

EDGEMONT SCHOOL DISTRICT NO. 23-1
EDGEMONT, SOUTH DAKOTA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING JUNE 30, 2015
WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
P.O. Box 262
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EDGEMONT SCHOOL DISTRICT NO. 23-1
EDGEMONT, SOUTH DAKOTA

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AS OF AND FOR THE FISCAL YEAR ENDING JUNE 30, 2015

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NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "\$" symbol is not used.

INDEPENDENT AUDIT SERVICES, PC

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School Board
Edgemont School District No. 23-1
Edgemont, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District No. 23-1 (School District), Fall River County, South Dakota as of June 30, 2015 and for the fiscal 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

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

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my unmodified audit opinions on governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District, Fall River County, South Dakota, as of June 30, 2015, and the respective changes in its financial position and, where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Adoption of New Accounting Standard

As described in note 10 to the financial statements, the Edgemont School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. My opinion is not modified with respect to this matter.

Other Matters - Required Supplementary Information

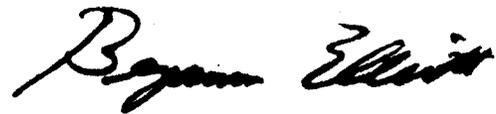
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 3 to 8) and the budgetary comparison schedule (page 37 to 41), schedule of net pension liability (asset) (page 42), and schedule of pension contributions (page 42) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 formation and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report (page 43) dated June 23, 2016 on my tests of Edgemont School District's compliance with certain provisions of laws, regulations, contracts and other matters and my consideration of its internal control over financial reporting. The purpose of that report is to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on compliance or internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's compliance and internal control over financial reporting.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

June 23, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of the Edgemont School District's (School District) annual financial report presents our discussion and analysis of the School District's financial performance during the year ending June 30, 2015. Please read it in conjunction with the School District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights for the Edgemont School District are as follows:

For the year ending June 30, 2015:

Revenue:	
Charges for goods and services	60,861
Operating grants	184,734
Capital grants	0
General receipts	2,204,127

Total	2,449,722

Expenses:	
Governmental	2,175,835
Business-type	82,286

Total	2,258,121

Increase in Net Position	191,601
Net Position:	
July 1, 2014, adjusted	4,012,409

June 30, 2015	4,204,010
	=====
Governmental Funds:	
General	1,544,984
Capital Outlay	404,432
Special Education	28,215
Pension	239,551
Long-term Debt	(31,962)
Capital Assets	1,991,028
Business-Type Funds:	
Food Service	27,762

Total	4,204,010
	=====

During the year ending June 30, 2015 the School District:

- * Purchased a Chevy suburban for \$36,523, carpet for \$9,153, a lawn mower for \$7,559 and library books for \$8,255.
- * Made a final payment for the school's heating system upgrade of \$21,937.
- * Made a deposit of \$4,212 for one-half of the cost of carpet that was delivered in July 2015.
- * Received \$185,262 from the federal government through the National Mineral Leasing program, which is a \$58,654 increase from the prior year.
- * Received cash and commodities of \$29,008 from the federal government through the school lunch program, which is a \$4,524 decrease over the prior year.

BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This financial report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement-34. The financial report consists of three parts: (1) management's discussion and analysis (page 3 to 8), (2) the basic financial statements (page 9 to 36) and (3) required supplementary information (page 37 to 42). The basic financial statements include two types of statements that present the School District from two different financial points of view.

Government-wide financial statements (View #1):

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

Fund financial statements (View #2):

The remaining financial statements are fund financial statements that focus on significant operations of the governmental, enterprise, and fiduciary activities of the School District.

The governmental fund financial statements tell how general governmental services were financed in the short-term, as well as what remains for future spending. Governmental funds operated by the School District are the general fund, capital outlay fund, special education fund, and pension fund.

The enterprise fund financial statements offer short-term and long-term financial information about the activities of the School District that operate like a business. The enterprise fund operated by the School District is the food service fund.

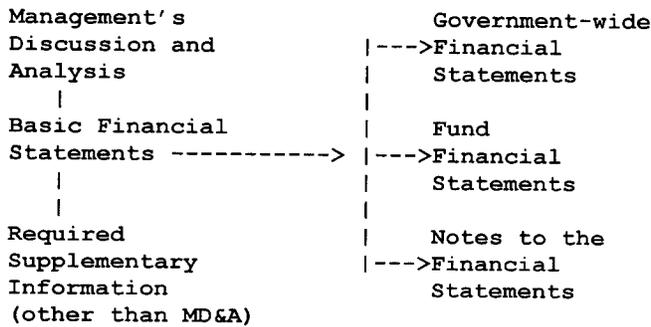
The fiduciary fund financial statements provide information about the financial status of activities (like cheerleaders or a science club) in which the School District acts solely as a trustee or agent for the benefit of those groups to whom these funds belong. These are called agency funds. The School District also administers several private-purpose trust funds for student scholarships.

The financial statements include notes that explain in more detail some of the information found in the financial statements. The financial statements are also followed by a section of required supplementary information that presents a budgetary analysis for the general fund and special revenue funds.

Required Supplementary Information:

This Management's Discussion and Analysis (page 3 to 8), the Budgetary Comparison Schedules (page 37 to 41), the Schedule of Net Pension Liability (Asset) (page 42), and the Schedule of Pension Contributions (page 42) is financial information required to be presented by GASB. Such information provides readers of this report with additional data that supplements the government-wide statements and fund financial statements. The Budgetary Comparison Schedules are presented on a budgetary basis of accounting, which reports capital expenditures within their respective expenditure function rather than as a separate capital outlay expenditure.

Here is an overview of the School District's financial statements.



Here is a summary of the major features of these financial statement.

	Government-wide	Fund Statements		
	Statements	Governmental Funds	Enterprise Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds)	School Activities except Enterprise (food service) and Fiduciary (student organizations)	Activities operated like a private business (food service)	School's custody of money that belongs to others
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement on Revenues, Expen- ditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Fund Net Position Statement of Cash Flows	Statement of Changes in Fiduciary Net Position
Basis of Accounting	Accrual	Modified accrual	Accrual	Accrual
Measurement Focus	Economic resources	Current financial resources	Economic resources	Economic resources
Types of Assets & Liabilities	All - Financial and capital, short- and long-term	Only current financial assets and liabilities	All - Financial and capital, short- and long-term	All - Financial and capital (if any), short- and long-term
		No capital assets		
Types of Revenue and Expenditures or Expense	All - Regardless of when cash is received	Revenues when cash is received during year or within 60 days of year-end	All - Regardless of when cash is received	All - Regardless of when cash is received
		Expenditures when goods or services are received and payment is due during year or soon after year-end		

GOVERNMENT-WIDE STATEMENTS
(Reporting the School District as a whole)

The government-wide statements (page 9 and 10) report information about the School District as a whole using accounting methods similar to those used for private companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position includes all of the government's assets and liabilities. Net position is the difference between assets and liabilities. Changes in these accounts is one way to measure the school's financial health. Increases or decreases in net position measures improvements or declines in the school's financial health. To assess the school's overall financial health you also need to consider other factors such as changes in the student enrollment, property tax base and/or changes in federal and state grants and aid.

The Statement of Activities includes all of the year's revenues and expenses. You will notice that expenses are listed in the first column by program. Revenues related each program are reported to the right of the expense. The result is a net revenue/expense for each program. After listing program activity, general receipts of the school are listed, which include all taxes and interest earned.

The government-wide financial statements have two broad categories of information: governmental activity and business-type activity.

The governmental activities include (1) basic instructional services such as elementary, high school, and special education programs, (2) support services such as guidance, library, administration, and transportation, and (3) extra-curricular activities such as sports and music. Property taxes, state and federal grants, and interest earnings finance most of these activities.

The business-type activities account for the School District's food service lunch program. These programs are funded in part by user fees and in part by state and federal grants.

FUND FINANCIAL STATEMENTS

(Reporting the School District's most significant funds)

The fund financial statements (page 11 to 17) provide more detailed information about the School District's most significant funds, not the School District as a whole. Funds are accounting tools used to keep track of the receipt and disbursement of School District's resources. State law requires the use of some funds and the school board establishes other funds to manage money for a specific purpose, like a capital project fund for a new building.

The fund financial statements show information in three broad categories: governmental, enterprise (business-type), and fiduciary.

Governmental funds: Most of the School District's basic services are included in the governmental funds, which focus on (1) how cash, and other financial assets which can readily be converted into cash, flow in and out of that fund, and (2) the balances left at year-end that are available for spending in the next year. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources available for spending in the near future to finance the School District'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 to reconcile the differences between the governmental fund statements and the government-wide statements.

Enterprise fund: Services for which the School District charges the customer a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both short-term and a long-term financial information. The food service fund is the only enterprise fund maintained by the School District.

Fiduciary funds: The School District is the agent (or fiduciary) for various external and internal parties. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School District's fiduciary activities are reported in a separate

statement of fiduciary net position and a statement of changes in fiduciary net position. See page 17. Fiduciary funds are excluded from the School District's government-wide financial statements because the School District cannot use these assets to finance the School District's operations.

MATERIAL CHANGES IN STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

Year Ending June 30, 2015

(Material changes for governmental activities = changes greater than \$125,000)
 (Material changes for business-type activities = changes greater than \$ 5,000)

	Increase (Decrease)	Reason
Governmental Activities:		
Current assets	242,000	Excess receipts
Other assets	448,000	Pension assets added
Deferred outflow	398,000	Pension related
Deferred inflow	518,000	Pension related
Business-type Activities:		
Current assets	8,000	Excess receipts
Other assets	6,000	Pension assets added
Deferred outflow	5,000	Pension related
Deferred inflow	7,000	Pension related
Transfer in	15,000	One time transfer from general fund

SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL GENERAL FUND BUDGET

The School District's general fund budget for FY15 is \$1,827,937, which is an increase of \$95,609 or 5.51% from FY14. There was one supplemental appropriations to the general fund budget of \$344 to cover the cost of a high school capital outlay fund project. See page 37 for more information.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Significant capital asset activity is reported above. At June 30, 2015, the School District had invested \$1,991,698 in a broad range of capital assets, including land, buildings, improvements and equipment. This amount represents a net decrease (including additions and deductions) of \$67,982 or 3.30% from June 30, 2014. See page 35 for more information.

SIGNIFICANT LONG-TERM DEBT ACTIVITY

The School District's accrued sick leave is \$33,314. See page 36 for more information.

CURRENTLY KNOWN FACTS

Student enrollments for the past several years are:

FY15 = 148	FY12 = 169	FY09 = 137
	FY13 = 170	FY10 = 154
	FY14 = 164	FY11 = 157

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the School District'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 Edgemont School District's business office at P.O. Box 29, Edgemont, SD 57735.

EDGEMONT SCHOOL DISTRICT No. 23-1

CONDENSED FINANCIAL INFORMATION
 NET POSITION (in thousands)
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2015 AND JUNE 30, 2014

	Governmental Activities		Business-Type Activities		Total Government	
	FY15	FY14	FY15	FY14	FY15	FY14
ASSETS AND DEFERRED OUTFLOW						
Current assets	2,752	2,510	25	17	2,777	2,527
Capital assets	1,991	2,059	1	1	1,992	2,060
Other assets	448		6		454	0
Deferred outflow of resources	398		5		403	0
Total assets and deferred	5,589	4,569	37	18	5,626	4,587
LIABILITIES AND DEFERRED INFLOW						
Current liabilities	233	240	2	2	235	242
Long-term debt	0	0	0	0	0	0
Deferred inflow of resources	1,180	662	7	0	1,187	562
Total liabilities and deferred	1,413	902	9	2	1,422	904
NET POSITION						
Capital assets	1,991	2,059	1	1	1,992	2,060
Restricted	1,001	451	5		1,006	31
Unrestricted	1,184	1,157	22	15	1,206	1,172
Total net position	4,176	3,667	28	16	4,204	3,683

CHANGES IN NET POSITION (in thousands)
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDING JUNE 30, 2015
 FOR THE FISCAL YEAR ENDING JUNE 30, 2014

	Governmental Activities		Business-Type Activities		Total Government	
	FY15	FY14	FY15	FY14	FY15	FY14
Revenues:						
Program revenues:						
Charges for services	16	28	45	47	61	75
Operating grants and contri.	155	168	29	34	184	202
Capital grant	0	0	0	0	0	0
General revenues:						
Revenue from taxes	1,454	1,360			1,454	1,360
Revenue from federal sources	321	243			321	243
Revenue from state sources	397	424			397	424
Revenue from county sources	14	14			14	14
Interest earnings	2	3			2	3
Other general revenue	7	9			7	9
Total revenues	2,366	2,249	74	81	2,440	2,330
Expenses:						
Instruction	1,205	1,140			1,205	1,140
Support services	859	983			859	983
Cocurricular activities	112	94			112	94
Food service			82	83	82	83
Total expenses	2,176	2,217	82	83	2,258	2,200
Excess rev (exp) before other financing sources (uses):	190	32	(8)	(2)	182	30
Other financing sources (uses):						
Sale of surplus property	4	2			4	2
Compensation for damaged property	1				1	0
Pension related	4		0		4	0
Transfer in (out)	(15)		15		0	0
Change in net position	184	34	7	(2)	191	32
Net position:						
June 30, 2013		3,633		18		3,651
June 30, 2014	3,667	3,667	16	16	3,683	3,683
Pension accounting adj.	325		5		330	
June 30, 2015	4,176	3,667	28	16	4,204	3,683

EDGEMONT SCHOOL DISTRICT NO. 23-1

STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
	-----	-----	-----
ASSETS			
Current assets:			
Cash	1,954,910	11,675	1,966,585
Advance payments	2,500		2,500
Receivables:			
Property taxes - current	662,994		662,994
Property taxes - delinquent	32,057		32,057
Due from other governments	67,399		67,399
Accounts	741	4,261	5,002
Inventory	27,301	8,959	36,260
Deposits	4,212		4,212
Prepaid expenses	181		181
	-----	-----	-----
Total current assets	2,752,295	24,895	2,777,190
Capital assets:			
Land	27,525		27,525
Buildings	1,550,730		1,550,730
Improvements	2,156,884		2,156,884
Equipment	490,492	59,409	549,901
Library books	381,751		381,751
Accumulated depreciation	(2,616,354)	(58,739)	(2,675,093)
	-----	-----	-----
Total capital assets	1,991,028	670	1,991,698
Other assets:			
Net pension assets	448,419	6,229	454,648
	-----	-----	-----
Total assets	5,191,742	31,794	5,223,536
	=====	=====	=====
DEFERRED OUTFLOW OF RESOURCES			
Pension related deferred outflows	397,826	5,526	403,352
	-----	-----	-----
Total deferred outflow of resources	397,826	5,526	403,352
	=====	=====	=====
LIABILITIES			
Current liabilities:			
Accounts payable	12,497	(75)	12,422
Contracts payable	151,423	235	151,658
Payroll deductions payable	37,074	26	37,100
Prepaid meals		833	833
Noncurrent liabilities due in one year:			
Leave payable	31,962	1,352	33,314
	-----	-----	-----
Total current liabilities	232,956	2,371	235,327
Noncurrent liabilities:			
None	0	0	0
	-----	-----	-----
Total noncurrent liabilities	0	0	0
	-----	-----	-----
Total liabilities	232,956	2,371	235,327
	=====	=====	=====
DEFERRED INFLOW OF RESOURCES			
Taxes levied for a future period	662,994		662,994
Pension related deferred inflows	517,370	7,187	524,557
	-----	-----	-----
Total deferred inflow of resources	1,180,364	7,187	1,187,551
	=====	=====	=====
NET POSITION			
Net invested in capital assets	1,991,028	670	1,991,698
Restricted for:			
Capital outlay	404,432		404,432
Special education	28,215		28,215
Pension	239,551		239,551
Pension - SDRS	328,875	4,568	333,443
Unrestricted	1,184,147	22,524	1,206,671
	-----	-----	-----
Total net position	4,176,248	27,762	4,204,010
	=====	=====	=====

See accompanying notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2015

Functions/Programs:	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
Instruction	1,205,291		114,946		(1,090,345)		(1,090,345)
Support services	858,579	4,501	40,322		(813,756)		(813,756)
Cocurricular activities	111,965	11,061			(100,904)		(100,904)
Total governmental activities	2,175,835	15,562	155,268	0	(2,005,005)	0	(2,005,005)
Business-type activities:							
Food service	82,286	45,299	29,466			(7,521)	(7,521)
Total primary government	2,258,121	60,861	184,734	0	(2,005,005)	(7,521)	(2,012,526)
General revenue:							
Property taxes					1,413,667		1,413,667
Gross receipts tax					40,200		40,200
Revenue from federal sources					321,420		321,420
Revenue from state sources:							
State aid					261,595		261,595
State aid - sparcity					110,000		110,000
State apportionment					11,300		11,300
Other					13,937		13,937
Revenue from county sources					14,314		14,314
Interest earnings					2,345	4	2,349
Donations					1,801		1,801
Other general revenues					4,972		4,972
Sale of surplus property					3,560		3,560
Compensation for damaged property					1,120		1,120
Pension related					3,839	53	3,892
Transfer in (out)					(14,568)	14,568	0
Total general revenue					2,189,502	14,625	2,204,127
Change in net position					184,497	7,104	191,601
Net position, July 1, 2014					3,666,715	16,143	3,682,858
Restatement for pension accounting:							
Pension net assets at 6-30-2014					259,731	3,608	263,339
Deferred outflow of resources related to contributions made during FY14					65,305	907	66,212
July 1, 2014 adjusted					3,991,751	20,658	4,012,409
Net position, June 30, 2015					4,176,248	27,762	4,204,010

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

BALANCE SHEET -- GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
ASSETS					
Cash	1,275,630	393,803	46,656	238,821	1,954,910
Advanced payments	2,500				2,500
Receivables:					
Property taxes - current	403,648	162,736	80,337	16,273	662,994
Property taxes - delinquent	20,456	7,296	3,575	730	32,057
Due from other governments	67,399				67,399
Accounts	643		98		741
Inventory	27,301				27,301
Deposits		4,212			4,212
Prepaid expenses	181				181
Total assets	1,797,758	568,047	130,666	255,824	2,752,295
LIABILITIES					
Accounts payable	11,503	879	114		12,496
Contracts payable	134,465		16,958		151,423
Payroll deductions payable	32,032		5,042		37,074
Total liabilities	178,000	879	22,114	0	200,993
DEFERRED INFLOW OF RESOURCES					
Taxes levied for a future period	403,648	162,736	80,337	16,273	662,994
Unavailable revenue:					
Property taxes - delinquent	20,456	7,296	3,575	730	32,057
Total deferred inflow of resources	424,104	170,032	83,912	17,003	695,051
FUND BALANCE (DEFICIT)					
Nonspendable	27,482				27,482
Restricted		397,136	24,640	238,821	660,597
Committed					0
Assigned					0
Unassigned	1,168,172				1,168,172
Total fund balance	1,195,654	397,136	24,640	238,821	1,856,251
Total liabilities and fund balance	1,797,758	568,047	130,666	255,824	2,752,295

Reconciliation of the above balance sheet - governmental funds to the government-wide statement of net position

Total fund balance - governmental funds (above)	1,856,251
Amounts reported in the government-wide statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds. Therefore:	
Add the cost of capital assets	4,607,382
Subtract accumulated depreciation	(2,616,354)
Long-term liabilities are not due and payable in the current period. Therefore, subtract the following liabilities:	
Accrued leave	(31,962)
Assets such as taxes receivable (delinquent) are not available to pay of current period expenditures and therefore are deferred in the funds.	32,057
These pension related amounts are not an available financial resource and therefore are not reported in the funds.	
Net pension assets	448,419
Deferred outflow of resources	397,826
Deferred inflow of resources	(517,371)
Total net position on government-wide statement of net position	4,176,248

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Revenue:					
Revenue from local sources:					
Taxes:					
Ad valorem taxes	838,328	342,791	173,004	34,279	1,388,402
Prior year ad valorem taxes	14,577	5,992	2,895	599	24,063
Penalties and interest	3,727	1,721	836	172	6,456
Gross receipts	40,200				40,200
Interest earned	1,653	366	13	313	2,345
Cocurricular activities:					
Admissions	9,276				9,276
Other pupil activity	1,785				1,785
Other revenue from local sources:					
Medicaid administration pymt	3,772		729		4,501
Donations	1,801				1,801
Other	4,972				4,972
Total revenue from local sources	920,091	350,870	177,477	35,363	1,483,801
Revenue from intermediate sources:					
County sources:					
County apportionment	14,314				14,314
Revenue from state sources:					
Unrestricted grants-in-aid	382,895				382,895
Restricted grants-in-aid			30,781		30,781
Other	13,937				13,937
Revenue from federal sources:					
Unrestricted grants-in-aid	219,718				219,718
Restricted grants-in-aid	72,232	2,392	49,863		124,487
PILOT	101,702				101,702
Total revenues	1,724,889	353,262	258,121	35,363	2,371,635
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	560,091	64,828			624,919
High school	290,379	13,069			303,448
Special programs:					
Programs for special educ.			152,577		152,577
Educ. deprived (Title I)	54,073				54,073
Total instruction	904,543	77,897	152,577	0	1,135,017
Support services:					
Pupils:					
Guidance	25,337				25,337
Health services	330				330
Special education			48,474		48,474
Instruction:					
Staff training	32,290				32,290
Educational media	14,347	0			14,347
Technology in school	53,347	358			53,705
General administration:					
Board of Education	15,051				15,051
Elections	23				23
Executive administration	109,508	140			109,648
School administration:					
Office of principal	97,974	70			98,044
Medicaid administration	104				104
Business:					
Fiscal services	76,801				76,801
Operations and maintenance	229,726	17,896			247,622
Pupil transportation	35,277	5,000			40,277
Central: recruitment	496				496
Special education:					
Administration			33,173		33,173
Other			3,468		3,468
Total support services	690,611	23,464	85,115	0	799,190

(continued)

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2015 (continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Cocurricular activities:					
Male activities	29,776	11,986			41,762
Female activities	26,939	1,306			28,245
Transportation	13,063				13,063
Combined activities	22,286				22,286
Total cocurricular services	92,064	13,292	0	0	105,356
Capital outlay:		74,273			74,273
Total expenditures	1,687,218	188,926	237,692	0	2,113,836
Excess of revenues over (under) expenditures	37,671	164,336	20,429	35,363	257,799
Other financing sources (uses):					
Proceeds from:					
Sale of surplus property	10	3,550			3,560
Compensation for damaged proper	1,120				1,120
Transfer in (out)	(14,568)				(14,568)
Net change in fund balance	24,233	167,886	20,429	35,363	247,911
Fund balance:					
July 1, 2014	1,171,421	229,250	4,211	203,458	1,608,340
June 30, 2015	1,195,654	397,136	24,640	238,821	1,856,251

Reconciliation of the above statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.

Net change in fund balances - total governmental funds (above) 247,911

Capital outlays are reported in governmental funds as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Therefore:

Add the cost of capital asset purchases 74,273
 Add gain on disposition of capital assets 4,263
 Subtract depreciation taken on all capital assets (146,482)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Therefore:

Subtract prior year delinquent taxes (37,311)
 Add current year delinquent taxes 32,057

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Therefore:

Subtract current year accrued leave (31,962)
 Add prior year accrued leave 37,909

Revenues and reductions of expenses related to pensions do not provide current financial resources and, therefore, are not reported in the funds

3,839

Change in net position on government-wide statement of activities

184,497

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF NET POSITION - ENTERPRISE FUND
AS OF JUNE 30, 2015

ASSETS	Food Service Fund
Current assets:	-----
Cash	11,675
Accounts	4,261
Inventory - supplies	1,048
Inventory - purchased goods	1,852
Inventory - commodities (donated)	6,059
Capital assets:	
Equipment	59,409
Accumulated depreciation	(58,739)
Other assets:	
Net pension assets	6,229

Total assets	31,794
	=====
DEFERRED OUTFLOW OF RESORCES	
Pension related deferred outflows	5,526

Total deferred outflow of resources	5,526
	=====
LIABILITIES	
Current liabilities	
Accounts payable	(75)
Wages payable	235
Payroll deductions payable	26
Prepaid meals	833
Accrued leave payable	1,352

Total liabilities	2,371
	=====
DEFERRED INFLOW OF RESOURCES:	
Pension related deferred inflows	7,187

Total deferred inflow of resources	7,187
	=====
NET POSITION	
Net invested in capital assets	670
Restricted - pension related	4,568
Unrestricted	22,524

Total net position	27,762
	=====
See accompanying notes.	

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - ENTERPRISE FUNDS
 FOR THE YEAR ENDING JUNE 30, 2015

	Food Service Fund -----
Operating revenue:	
Sales to pupils	27,688
Sales to adults	3,461
Other sales	14,150

Total operating revenue	45,299

Operating expense:	
Salaries	29,603
Employee benefits	4,293
Purchased services	1,403
Supplies	2,073
Cost of sales:	
Purchased food	42,367
Donated food	2,511
Depreciation	36

Total operating expenses	82,286

Operating income (loss)	(36,987)
Nonoperating revenue (expense):	
Pension related	53
Interest earned	4
State source: Cash reimbursement	458
Federal source: Cash reimbursement	23,089
Donated food	5,919

Total nonoperating revenue (expense)	29,523

Income (loss) before transfers	(7,464)
Transfer in	14,568

Change in net position	7,104
Net position:	
July 1, 2014	16,143
Restatement for pension accounting:	
Pension net assets at 6-30-2014	3,608
Deferred outflow of resources related to contributions made during FY14	907

July 1, 2014, adjusted	20,658

June 30, 2015	27,762
	=====

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDING JUNE 30, 2015

	Food Service Fund
Cash flows from:	-----
Operating activities:	
Receipts from customers	43,387
Cash paid to employees	(33,126)
Payments to suppliers	(46,850)
Net cash provided (used) by operating activities	----- (36,589)
Noncapital financing activities:	
Grant cash reimbursements, state	458
Grant cash reimbursements, federal	23,089
Transfer in	14,568
Capital financing activities:	
None	0
Investing activities:	
Interest earnings	4
Net increase (decrease) in cash and cash equivalents	----- 1,530
Cash and cash equivalents:	
July 1, 2014	10,145
June 30, 2015	----- 11,675 =====
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(36,987)
Value of donated commodities used	2,511
Depreciation	36
Change in operating accounts:	
Accounts receivable	(2,159)
Inventory - supplies	(684)
Inventory - purchased	118
Accounts payable	(441)
Wages payable	235
Payroll deductions payable	26
Unearned revenue	247
Leave payable	509
Net cash provided (used) by operating activities	----- (36,589) =====
Noncash investing, capital and financing activities:	
Value of donated commodities used: \$2,511	
Pension related income: \$53	

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015

	Private Purpose Trust (Scholarships)	Agency Funds
	-----	-----
ASSETS		
Cash	6,850	33,164
Certificates of deposit	14,483	
	-----	-----
Total assets	21,333	33,164
	=====	=====
LIABILITIES		
Due to general fund		2,500
Amounts held for others		30,664
	-----	-----
Total liabilities	0	33,164
	-----	=====
NET POSITION		
Held in trust for scholarships	21,333	
	=====	

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDING JUNE 30, 2015

	Private Purpose Trust (Scholarships)

Additions:	
Donations	0
Interest received	21

Total additions	21

Deductions:	
Scholarship awards	200

Total deductions	200

Change in net position	(179)
Net Position:	
July 1, 2014	21,512

June 30, 2015	21,333
	=====

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Edgemont School District conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Edgemont School District's (School District) Board of Education.

The School District's officials at June 30, 2015 are:

Board Members:	Superintendent:
Gary Darrow, Chairperson	Dave Cortney
Connie Gerard	
Susan Humiston	Business Manager:
Nicole Ostenson	Diane Stevens
Justin Printz	
	Attorney:
	Richard Pluimer

The reporting entity of the School District consists of (1) 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; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the School District (the primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District unless that organization can, without the approval of the School District: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Edgemont School District does not have any component units.

The School District does participate with other school districts in cooperative service units. 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 to the School District.

b. Basis of Presentation:

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements 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 good and 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 invested 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 function of the School District's governmental activities and for each segment of School District's business-type activities. Direct expenses are associated with a specific program or function and are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the program 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 and interest, are presented as general revenues.

Fund Financial Statements:

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise, and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the School District or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, revenues, or expenditures/expenses) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The School District has elected to classify all of its funds as major funds.

School District funds are described below within their respective fund type:

Governmental Funds

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

Special Revenue Fund Type - special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following special revenue funds:

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 and is a major fund.

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

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

Enterprise Funds

Enterprise Fund Types - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The School District has the following enterprise fund:

Food service fund - a fund used to record financial transactions related to the School District's food service operations. This fund is financed by user charges and grants and is a major fund.

Fiduciary Funds

Fiduciary are never considered to be major funds.

Private-purpose trust fund types - private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains several private-purpose trust funds for scholarships.

Agency fund type - 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 to hold assets in a trustee capacity for various classes, clubs, etc.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "what" 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:

Both governmental and business-type activities are presented using the "economic resources" measurement focus, applied on the accrual basis of accounting.

The "economic resources" measurement focus includes all assets and liabilities (whether current or noncurrent, financial, or nonfinancial) on

the balance sheet. Operating statements use the flow of all economic resources to present operating income, changes in net position, and cash flows during the accounting period. This measurement focus uses the term "net position" to describe its equity at the end of the accounting period.

Fund Financial Statements:

All governmental funds are presented using the "current financial resources" measurement focus and the modified accrual basis of accounting.

The "current financial resources" measurement focus includes only current financial assets and liabilities on the balance sheet. Operating statements present sources and uses of available spendable financial resources during the accounting period. This measurement focus uses the term "fund balance" to describe its equity at the end of the accounting period. It is a measure of available spendable financial resources.

Enterprise and fiduciary funds are presented using the "economic resources" measurement focus (described above) and the accrual basis of accounting.

Basis of Accounting

Government-wide Financial Statements:

In the government-wide financial statements, the accrual basis of accounting is used for both governmental and business-type activities in the Statement of Net Position and Statement of Activities. 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:

In the 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 the bills of the current period. The School District's availability period for accruing and recording revenues is 60 days. The revenues which are accrued at June 30, 2015 are grants and other accounts receivable.

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

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. However, the Edgemont School District budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

All enterprise funds and fiduciary funds are accounted for using the accrual basis of accounting, the same as in the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Cash and Cash Equivalents:

The School District pools its cash for depositing and investing purposes. Accordingly, enterprise funds have access to their cash resources on demand and consequently all enterprise fund deposits and investment balances are considered to be cash equivalents for the purposes of the statement of cash flows.

g. Capital Assets and Infrastructure assets:

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

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for on the accrual basis of accounting. Capital asset purchases are capitalized and not expensed. Instead, capital purchases are expensed over the life of the asset as depreciation or amortization.

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. After an item has been capitalized, subsequent improvements or betterments that are significant, and which extend the useful life of the item, are also capitalized.

The total June 30, 2015 balance of capital assets for governmental activities include approximately 5% for which the costs were determined by estimates of the original costs. The total June 30, 2015 balance of capital assets for business-type activities includes approximately 0% for which the costs were determined by estimates of the original costs. The estimated original costs were established by appraisals or deflated current replacement cost.

Interest cost incurred during construction of general capital assets are not capitalized with other capital asset cost. Interest cost incurred during construction of enterprise capital assets are capitalized with other capital asset cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See also page 35.

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

	Capitalization Threshold	Depreciation Method	Estimated Life in Years
	-----	-----	-----
Land	All	N/A	N/A
Buildings/improvements	50,000	Straight-line	50-90
Improvements	5,000	Straight-Line	10-30
Equipment	5,000	Straight-line	5-25
Equipment - food service	1,000	Straight-line	5-20

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

h. Long-term Liabilities:

Government-wide Financial Statements:

In the government-wide financial statement, all long-term liabilities to be repaid from governmental or business-type resources are reported as liabilities. Long-term liabilities consist of accrued leave obligations.

Fund Financial Statements:

In the fund financial statements, governmental debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. Enterprise fund long-term debt (if any) is reported as a liability, the same as in the government-wide statements.

i. Program Revenues and General 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, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

2. Program-specific operating grants and contribution - 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 contribution - These arise from mandatory and voluntary non-exchange transactions with other government, organization, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

General revenues include all revenues not specifically earmarked for a specific program. General revenues include all taxes, investment earnings, unrestricted receipts from federal, state, or county governments, and miscellaneous revenues not related to a program. These revenues are not restricted and can be used for the regular operation of the School District.

j. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of net 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 net 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.

k. Enterprise Fund Revenue and Expense Classifications:

In the government-wide and fund financial statements, enterprise revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

l. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as "Net Position" and is displayed in three components:

1. Net Invested in Capital Assets - Consist of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consist of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, 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 criteria of "Net Invested in Capital Assets" or "Restricted Net Position".

Fund Financial Statements:

Governmental fund equity is classified as "Fund Balance", and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Enterprise fund equity is classified as "Net Position", 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 a purpose.

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 (or modified or rescinded) by the government through formal action at 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 School Board, Superintendent, or Business Manager.
- * Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Edgemont School District fund balance classifications are made up of:

<u>Fund Balance Classification</u>	<u>Account or Fund</u>	<u>Authority or Action</u>	<u>Amount</u>
Nonspendable	Inventory		27,301
	Prepaid expenses		181
Restricted	Capital Outlay	Statute	397,136
	Special Education	Statute	24,640
	Pension	Statute	238,821
Committed	None		0
Assigned	None		0
Unassigned	General		1,168,172

			1,856,251

The School District uses "restricted" and "committed" amounts first when 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 special revenue fund and revenue source is:

Major Special Revenue Fund	Revenue Source: (see page 11 and 13)
* Capital Outlay	Property taxes, donations
* Special Education	Property taxes, Medicaid service payments, state and federal grants
* Pension	Property taxes

n. 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 which can be charged to either restricted or unrestricted net position.

o. Allowance for Doubtful Accounts:

Because write-off of uncollected taxes and/or student meals is minimal, is it not considered necessary to establish an estimated allowance for doubtful accounts.

p. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimates. Following are the estimates made by management during the year:

- * Allowance for doubtful accounts - estimated uncollectables
- * Inventory - estimated fair market value
- * Depreciation - estimated cost of certain assets and service lives
- * Pension - actuarial assumptions

2. DEPOSITS, INVESTMENTS AND RISK

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

Deposits - The School District deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15 and 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 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 better, or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost, plus interest, if the account is the add-on type.

Actual bank balances at June 30, 2015 were as follows: Insured \$305,003, Collateralized ** \$1,724,084, for a total of \$2,029,087.

** Uninsured, collateral jointly held by state's/school's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at June 30, 2015 was \$2,020,860, which equals \$1,966,585 on the government-wide statement of net position plus \$54,497 on the fiduciary funds statement less \$222 of petty cash.

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

For the year ending June 30, 2015, the School District had no investments. Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

Investment Risk - State law limits eligible investments for schools as discussed above. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - the School District places no limit on the amount that may be deposited/invested in any one institution. All School District deposits are in First Interstate Bank.

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

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund making the deposit or investment.

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Allowances for estimated uncollectible accounts are not material to these financial statements.

4. DUE FROM OTHER GOVERNMENTS

At June 30, 2015, amounts due from other governments was a federal Title I grant for \$8,121, a federal Title II grant for \$23,085 and telephone gross receipts tax of \$36,193 for a total of \$67,399.

5. INVENTORY

Government-wide Statements: (consumption method)

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 used. Inventory at June 30, 2015 is estimated to be 27,301 primarily for fuel oil, printer cartridges and janitorial supplies in the general fund and \$8,959 primarily for food in the food service fund.

Fund Financial Statements: (consumption method)

In the fund financial statements, inventories of the general fund and special revenue funds (if any) consist of expendable supplies held for consumption. The cost is recorded as an asset and charged to expense as they are consumed. Any reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

In the fund financial statements, inventory of the enterprise fund 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. Inventories of the food service fund are initially recorded as an asset and charged to expense as they are consumed.

6. CHANGES IN CAPITAL ASSETS (see schedule one)

A summary of changes in capital assets for the fiscal year ending June 30, 2015 is found on schedule one at the end of these footnotes.

There is no construction-in-progress at June 30, 2015.

7. CHANGES IN LONG-DEBT (see schedule two)

A summary of changes in long-term debt for the fiscal year ending June 30, 2015 is found on schedule two at the end of these footnotes.

The School District has no short-term or conduit debt.

8. INTERFUND TRANSFERS

During the year ending June 30, 2015 the general fund transferred \$14,568 to the food service fund for operations.

9. RESTRICTED NET POSITION

The following table shows the net position restricted for specific purposes as shown on the statement of net position:

Fund	Restricted by	Governmental Activities Amount	Business-type Activities Amount
Capital outlay	Law	\$ 404,432	
Special education	Law	28,215	
Pension	Law	239,551	
SDRS Pension:			
General	Contract	328,875	
Food service	Contract		\$ 4,568
		-----	-----
Total restricted net position		\$ 1,001,073	\$ 4,568

10. ADOPTION OF NEW ACCOUNTING STANDARD - PRIOR PERIOD ADJUSTMENTS

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

	Governmental	Business-Type
July 1, 2014 Net Position, as previously reported	\$ 3,666,715	\$ 16,143
Restatement for pension accounting:		
Net pension assets	259,731	3,608
Deferred outflow of resources related to contribu- tions made during the year ended June 30, 2014	65,305	907
	-----	-----
July 1, 2014 Net Position, as restated	\$ 3,991,751	\$ 20,658

11. PENSION PLAN

Summary of Significant Accounting Policies:

For purpose of measuring the net pension liability (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description:

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. SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to SDRS, PO Box 1098, Pierre, SD 57501-1098 or 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 the employee's final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 thereafter of the employee's 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 regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefit are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

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

- If the SDRS market value funded ratio is 100% or more - 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
> 90.0% to 99.9% funded - 2.1% minimum and 2.8% maximum COLA
> 80.0% to 89.9% 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 SDRS 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by 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% 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 years ending June 30, 2015, 2014, and 2013 were \$69,653, \$66,212, and \$66,931 (employer's share) respectively, equal to the required contribution each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflow of Resources and Deferred Inflow of Resources to Pensions:

At June 30, 2014, SDRS is 107.3% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System for the School District as of the measurement period ending June 30, 2014 and reported by the School District as of June 30, 2015 are as follows:

Proportionate share of SDRS net position restricted for pension benefits	\$ 6,693,929
Less: proportionate share of total pension liability	6,239,281

Proportionate share of net pension liability (asset)	\$ (454,648)

At June 30, 2015 the School District reported a liability (asset) of \$(454,648) for its proportionate share of the net pension liability (asset). The net pension asset was measured as of June 30, 2014 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contribution to the pension plan relative to the contributions of all participating entities. At June 30, 2014 the School District's proportion was .000631053.

For the year ended June 30, 2015 the School District recognized pension expense (revenue) of \$(3,839).

At June 30, 2015 the School District reported deferred outflow of resources and deferred inflow of resources related to the pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 38,469	
Change in assumptions	296,781	
Net difference between projected and actual earnings on pension plan investments	0	\$ 526,559
Changes in proportion and difference between School District contributions and proportionate share of contributions	0	1,551
School District contributions subsequent to the measurement date	69,653	
	-----	-----
	\$ 404,903	\$ 528,110
	(69,653)	
	(528,110)	

To be amortized over 4 years	\$ (192,860)	
	=====	

There is \$63,599 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ending June 30, 2016	\$ (36,420)
June 30, 2017	(36,420)
June 30, 2018	(36,420)
June 30, 2019	(83,600)

	\$ (192,860)
	=====

Actuarial Assumptions:

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

Inflation	3.25%
Salary increases	5.83% at entry to 3.87% after 30 years of service
Discount rate	7.25% through 2016 and 7.50% thereafter, net of pension plan investment expense

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of July 1, 2005 to June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investments:

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 Standard (ie: 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, 2014 (see discussion of the pension plan's investment policy above) 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%

	100.0%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25% through 2016 and 7.50% thereafter. The projection of cash flow used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments to 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 Asset to Changes in the Discount Rate:

The following presents the School District's proportionate share of SDRS's net pension liability (asset) calculated using the discount rate of 7.25% through 2016 and 7.50% thereafter, as well as 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% lower (6.25/6.50%) or 1% higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's share of SDRS net pension liability (asset)	\$ 449,278 liability	\$ (454,648) asset	\$ (1,191,893) asset

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued South Dakota Retirement System financial report.

12. PROPERTY TAXES

Property taxes are levied on or before October 1, attach as an enforceable lien on property, and become due and payable 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 revenue 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 not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund 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". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

Consequently, the School District considers all unpaid property tax levies at June 30 to be for the next year's appropriation. This entire amount is deferred in both the government-wide financial statements and the fund financial statements. Any delinquent property taxes received after June 30, but within the School District's "availability period", are considered immaterial to these financial statements and are deferred along with the second 1/2 of the current year's tax levy.

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 11 and 13.

13. JOINT VENTURES

Black Hills Special Services Cooperative:

The School District participates in the Black Hills Special Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing pupil support services to member school districts.

The following 12 school districts are members of the co-op and each has an equal (8.33%) participation in the in the co-op: Belle Fourche, Custer, Douglas, Edgemont, Haakon, Hill City, Hot Springs, Lead-Deadwood, Meade, Oelrichs, Rapid City, and Spearfish.

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

The School District retains no equity in the net 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. At June 30, 2015 this joint venture had a total AUDITED equity of \$7,447,085 and long-term liabilities of \$412,353. Separate financial statements for this joint venture are available from the Black Hills Special Services Cooperative at P.O. Box 218, Sturgis, South Dakota 57785 or call 605-347-4467.

14. RISK MANAGEMENT

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

Health:

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

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

Liability:

The School District joined the Associated School Boards of South Dakota Property Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts.

The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower cost for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the School District. The School District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage.

The School District pays an annual premium to the pool to provide coverage for: property, automobile, general liability, and crime.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided to a \$6,200,000 limit for property, \$1,000,000 per occurrence and a \$1,000,000 aggregate limit for general liability, \$1,000,000 limit for automobile, \$1,000,000 limit for employee benefits liability and a \$200,000 limit for crime. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit for property, automobile, general liability, and \$10,000 for crime. The School carries a \$500 deductible for the property, automobile, and crime coverage.

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

Workmen's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool (Pool), which provides workers compensation insurance coverage for participating members of the pool.

The objective of the Pool is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Pool to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospective rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Pool members. The School District may also be responsible for additional assessments in the event the Pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Pool of all participants for the year in which the shortfall occurs.

The Pool provides loss coverage to all participants, through Pool retained risk retention and through reinsurance coverage purchased by the Pool in excess of the retained risk. The Pool pays the first \$500,000 of any claim per individual. The Pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. The School District made \$5,445 in unemployment payments in FY15 and none are expected in FY16.

15. OTHER DISCLOSURES AND SUBSEQUENT EVENT

The School District does not have any "Other Post Employment Benefits" except COBRA.

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
 CHANGES IN CAPITAL ASSETS
 FOR THE YEAR ENDING JUNE 30, 2015

	Beginning 6-30-14	Book Adjustments	Additions	Deletions	Ending 6-30-15	Accumulated Depreciation 6-30-14	Book Adjustments	Depreciation Additions	Depreciation Deletions	Accumulated Depreciation 6-30-15	Remaining Cost 6-30-15
General capital assets:											
Land	27,525				27,525	0					27,525
Buildings	1,550,730				1,550,730	(953,079)		(23,123)		(976,202)	574,528
Improvements	2,134,947		21,937		2,156,884	(864,886)		(68,448)		(933,334)	1,223,550
Equipment:											
Equipment	497,144	1	44,081	(50,734)	490,492	(360,333)		(35,824)	54,996	(341,161)	149,331
Library books	373,496		8,255		381,751	(346,570)		(19,087)		(365,657)	16,094
Construction-in-progress	0				0	0				0	0
Totals	4,583,842	1	74,273	(50,734)	4,607,382	(2,524,868)	0	(146,482)	54,996	(2,616,354)	1,991,028

Governmental depreciation
 is allocated as follows:

73,248	Instruction
66,625	Support services
6,609	Cocurricular

146,482	
=====	

Enterprise fund:											
Food service fund:											
Equipment	59,409				59,409	(58,703)		(36)		(58,739)	670
Totals	59,409	0	0	0	59,409	(58,703)	0	(36)	0	(58,739)	670

EDGEMONT SCHOOL DISTRICT No. 23-1

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO
 CHANGES IN LONG-TERM DEBT
 FOR THE YEAR ENDING JUNE 30, 2015

	Beginning 6-30-14	Additions	(Deletions)	Ending 6-30-15	Principal Due In FY16
	-----	-----	-----	-----	-----
GOVERNMENTAL					
Accrued leave liability:					
Sick leave, paid by general fund	31,169		(3,961)	27,208	27,208
Sick leave, paid by special education fu	6,740		(1,986)	4,754	4,754
	-----	-----	-----	-----	-----
	37,909	0	(5,947)	31,962	31,962
	=====	=====	=====	=====	=====
BUSINESS-TYPE					
Accrued leave liability:					
Sick leave	843	509		1,352	1,352
	-----	-----	-----	-----	-----
	843	509	0	1,352	1,352
	=====	=====	=====	=====	=====

EDGEMONT SCHOOL DISTRICT No. 23-1
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2015

GENERAL FUND	Budgeted Amounts				Actual	Variance Positive (Negative)
	Original	Contingency Transfers	Supplementals	Final		
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	779,000			779,000	838,328	59,328
Prior year ad valorem taxes	5,000			5,000	14,577	9,577
Penalties and interest	1,500			1,500	3,727	2,227
Gross receipts	44,000			44,000	40,200	(3,800)
Interest earned	2,500			2,500	1,653	(847)
Cocurricular activities:						
Admissions	6,500			6,500	9,276	2,776
Other pupil activity	1,750			1,750	1,785	35
Other revenue from local sources:						
Medicaid administration	12,000			12,000	3,772	(8,228)
Donations				0	1,801	1,801
Other	2,000			2,000	4,972	2,972
Intermediate sources:						
County apportionment	14,500			14,500	14,314	(186)
County PILOT	500			500		(500)
State sources:						
Unrestricted grants-in-aid	391,460			391,460	382,895	(8,565)
Other	6,500			6,500	13,937	7,437
Federal sources:						
Unrestricted grants-in-aid	105,363			105,363	219,718	114,355
Restricted grants-in-aid	69,069		344	69,413	72,232	2,819
PILOT	101,702			101,702	101,702	0
Total revenues	1,543,344	0	344	1,543,688	1,724,889	181,201
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	553,919	12,636		566,555	560,091	6,464
High school	286,594	11,938	344	298,876	290,379	8,497
Special programs:						
Educ. deprived (Title I)	55,311			55,311	54,073	1,238
Support services:						
Pupils:						
Guidance	31,256			31,256	25,337	5,919
Health services	700			700	330	370
Instruction:						
Staff training	29,500			29,500	32,290	(2,790)
Educational media	16,662	343		17,005	14,347	2,658
Technology in school	53,274	1,000		54,274	53,347	927
General administration:						
Board of Education	20,028			20,028	15,051	4,977
Elections	731			731	23	708
Executive administration	112,035	500		112,535	109,508	3,027
School administration:						
Office of principal	101,209			101,209	97,974	3,235
Medicaid admin fees	500			500	104	396
Business:						
Fiscal services	75,244	2,075		77,319	76,801	518
Facility acquisition and capital	1,000			1,000		1,000
Operations and maintenance	261,789	5,825		267,614	229,726	37,888
Pupil transportation	63,514			63,514	35,277	28,237
Central: Recruitment	500			500	496	4
Cocurricular activities:						
Male activities	28,929	1,734		30,663	29,776	887
Female activities	27,600	778		28,378	26,939	1,439
Transportation	16,256	570		16,826	13,063	3,763
Combined activities	21,042	1,110		22,152	22,286	(134)
Contingencies				0		0
Amount transferred	70,000	(38,509)		31,491		31,491
Total expenditures	1,827,593	0	344	1,827,937	1,687,218	140,719
Other financing sources and (uses):						
Sale of surplus property				0	10	10
Compensation for damaged property				0	1,120	1,120
Transfer out	(14,568)			(14,568)	(14,568)	0
Net change in fund balance	(298,817)	0	0	(298,817)	24,233	323,050
Fund balance:						
July 1, 2014	1,171,421			1,171,421	1,171,421	0
June 30, 2015	872,604	0	0	872,604	1,195,654	323,050

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2015

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	315,264	21,611	336,875	342,791	5,916
Prior year's ad valorem ta:	2,500		2,500	5,992	3,492
Penalties and interest	500		500	1,721	1,221
Interest earned	2,000		2,000	366	(1,634)
Federal sources:					
Restricted grants-in-aid		2,392		2,392	2,392
Total revenues	320,264	24,003	341,875	353,262	11,387
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	77,129		77,129	64,828	12,301
High school	11,453	5,846	17,299	13,069	4,230
Programs for special education		1,100	1,100		1,100
Support services:					
Instruction:					
Educational media	13,000	255	13,255	8,255	5,000
Technology in school		358	358	358	0
General administration:					
Executive administration			0	140	(140)
School administration:					
Office of principal			0	70	(70)
Business:					
Fiscal services	3,000		3,000		3,000
Operation and maintenance	55,000	1,149	56,149	47,391	8,758
Transportation	45,000	9,082	54,082	41,523	12,559
Cocurricular activities:					
Male activities	4,250	7,736	11,986	11,986	0
Female activities	3,000		3,000	1,306	1,694
Total expenditures	211,832	25,526	237,358	188,926	48,432
Other financing sources and (uses):					
Sale of surplus property		1,523	1,523	3,550	2,027
Net change in fund balance	108,432	0	106,040	167,886	61,846
Fund balance:					
July 1, 2014	229,250		229,250	229,250	0
June 30, 2015	337,682	0	335,290	397,136	61,846

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2015

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	155,320	17,192	172,512	173,004	492
Prior year ad valorem taxes:	1,000		1,000	2,895	1,895
Penalties and interest	400		400	836	436
Interest earned				13	13
Medicaid administration pymt	2,000		2,000	729	(1,271)
State sources:					
Restricted grants-in-aid	28,000		28,000	30,781	2,781
Federal sources:					
Restricted grants-in-aid	47,661		47,661	49,863	2,202
Total revenues	234,381	17,192	251,573	258,121	6,548
Expenditures:					
Instruction:					
Special programs:					
Special education	148,296	16,431	164,727	152,577	12,150
Support services:					
Pupils:					
Special education	39,000		39,000	48,474	(9,474)
Other:					
Administration	46,120	761	46,881	33,173	13,708
Other	3,000		3,000	3,468	(468)
Total expenditures	236,416	17,192	253,608	237,692	15,916
Other financing sources and (uses):					
None			0		0
Net change in fund balance	(2,035)	0	(2,035)	20,429	22,464
Fund balance:					
July 1, 2014	4,211		4,211	4,211	0
June 30, 2015	2,176	0	2,176	24,640	22,464

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2015

PENSION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	31,526		31,526	34,279	2,753
Prior year ad valorem taxes:	300		300	599	299
Penalties and interest	100		100	172	72
Interest earned	500		500	313	(187)
Total revenues	32,426	0	32,426	35,363	2,937
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	10,000		10,000		10,000
High school	5,275		5,275		5,275
Total expenditures	15,275	0	15,275	0	15,275
Net change in fund balance	17,151	0	17,151	35,363	18,212
Fund balance:					
July 1, 2014	203,458		203,458	203,458	0
June 30, 2015	220,609	0	220,609	238,821	18,212

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2015

1. Budgets and Budgetary Accounting:

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. 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.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 1h below.
- g. 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.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. See page 37, 38 and 39.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2015.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds (if any) because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP 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 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 service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.

EDGEMONT SCHOOL DISTRICT No. 23-1
FOR THE ONE YEAR ENDING JUNE 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE
SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION LIABILITY (ASSET)

SDRS Measurement Date Year Ended (1)	School's Percentage of the Net Pension Asset	School's Proportionate Share of Net Pension Liability (Asset)	School's Covered Employee Payroll	School's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.0635851%	(269,682)	1,160,887	23.23%	104.1%
June 30, 2014	0.0631053%	(454,648)	1,103,539	41.19%	107.3%

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

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

EDGEMONT SCHOOL DISTRICT No. 23-1
FOR THE ONE YEAR ENDING JUNE 30, 2015

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TO THE SOUTH DAKOTA RETIREMENT SYSTEM

SDRS Measurement Date Year Ended (1)	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2015	69,653	69,653	0	1,160,887	6.00%
June 30, 2014	66,212	66,212	0	1,103,539	6.00%

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

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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

Governing Board
Edgemont School District No. 23-1
Edgemont, South Dakota

INDEPENDENT AUDITOR'S REPORT

I 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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District (School District), Fall River County, South Dakota, as of June 30, 2015 and for fiscal year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated June 23, 2016 which was unmodified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edgemont School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I did note a minor matter involving compliance that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated June 23, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exist 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 Edgemont School District's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency*, is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be a material weakness. However, material weaknesses may exist that have not been identified.

I did note minor matters involving internal control that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated June 23, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of the School District's compliance or internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edgemont School District's compliance and internal control over financial reporting. 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.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

June 23, 2016



EDGEMONT SCHOOL DISTRICT No. 23-1
JUNE 30, 2015

SCHEDULE OF PRIOR AUDIT FINDINGS

There are no written prior audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS

There are no written current audit findings.