BURKE SCHOOL DISTRICT NO. 26-2
OF GREGORY 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

BURKE SCHOOL DISTRICT NO. 26-2
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

BOARD MEMBERS:

Jolene Van Metre – President
Valerie Drey – Vice-President
Joe Kellen
Tammi Serr
Don Stukel
Luther Wilhelmsen
Brandon York

SUPERINTENDENT:

Erik Person

BUSINESS MANAGER:

Debora Indahl

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Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-1441
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

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
Burke School District No. 26-2
Burke, 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 Burke School District No. 26-2, 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 November 13, 2015.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

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

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.

Schoenfish & Co., Inc.
Certified Public Accountants
November 13, 2015

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR 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 resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This comment has not been corrected and is restated as current audit finding number 2015-001.

SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Finding – 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 seventeenth consecutive audit in which a similar deficiency has occurred.

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 Burke 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 Burke School District Board President, Jolene Van Metre, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Burke 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.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with one Board Member, the Superintendent, and the Business Manager on October 26, 2015.

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-1441
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

INDEPENDENT AUDITOR'S REPORT

School Board
Burke School District No. 26-2
Burke, 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 Burke School District No. 26-2, 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 Burke School District No. 26-2 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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's Contributions on pages 39 through 43, 45, and 46, 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 13, 2015 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
November 13, 2015

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF NET POSITION
As of June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	808,530.99	36,502.95	845,033.94
Taxes Receivable	498,643.96		498,643.96
Other Assets	96,263.06		96,263.06
Inventories		2,470.26	2,470.26
Restricted Assets:			
Cash and Cash Equivalents	549,160.76		549,160.76
Net Pension Asset	510,015.16		510,015.16
Capital Assets:			
Land	17,501.00		17,501.00
Other Capital Assets, Net of Depreciation	758,333.37	365,701.19	1,124,034.56
TOTAL ASSETS	3,238,448.30	404,674.40	3,643,122.70
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	452,706.41		452,706.41
TOTAL DEFERRED OUTFLOWS OF RESOURCES	452,706.41	0.00	452,706.41
LIABILITIES :			
Accounts Payable	20,802.96	1,734.44	22,537.40
Other Current Liabilities	159,363.18	45.57	159,408.75
Unearned Revenue		2,036.70	2,036.70
Noncurrent Liabilities:			
Due Within One Year	326,897.01		326,897.01
Due in More than One Year	250,000.00		250,000.00
TOTAL LIABILITIES	757,063.15	3,816.71	760,879.86
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	498,643.96		498,643.96
Pension Related Deferred Inflows	590,683.54		590,683.54
TOTAL DEFERRED INFLOWS OF RESOURCES	1,089,327.50	0.00	1,089,327.50
NET POSITION:			
Net Investment in Capital Assets	200,834.37	365,701.19	566,535.56
Restricted for:			
Capital Outlay Purposes	199,244.80		199,244.80
Pension Purposes	5,566.31		5,566.31
SDRS Pension Purposes	372,038.03		372,038.03
Debt Service Purposes	549,160.76		549,160.76
Unrestricted (Deficit)	517,919.79	35,156.50	553,076.29
TOTAL NET POSITION	1,844,764.06	400,857.69	2,245,621.75

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Primary Government:							
Governmental Activities:							
Instruction	1,213,043.88		311,822.84		(901,221.04)		(901,221.04)
Support Services	914,895.47	48,468.54	9,477.12	36,183.00	(820,766.81)		(820,766.81)
Community Services	30,488.24				(30,488.24)		(30,488.24)
*Interest on Long-Term Debt	325.00				(325.00)		(325.00)
Cocurricular Activities	136,118.48	14,264.00			(121,854.48)		(121,854.48)
Total Governmental Activities	2,294,871.07	62,732.54	321,299.96	36,183.00	(1,874,655.57)		(1,874,655.57)
Business-type Activities:							
Food Service	114,541.25	38,905.75	82,740.90			7,105.40	7,105.40
West River CTE	31,979.53	50,000.00				18,020.47	18,020.47
Total Business-type Activities	146,520.78	88,905.75	82,740.90	0.00		25,125.87	25,125.87
Total Primary Government	2,441,391.85	151,638.29	404,040.86	36,183.00	(1,874,655.57)	25,125.87	(1,849,529.70)
General Revenues:							
Taxes:							
Property Taxes					1,085,736.99		1,085,736.99
Utility Taxes					61,098.93		61,098.93
Revenue from State Sources:							
State Aid					903,263.10		903,263.10
Unrestricted Investment Earnings					58,708.85	13.72	58,722.57
Other General Revenues					48,409.16		48,409.16
Transfers					(12,015.56)	12,015.56	0.00
Total General Revenues and Transfers					2,145,201.47	12,029.28	2,157,230.75
Change in Net Position					270,545.90	37,155.15	307,701.05
Net Position - Beginning					1,300,352.54	363,702.54	1,664,055.08
Adjustments:							
Implementation of GASB 68 - See Note 14					273,865.62		273,865.62
Restated Net Position - Beginning					1,574,218.16	363,702.54	1,937,920.70
NET POSITION - ENDING					1,844,764.06	400,857.69	2,245,621.75

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

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

BURKE SCHOOL DISTRICT NO. 26-2
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB #1 Debt Service Fund	QZAB #2 Debt Service Fund	Total Governmental Funds
ASSETS:							
Cash and Cash Equivalents	585,283.76	200,864.67	12,816.25	5,566.31			804,530.99
Advanced Payments	4,000.00						4,000.00
Taxes Receivable--Current	275,683.29	99,286.63	95,281.90	19,337.70			489,589.52
Taxes Receivable--Delinquent	6,552.40	1,152.00	1,127.00	223.04			9,054.44
Due from Other Government	96,263.06						96,263.06
Restricted Cash and Cash Equivalents					301,469.74	247,691.02	549,160.76
TOTAL ASSETS	967,782.51	301,303.30	109,225.15	25,127.05	301,469.74	247,691.02	1,952,598.77
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	18,281.25	1,619.87	901.84				20,802.96
Contracts Payable	126,663.95		12,269.85				138,933.80
Payroll Deductions and Withholdings and Employer Matching Payable	17,438.43		2,990.95				20,429.38
Total Liabilities	162,383.63	1,619.87	16,162.64	0.00	0.00	0.00	180,166.14
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes	6,552.40	1,152.00	1,127.00	223.04			9,054.44
Taxes Levied for Future Period	275,683.29	99,286.63	95,281.90	19,337.70			489,589.52
Total Deferred Inflows of Resources	282,235.69	100,438.63	96,408.90	19,560.74	0.00	0.00	498,643.96
Fund Balances:							
Restricted:							
Capital Outlay		199,244.80					199,244.80
Pension				5,566.31			5,566.31
Debt Service					301,469.74	247,691.02	549,160.76
Assigned for Next Year's Budget	122,117.00						122,117.00
Unassigned	401,046.19		(3,346.39)				397,699.80
Total Fund Balances	523,163.19	199,244.80	(3,346.39)	5,566.31	301,469.74	247,691.02	1,273,788.67
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	967,782.51	301,303.30	109,225.15	25,127.05	301,469.74	247,691.02	1,952,598.77

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

BURKE SCHOOL DISTRICT NO. 26-2
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds	1,273,788.67
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.	510,015.16
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	775,834.37
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	452,706.41
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	(576,897.01)
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(590,683.54)
Net Position - Governmental Activities	1,844,764.06

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB #1 Debt Service Fund	QZAB #2 Debt Service Fund	Total Governmental Funds
Revenues:							
Revenue from Local Sources:							
Taxes:							
Ad Valorem Taxes	346,575.76	120,726.79	115,851.65	23,513.83			606,668.03
Prior Years' Ad Valorem Taxes	278,591.30	89,785.39	90,431.71	17,504.37			476,312.77
Utility Taxes	61,098.93						61,098.93
Penalties and Interest on Taxes	1,852.41	418.83	406.32	78.63			2,756.19
Earnings on Investments and Deposits	451.95	73.23	1.69	16.54	54,576.99	3,588.45	58,708.85
Cocurricular Activities:							
Admissions	12,214.00						12,214.00
Other Pupil Activity Income	2,050.00						2,050.00
Other Revenue from Local Sources:							
Rentals	1,650.00						1,650.00
Contributions and Donations		35,000.00					35,000.00
Services Provided Other LEAs	48,468.54						48,468.54
Charges for Services	5,456.36		4,020.76				9,477.12
Other	11,021.94		576.07				11,598.01
Revenue from Intermediate Sources:							
County Sources:							
County Apportionment	10,617.43						10,617.43
Revenue in Lieu of Taxes	2,750.85						2,750.85
Revenue from State Sources:							
Grants-in-Aid:							
Unrestricted Grants-in-Aid	903,263.10						903,263.10
Restricted Grants-in-Aid	74,741.29	80,448.92	1,864.00				157,054.21
Revenue from Federal Sources:							
Grants-in-Aid:							
Restricted Grants-in-Aid Received from Federal Government Through the State	154,768.63						154,768.63
Total Revenue	1,915,572.49	326,453.16	213,152.20	41,113.37	54,576.99	3,588.45	2,554,456.66

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB #1 Debt Service Fund	QZAB #2 Debt Service Fund	Total Governmental Funds
Expenditures:							
Instruction:							
Regular Programs:							
Elementary	361,006.09	18,379.53		10,000.00			389,385.62
Middle/Junior High	176,993.69	5,604.04		8,000.00			190,597.73
High School	398,699.80	29,170.40		12,789.00			440,659.20
Special Programs:							
Gifted and Talented	582.37						582.37
Programs for Special Education			156,713.16	7,200.00			163,913.16
Educationally Deprived	92,623.79						92,623.79
Support Services:							
Pupils:							
Guidance	16,282.84						16,282.84
Health	130.00						130.00
Psychological			11,123.91				11,123.91
Speech Pathology			13,229.20				13,229.20
Student Therapy Services			28,257.33				28,257.33
Instructional Staff:							
Educational Media	69,231.73	5,565.29					74,797.02
General Administration:							
Board of Education	28,396.77						28,396.77
Executive Administration	119,699.27			500.00			120,199.27
School Administration:							
Office of the Principal	126,798.23						126,798.23
Other	6,126.34						6,126.34
Business:							
Fiscal Services	68,341.08	2,750.00					71,091.08
Operation and Maintenance of Plant	178,081.18	75,014.10					253,095.28
Pupil Transportation	127,387.86	62.00					127,449.86
Food Services	4,584.58	5,142.59					9,727.17

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB #1 Debt Service Fund	QZAB #2 Debt Service Fund	Total Governmental Funds
Expenditures (Continued):							
Community Services:							
Custody and Care of Children	30,488.24						30,488.24
Debt Services		325.00					325.00
Cocurricular Activities:							
Male Activities	35,862.05	7,401.03					43,263.08
Female Activities	25,851.13	7,014.62					32,865.75
Transportation	8,142.50						8,142.50
Combined Activities	51,174.76						51,174.76
Capital Outlay		106,566.20					106,566.20
Total Expenditures	1,926,484.30	262,994.80	209,323.60	38,489.00	0.00	0.00	2,437,291.70
Excess of Revenue Over (Under) Expenditures	(10,911.81)	63,458.36	3,828.60	2,624.37	54,576.99	3,588.45	117,164.96
Other Financing Sources:							
Transfers In					18,991.75		18,991.75
Transfers Out		(18,991.75)					(18,991.75)
Sale of Surplus Property	250.00						250.00
Total Other Financing Sources (Uses)	250.00	(18,991.75)	0.00	0.00	18,991.75	0.00	250.00
Net Change in Fund Balances	(10,661.81)	44,466.61	3,828.60	2,624.37	73,568.74	3,588.45	117,414.96
Fund Balance - Beginning	533,825.00	154,778.19	(7,174.99)	2,941.94	227,901.00	244,102.57	1,156,373.71
FUND BALANCE - ENDING	523,163.19	199,244.80	(3,346.39)	5,566.31	301,469.74	247,691.02	1,273,788.67

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

BURKE SCHOOL DISTRICT NO. 26-2
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	117,414.96
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 capital outlays exceeded depreciation in the current period.	73,178.94
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds, if any, from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(17,901.60)
The receipt of donated capital assets is not reported on the fund statements, but is reported as a general revenue on the government-wide statements.	1,183.00
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	(1,501.81)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Pension Revenue)	21,542.87
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 the governmental funds. (Pension Expense)	76,629.54
Change in Net Position of Governmental Activities	270,545.90

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

	Enterprise Funds		
	Food Service Fund	West River CTE Consortium Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	957.30	35,545.65	36,502.95
Inventory of Stores Purchased for Resale	694.05		694.05
Inventory of Donated Food	1,776.21		1,776.21
Total Current Assets	3,427.56	35,545.65	38,973.21
Noncurrent Assets:			
Capital Assets:			
Buildings		310,443.02	310,443.02
Machinery and Equipment--Local Funds	29,971.44	65,752.96	95,724.40
Machinery and Equipment--Federal Assistance	15,179.00		15,179.00
Less: Accumulated Depreciation	(39,868.21)	(15,777.02)	(55,645.23)
Total Noncurrent Assets	5,282.23	360,418.96	365,701.19
TOTAL ASSETS	8,709.79	395,964.61	404,674.40
LIABILITIES:			
Current Liabilities:			
Accounts Payable		1,734.44	1,734.44
Payroll Deductions and Withholdings and Employer Matching Payable	45.57		45.57
Unearned Revenue	2,036.70		2,036.70
TOTAL LIABILITIES	2,082.27	1,734.44	3,816.71
NET POSITION:			
Net Investment in Capital Assets	5,282.23	360,418.96	365,701.19
Unrestricted Net Position	1,345.29	33,811.21	35,156.50
TOTAL NET POSITION	6,627.52	394,230.17	400,857.69

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Funds		
	Food Service Fund	West River CTE Consortium Fund	Totals
Operating Revenue:			
Food Sales:			
Student	32,444.85		32,444.85
Adults	6,297.30		6,297.30
Other Charges for Goods and Services	163.60	50,000.00	50,163.60
Total Operating Revenue	38,905.75	50,000.00	88,905.75
Operating Expenses:			
Salaries	31,531.44		31,531.44
Employee Benefits	11,192.94		11,192.94
Purchased Services	10,462.18	6,254.80	16,716.98
Supplies	1,871.84	4,148.71	6,020.55
Cost of Sales - Purchased	50,401.54		50,401.54
Cost of Sales - Donated	7,559.57		7,559.57
Other		5,799.00	5,799.00
Depreciation	1,521.74	15,777.02	17,298.76
Total Operating Expenses	114,541.25	31,979.53	146,520.78
Operating Income (Loss)	(75,635.50)	18,020.47	(57,615.03)
Nonoperating Revenue:			
Investment Earnings		13.72	13.72
State Grants	559.19		559.19
Federal Grants	73,844.58		73,844.58
Donated Food	8,337.13		8,337.13
Total Nonoperating Revenue (Expense)	82,740.90	13.72	82,754.62
Income (Loss) Before Contributions	7,105.40	18,034.19	25,139.59
Capital Contributions	5,142.59	6,872.97	12,015.56
Change in Net Position	12,247.99	24,907.16	37,155.15
Net Position - Beginning	(5,620.47)	369,323.01	363,702.54
NET POSITION - ENDING	6,627.52	394,230.17	400,857.69

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Funds		
	Food Service Fund	West River CTE Consortium Fund	Totals
Cash Flows from Operating Activities:			
Cash Receipts from Customers	40,942.45		40,942.45
Other Operating Cash Receipts		50,000.00	50,000.00
Cash Payments to Employees for Services	(42,834.17)		(42,834.17)
Cash Payments to Suppliers of Goods and Services	(61,880.95)	(14,468.07)	(76,349.02)
Net Cash Provided (Used) by Operating Activities	(63,772.67)	35,531.93	(28,240.74)
Cash Flows from Noncapital Financing Activities:			
Interfund Loan	(9,673.80)		(9,673.80)
Operating Grants	74,403.77		74,403.77
Net Cash Provided (Used) from Noncapital Financing Activities	64,729.97	0.00	64,729.97
Cash Flows from Investing Activities:			
Cash Received for Interest		13.72	13.72
Net Cash Provided by Investing Activities	0.00	13.72	13.72
Net Increase (Decrease) in Cash and Cash Equivalents	957.30	35,545.65	36,502.95
Cash and Cash Equivalents at Beginning of Year	0.00	0.00	0.00
CASH AND CASH EQUIVALENTS AT END OF YEAR	957.30	35,545.65	36,502.95
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(75,635.50)	18,020.47	(57,615.03)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,521.74	15,777.02	17,298.76
Value of Donated Commodities Used	7,559.57		7,559.57
Change in Assets and Liabilities:			
Inventories	854.61		854.61
Accounts and Other Payables		1,734.44	1,734.44
Accrued Wages Payable	(109.79)		(109.79)
Unearned Revenue	2,036.70		2,036.70
Net Cash Provided (Used) by Operating Activities	(63,772.67)	35,531.93	(28,240.74)
Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	8,337.13		8,337.13
Equipment Purchased by Capital Outlay Fund	5,142.59	6,872.97	12,015.56

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

BURKE SCHOOL DISTRICT NO. 26-2
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of June 30, 2015

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	24,125.81
TOTAL ASSETS	24,125.81
LIABILITIES:	
Amounts Held for Others	24,125.81
TOTAL LIABILITIES	24,125.81

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

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 Burke School District No. 26-2 (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 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, special education fund, and pension fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Type – 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 grants and property taxes. This is a major fund.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The QZAB Bond # 1 Debt Service Fund – A fund established by SDCL 13-16-13 to account for the bond escrow payments to be used for the payment of principal on Qualified Zone Academy Bonds. This is a major fund.

The QZAB Bond # 2 Debt Service Fund – A fund established by SDCL 13-16-13 to account for the bond escrow payments to be used for the payment of principal on Qualified Zone Academy Bonds. 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.

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.

West River CTE Fund – A fund used to record financial transactions related to the West River Career and Technical Education program. This fund is financed by charges to the participating school districts. 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:

Custodial funds for student classes and activities.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Positon 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 Burke School District No. 26-2, the length of that cycle is 60 days. The revenues, which are accrued at June 30, 2015, are grants from the State of South Dakota and utility taxes.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables are reported as Nonspendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables are considered "available spendable resources" and are reported in the appropriate fund balance category.

e. Deposits and Investments:

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

f. Capital Assets:

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

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

Government-Wide Statements

All capital assets are valued at historical cost. 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.

The total June 30, 2015 balance of capital assets for governmental activities includes approximately one percent for which the costs were determined by estimates of the original costs. The total June 30, 2015 balance of capital assets for business-type activities are all valued at original cost.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ 0.00	-----N/A------	-------N/A-------
Improvements	$ 5,000.00	Straight-line	100 yrs.
Buildings	$ 5,000.00	Straight-line	100 yrs.
Machinery & Equipment	$ 5,000.00	Straight-line	12-25 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.

g. Long-Term Liabilities:

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

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

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.

h. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applications, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

j. 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.

k. 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.

l. 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.
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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

m. 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 positions are available.

n. 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 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.

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

Major Special Revenue Fund:	Revenue Source:
Capital Outlay Fund	Real Estate Taxes and State Grants
Special Education Fund	Real Estate Taxes and State Grants
Pension Fund	Real Estate Taxes

o. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDSR'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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. DEFICIT FUND BALANCES/NET POSITION

As of June 30, 2015, the following individual funds had deficit fund balances/net position in the amounts shown:

Special Education Fund	$3,346.39

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

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.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2015, the District's deposits in financial institutions were exposed to custodial credit risk as follows:

Depository Name	Percent Under-collateralized	At-Risk Amount
First Fidelity Bank	3.82%	$ 33,367.86
Total Deposits Exposed to Custodial Credit Risk		$ 33,367.86

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 investments to the fund making the investment.

4. RESTRICTED CASH AND INVESTMENTS

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

Amount:	Purpose:
$549,160.76	For Debt Service, by debt covenants

5. 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.

6. 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, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund, special revenue funds, and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased in the General Fund, special revenue, funds and the proprietary funds. Reported inventories are equally offset by a nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. At June 30, 2015, the supplies inventory on hand was not material in the General Fund, special revenue funds, and proprietary funds.

7. 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 not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

8. CHANGES IN CAPITAL ASSETS

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

Primary Government:	Balance 07/01/2014	Increases	Decreases	Balance 06/30/2015
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	17,501.00	0.00	0.00	17,501.00
Capital Assets, being depreciated:				
Improvements	0.00	25,026.73		25,026.73
Buildings	1,648,483.00	59,464.48		1,707,947.48
Machinery & Equipment	377,995.40	23,257.99	(51,633.80)	349,619.59
Total, being depreciated	2,026,478.40	107,749.20	(51,633.80)	2,082,593.80
Less Accumulated Depreciation for:				
Buildings	(1,176,690.94)	(16,462.66)		(1,193,153.60)
Machinery & Equipment	(147,914.43)	(16,924.60)	33,732.20	(131,106.83)
Total Accumulated Depreciation	(1,324,605.37)	(33,387.26)	33,732.20	(1,324,260.43)
Total Capital Assets, being depreciated, net	701,873.03	74,361.94	(17,901.60)	758,333.37
Governmental Activity Capital Assets, Net	719,374.03	74,361.94	(17,901.60)	775,834.37

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	16,282.71
Support Services	16,432.16
Co-curricular Activities	672.39
Total Depreciation Expense - Governmental Activities	33,387.26

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Balance 07/01/2014	Increases	Decreases	Balance 06/30/2015
Business-Type Activities:				
Capital Assets, being depreciated:				
Buildings	310,443.02			310,443.02
Machinery & Equipment	100,518.26	12,015.56	(1,630.42)	110,903.40
Total, being depreciated	410,961.28	12,015.56	(1,630.42)	421,346.42
Less Accumulated Depreciation for:				
Buildings	0.00	(12,417.72)		(12,417.72)
Machinery & Equipment	(39,976.89)	(4,881.04)	1,630.42	(43,227.51)
Total Accumulated Depreciation	(39,976.89)	(17,298.76)	1,630.42	(55,645.23)
Total Capital Assets, being depreciated, net	60,541.37	7,134.52	0.00	67,675.89
Business-Type Activity Capital Assets, Net	370,984.39	(5,283.20)	0.00	365,701.19

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Services	1,521.74
West River CTE	15,777.02
Total Depreciation Expense - Business-Type Activities	17,298.76

9. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
Qualified Zone Academy Bonds (QZAB) #1	325,000.00			325,000.00	325,000.00
Qualified Zone Academy Bonds (QZAB) #2	250,000.00			250,000.00	0.00
Total Debt	575,000.00	0.00	0.00	575,000.00	325,000.00
Accrued Compensated Absences - Governmental Funds	395.20	8,707.41	7,205.60	1,897.01	1,897.01
Total Governmental Activities	575,395.20	8,707.41	7,205.60	576,897.01	326,897.01
TOTAL PRIMARY GOVERNMENT	575,395.20	8,707.41	7,205.60	576,897.01	326,897.01

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

PRIMARY GOVERNMENT

Governmental Activities:

Qualified Zone Academy Bonds #1: QZAB Bonds for School Renovation, Maturity Date December 30, 2015; Non-Interest Bearing Note, Payable from QZAB # 1 Debt Service Fund	$ 325,000.00
Qualified Zone Academy Bonds #2: QZAB Bonds for School Renovation, Maturity Date November 12, 2017; Non-Interest Bearing Note, Payable from QZAB # 2 Debt Service Fund	$ 250,000.00
Compensated Absences: Accrued Vacation Leave Balance Payable. Payment to be made by the fund that the payroll expenditures are charged to.	$ 1,897.01

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2015, except compensated absences, are as follows:

Annual Requirements to Maturity for Long-Term Debt
June 30, 2015

Year Ending June 30,	Qualified Zone Academy Bonds (QZAB) #1		Qualified Zone Academy Bonds (QZAB) #2	
	Principal	Interest	Principal	Interest
2016	325,000.00	0.00		
2017				
2018			250,000.00	0.00
Totals	325,000.00	0.00	250,000.00	0.00

Year Ending June 30,	Totals	
	Principal	Interest
2016	325,000.00	0.00
2017	0.00	0.00
2018	250,000.00	0.00
Totals	575,000.00	0.00

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. OPERATING LEASES

The School District entered into a copier and printer lease. Lease payments are $653.01 per month and payable from the Capital Outlay Fund.

The following are the minimum payments on existing operating leases:

Fiscal Year	Amount Capital Outlay Fund
2016	$ 7,836.12
2017	7,836.12
2018	7,836.12
2019	7,836.12
2020	5,877.09

11. 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.

12. RESTRICTED NET POSITION

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

Purpose	Restricted By:	Amount
Major Funds:		
Capital Outlay	Law	$ 199,244.80
Pension	Law	5,566.31
SDRS Pension	Governmental Accounting Standards	372,038.03
Debt Service - QZAB # 1	Debt Covenants	301,469.74
Debt Service - QZAB # 2	Debt Covenants	247,691.02
Total Restricted Net Position		$ 1,126,009.90

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

13. INTERFUND TRANSFERS

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

	Transfers To:	
Transfers From:	QZAB # 1 Debt Service Fund	Totals
Major Funds:		
Capital Outlay Fund	18,991.75	18,991.75
Totals	18,991.75	18,991.75

The School District typically budgets transfers to transfer future debt service payments from the Capital Outlay Fund to the Debt Service Funds for future debt service payments.

14. PRIOR PERIOD ADJUSTMENTS

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

Net Position July 1, 2014, as previously reported	$ 1,300,352.54
Restatement for pension accounting:	
Net Pension Asset	199,589.98
Pension related Deferred Outflows of Resources	74,275.64
Net Position July 1, 2014, as restated	$ 1,574,218.16

15. PENSION PLAN

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more -- 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
  - 90.0% to 99.9% funded ---- 2.1% minimum and 2.8% maximum COLA
  - 80.0% to 90.0% funded ---- 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded 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 $76,629.54, $74,275.64, and $71,257.91, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2014, SDRS is 107% funded and accordingly has 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	$ 7,509,119.65
Less proportionate share of total pension liability	$ 6,999,104.49
Proportionate share of net pension liability (asset)	$ (510,015.16)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

At June 30, 2015, the School District reported a liability (asset) of $(510,015.16) 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 0.0707903%.

For the year ended June 30, 2015, the School District recognized pension expense (revenue) of $(21,542.87). At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience.	$ 43,154.18	
Changes In Assumption.	$ 332,922.69	
Net Difference between projected and actual earnings on pension plan investments.		$ 590,683.54
District contributions subsequent to the measurement date.	$ 76,629.54	
TOTAL	$ 452,706.41	$ 590,683.54

$76,629.54 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:

Year Ended June 30:	
2016	$ (40,526.48)
2017	$ (40,526.48)
2018	$ (40,526.48)
2019	$ (93,027.24)
TOTAL	$ (214,606.68)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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:

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

Discount Rate:
The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50 percent 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).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$503,990.91	$(510,015.16)	$(1,337,042.95)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

16. JOINT VENTURES

The School District participates in the Mid-Central Multi-Service 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:

Armour School District No. 21-1	4.74%
Burke School District No. 26-2	5.68%
Colome Consolidated School District No. 59-3	7.06%
Corsica School District No. 21-2	4.08%
Ethan School District No. 17-1	7.06%
Gregory School District No. 26-4	10.83%
Kimball School District No. 7-2	8.37%
Mt. Vernon School District No. 17-3	6.31%
Plankinton School District No. 1-1	9.14%
Platte-Geddes School District No. 11-5	13.01%
Stickney School District No. 1-2	3.06%
Wessington School District No. 36-2	8.00%
White Lake School District No. 1-3	3.26%
Wolsey-Wessington School District No. 2-6	9.40%

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 governing board and one administrator of the school 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Separate financial statements for this joint venture are available from the Mid-Central Multi-Service Cooperative. At June 30, 2015, this joint venture had total assets of $2,928,685.00, total liabilities of $336,310.07, and net position of $2,592,554.93.

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

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

Worker's Compensation:
The School District purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during 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.

18. SIGNIFICANT CONTINGENCIES – LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION
BURKE SCHOOL DISTRICT NO. 26-2
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	298,801.00	298,801.00	346,575.76	47,774.76
Prior Years' Ad Valorem Taxes	308,802.00	308,802.00	278,591.30	(30,210.70)
Utility Taxes	60,000.00	60,000.00	61,098.93	1,098.93
Penalties and Interest on Taxes	2,500.00	2,500.00	1,852.41	(647.59)
Earnings on Investments and Deposits	600.00	600.00	451.95	(148.05)
Cocurricular Activities:				
Admissions	13,500.00	13,500.00	12,214.00	(1,286.00)
Other Pupil Activitity Income	2,000.00	2,000.00	2,050.00	50.00
Other Revenue from Local Sources:				
Rentals	0.00	0.00	1,650.00	1,650.00
Services Provided Other LEAs	45,000.00	45,000.00	48,468.54	3,468.54
Charges for Services	15,000.00	15,000.00	5,456.36	(9,543.64)
Other	90,065.00	90,065.00	11,021.94	(79,043.06)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	11,000.00	11,000.00	10,617.43	(382.57)
Revenue in Lieu of Taxes	2,500.00	2,500.00	2,750.85	250.85
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	928,992.00	928,992.00	903,263.10	(25,728.90)
Restricted Grants-in-Aid	48,250.00	48,250.00	74,741.29	26,491.29
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	164,451.00	164,451.00	154,768.63	(9,682.37)
Total Revenue	1,991,461.00	1,991,461.00	1,915,572.49	(75,888.51)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	367,504.00	367,504.00	361,006.09	6,497.91
Middle/Junior High	196,644.00	196,644.00	176,993.69	19,650.31
High School	385,654.00	385,654.00	398,699.80	(13,045.80)
Special Programs:				
Gifted and Talented	1,000.00	1,000.00	582.37	417.63
Educationally Deprived	97,668.00	97,668.00	92,623.79	5,044.21

REQUIRED SUPPLEMENTARY INFORMATION
BURKE SCHOOL DISTRICT NO. 26-2
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures (cont.):				
Support Services:				
Pupils:				
Guidance	17,201.00	17,201.00	16,282.84	918.16
Health	800.00	800.00	130.00	670.00
Instuctional Staff:				
Educational Media	74,289.00	74,289.00	69,231.73	5,057.27
General Administration:				
Board of Education	32,422.00	32,422.00	28,396.77	4,025.23
Executive Administration	121,779.00	121,779.00	119,699.27	2,079.73
School Administration:				
Office of the Principal	125,958.00	125,958.00	126,798.23	(840.23)
Other	4,000.00	4,000.00	6,126.34	(2,126.34)
Business:				
Fiscal Services	68,872.00	68,872.00	68,341.08	530.92
Operation and Maintenance of Plant	188,968.00	188,968.00	178,081.18	10,886.82
Pupil Transportation	107,700.00	107,700.00	127,387.86	(19,687.86)
Food Services	7,000.00	7,000.00	4,584.58	2,415.42
Community Services:				
Custody and Care of Children	33,433.00	33,433.00	30,488.24	2,944.76
Cocurricular Activities:				
Male Activities	40,093.00	40,093.00	35,862.05	4,230.95
Female Activities	33,286.00	33,286.00	25,851.13	7,434.87
Transportation	8,812.00	8,812.00	8,142.50	669.50
Combined Activities	58,878.00	58,878.00	51,174.76	7,703.24
Contingencies	20,000.00	20,000.00		
Amount Transferred		0.00		20,000.00
Total Expenditures	1,991,961.00	1,991,961.00	1,926,484.30	65,476.70
Excess of Revenue Over (Under) Expenditures	(500.00)	(500.00)	(10,911.81)	(10,411.81)
Other Financing Sources:				
Sale of Surplus Property	500.00	500.00	250.00	(250.00)
Net Change in Fund Balances	0.00	0.00	(10,661.81)	(10,661.81)
Fund Balance - Beginning	533,825.00	533,825.00	533,825.00	0.00
FUND BALANCE - ENDING	533,825.00	533,825.00	523,163.19	(10,661.81)

REQUIRED SUPPLEMENTARY INFORMATION
BURKE SCHOOL DISTRICT NO. 26-2
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	98,405.00	98,405.00	120,726.79	22,321.79
Prior Years' Ad Valorem Taxes	98,405.00	98,405.00	89,785.39	(8,619.61)
Penalties and Interest on Taxes	750.00	750.00	418.83	(331.17)
Earnings on Investments and Deposits	100.00	100.00	73.23	(26.77)
Other Revenue from Local Sources:				
Contributions and Donations	0.00	0.00	35,000.00	35,000.00
Other	26,582.00	26,582.00	0.00	(26,582.00)
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	62,154.00	62,154.00	80,448.92	18,294.92
Total Revenue	286,396.00	286,396.00	326,453.16	40,057.16
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	10,000.00	10,000.00	18,379.53	(8,379.53)
Middle/Junior High	7,375.00	7,375.00	5,604.04	1,770.96
High School	19,625.00	19,625.00	29,170.40	(9,545.40)
Support Services:				
Instructional Staff:				
Educational Media	19,000.00	19,000.00	7,790.28	11,209.72
Business:				
Fiscal Services	4,275.00	4,275.00	2,750.00	1,525.00
Operation and Maintenance of Plant	159,154.00	159,154.00	159,505.31	(351.31)
Pupil Transportation	30,000.00	30,000.00	19,912.00	10,088.00
Food Services	0.00	0.00	5,142.59	(5,142.59)
Debt Services	21,967.00	21,967.00	325.00	21,642.00
Cocurricular Activities:				
Male Activities	7,500.00	7,500.00	7,401.03	98.97
Female Activities	7,500.00	7,500.00	7,014.62	485.38
Total Expenditures	286,396.00	286,396.00	262,994.80	23,401.20
Excess of Revenue Over (Under) Expenditures	0.00	0.00	63,458.36	63,458.36
Other Financing Sources:				
Transfers Out	0.00	0.00	(18,991.75)	(18,991.75)
Total Other Financing Sources (Uses)	0.00	0.00	(18,991.75)	(18,991.75)
Net Change in Fund Balances	0.00	0.00	44,466.61	44,466.61
Fund Balance - Beginning	154,778.19	154,778.19	154,778.19	0.00
FUND BALANCE - ENDING	154,778.19	154,778.19	199,244.80	44,466.61

REQUIRED SUPPLEMENTARY INFORMATION
BURKE SCHOOL DISTRICT NO. 26-2
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	99,170.00	99,170.00	115,851.65	16,681.65
Prior Years' Ad Valorem Taxes	99,170.00	99,170.00	90,431.71	(8,738.29)
Penalties and Interest on Taxes	700.00	700.00	406.32	(293.68)
Earnings on Investments and Deposits	10.00	10.00	1.69	(8.31)
Other Revenue from Local Sources:				
Charges for Services	7,118.00	7,118.00	4,020.76	(3,097.24)
Other	400.00	400.00	576.07	176.07
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	18,000.00	18,000.00	1,864.00	(16,136.00)
Total Revenue	224,568.00	224,568.00	213,152.20	(11,415.80)
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	165,268.00	165,268.00	156,713.16	8,554.84
Support Services:				
Pupils:				
Psychological	10,800.00	10,800.00	11,123.91	(323.91)
Speech Pathology	13,000.00	13,000.00	13,229.20	(229.20)
Student Therapy Services	35,000.00	35,000.00	28,257.33	6,742.67
Special Education:				
Transportation Costs	500.00	500.00	0.00	500.00
Total Expenditures	224,568.00	224,568.00	209,323.60	15,244.40
Net Change in Fund Balances	0.00	0.00	3,828.60	3,828.60
Fund Balance - Beginning	(7,174.99)	(7,174.99)	(7,174.99)	0.00
FUND BALANCE - ENDING	(7,174.99)	(7,174.99)	(3,346.39)	3,828.60

REQUIRED SUPPLEMENTARY INFORMATION
BURKE SCHOOL DISTRICT NO. 26-2
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PENSION FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	19,192.00	19,192.00	23,513.83	4,321.83
Prior Years' Ad Valorem Taxes	19,192.00	19,192.00	17,504.37	(1,687.63)
Penalties and Interest on Taxes	95.00	95.00	78.63	(16.37)
Earnings on Investments and Deposits	10.00	10.00	16.54	6.54
Total Revenue	38,489.00	38,489.00	41,113.37	2,624.37
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	10,000.00	10,000.00	10,000.00	0.00
Middle/Junior High	8,000.00	8,000.00	8,000.00	0.00
High School	12,789.00	12,789.00	12,789.00	0.00
Special Programs:				
Programs for Special Education	7,200.00	7,200.00	7,200.00	0.00
Support Services:				
General Administration:				
Executive Administration	500.00	500.00	500.00	0.00
Total Expenditures	38,489.00	38,489.00	38,489.00	0.00
Net Change in Fund Balances	0.00	0.00	2,624.37	2,624.37
Fund Balance - Beginning	2,941.94	2,941.94	2,941.94	0.00
FUND BALANCE - ENDING	2,941.94	2,941.94	5,566.31	2,624.37

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)

	2015
District's proportion of the net pension liability (asset)	0.0707903%
District's proportionate share of net pension liability (asset)	$ (510)
District's covered-employee payroll	$ 1,238
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)

	2015
Contractually required contribution	$ 77
Contributions in relation to the contractually required contribution	$ 77
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 1,277
Contributions as a percentage of covered-employee payroll	6.0%