in breakfast and lunches served; \$63,133.88 in National School Lunch Program Reimbursements; and \$14,087.67 in donated commodities received. The Bridgewater-Emery School District received Driver's Education Class parent payments for the Driver's Education Fund of \$3,750.00.

Expenditures of the school business-type activities were \$209,102.95 for the Food Service Fund and \$4,380.58 for the Driver's Education Fund, resulting in a decrease of net position of (\$61.79). Please note that the Food Service Program does incur increased costs, due to the operation of two serving sites. The school board and administration feel the benefits of hot meals at each site, outweigh the additional program cost.

Salaries, increasing health insurance benefits, the rising cost of purchasing food and fuel stop charges for food service deliveries all add program costs. The school district food service staff is careful to utilize all government commodities and fresh fruit offered by the state government, to reduce overall food service costs. The Board of Education approved a transfer in the amount of \$12,500.00 to supplement the food service program for the fiscal year. An operating transfer of \$630.58 was also authorized for the Driver's Education Program, to assist in covering ancillary program costs.

**BUDGETARY HIGHLIGHTS**

*The Bridgewater-Emery Board of Education adopted the following annual school district financial budget & supplemental budgets for FY2013-2014 and FY2014-2015:*

<b><u>Fund</u></b>	<b><u>Fiscal Year 2013-2014</u></b>	<b><u>Fiscal Year 2014-2015</u></b>	<b><u>Budget Change</u></b>
General Fund	\$ 2,364,125.69	\$2,560,869.00	\$ 196,743.31
Capital Outlay Fund	\$ 620,387.60	\$ 728,437.00	\$ 108,049.40
Special Ed Fund	\$ 445,780.82	\$ 516,767.00	\$ 70,986.18
Pension Fund	\$ 89,752.20	\$ 91,454.00	\$ 1,701.80
Food Service Fund	\$ 199,897.00	\$ 213,897.00	\$ 14,000.00
Driver's Education Fund	\$ 4,000.00	\$ 4,600.00	\$ 600.00
<b>Total Budget</b>	<b>\$ 3,723,943.31</b>	<b>\$ 4,116,024.00</b>	<b>\$ 392,080.69</b>

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

The school's district's current economic outlook reflects a positive outlook by the school district's financial management. The school district's student enrollment continues to grow each year, since the Bridgewater-Emery School District's Consolidation, on July 1, 2010.

The school district offers cutting edge academic programs and competitive co-curricular programs. These programs provide our students with engaging opportunities to learn inside the classroom and to practice sportsmanship and leadership, on the playing field. The majority of the Bridgewater-Emery School District's graduates further their education, through college or technical education.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT:**

This report is designed to provide our citizens, taxpayers, and investors with a higher level of transparency and accountability for the public funding of the Bridgewater-Emery School District receives. If you have questions about this report or need additional information, please contact Jason Bailey, Superintendent or Lori Jansen, School Business Manager for the Bridgewater-Emery School District at P. O. Box 265 Emery, SD. 57332.

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF NET POSITION**  
As of June 30, 2015

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS:</b>			
Cash and Cash Equivalents	3,162,382.23	17,536.95	3,179,919.18
Investments	200,000.00		200,000.00
Taxes Receivable	1,113,864.31		1,113,864.31
Other Assets	73,064.80	6,955.37	80,020.17
Inventories	4,053.41	4,845.96	8,899.37
Net Pension Asset	713,952.63		713,952.63
Capital Assets:			
Land	31,579.00		31,579.00
Other Capital Assets, Net of Depreciation	2,532,884.90	14,710.20	2,547,595.10
<b>TOTAL ASSETS</b>	<b>7,831,781.28</b>	<b>44,048.48</b>	<b>7,875,829.76</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Related Deferred Outflows	634,936.45		634,936.45
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>634,936.45</b>	<b>0.00</b>	<b>634,936.45</b>
<b>LIABILITIES :</b>			
Accounts Payable	9,827.56		9,827.56
Other Current Liabilities	228,197.45	16,546.24	244,743.69
Unearned Revenue		619.76	619.76
Noncurrent Liabilities:			
Due Within One Year	10,000.00		10,000.00
Due in More than One Year	26,493.35		26,493.35
<b>TOTAL LIABILITIES</b>	<b>274,518.36</b>	<b>17,166.00</b>	<b>291,684.36</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Property Taxes Levied for Future Period	1,090,927.38		1,090,927.38
Pension Related Deferred Inflows	826,877.52		826,877.52
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,917,804.90</b>	<b>0.00</b>	<b>1,917,804.90</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	2,564,463.90	14,710.20	2,579,174.10
Restricted for:			
Capital Outlay Purposes	1,200,576.41		1,200,576.41
Special Education Purposes	239,937.86		239,937.86
SDRS Pension Purposes	522,011.56		522,011.56
Pension Purposes	153,695.29		153,695.29
Unrestricted (Deficit)	1,593,709.45	12,172.28	1,605,881.73
<b>TOTAL NET POSITION</b>	<b>6,274,394.47</b>	<b>26,882.48</b>	<b>6,301,276.95</b>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
Instruction	1,880,354.06		117,348.46		(1,763,005.60)		(1,763,005.60)
Support Services	1,215,400.63	41,257.08	29,522.21	11,000.00	(1,133,621.34)		(1,133,621.34)
Nonprogrammed Charges	1,731.93				(1,731.93)		(1,731.93)
Cocurricular Activities	181,747.90	23,544.87			(158,203.03)		(158,203.03)
<b>Total Governmental Activities</b>	<b>3,279,234.52</b>	<b>64,801.95</b>	<b>146,870.67</b>	<b>11,000.00</b>	<b>(3,056,561.90)</b>		<b>(3,056,561.90)</b>
<b>Business-type Activities:</b>							
Food Service	209,102.95	114,485.14	78,391.82			(16,225.99)	(16,225.99)
Driver's Education	4,380.58	3,750.00				(630.58)	(630.58)
<b>Total Business-type Activities</b>	<b>213,483.53</b>	<b>118,235.14</b>	<b>78,391.82</b>	<b>0.00</b>		<b>(16,856.57)</b>	<b>(16,856.57)</b>
<b>Total Primary Government</b>	<b>3,492,718.05</b>	<b>183,037.09</b>	<b>225,262.49</b>	<b>11,000.00</b>	<b>(3,056,561.90)</b>	<b>(16,856.57)</b>	<b>(3,073,418.47)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes					2,122,619.83		2,122,619.83
Utility Taxes					69,637.42		69,637.42
<b>Revenue from State Sources:</b>							
State Aid					1,018,451.46		1,018,451.46
<b>Revenue from Federal Sources</b>							
Grants and Contributions not Restricted to Specific Programs					4,028.63		4,028.63
Unrestricted Investment Earnings					1,004.00		1,004.00
Other General Revenues					7,584.69	0.20	7,584.89
Transfers					70,842.17		70,842.17
					(16,794.58)	16,794.58	0.00
<b>Total General Revenues and Transfers</b>					<b>3,277,373.62</b>	<b>16,794.78</b>	<b>3,294,168.40</b>
<b>Change in Net Position</b>					<b>220,811.72</b>	<b>(61.79)</b>	<b>220,749.93</b>
<b>Net Position - Beginning</b>					<b>5,670,207.65</b>	<b>26,944.27</b>	<b>5,697,151.92</b>
<b>Adjustments:</b>							
Prior Period Adjustment for GASB 68 - See Note 12					383,375.10		383,375.10
<b>Restated Net Position - Beginning</b>					<b>6,053,582.75</b>	<b>26,944.27</b>	<b>6,080,527.02</b>
<b>NET POSITION - ENDING</b>					<b>6,274,394.47</b>	<b>26,882.48</b>	<b>6,301,276.95</b>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT 30-3**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**As of June 30, 2015**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Pension Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	1,666,985.21	1,192,982.66	242,351.60	53,062.76	3,155,382.23
Investments	75,000.00		25,000.00	100,000.00	200,000.00
Advanced Payments	7,000.00				7,000.00
Taxes Receivable--Current	515,437.48	325,307.10	212,752.98	37,429.82	1,090,927.38
Taxes Receivable--Delinquent	13,728.84	5,363.23	3,212.33	632.53	22,936.93
Accounts Receivable, Net	514.30	3,700.00			4,214.30
Due from Other Government	68,850.50				68,850.50
Inventory of Supplies	4,053.41				4,053.41
<b>TOTAL ASSETS</b>	<u>2,351,569.74</u>	<u>1,527,352.99</u>	<u>483,316.91</u>	<u>191,125.11</u>	<u>4,553,364.75</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	6,188.36	1,469.48	2,169.72		9,827.56
Contracts Payable	154,002.48		20,412.05		174,414.53
Payroll Deductions and Withholdings and Employer Matching Payable	46,481.41		7,301.51		53,782.92
<b>Total Liabilities</b>	<u>206,672.25</u>	<u>1,469.48</u>	<u>29,883.28</u>	<u>0.00</u>	<u>238,025.01</u>
Deferred Inflows or Resources:					
Unavailable Revenue-Property Taxes	13,728.84	5,363.23	3,212.33	632.53	22,936.93
Property Taxes Levied for a Future Period	515,437.48	325,307.10	212,752.98	37,429.82	1,090,927.38
<b>Total Deferred Inflows of Resources</b>	<u>529,166.32</u>	<u>330,670.33</u>	<u>215,965.31</u>	<u>38,062.35</u>	<u>1,113,864.31</u>
Fund Balances:					
Nonspendable:					
Inventory of Supplies	4,053.41				4,053.41
Restricted:					
Capital Outlay		1,195,213.18			1,195,213.18
Special Education			237,468.32		237,468.32
Pension				153,062.76	153,062.76
Assigned for Next Year's Budget	212,591.00				212,591.00
Unassigned	1,399,086.76				1,399,086.76
<b>Total Fund Balances</b>	<u>1,615,731.17</u>	<u>1,195,213.18</u>	<u>237,468.32</u>	<u>153,062.76</u>	<u>3,201,475.43</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>2,351,569.74</u>	<u>1,527,352.99</u>	<u>483,316.91</u>	<u>191,125.11</u>	<u>4,553,364.75</u>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

Total Fund Balances - Governmental Funds	<u>3,201,475.43</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>713,952.63</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>2,564,463.90</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>634,936.45</u>
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.	<u>22,936.93</u>
Long-term liabilities such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(36,493.35)</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(826,877.52)</u>
Net Position - Governmental Activities	<u><u>6,274,394.47</u></u>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Pension Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	951,468.45	657,312.92	420,867.48	75,614.99	2,105,263.84
Prior Years' Ad Valorem Taxes	7,160.30	3,636.43	2,141.25	428.86	13,366.84
Utility Taxes	69,637.42				69,637.42
Penalties and Interest on Taxes	3,671.23	1,188.75	717.75	138.49	5,716.22
Earnings on Investments and Deposits	4,041.32	2,536.56	492.77	514.04	7,584.69
Cocurricular Activities:					
Admissions	18,688.29				18,688.29
Other Pupil Activity Income	4,856.58				4,856.58
Other Revenue from Local Sources:					
Rentals	1,605.00				1,605.00
Contributions and Donations	1,004.00	11,000.00			12,004.00
Services Provided Other LEAs	41,257.08				41,257.08
Refund of Prior Year's Expenditures	999.00				999.00
Judgements	200.00				200.00
Charges for Services	7,385.75		22,136.46		29,522.21
Other	2,012.95	3,700.00	3,497.24		9,210.19
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	22,218.57				22,218.57
Revenue in Lieu of Taxes	283.86				283.86
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	1,018,451.46				1,018,451.46
Restricted Grants-in-Aid	3,450.00				3,450.00
Other State Revenue	150.00				150.00
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	1,741.56	1,361.33	762.31	163.43	4,028.63
Restricted Grants-in-Aid Received Directly from the Federal Government	106,939.35				106,939.35
Other Federal Revenue	6,809.11				6,809.11
<b>Total Revenue</b>	<b>2,274,031.28</b>	<b>680,735.99</b>	<b>450,615.26</b>	<b>76,859.81</b>	<b>3,482,242.34</b>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	<b>General Fund</b>	<b>Capital Outlay Fund</b>	<b>Special Education Fund</b>	<b>Pension Fund</b>	<b>Total Governmental Funds</b>
<b>Expenditures:</b>					
Instruction:					
Regular Programs:					
Elementary	570,346.15	75,717.75		27,368.11	673,432.01
Middle/Junior High	232,290.47	20,474.77		10,889.47	263,654.71
High School	485,305.39	96,348.21		22,888.67	604,542.27
Special Programs:					
Programs for Special Education			233,062.54		233,062.54
Educationally Deprived	90,953.78				90,953.78
Other Special Programs	5,694.66				5,694.66
Support Services:					
Pupils:					
Guidance	43,553.08		392.17	1,489.17	45,434.42
Health	1,022.66				1,022.66
Psychological			6,152.74		6,152.74
Speech Pathology			17,774.57		17,774.57
Audiology Services			1,489.00		1,489.00
Student Therapy Services			64,273.17		64,273.17
Instructional Staff:					
Improvement of Instruction	15,161.47		487.50	216.31	15,865.28
Educational Media	54,687.53	3,295.04	574.46	914.06	59,471.09
General Administration:					
Board of Education	25,814.62		2,663.94		28,478.56
Executive Administration	86,499.52			3,710.42	90,209.94
School Administration:					
Office of the Principal	138,032.61			5,906.57	143,939.18
Other	187.90				187.90
Business:					
Fiscal Services	117,319.57	4,300.00	7,046.12	6,013.49	134,679.18
Operation and Maintenance of Plant	230,708.87	143,144.41		4,877.15	378,730.43
Pupil Transportation	129,344.57	14,930.00		692.70	144,967.27
Food Services		4,570.92		4,464.34	9,035.26
Internal Services	6,276.42	11,789.16			18,065.58
Special Education:					
Administrative Costs			58,710.94		58,710.94
Transportation Costs			12,951.93		12,951.93
Other Special Education Costs			2,645.82		2,645.82

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Pension Fund</u>	<u>Total Governmental Funds</u>
<b>Expenditures (continued):</b>					
Nonprogrammed Charges:					
Early Retirement Payments			1,731.93		1,731.93
Cocurricular Activities:					
Male Activities	29,861.68	5,910.30		933.25	36,705.23
Female Activities	36,629.14	3,442.92		1,346.75	41,418.81
Transportation	38,990.63				38,990.63
Combined Activities	40,345.39	12,037.77		879.96	53,263.12
Capital Outlay		64,458.35			64,458.35
<b>Total Expenditures</b>	<b>2,379,026.11</b>	<b>460,419.60</b>	<b>409,956.83</b>	<b>92,590.42</b>	<b>3,341,992.96</b>
Excess of Revenue Over (Under) Expenditures	(104,994.83)	220,316.39	40,658.43	(15,730.61)	140,249.38
<b>Other Financing Sources (Uses):</b>					
Transfers In	3,543.37				3,543.37
Transfers Out	(13,130.58)	(2,536.56)	(492.77)	(514.04)	(16,673.95)
Sale of Surplus Property		1,000.00			1,000.00
Compensation for Loss of General Capital Assets		5,168.50			5,168.50
<b>Total Other Financing Sources (Uses)</b>	<b>(9,587.21)</b>	<b>3,631.94</b>	<b>(492.77)</b>	<b>(514.04)</b>	<b>(6,962.08)</b>
<b>Net Change in Fund Balances</b>	<b>(114,582.04)</b>	<b>223,948.33</b>	<b>40,165.66</b>	<b>(16,244.65)</b>	<b>133,287.30</b>
Fund Balance - Beginning	1,730,313.21	971,264.85	197,302.66	169,307.41	3,068,188.13
<b>FUND BALANCE - ENDING</b>	<b>1,615,731.17</b>	<b>1,195,213.18</b>	<b>237,468.32</b>	<b>153,062.76</b>	<b>3,201,475.43</b>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**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, 2015**

Net Change in Fund Balances - Total Governmental Funds	<u>133,287.30</u>
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 by which depreciation exceeded capital outlays in the current period.	<u>(39,459.64)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	<u>(1,727.07)</u>
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	<u>(9,925.33)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Pension Revenue)	<u>30,157.05</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Pension Expense)	<u>108,479.41</u>
Change in Net Position of Governmental Activities	<u><u>220,811.72</u></u>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**As of June 30, 2015**

	<b>Enterprise Fund</b>
	<b>Food Service Fund</b>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	17,536.95
Accounts Receivable, Net	6,955.37
Inventory of Supplies	372.21
Inventory of Stores Purchased for Resale	1,592.97
Inventory of Donated Food	2,880.78
Total Current Assets	29,338.28
Noncurrent Assets:	
Capital Assets:	
Machinery and Equipment--Local Funds	96,571.68
Machinery and Equipment--Federal Assistance	2,090.00
Less: Accumulated Depreciation (Credit)	(83,951.48)
Total Noncurrent Assets	14,710.20
<b>TOTAL ASSETS</b>	<b>44,048.48</b>
<b>LIABILITIES:</b>	
Contracts Payable	12,505.30
Payroll Deductions and Withholdings and Employer Matching Payable	4,040.94
Unearned Revenue	619.76
<b>TOTAL LIABILITIES</b>	<b>17,166.00</b>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	14,710.20
Unrestricted Net Position	12,172.28
<b>TOTAL NET POSITION</b>	<b>26,882.48</b>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2015**

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Driver's Education Fund</b>	<b>Totals</b>
<b>Operating Revenue:</b>			
Food Sales:			
Students	108,436.21		108,436.21
Adults	6,048.93		6,048.93
Other Charges for Goods and Services		3,750.00	3,750.00
Total Operating Revenue	114,485.14	3,750.00	118,235.14
<b>Operating Expenses:</b>			
Salaries	85,206.26	3,300.00	88,506.26
Employee Benefits	16,963.64	252.46	17,216.10
Purchased Services	4,917.58		4,917.58
Supplies	788.24	828.12	1,616.36
Cost of Sales - Purchased	83,601.78		83,601.78
Cost of Sales - Donated	15,445.36		15,445.36
Other	142.10		142.10
Depreciation	2,037.99		2,037.99
Total Operating Expenses	209,102.95	4,380.58	213,483.53
Operating Income (Loss)	(94,617.81)	(630.58)	(95,248.39)
<b>Nonoperating Revenue:</b>			
Investment Earnings	0.20		0.20
State Grants	1,170.27		1,170.27
Federal Grants	63,133.88		63,133.88
Donated Food	14,087.67		14,087.67
Total Nonoperating Revenue (Expense)	78,392.02	0.00	78,392.02
Income (Loss) Before Contributions and Transfers	(16,225.79)	(630.58)	(16,856.37)
Capital Contributions	3,664.00		3,664.00
Transfers In	12,500.00	630.58	13,130.58
Change in Net Position	(61.79)	0.00	(61.79)
Net Position - Beginning	26,944.27	0.00	26,944.27
NET POSITION - ENDING	26,882.48	0.00	26,882.48

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2015**

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Driver's Education Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>			
Cash Receipts from Customers	114,453.75	3,750.00	118,203.75
Cash Payments to Employees for Services	(100,934.12)	(3,552.46)	(104,486.58)
Cash Payments to Suppliers for Goods or Services	(88,787.07)	(828.12)	(89,615.19)
Net Cash Provided (Used) by Operating Activities	<u>(75,267.44)</u>	<u>(630.58)</u>	<u>(75,898.02)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from General Fund	12,500.00	630.58	13,130.58
Operating Grants	64,304.15		64,304.15
Net Cash Provided (Used) from Noncapital Financing Activities	<u>76,804.15</u>	<u>630.58</u>	<u>77,434.73</u>
<b>Cash Flows from Investing Activities:</b>			
Cash Received for Interest	0.20		0.20
Net Cash Provided (Used) from Investing Activities	<u>0.20</u>	<u>0.00</u>	<u>0.20</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,536.91</u>	<u>0.00</u>	<u>1,536.91</u>
Cash and Cash Equivalents at Beginning of Year	<u>16,000.04</u>	<u>0.00</u>	<u>16,000.04</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>17,536.95</u></u>	<u><u>0.00</u></u>	<u><u>17,536.95</u></u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	<u>(94,617.81)</u>	<u>(630.58)</u>	<u>(95,248.39)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	<u>2,037.99</u>		<u>2,037.99</u>
Value of Donated Commodities Used	<u>15,445.36</u>		<u>15,445.36</u>
Change in Assets and Liabilities:			
Receivables	<u>(81.45)</u>		<u>(81.45)</u>
Inventories	<u>662.63</u>		<u>662.63</u>
Accrued Wages Payable	<u>1,235.78</u>		<u>1,235.78</u>
Unearned Revenue	<u>50.06</u>		<u>50.06</u>
Net Cash Provided (Used) by Operating Activities	<u>(75,267.44)</u>	<u>(630.58)</u>	<u>(75,898.02)</u>
<b>Noncash Investing, Capital and Financing Activities:</b>			
Value of Commodities Received	<u>14,087.67</u>		<u>14,087.67</u>
Equipment Purchased by Capital Outlay Fund	<u>3,664.00</u>		<u>3,664.00</u>

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

**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**As of June 30, 2015**

	<b>Agency Funds</b>
	<u>                    </u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	<u>160,174.25</u>
<b>TOTAL ASSETS</b>	<b>160,174.25</b>
<b>LIABILITIES:</b>	
Amounts Held for Others	<u>160,174.25</u>
<b>TOTAL LIABILITIES</b>	<u><u>160,174.25</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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-Emery School District No. 30-3 (School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds, may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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 Financial Statements:

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net Position are displayed in three components, as applicable, net investment in capital assets, 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.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**Fund Financial Statements:**

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

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

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

**Governmental Funds:**

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

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

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

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

**Pension Fund** – A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the 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.

**Proprietary Funds:**

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

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.

The Driver's Education Fund is an enterprise fund maintained by the School District to record transactions of the Driver's Education program. This fund is financed by user charges. This is 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 School District maintains agency funds for the following purposes:

The School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes and clubs.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

**Measurement Focus:**

**Government-wide Financial Statements:**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

**Fund Financial Statements:**

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources"

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

**Basis of Accounting:**

**Government-wide Financial Statements:**

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

**Fund Financial Statements:**

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Bridgewater-Emery School District No. 30-3, the length of that cycle is 60 days. The revenues, which are accrued at June 30, 2015, are grants from state government, utility taxes and miscellaneous 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.

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

All proprietary 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.

d. Deposits and Investments:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

e. 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.

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

Depreciation of all exhaustible capital assets is not recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 0.00	N/A	N/A
Improvements	\$ 5,000.00	Straight-Line	20 yrs.
Buildings	\$ 5,000.00	Straight-Line	50-100 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-Line	5-20 yrs.
Food Service Machinery and Equipment	\$ 500.00	Straight-Line	12 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

f. Long-Term Liabilities:

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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 compensated absences.

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

g. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applications, 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.

h. 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, non-capital financing activities, or investing activities are not reported as components of operating revenues and expenses.

i. 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 the Statement of Cash Flows.

j. Equity Classifications:

Government-wide Statements:

Equity is classified as net position and is displayed in three components.

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net position held in trust for other purposes.

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

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

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

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as inventory.

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

The School District does not have a formal minimum fund balance policy.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

<u>Major Special Revenue Fund:</u>	<u>Revenue Source:</u>
Capital Outlay Fund	Property Tax Revenue
Special Education Fund	Property Tax Revenue
Pension Fund	Property Tax Revenue

m. Pensions:

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

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The school District is prohibited by statute from spending in excess of appropriated amounts at the fund level. The following represents the significant overdrafts of the expenditures compared to appropriations:

	Year Ended <u>6/30/2015</u>
Pension Fund	\$1,136.42

The Governing Board plans to take the following actions to address these violations:

- Use supplemental budgets when legal authority exists.

3. 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 as follows:

**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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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.

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 in any one issuer.

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.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School 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 violations of statutory restrictions on interfund transfers.

### 3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year.

### 4. INVENTORY

Inventory held for consumption is stated at cost.

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

5. PROPERTY TAXES

Property taxes are levied on or before each October 1, 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 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or with the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

6. CHANGES IN CAPITAL ASSETS

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

Primary Government:

	Balance 07/01/14	Increases	Decreases	Balance 06/30/15
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	31,579.00			31,579.00
Total, not being depreciated	<u>31,579.00</u>	<u>0.00</u>	<u>0.00</u>	<u>31,579.00</u>
Capital Assets, being depreciated:				
Improvements	13,111.76			13,111.76
Buildings	4,236,948.05			4,236,948.05
Machinery & Equipment	383,082.64	64,458.35		447,540.99
Total, being depreciated	<u>4,633,142.45</u>	<u>64,458.35</u>	<u>0.00</u>	<u>4,697,600.80</u>
Less Accumulated Depreciation for:				
Improvements	(9,491.98)	(655.59)		(10,147.57)
Buildings	(1,740,265.84)	(77,217.15)		(1,817,482.99)
Machinery & Equipment	(311,040.09)	(26,045.25)		(337,085.34)
Total Accumulated Depreciation	<u>(2,060,797.91)</u>	<u>(103,917.99)</u>	<u>0.00</u>	<u>(2,164,715.90)</u>
Total Capital Assets, being depreciated, net	<u>2,572,344.54</u>	<u>(39,459.64)</u>	<u>0.00</u>	<u>2,532,884.90</u>
Governmental Activity Capital Assets, Net	<u>2,603,923.54</u>	<u>(39,459.64)</u>	<u>0.00</u>	<u>2,564,463.90</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:

Instruction	76,124.00
Support Services	13,263.92
Co-curricular Activities	<u>14,530.07</u>
Total Depreciation Expense - Governmental Activities	<u><u>103,917.99</u></u>

	<u>Balance</u> 07/01/14	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 06/30/15
Business-Type Activities:				
Capital Assets, being depreciated:				
Machinery & Equipment	<u>94,997.68</u>	<u>3,664.00</u>		<u>98,661.68</u>
Total, being depreciated	<u>94,997.68</u>	<u>3,664.00</u>	<u>0.00</u>	<u>98,661.68</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	<u>(81,913.49)</u>	<u>(2,037.99)</u>		<u>(83,951.48)</u>
Total Accumulated Depreciation	<u>(81,913.49)</u>	<u>(2,037.99)</u>	<u>0.00</u>	<u>(83,951.48)</u>
Business-Type Activity Capital Assets, Net	<u>13,084.19</u>	<u>1,626.01</u>	<u>0.00</u>	<u>14,710.20</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:

Food Services	<u>2,037.99</u>
Total Depreciation Expense - Business-Type Activities	<u><u>2,037.99</u></u>

## 7. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Primary Government:					
Governmental Activities:					
Accrued Compensated Absences	<u>26,568.02</u>	<u>14,209.80</u>	<u>(4,284.47)</u>	<u>36,493.35</u>	<u>10,000.00</u>
Total Governmental Activities	<u>26,568.02</u>	<u>14,209.80</u>	<u>(4,284.47)</u>	<u>36,493.35</u>	<u>10,000.00</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Liabilities Payable at June 30, 2015, is comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Compensated Absences:

Vested Leave Payable:

Vested Leave Payable Balances of Eligible Employees	\$35,750.56
Paid by General Fund	
Paid by Special Education Fund	\$ 742.79

The School District, along with McCook County, is acting as the fiscal agent for the former Bridgewater School District No. 43-6 with respect to General Obligation Refunding Bonds – Series 2010 owed at the time of consolidation. McCook County will collect and remit taxes to the Bridgewater-Emery School District No. 30-3, who will make all future debt service payments on the bond. The School District will record these transactions in an Agency fund. The balance to be paid on the G.O. Bond Series 2010 at June 30, 2015, is \$220,000.00 with a final maturity of July 15, 2017. This amount is not reflected in the School District's long-term debt.

8. OPERATING LEASES

The Bridgewater-Emery School District entered into three leases for copiers and maintenance. Monthly payments on these leases are \$400.90, \$280.00, and \$239.58 (with a 10 percent yearly increase). The payments are paid by the Capital Outlay Fund.

The following are the minimum payments on existing operating leases:

Year	Copier Lease #1	Copier Lease #2	Maintenance Lease #3
2016	\$4,409.90	\$3,080.00	\$2,778.90
2017	\$4,810.80	\$2,520.00	\$2,371.77
2018	\$4,810.80		
2019	\$2,405.40		

9. DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES

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

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

10. RESTRICTED NET POSITION

Restricted net position for the fiscal year ended June 30, 2015, was as follows:

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

FUND	Restricted By:	6/30/2015 Amount
Special Education	Law	\$ 239,937.86
Capital Outlay	Law	1,200,576.41
SDRS Pension	Governmental Accounting Standards	522,011.56
Pension	Law	153,695.29
Total Restricted Net Position		<u>\$ 2,116,221.12</u>

### 11. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015 were as follows:

Transfers From:	Transfers To:			Totals
	Governmental Activities	Business-Type Activities		
	General Fund	Food Service Fund	Driver's Education Fund	
General Fund		\$ 12,500.00	\$ 630.58	\$ 13,130.58
Capital Outlay Fund	\$ 2,536.56			2,536.56
Special Education Fund	492.77			492.77
Pension Fund	514.04			514.04
Totals	<u>\$ 3,543.37</u>	<u>\$ 12,500.00</u>	<u>\$ 630.58</u>	<u>\$ 16,673.95</u>

The School District typically uses transfers to transfer earnings on deposits and investments from other funds to the General Fund. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited to the General Fund. These Interfund transfers are not violations of the statutory restrictions on interfund transfers. The School District also uses transfers to transfer from the General Fund to the Food Service Fund and Driver's Education Fund to supplement the operations of that fund.

### 12. PRIOR PERIOD ADJUSTMENT

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

Net Position July 1, 2014, as previously reported	\$ 5,670,207.65
Restatement for pension accounting:	
Net Pension Asset	279,399.13
Pension related Deferred Outflows of Resources	<u>103,975.97</u>
Net Position July 1, 2014, as restated	<u>\$ 6,053,582.75</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

### 13. PENSION

#### Plan Information:

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

#### Benefits Provided:

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

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

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

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

#### Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. 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 School District's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013, were \$108,479.41, \$103,975.97, and \$97,764.73, respectively, equal to the required contributions each year.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

At June 30, 2014, SDRS is 107% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2014 are as follows:

Proportionate share of net position restricted for pension benefits	\$10,511,757.67
Less proportionate share of total pension liability	<u>\$ 9,797,805.03</u>
Proportionate share of net pension liability (asset)	<u>\$ (713,952.64)</u>

At June 30, 2015, the School District reported a liability (asset) of \$(713,952.64) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2014 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, the School District's proportion was .0990969%.

For the year ended June 30, 2015, the School District recognized pension expense (revenue) of \$(30,157.05). At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience.	\$ 60,410.04	
Changes In Assumption.	\$ 466,047.00	
Net Difference between projected and actual earnings on pension plan investments.		\$ 826,877.52
District contributions subsequent to the measurement date.	\$ 108,479.41	
TOTAL	<u>\$ 634,936.45</u>	<u>\$ 826,877.52</u>

\$108,479.41 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

## Year Ended June 30:

2016	\$( 56,731.62)
2017	\$( 56,731.62)
2018	\$( 56,731.62)
2019	<u>\$(130,225.62)</u>
Total	<u>\$(300,420.48)</u>

Actuarial Assumptions:

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

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

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). the long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	64.0%	4.7%
Fixed Income	26.0%	1.8%
Real Estate	8.0%	5.5%
Cash	2.0%	0.8%
Total	<u>100%</u>	

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$705,519.49	\$(713,952.64)	\$(1,871,680.32)

Pension Plan Fiduciary Net Position:

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

14. JOINT VENTURES

The School District participates in the Cornbelt Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing equal educational opportunity services to the member school districts.

The members of the co-op and their relative percentage participation in the co-op are as follows:

Bridgewater-Emery School District No. 30-3	8.13%
Canistota School District No. 43-1	5.15%
Freeman School District No. 33-1	9.37%
Hanson School District No. 30-1	10.67%
Marion School District No. 60-3	4.99%
McCook School District No. 43-7	10.74%
Montrose School District No. 43-2	5.58%
Parker School District No. 60-4	9.18%
Tea Area School District No. 41-5	36.19%

The co-op's governing board is composed of two representatives from each member school district, who are one school board member who serves on the Board of Directors and the superintendent who serves on the advisory board. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

The School District retains no equity in the net position 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 Educational Cooperative.

At June 30, 2015, this joint venture had total assets and deferred inflows of \$1,527,502.88, total liabilities and deferred outflows of \$612,943.60 and net position of \$914,559.28.

#### 15. RISK MANAGEMENT

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

##### Employee Health Insurance:

The School District joined the South Dakota District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program from South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000.00 lifetime maximum payment per person.

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

##### Liability Insurance:

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

##### Worker's Compensation:

The School District purchases liability insurance for workmen's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

##### Unemployment Benefits:

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

During the year ended June 30, 2015, no claims for unemployment benefits were paid. At June 30, 2015, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

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NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

16. SIGNIFICANT CONTINGENCIES – LITIGATION

At June 30, 2015, the School District was not involved in any significant litigation.

17. POTENTIAL SIGNIFICANT CONTINGENCIES

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	962,297.00	962,297.00	951,468.45	(10,828.55)
Prior Years' Ad Valorem Taxes	14,721.00	14,721.00	7,160.30	(7,560.70)
Utility Taxes	75,000.00	75,000.00	69,637.42	(5,362.58)
Penalties and Interest on Taxes	3,000.00	3,000.00	3,671.23	671.23
Earnings on Investments and Deposits	8,750.00	8,750.00	4,041.32	(4,708.68)
Cocurricular Activities:				
Admissions	15,500.00	15,500.00	18,688.29	3,188.29
Other Pupil Activity Income	4,000.00	4,000.00	4,856.58	856.58
Other Revenue from Local Sources:				
Rentals	800.00	800.00	1,605.00	805.00
Contributions and Donations	0.00	0.00	1,004.00	1,004.00
Services Provided Other LEAs	41,257.00	41,257.00	41,257.08	0.08
Refund of Prior Year's Expenditures	0.00	0.00	999.00	999.00
Judgments	0.00	0.00	200.00	200.00
Charges for Services	18,500.00	18,500.00	7,385.75	(11,114.25)
Other	2,000.00	2,000.00	2,012.95	12.95
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	25,000.00	25,000.00	22,218.57	(2,781.43)
Revenue in Lieu of Taxes	0.00	0.00	283.86	283.86
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,003,854.00	1,003,854.00	1,018,451.46	14,597.46
Restricted Grants-in-Aid	0.00	0.00	3,450.00	3,450.00
Other State Revenue	0.00	0.00	150.00	150.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	650.00	650.00	1,741.56	1,091.56
Restricted Grants-in-Aid Received from Federal Government Through the State	104,240.00	107,684.00	106,939.35	(744.65)
Other Federal Revenue	3,486.00	3,486.00	6,809.11	3,323.11
<b>Total Revenue</b>	<b>2,283,055.00</b>	<b>2,286,499.00</b>	<b>2,274,031.28</b>	<b>(12,467.72)</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	564,258.00	570,357.00	570,346.15	10.85
Middle/Junior High	234,989.00	234,989.00	232,290.47	2,698.53
High School	512,524.00	512,524.00	485,305.39	27,218.61
Special Programs:				
Educationally Deprived	68,665.00	72,109.00	90,953.78	(18,844.78)
Other Special Programs	0.00	5,700.00	5,694.66	5.34

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures (continued):</b>				
Support Services:				
Pupils:				
Guidance	45,696.00	45,696.00	43,553.08	2,142.92
Health	1,100.00	1,100.00	1,022.66	77.34
Instructional Staff:				
Improvement of Instruction	6,723.00	11,065.00	15,161.47	(4,096.47)
Educational Media	65,916.00	67,316.00	54,687.53	12,628.47
General Administration:				
Board of Education	26,274.00	27,402.00	25,814.62	1,587.38
Executive Administration	87,739.00	87,739.00	86,499.52	1,239.48
School Administration:				
Office of the Principal	140,325.00	141,941.00	138,032.61	3,908.39
Other	750.00	750.00	187.90	562.10
Business:				
Fiscal Services	120,719.00	120,719.00	117,319.57	3,399.43
Operation and Maintenance of Plant	311,204.00	311,204.00	230,708.87	80,495.13
Pupil Transportation	162,491.00	162,491.00	129,344.57	33,146.43
Internal Services	0.00	6,300.00	6,276.42	23.58
Cocurricular Activities:				
Male Activities	31,769.00	32,612.00	29,861.68	2,750.32
Female Activities	35,000.00	38,478.00	36,629.14	1,848.86
Transportation	42,500.00	42,500.00	38,990.63	3,509.37
Combined Activities	43,386.00	47,665.00	40,345.39	7,319.61
Contingencies	25,000.00	25,000.00		
Amount Transferred		(23,185.00)		1,815.00
<b>Total Expenditures</b>	<b>2,527,028.00</b>	<b>2,542,472.00</b>	<b>2,379,026.11</b>	<b>163,445.89</b>
Excess of Revenue Over (Under) Expenditures	(243,973.00)	(255,973.00)	(104,994.83)	150,978.17
<b>Other Financing Sources (Uses):</b>				
Transfers In	0.00	0.00	3,543.37	3,543.37
Transfers Out	(18,397.00)	(18,397.00)	(13,130.58)	5,266.42
<b>Total Other Financing Sources (Uses)</b>	<b>(18,397.00)</b>	<b>(18,397.00)</b>	<b>(9,587.21)</b>	<b>8,809.79</b>
<b>Net Change in Fund Balances</b>	<b>(262,370.00)</b>	<b>(274,370.00)</b>	<b>(114,582.04)</b>	<b>159,787.96</b>
Fund Balance - Beginning	1,730,313.21	1,730,313.21	1,730,313.21	0.00
<b>FUND BALANCE - ENDING</b>	<b>1,467,943.21</b>	<b>1,455,943.21</b>	<b>1,615,731.17</b>	<b>159,787.96</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CAPITAL OUTLAY FUND**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	667,680.00	667,680.00	657,312.92	(10,367.08)
Prior Years' Ad Valorem Taxes	5,910.00	5,910.00	3,636.43	(2,273.57)
Penalties and Interest on Taxes	1,750.00	1,750.00	1,188.75	(561.25)
Earnings on Investments and Deposits	25.00	25.00	2,536.56	2,511.56
Other Revenue from Local Sources:				
Contributions and Donations	0.00	11,000.00	11,000.00	0.00
Other	0.00	0.00	3,700.00	3,700.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	600.00	600.00	1,361.33	761.33
<b>Total Revenue</b>	<b>675,965.00</b>	<b>686,965.00</b>	<b>680,735.99</b>	<b>(6,229.01)</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	89,999.00	89,999.00	75,717.75	14,281.25
Middle/Junior High	34,438.00	34,438.00	20,474.77	13,963.23
High School	139,280.00	139,280.00	96,348.21	42,931.79
Support Services:				
Instructional Staff:				
Educational Media	10,250.00	10,250.00	9,571.94	678.06
Business:				
Fiscal Services	4,100.00	4,300.00	4,300.00	0.00
Operation and Maintenance of Plant	310,790.00	311,470.00	155,325.86	156,144.14
Pupil Transportation	23,500.00	60,930.00	60,930.00	0.00
Food Services	4,275.00	7,387.00	4,570.92	2,816.08
Internal Services	20,000.00	20,000.00	11,789.16	8,210.84
Cocurricular Activities:				
Male Activities	30,021.00	30,021.00	5,910.30	24,110.70
Female Activities	7,512.00	8,292.00	3,442.92	4,849.08
Combined Activities	1,800.00	12,070.00	12,037.77	32.23
<b>Total Expenditures</b>	<b>675,965.00</b>	<b>728,437.00</b>	<b>460,419.60</b>	<b>268,017.40</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>0.00</b>	<b>(41,472.00)</b>	<b>220,316.39</b>	<b>261,788.39</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CAPITAL OUTLAY FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0.00	0.00	(2,536.56)	(2,536.56)
Sale of Surplus Property	0.00	0.00	1,000.00	1,000.00
Compensation for Loss of General Capital Assets	0.00	0.00	5,168.50	5,168.50
Total Other Financing Sources (Uses)	0.00	0.00	3,631.94	3,631.94
Net Change in Fund Balances	0.00	(41,472.00)	223,948.33	265,420.33
Fund Balance - Beginning	971,264.85	971,264.85	971,264.85	0.00
<b>FUND BALANCE - ENDING</b>	971,264.85	929,792.85	1,195,213.18	265,420.33

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**SPECIAL EDUCATION FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	423,338.00	423,338.00	420,867.48	(2,470.52)
Prior Years' Ad Valorem Taxes	3,321.00	3,321.00	2,141.25	(1,179.75)
Penalties and Interest on Taxes	212.00	212.00	717.75	505.75
Earnings on Investments and Deposits	0.00	0.00	492.77	492.77
Other Revenue from Local Sources:				
Charges for Services	20,000.00	20,000.00	22,136.46	2,136.46
Other	0.00	0.00	3,497.24	3,497.24
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	15,937.00	15,937.00	0.00	(15,937.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	0.00	0.00	762.31	762.31
<b>Total Revenue</b>	<b>462,808.00</b>	<b>462,808.00</b>	<b>450,615.26</b>	<b>(12,192.74)</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
High School	1,200.00	1,200.00	0.00	1,200.00
Special Programs:				
Programs for Special Education	315,413.00	315,413.00	233,062.54	82,350.46
Support Services:				
Pupils:				
Guidance	392.00	392.00	392.17	(0.17)
Psychological	6,153.00	6,153.00	6,152.74	0.26
Speech Pathology	17,775.00	17,775.00	17,774.57	0.43
Audiology	1,425.00	1,489.00	1,489.00	0.00
Student Therapy Services	45,000.00	64,275.00	64,273.17	1.83
Instructional Staff:				
Improvement of Instruction	488.00	488.00	487.50	0.50
Educational Media	575.00	575.00	574.46	0.54
General Administration:				
Board of Education	2,665.00	2,665.00	2,663.94	1.06
Business:				
Fiscal Services	7,047.00	7,047.00	7,046.12	0.88
Special Education:				
Administrative Costs	57,189.00	59,419.00	58,710.94	708.06
Transportation Costs	22,053.00	30,496.00	12,951.93	17,544.07
Other Special Education Costs	0.00	2,648.00	2,645.82	2.18

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**SPECIAL EDUCATION FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (continued):</b>				
Nonprogrammed Charges:				
Early Retirement Payments	1,732.00	1,732.00	1,731.93	0.07
Other Nonprogrammed Charges	5,000.00	5,000.00	0.00	5,000.00
Total Expenditures	<b>484,107.00</b>	<b>516,767.00</b>	<b>409,956.83</b>	<b>106,810.17</b>
Excess of Revenue Over (Under) Expenditures	<b>(21,299.00)</b>	<b>(53,959.00)</b>	<b>40,658.43</b>	<b>94,617.43</b>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0.00	0.00	(492.77)	(492.77)
Total Other Financing Sources (Uses)	<b>0.00</b>	<b>0.00</b>	<b>(492.77)</b>	<b>(492.77)</b>
Net Change in Fund Balances	<b>(21,299.00)</b>	<b>(53,959.00)</b>	<b>40,165.66</b>	<b>94,124.66</b>
Fund Balance - Beginning	197,302.66	197,302.66	197,302.66	0.00
FUND BALANCE - ENDING	<u>176,003.66</u>	<u>143,343.66</u>	<u>237,468.32</u>	<u>94,124.66</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**PENSION FUND**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	76,711.00	76,711.00	75,614.99	(1,096.01)
Prior Years' Ad Valorem Taxes	712.00	712.00	428.86	(283.14)
Penalties and Interest on Taxes	0.00	0.00	138.49	138.49
Earnings on Investments and Deposits	0.00	0.00	514.04	514.04
Revenue from Federal Sources:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	0.00	0.00	163.43	163.43
<b>Total Revenue</b>	<b>77,423.00</b>	<b>77,423.00</b>	<b>76,859.81</b>	<b>(563.19)</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	26,743.00	27,369.00	27,368.11	0.89
Middle/Junior High	10,738.00	10,890.00	10,889.47	0.53
High School	21,805.00	21,805.00	22,888.67	(1,083.67)
Support Services:				
Pupils:				
Guidance	1,594.00	1,624.00	1,489.17	134.83
Instructional Staff:				
Improvement of Instruction	0.00	11.00	216.31	(205.31)
Educational Media	0.00	98.00	914.06	(816.06)
General Administration:				
Executive Administration	3,403.00	3,711.00	3,710.42	0.58
School Administration:				
Office of the Principal	6,245.00	6,245.00	5,906.57	338.43
Business:				
Fiscal Services	3,401.00	6,014.00	6,013.49	0.51
Operation and Maintenance of Plant	4,800.00	4,878.00	4,877.15	0.85
Pupil Transportation	720.00	720.00	692.70	27.30
Food Services	4,621.00	4,621.00	4,464.34	156.66
Cocurricular Activities:				
Male Activities	937.00	975.00	933.25	41.75
Female Activities	1,234.00	1,378.00	1,346.75	31.25
Combined Activities	1,093.00	1,115.00	879.96	235.04
<b>Total Expenditures</b>	<b>87,334.00</b>	<b>91,454.00</b>	<b>92,590.42</b>	<b>(1,136.42)</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(9,911.00)</b>	<b>(14,031.00)</b>	<b>(15,730.61)</b>	<b>(1,699.61)</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**BRIDGEWATER-EMERY SCHOOL DISTRICT NO. 30-3**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**PENSION FUND**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0.00	0.00	(514.04)	(514.04)
Total Other Financing Sources (Uses)	0.00	0.00	(514.04)	(514.04)
Net Change in Fund Balances	(9,911.00)	(14,031.00)	(16,244.65)	(2,213.65)
Fund Balance - Beginning	169,307.41	169,307.41	169,307.41	0.00
<b>FUND BALANCE - ENDING</b>	<b>159,396.41</b>	<b>155,276.41</b>	<b>153,062.76</b>	<b>(2,213.65)</b>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015

Schedules of Budgetary Comparisons for the General Fund  
and for each major Special Revenue Fund with a legally required budget.

Note 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 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 of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer 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 by 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 budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
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.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
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 Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2. GAAP/Budgetary Accounting Basis Differences:

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

(Dollar amounts in thousands)

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0990969%
District's proportionate share of net pension liability (asset)	\$ (714)
District's covered-employee payroll	\$ 1,733
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107%

The amounts presented were determined as of 06/30/2014.

REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

## South Dakota Retirement System

(Dollar amounts in thousands)

	<u>2015</u>
Contractually required contribution	\$ 108
Contributions in relation to the contractually required contribution	<u>\$ 108</u>
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 1,808
Contributions as a percentage of covered-employee payroll	6.0%