CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
OF DOUGLAS COUNTY

AUDIT REPORT

FISCAL YEAR JULY 1, 2015, TO JUNE 30, 2016

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2016

BOARD MEMBERS:

Jeremy Wright – President
Chad Clites – Vice-President
Bob Bamberg
Nicole Bamberg
Jason Lagge
Don Odens
Shannon Tolsma

SUPERINTENDENT:

Scott Muckey

BUSINESS MANAGER:

Angela Feenstra

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

School Board
Corsica-Stickney School District No. 21-3
Douglas County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Corsica-Stickney School District No. 21-3, South Dakota (School District), as of June 30, 2016 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 September 2, 2016, which was qualified for QZAB series 2005 debt service fund because of not being able to determine earnings on the escrow account.

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 2016-001 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 finding 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 it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
September 2, 2016

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDING:

There are no prior audit findings to report as this is the first year of existence for the Corsica-Stickney School District No. 21-3.

SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2016-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is a new comment for the fiscal year ended June 30, 2016.

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 Corsica-Stickney School District No. 21-3 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 Corsica-Stickney School District No. 21-3 Board President, Jeremy Wright, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Corsica-Stickney School District No. 21-3 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are developing a policy to provide compensating controls.

CLOSING CONFERENCE

The audit was discussed with the superintendent and the business manager of the Corsica-Stickney School District No. 21-3 on September 14, 2016. The board members were invited but were unable to attend.

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INDEPENDENT AUDITOR'S REPORT

School Board
Corsica-Stickney School District No. 21-3
Douglas County, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Corsica-Stickney School District No. 21-3, South Dakota, (School District) as of June 30, 2016 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.

Basis for Qualified Opinions

The escrow balance for QZAB bond series 2005 was part of a bigger escrow account in which many schools were included. As a result, the amount of the school's portion, specifically the earnings on investment of the escrow balance, was not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of not correctly reporting the QZAB bond series 2005 escrow balance, as noted in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the QZAB Bond Series 2005 Debt Service Fund of Corsica-Stickney School District No. 21-3 as of June 30, 2016, 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.

Unmodified Opinions

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, except the QZAB Bond Series 2005 Debt Service Fund, and the aggregate remaining fund information of Corsica-Stickney School District No. 21-3 as of June 30, 2016, 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 Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District Contributions on pages 7 through 15, 49 through 53, 55, and 56, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 2, 2016 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
September 2, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Corsica-Stickney School District 21-3's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2016. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The 2015-2016 fiscal year was the first operating year of the newly consolidated Corsica-Stickney School District No. 21-3.
- The 2015-2016 will be used as the base year for financial statements so we will not be able to do any comparisons until fiscal year 2017.
- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were $480,916 more than the $2,752,821 governmental and business-type program expenditures.
- The school district is currently operating without an opt-out in property tax due to both previous districts taking advantage of SDCL 13-16-26 which allows the transfer of capital outlay funds to the general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
    - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
    - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The only proprietary fund operated by the school is the Food Service Operation.
    - Fiduciary fund statements provide information about the financial relationships - like scholarship plans for graduating students - in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of Corsica-Stickney School's Government-wide and Fund Financial Statements

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

Government-wide Statements

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

The two government-wide statements report the School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

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

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

- Governmental Activities - This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance councilor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- Business-type Activities - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity of the School.

Fund Financial Statements

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

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

The School has three kinds of funds:

- Governmental Funds – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary Funds – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund (one type of proprietary fund) is the only proprietary fund maintained by the School.
- Fiduciary Funds – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude

these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position is based on the 2015-2016 school year:

Table A-1
CORSICA-STICKNEY SCHOOL DISTRICT #21-3
Statement of Net Position

	Governmental Activities 2016	Business-Type Activities 2016	Total 2016
Current and Other Assets	$ 5,830,768	$ 7,702	$ 5,838,470
Capital Assets (Net of Depreciation)	2,864,822	35,053	2,899,875
Total Assets	**8,695,590**	**42,755**	**8,738,345**
Pension Related Deferred Outflows	659,607		659,607
Total Deferred Outflows of Resources	**659,607**	**-**	**659,607**
Long-Term Liabilities Outstanding	513,568		513,568
Other Liabilities	200,605	1,714	202,319
Total Liabilities	**714,173**	**1,714**	**715,887**
Pension Related Deferred Inflows	1,684,033		1,684,033
Total Deferred Inflows of Resources	**1,684,033**	**-**	**1,684,033**
Net Investment in Capital Assets	2,364,822	35,053	2,399,875
Restricted	2,920,523		2,920,523
Unrestricted	1,671,646	5,988	1,677,634
Total Net Position	**6,956,991**	**41,041**	**6,998,032**
Beginning Net Position	**6,465,739**	**51,377**	**6,517,116**
Increase (Decrease) in Net Position	**491,252**	**(10,336)**	**480,916**
Percentage of Increase (Decrease) in Net Position	**7.60%**	**-20.12%**	**7.38%**

The change in Net Position is a close estimation based on ending numbers of the Corsica and Stickney numbers separately. This year is a base year and future years will be more accurate.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of general obligation bonds, capital outlay certificates payable, compensated absences payable and early retirement benefits payable have been reported in this manner on the Statement of Net Position. The difference

between the school's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Changes in Net Position

The School's total revenues totaled $3,233,737. (See Table A-2.) Approximately 74% of the School's revenue comes from property and other taxes, with approximately 15% coming from state aid. (See Figure A-2).

The total cost of all programs and services was virtually unchanged. The School's expenses cover a range of services, encompassing instruction, support services and food services. (See Figure A-4)

Figure A-2, Corsica-Stickney School, Sources of Revenues for Fiscal Year 2016

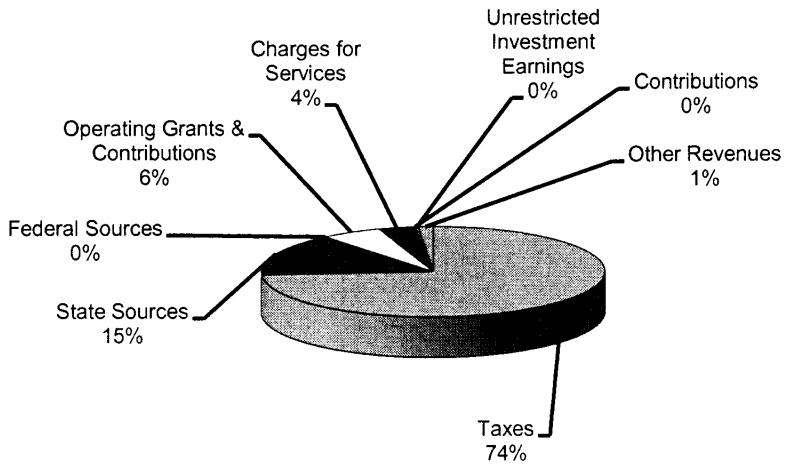
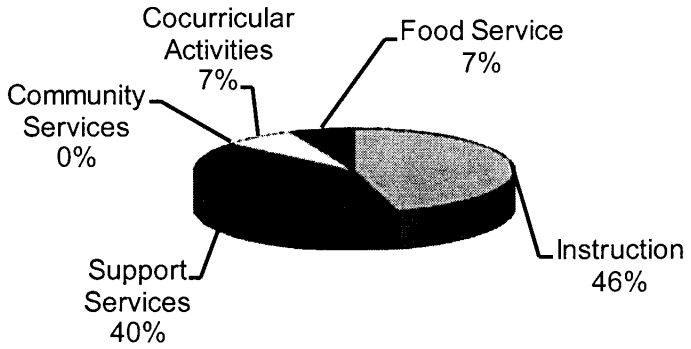


Figure A-3, Corsica-Stickney School, Functional Expenses for Fiscal Year 2016



GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Table A-2 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the school.

Table A-2
CORSICA-STICKNEY SCHOOL DISTRICT #21-3
Changes in Net Position

	Governmental Activities 2016	Business-Type Activities 2016	Total 2016
Revenues			
Program Revenues			
Charges for Services	$ 28,235	$ 82,179	$ 110,414
Operating Grants and Contributions	116,961	66,358	183,319
General Revenues			
Taxes	2,391,798		2,391,798
Revenue State Sources	488,049		488,049
Revenue Federal Sources	4,494		4,494
Contributions	1,000		1,000
Unrestricted Investmet Earnings	9,653		9,653
Other General Revenues	45,010		45,010
Total Revenues	**$ 3,085,200**	**$ 148,537**	**$ 3,233,737**
Expenses			
Instruction	$ 1,254,043		$ 1,254,043
Support Services	1,113,143		1,113,143
Community Services	5,395		5,395
Cocurricular Activities	202,867		202,867
Food Service		177,373	177,373
Total Expenses	**$ 2,575,448**	**$ 177,373**	**$ 2,752,821**
Excess (Deficiency) Before Special Items and Transfers	$ 509,752	$ (28,836)	$ 480,916
Transfers	(18,500)	18,500	0
Increase (Decrease) in Net Position	**$ 491,252**	**$ (10,336)**	**$ 480,916**
Beginning Net Position	**$ 6,465,739**	**$ 51,377**	**$ 6,517,116**
Ending Net Position	**$ 6,956,991**	**$ 41,041**	**$ 6,998,032**

GOVERNMENTAL ACTIVITIES

Our General Fund balance did decrease over the year which we figured it would after allowing property tax opt-outs to expire with the consolidation. We are hoping to use our fund balance to gradually decrease over the next few years to avoid another opt-out for a number of years. Our Capital Outlay Fund grew over the year due to wanting to replenish it after moving some of it to the General Fund last year before the consolidation. Also tax valuations significantly increased which allowed us to bring in more funds than were originally budgeted.

BUSINESS-TYPE ACTIVITIES

The school had to transfer $18,500 from the General Fund to the Food Service Fund to cover its shortfall this year. Factors contributing to these results included:

- There was a decrease in the amount of commodities received.
- The primary reason for the increase in expenses was due to normal increase in salaries and wages as well as the cost of food in general.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The General Fund showed a decrease in fund balance this year. The Capital Outlay showed a large increase in fund balance due to being able to push off some major repairs until the next year. The Special Education fund remained very stable. The Pension Fund did increase. With new legislation that was passed this year the Pension Fund will be going away in the next couple of years so we will be keeping our balance in it and work on spending down our General Fund for now to work on meeting the caps that will be enforced in the upcoming years.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revised the School budget several times. These amendments fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.
- Budget shortfalls based on no previous history since it was first year of operation as a consolidated district.

There were no significant budget changes or budget variances for the year.

	Original	Final
Revenue	1,753,649	1,755,905
Expenditures	2,060,733	2,062,989
Variance	(307,084)	(307,084)

CAPITAL ASSET ADMINISTRATION

By the end of 2016, the School had invested $2,899,875 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-3.) This amount represents a net decrease (including additions and deductions) of $27,853, or 0.95% percent, under last year resulting from a new bus and selling of one school housing unit.

Table A-3
CORSICA-STICKNEY SCHOOL DISTRICT - Capital Assets
(net of depreciation)

	Governmental Activities 2016	Business-type Activities 2016
Land	$ 69,256	
Buildings	2,006,996	
Improvements Other Than Buildings	463,813	
Machinery and Equipment	324,757	35,053
Total Capital Assets (Net)	**$ 2,864,822**	**$ 35,053**

This year's capital asset purchases were primarily a new bus, security system and water heaters.

LONG-TERM DEBT

As of June 30, 2016 the only debt for the Corsica-Stickney School District #21-3 are the QZAB 2005 and QZAB 2009 Bonds Payable. In addition the district has compensated absences of $13,568. Detailed binders are available in the business office on the QZAB funds.

Table A-4
CORSICA-STICKNEY SCHOOL DISTRICT - Outstanding Debt and Obligations

	Governmental Activities 2016	Business-type Activities 2016
QZAB 2005	$ 250,000	
QZAB 2009	250,000	
Compensated Absences	13,568	
Total Outstanding Debt and Obligations	**$ 513,568**	**$ -**

The School is liable for the accrued sick leave payable for all certified staff as well as personal leave.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The next year will show a significant change in how the school receives their state aid since the passing of new legislation this past spring. The old formula based our state aid on number of students and the new formula is based on a sliding scale of student to teacher ratio. There has been extra money set aside to help in raising the average teacher salary in the state. The Corsica-Stickney School District is expected to receive $157,157 in New Money, which 85% of that has to go to teacher salaries. Our teachers will be receiving a $5,700 raise for FY16-17. Another dynamic shift will be the school can transfer 45% of the taxes received in Capital Outlay to help fund the General Fund. The Pension levy will be gone starting with taxes payable in

2017 and that levy has been added to the General Fund levy. The school will have some time to use up the money that has accrued in the Pension Fund.

The Corsica-Stickney School District will have a couple larger projects in fiscal year 2017. The high school building will be getting a new roof. The current roof had a life expectancy of 20 years and it has lasted almost 35 years. The elementary school will be getting a new playground system as well as making the play area larger to accommodate the higher number of children. A new activity bus will be purchased as well.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Corsica-Stickney School's Business Office, 120 S Napoleon Ave, Corsica, SD 57328.

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF NET POSITION
As of June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	1,893,967.15	2,628.33	1,896,595.48
Investments	2,029,476.64		2,029,476.64
Taxes Receivable	1,168,471.53		1,168,471.53
Other Assets	133,135.31		133,135.31
Inventories		5,074.15	5,074.15
Restricted Assets:			
Cash and Cash Equivalents	252,005.72		252,005.72
Net Pension Asset	353,712.21		353,712.21
Capital Assets:			
Land and Construction in Progress	69,256.02		69,256.02
Other Capital Assets, Net of Depreciation	2,795,565.54	35,053.35	2,830,618.89
TOTAL ASSETS	8,695,590.12	42,755.83	8,738,345.95
DEFFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	659,606.91		659,606.91
TOTAL DEFERRED OUTFLOWS OF RESOURCES	659,606.91	0.00	659,606.91
LIABILITIES :			
Accounts Payable	19,237.36		19,237.36
Other Current Liabilities	181,367.80	1,714.48	183,082.28
Noncurrent Liabilities:			
Due Within One Year	4,000.00		4,000.00
Due in More than One Year	509,568.13		509,568.13
TOTAL LIABILITIES	714,173.29	1,714.48	715,887.77
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes Levied for Future Period	1,162,123.66		1,162,123.66
Pension Related Deferred Inflows	521,909.12		521,909.12
TOTAL DEFERRED INFLOWS OF RESOURCES	1,684,032.78	0.00	1,684,032.78
NET POSITION:			
Net Investment in Capital Assets	2,364,821.56	35,053.35	2,399,874.91
Restricted for:			
Capital Outlay Purposes	983,878.04		983,878.04
Special Education Purposes	1,096,930.77		1,096,930.77
Pension Purposes	96,298.40		96,298.40
Debt Service Purposes	252,005.72		252,005.72
SDRS Pension Purposes	491,410.00		491,410.00
Unrestricted (Deficit)	1,671,646.47	5,988.00	1,677,634.47
TOTAL NET POSITION	6,956,990.96	41,041.35	6,998,032.31

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government:							
Governmental Activities:							
Instruction	1,254,042.56		115,102.00		(1,138,940.56)		(1,138,940.56)
Support Services	1,113,143.28		1,859.53		(1,111,283.75)		(1,111,283.75)
Community Services	5,395.36				(5,395.36)		(5,395.36)
Cocurricular Activities	202,866.92	28,234.92			(174,632.00)		(174,632.00)
Total Governmental Activities	2,575,448.12	28,234.92	116,961.53	0.00	(2,430,251.67)		(2,430,251.67)
Business-type Activities:							
Food Service	177,372.64	82,179.20	66,358.27			(28,835.17)	(28,835.17)
Total Business-type Activities	177,372.64	82,179.20	66,358.27	0.00		(28,835.17)	(28,835.17)
Total Primary Government	2,752,820.76	110,414.12	183,319.80	0.00	(2,430,251.67)	(28,835.17)	(2,459,086.84)
General Revenues:							
Taxes:							
Property Taxes					2,281,491.06		2,281,491.06
Utility Taxes					110,307.31		110,307.31
Revenue from State Sources:							
State Aid					488,049.10		488,049.10
Revenue from Federal Sources					4,493.66		4,493.66
Grants and Contributions not Restricted to Specific Programs					1,000.00		1,000.00
Unrestricted Investment Earnings					9,652.53		9,652.53
Other General Revenues					45,010.37		45,010.37
Transfers					(18,500.00)	18,500.00	0.00
Total General Revenues and Transfers					2,921,504.03	18,500.00	2,940,004.03
Change in Net Position					491,252.36	(10,335.17)	480,917.19
Net Position - Beginning					6,465,738.60	51,376.52	6,517,115.12
NET POSITION - ENDING					6,956,990.96	41,041.35	6,998,032.31

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2016

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB Bond Series 2005 Debt Service Fund	QZAB Bond Series 2010 Debt Service Fund	Total Governmental Funds
ASSETS:							
Cash and Cash Equivalents	717,173.68	740,243.92	335,891.73	96,157.82			1,889,467.15
Investments	1,003,199.64	245,000.00	781,277.00				2,029,476.64
Advanced Payments	4,500.00						4,500.00
Taxes Receivable--Current	403,596.17	576,136.05	144,023.57	38,367.87			1,162,123.66
Taxes Receivable--Delinquent	4,190.90	1,230.15	786.24	140.58			6,347.87
Due from Other Government	133,135.31						133,135.31
Restricted Cash and Cash Equivalents					152,003.72	100,002.00	252,005.72
TOTAL ASSETS	2,265,795.70	1,562,610.12	1,261,978.54	134,666.27	152,003.72	100,002.00	5,477,056.35
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	10,558.14	2,596.03	6,083.19				19,237.36
Contracts Payable	136,816.63		13,194.75				150,011.38
Payroll Deductions and Withholdings and Employer Matching Payable	29,610.16		1,746.26				31,356.42
Total Liabilities	176,984.93	2,596.03	21,024.20	0.00	0.00	0.00	200,605.16
Deferred Inflows of Resources:							
Unavailable Revenue-Property Taxes	4,190.90	1,230.15	786.24	140.58			6,347.87
Taxes Levied for Future Period	403,596.17	576,136.05	144,023.57	38,367.87			1,162,123.66
Total Deferred Inflows of Resources	407,787.07	577,366.20	144,809.81	38,508.45	0.00	0.00	1,168,471.53
Fund Balances:							
Restricted:							
Capital Outlay		982,647.89					982,647.89
Special Education			1,096,144.53				1,096,144.53
Pension				96,157.82			96,157.82
Debt Service					152,003.72	100,002.00	252,005.72
Assigned for Next Year's Budget	247,399.65						247,399.65
Assigned for Unemployment	2,401.72						2,401.72
Unassigned	1,431,222.33						1,431,222.33
Total Fund Balances	1,681,023.70	982,647.89	1,096,144.53	96,157.82	152,003.72	100,002.00	4,107,979.66
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	2,265,795.70	1,562,610.12	1,261,978.54	134,666.27	152,003.72	100,002.00	5,477,056.35

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016

Total Fund Balances - Governmental Funds	4,107,979.66
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.	353,712.21
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	2,864,821.56
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	659,606.91
Long-term liabilities, including QZAB Bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	(513,568.13)
Assets, such as taxes receivable, that are not available to pay for current period expenditures are deferred in the funds.	6,347.87
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(521,909.12)
Net Position - Governmental Activities	6,956,990.96

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB Bond Series 2005 Debt Service Fund	QZAB Bond Series 2010 Debt Service Fund	Total Total Governmental Funds
Revenues:							
Revenue from Local Sources:							
Taxes:							
Ad Valorem Taxes	896,251.74	959,058.98	328,525.69	83,719.01			2,267,555.42
Prior Years' Ad Valorem Taxes	3,339.95	550.04	338.43	122.23			4,350.65
Utility Taxes	110,307.31						110,307.31
Penalties and Interest on Taxes	2,362.45	1,305.50	788.77	155.61			4,612.33
Earnings on Investments and Deposits	4,998.85	1,619.40	2,921.95	112.33			9,652.53
Cocurricular Activities:							
Admissions	23,679.92						23,679.92
Other Pupil Activity Income	4,555.00						4,555.00
Other Revenue from Local Sources:							
Rentals	2,080.00						2,080.00
Contributions and Donations		1,000.00					1,000.00
Charges for Services	1,719.53		140.00				1,859.53
Other	8,685.31	3,193.00	378.64				12,256.95
Revenue from Intermediate Sources:							
County Sources:							
County Apportionment	30,673.42						30,673.42
Revenue from State Sources:							
Grants-in-Aid:							
Unrestricted Grants-in-Aid	488,049.10						488,049.10
Revenue from Federal Sources:							
Grants-in-Aid:							
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	4,493.66						4,493.66
Restricted Grants-in-Aid Received from Federal Government Through the State	95,102.00	20,000.00					115,102.00
Total Revenue	1,676,298.24	986,726.92	333,093.48	84,109.18	0.00	0.00	3,080,227.82

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB Bond Series 2005 Debt Service Fund	QZAB Bond Series 2010 Debt Service Fund	Total Total Governmental Funds
Expenditures:							
Instruction:							
Regular Programs:							
Elementary	390,306.13	48,761.88		9,156.46			448,224.47
Middle/Junior High	75,169.47			1,816.41			76,985.88
High School	371,564.18	60,642.90		8,622.53			440,829.61
Special Programs:							
Programs for Special Education			205,987.83				205,987.83
Educationally Deprived	60,933.74						60,933.74
Support Services:							
Pupils:							
Guidance	47,692.82			1,074.75			48,767.57
Health	841.75						841.75
Psychological			12,885.48				12,885.48
Speech Pathology			13,273.25				13,273.25
Student Therapy Services			17,246.47				17,246.47
Instructional Staff:							
Improvement of Instruction	35,432.44						35,432.44
Educational Media	14,645.21			300.00			14,945.21
General Administration:							
Board of Education	28,938.00						28,938.00
Executive Administration	92,186.19			2,100.00			94,286.19
School Administration:							
Office of the Principal	134,006.20			2,990.61			136,996.81
Other	10,107.12						10,107.12
Business:							
Fiscal Services	114,071.06	3,350.00		2,391.99			119,813.05
Facilities Acquisition and Construction		34,590.22					34,590.22
Operation and Maintenance of Plant	231,027.28	115,917.09		2,399.70			349,344.07
Pupil Transportation	118,332.83	20,426.45					138,759.28
Food Services	5,293.11						5,293.11
Special Education:							
Transportation Costs			4,172.83				4,172.83
Other Special Education Costs			5,913.00				5,913.00

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QZAB Bond Series 2005 Debt Service Fund	QZAB Bond Series 2010 Debt Service Fund	Total Total Governmental Funds
Expenditures (Continued):							
Community Services:							
Nonpublic School	5,395.36						5,395.36
Cocurricular Activities:							
Male Activities	45,790.25			572.75			46,363.00
Female Activities	35,625.04			405.96			36,031.00
Combined Activities	102,837.05			1,995.62			104,832.67
Capital Outlay		100,187.46					100,187.46
Total Expenditures	1,920,195.23	383,876.00	259,478.86	33,826.78	0.00	0.00	2,597,376.87
Excess of Revenue Over (Under) Expenditures	(243,896.99)	602,850.92	73,614.62	50,282.40	0.00	0.00	482,850.95
Other Financing Sources (Uses):							
Transfers In	4,316.66				13,818.52	16,667.00	34,802.18
Transfers Out	(18,500.00)	(31,992.57)	(2,809.61)				(53,302.18)
Sale of Surplus Property		6,409.24					6,409.24
Compensation for Loss of General Capital Assets	157.00	6,170.54					6,327.54
Total Other Financing Sources (Uses)	(14,026.34)	(19,412.79)	(2,809.61)	0.00	13,818.52	16,667.00	(5,763.22)
Net Change in Fund Balances	(257,923.33)	583,438.13	70,805.01	50,282.40	13,818.52	16,667.00	477,087.73
Fund Balance - Beginning	1,938,947.03	399,209.76	1,025,339.52	45,875.42	138,185.20	83,335.00	3,630,891.93
FUND BALANCE - ENDING	1,681,023.70	982,647.89	1,096,144.53	96,157.82	152,003.72	100,002.00	4,107,979.66

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	477,087.73
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(8,676.75)
In the statement of activities, gains and losses ond disposal of capital assets are reported, whereas, in the governmental funds, the proceeds disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(14,106.77)
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	(3,157.45)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	4,972.66
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Pension Expense)	35,132.94
Change in Net Position of Governmental Activities	491,252.36

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2016

	Enterprise Funds Food Service Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	2,628.33
Inventory of Supplies	126.00
Inventory of Stores Purchased for Resale	2,103.58
Inventory of Donated Food	2,844.57
Total Current Assets	7,702.48
Capital Assets:	
Machinery and Equipment--Local Funds	131,389.86
Machinery and Equipment--Federal Assistance	2,996.00
Less: Accumulated Depreciation	(99,332.51)
Total Noncurrent Assets	35,053.35
TOTAL ASSETS	42,755.83
LIABILITIES:	
Contracts Payable	1,533.40
Payroll Deductions and Witholdings and Employer Matching Payable	181.08
TOTAL LIABILITIES	1,714.48
NET POSITION:	
Net Investment in Capital Assets	35,053.35
Unrestricted Net Position	5,988.00
TOTAL NET POSITION	41,041.35

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Enterprise Funds Food Service Fund
Operating Revenue:	
Food Sales:	
Student	75,877.80
Adults	5,895.10
Other Charges for Goods and Services	406.30
Total Operating Revenue	82,179.20
Operating Expenses:	
Salaries	87,394.12
Employee Benefits	10,990.24
Purchased Services	64.48
Supplies	887.78
Cost of Sales - Purchased	61,397.41
Cost of Sales - Donated	10,109.70
Other	1,459.00
Depreciation	5,069.91
Total Operating Expenses	177,372.64
Operating Income (Loss)	(95,193.44)
Nonoperating Revenue:	
State Grants	126.03
Federal Grants	56,289.07
Donated Food	9,943.17
Total Nonoperating Revenue	66,358.27
Income (Loss) Before Transfers	(28,835.17)
Transfers In	18,500.00
Change in Net Position	(10,335.17)
Net Position - Beginning	51,376.52
NET POSITION - ENDING	41,041.35

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Enterprise Funds Food Service Fund
Cash Flows from Operating Activities:	
Cash Receipts from Customers	82,179.20
Cash Payments to Employees for Services	(96,669.88)
Cash Payments to Suppliers of Goods and Services	(63,673.76)
Net Cash Provided (Used) by Operating Activities	(78,164.44)
Cash Flows from Noncapital Financing Activities:	
Transfers from General Fund	18,500.00
Operating Grants	56,415.10
Net Cash Provided (Used) from Noncapital Financing Activities	74,915.10
Net Increase (Decrease) in Cash and Cash Equivalents	(3,249.34)
Cash and Cash Equivalents at Beginning of Year	5,877.67
Cash and Cash Equivalents at End of Year	2,628.33

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	(95,193.44)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	5,069.91
Value of Donated Commodities Used	10,109.70
Change in Assets and Liabilities:	
Inventories	134.91
Accrued Wages Payable	1,714.48
Net Cash Provided (Used) by Operating Activities	(78,164.44)
Noncash Investing, Capital and Financing Activities:	
Value of Commodities Received	9,943.17

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

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of June 30, 2016

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	16,078.26
TOTAL ASSETS	16,078.26
LIABILITIES:	
Amounts Held for Others	16,078.26
TOTAL LIABILITIES	16,078.26

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 Corsica-Stickney School District No. 21-3 (School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds, may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

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

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.

The QZAB Bond Series 2005 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The QZAB Bond Series 2010 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.

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 organizations in the School District.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Corsica-Stickney School District No. 21-3, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2016 are grants from the State of South Dakota and gross receipts 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 revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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

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

d. Deposits and Investments:

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with a term to 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.

e. Capital Assets:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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. Interest costs incurred during the construction of enterprise capital assets are capitalized along with other capital asset costs, if applicable.

The total June 30, 2016 balance of capital assets for governmental activities includes approximately one percent for which the costs were determined by estimates of original costs. The total June 30, 2016 balance of capital assets for business-type activities are all valued at original cost.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ 0.00	-----N/A------	------N/A------
Improvements	$ 15,000.00	Straight-line	15-25 yrs.
Buildings	$ 50,000.00	Straight-line	50-75 yrs.
Machinery & Equipment	$ 5,000.00	Straight-line	5-20 yrs.
Machinery & Equipment - Food Service	$ 1,000.00	Straight-line	10-20 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

f. Long-Term Liabilities:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

g. Program Revenues:

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

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

h. 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.

i. Proprietary Funds Revenue and Expense Classifications:

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

j. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

k. 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 its 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 does 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.

l. Application of Net Position:

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

m. Fund Balance Classification Policies and Procedures:

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 Grants
Special Education Fund	Real Estate Taxes
Pension Fund	Real Estate Taxes

n. 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

As of June 30, 2016, the School District had the following investments. Except for the investment in SDFIT, all investments are in an internal deposit and investment pool.

External Investment Pools:	Credit Rating	Fair Value
SDFIT	Unrated	$249,296.21
TOTAL INVESTMENTS		$249,296.21

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

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

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

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

3. RESTRICTED CASH AND INVESTMENTS

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

Amount:	Purpose:
$252,005.72	For Debt Service, by debt covenants

4. RECEIVABLES AND PAYABLES

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. 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 consumed in the General Fund, special revenue funds, and proprietary funds. At June 30, 2016, the supplies inventory on hand was not material in the General Fund and special revenue funds.

6. 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 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.”

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016, is as follows:

Primary Government:	Balance 07/01/15	Increases	Decreases	Balance 06/30/16
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	69,256.02			69,256.02
Total, not being depreciated	69,256.02	0.00	0.00	69,256.02
Capital Assets, being depreciated:				
Improvements	793,406.37			793,406.37
Buildings	3,645,903.35		(35,000.00)	3,610,903.35
Machinery & Equipment	814,314.31	100,187.46	(71,514.57)	842,987.20
Total, being depreciated	5,253,624.03	100,187.46	(106,514.57)	5,247,296.92
Less Accumulated Depreciation for:				
Improvements	(304,136.62)	(25,456.79)		(329,593.41)
Buildings	(1,589,880.60)	(49,026.39)	35,000.00	(1,603,906.99)
Machinery & Equipment	(541,257.75)	(34,381.03)	57,407.80	(518,230.98)
Total Accumulated Depreciation	(2,435,274.97)	(108,864.21)	92,407.80	(2,451,731.38)
Total Capital Assets, being depreciated, net	2,818,349.06	(8,676.75)	(14,106.77)	2,795,565.54
Governmental Activity Capital Assets, Net	2,887,605.08	(8,676.75)	(14,106.77)	2,864,821.56

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	$ 40,057.33
Support Services	50,707.32
Co-curricular Activities	18,099.56
Total Depreciation Expense - Governmental Activities	$ 108,864.21

	Balance 07/01/15	Increases	Decreases	Balance 06/30/16
Business-Type Activities:				
Capital Assets, being depreciated:				
Machinery & Equipment	134,385.86			134,385.86
Total, being depreciated	134,385.86	0.00	0.00	134,385.86
Less Accumulated Depreciation for:				
Machinery & Equipment	(94,262.60)	(5,069.91)		(99,332.51)
Total Accumulated Depreciation	(94,262.60)	(5,069.91)	0.00	(99,332.51)
Business-Type Activity Capital Assets, Net	40,123.26	(5,069.91)	0.00	35,053.35

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Services	$ 5,069.91
Total Depreciation Expense - Business-Type Activities	$ 5,069.91

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
QZAB Series 2005	250,000.00			250,000.00	0.00
QZAB Series 2010	250,000.00			250,000.00	0.00
Total Debt	500,000.00	0.00	0.00	500,000.00	0.00
Accrued Compensated Absences	10,410.68	7,212.55	4,055.10	13,568.13	4,000.00
Total Governmental Activities	510,410.68	7,212.55	4,055.10	513,568.13	4,000.00

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

Liabilities Payable at June 30, 2016, is comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Qualified Zone Academy Bonds:
QZAB Bond Series 2005 for School Renovation; $250,000.00
Maturity Date June 29, 2021; 0% Interest Rate;
Payable from the QZAB Bond Series 2005 Debt Service Fund

Qualified Zone Academy Bonds:
QZAB Bond Series 2010; $250,000.00
Maturity Date December 1, 2024; 0% Interest Rate;
Payable from the QZAB Bond Series 2010 Debt Service Fund

Compensated Absences:
Accrued Leave Balance $ 13,568.13
Payment to be made by the fund that the payroll expenditures are charged to.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual debt service requirements to maturity for all debt outstanding, except for compensated absences, as of June 30, 2016 are as follows:

Annual Requirements to Maturity for Long-Term Debt
June 30, 2016

Year Ending June 30,	Qualified Zone Academy Bonds (QZAB), Series 2005 Payable		Qualified Zone Academy Bonds (QZAB), Series 2010 Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017					0.00	0.00
2018					0.00	0.00
2019					0.00	0.00
2020					0.00	0.00
2021					0.00	0.00
2022-2025	250,000.00		250,000.00		500,000.00	0.00
Totals	250,000.00	0.00	250,000.00	0.00	500,000.00	0.00

9. OPERATING LEASES

The School District leases copiers. Lease payments are made in yearly installments from the Capital Outlay Fund.

The following are the minimum payments required for existing operating leases:

Year	Copier
2017	$4,914.40
2018	$2,869.65

10. RESTRICTED NET POSITION

Restricted net position for the fiscal year ended June 30, 2016 was as follows:

Fund	Restricted By	Amount
Major Purposes:		
Special Education	Law	$ 1,096,930.77
Capital Outlay	Law	983,878.04
Pension	Law	96,298.40
SDRS Pension	Governmental Accounting Standards	491,410.00
Debt Service	Debt Covenants	252,005.72
Total Restricted Net Position		$ 2,920,522.93

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 were as follows:

	Transfers to:				
	Governmental Activities			Business-Type Activities	
Transfers from:	General Fund	QZAB Debt Service # 1 Fund	QZAB Debt Service # 2 Fund	Food Service Fund	TOTAL
Major Funds:					
General Fund				18,500.00	18,500.00
Capital Outlay Fund	1,507.05	13,818.52	16,667.00		31,992.57
Special Education Fund	2,809.61				2,809.61
Totals	4,316.66	13,818.52	16,667.00	18,500.00	53,302.18

Transfers of investment and deposit earnings to the General Fund are reported. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited to the General Fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers. Certain other statutes and debt covenants require earnings from investments and deposits to be retained in the fund that services the long-term debt. Transfers of future debt service payments from the Capital Outlay Fund to the Debt Service Fund are also reported. Also, a transfer from the General Fund to the Food Service Fund was made to conduct indispensable functions of the School District.

12. 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 survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in 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://sdrs.sd.gov/publications.aspx or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

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

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, 2016, 2015, and 2014 were $77,537.94, $91,355.43, and $91,561.92, respectively, equal to the required contributions each year. The amount contributed for 2016 was for the new school district while the amounts contributed for 2015 and 2014 are the sum of the two old school districts.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2016 are as follows:

Proportionate share of net position restricted for pension benefits	$ 8,987,348.85
Less proportionate share of total pension liability	$ 8,633,636.64
Proportionate share of net pension liability (asset)	$ (353,712.21)

At June 30 2016, the School District reported a liability (asset) of $(353,712.21) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the School District's proportion was 0.083339740%, which is an increase (decrease) of (0.0040507)% from its proportion measured as of June 30, 2014. The amounts as of the measurement date are the sum of the two old school districts. It is likely that the proportionate share of the new district will be lower as of the next measurement date due to the consolidation.

For the year ended June 30, 2016, the School District recognized pension expense (revenue) of $42,405.01. At June 30, 2016 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 72,424.18	
Changes in assumption.	$ 280,471.52	
Net Difference between projected and actual earnings on pension plan investments.	$ 216,076.79	$ 521,909.12
Changes in proportion and difference between School district contributions and proportionate share of contributions.	$ 13,096.48	
School District contributions subsequent to the measurement date.	$ 77,537.94	
TOTAL	$ 659,606.91	$ 521,909.12

$77,537.94 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, 2017. 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:	
2017	20,567.58
2018	20,567.58
2019	(41,283.08)
2020	60,307.78
TOTAL	60,159.86

Actuarial Assumptions:
The total pension liability (asset) in the June 30, 2015 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 2017 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. 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 of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (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	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
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 2017 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in the discount rate:
The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 7.25 percent through 2017 and 7.50 percent thereafter, as well as what the School District'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:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$890,289.65	$(353,712.21)	$(1,368,088.59)

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

13. JOINT VENTURES

The School District participates in the Mid-Central 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	4.68%
Burke School District No. 26-2	6.03%
Colome Consolidated School District No. 59-3	6.45%
Corsica-Stickney School District No. 21-3	6.36%
Ethan School District No. 17-1	6.61%
Gregory School District No. 26-4	10.80%
Kimball School District No. 7-2	8.49%
Mt. Vernon School District No. 17-3	5.64%
Plankinton School District No. 1-1	9.55%
Platte-Geddes School District No. 11-5	13.40%
Wessington Springs School District No. 32-6	9.32%
White Lake School District No. 1-3	3.04%
Wolsey-Wessington School District No. 2-6	9.63%

The co-op's governing board is composed of two representatives from each member school district, who are one administrator of the school on the advisory board and one school board member on the governing 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.

Audited financial information is not available for periods after June 30, 2014.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

14. 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, 2016, 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 of or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:
The School District purchases liability insurance for 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, 2016, no claims for unemployment benefits were paid. At June 30, 2016, no claims had been filed for unemployment benefits and none are anticipated next fiscal year.

15. SIGNIFICANT CONTINGENCIES – LITIGATION

At June 30, 2016, the School District was not involved in any significant litigation.

16. GOVERNMENT CONSOLIDATION

The Corsica-Stickney School District No. 21-3 began operations on July 1, 2015 and was formed from the consolidation of the Corsica School District No. 21-2 and the Stickney School District No. 1-2 due to decreasing enrollment combined with the current education funding process employed by the State of South Dakota. The patrons of the Corsica School District and the Stickney School District voted on June 9, 2014 and June 3, 2014 respectively, to consolidate into on new School District. The initial opening balances of the new School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the beginning of the period were determined on the basis of the carrying values reported on separate financial statements of the Corsica School District and the Stickney School District as of June 30, 2015, as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
Initial Opening Balances - Governmental-Type Activities

	Corsica School District No. 21-2	Stickney School District No. 1-2	Total
ASSETS:			
Cash and Cash Equivalents	2,207,660.78	1,267,457.24	3,475,118.02
Taxes Receivable	562,383.20	438,039.69	1,000,422.89
Other Assets	89,624.50	58,041.40	147,665.90
Restricted Assets:			
Cash and Cash Equivalents	221,520.20		221,520.20
Net Pension Asset	308,417.74	321,610.06	630,027.80
Capital Assets:			
Land	66,961.02	2,295.00	69,256.02
Other Capital Assets, Net of Depreciation	2,306,786.22	511,562.84	2,818,349.06
TOTAL ASSETS	5,763,353.66	2,599,006.23	8,362,359.89
DEFERRED OUTFLOWS OF RESOURCES :			
Other Deferred Outflows of Resources	270,846.94	285,080.72	555,927.66
TOTAL DEFERRED OUTFLOWS OF RESOURCES	270,846.94	285,080.72	555,927.66
LIABILITIES :			
Accounts Payable	7,798.39	91,636.59	99,434.98
Other Current Liabilities	113,977.21		113,977.21
Noncurrent Liabilities:			
Due Within One Year	2,000.00	2,000.00	4,000.00
Due in More than One Year	502,444.60	3,966.08	506,410.68
TOTAL LIABILITIES	626,220.20	97,602.67	723,822.87
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	561,007.99	438,039.69	999,047.68
Pension Related Deferred Inflows	357,199.73	372,478.67	729,678.40
TOTAL DEFERRED INFLOWS OF RESOURCES	918,207.72	810,518.36	1,728,726.08
NET POSITION:			
Net Investment in Capital Assets	1,873,747.24	513,857.84	2,387,605.08
Restricted for:			
Capital Outlay Purposes	362,156.05	37,370.52	399,526.57
Special Education Purposes	719,017.68	305,664.10	1,024,681.78
Pension Purposes	25,383.42	20,539.19	45,922.61
SDRS Pension Purposes	222,064.95	234,212.11	456,277.06
Debt Service Purposes	221,520.20		221,520.20
Unrestricted (Deficit)	1,065,883.14	864,322.16	1,930,205.30
TOTAL NET POSITION	4,489,772.68	1,975,965.92	6,465,738.60

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
Initial Opening Balances - Business-Type Activities

	Corsica School District No. 21-2	Stickney School District No. 1-2	Total
ASSETS:			
Cash and Cash Equivalents	4,267.72	1,609.95	5,877.67
Inventories	2,678.46	2,697.13	5,375.59
Capital Assets:			
Other Capital Assets, Net of Depreciation	37,618.26	2,505.00	40,123.26
TOTAL ASSETS	44,564.44	6,812.08	51,376.52
NET POSITION:			
Net Investment in Capital Assets	37,618.26	2,505.00	40,123.26
Unrestricted (Deficit)	6,946.18	4,307.08	11,253.26
TOTAL NET POSITION	44,564.44	6,812.08	51,376.52

REQUIRED SUPPLEMENTARY INFORMATION
CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	904,168.66	904,168.66	896,251.74	(7,916.92)
Prior Years' Ad Valorem Taxes	0.00	0.00	3,339.95	3,339.95
UtilityTaxes	90,000.00	90,000.00	110,307.31	20,307.31
Other Taxes	2,000.00	2,000.00	0.00	(2,000.00)
Penalties and Interest on Taxes	2,500.00	2,500.00	2,362.45	(137.55)
Earnings on Investments and Deposits	4,000.00	4,000.00	4,998.85	998.85
Cocurricular Activities:				
Admissions	16,000.00	18,256.48	23,679.92	5,423.44
Other Pupil Activitity Income	4,000.00	4,000.00	4,555.00	555.00
Other Revenue from Local Sources:				
Rentals	4,000.00	4,000.00	2,080.00	(1,920.00)
Charges for Services	3,000.00	3,000.00	1,719.53	(1,280.47)
Other	7,300.00	7,300.00	8,685.31	1,385.31
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	22,000.00	22,000.00	30,673.42	8,673.42
Revenue in Lieu of Taxes	5,000.00	5,000.00	0.00	(5,000.00)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	566,639.34	566,639.34	488,049.10	(78,590.24)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	0.00	0.00	4,493.66	4,493.66
Restricted Grants-in-Aid Received from Federal Government Through the State	123,041.00	123,041.00	95,102.00	(27,939.00)
Total Revenue	1,753,649.00	1,755,905.48	1,676,298.24	(79,607.24)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	398,998.00	398,998.00	390,306.13	8,691.87
Middle/Junior High	84,490.00	84,490.00	75,169.47	9,320.53
High School	391,546.00	391,546.00	371,564.18	19,981.82
Special Programs:				
Educationally Deprived	68,258.00	68,258.00	60,933.74	7,324.26

REQUIRED SUPPLEMENTARY INFORMATION
CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures (Continued):				
Support Services:				
Pupils:				
Guidance	47,397.00	47,697.00	47,692.82	4.18
Health	1,095.00	1,095.00	841.75	253.25
Instuctional Staff:				
Improvement of Instruction	54,783.00	54,783.00	35,432.44	19,350.56
Educational Media	19,399.00	19,399.00	14,645.21	4,753.79
General Administration:				
Board of Education	41,621.00	46,971.00	28,938.00	18,033.00
Executive Administration	99,409.00	99,409.00	92,186.19	7,222.81
School Administration:				
Office of the Principal	148,401.00	148,401.00	134,006.20	14,394.80
Other	21,723.00	21,723.00	10,107.12	11,615.88
Business:				
Fiscal Services	115,513.00	115,513.00	114,071.06	1,441.94
Operation and Maintenance of Plant	229,588.00	233,588.00	231,027.28	2,560.72
Pupil Transportation	120,375.00	123,875.00	118,332.83	5,542.17
Food Service	18,461.00	18,461.00	5,293.11	13,167.89
Community Services:				
Nonpublic School	0.00	0.00	5,395.36	(5,395.36)
Nonprogrammed Charges:				
Payments to State - Unemployment	2,401.72	2,401.72	0.00	2,401.72
Cocurricular Activities:				
Male Activities	41,834.00	45,834.00	45,790.25	43.75
Female Activities	32,989.00	35,869.00	35,625.04	243.96
Combined Activities	87,451.00	101,821.00	102,837.05	(1,016.05)
Contingencies	35,000.00	35,000.00		
Amount Transferred		(32,143.52)		2,856.48
Total Expenditures	2,060,732.72	2,062,989.20	1,920,195.23	142,793.97
Excess of Revenue Over (Under) Expenditures	(307,083.72)	(307,083.72)	(243,896.99)	63,186.73
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	4,316.66	4,316.66
Transfers Out	0.00	0.00	(18,500.00)	(18,500.00)
Compensation for Loss of General Capital Assets	0.00	0.00	157.00	157.00
Other	2,401.74	2,401.74	0.00	(2,401.74)
Total Other Financing Sources (Uses)	2,401.74	2,401.74	(14,026.34)	(16,428.08)
Net Change in Fund Balances	(304,681.98)	(304,681.98)	(257,923.33)	46,758.65
Fund Balance - Beginning	1,938,947.03	1,938,947.03	1,938,947.03	0.00
FUND BALANCE - ENDING	1,634,265.05	1,634,265.05	1,681,023.70	46,758.65

REQUIRED SUPPLEMENTARY INFORMATION
CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	811,143.07	811,143.07	959,058.98	147,915.91
Prior Years' Ad Valorem Taxes	500.00	500.00	550.04	50.04
Penalties and Interest on Taxes	0.00	0.00	1,305.50	1,305.50
Earnings on Investments and Deposits	0.00	0.00	1,619.40	1,619.40
Other Revenue from Local Sources:				
Contributions and Donations	0.00	0.00	1,000.00	1,000.00
Other	0.00	0.00	3,193.00	3,193.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	0.00	0.00	20,000.00	20,000.00
Total Revenue	811,643.07	811,643.07	986,726.92	175,083.85
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	16,000.00	48,800.00	48,761.88	38.12
High School	58,000.00	60,700.00	60,642.90	57.10
Support Services:				
Business:				
Fiscal Services	4,000.00	4,000.00	3,350.00	650.00
Facilities Acquisition and Construction	119,759.02	119,759.02	34,590.22	85,168.80
Operation and Maintenance of Plant	494,000.00	494,000.00	136,104.55	357,895.45
Pupil Transportation	136,149.71	136,149.71	100,426.45	35,723.26
Debt Services	30,485.19	30,485.19	0.00	30,485.19
Total Expenditures	858,393.92	893,893.92	383,876.00	510,017.92
Excess of Revenue Over (Under) Expenditures	(46,750.85)	(82,250.85)	602,850.92	685,101.77
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(31,992.57)	(31,992.57)
Sale of Surplus Property	0.00	0.00	6,409.24	6,409.24
Compensation for Loss of General Capital Assets	0.00	0.00	6,170.54	6,170.54
Total Other Financing Sources (Uses)	0.00	0.00	(19,412.79)	(19,412.79)
Net Change in Fund Balances	(46,750.85)	(82,250.85)	583,438.13	665,688.98
Fund Balance - Beginning	399,209.76	399,209.76	399,209.76	0.00
FUND BALANCE - ENDING	352,458.91	316,958.91	982,647.89	665,688.98

REQUIRED SUPPLEMENTARY INFORMATION
CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	299,188.21	299,188.21	328,525.69	29,337.48
Prior Years' Ad Valorem Taxes	0.00	0.00	338.43	338.43
Penalties and Interest on Taxes	0.00	0.00	788.77	788.77
Earnings on Investments and Deposits	0.00	0.00	2,921.95	2,921.95
Other Revenue from Local Sources:				
Charges for Services	0.00	0.00	140.00	140.00
Other	0.00	0.00	378.64	378.64
Total Revenue	299,188.21	299,188.21	333,093.48	33,905.27
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	219,977.00	222,577.00	205,987.83	16,589.17
Support Services:				
Pupils:				
Psychological	19,200.00	19,200.00	12,885.48	6,314.52
Speech Pathology	23,504.00	23,504.00	13,273.25	10,230.75
Student Therapy Services	8,208.00	17,868.00	17,246.47	621.53
Special Education:				
Transportation Costs	11,459.00	11,459.00	4,172.83	7,286.17
Other Special Education Costs	16,840.21	16,840.21	5,913.00	10,927.21
Total Expenditures	299,188.21	311,448.21	259,478.86	51,969.35
Excess of Revenue Over (Under) Expenditures	0.00	(12,260.00)	73,614.62	85,874.62
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(2,809.61)	(2,809.61)
Net Change in Fund Balances	0.00	(12,260.00)	70,805.01	83,065.01
Fund Balance - Beginning	1,025,339.52	1,025,339.52	1,025,339.52	0.00
FUND BALANCE - ENDING	1,025,339.52	1,013,079.52	1,096,144.53	83,065.01

REQUIRED SUPPLEMENTARY INFORMATION
CORSICA-STICKNEY SCHOOL DISTRICT NO. 21-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PENSION FUND
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	84,252.77	84,252.77	83,719.01	(533.76)
Prior Years' Ad Valorem Taxes	0.00	0.00	122.23	122.23
Penalties and Interest on Taxes	0.00	0.00	155.61	155.61
Earnings on Investments and Deposits	0.00	0.00	112.33	112.33
Total Revenue	84,252.77	84,252.77	84,109.18	(143.59)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	18,685.00	18,685.00	9,156.46	9,528.54
Middle/Junior High	4,186.00	3,826.00	1,816.41	2,009.59
High School	18,139.00	18,499.00	8,622.53	9,876.47
Special Programs:				
Programs for Special Education	10,764.00	10,764.00	0.00	10,764.00
Support Services:				
Pupils:				
Guidance	2,421.00	2,421.00	1,074.75	1,346.25
Instructional Staff:				
Educational Media	900.00	900.00	300.00	600.00
General Administration:				
Executive Administration	4,200.00	4,200.00	2,100.00	2,100.00
School Administration:				
Office of the Principal	6,392.00	6,392.00	2,990.61	3,401.39
Business:				
Fiscal Services	4,844.00	4,844.00	2,391.99	2,452.01
Operation and Maintenance of Plant	4,357.00	4,357.00	2,399.70	1,957.30
Food Services	4,739.00	4,739.00	0.00	4,739.00
Cocurricular Activities:				
Male Activities	1,194.00	1,194.00	572.75	621.25
Female Activities	474.00	474.00	405.96	68.04
Combined Activities	3,585.00	3,585.00	1,995.62	1,589.38
Total Expenditures	84,880.00	84,880.00	33,826.78	51,053.22
Net Change in Fund Balances	(627.23)	(627.23)	50,282.40	50,909.63
Fund Balance - Beginning	45,875.42	45,875.42	45,875.42	0.00
FUND BALANCE - ENDING	45,248.19	45,248.19	96,157.82	50,909.63

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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)

	2016	2015
District's proportion of the net pension liability (asset)	0.0833974%	0.0874481%
District's proportionate share of net pension liability (asset)	$ (354)	$ (630)
District's covered-employee payroll	$ 1,523	$ 1,529
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(23.24%)	(41.20%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	(104.10%)	(107.29%)

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of the previous fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

(Dollar amounts in thousands)

	2016	2015
Contractually required contribution	$ 78	$ 91
Contributions in relation to the contractually required contribution	$ 78	$ 91
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 1,292	$ 1,523
Contributions as a percentage of covered-employee payroll	6.0%	6.0%