EUREKA SCHOOL DISTRICT NO. 44-1
EUREKA, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2015

EUREKA SCHOOL DISTRICT NO. 44-1
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CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

School Board
Eureka School District No. 44-1
McPherson County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1, South Dakota (School District) as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 18, 2015.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings, items 2015-01 and 2015-02, to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eureka School District No. 44-1's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

School District's Response to Findings

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

Purpose of this Report

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

Cahill Barnes

Mobridge, South Dakota
September 18, 2015

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2015

STATUS OF PRIOR AUDIT FINDINGS

Finding Number 2014-01:

Internal control over financial reporting and compliance is not adequate.

Current Status

Condition still exists, see current audit finding number 2015-01.

Finding Number 2014-02:

The District's internal control structure does not provide for the preparation of financial statements in accordance with generally accepted accounting principles.

Current Status

Condition still exists, see current audit finding number 2015-02.

Finding Number 2014-03:

Internal control does not provide for identifying material misstatements.

Current Status

Condition has been corrected.

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2015

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Finding Number 2015-01:

Criteria

The internal control system of a School can help assist in achieving its performance targets and prevent the loss of resources. It helps to ensure reliable financial reporting and the compliance with laws and regulations.

Condition Found

The School District has a limited number of office personnel and, accordingly, does not have adequate internal controls in revenue, expenditures, and payroll functions because of a lack of segregation duties.

Effect

This condition increases the risk that fraud or errors might occur in the financial reporting process.

Recommendation

We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. Compensating controls should be implemented as necessary.

Corrective Action Plan

Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2015

Finding Number 2015-02:

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles.

Condition Found

The School does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Effect

This condition may affect the School's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Corrective Action Plan

The business manager, Tonya Maier, is the contact person responsible for the corrective action plan for this comment. The School is continuing its work on correcting this deficiency.

CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board
Eureka School District No. 44-1
McPherson County, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1, as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1 as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date.* As discussed in Note 16 to the financial statements, the School District has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedule of School District Contributions, and Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) on pages 44 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's reponses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 18, 2015 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Cahill Bauer

Mobridge, South Dakota
September 18, 2015

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,448,147	$ 4,875	$ 2,453,022
Advance payments	4,500	-	4,500
Investments	242,267	-	242,267
Restricted investments	3,371,055	-	3,371,055
Taxes receivable	723,082	-	723,082
Inventories	-	1,489	1,489
Other assets	154,719	-	154,719
Net pension asset	417,328	-	417,328
Capital assets			
Land, improvements	44,472	-	44,472
Other capital assets, net depreciation	1,855,054	-	1,855,054
TOTAL ASSETS	9,260,624	6,364	9,266,988
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	373,224	-	373,224
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 373,224	$ -	$ 373,224

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 7,471	$ -	$ 7,471
Other current liabilities	268,511	1,195	269,706
Noncurrent liabilities:			
Due within one year	180,000	-	180,000
Due in more than one year	3,321,444	-	3,321,444
TOTAL LIABILITIES	3,777,426	1,195	3,778,621
DEFERRED INFLOWS OF RESOURCES:			
Taxes levied for future period	706,710	-	706,710
Pension related deferred inflows	483,336	-	483,336
TOTAL DEFERRED INFLOWS OF RESOURCES	1,190,046	-	1,190,046
NET POSITION			
Net Investment in Capital Assets	1,799,526	-	1,799,526
Restricted for:			
Capital Outlay	760,282	-	760,282
Special Education	328,056	-	328,056
Pension	139,117	-	139,117
SDRS Pension Purposes	224,095	-	224,095
Unrestricted	1,415,300	5,169	1,420,469
TOTAL NET POSITION	$ 4,666,376	$ 5,169	$ 4,671,545

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Total
Primary government						
Governmental activities						
Instruction	$ 1,126,306	$ -	$ 82,032	$ (1,044,274)	$ -	$ (1,044,274)
Support services	773,450	-	-	(773,450)	-	(773,450)
Nonprogrammed charges	-	14,002	11,266	25,268	-	25,268
Cocurricular activities	142,501	28,060	-	(114,441)	-	(114,441)
* Depreciation-unallocated	9,533	-	-	(9,533)	-	(9,533)
** Interest on long term debt	89,409	-	-	(89,409)	-	(89,409)
Total governmental activities	2,141,199	42,062	93,298	(2,005,839)	-	(2,005,839)
Business-type activities						
Food services	93,995	45,420	30,323	-	(18,252)	(18,252)
Drivers education services	2,538	1,500	-	-	(1,038)	(1,038)
Total business-type activities	96,533	46,920	30,323	-	(19,290)	(19,290)
Total primary government	$ 2,237,732	$ 88,982	$ 123,621	$ (2,005,839)	$ (19,290)	$ (2,025,129)
General Revenues						
Taxes						
Property taxes				1,590,626	-	1,590,626
Utility taxes				89,720	-	89,720
Revenue from state sources:						
State Aid				198,963	-	198,963
Revenue from federal sources				4,047	-	4,047
Unrestricted investments earnings				6,232	20	6,252
Other general revenues				55,826	-	55,826
Transfers				(14,036)	14,036	-
Total general revenues and transfers				1,931,378	14,056	1,945,434
Change in net position				(74,461)	(5,234)	(79,695)
Net position - beginning				4,518,564	10,403	4,528,967
Prior period adjustment (See Note 16)				222,273	-	222,273
Net position - ending				$ 4,666,376	$ 5,169	$ 4,671,545

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

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

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

EUREKA SCHOOL DISTRICT NO. 44-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

		General Fund
ASSETS		
Cash and cash equivalents	$	1,665,073
Investments		-
Restricted investments		-
Advance payments		4,500
Taxes-receivables		415,507
Taxes-delinquent		5,850
Accounts receivable		261
Due from state government		94,817
Due from federal government		14,641
TOTAL ASSETS	$	2,200,649
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	$	4,807
Contracts payable		113,441
Payroll deductions and withholdings payable and employer matching payable		14,664
Unearned revenue		8,709
Total Liabilities		141,621
Deferred Inflows of Resources:		
Unavailable revenue - property taxes		5,661
Taxes levied for future period		410,312
Total Deferred Inflows of Resources		415,973
Fund Balances:		
Restricted		
Track renovation		-
Capital projects		-
Special education		-
Pension		-
Assigned		
Unemployment		12,159
Student computer insurance		11,520
Subsequent year budgets		361,222
Unassigned		1,258,154
Total Fund Balance		1,643,055
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:	$	2,200,649

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

Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
$ 455,794	$ 249,578	$ 77,702	$ 2,448,147
202,267	-	40,000	242,267
3,371,055	-	-	3,371,055
-	-	-	4,500
228,306	49,944	21,408	715,165
1,343	581	143	7,917
-	-	-	261
-	-	-	94,817
-	45,000	-	59,641
$ 4,258,765	$ 345,103	$ 139,253	$ 6,943,770
$ 2,632	$ 32	$ -	$ 7,471
-	14,666	-	128,107
-	1,797	-	16,461
-	-	-	8,709
2,632	16,495	-	160,748
1,279	552	136	7,628
225,822	49,401	21,175	706,710
227,101	49,953	21,311	714,338
50,000	-	-	50,000
140,260	-	-	140,260
-	241,922	-	241,922
-	-	109,630	109,630
-	-	-	12,159
-	-	-	11,520
3,838,772	36,733	8,312	4,245,039
-	-	-	1,258,154
4,029,032	278,655	117,942	6,068,684
$ 4,258,765	$ 345,103	$ 139,253	$ 6,943,770

EUREKA SCHOOL DISTRICT NO. 44-1
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances - governmental funds	$	6,068,684
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		417,328
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The capitalized cost of the capital assets is $3,141,183 and the accumulated depreciation is ($1,241,657) for a net amount of $1,899,526.		1,899,526
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		373,224
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of compensated absences of $21,444, bonds payable of $3,480,000, unamortized bond premium of $114,572, and accrued interest of $662.		(3,616,678)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		7,628
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(483,336)
Total net position - governmental funds	$	4,666,376

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

		General Fund
REVENUES:		
Revenue from local sources:		
Taxes:		
Ad valorem taxes	$	936,859
Prior years' ad valorem taxes		8,430
Utility taxes		89,720
Other taxes		6,652
Penalties and interest on taxes		3,037
Earnings on investments and deposits		3,251
Cocurricular activities:		
Admissions		11,855
Other pupil activity income		16,205
Other revenue from local sources:		
Rentals		2,083
Contributions and donations		4,212
Charges for services		3,842
Other		24,191
Total revenue from local sources		1,110,337
Revenue from intermediate sources		
County sources:		
County appointment		4,982
Revenue in lieu of taxes		1,391
Total revenue from intermediate sources		6,373
Revenue from state sources:		
Grants-in-aid:		
Unrestricted grants-in-aid		187,805
Restricted grants-in-aid		5,080
Tax base on shooting areas		8,523
Total revenue from state sources		201,408
Revenue from federal sources:		
Grants-in-aid:		
Restricted grants-in-aid thru state		43,218
Other federal revenue		4,047
Total revenue from federal sources		47,265
Total revenues	$	1,365,383

(Continued on next page)

Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
$ 449,285	$ 137,957	$ 44,305	$ 1,568,406
3,167	1,290	300	13,187
-	-	-	89,720
1,688	533	167	9,040
1,280	537	125	4,979
1,950	530	501	6,232
-	-	-	11,855
-	-	-	16,205
-	-	-	2,083
4,250	-	-	8,462
-	481	-	4,323
2,355	-	-	26,546
463,975	141,328	45,398	1,761,038
-	-	-	4,982
250	114	27	1,782
250	114	27	6,764
-	-	-	187,805
-	-	-	5,080
2,031	439	165	11,158
2,031	439	165	204,043
-	45,000	-	88,218
-	-	-	4,047
-	45,000	-	92,265
$ 466,256	$ 186,881	$ 45,590	$ 2,064,110

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

		General Fund
Expenditures:		
Instruction:		
Regular programs:		
Elementary	$	356,201
Middle/junior high		193,794
High school		315,728
Special programs:		
Programs for special education		-
Educationally deprived		51,421
Other special programs		4,047
Total instruction		921,191
Support services:		
Pupils:		
Guidance		16,348
Health		656
Psychological		-
Speech pathology		-
Student therapy services		-
Instructional staff:		
Improvement of instruction		5,000
Educational media		76,972
General administration:		
Board of education		14,214
Executive administration		61,165
School administration:		
Office of the principal		60,962
Other support services		95
Business:		
Fiscal services		65,705
Facilities acquisition & construction		-
Operation and maintenance of plant		123,942
Pupil transportation		61,175
Food services		9,228
Special education:		
Administrative costs		-
Other		-
Total support services	$	495,462

(Continued on next page)

Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
$ 10,415	$ -	$ 15,569	$ 382,185
-	-	8,954	202,748
71,459	-	12,725	399,912
-	119,166	1,869	121,035
-	-	-	51,421
-	-	-	4,047
81,874	119,166	39,117	1,161,348
6,200	-	734	23,282
-	-	-	656
-	10,970	-	10,970
-	31,234	1,406	32,640
-	13,608	-	13,608
-	-	-	5,000
4,937	-	1,643	83,552
-	-	-	14,214
-	-	2,734	63,899
-	-	2,734	63,696
-	-	-	95
4,374	-	2,291	72,370
200	-	-	200
106,210	-	2,955	233,107
44,170	-	952	106,297
-	-	-	9,228
-	7,766	-	7,766
-	5,016	-	5,016
$ 166,091	$ 68,594	$ 15,449	$ 745,596

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund
Debt Services	$ -
Cocurricular activities:	
Male activities	24,102
Female activities	12,652
Transportation	10,217
Combined activities	51,865
Total cocurricular activities	98,836
Capital outlay	-
Total expenditures/expenses	1,515,489
Other financing sources (uses)	
Transfers out	(14,036)
General long-term debt issued	-
Sale of surplus property	-
Compensation for loss of general capital assets	-
Total other financing sources (uses)	(14,036)
Net change in fund balances	(164,142)
Fund balance - beginning	1,807,197
Prior period adjustment (See Note 15)	-
Fund balance - ending	$ 1,643,055

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

Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
$ 116,531	$ -	$ -	$ 116,531
1,642	-	695	26,439
2,079	-	448	15,179
10,145	-	436	20,798
5,201	-	1,484	58,550
19,067	-	3,063	120,966
341,156			341,156
724,719	187,760	57,629	2,485,597
-	-	-	(14,036)
3,496,529	-	-	3,496,529
3,847	-	-	3,847
1,325	-	-	1,325
3,501,701	-	-	3,487,665
3,243,238	(879)	(12,039)	3,066,178
785,794	281,356	129,981	3,004,328
-	(1,822)	-	(1,822)
$ 4,029,032	$ 278,655	$ 117,942	$ 6,068,684

EUREKA SCHOOL DISTRICT NO. 44-1
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	$	3,066,178
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.		253,729
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(1,150)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		(4,986)
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.		(362)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses consist of the change in accrued interest of $165, amortization of bond premiums of $1,957, pension expense of $65,493, and change in prepaid expenses of ($1,584).		66,031
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		25,000
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.		(3,496,529)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds (pension revenue).		17,628
Change in net position of governmental activities	$	(74,461)

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 4,875	$ -	$ 4,875
Inventory of supplies	245	-	245
Inventory of store purchased for resale	855	-	855
Inventory of donated foods	389	-	389
Total Current Assets	6,364	-	6,364
Noncurrent assets:			
Machinery and equipment	54,505	-	54,505
Accumulated depreciation	(54,505)	-	(54,505)
Total Noncurrent Assets	-	-	-
TOTAL ASSETS	6,364	-	6,364
LIABILITIES:			
Current liabilities:			
Benefits payable	214	-	214
Unearned revenue	981	-	981
Total current liabilities	1,195	-	1,195
TOTAL LIABILITIES	1,195	-	1,195
NET POSITION			
Unrestricted	5,169	-	5,169
TOTAL NET POSITION	$ 5,169	$ -	$ 5,169

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
OPERATING REVENUES			
Sales			
To pupils	$ 33,553	$ 1,500	$ 35,053
To adults	7,870	-	7,870
A la carte	3,963	-	3,963
Other charges for goods and services	34	-	34
Total operating revenues	45,420	1,500	46,920
OPERATING EXPENSES			
Salaries	32,525	2,100	34,625
Employee benefits	17,040	287	17,327
Purchased services	761	-	761
Supplies	3,550	151	3,701
Cost of sales - purchased food	34,127	-	34,127
Cost of sales - donated food	5,987	-	5,987
Other	5	-	5
Total operating expenses	93,995	2,538	96,533
Operating loss	(48,575)	(1,038)	(49,613)
NONOPERATING REVENUES (EXPENSES)			
Local sources			
Interest earnings	18	2	20
State sources			
State grants	439	-	439
Federal sources			
Cash reimbursements	25,165	-	25,165
Donated food	4,719	-	4,719
Total nonoperating revenues	30,341	2	30,343
Income before contributions, special items	(18,234)	(1,036)	(19,270)
Transfers in	13,000	1,036	14,036
Change in net position	(5,234)	-	(5,234)
Total net position - July 1, 2014	10,403	-	10,403
Total net position - June 30, 2015	$ 5,169	$ -	$ 5,169

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 44,770	$ 1,500	$ 46,270
Payments to employees for services	(49,453)	(2,387)	(51,840)
Payments to suppliers of goods and services	(38,343)	(151)	(38,494)
Net cash used by operating activities	(43,026)	(1,038)	(44,064)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from the general fund	13,000	1,036	14,036
Operating grants	25,604	-	25,604
Net cash provided by noncapital financing activities	38,604	1,036	39,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	18	2	20
Net cash provided by investing activities	18	2	20
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,404)	-	(4,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,279	-	9,279
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,875	$ -	$ 4,875
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	$ (48,575)	$ (1,038)	$ (49,613)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Value of donated commodities used	5,987	-	5,987
Change in assets and liabilities			
Receivables	10	-	10
Inventories	100	-	100
Accounts and other payables	(548)	-	(548)
Net cash used by operating activities	$ (43,026)	$ (1,038)	$ (44,064)
Noncash investing, capital and financing activities:			
Value of commodities received	$ 4,719	$ -	$ 4,719

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$ 2,938	$ 62,032
Certificates of deposit	36,375	-
TOTAL ASSETS	39,313	62,032
LIABILITIES		
Amount held for others	-	62,032
TOTAL LIABILITIES	-	62,032
NET POSITION		
Held in trust for scholarships and memorials	39,313	-
TOTAL NET POSITION	$ 39,313	$ -

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private-Purpose Trust Funds
ADDITIONS	
Other additions	$ 310
DEDUCTIONS	
Other deductions	300
Change in net position	10
Total net position - July 1, 2014	39,303
Total net position - June 30, 2015	$ 39,313

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The reporting entity of the Eureka School District No. 44-1, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation

Government-wide Financial Statements

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

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

(Continued on next page)

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

Fund Financial Statements

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

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

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

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

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

Governmental Funds

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

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

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

(Continued on next page)

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

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

Proprietary Funds

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

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt services), be recovered with fees and charges, rather than with taxes or similar revenues.

3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

The Drivers Education Fund is an enterprise fund maintained by the School District. This is not a major fund.

Fiduciary Funds

Fiduciary funds consist of the following sub-categories and are never considered to be a major funds:

Private-Purpose Trust Funds - 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 only the following private-purpose trust funds: Scholarships.

(Continued on next page)

Agency Funds - 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 as an agent in a trustee capacity for various classes and clubs.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Eureka School District No. 44-1, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2015 are expected federal reimbursements, state reimbursements, utility taxes, and miscellaneous reimbursements.

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

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

All Proprietary Funds and Fiduciary Fund Types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications

Government Wide Financial Statements:

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

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

2. In order to minimized the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the General Fund so that expenses are reported only in the function to which they relate.

e. Deposits and Investments

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

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

(Continued on next page)

f. Capital Assets:

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

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

Government-Wide Statements

All capital assets are valued at historical cost 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. Subsequent to initial capitalization, improvements, or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with US GAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with US GAAP.

The total June 30, 2015 balance of capital assets for governmental activities includes approximately 80 percent for which the costs were determined by estimates of the original costs. The total June 30, 2015 balance of capital assets for business-type activities are all valued at original cost.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	Any Amount	N/A	N/A
Improvements, other than buildings	$ 5,000	Straight-line	25-40 years
Buildings	5,000	Straight-line	50-100 years
Machinery and equipment	5,000	Straight-line	10-20 years

Land is an inexhaustible capital asset and is not depreciated.

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Fund Financial Statements

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

g. Long-Term Liabilities

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

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

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

h. Program Revenues

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

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

2: Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

3: Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

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i. Proprietary Funds Revenue and Expense Classifications

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

j. Cash and Cash Equivalents:

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

k. Equity Classifications

Government-wide Financial Statements

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

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

2: Restricted Net Position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3: Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

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

l. Application of Net Position

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

(Continued on next page)

m. Fund Balance Classification Policies and Procedures

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

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

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

The Government does not have a formal minimum fund balance policy.

n. Pensions

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

NOTE 2 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

(Continued on next page)

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

Investments - In general, SDCL 4-5-6 permits school 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

As of June 30, 2015, all of the School District's investments were in certificates of deposit and SDFIT. The School District's investments total of $3,448,322 in the SDFIT pool was unrated.

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

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.

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

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

$3,371,055	For Capital Asset construction

(Continued on next page)

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 to the fund making the investment.

NOTE 4 - RECEIVABLES AND PAYABLES

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

NOTE 5 - INVENTORY

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

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

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

NOTE 6 - PROPERTY TAXES

Property taxes are levied on or before each 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 April 30 and October 31 of the following year. The county bills and collects the School District's taxes and remits them to the School District. School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore and not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

(Continued on next page)

NOTE 7 - CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/14	Increases	Decreases	Balance 06/30/15
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	$ 44,472	$ -	$ -	$ 44,472
Construction in progress	-	217,466	-	217,466
Total capital assets, not being depreciated	44,472	217,466	-	261,938
Capital assets, being depreciated				
Buildings	1,365,458	-	-	1,365,458
Improvements other than buildings	722,324	40,289	-	762,613
Machinery and equipment	718,334	83,401	(50,561)	751,174
Total capital assets, being depreciated	2,806,116	123,690	(50,561)	2,879,245
Less accumulated depreciation for				
Buildings	564,096	23,141	-	587,237
Improvements other than buildings	285,892	26,946	-	312,838
Machinery and equipment	353,653	37,340	(49,411)	341,582
Total accumulated depreciation	1,203,641	87,427	(49,411)	1,241,657
Total capital assets, being depreciated, net	1,602,475	36,263	(1,150)	1,637,588
Governmental activity capital assets, net	$ 1,646,947	$ 253,729	$ (1,150)	$ 1,899,526

Depreciation expense was charged to functions as follows:

	6/30/2015
Governmental activities	
Instructional	$ 7,965
Support Services	45,318
Cocurricular	24,611
Unallocated	9,533
Total depreciation expense - governmental activities	$ 87,427

(Continued on next page)

	Balance 07/01/14	Increases	Decreases	Balance 06/30/2015
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	54,505	-	-	54,505
Total capital assets, being depreciated	54,505	-	-	54,505
Less accumulated depreciation for				
Machinery and equipment	54,505	-	-	54,505
Total accumulated depreciation	54,505	-	-	54,505
Total business-type activities, capital assets, being depreciated, net	-	-	-	-
Business-type activities capital assets, net	$ -	$ -	$ -	$ -

Depreciation expense was charged to functions as follows:

	6/30/2015
Business-type activities	
Food Service	$ -

Construction Work in Progress at June 30, 2015 is composed of the following:

Project Name	Project Authorization	Expended Thru 06/30/2015	Committed	Required Future Financing
New High School	$ 5,368,887	$ 217,466	$3,841,421	$1,310,000

NOTE 8 - LONG-TERM DEBT

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

	Beginning Balance 07/01/14	Additions	Deletions	Ending Balance 06/30/15	Due Within One Year
Primary government					
Governmental activities					
Qualified zone academy bonds	125,000	-	(25,000)	$ 100,000	$ 25,000
Capital outlay certificates	-	3,380,000	-	3,380,000	155,000
Compensated absences	21,082	4,392	(4,030)	21,444	-
Total governmental activities	146,082	3,384,392	(29,030)	3,501,444	180,000

(Continued on next page)

Debt payable at June 30, 2015, is comprised of the following:

Qualified Zone Academy Bonds, Series 2008, maturing August 2018, 1.75% interest, semi annual interest payments, annual principle payments, made from the Capital Outlay Fund.	$ 100,000
Capital Outlay Certificates, Series 2015, maturing January 2035, 3.39% interest, semi annual interest payments and annual principal payments, made from the Capital Outlay Fund.	$3,380,000
Compensated Absences, payments to be made by the fund that the payroll expenditures are charged within.	21,444
Total long term-debt	$3,501,444

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

Annual requirements to Maturity for Long-Term Debt as of June 30, 2015:

	General Obligation Bonds Payable		Capital Outlay Certificates	
Year Ending June 30, 2015	Principal	Interest	Principal	Interest
2016	$ 25,000	$ 1,531	$ 155,000	$ 78,714
2017	25,000	1,094	140,000	94,153
2018	25,000	656	140,000	93,173
2019	25,000	219	145,000	90,373
2020	-	-	145,000	88,488
2021-2025	-	-	760,000	402,920
2026-2030	-	-	855,000	303,000
2031-2035	-	-	1,040,000	128,200
	100,000	3,500	3,380,000	1,279,019

(Continued on next page)

NOTE 9 - INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS

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

6/30/2015	Transfers In	Transfers Out	Total
General Fund	$ (14,036)	$ -	$ (14,036)
Drivers Education Fund	-	1,036	1,036
Food Service Fund	-	13,000	13,000
Total	$ (14,036)	$ 14,036	$ -

Transfers from the General Fund to the Driver's Education Fund and to the Food Service Fund were made due to the service revenues being in sufficient to support the expenditures of the funds. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

NOTE 10 - RESTRICTED NET POSITION

Fund	Restricted By	6/30/2015
Special Education	Law	$ 328,056
Capital Outlay	Law	760,282
Pension	Law	139,117
SDRS Pension Purposes		224,095
Total Restricted Net Position		$1,451,550

These balances are restricted due to statutory requirements.

NOTE 11 - PENSION PLAN

Plan Information:

All permanent employees working twenty or more hours per week participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 109, Pierre, South Dakota 57501-1098 or by calling (605) 773-3731.

(Continued on next page)

Benefits Provided:

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

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

If the SDRS market value funded ratio is 100% or more - 3.1% COLA

If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
90% to 99.9% funded - 2.1% minimum and 2.8% maximum COLA
80% to 90% funded - 2.1% minimum and 2.4% maximum COLA

If the SDRS market value funded ratio is less than 80% - 2.1% COLA

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary 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 ended June 30, 2015, 2014, and 2013 was $65,493, $58,822, and $63,162, respectively, equal to the required contributions each year.

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

(Continued on next page)

At June 30, 2014, SDRS is 107.28% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2014 are as follows:

Proportionate share of net position restricted for pension benefits	$6,144,458
Less proportionate share of total pension liability	5,727,130
Proportionate share of net pension asset	$ 417,328

At June 30 2015, the School District reported an asset of $417,328 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, the School District's proportion was .0579253%.

For the year ended June 30, 2015, the School District recognized pension revenue of $17,628. At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 35,312	$ -
Changes in assumption	272,419	-
Net difference between projected and actual earnings on pension plan investments	-	483,336
District contributions subsequent to the measurement date	65,493	-
Total	$ 373,224	$ 483,336

(Continued on next page)

$65,493 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

Year Ended June 30:	
2015	$ (33,161)
2016	(33,161)
2017	(33,161)
2018	(76,122)
TOTAL	$ (175,605)

Actuarial Assumptions:

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	64.0%	4.7%
Fixed Income	26.0%	1.8%
Real Estate	8.0%	5.5%
Cash	2.0%	0.8%
Total	100.0%	

Discount Rate:

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

Sensitivity of asset to changes in the discount rate:

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

(Continued on next page)

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate share of the net pension asset	$ 412,399	$ (417,328)	$ (1,095,327)

Pension Plan Fiduciary Net Position:

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

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN

The School District is a member of the Associated School Boards of South Dakota. The ASBSD has set up, for its members, a retiree pool, to house the health plans of the District's retiree participants. This method excludes retirees experience from being included in the rating process for the current employees. Rating in this manner, creates no impact on the insurance rates of the current employees. There is no future liability as the District is not paying higher rates with regards to it's participating retirees.

NOTE 13 - JOINT VENTURES

The School District participates in the Oahe Special Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing Special Education Services to the member School Districts.

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

Bowdle School District No. 22-1	14.3%
Edmunds Central School District No. 22-5	14.3%
Eureka School District No. 44-1	14.3%
Herreid School District No. 10-1	14.3%
Hoven School District No. 53-2	14.3%
Selby Area School District No. 62-5	14.3%
Smee School District No. 15-3	14.2%

The Oahe Special Education Cooperatives governing board is composed of one representative from each member School District, who is elected by the local School Board. The Board is responsible for adopting the joint ventures budget and setting service fees at a level adequate to fund the adopted budget.

The School District retains no equity in the net postion of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Oahe Special Education Cooperative, 4501 5th Ave, Java, SD 57452, 605-649-6296.

(Continued on next page)

At June 30, 2015, this joint venture had net position of $312,104 (unaudited), and no long-term debt outstanding.

The School District also participates in the joint venture known as Northern High Technology Module Consortium formed for the purpose of providing technological equipment to the member School Districts.

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

Edmunds Central School District No. 22-5	14.3%
Eureka School District No. 44-1	14.3%
Groton School District No. 6-3	14.3%
Leola School District No. 44-2	14.3%
Warner School District No.6-5	14.3%
Selby Area School District No. 62-5	14.3%
Ipswich School District No. 22-3	14.2%

The Northern High Technology Module Consortium governing board is composed of the superintendents from each member School District. The Board is responsible for adopting the joint ventures budget and setting service fees at a level adequate to fund the adopted budget.

Debra Swalve of the Edmunds Central School District performs the recordkeeping for this consortium.

The School District retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Edmunds Central School District Business Office.

At June 30, 2015, this joint venture had total assets of $154,829 and net position of $154,829 and no reported long-term debt outstanding.

NOTE 14 - RISK MANAGEMENT

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

Employee Health Insurance

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The plans available are as follows:

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The plan offers options B, C, D, E, F, G, & H which includes coverage involving a deductible of $250, $500, $1,000, $100, $250, $500, and $1,000 per person for a single plan of $500, $1,000, $2,000, $200, $500, $1,000, and $2,000, respectively, for two party or family plans. The plan is 80/20 of $2,500/$5,000/$10,000 and includes a $10/$30/$45 Drug Card.

As per negotiated agreement, the district paid $689.17 or single premium, whichever is less.

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 never exceeded the liability coverage.

Liability Insurance

The School District joined the Associated School Boards of South Dakota Property Liability Fund, a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The School District pays an annual premium to the pool to provide coverage for property, vehicles, liability, boiler and machinery, school leaders professional and umbrella coverage.

The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage's will be provided to a $1,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $50,000 to the upper limit. The School District carries a $5,000 legal services deductible and a $10,000 liability deductible for liability situations in which the School District would be deemed to be at fault for the School Board legal coverage and $1,000 deductible for the boiler and machinery coverage and $2,000,000 per occurrence/$250,000,000 aggregate for school leaders' Professional Liability with a $10,000 deductible.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Unemployment Benefits

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

The School District has Assigned Fund Balance in the general fund of $12,159 for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2015, no unemployment benefits were paid. At June 30, 2015 there were no claims filed for unemployment benefits and no claims are anticipated in the next year.

NOTE 15 - LITIGATION

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

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NOTE 16 - PRIOR PERIOD ADJUSTMENT

Two separate prior period adjustments have been made to beginning fund balance/net position. The first affects the fund financial statements and government-wide financial statements. The second adjustment only affects the government-wide financial statements. The first is an adjustment for money paid back to the state for the School District not meeting its maintenance of effort requirement for 2014. Accordingly, fund balance and net position have been decreased by $1,822.

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

Net Position July 1, 2014, as previously reported	$ 4,518,564
Restatement for pension accounting:	
Net Pension Asset	163,318
Pension related Deferred Outflows of Resources	60,777
Special Education money repaid to state	(1,822)
Total increase to Net Position	222,273
Net Position July 1, 2014, as restated	$ 4,740,837

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

NOTE 18 - CONTINGENCIES

The Associated School Boards Health Benefits Fund has a deficit Net Position. As a member of Associated School Districts Health Benefits Fund, the School Distrist has a potential liability. As of June 30, 2014 the School District's estimated share of the liability was $81,300. This information was not available for the year ended June 30, 2015 at the time the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 926,348	$ 926,348	$ 936,859	$ 10,511
1120	Prior Years' Ad Valorem Taxes	5,000	5,000	8,430	3,430
1140	Utility Taxes	93,000	93,000	89,720	(3,280)
1180	Other Taxes	6,000	6,000	6,652	652
1190	Penalties and Interest on Taxes	3,000	3,000	3,037	37
1510	Interest	3,500	3,500	3,251	(249)
1700	Cocurricular Activities:				
1710	Admissions	11,000	11,000	11,855	855
1790	Other	16,000	16,000	16,205	205
1900	Other Revenue from Local Sources:				
1910	Rentals	2,000	2,000	2,083	83
1920	Contributions and Donations	5,700	5,700	4,212	(1,488)
1970	Charges for Services	11,000	11,000	3,842	(7,158)
1990	Other	25,800	25,800	24,191	(1,609)
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	7,000	7,000	4,982	(2,018)
2200	Revenue in Lieu of taxes	-	-	1,391	1,391
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	185,000	185,000	187,805	2,805
3120	Restricted Grains-in-Aid	80	80	5,080	5,000
3210	Tax Base on Shooting Areas	3,000	3,000	8,523	5,523
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	42,559	42,559	43,218	659
4900	Other Federal Revenue	7,000	7,000	4,047	(2,953)
	Total Revenue	$ 1,352,987	$ 1,352,987	$ 1,365,383	$ 12,396

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EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	EXPENDITURES:				
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	$ 383,900	$ 383,900	$ 356,201	$ 27,699
1120	Middle/Junior High	205,700	205,700	193,794	11,906
1130	High School	336,600	344,100	315,728	28,372
1200	Special Programs:				
1270	Educationally Deprived	57,007	57,007	51,421	5,586
1290	Other Special Programs	7,000	7,000	4,047	2,953
2000	Support Services:				
2100	Pupils:				
2120	Guidance	21,960	21,960	16,348	5,612
2130	Health Services	400	700	656	44
2200	Support Services-Instructional Staff:				
2210	Improvement of Instruction	-	-	5,000	(5,000)
2220	Educational Media	78,382	79,972	76,972	3,000
2300	Support Services-General Administration:				
2310	Board of Education	15,650	16,450	14,214	2,236
2321	Executive Administration	62,400	62,400	61,165	1,235
2400	Support Services - School Administration:				
2410	Office of the Principal	62,150	62,150	60,962	1,188
2490	Other	500	500	95	405
2500	Support Services-Business				
2520	Fiscal Services	67,665	67,665	65,705	1,960
2540	Operation & Maintenance of Plant	123,150	127,870	123,942	3,928
2550	Pupil Transportation	66,150	66,150	61,175	4,975
2560	Food Service	9,271	9,271	9,228	43
6000	Cocurricular Activities				
6100	Male Activities	22,878	25,728	24,102	1,626
6200	Female Activities	17,472	17,472	12,652	4,820
6500	Transportation	8,650	10,450	10,217	233
6900	Combined Activities	53,863	59,003	51,865	7,138
7000	Contingencies	30,000	918	-	918
	Total Expenditures	1,630,748	1,626,366	1,515,489	110,877
	Excess Revenue Over/Under Expenditures	$ (277,761)	$ (273,379)	$ (150,106)	$ 123,273

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EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Other Financing Sources				
8110	Transfer Out	(23,992)	(23,992)	(14,036)	9,956
5130	Sale of Surplus Property	500	500	-	(500)
	Total Other Financing Sources	(23,492)	(23,492)	(14,036)	9,456
	Net Change in Fund Balances	(301,253)	(296,871)	(164,142)	132,729
	Fund Balance - Beginning	1,807,197	1,807,197	1,807,197	-
	Fund Balance - Ending	$ 1,505,944	$ 1,510,326	$ 1,643,055	$ 132,729

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 436,017	$ 436,017	$ 449,285	$ 13,268
1120	Prior Years' Ad Valorem Taxes	2,000	2,000	3,167	1,167
1180	Other Taxes	1,500	1,500	1,688	188
1190	Penalties and Interest on Taxes	1,000	1,000	1,280	280
1510	Interest	1,000	1,000	1,950	950
1900	Other Revenue from Local Sources:				
1920	Contributions and Donations	500	500	4,250	3,750
1990	Other	1,400	1,400	2,355	955
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	-	-	250	250
3200	Revenue from State Sources:				
3210	Tax Base on Shooting Areas	1,500	1,500	2,031	531
	Total Revenue	$ 444,917	$ 444,917	$ 466,256	$ 21,339

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EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary	Variance with Final Budget
	EXPENDITURES:				
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	$ 21,950	21,950	$ 19,848	$ 2,102
1120	Middle/Junior High	1,000	1,000	-	1,000
1130	High School	87,200	87,200	71,459	15,741
2000	Support Services:				
2100	Pupils:				
2120	Guidance	6,200	6,200	6,200	-
2200	Support Services-Instructional Staff:				
2220	Educational Media	19,220	19,220	5,221	13,999
2500	Support Services-Business				
2520	Fiscal Services	3,670	4,381	4,374	7
2530	Facilities Acquisition and Construction	91,000	303,466	232,956	70,510
2540	Operation & Maintenance of Plant	234,000	250,550	174,064	76,486
2550	Pupil Transportation	53,400	68,400	59,569	8,831
2560	Food Service	2,000	2,000	-	2,000
5000	Debt Services	26,970	116,533	116,531	2
6000	Cocurricular Activities				
6100	Male Activities	2,000	2,000	1,642	358
6200	Female Activities	2,500	2,500	2,079	421
6500	Transportation	13,000	13,000	10,145	2,855
6900	Combined Activities	27,500	27,500	20,631	6,869
	Total Expenditures	591,610	925,900	724,719	201,181
	Excess Revenue Over/Under Expenditures	(146,693)	(480,983)	(258,463)	222,520
	Other Financing Sources				
5120	General Long-Term Debt Issued	-	-	3,496,529	3,496,529
5130	Sale of Surplus Property	200	200	3,847	3,847
5140	Compensation for Loss of General Capital Assets	-	-	1,325	1,325
	Total Other Financing Sources	200	200	3,501,701	3,501,701
	Net Change in Fund Balances	(146,493)	(480,783)	3,243,238	3,724,221
	Fund Balance - Beginning	785,794	785,794	785,794	-
	Fund Balance - Ending	$ 639,301	$ 305,011	$ 4,029,032	$ 3,724,221

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 138,572	$ 138,572	$ 137,957	$ (615)
1120	Prior Years' Ad Valorem Taxes	700	700	1,290	590
1180	Other Taxes	500	500	533	33
1190	Penalties and Interest on Taxes	500	500	537	37
1510	Interest	500	500	530	30
1900	Other Revenue from Local Sources:				
1970	Charges for Services	1,000	1,000	481	(519)
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2111	Revenue in Lieu of taxes	-	-	114	114
3000	Revenue from State Sources:				
3210	Tax Base on Shooting Areas	500	500	439	(61)
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	33,924	33,924	45,000	11,076
	Total Revenue	$ 176,196	$ 176,196	$ 186,881	$ 10,685

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EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	EXPENDITURES:				
1200	Special Programs:				
1220	Programs for Special Education	$ 109,670	$ 130,419	$ 119,166	$ 11,253
2000	Support Services:				
2100	Pupils:				
2140	Psychological Services	12,750	18,220	10,970	7,250
2150	Speech	32,870	32,870	31,234	1,636
2170	Student Therapy Services	5,000	14,732	13,608	1,124
2700	Special Education:				
2710	Administrative Costs	16,500	16,898	7,766	9,132
2750	Other Special Education Costs	2,360	2,360	5,016	(2,656)
	Total Expenditures	179,150	215,499	187,760	27,739
	Excess Revenue Over/Under Expenditures	(2,954)	(39,303)	(879)	38,424
	Net Change in Fund Balances	(2,954)	(39,303)	(879)	38,424
	Fund Balance - Beginning	281,356	281,356	281,356	-
	Prior Period Adjustment	-	-	(1,822)	(1,822)
	Fund Balance - Ending	$ 278,402	$ 242,053	$ 278,655	$ 36,602

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PENSION FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 43,245	$ 43,245	$ 44,305	$ 1,060
1120	Prior Years' Ad Valorem Taxes	200	200	300	100
1180	Other Taxes	200	200	167	(33)
1190	Penalties and Interest on Taxes	100	100	125	25
1510	Interest	500	500	501	1
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	-	-	27	27
3200	Revenue in Lieu of Taxes:				
3210	Tax Base on Shooting Areas	-	-	165	165
	Total Revenue	$ 44,245	$ 44,245	$ 45,590	$ 1,345
	EXPENDITURES:				
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	$ 16,000	16,000	$ 15,569	$ 431
1120	Middle/Junior High	10,000	10,000	8,954	1,046
1130	High School	15,000	15,000	12,725	2,275
1200	Special Programs				
1220	Programs for Special Education	4,010	4,010	1,869	2,141
2000	Support Services				
2100	Pupils				
2120	Guidance	950	950	734	216
2150	Speech Pathology	1,600	1,600	1,406	194
2200	Support Services - Instructional Staff				
2220	Educational Media	1,700	1,700	1,643	57
2300	Support Services - General Admin				
2320	Executive Administration	2,800	2,800	2,734	66
2400	Support Services - School Admin				
2410	Office of the Principal	2,800	2,800	2,734	66

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EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PENSION FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
2500	Support Services - Business				
2520	Fiscal Services	2,300	2,300	2,291	9
2540	Operation and Mainenance of Plant	3,000	3,000	2,955	45
2550	Pupil Transportation	800	952	952	-
6000	Cocurricular Activities				
6100	Male Activities	1,100	1,100	695	405
6200	Femail Activities	600	600	448	152
6500	Transportation	450	450	436	14
6900	Combined Activities	1,500	1,500	1,484	16
	Total Expenditures	64,610	64,762	57,629	7,133
	Excess Revenue Over/Under Expenditures	(20,365)	(20,517)	(12,039)	8,478
	Net Change in Fund Balances	(20,365)	(20,517)	(12,039)	8,478
	Fund Balance - Beginning	129,981	129,981	129,981	-
	Fund Balance - Ending	$ 109,616	$ 109,464	$ 117,942	$ 8,478

EUREKA SCHOOL DISTRICT NO. 44-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

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

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. At the first regular board meeting in May of each year the School Board prepares a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

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

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

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

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

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

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five 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. No amount of expenditures may be charged directly to the contingency line item in the budget.

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

9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.

10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternately achieved through general obligation bond indenture provision.

11. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

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

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	2015
District's proportion of the net pension liability (asset)	0.0579253%
District's proportionate share of net pension liability (asset)	$ (417,328)
District's covered-employee payroll	$ 1,091,460
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-38.235758%
Plan fiduciary net position as a percentage of the total pension liability	107.2868631%

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

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

		2015
Contractually required contribution	$	65,493
Contributions in relation to the contractually required contribution	$	65,493
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	1,091,460
Contributions as a percentage of covered-employee payroll		6.00%

EUREKA SCHOOL DISTRICT NO. 44-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS

Changes of benefit terms:

No changes were made.

Changes of assumptions:

No changes were made.