

GETTYSBURG SCHOOL DISTRICT NO. 53-1

**Financial Statements With
Independent Auditor's Reports
As Of June 30, 2015 And For
The Year Then Ended**

**SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015**

School Board:

Matthew Cronin, President
Brian Robbennolt, Vice-President
Kevin Geditz
Kenny Goebel
Paul Kellogg
Mark Schatz
Kimberly Schweiss

Superintendent:

Tim Hagedorn

Business Manager:

Barbara Everson

**GETTYSBURG SCHOOL DISTRICT NO. 53-1
 FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORTS
 AS OF JUNE 30, 2015 AND FOR THE YEAR THEN ENDED
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

School Board
Gettysburg School District No. 53-1
Potter County, South Dakota

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gettysburg School District No. 53-1, Potter County, South Dakota as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Gettysburg School District No. 53-1's basic financial statements and have issued my report thereon dated May 6, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Gettysburg School District No. 53-1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gettysburg School District No. 53-1's internal control. Accordingly, I do not express an opinion on the effectiveness of the Gettysburg School District No. 53-1's internal control.

My 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 Prior and Current Audit Findings and Response, I identified certain deficiencies in internal control that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Gettysburg School District No. 53-1's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying Schedule of Prior and Current Audit Findings and Response as item number 2015-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gettysburg School District No. 53-1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Gettysburg School District No. 53-1's Response to Finding

The Gettysburg School District No. 53-1's response to the finding identified in my audit is described in the accompanying Schedule of Prior and Current Audit Findings and Response. The Gettysburg School District No. 53-1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gettysburg School District No. 53-1'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 Gettysburg School District No. 53-1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Laws 4-11-11, this report is a matter of public record and its distribution is not limited.


Ronald L. Schur
Certified Public Accountant
Aberdeen, South Dakota

May 6, 2016

**GETTYSBURG SCHOOL DISTRICT NO. 53-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND RESPONSE
AS OF JUNE 30, 2015 AND FOR THE YEAR THEN ENDED**

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSE

Prior Audit Findings:

Finding Number 2013-01 and Finding Number 2014-001

Internal control over financial reporting and compliance was not adequate.

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.

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSE

Current Audit Findings:

Finding Number 2015-001:

Internal control over financial reporting and compliance was not adequate.

Analysis:

This condition is the result of an inadequate segregation of duties that may result in financial reporting misstatements or noncompliance with applicable requirements of laws, regulations, contracts and grants in amounts that may be material in relation to the financial statements occurring and not being detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation:

I 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.

Corrective Action Plan Response

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. Ms. Barbara Everson, Business Manager is the contact person regarding the corrective action plan for this matter.

INDEPENDENT AUDITOR'S REPORT

School Board
Gettysburg School District No. 53-1
Potter County, South Dakota

Report on the Financial Statements

I 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 Gettysburg School District No. 53-1, Potter County, South Dakota as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Gettysburg School District No. 53-1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Gettysburg School District No. 53-1's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the 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 Gettysburg School District No. 53-1'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 Gettysburg School District No. 53-1's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Gettysburg School District No. 53-1 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 – Adoption of New Accounting Standard

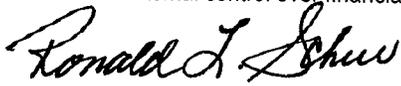
As described in the notes to the financial statements, the Gettysburg School District No. 53-1 adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in the notes to the financial statements, the Gettysburg School District No. 53-1 has retroactively restated the previously reported Net Position in accordance with this statement. My opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, Schedule of the School District's Proportionate Share of the Net Pension Asset, and the Schedule of the School District Pension Contributions to 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 6, 2016, on my consideration of the Gettysburg School District No. 53-1's internal control over financial reporting and on 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 my 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 Gettysburg School District No. 53-1's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ronald L. Schur". The signature is written in a cursive, flowing style.

Ronald L. Schur
Certified Public Accountant
Aberdeen, South Dakota

May 6, 2016

**GETTYSBURG SCHOOL DISTRICT NO. 53-1
MANAGEMENT'S DISCUSSION AND ANALYSIS
As Of June 30, 2015 And For The Year Then Ended**

This section of Gettysburg School District No. 53-1's annual financial report presents a discussion and analysis of the school district's performance during the year ended on June 30, 2015. Please read it in conjunction with the school district's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

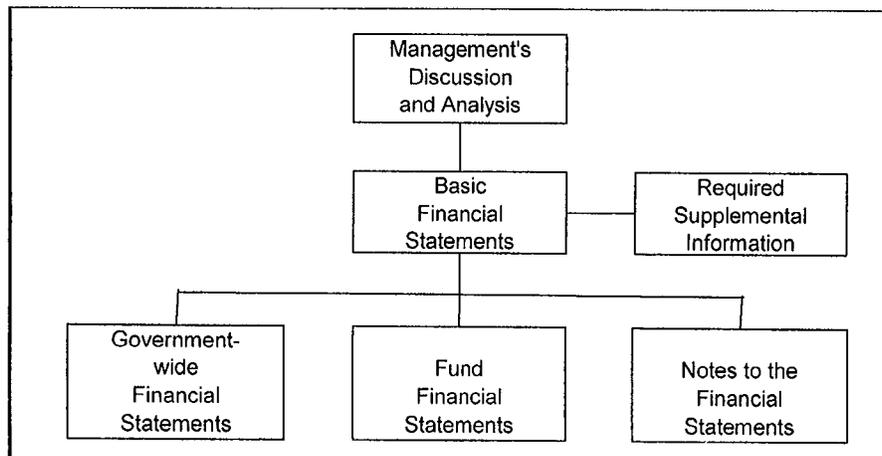
- During the year, the school's revenues generated from general and program revenues of the governmental and business-type programs were \$576,549 more than the \$2,724,969 governmental and business-type program expenses.
- The total cost of the school's programs changed little from the prior year.
- Student enrollment, which produces financial aid from the State of South Dakota, decreased approximately 1.5% from the prior year.
- Regarding business-type activities, operating revenues and operating expenses changed little from those of the previously year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following shows how the required parts of this annual report are arranged and relate to one another.



The following summarizes the major features of the school's financial statements, including the portion of the school government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

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

Government-wide Statements

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

The two government-wide statements report the school's net position and how they have changed. Net position – the difference between the school's assets and liabilities – is one way to measure the school's financial health or position.

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

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

- **Governmental Activities** – This category includes the school's basic instructional services, such as elementary and high school educational program, support services (guidance counselors, executive administration, board of education, fiscal services, etc.), extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants, cocurricular gate revenue and interest earnings finance most of these activities.
- **Business-type Activities** – The school charges a fee to help cover the costs of providing meal and driver's education / after school/summer program services.

Fund Financial Statements

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

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

The School has three kinds of funds:

- **Governmental Funds** – Most of the school's basic services are included in the governmental funds which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the school's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the school charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-and long-term financial information. The enterprise funds (a type of proprietary funds) are reflected on the same measurement focus and basis of accounting as presented in the business-type activities in the government-wide financial statements but provide more detail and additional information such as cash flows.
- **Fiduciary Funds** – The school is the trustee, or fiduciary, for various external and internal parties. The school is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the school's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the school's government-wide financial statements because the school cannot use these assets to finance the operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The school's combined net position presented on the economic resources measurement focus and accrual basis of accounting changed as indicated in the following table as of June 30, 2015 and June 30, 2014:

	June 30, 2015			June 30, 2014			Percentage of Change in Yearly Totals
	Governmental Activities	Business-Type Activities	Total Activities	Governmental Activities	Business-Type Activities	Total Activities	
Current and Other Assets and Deferred Outflow	\$ 4,220,656.44	\$ 21,850.77	\$ 4,242,507.21	\$ 6,972,236.87	\$ 31,727.75	\$ 7,003,964.62	-39.43%
Capital Assets	9,037,039.51	15,967.31	9,053,006.82	5,423,116.10	12,771.82	5,435,887.92	66.54%
Total Assets	\$ 13,257,695.95	\$ 37,818.08	\$ 13,295,514.03	\$ 12,395,352.97	\$ 44,499.57	\$ 12,439,852.54	6.88%
Noncurrent Debt Outstanding	\$ 7,430,000.00	\$ -	\$ 7,430,000.00	\$ 7,515,000.00	\$ -	\$ 7,515,000.00	-1.13%
Other Liabilities and Deferred Inflows	2,340,804.30	5,550.31	2,346,354.61	2,266,954.59	5,497.27	2,272,451.86	3.25%
Total Liabilities	\$ 9,770,804.30	\$ 5,550.31	\$ 9,776,354.61	\$ 9,781,954.59	\$ 5,497.27	\$ 9,787,451.86	-0.11%
Net Position							
Net Investment in Capital Assets	\$ 2,199,871.68	\$ 15,967.31	\$ 2,215,838.99	\$ 1,030,789.13	\$ 12,771.82	\$ 1,043,560.95	112.33%
Restricted	1,366,952.90	-	1,366,952.90	4,306,860.49	-	4,306,860.49	-68.26%
Unrestricted	(79,932.93)	16,300.46	(63,632.47)	(2,724,251.24)	26,230.48	(2,698,020.76)	97.64%
Total Net Position	\$ 3,486,891.65	\$ 32,267.77	\$ 3,519,159.42	\$ 2,613,398.38	\$ 39,002.30	\$ 2,652,400.68	32.68%
Beginning Net Position (As Adjusted)	\$ 2,903,608.08	\$ 39,002.30	\$ 2,942,610.38	\$ 2,480,111.20	\$ 38,878.45	\$ 2,518,989.65	16.82%
Increase (Decrease) in Net Position	\$ 583,283.57	\$ (6,734.53)	\$ 576,549.04	\$ 133,287.18	\$ 123.85	\$ 133,411.03	332.16%
Percentage Increase (Decrease) in Net Position for the Year	20%	(17%)	20%	5%	0%	5%	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities / deferred inflows in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The difference between the school's assets and liabilities is its net position.

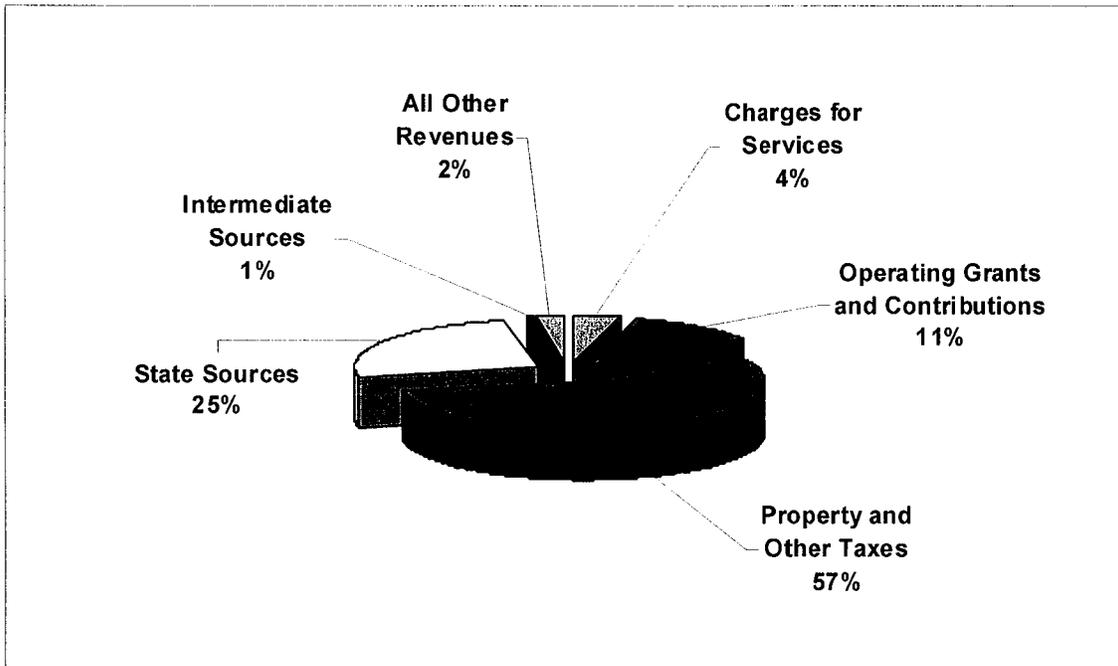
Change in Net Position

The business-type activities – the business-type enterprise fund(s) net position decreased approximately \$6,700.

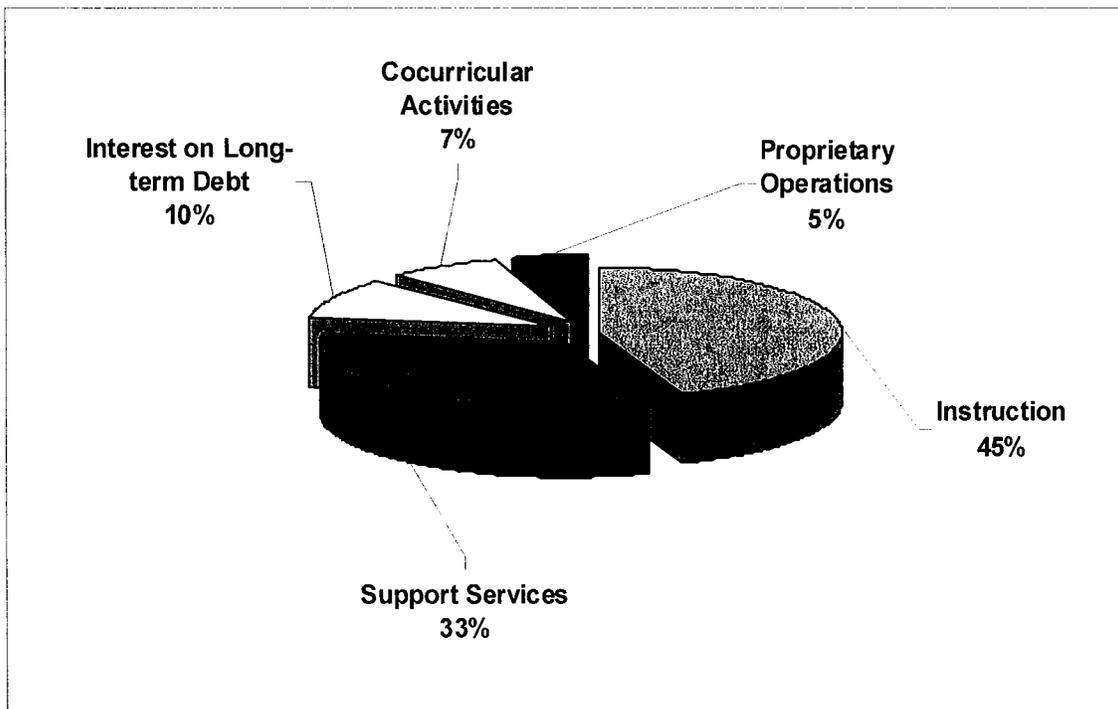
The school's revenues totaled \$3,487,851 for the year ended June 30, 2015 as reflected in the following table.

	For the Year Ended June 30, 2015			For the Year Ended June 30, 2014			Percentage of Change in Yearly Totals
	Total Governmental Activities	Total Business-Type Activities	Total	Total Governmental Activities	Total Business-Type Activities	Total	
Revenues							
Program Revenues	\$	\$	\$	\$	\$	\$	
Charges for Services	71,100.22	78,754.45	149,854.67	60,985.73	84,716.97	145,702.70	2.85%
Operating Grants and Contributions	142,190.81	49,678.95	191,869.76	152,101.59	49,667.69	201,769.28	-4.91%
Capital Grants and Contributions	205,831.68		205,831.68				
General Revenues							
Property Taxes	1,872,220.27		1,872,220.27	1,592,342.21		1,592,342.21	17.58%
Gross Receipts Taxes	79,986.82		79,986.82	70,810.51		70,810.51	12.96%
Revenue State Sources	882,253.39		882,253.39	911,137.19		911,137.19	-3.17%
Revenue Intermediate Sources	21,683.35		21,683.35	14,186.32		14,186.32	52.85%
Unrestricted Investment Earnings	8,225.76	27.84	8,253.60	22,666.22	63.08	22,719.30	-63.67%
Other General Revenues	75,854.60	43.00	75,897.60	8,795.17	616.64	9,411.81	705.41%
Total Revenues	\$ 3,359,346.90	\$ 128,504.24	\$ 3,487,851.14	\$ 2,833,014.94	\$ 135,064.38	\$ 2,968,079.32	17.51%
Expenses, Transfers and Losses							
Instruction	\$ 1,211,745.37	\$	\$ 1,211,745.37	\$ 1,286,987.09	\$	\$ 1,286,987.09	-5.85%
Support Services	901,261.52		901,261.52	841,915.47		841,915.47	7.05%
Interest on Long-term Debt	270,014.60		270,014.60	293,588.89		293,588.89	-8.03%
Co-curricular Activities	201,975.53		201,975.53	198,991.53		198,991.53	1.50%
Food Service		131,515.19	131,515.19		128,273.60	128,273.60	2.53%
Driver's Education / After-School		8,456.55	8,456.55		6,666.93	6,666.93	26.84%
Loss on Disposition of Capital Assets	186,333.34		186,333.34	78,244.78		78,244.78	138.14%
Transfers (In) Out	4,732.97	(4,732.97)	0.00				
Total Expenses, Transfers and Losses	\$ 2,776,063.33	\$ 136,238.77	\$ 2,911,302.10	\$ 2,699,727.76	\$ 134,940.53	\$ 2,834,668.29	2.70%
Increase (Decrease) in Net Position	\$ 583,283.57	\$ (6,734.53)	\$ 576,549.04	\$ 133,287.18	\$ 123.85	\$ 133,411.03	332.16%
Beginning Net Position (As Adjusted)	\$ 2,903,608.08	\$ 39,002.30	\$ 2,942,610.38	\$ 2,480,111.20	\$ 38,878.45	\$ 2,518,989.65	16.82%
Ending Net Position	\$ 3,486,891.65	\$ 32,267.77	\$ 3,519,159.42	\$ 2,613,398.38	\$ 39,002.30	\$ 2,652,400.68	32.68%

Approximately 25% of the school's revenue comes from state sources and approximately another 57% comes from property and other taxes as reflected below.



The school district's expenses cover a range of services, primarily encompassing instruction, support services, cocurricular activities, and proprietary operations as reflected below.



BUSINESS-TYPE ACTIVITIES

Operating revenues and operating expenses changed little from those of the previously year.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The net position of the General Fund decreased approximately \$82,058; the Capital Outlay Fund decreased approximately \$337,899, and the Special Education Fund experienced an increase of approximately \$100,357. The Pension Fund fund balance changed little during the current year.

The Qualified School Construction Bond, Series 2009A Bond Redemption Fund was established to service debt. Financial activity of this fund for the current year was comprised of interest income and a deposit from the Capital Outlay Fund for the accumulation of resources for payment of the term bonds and a deposit from the QSC Capital Projects Fund for unspent debt proceeds.

The School Construction and Remodeling Capital Projects Fund has been established to account for the use of proceeds from bonds. Financial activity of this fund during the current year was the receipt and use of part of debt proceeds for new school construction.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2015 the school board made no substantive changes to the school district General Fund adopted budget.

CAPITAL ASSET ADMINISTRATION

By the end of 2015, the school district had invested \$10,033,043 in a broad range of capital assets, including land, construction work in progress, buildings, improvements other than buildings, and various machinery and equipment as indicated below. This amount represents a net increase after consideration for depreciation provisions of 67%. The following reflects the investment in capitalized assets as of June 30, 2015 and June 30, 2014:

	Governmental Activities		Business-Type Activities		Total Amount of Change 6/30/14 to 6/30/15	Total Percentage of Change 6/30/14 to 6/30/15
	6/30/14	6/30/15	6/30/14	6/30/15		
Land	\$ 8,893.00	\$ 8,893.00	\$	\$	0.00	0.00%
Construction Work in Progress	3,754,958.74	7,347,532.65			3,592,573.91	95.68%
Buildings	869,559.00	869,559.00			0.00	0.00%
Improvements Other Than Buildings	1,135,860.24	1,173,315.38			37,455.14	3.30%
Machinery and Equipment	585,111.94	581,887.23	51,062.30	51,855.27	(2,431.74)	-0.38%
Total Capital Assets	\$ 6,354,382.92	\$ 9,981,187.26	\$ 51,062.30	\$ 51,855.27	\$ 3,627,597.31	56.63%
Less: Accumulated Depreciation	(931,266.82)	(944,147.75)	(38,290.92)	(35,887.96)	(10,477.97)	1.08%
Total Capital Assets - Net of Accumulated Depreciation	\$ 5,423,116.10	\$ 9,037,039.51	\$ 12,771.38	\$ 15,967.31	\$ 3,617,119.34	66.54%

This year's capital asset purchases were primarily comprised of facilities construction.

LONG-TERM DEBT

At year-end, the school district had \$7,430,000.00 in long-term obligations as shown below.

	Governmental Activities		Total Amount of Change 6/30/14 to 6/30/15	Total Percentage of Change 6/30/14 to 6/30/15
	6/30/14	6/30/15		
Limited Tax General Obligation Certificates	\$	\$	\$	
Qualified School Construction Bonds (Tax Credit Bonds), Series 2009A	950,000.00	950,000.00	0.00	
General Obligation Bonds, Series 2013	6,565,000.00	6,480,000.00	(85,000.00)	-1.29%
Total Outstanding Long-Term Debt and Obligations	\$ 7,515,000.00	\$ 7,430,000.00	\$ (85,000.00)	-1.13%

The Limited Tax General Obligation Certificates Qualified School Construction Bonds (Tax Credit Bonds), Series 2009A is a term bond issued to provide resources generally for construction, rehabilitation and/or repair of school facilities. The bonds mature in December 2019. The school district is required to provide annual resources of \$95,000 which are then limited to the retirement of this debt at the time of maturity.

The General Obligation Bonds, Series 2013 was issued to provide resources generally for the construction and remodeling of school facilities. The bonds mature in December 2038.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

School district taxable property valuations in Potter County increased from \$184,493,626 in 2013 (relating to taxes to be paid in 2014) to \$218,347,595 in 2014 (relating to taxes to be paid in 2015). The total amount, which can be levied, is limited by the State of South Dakota.

One of the primary sources of revenue to the school is based on a per student allocation they received from the State of South Dakota. The state aid formula for year ended June 30, 2015 ensures that General Fund property taxes plus state aid will equal \$4,781.14 per pupil. The school district experienced approximately a 1.5% decrease in student membership for the current year in comparison with the prior year.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the school's finances and to demonstrate the school's accountability for the money it receives. If you have questions about this report or need additional information, contact the Gettysburg School District No. 53-1 Business Office, 100 E. King Avenue, Gettysburg, South Dakota 57442.

GETTYSBURG SCHOOL DISTRICT NO. 53-1
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources:			
Cash and Cash Equivalents	\$ 1,583,924.40	\$ 18,025.76	\$ 1,601,950.16
Taxes Receivable	855,137.83		855,137.83
Due from Other Governments	110,620.96		110,620.96
Inventories	5,089.00	3,825.01	8,914.01
Prepaid Expenses	12,763.21		12,763.21
Restricted Assets:			
Net Pension Assets	540,452.40		540,452.40
Cash and Cash Equivalents	633,298.29		633,298.29
Deposits	135.56		135.56
Capital Assets:			
Land and Construction Work In Progress	7,356,425.65		7,356,425.65
Other Capital Assets, Net of Depreciation	1,680,613.86	15,967.31	1,696,581.17
TOTAL ASSETS	\$ 12,778,461.16	\$ 37,818.08	\$ 12,816,279.24
Deferred Outflows of Resources:			
Pension Related Deferred Outflows	\$ 479,234.79		\$ 479,234.79
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 479,234.79		\$ 479,234.79
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 13,257,695.95	\$ 37,818.08	\$ 13,295,514.03
Liabilities:			
Trade Accounts Payable	\$ 68,086.87	\$ 270.00	\$ 68,356.87
Payroll Contracts Payable	139,146.73	709.09	139,855.82
Payroll Deductions and Matching Payable	29,902.79	932.06	30,834.85
Construction Contracts Payable	192,220.07		192,220.07
Construction Contracts Payable-Retained Percentage	37,777.32		37,777.32
Unamortized Premiums on Bonds Sold	301,923.25		301,923.25
Unearned Revenue		3,639.16	3,639.16
Noncurrent Liabilities:			
Due Within One Year	195,000.00		195,000.00
Due in More than One Year	7,235,000.00		7,235,000.00
TOTAL LIABILITIES	\$ 8,199,057.03	\$ 5,550.31	\$ 8,204,607.34
Deferred Inflows of Resources:			
Taxes Levied for Future Periods	\$ 845,438.34		\$ 845,438.34
Pension Related Deferred Inflows	625,934.99		625,934.99
Other Deferred Inflows of Resources	100,373.94		100,373.94
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,571,747.27		\$ 1,571,747.27
Net Position:			
Net Investment in Capital Assets	\$ 2,199,871.68	\$ 15,967.31	\$ 2,215,838.99
Restricted for:			
Deposits	135.56		135.56
Capital Outlay	22,748.70		22,748.70
Special Education	307,952.63		307,952.63
Pension	5,717.69		5,717.69
Pension Purposes - Net Pension Assets	393,752.20		393,752.20
Debt Service	636,646.12		636,646.12
Unrestricted	(79,932.93)	16,300.46	(63,632.47)
TOTAL NET POSITION	\$ 3,486,891.65	\$ 32,267.77	\$ 3,519,159.42
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 13,257,695.95	\$ 37,818.08	\$ 13,295,514.03

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Instruction	\$ 1,211,745.37	\$ 1,845.00	\$ 92,014.90	\$	\$ (1,117,885.47)		\$ (1,117,885.47)
Support Services	901,261.52		50,175.91	205,831.68	(645,253.93)		(645,253.93)
Interest on Long-term Debt*	270,014.60				(270,014.60)		(270,014.60)
Cocurricular Activities	201,975.53	69,255.22			(132,720.31)		(132,720.31)
Total Governmental Activities	\$ 2,584,997.02	\$ 71,100.22	\$ 142,190.81	\$ 205,831.68	\$ (2,165,874.31)		\$ (2,165,874.31)
Business-Type Activities:							
Food Service	\$ 131,515.19	\$ 74,354.45	\$ 49,678.95		\$ (7,481.79)		\$ (7,481.79)
Driver's Education	6,362.22	4,400.00			(1,962.22)		(1,962.22)
After-School	2,094.33				(2,094.33)		(2,094.33)
Total Business-Type Activities	\$ 139,971.74	\$ 78,754.45	\$ 49,678.95		\$ (11,538.34)		\$ (11,538.34)
Total Primary Government	\$ 2,724,968.76	\$ 149,854.67	\$ 191,869.76	\$ 205,831.68	\$ (2,165,874.31)	\$ (11,538.34)	\$ (2,177,412.65)

General Revenues:

Taxes:		
Property Taxes	\$ 1,872,220.27	\$ 1,872,220.27
Gross Receipts Taxes	79,986.82	79,986.82
Revenue from State Sources:		
State aid	837,831.00	837,831.00
Other	44,422.39	44,422.39
Revenue from Intermediate Sources		
Unrestricted Investment Earnings	21,683.35	21,683.35
Other General Revenues	8,225.76	27.84
	75,854.60	43.00
Transfers In (Out)	(4,732.97)	4,732.97
Net Gain (Loss) on Disposal of Capital Assets	(186,333.34)	(186,333.34)

Total General Revenues, Special Items, Extraordinary Items and Transfers	\$ 2,749,157.88	\$ 4,803.81	\$ 2,753,961.69
Changes in Net Position	\$ 583,283.57	\$ (6,734.53)	\$ 576,549.04
Net Position - Beginning	\$ 2,613,398.38	\$ 39,002.30	\$ 2,652,400.68
Adjustments:			
Prior Period Understatement	290,209.70		290,209.70
Adjusted Net Position - Beginning	\$ 2,903,608.08	\$ 39,002.30	\$ 2,942,610.38
NET POSITION - ENDING	\$ 3,486,891.65	\$ 32,267.77	\$ 3,519,159.42

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

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QSCB Series 2009A Bond Redemption Fund	General Obligation Bonds Series 2013 Bond Redemption Fund	Total Governmental Funds
Assets:							
Cash and Cash Equivalents	\$ 880,472.98	\$ 369,573.91	\$ 327,925.28	\$ 5,952.23			\$ 1,583,924.40
Taxes Receivable - Current	291,125.81	191,480.82	142,072.17	23,434.32		199,244.10	847,357.22
Taxes Receivable - Delinquent	4,613.76	1,395.00	938.04	173.38		660.43	7,780.61
Due from Other Governments	110,620.96						110,620.96
Inventories	5,089.00						5,089.00
Prepaid Expenses	12,143.71		619.50				12,763.21
Restricted Cash and Cash Equivalents					498,437.09	134,861.20	633,298.29
Deposits		135.56					135.56
TOTAL ASSETS	\$ 1,304,066.22	\$ 562,585.29	\$ 471,554.99	\$ 29,559.93	\$ 498,437.09	\$ 334,765.73	\$ 3,200,969.25
Liabilities:							
Accounts Payable	\$ 50,641.09	\$ 16,290.78	\$ 1,155.00				\$ 68,086.87
Payroll Contracts Payable	123,509.30		15,637.43				139,146.73
Payroll Deductions and Matching Payable	27,287.09		2,615.70				29,902.79
Construction Contracts Payable		192,220.07					192,220.07
Construction Contracts Payable-Retained Percentage		37,777.32					37,777.32
TOTAL LIABILITIES	\$ 201,437.48	\$ 246,288.17	\$ 19,408.13				\$ 467,133.78
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes	\$ 4,613.76	\$ 1,395.00	\$ 938.04	\$ 73.38		\$ 660.43	\$ 7,680.61
Taxes Levied for Future Periods	287,459.18	191,643.92	143,256.19	23,768.86		195,896.27	842,024.42
Other Deferred Inflows of Resources		100,373.94					100,373.94
Fund Balances:							
Nonexpendable (Inventory)	\$ 5,089.00						\$ 5,089.00
Nonexpendable (Prepays)	12,143.71		619.50				12,763.21
Restricted for Capital Outlay		22,884.26					22,884.26
Restricted for Special Education			307,333.13				307,333.13
Restricted for Pension				5,717.69			5,717.69
Restricted for Debt Service					498,437.09	138,209.03	636,646.12
Assigned (Subsequent Year's Budget)	110,746.41						110,746.41
Unassigned	682,576.68						682,576.68
TOTAL FUND BALANCES	\$ 810,555.80	\$ 22,884.26	\$ 307,952.63	\$ 5,717.69	\$ 498,437.09	\$ 138,209.03	\$ 1,783,756.50
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,304,066.22	\$ 562,585.29	\$ 471,554.99	\$ 29,559.93	\$ 498,437.09	\$ 334,765.73	\$ 3,200,969.25

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds \$ 1,783,756.50

**Amounts reported for governmental activities in the statement
of net assets are different because:**

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 540,452.40

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 9,037,039.51

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 479,234.79

Long-term liabilities are not due and payables in the current period and therefore are not reported in the funds. (7,430,000.00)

Assets such as some taxes receivable (delinquent) are subject to different recognition criteria and may be deferred on a different basis in the funds. 4,266.69

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (625,934.99)

Unamortized bond premium is not reported in the fund statements but is recognized in the government-wide statements. (301,923.25)

Net Position - Governmental Funds \$ 3,486,891.65

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	QSCB Series 2009A Bond Redemption Fund	General Obligation Bonds Series 2013 Bond Redemption Fund	School Construction and Remodeling Capital Projects Fund	Total Governmental Funds
Revenue:								
Revenue from Local Sources:								
Taxes:								
Ad Valorem Taxes	\$ 640,890.67	\$ 424,781.40	\$ 302,279.97	\$ 51,067.51	\$	\$ 445,889.17		\$ 1,864,908.72
Prior Years' Ad Valorem Taxes	1,444.81	438.15	311.94	67.15		194.65		2,456.70
Tax Deed Revenue	1,182.86	239.04	177.36	29.04		247.92		1,876.22
Gross Receipts Taxes	79,986.82							79,986.82
Penalties and Interest on Taxes	1,079.35	681.42	468.26	84.19		665.41		2,978.63
Tuition and Fees-Tuition from Pupils/Parents	1,845.00							1,845.00
Earnings on Investments and Deposits	613.57	247.48	31.99	15.95	1,102.80	33.17	6,180.80	8,225.76
Cocurricular Activities:								
Admissions	65,975.22							65,975.22
Other Pupil Activity Income	3,280.00							3,280.00
Other Revenue from Local Sources:								
Rentals	1,040.00							1,040.00
Contributions and Donations	3,420.00	200,000.00						203,420.00
Charges for Services:								
Medicaid Indirect Administrative Services	3,818.77		323.00					4,141.77
Other	2,305.52							2,305.52
Revenue from Intermediate Sources:								
County Sources:								
County Apportionment	21,683.35							21,683.35
Revenue from State Sources:								
Grants-in-Aid:								
Unrestricted Grants-in-Aid	882,253.39							882,253.39
Restricted Grants-in-Aid	1,000.00							1,000.00
Revenue from Federal Sources:								
Grants-in-Aid:								
Unrestricted Grants-in-Aid Received								
Directly from Federal Government	23,897.68							23,897.68
Restricted Grants-in-Aid Received								
Directly from Federal Government	27,346.94		997.50					28,344.44
Restricted Grants-in-Aid Received from Federal Government Through State	59,654.60		49,050.00					108,704.60
TOTAL REVENUE	\$ 1,822,718.55	\$ 626,387.49	\$ 353,640.02	\$ 51,263.84	\$ 1,102.80	\$ 447,030.32	\$ 6,180.80	\$ 3,308,323.82
Expenditures:								
Instruction:								
Regular Programs:								
Elementary	392,916.68	20,688.68		17,800.00				431,405.36
Middle/Junior High	105,669.16	414.06		4,970.00				111,053.22
High School	397,531.96	28,658.75		16,130.00				442,320.71
Special Programs:								
Programs for Special Education			186,586.58					186,586.58
Educationally Deprived	35,213.66							35,213.66

Support Services:								
Pupils:								
Guidance	45,729.33	1,894.08		2,100.00				49,723.41
Psychological			11,252.00					11,252.00
Speech Pathology			41,058.16					41,058.16
Audiology Services			160.00					160.00
Student Therapy Services			12,388.97					12,388.97
Instructional Staff:								
Improvement of Instruction	54,396.73							54,396.73
Educational Media	68,667.33			2,900.00				71,567.33
General Administration:								
Board of Education	21,495.84							21,495.84
Executive Administration	49,598.14			2,000.00				51,598.14
School Administration:								
Office of the Principal	149,876.57	4,389.50		6,516.19				160,782.26
Other	95.79							95.79
Business:								
Fiscal Services	81,830.63	5,733.28		3,500.00				91,063.91
Facilities Acquisition and Construction		10,579.49						10,579.49
Operation and Maintenance of Plant	264,973.41	55,296.52		500.00				320,769.93
Pupil Transportation	55,693.49							55,693.49
Special Education:								
Other Special Education Costs			1,836.92					1,836.92
Central:								
Staff	605.50							605.50
Debt Services						341,887.50		341,887.50
Cocurricular Activities:								
Male Activities	51,894.74							51,894.74
Female Activities	41,285.37							41,285.37
Transportation	8,988.71							8,988.71
Combined Activities	66,963.75	5,070.50						72,034.25
Capital Outlay		760,459.10				3,114,031.10		3,874,490.20
TOTAL EXPENDITURES	<u>\$ 1,893,426.79</u>	<u>\$ 893,183.96</u>	<u>\$ 253,282.63</u>	<u>\$ 56,416.19</u>		<u>\$ 341,887.50</u>	<u>\$ 3,114,031.10</u>	<u>\$ 6,552,228.17</u>
Excess of Revenue Over (Under) Expenditures	<u>\$ (70,708.24)</u>	<u>\$ (266,796.47)</u>	<u>\$ 100,357.39</u>	<u>\$ (5,152.35)</u>	<u>\$ 1,102.80</u>	<u>\$ 105,142.82</u>	<u>\$ (3,107,850.30)</u>	<u>\$ (3,243,904.35)</u>
Other Financing Sources and (Uses):								
Transfers In		\$ 23,897.68			\$ 95,000.00			\$ 118,897.68
Transfers (Out)	(23,897.68)	(95,000.00)						(118,897.68)
Compensation for Loss of General Capital Assets	12,547.88							12,547.88
Net Changes in Fund Balances	<u>\$ (82,058.04)</u>	<u>\$ (337,898.79)</u>	<u>\$ 100,357.39</u>	<u>\$ (5,152.35)</u>	<u>\$ 96,102.80</u>	<u>\$ 105,142.82</u>	<u>\$ (3,107,850.30)</u>	<u>\$ (3,231,356.47)</u>
Change in Nonspendable Fund Balances	(4,220.50)							(4,220.50)
Fund Balance - Beginning	896,834.34	360,783.05	207,595.24	10,870.04	402,334.29	33,066.21	3,107,850.30	5,019,333.47
FUND BALANCE - ENDING	<u>\$ 810,555.80</u>	<u>\$ 22,884.26</u>	<u>\$ 307,952.63</u>	<u>\$ 5,717.69</u>	<u>\$ 498,437.09</u>	<u>\$ 138,209.03</u>	<u>\$ 0.00</u>	<u>\$ 1,783,756.50</u>

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances - Governmental Funds to the Government-Wide Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (3,231,356.47)

Amounts reported for governmental activities in the statement of activities are different because:

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements. 3,874,490.20

This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources. (74,233.45)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 85,000.00

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 128,843.73

Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (13,127.10)

In the statement of activities, gains losses on the disposal of capital assets are reported, whereas, in the governmental funds, only the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (186,333.34)

Change in Net Position of Governmental Activities \$ 583,283.57

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Enterprise Funds		
	Food Service Fund	Driver's Education / After-School Fund	Totals
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 3,259.30	\$ 14,766.46	\$ 18,025.76
Inventory of Supplies	335.67		335.67
Inventory of Stores Purchased for Resale	336.58		336.58
Inventory of Donated Food	3,152.76		3,152.76
Total Current Assets	\$ 7,084.31	\$ 14,766.46	\$ 21,850.77
Noncurrent Assets:			
Machinery and Equipment - Local Funds	\$ 51,855.27		\$ 51,855.27
Less: Accumulated Depreciation	(35,887.96)		(35,887.96)
Total Noncurrent Assets	\$ 15,967.31		\$ 15,967.31
TOTAL ASSETS	\$ 23,051.62	\$ 14,766.46	\$ 37,818.08
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 120.00	\$ 150.00	\$ 270.00
Payroll Contracts Payable	391.53	317.56	709.09
Payroll Benefits Payable	811.42	120.64	932.06
Unearned Revenue	3,639.16		3,639.16
Total Current Liabilities	\$ 4,962.11	\$ 588.20	\$ 5,550.31
TOTAL LIABILITIES	\$ 4,962.11	\$ 588.20	\$ 5,550.31
Net Position:			
Net Investment in Capital Assets	\$ 15,967.31		\$ 15,967.31
Unrestricted Net Position	2,122.20	14,178.26	16,300.46
TOTAL NET POSITION	\$ 18,089.51	\$ 14,178.26	\$ 32,267.77
TOTAL LIABILITIES AND NET POSITION	\$ 23,051.62	\$ 14,766.46	\$ 37,818.08

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

**GETTYSBURG SCHOOL DISTRICT NO. 53-1
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Funds		Totals
	Food Service Fund	Driver's Education / After- School Fund	
Operating Revenue:			
Sales:			
Pupils	\$ 70,483.90	\$	\$ 70,483.90
Adults	3,870.55		3,870.55
Other Charges for Goods and Services		4,400.00	4,400.00
Total Operating Revenue	<u>\$ 74,354.45</u>	<u>\$ 4,400.00</u>	<u>\$ 78,754.45</u>
Operating Expenses:			
Salaries	\$ 44,335.58	\$ 3,918.47	\$ 48,254.05
Employee Benefits	6,593.33	774.41	7,367.74
Purchases Services	2,809.91	3,583.08	6,392.99
Supplies	4,243.18	180.59	4,423.77
Cost of Sales - Purchased Food	61,050.86		61,050.86
Cost of Sales - Donated Food	10,945.29		10,945.29
Depreciation - Local Funds	1,537.04		1,537.04
Total Operating Expenses	<u>\$ 131,515.19</u>	<u>\$ 8,456.55</u>	<u>\$ 139,971.74</u>
Operating Income (Loss)	<u>\$ (57,160.74)</u>	<u>\$ (4,056.55)</u>	<u>\$ (61,217.29)</u>
Nonoperating Revenue (Expense):			
Local Sources:			
Earnings on Investments and Deposits	\$ 17.69	\$ 10.15	\$ 27.84
Other Local Revenue	43.00		43.00
State Sources:			
Cash Reimbursement	851.56		851.56
Federal Sources:			
Cash Reimbursement	37,074.90		37,074.90
Donated Food	11,752.49		11,752.49
Total Nonoperating Revenue (Expense)	<u>\$ 49,739.64</u>	<u>\$ 10.15</u>	<u>\$ 49,749.79</u>
Income Before Contributions, Special Items, Extraordinary Items and Transfers	<u>\$ (7,421.10)</u>	<u>\$ (4,046.40)</u>	<u>\$ (11,467.50)</u>
Capital Contributions	4,732.97		4,732.97
Changes in Net Position	<u>\$ (2,688.13)</u>	<u>\$ (4,046.40)</u>	<u>\$ (6,734.53)</u>
Net Position - Beginning	<u>20,777.64</u>	<u>18,224.66</u>	<u>39,002.30</u>
NET POSITION - ENDING	<u><u>\$ 18,089.51</u></u>	<u><u>\$ 14,178.26</u></u>	<u><u>\$ 32,267.77</u></u>

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

**GETTYSBURG SCHOOL DISTRICT NO. 53-1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Enterprise Funds		
	Driver's Education /		
	Food Service Fund	After-School Fund	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 74,190.10	\$ 4,400.00	\$ 78,590.10
Payments to Suppliers	(66,549.37)	(3,671.67)	(70,221.04)
Payments to Employees	(50,946.39)	(4,670.01)	(55,616.40)
Net Cash Provided (Used) By Operating Activities	\$ (43,305.66)	\$ (3,941.68)	\$ (47,247.34)
Cash Flows from Noncapital Financing Activities:			
Operating Subsidies	37,926.90		37,926.90
Other	43.00		43.00
Cash Flows from Investing Activities:			
Interest Earnings	17.69	10.15	27.84
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (5,318.07)	\$ (3,931.53)	\$ (9,249.60)
Cash and Cash Equivalents at Beginning of Year	\$ 8,577.37	\$ 18,697.99	\$ 27,275.36
Cash and Cash Equivalents at End of Year	3,259.30	14,766.46	18,025.76
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (5,318.07)	\$ (3,931.53)	\$ (9,249.60)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (57,160.74)	\$ (4,056.55)	\$ (61,217.29)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Value of Commodities Used	10,945.29		10,945.29
Depreciation Expense	1,537.04		1,537.04
Changes in Assets and Liabilities:			
Decrease in Inventories	1,434.58		1,434.58
Increase in Accounts, Contracts and Benefits Payable	102.52	114.87	217.39
(Decrease) in Unearned Revenue	(164.35)		(164.35)
Net Cash Provided (Used) by Operating Activities	\$ (43,305.66)	\$ (3,941.68)	\$ (47,247.34)
Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	\$ 11,752.49		\$ 11,752.49
Equipment Purchased by Capital Projects Fund	\$ 4,732.97		\$ 4,732.97

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose Trust Funds	Agency Funds
	<hr/>	<hr/>
Assets:		
Cash and Cash Equivalents	\$ 7,020.90	\$ 87,383.19
	<hr/>	<hr/>
TOTAL ASSETS	\$ 7,020.90	\$ 87,383.19
	<hr/>	<hr/>
Liabilities:		
Amounts Held for Others		\$ 87,383.19
		<hr/>
Total Liabilities		\$ 87,383.19
		<hr/>
Net Position:		
Net Position Held in Trust for Scholarships and Other Student Purposes	\$ 7,020.90	
	<hr/>	
TOTAL NET POSITION	\$ 7,020.90	
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 7,020.90	\$ 87,383.19
	<hr/>	<hr/>

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015

		Private Purpose Trust Funds
Additions:		
Contributions and Donations	\$	1,500.00
Total Additions	\$	1,500.00
DEDUCTIONS:		
Trust Deductions for Scholarships and Other Student Purposes	\$	5,341.42
Total Deductions	\$	5,341.42
Changes in Net Position	\$	(3,841.42)
Net Position- Beginning	\$	10,862.32
NET POSITION - ENDING	\$	<u>7,020.90</u>

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

GETTYSBURG SCHOOL DISTRICT NO. 53-1
NOTES TO THE FINANCIAL STATEMENTS
AS OF JUNE 30, 2015 AND FOR THE YEAR THEN ENDED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the school district conform to accounting principles generally accepted in the United States of America.

a. Financial Reporting Entity:

The reporting entity of the school district consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and, other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation:

Government-wide Financial Statements

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

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

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

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, which are governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the school district or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% 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 reporting entity are described below within their respective fund types:

Governmental Funds:

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

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

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

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

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

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

Qualified School Construction Bonds, Series 2009A Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a property tax restricted to use for the payment of debt service costs on this bonded debt. This is a major fund.

General Obligation Bonds, Series 2013 Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a property tax restricted to use for the payment of debt service costs on this bonded debt. This is a major fund.

Capital Projects Fund Types – Capital Projects Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

School Construction and Remodeling Capital Project Fund – A fund established to account for major construction projects associated with the issuance of the General Obligation Bonds, Series 2013 debt. 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.

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

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

Driver's Education / After-School Fund – A fund used to record financial transactions related to driver's education and after-school operations. This fund is primarily financed by user charges. This is a major fund.

Fiduciary Funds

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

Private-Purpose Trust Fund Types – Private-purpose trust funds are used to account for all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The school district maintains the following private-purpose trust funds used for the purposes indicated below:

- **Scholarship Fund** – A fund used to provide scholarship(s) to student(s) of the school district.
- **Vocal Scholarship Fund** – A fund used to provide scholarship(s) to vocal music student(s) of the school district.
- **Student Assistance Fund** – A fund used to provide assistance to student(s) of the school district.
- **Frankhauser Fund** – A fund used to provide assistance to foreign exchange students and families.

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 primarily for the purposes of club and class related activities; and, for resources accumulated temporarily for distribution to other school systems or organizations.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting:

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the year that they can be used to pay the bills of the current period. The accrual period for the school district is generally considered to be 60 days. The revenues, which were accrued at June 30, 2015, included grant reimbursements receivable. 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 fund and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when earned, and expenses are recognized when 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 would be eliminated or reclassified, when existing, in order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances, when existing.

e. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at the 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, when existing.

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 for 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 Financial Statements

All capital assets are valued at historical costs 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.

Construction period interest costs incurred during the construction of governmental type activities is not capitalized while for capital assets used in business-type activities, construction period interest is capitalized in accordance with accounting principles generally accepted in the United States of America.

The total June 30, 2015 balance of capital assets for governmental activities includes approximately 6% for which the costs were determined by estimates of the original costs. The total June 30, 2015 balance of capital assets for business-type activities includes approximately 12% for which the values were determined by estimates of the original cost. These estimated original costs were established by reviewing applicable historical costs and basing the estimations thereon.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 0.00	Not Applicable	Not Applicable
Buildings	50,000.00	Straight-Line	50-100 Years
Improvements	15,000.00	Straight-Line	10-50 Years
Machinery and Equipment - Governmental Activities	5,000.00	Straight-Line	5-20 Years
Machinery and Equipment - Business-Type Activities	1,000.00	Straight-Line	12 Years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide 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 financial statements. As of June 30, 2015 the long-term liabilities consist of limited tax general obligation certificates and general obligation bonds. 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, as applicable, into three categories, as follows:

- **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.
- **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.
- **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.

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 Statements

Equity is classified as net position and is displayed in three components, as applicable, as follows:

- **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.
- **Restricted Net Position** – Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – Consists of all other net assets 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 may distinguish 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.

i. 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.

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. Nonspendable Fund Balances are comprised of inventory and prepaids as a segregated portion of fund balance as inventory and prepaids do not represent spendable available financial resources.
- **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. The governing board has applied fund balance during the budget process to help finance the next year’s budget.
- **Unassigned** – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative balance(s), if any, in other governmental funds.

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

The school district does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and the fund’s primary revenue source(s) are as follows:

<u>Major Special Revenue Fund / Purpose</u>	<u>Primary Revenue Source(s)</u>
Capital Outlay	Property Taxes and Donations
Special Education	Property Taxes and Grants
Pension	Property Taxes

n. **Pensions:**

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

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

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

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

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

Credit Risk – State law limits eligible investments for school districts as discussed above. The school district has no investment policy that would further limit its investment choices.

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

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The school district's policy is to generally credit all income from investments to the fund making the investment.

3. **RESTRICTED CASH AND CASH EQUIVALENTS**

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

	Amount	Purpose
\$	633,298.29	Debt Services, by covenant
\$	540,452.40	South Dakota Retirement System

4. **RECEIVABLES AND PAYABLES**

Receivables and payables are not aggregated in the accompanying financial statements. The school district anticipates all material receivables to be collected within one year. Appropriate allowances for estimated uncollectibles are established when necessary.

5. **INVENTORY**

Inventory held for consumption is stated at cost. Inventory for resale is stated at the lower of cost or market. The cost valuation method is latest invoice price. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

Government-wide Financial Statement

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.

Fund Financial Statements

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 purchased. 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.

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 the following April 30th and October 31st. The county bills and collects the school district's taxes and remits them to the school district.

School district property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been deferred 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".

7. CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,893.00			\$ 8,893.00
Construction Work in Progress	3,754,958.74	3,592,573.91		7,347,532.65
Total Capital Assets Not Being Depreciated	\$ 3,763,851.74	\$ 3,592,573.91		\$ 7,356,425.65
Capital Assets Being Depreciated:				
Buildings	\$ 869,559.00			\$ 869,559.00
Improvements Other Than Buildings	1,135,860.24	266,850.00	(229,394.86)	1,173,315.38
Machinery and Equipment	585,111.94	15,066.29	(18,291.00)	581,887.23
Total Capital Assets Being Depreciated	\$ 2,590,531.18	\$ 281,916.29	\$ (247,685.86)	\$ 2,624,761.61
Less Accumulated Depreciation for:				
Buildings	\$ 345,290.03	\$ 10,681.85		\$ 355,971.88
Improvements Other Than Buildings	228,005.36	28,719.78	(44,936.52)	211,788.62
Machinery and Equipment	357,971.43	34,831.82	(16,416.00)	376,387.25
Total Accumulated Depreciation	\$ 931,266.82	\$ 74,233.45	\$ (61,352.52)	\$ 944,147.75
Total Capital Assets Being Depreciated, Net	\$ 1,659,264.36	\$ 207,682.84	\$ (186,333.34)	\$ 1,680,613.86
Total Governmental Activities	\$ 5,423,116.10	\$ 3,800,256.75	\$ (186,333.34)	\$ 9,037,039.51
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 51,062.30	\$ 4,732.97	\$ (3,940.00)	\$ 51,855.27
Total Capital Assets Being Depreciated	\$ 51,062.30	\$ 4,732.97	\$ (3,940.00)	\$ 51,855.27
Less Accumulated Depreciation for:				
Machinery and Equipment	38,290.92	1,537.04	(3,940.00)	35,887.96
Total Accumulated Depreciation	\$ 38,290.92	\$ 1,537.04	\$ (3,940.00)	\$ 35,887.96
Total Capital Assets Being Depreciated, Net	\$ 12,771.38	\$ 3,195.93	\$ 0.00	\$ 15,967.31
Total Business-Type Activities	\$ 12,771.38	\$ 3,195.93	\$ 0.00	\$ 15,967.31

Depreciation was charged to the functions of government as follows:

	Amount
Governmental Activities:	
Instruction	\$ 23,420.34
Support Services	23,066.15
Cocurricular Activities	27,746.96
Total Governmental Activities	\$ 74,233.45
Business-Like Activities:	
Food Service	\$ 1,537.04

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

Project Name	Project Authorization As of 6/30/2015	Expended Through 6/30/2015	Required Future Financing
Facilities Construction and Renovation	\$ 7,539,443.27	\$ 7,347,532.65	\$ 0.00

8. LONG-TERM LIABILITIES-PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES

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

	Debt Payable 7/1/14	Additions	Deletions	Debt Payable 6/30/15	Due Within One Year
Primary Government:					
Governmental Activities:					
Limited Tax General Obligation Certificates					
Qualified School Construction Bonds (Tax Credit Bonds), Series 2009A	\$ 950,000.00	\$	\$	\$ 950,000.00	\$ 0.00
General Obligation Bonds, Series 2013	6,565,000.00		(85,000.00)	6,480,000.00	195,000.00
Total Governmental Activities	<u>\$ 7,515,000.00</u>	<u>\$ 0.00</u>	<u>\$ (85,000.00)</u>	<u>\$ 7,430,000.00</u>	<u>\$ 195,000.00</u>
Total Primary Government	<u>\$ 7,515,000.00</u>	<u>\$ 0.00</u>	<u>\$ (85,000.00)</u>	<u>\$ 7,430,000.00</u>	<u>\$ 195,000.00</u>

Noncurrent liabilities payable at June 30, 2015 are comprised of the following:

**Limited Tax General Obligation Certificates Qualified School
Construction Bonds Tax Credit Bonds, Series 2009A**

Term bonds issued in December, 2009 at a zero percent rate of interest maturing December, 2019 with deposits scheduled to be made annually to the Qualified School Construction Bonds, Series 2009A Bond Redemption Fund; a debt service fund, in the amount of \$95,000 for a ten year period to accumulate resources to retire the term bonds at maturity

\$ 950,000.00

General Obligation Bonds, Series 2013

General obligation bonds issued in July, 2013 at interest ranging from .05% to 5.25% maturing in December, 2038 to be paid from the General Obligation Bonds, Series 2013 Bond Redemption Fund

\$ 6,480,000.00

The annual debt financing requirements for the Limited Tax General Obligation Certificates Qualified School Construction Bonds Tax Credit Bonds, Series 2009A are as follows:

Year Ending June 30,	Bond Debt Service Funding Deposits and Retirement
Deposits Made through June 30, 2015:	
2011	\$ 95,000.00
2012	95,000.00
2013	95,000.00
2014	95,000.00
2015	95,000.00
Remaining Deposits as of June 30, 2015:	
2016	95,000.00
2017	95,000.00
2018	95,000.00
2019	95,000.00
2020	95,000.00
Total Debt Service Deposits	<u>\$ 950,000.00</u>
Principal Retirement - December, 2019	<u>(950,000.00)</u>

The annual debt service requirements for the General Obligation Bonds, Series 2013 as of June 30, 2015 are as follows:

Year Ending June 30,	General Obligation Bonds, Series 2013		
	Principal	Interest	Total
2016	\$ 195,000.00	\$ 255,541.25	\$ 450,541.25
2017	195,000.00	254,078.75	449,078.75
2018	195,000.00	252,128.75	447,128.75
2019	200,000.00	249,557.50	449,557.50
2020	200,000.00	246,357.50	446,357.50
2021-2025	1,075,000.00	1,161,795.00	2,236,795.00
2026-2030	1,255,000.00	969,565.00	2,224,565.00
2031-2035	1,580,000.00	625,500.00	2,205,500.00
2036-2039	1,585,000.00	172,068.75	1,757,068.75
Total	<u>\$ 6,480,000.00</u>	<u>\$ 4,186,592.50</u>	<u>\$ 10,666,592.50</u>

The annual funding/deposits and payment requirements for the combined total of all debt outstanding as of June 30, 2015, are as follows:

Year Ending June 30,	Totals		
	Principal	Interest	Total
2016	\$ 290,000.00	\$ 255,541.25	\$ 545,541.25
2017	290,000.00	254,078.75	544,078.75
2018	290,000.00	252,128.75	542,128.75
2019	295,000.00	249,557.50	544,557.50
2020	295,000.00	246,357.50	541,357.50
2021-2025	1,075,000.00	1,161,795.00	2,236,795.00
2026-2030	1,255,000.00	969,565.00	2,224,565.00
2031-2035	1,580,000.00	625,500.00	2,205,500.00
2036-2039	1,585,000.00	172,068.75	1,757,068.75
Total	<u>\$ 6,955,000.00</u>	<u>\$ 4,186,592.50</u>	<u>\$ 11,141,592.50</u>

9. OPERATING LEASES

Copier equipment has been leased for a 60-month period, which began with the first lease payment in February 2011. The lease payments are being paid from the Capital Outlay Fund. As of June 30, 2015 the following were the remaining minimum payments on this operating lease based upon the original lease terms:

Year Ending June 30,	Amount
2016	\$ 2,685.34
Total	<u>\$ 2,685.34</u>

A building has been leased for a five year period commencing on January 15, 2014 with the first lease payment then to be paid. The lease payments are being paid from the General Fund. As of June 30, 2015 the following were the remaining minimum payments on the operating lease based upon the original lease terms.

Year Ending June 30,	Amount
2016	\$ 7,500.00
2017	7,500.00
2018	7,500.00
Total	<u>\$ 22,500.00</u>

10. RESTRICTED NET POSITION

The following reflects the restricted net position as shown on the Statement of Net Position and indicates the source of the restriction:

<u>Purpose</u>	<u>Source of Restriction</u>	<u>Amount of Restriction</u>
Capital Outlay	Law	\$ 22,748.70
Special Education	Law	307,952.63
Pension	Law	5,717.69
Deposits	Contract	135.56
Pension Purposes	Law	393,752.20
Debt Service	Debt Covenant	636,646.12
TOTAL RESTRICTED NET POSITION		\$ <u>1,366,952.90</u>

11. ASSIGNED FUND BALANCE FOR SUBSEQUENT YEAR'S BUDGET

The school board has applied a portion of the June 30, 2015 fund balance of the General Fund for the purpose of providing a partial means of finance for fiscal year 2016 appropriations. These amounts are reported as assigned fund balance in the fund financial statements.

12. INTERFUND TRANSFERS

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

<u>Transfers From</u>	<u>Transfers To</u>	
	<u>QSCB Series 2009A Bond Redemption Fund</u>	<u>Capital Outlay Fund</u>
General Fund	\$	\$ 23,897.68
Capital Outlay Fund	95,000.00	

The transfer from the General Fund to the Capital Outlay Fund was to provide resources for improvements. The transfer from the Capital Outlay Fund to the QSCB Series 2009A Bond Redemption Fund was to make a required bond deposit to accumulate resources to retire a term bond at maturity. These interfund transfers have not been considered as violations of the statutory restrictions on interfund transfers.

13. PRIOR PERIOD ADJUSTMENTS

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

Net Position July 1, 2014, as previously reported	\$ 2,613,398.38
Restatement for pension accounting:	
Net Pension Asset	211,501.33
Pension related Deferred Outflows of Resources	78,708.37
Net Position July 1, 2014, as restated	\$ <u>2,903,608.08</u>

14. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013 were \$80,714, \$78,708, and \$75,562, respectively, equal to the required contributions each year.

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

At June 30, 2014, SDRS is 107.3% 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	\$ 7,957,257.00
Less proportionate share of total pension liability	7,416,804.60
Proportionate share of net pension asset	<u>\$ 540,452.40</u>

At June 30 2015, the School District reported an asset of \$540,452.40 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 .0750150%.

For the year ended June 30, 2015, the School District recognized pension revenue of \$101,536.88. At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience.	\$ 45,729.58	\$
Changes in assumption.	352,791.21	
Net Difference between projected and actual earnings on pension plan investments.		625,934.99
Changes in proportion and difference between District contributions and proportionate share of contributions.		
District contributions subsequent to the measurement date.	80,714.00	
TOTAL	<u>\$ 479,234.79</u>	<u>\$ 625,934.99</u>

\$80,714.00 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:		
2016	\$	42,945.06
2017		42,945.06
2018		42,945.06
2019		98,579.02

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.

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:

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

Total	100%	
	=====	

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 liability (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 liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 534,068.62	\$ (540,452.40)	\$ (1,416,836.44)

Pension Plan Fiduciary Net Position:

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

15. COMMITMENTS

As of June 30, 2015 the school district was committed to pay the employer's share of certain employee's health insurance premiums in the total amount of \$5,316.00.

16. RISK MANAGEMENT

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

Employee Health Insurance

The school district joined the South Dakota 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 qualified employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes an unlimited lifetime maximum payment per person. The school district may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have resource needs for matters such as pool resource shortfalls.

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

Liability Insurance

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

Workmen's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident. The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The school district has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. The school district appropriates an amount each year in the General Fund to provide resources for potential claims for unemployment benefits. During the year ended June 30, 2015 no claims were paid and the school district does not anticipate that any substantive additional claims are pending or will be paid in the foreseeable future.

REQUIRED SUPPLEMENTARY INFORMATION
 GETTYSBURG SCHOOL DISTRICT NO. 53-1
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgetary Amount		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 566,511.13	\$ 566,511.13	\$ 640,890.67	\$ 74,379.54
Prior Years' Ad Valorem Taxes	3,200.00	3,200.00	1,444.81	(1,755.19)
Tax Deed Revenue	1,000.00	1,000.00	1,182.86	182.86
Gross Receipts Taxes	67,000.00	67,000.00	79,986.82	12,986.82
Penalties and Interest on Taxes	1,500.00	1,500.00	1,079.35	(420.65)
Tuition and Fees-Tuition from Pupils/Parents	4,000.00	4,000.00	1,845.00	(2,155.00)
Earnings on Investments and Deposits	3,000.00	3,000.00	613.57	(2,386.43)
Cocurricular Activities:				
Admissions	55,000.00	55,000.00	65,975.22	10,975.22
Other Pupil Activity Income	4,500.00	4,500.00	3,280.00	(1,220.00)
Other Revenue from Local Sources:				
Rentals	900.00	900.00	1,040.00	140.00
Contributions and Donations	4,100.00	4,100.00	3,420.00	(680.00)
Charges for Services-Medicaid Indirect Administrative Services	13,000.00	13,000.00	3,818.77	(9,181.23)
Other	2,500.00	2,500.00	2,305.52	(194.48)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	20,000.00	20,000.00	21,683.35	1,683.35
Other	900.00	900.00	0.00	(900.00)
Revenue from State Sources-Grants-in-Aid:				
Unrestricted Grants-in-Aid	982,593.27	982,593.27	882,253.39	(100,339.88)
Restricted Grants-in-Aid	0.00	0.00	1,000.00	1,000.00
Revenue from Federal Sources-Grants-in-Aid:				
Unrestricted Grants-in-Aid Received				
Directly from Federal Government	20,000.00	20,000.00	23,897.68	3,897.68
Restricted Grants-in-Aid Received				
Directly from Federal Government	23,500.00	23,500.00	27,346.94	3,846.94
Restricted Grants-in-Aid Received from Federal Government Through State	63,131.00	63,131.00	59,654.60	(3,476.40)
TOTAL REVENUE	\$ 1,836,335.40	\$ 1,836,335.40	\$ 1,822,718.55	\$ (13,616.85)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	\$ 410,505.05	\$ 410,505.05	\$ 392,916.68	\$ 17,588.37
Middle/Junior High	113,537.47	113,537.47	105,669.16	7,868.31
High School	391,727.69	391,727.69	397,531.96	(5,804.27)
Special Programs - Educationally Deprived	43,009.01	43,009.01	35,213.66	7,795.35
Support Services:				
Pupils:				
Guidance	46,115.07	46,115.07	45,729.33	385.74
Health	1,000.00	1,000.00	0.00	1,000.00
Instructional Staff:				
Improvement of Instruction	36,366.00	36,366.00	54,396.73	(18,030.73)
Educational Media	69,538.58	69,538.58	68,667.33	871.25
General Administration:				
Board of Education	23,659.69	23,659.69	21,495.84	2,163.85
Executive Administration	54,354.60	54,354.60	49,598.14	4,756.46
School Administration - Office of the Principal	149,834.09	149,834.09	149,876.57	(42.48)
School Administration - Other	700.00	700.00	95.79	604.21
Business:				
Fiscal Services	89,091.24	89,091.24	81,830.63	7,260.61
Operation and Maintenance of Plant	244,413.61	244,413.61	264,973.41	(20,559.80)
Pupil Transportation	57,603.43	57,603.43	55,693.49	1,909.94
Central:				
Staff	650.00	650.00	605.50	44.50
Nonprogrammed Charges - Unemployment	500.00	500.00	0.00	500.00
Cocurricular Activities:				
Male Activities	58,734.15	58,734.15	51,894.74	6,839.41
Female Activities	43,368.06	43,368.06	41,285.37	2,082.69
Transportation	12,724.33	12,724.33	8,988.71	3,735.62
Combined Activities	75,403.49	75,403.49	66,963.75	8,439.74
Contingencies	30,000.00	30,000.00	0.00	30,000.00
TOTAL EXPENDITURES	\$ 1,952,835.56	\$ 1,952,835.56	\$ 1,893,426.79	\$ 59,408.77
Excess of Revenue Over (Under) Expenditures	\$ (116,500.16)	\$ (116,500.16)	\$ (70,708.24)	\$ 45,791.92
Other Financing Sources and (Uses):				
Transfers (Out)	\$ (20,000.00)	\$ (20,000.00)	\$ (23,897.68)	\$ (3,897.68)
Compensation for Loss of General Capital Assets	0.00	0.00	12,547.88	12,547.88
Net Changes in Fund Balances	\$ (136,500.16)	\$ (136,500.16)	\$ (82,058.04)	\$ 54,442.12
Change in Nonspendable	0.00	0.00	(4,220.50)	(4,220.50)
Fund Balance - Beginning	136,500.16	136,500.16	896,834.34	760,334.18
FUND BALANCE - ENDING	\$ 0.00	\$ 0.00	\$ 810,555.80	\$ 810,555.80

**REQUIRED SUPPLEMENTARY INFORMATION
GETTYSBURG SCHOOL DISTRICT NO. 53-1
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgetary Amount</u>		Actual Amount (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 502,161.87	\$ 502,161.87	\$ 424,781.40	\$ (77,380.47)
Prior Years' Ad Valorem Taxes	300.00	300.00	438.15	138.15
Tax Deed Revenue	700.00	700.00	239.04	(460.96)
Penalties and Interest on Taxes	250.00	250.00	681.42	431.42
Earnings on Investments and Deposits	1,750.00	1,750.00	247.48	(1,502.52)
Other Revenue from Local Sources:				
Contributions and Donations	70,000.00	70,000.00	200,000.00	130,000.00
TOTAL REVENUE	\$ 575,161.87	\$ 575,161.87	\$ 626,387.49	\$ 51,225.62
Expenditures and Assignments:				
Instruction:				
Regular Programs:				
Elementary	\$ 21,740.00	\$ 21,740.00	\$ 20,688.68	\$ 1,051.32
Middle/Junior High	6,300.00	6,300.00	414.06	5,885.94
High School	24,692.00	24,692.00	28,658.75	(3,966.75)
Support Services:				
Support Services:				
Pupils:				
Guidance	1,900.00	1,900.00	1,894.08	5.92
Instructional Staff:				
Educational Media	9,000.00	9,000.00	8,803.29	196.71
School Administration - Office of the Principal	4,800.00	4,800.00	4,389.50	410.50
Business:				
Fiscal Services	5,400.00	5,400.00	5,733.28	(333.28)
Operation and Maintenance of Plant	332,329.87	332,329.87	62,156.48	270,173.39
Facilities Acquisition and Construction	0.00	442,144.77	755,375.34	(313,230.57)
Cocurricular Activities:				
Combined Activities	6,500.00	6,500.00	5,070.50	1,429.50
Assigned for Vehicle / Track / New Facility	67,500.00	67,500.00	0.00	67,500.00
TOTAL EXPENDITURES AND ASSIGNMENTS	\$ 480,161.87	\$ 922,306.64	\$ 893,183.96	\$ 29,122.68
Excess of Revenue Over (Under) Expenditures And Assignments	\$ 95,000.00	\$ (347,144.77)	\$ (266,796.47)	\$ 80,348.30
Other Financing Sources and (Uses):				
Transfers In	0.00	0.00	23,897.68	23,897.68
Transfers (Out)	\$ (95,000.00)	\$ (95,000.00)	\$ (95,000.00)	\$ 0.00
Net Changes in Fund Balances	\$ 0.00	\$ (442,144.77)	\$ (337,898.79)	\$ 104,245.98
Fund Balance - Beginning	0.00	442,144.77	360,783.05	(81,361.72)
FUND BALANCE - ENDING	\$ 0.00	\$ 0.00	\$ 22,884.26	\$ 22,884.26

**REQUIRED SUPPLEMENTARY INFORMATION
GETTYSBURG SCHOOL DISTRICT NO. 53-1
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgetary Amount</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 252,961.44	\$ 252,961.44	\$ 302,279.97	\$ 49,318.53
Prior Years' Ad Valorem Taxes	300.00	300.00	311.94	11.94
Tax Deed Revenue	300.00	300.00	177.36	(122.64)
Penalties and Interest on Taxes	200.00	200.00	468.26	268.26
Earnings on Investments and Deposits	500.00	500.00	31.99	(468.01)
Other Revenue from Local Sources:				
Charges for Services:				
Medicaid Direct Services	4,500.00	4,500.00		(4,500.00)
Medicaid Indirect Administrative Services	700.00	700.00	323.00	(377.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received Directly from Federal Government	0.00	0.00	997.50	997.50
Restricted Grants-in-Aid Received from Federal Government Through State	49,550.00	49,550.00	49,050.00	(500.00)
TOTAL REVENUE	\$ 309,011.44	\$ 309,011.44	\$ 353,640.02	\$ 44,628.58
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	\$ 204,692.89	\$ 204,692.89	\$ 186,586.58	\$ 18,106.31
Support Services:				
Pupils:				
Psychological	12,000.00	12,000.00	11,252.00	748.00
Speech Pathology	44,554.15	44,554.15	41,058.16	3,495.99
Audiology Services	1,200.00	1,200.00	160.00	1,040.00
Student Therapy Services	23,800.00	23,800.00	12,388.97	11,411.03
Special Education:				
Transportation Costs	3,650.00	3,650.00	0.00	3,650.00
Other Special Education Costs	19,114.40	19,114.40	1,836.92	17,277.48
TOTAL EXPENDITURES	\$ 309,011.44	\$ 309,011.44	\$ 253,282.63	\$ 55,728.81
Excess of Revenue Over (Under) Expenditures	\$ 0.00	\$ 0.00	\$ 100,357.39	\$ 100,357.39
Net Changes in Fund Balances	\$ 0.00	\$ 0.00	\$ 100,357.39	\$ 100,357.39
Fund Balance - Beginning	0.00	0.00	207,595.24	207,595.24
FUND BALANCE - ENDING	\$ 0.00	\$ 0.00	\$ 307,952.63	\$ 307,952.63

**REQUIRED SUPPLEMENTARY INFORMATION
GETTYSBURG SCHOOL DISTRICT NO. 53-1
BUDGETARY COMPARISON SCHEDULE
PENSION FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgetary Amount</u>		<u>Actual Amount (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 50,216.19	\$ 50,216.19	\$ 51,067.51	\$ 851.32
Prior Years' Ad Valorem Taxes	200.00	200.00	67.15	(132.85)
Tax Deed Revenue	0.00	0.00	29.04	29.04
Penalties and Interest on Taxes	0.00	0.00	84.19	84.19
Earnings on Investments and Deposits	0.00	0.00	15.95	15.95
TOTAL REVENUE	\$ 50,416.19	\$ 50,416.19	\$ 51,263.84	\$ 847.65
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	\$ 19,000.00	\$ 19,000.00	17,800.00	\$ 1,200.00
Middle/Junior High	5,000.00	5,000.00	4,970.00	30.00
High School	15,800.00	15,800.00	16,130.00	(330.00)
Support Services:				
Pupils:				
Guidance	2,100.00	2,100.00	2,100.00	0.00
Instructional Staff:				
Educational Media	2,900.00	2,900.00	2,900.00	0.00
General Administration:				
Executive Administration	0.00	2,000.00	2,000.00	0.00
School Administration - Office of the Principal	5,616.19	5,616.19	6,516.19	(900.00)
Business:				
Fiscal Services	0.00	3,500.00	3,500.00	0.00
Operation and Maintenance of Plant	0.00	500.00	500.00	0.00
TOTAL EXPENDITURES	\$ 50,416.19	\$ 56,416.19	\$ 56,416.19	\$ 0.00
Excess of Revenue Over (Under) Expenditures	\$ 0.00	\$ (6,000.00)	\$ (5,152.35)	\$ 847.65
Net Changes in Fund Balances	\$ 0.00	\$ (6,000.00)	\$ (5,152.35)	\$ 847.65
Fund Balance - Beginning	0.00	6,000.00	10,870.04	4,870.04
FUND BALANCE - ENDING	\$ 0.00	\$ 0.00	\$ 5,717.69	\$ 5,717.69

GETTYSBURG SCHOOL DISTRICT NO. 53-1
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY COMPARISON SCHEDULES
AS OF JUNE 30, 2015 AND FOR THE YEAR THEN ENDED

The Budgetary Comparison Schedules present comparisons of the original budget and legally revised final budget with actual amounts for the General Fund and each Special Revenue Fund and cost center for which budgets are to be legally adopted. Also presented is a column that reflects the variance between the final budget amount and actual amount. A positive variance reflects unused budget and a negative variance reflects an over expended budget. The Budgetary Comparison Schedules have been prepared on the current financial resources measurement focus and the modified accrual basis of accounting. Also, the Budgetary Comparison Schedules present capital assets acquisitions as expenditures while the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds presents expenditures for capital assets as a separate function.

The school district followed these procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedules:

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year. The proposed budget is published for public review no later than July 15 each year. Public hearings are held to solicit taxpayer input prior to the approval of the budget. 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.
2. 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 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
4. 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.
5. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2015.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and special revenue funds, are adopted utilizing the current financial resources measurement focus applied on a modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**GETTYSBURG SCHOOL DISTRICT NO. 53-1
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET PENSION ASSETS
FOR THE YEAR ENDED JUNE 30, 2015**

District's Proportion of the Net Pension Asset		0.07501500%
District's Proportionate Share of Net Pension Asset	\$	540,452.40
District's Covered-employee Payroll	\$	1,311,800.00
District's Proportionate Share of the Net Position Asset as a Percentage of its Covered-employee Payroll		41.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset		107.30%

The amounts presented were determined as of June 30, 2014.

**GETTYSBURG SCHOOL DISTRICT NO. 53-1
SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

Contractually Required Contribution	\$ 80,714.00
Contributions in Relation to the Contractually-required Contribution	\$ 80,714.00
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Contribution deficiency (excess)	\$ 0.00
District's Covered-employee Payroll	\$ 1,345,233.00
Contributions as a Percentage of Covered-employee Payroll	6%