IPSWICH SCHOOL DISTRICT NO. 22-6
IPSWICH, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2017

IPSWICH SCHOOL DISTRICT NO. 22-6
TABLE OF CONTENTS

	Page
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1
Schedule of Prior and Current Audit Findings	2 - 4
Independent Auditors' Report	5 - 7
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Funds	
Balance Sheet	10
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance	12 - 14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	15
Proprietary Funds	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Fund Net Position	17
Statement of Cash Flows	18
Fiduciary Funds	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Fund Net Position	20
Notes to the Financial Statements	21 - 43
Required Supplementary Information - Budgetary Comparison Schedules	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	44 - 46
Budgetary Comparison Schedule - Budgetary Basis - Capital Outlay Fund	47 - 48
Budgetary Comparison Schedule - Budgetary Basis - Special Education Fund	49 - 50
Budgetary Comparison Schedule - Budgetary Basis - Pension Fund	51
Notes to Required Supplementary Information - Budgetary Comparison Schedules	52 - 53
Required Supplementary Information - Pension Schedules	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	54
Schedule of the School District Contributions	55
Notes to Required Supplementary Information - Pension Schedules	56

CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

School Board
Ipswich School District No 22-6
Ipswich, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Ipswich School District No. 22-6, South Dakota (School District) as of June 30, 2017 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 20, 2018.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings, items 2017-001, 2017-002, and 2017-003 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ipswich School District No. 22-6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

School District's Response to Findings

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

Purpose of this Report

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

Cahill Bauer

Mobridge, South Dakota
April 20, 2018

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2017

STATUS OF PRIOR AUDIT FINDINGS

Finding Number 2016-001:

Internal control over financial reporting and compliance is not adequate.

Current Status

Condition still exists, see current audit finding number 2017-001.

Finding Number 2016-002:

Internal control does not provide for identifying misstatements.

Current Status

Condition still exists, see current audit finding number 2017-002.

Finding Number 2016-003:

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

Current Status

Condition still exists, see current audit finding number 2017-003.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Finding Number 2017-001:

Criteria

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

Condition Found

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

Identification of a Repeat Finding

This has been a repeat finding since June 30, 2008.

Cause and Effect

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

Recommendation

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

Views of Responsible Officials

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.

Finding Number 2017-002:

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

While conducting our audit, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Identification of Repeat Finding

This has been a repeat finding since June 30, 2008.

Cause and Effect

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

Recommendation

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

Views of Responsible Officials

The School District is continuing its work in correcting this deficiency.

Finding Number 2017-003:

Criteria

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

Condition Found

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

Identification of Repeat Finding

This has been a repeat finding since June 30, 2008.

Cause and Effect

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

Recommendation

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

Views of Responsible Officials

The School District is continuing its work on correcting this deficiency.

CAHILL BAUER & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board
Ipswich School District No 22-6
Ipswich, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ipswich School District No. 22-6, as of June 30, 2017 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ipswich School District No. 22-6 as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedule of School District Contributions, and Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) on pages 44 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's reponses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 2018 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Cahill Bauer

Mobridge, South Dakota
April 20, 2018

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,999,385	$ 29,488	$ 2,028,873
Advance payments	5,000	-	5,000
Investments	500,000	-	500,000
Restricted cash	8,005	-	8,005
Taxes receivable	1,876,208	-	1,876,208
Inventories	-	12,120	12,120
Other assets	503,442	8,088	511,530
Capital assets			
Land, improvements	155,295	-	155,295
Other capital assets, net depreciation	12,684,229	112,069	12,796,298
TOTAL ASSETS	17,731,564	161,765	17,893,329
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	870,438	22,629	893,067
TOTAL DEFERRED OUTFLOWS	$ 870,438	$ 22,629	$ 893,067

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 44,525	$ 3,955	$ 48,480
Other current liabilities	398,877	5,816	404,693
Noncurrent liabilities:			
Due within one year	474,276	-	474,276
Due in more than one year	7,520,087	-	7,520,087
Net pension liability	353,648	9,207	362,855
TOTAL LIABILITIES	8,791,413	18,978	8,810,391
DEFERRED INFLOWS OF RESOURCES:			
Taxes levied for future period	1,830,406	-	1,830,406
Pension related deferred inflows	23,127	893	24,020
TOTAL DEFERRED INFLOWS OF RESOURCES	1,853,533	893	1,854,426
NET POSITION			
Net Investment in Capital Assets	5,124,524	112,069	5,236,593
Restricted for:			
Capital Outlay	1,002,560	-	1,002,560
Special Education	468,054	-	468,054
Pension	30,227	-	30,227
SDRS Pension Purposes	493,663	12,529	506,192
Unrestricted	838,028	39,925	877,953
TOTAL NET POSITION	$ 7,957,056	$ 164,523	$ 8,121,579

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
Instruction	$ 2,775,427	$ -	$ 162,808	$ (2,612,619)	$ -	$ (2,612,619)
Support services	1,686,914	15,591	12,277	(1,659,046)	-	(1,659,046)
Cocurricular activities	263,517	25,838	-	(237,679)	-	(237,679)
* Interest on long term debt	180,452	-	-	(180,452)	-	(180,452)
Total governmental activities	4,906,310	41,429	175,085	(4,689,796)	-	(4,689,796)
Business-type activities						
Food services	239,062	94,756	132,260	-	(12,046)	(12,046)
Drivers education services	3,773	3,450	-	-	(323)	(323)
Total business-type activities	242,835	98,206	132,260	-	(12,369)	(12,369)
Total primary government	$ 5,149,145	$ 139,635	$ 307,345	$ (4,689,796)	$ (12,369)	$ (4,702,165)
	General Revenues					
	Taxes					
	Property taxes			3,781,878	-	3,781,878
	Utility taxes			399,702	-	399,702
	Revenue from state sources:					
	State Aid			696,023	-	696,023
	Unrestricted investments earnings			2,917	24	2,941
	Other general revenues			132,002	-	132,002
	Transfers			(323)	323	-
	Total general revenues and transfers			5,012,199	347	5,012,546
	Change in net position			322,403	(12,022)	310,381
	Net position - beginning			7,634,653	176,545	7,811,198
	Net position - ending			$ 7,957,056	$ 164,523	$ 8,121,579

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

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

IPSWICH SCHOOL DISTRICT NO. 22-6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

		General Fund
ASSETS		
Cash and cash equivalents	$	556,574
Investments		450,000
Restricted cash and cash equivalents		8,005
Accounts receivable		4,869
Advance payments		5,000
Taxes-receivables		874,207
Taxes-delinquent		12,160
Due from state government		400,398
Due from federal government		33,644
TOTAL ASSETS	$	2,344,857
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	$	20,880
Contracts payable		238,904
Payroll deductions and withholdings payable and employer matching payable		30,972
Total Liabilities		290,756
Deferred Inflows of Resources:		
Unavailable revenue - property taxes		12,160
Taxes levied for future period		862,860
Total Deferred Inflows of Resources		875,020
Fund Balances:		
Restricted		
Capital outlay		-
Special education		-
Pension		-
Assigned		
Unemployment		8,005
Unassigned		1,171,076
Total Fund Balance		1,179,081
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:	$	2,344,857

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

Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
$ 1,003,705	$ 409,405	$ 29,701	$ 1,999,385
-	50,000	-	500,000
-	-	-	8,005
-	-	-	4,869
-	-	-	5,000
783,999	196,062	-	1,854,268
7,306	1,948	526	21,940
1,076	269	-	401,743
-	45,314	-	78,958
$ 1,796,086	$ 702,998	$ 30,227	$ 4,874,168
$ 19,538	$ 4,106	$ -	$ 44,524
-	32,977	-	271,881
-	4,303	-	35,275
19,538	41,386	-	351,680
7,306	1,948	526	21,940
773,988	193,558	-	1,830,406
781,294	195,506	526	1,852,346
995,254	-	-	995,254
-	466,106	-	466,106
-	-	29,701	29,701
-	-	-	8,005
-	-	-	1,171,076
995,254	466,106	29,701	2,670,142
$ 1,796,086	$ 702,998	$ 30,227	$ 4,874,168

IPSWICH SCHOOL DISTRICT NO. 22-6
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances - governmental funds	$	2,670,142
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension liability reported in governmental activities is not due and payable in the current period and therefore is not reported in the funds.		(353,648)
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The capitalized cost of the capital assets is $14,955,653 and the accumulated depreciation is ($2,116,129) for a net amount of $12,839,524.		12,839,524
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		870,438
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of compensated absences of $23,252, early retirement benefits payable of $74,980 bonds payable of $7,715,000, unamortized bond premium of $16,643, accrued interest of $75,080, and ASBSD health insurance assessment of $181,130.		(8,086,085)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		21,940
Unamortized bond discounts are recorded as assets in the statement of net position but is recorded as an expenditure in the funds.		17,872
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(23,127)
Total net position - governmental funds	$	7,957,056

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
REVENUES:					
Revenue from local sources:					
Taxes:					
Ad valorem taxes	$ 1,781,899	$ 1,554,013	$ 371,736	$ 43,065	$ 3,750,713
Prior years' ad valorem taxes	8,386	3,582	1,185	315	13,468
Utility taxes	399,702	-	-	-	399,702
Penalties and interest on taxes	5,356	4,738	1,196	312	11,602
Earnings on investments and deposits	2,917	-	-	-	2,917
Cocurricular activities:					
Admissions	23,768	-	-	-	23,768
Other pupil activity income	2,070	-	-	-	2,070
Other revenue from local sources:					
Rentals	3,728	-	-	-	3,728
Charges for services	2,669	-	8,579	-	11,248
Other	7,819	3,600	494	-	11,913
Total revenue from local sources	2,238,314	1,565,933	383,190	43,692	4,231,129
Revenue from intermediate sources					
County sources:					
County appointment	59,501	-	-	-	59,501
Revenue in lieu of taxes	696	1,076	269	-	2,041
Other	-	226	-	-	226
Total revenue from intermediate sources	60,197	1,302	269	-	61,768
Revenue from state sources:					
Grants-in-aid:					
Unrestricted grants-in-aid	696,023	-	-	-	696,023
Total revenue from state sources	696,023	-	-	-	696,023
Revenue from federal sources:					
Grants-in-aid:					
Restricted grants-in-aid thru state	83,314	-	91,771	-	175,085
Total revenue from federal sources	83,314	-	91,771	-	175,085
Total revenues	$ 3,077,848	$ 1,567,235	$ 475,230	$ 43,692	$ 5,164,005

(Continued on next page)

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Expenditures:					
Instruction:					
Regular programs:					
Elementary	$ 1,071,188	$ 117,871	$ -	$ -	$ 1,189,059
Middle/junior high	257,971	22,381	-	-	280,352
High school	440,090	49,999	-	-	490,089
Preschool	55,494	-	-	-	55,494
Special programs:					
Programs for special education	-	-	389,456	-	389,456
Educationally deprived	95,380	-	-	-	95,380
Total instruction	1,920,123	190,251	389,456	-	2,499,830
Support services:					
Pupils:					
Guidance	63,494	-	-	-	63,494
Health	1,295	-	-	-	1,295
Psychological	-	-	23,000	-	23,000
Speech pathology	-	-	69,108	-	69,108
Student therapy services	-	-	45,708	-	45,708
Instructional staff:					
Educational media	133,017	4,781	-	-	137,798
General administration:					
Board of education	29,374	2,321	-	-	31,695
Executive administration	51,392	-	-	-	51,392
School administration:					
Office of the principal	296,851	-	-	13,000	309,851
Business:					
Fiscal services	83,877	3,000	-	3,934	90,811
Operation and maintenance of plant	341,477	127,023	-	-	468,500
Pupil transportation	195,643	24,000	-	-	219,643
Special education:					
Administrative costs	-	-	59,360	-	59,360
Total support services	$ 1,196,420	$ 161,125	$ 197,176	$ 16,934	$ 1,571,655

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IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Nonprogrammed charges					
Early retirement payments	$ -	$ -	$ -	$ 29,996	$ 29,996
Total nonprogrammed charges	-		-	29,996	29,996
Debt Services	-	579,500	-	-	579,500
Cocurricular activities:					
Male activities	34,471	-	-	-	34,471
Female activities	31,117	-	-	-	31,117
Transportation	46,496	-	-	-	46,496
Combined activities	73,804	-	-	-	73,804
Total cocurricular activities	185,888	-	-	-	185,888
Capital outlay	-	496,242	-	-	496,242
Total expenditures/expenses	3,302,431	1,427,118	586,632	46,930	5,363,111
Transfers out	(323)	-	-	-	(323)
Sale of surplus property	4,905	54,031	-	-	58,936
Total other financing sources (uses)	4,582	54,031	-	-	58,613
Net change in fund balances	(220,001)	194,148	(111,402)	(3,238)	(140,493)
Fund balance - beginning	1,399,082	801,106	577,508	32,939	2,810,635
Fund balance - ending	$ 1,179,081	$ 995,254	$ 466,106	$ 29,701	$ 2,670,142

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

IPSWICH SCHOOL DISTRICT NO. 22-6
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	$	(140,493)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.		139,532
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		6,095
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.		27,414
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses consist of the change in accrued interest, amortization of bond premiums, pension revenue, amortization of bond discount, and ASBSD health insurance assessment.		(110,145)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		400,000
Change in net position of governmental activities	$	322,403

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 29,488	$ -	$ 29,488
Inventory of supplies	758	-	758
Inventory of store purchased for resale	3,401	-	3,401
Inventory of donated foods	7,961	-	7,961
Due from federal government	8,088	-	8,088
Total Current Assets	49,696	-	49,696
Noncurrent assets:			
Capital assets			
Machinery and equipment	167,166	-	167,166
Accumulated depreciation	(55,097)	-	(55,097)
Total Noncurrent Assets	112,069	-	112,069
TOTAL ASSETS	161,765	-	161,765
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	22,629	-	22,629
LIABILITIES:			
Current liabilities:			
Accounts payable	3,955	-	3,955
Contracts payable	5,167	-	5,167
Benefits payable	649	-	649
Total current liabilities	9,771	-	9,771
Noncurrent liabilities:			
Net pension liability	9,207	-	9,207
Total noncurrent liabilities	9,207		9,207
TOTAL LIABILITIES	18,978	-	18,978
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	893	-	893
NET POSITION:			
Net investment in capital assets	112,069	-	112,069
SDRS pension purposes	12,529	-	12,529
Unrestricted	39,925	-	39,925
TOTAL NET POSITION	$ 164,523	$ -	$ 164,523

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
OPERATING REVENUES			
Sales			
To pupils	$ 80,009	$ -	$ 80,009
To adults	5,504	-	5,504
A la carte	2,614	-	2,614
Other charges for goods and services	6,629	3,450	10,079
Total operating revenues	94,756	3,450	98,206
OPERATING EXPENSES			
Salaries	73,644	3,000	76,644
Employee benefits	27,701	410	28,111
Purchased services	44,974	-	44,974
Supplies	5,408	363	5,771
Cost of sales - purchased food	58,280	-	58,280
Cost of sales - donated food	17,988	-	17,988
Depreciation	11,067	-	11,067
Total operating expenses	239,062	3,773	242,835
Operating loss	(144,306)	(323)	(144,629)
NONOPERATING REVENUES (EXPENSES)			
Local sources			
Interest earnings	24	-	24
State sources			
State grants	1,015	-	1,015
Federal sources			
Cash reimbursements	109,978	-	109,978
Donated food	21,267	-	21,267
Total nonoperating revenues	132,284	-	132,284
Income before contributions, special items, extraordinary items and transfers	(12,022)	(323)	(12,345)
Transfers in	-	323	323
Change in net position	(12,022)	-	(12,022)
Total net position - July 1, 2016	176,545	-	176,545
Total net position - June 30, 2017	$ 164,523	$ -	$ 164,523

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 101,396	$ 3,450	$ 104,846
Payments to employees for services	(98,293)	(3,773)	(102,066)
Payments to suppliers of goods and services	(110,136)	-	(110,136)
Net cash used by operating activities	(107,033)	(323)	(107,356)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from the general fund	-	323	323
Operating grants	110,993	-	110,993
Net cash provided by noncapital financing activities	110,993	323	111,316
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	24	-	24
Net cash provided by investing activities	24	-	24
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,984	-	3,984
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,504	-	25,504
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 29,488	$ -	$ 29,488
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	$ (144,306)	$ (323)	$ (144,629)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Depreciation expense	11,067	-	11,067
Value of donated commodities used	17,988	-	17,988
Change in assets and liabilities			
Receivables	6,640	-	6,640
Inventories	829	-	829
Accounts and other payables	(1,832)	-	(1,832)
Change in pension asset/liability	2,581	-	2,581
Net cash used by operating activities	$ (107,033)	$ (323)	$ (107,356)
Noncash investing, capital and financing activities:			
Value of commodities received	$ 21,267	$ -	$ 21,267

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$ 10,433	$ 33,820
Certificates of deposit	78,058	-
TOTAL ASSETS	88,491	33,820
LIABILITIES		
Amount held for others	-	33,820
TOTAL LIABILITIES	-	33,820
NET POSITION		
Held in trust for scholarships and memorials	$ 90,661	$ -

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust Funds
ADDITIONS	
Other additions	$ 603
DEDUCTIONS	
Other deductions	-
Change in net position	603
Total net position - July 1, 2016	90,058
Total net position - June 30, 2017	$ 90,661

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The reporting entity of the Ipswich School District No. 22-6, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation

Government-wide Financial Statements

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

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

(Continued on next page)

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

Fund Financial Statements

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

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

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

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

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

Governmental Funds

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

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

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

(Continued on next page)

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

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

Proprietary Funds

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

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

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

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

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

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

Fiduciary Funds

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

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Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds: Gwen Torgler Scholarship, Pearl Callin Award, Barbara Scheele Scholarship, Lenora Hamak Scholarship, and Judge Hembd Award Scholarship.

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes and clubs.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

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

(Continued on next page)

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Ipswich School District No. 22-6, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2017 are expected federal reimbursements, state reimbursements, and utility taxes.

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

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

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

d. Interfund Eliminations and Reclassifications

Government Wide Financial Statements:

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

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

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

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e. Deposits and Investments

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

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

f. Capital Assets:

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

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

Government-Wide Statements

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

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

The total June 30, 2017 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

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

(Continued on next page)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	Any Amount	N/A	N/A
Improvements, other than buildings	$ 25,000	Straight-line	14-20 years
Buildings	50,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	4-40 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 appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of bonds payable, early retirement payable, health insurance assessment from Associated School Boards of South Dakota, pension liability and compensated absences.

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

h. Program Revenues

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

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

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

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

i. Proprietary Funds Revenue and Expense Classifications

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

j. Cash and Cash Equivalents:

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

k. Equity Classifications

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

(Continued on next page)

l. Application of Net Position

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

m. Fund Balance Classification Policies and Procedures

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

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

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

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

n. Pensions

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

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

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

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

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

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

As of June 30, 2017, all of the School District's investments were in certificates of deposit.

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

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

NOTE 3 - RECEIVABLES AND PAYABLES

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

(Continued on next page)

NOTE 4 - INVENTORY

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

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

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

NOTE 5 - PROPERTY TAXES

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the School District's taxes and remits them to the School District. School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore and not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

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NOTE 6 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for year ended June 30, 2017 is as follows:

	Balance 07/01/16	Increases	Decreases	Balance 06/30/17
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	$ 155,295	$ -	$ -	$ 155,295
Construction in progress	152,109	-	(152,109)	-
Total capital assets, not being depreciated	307,404	-	(152,109)	155,295
Capital assets, being depreciated				
Buildings	12,650,344	411,087	-	13,061,431
Improvements other than buildings	1,221,068	195,835	(37,424)	1,379,479
Machinery and equipment	334,270	41,428	(16,250)	359,448
Total capital assets, being depreciated	14,205,682	648,350	(53,674)	14,800,358
Less accumulated depreciation for				
Buildings	986,300	239,888	-	1,226,188
Improvements other than buildings	652,879	90,622	(37,424)	706,077
Machinery and equipment	173,915	26,199	(16,250)	183,864
Total accumulated depreciation	1,813,094	356,709	(53,674)	2,116,129
Total capital assets, being depreciated, net	12,392,588	291,641	-	12,684,229
Governmental activity capital assets, net	$ 12,699,992	$ 291,641	$ (152,109)	$ 12,839,524

Depreciation expense was charged to functions as follows:

	6/30/2017
Governmental activities	
Instructional	$ 200,254
Support Services	82,102
Cocurricular	74,353
Total depreciation expense - governmental activities	$ 356,709

(Continued on next page)

	Balance 07/01/16	Increases	Decreases	Balance 06/30/2017
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	168,184	-	(1,018)	167,166
Total capital assets, being depreciated	168,184	-	(1,018)	167,166
Less accumulated depreciation for				
Machinery and equipment	45,048	11,067	(1,018)	55,097
Total accumulated depreciation	45,048	11,067	(1,018)	55,097
Total business-type activities, capital assets, being depreciated, net	123,136	(11,067)	-	112,069
Business-type activities capital assets, net	$ 123,136	$ (11,067)	$ -	$ 112,069

Depreciation expense was charged to functions as follows:

	6/30/2017
Business-type activities	
Food Service	$ 11,067

NOTE 7 - LONG-TERM DEBT

A summary of the changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Beginning Balance 07/01/16	Additions	Deletions	Ending Balance 06/30/17	Due Within One Year
Primary government					
Governmental activities					
Capital outlay certificates - 2013	5,900,000	-	(305,000)	$ 5,595,000	$ 305,000
Capital outlay certificates - 2015	2,215,000	-	(95,000)	2,120,000	95,000
ASBSD health ins assessment	181,130	-	-	181,130	44,280
Compensated absences	20,669	11,885	(9,301)	23,253	-
Early retirement payable	104,976	-	(29,996)	74,980	29,996
Total governmental activities	8,421,775	11,885	(439,297)	7,994,363	474,276

(Continued on next page)

Debt payable at June 30, 2017, is comprised of the following:

Capital Outlay Certificates Series 2013, .5% to 2.75% maturing February 1, 2033 paid from Capital Outlay Fund.	$5,595,000
Capital Outlay Certificates Series 2015, .35% to 3.125% maturing February 1, 2035 paid from Capital Outlay Fund.	$2,120,000
Associated School Boards of South Dakota health insurance assessment, maturing October 1, 2020, annual payments of $46,990, made from the General Fund.	$ 181,130
Early Retirement Benefits Payable, payments based on 75% of last contract paid over 4 years, paid from the Pension Fund. Details in Note 12.	$ 74,980
Compensated Absences, payments to be made by the fund that the payroll expenditures are charged within.	$ 23,253
Total long term-debt	$7,994,363

The annual debt service requirements to maturity, except for compensated absences, for all debt outstanding as of June 30, 2017 are as follows:

Annual requirements to Maturity for Long-Term Debt as of June 30, 2017:

		Capital Outlay Certificates		ASBSD Health Assessment	
Year Ending June 30, 2017	Early Retirement	Principal	Interest	Principal	Interest
2018	29,996	400,000	175,295	44,280	2,720
2019	29,996	405,000	171,390	44,940	2,050
2020	7,494	410,000	166,780	45,610	1,380
2021	7,494	415,000	161,345	46,300	690
2022	-	420,000	154,963	-	-
2023-2027	-	2,260,000	632,593	-	-
2028-2032	-	2,555,000	333,793	-	-
2033-2035	-	850,000	38,913	-	-
	74,980	7,715,000	1,835,072	181,130	6,840

(Continued on next page)

NOTE 8 - OPERATING LEASES

The School District leases a classroom from the Plainview Colony with payments being made from Capital Outlay Fund. The following are the minimum payments requried for existing leases:

Year	Amount
2018	$ 6,000
2019	$ 6,000
2020	$ 6,000
2021	$ 6,000

NOTE 9 - INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 were as follows:

6/30/2017	Transfers In	Transfers Out	Total
General Fund	$ -	$ (323)	(323)
Drivers Education Fund	323	-	323
Total	$ 323	$ (323)	$ -

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

NOTE 10 - RESTRICTED NET POSITION

Fund	Restricted By	6/30/2017
Special Education	Law	$ 468,054
Capital Outlay	Law	1,002,560
Pension	Law	30,227
SDRS Pension Purposes	Law	493,663
Total Restricted Net Position		$ 1,994,504

These balances are restricted due to statutory requirements.

(Continued on next page)

NOTE 11 - PENSION PLAN

Plan Information:

All permanent employees working twenty or more hours per week participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://sdrs.sd.gov/publications.aspx or by writing to the SDRS, PO Box 109, Pierre, South Dakota 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% to 99.9% funded - 2.1% minimum and 2.8% maximum COLA
80% to 90% funded - 2.1% minimum and 2.4% maximum COLA

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

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

(Continued on next page)

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2017, 2016, and 2015 was $138,480, $122,556, and $110,576, respectively, equal to the required contributions each year.

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

At June 30, 2016, SDRS is 96.89% funded and accordingly has a net pension liability. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2016 and reported by the School District as of June 30, 2017 are as follows:

Proportionate share of net position restricted for pension benefits	$11,656,437
Less proportionate share of total pension liability	11,293,582
Proportionate share of net pension liability	$ 362,855

At June 30 2017, the School District reported a liability of $362,855 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability 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, 2016, the School District's proportion was .10742020%, which is an increase of .0064772% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense of $250,255. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued on next page)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 126,318	$ -
Changes in assumption	217,333	-
Net difference between projected and actual earnings on pension plan investments	403,617	-
Changes in proportion and difference between District contributions and proportionate share of contributions	7,319	24,020
District contributions subsequent to the measurement date	138,480	-
Total	$ 893,067	$ 24,020

$138,480 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, 2018. 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:	
2018	$ 197,530
2019	$ 117,863
2020	$ 249,784
2021	$ 165,390
TOTAL	$ 730,567

Actuarial Assumptions:

The total pension liability in the June 30, 2016 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

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Investment Rate of Return	7.25 percent through 2017 and 7.50 percent thereafter, net of pension plan investment expense

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	58.0%	4.5%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	2.0%	0.7%
Total	100.0%	

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Discount Rate:

The discount rate used to measure the total pension liability was 7.25 percent through 2017 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of asset to changes in the discount rate:

The following presents the School District's proportionate share of net pension liability calculated using the discount rate of 7.25 percent through 2017 and 7.50 percent thereafter, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate share of the net pension liability	$2,030,531	$ 362,855	$ (997,314)

Pension Plan Fiduciary Net Position:

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

NOTE 12 - SPECIAL TERMINATION BENEFITS

The School District has an early retirement policy in which the employees will receive a one-time benefit of 75% of their last contracted salary includinng co-curricular salary payments, payable in five installments over a five year period of time. The employee must meet the following criteria: the employee has served the School District for at least twenty years and is between the ages of 55 and 62 by June 30 their retirement year, and the Superintendent msut receive a written request prior to January 1st of the year in which the retirement is to occur. Currently, four employees are receiving benefits, of which the last payment will be made during fiscal year 2021.

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NOTE 13 - JOINT VENTURES

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

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

Edmunds Central School District No. 22-5	12.5%
Eureka School District No.44-1	12.5%
Groton School District No. 6-3	12.5%
Leola School District No. 44-2	12.5%
Warner School District No.6-5	12.5%
Selby Area School District No. 62-5	12.5%
Ipswich School District No. 22-3	12.5%
Herreid School District No. 10-2	12.5%

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

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

Separate financial statements for this joint venture are available.

At June 30, 2017, this joint venture had total assets of $50,282 and net position of $50,282 and no reported long-term debt outstanding.

NOTE 14 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2017, the School District managed its risks as follows:

Employee Health Insurance

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

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The coverge provides a deductible of $2,500 per person up to $5,000 per family which includes a $8 Generic Prescription Drug card, $35 Brand Name Prescription Drug card, and $55 Formulatory Drug card. The plan also provides for the cosinsurance of 20% up to $5,000 for single and $10,000 for family. The coverage also includes a $2,000,000 lifetime maximum payment per person. It also allows for employees to choose a lower deductible by paying the difference in premiums.

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

Liability Insurance

The School District purchases liability insurance for risks related to torts; theft or damage to property; and errors and ommission 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 School District is responsible for payment of a premium to the insurance pool along with other pool participants. 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.

For the year ended June 30, 2017, the pool's retained risk was $300,000 per occurrence with additional insurance purchased from a private insurance company for an additional $700,000 for total coverage of $1,000,000 per occurrence. There was no additional assessment charged to pool members for the year ended June 30, 2017.

Unemployment Benefits

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

The School District has Assigned Fund Balance in the general fund of $8,005 for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2017, no unemployment benefits were paid. At June 30, 2017 there were no claims filed for unemployment benefits and no claims are anticipated in the next year.

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NOTE 15 - LITIGATION

At June 30, 2017, the School District was not involved in any litigation.

NOTE 16 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 1,700,000	$ 1,700,000	$ 1,781,899	$ 81,899
1120	Prior Years' Ad Valorem Taxes	12,000	12,000	8,386	(3,614)
1140	Utility Taxes	350,000	350,000	399,702	49,702
1190	Penalties and Interest on Taxes	5,000	5,000	5,356	356
1510	Interest	3,500	3,500	2,917	(583)
1700	Cocurricular Activities:				
1710	Admissions	22,000	22,000	23,768	1,768
1790	Other	2,200	2,200	2,070	(130)
1900	Other Revenue from Local Sources:				
1910	Rentals	-	-	3,728	3,728
1970	Charges for Services	2,000	2,000	2,669	669
1990	Other	10,000	10,000	7,819	(2,181)
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	55,000	55,000	59,501	4,501
2200	Revenue in Lieu of taxes	500	500	696	196
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	696,000	696,000	696,023	23
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	75,863	75,863	83,314	7,451
	Total Revenue	$ 2,934,063	$ 2,934,063	$ 3,077,848	$ 143,785

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IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	EXPENDITURES:				
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	$ 1,065,179	$ 1,072,079	$ 1,071,188	$ 891
1120	Middle/Junior High	237,200	257,971	257,971	-
1130	High School	494,500	494,500	440,090	54,410
1140	Preschool	40,120	55,494	55,494	-
1200	Special Programs:				
1270	Educationally Deprived	117,250	117,250	95,380	21,870
2000	Support Services:				
2100	Pupils:				
2120	Guidance	66,477	66,477	63,494	2,983
2130	Health Services	1,800	1,800	1,295	505
2200	Support Services-Instructional Staff:				
2220	Educational Media	135,472	135,643	133,017	2,626
2300	Support Services-General Administration:				
2310	Board of Education	28,025	29,679	29,374	305
2321	Executive Administration	51,392	51,392	51,392	-
2400	Support Services - School Administration:				
2410	Office of the Principal	280,696	299,316	296,851	2,465
2500	Support Services-Business				
2520	Fiscal Services	96,475	96,475	83,877	12,598
2540	Operation & Maintenance of Plant	210,517	342,890	341,477	1,413
2550	Pupil Transportation	182,900	195,643	195,643	-
6000	Cocurricular Activities				
6100	Male Activities	40,467	40,467	34,471	5,996
6200	Female Activities	29,522	31,117	31,117	-
6500	Transportation	35,150	35,709	46,496	(10,787)
6900	Combined Activities	84,063	86,295	73,804	12,491
7000	Contingencies	80,000	80,000	-	80,000
	Total Expenditures	3,277,205	3,490,197	3,302,431	187,766
	Excess Revenue Over/Under Expenditures	$ (343,142)	$ (556,134)	$ (224,583)	$ 331,551

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IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Other Financing Sources				
8110	Transfer Out	(323)	(323)	(323)	-
	Total Other Financing Sources	(323)	(323)	4,582	4,905
	Net Change in Fund Balances	(343,465)	(556,457)	(220,001)	336,456
	Fund Balance - Beginning	1,399,082	1,399,082	1,399,082	-
	Fund Balance - Ending	$ 1,055,617	$ 842,625	$ 1,179,081	$ 336,456

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 1,600,000	$ 1,600,000	$ 1,554,013	$ (45,987)
1120	Prior Years' Ad Valorem Taxes	5,000	5,000	3,582	(1,418)
1190	Penalties and Interest on Taxes	4,000	4,000	4,738	738
1900	Other Revenue from Local Sources:				
1920	Contributions and Donations	-	-	3,600	3,600
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	600	600	1,076	476
2900	Other	-	-	226	226
	Total Revenue	$ 1,609,600	$ 1,609,600	$ 1,567,235	$ (42,365)

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IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary	Variance with Final Budget
1100	Regular Programs:				
1111	Elementary	$ 140,000	140,000	$ 117,871	$ 22,129
1120	Middle/Junior High	65,000	65,000	22,381	42,619
1130	High School	105,000	105,000	49,999	55,001
2000	Support Services:				
2200	Support Services-Instructional Staff:				
2220	Educational Media	5,000	5,000	4,781	219
2500	Support Services-Business				
2520	Fiscal Services	13,200	13,200	3,000	10,200
2530	Facilities Acquisition and Construction	813,600	813,600	-	813,600
2540	Operation & Maintenance of Plant	147,000	147,000	623,265	(476,265)
2550	Pupil Transportation	25,000	25,000	24,000	1,000
5000	Debt Services	579,500	579,500	579,500	-
	Total Expenditures	1,893,300	1,893,300	1,427,118	466,182
	Excess Revenue Over/Under Expenditures	(283,700)	(283,700)	140,117	423,817
	Other Financing Sources				
5130	Sale of Surplus Property	-	-	54,031	54,031
	Total Other Financing Sources	-	-	54,031	54,031
	Net Change in Fund Balances	(283,700)	(283,700)	194,148	477,848
	Fund Balance - Beginning	801,106	801,106	801,106	-
	Fund Balance - Ending	$ 517,406	$ 517,406	$ 995,254	$ 477,848

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 400,000	$ 400,000	$ 371,736	$ (28,264)
1120	Prior Years' Ad Valorem Taxes	3,000	3,000	1,185	(1,815)
1190	Penalties and Interest on Taxes	1,500	1,500	1,196	(304)
1900	Other Revenue from Local Sources:				
1970	Charges for Services	7,174	7,174	8,579	1,405
1990	Other	95,398	95,398	494	(94,904)
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	200	200	269	69
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	86,924	86,924	91,771	4,847
	Total Revenue	$ 594,196	$ 594,196	$ 475,230	$ (118,966)

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IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	EXPENDITURES:				
1200	Special Programs:				
1220	Programs for Special Education	$ 371,632	$ 371,632	$ 389,454	$ (17,822)
1230	Coordinated Early Intervening Service	6,000	6,000	-	6,000
2000	Support Services:				
2100	Pupils:				
2140	Psychological Services	23,000	23,000	23,000	-
2150	Speech	87,858	87,858	69,110	18,748
2170	Student Therapy Services	45,708	45,708	45,708	-
2700	Special Education:				
2710	Administrative Costs	59,998	59,998	59,360	638
	Total Expenditures	594,196	594,196	586,632	7,564
	Excess Revenue Over/Under Expenditures	-	-	(111,402)	(111,402)
	Net Change in Fund Balances	-	-	(111,402)	(111,402)
	Fund Balance - Beginning	577,508	577,508	577,508	-
	Fund Balance - Ending	$ 577,508	$ 577,508	$ 466,106	$ (111,402)

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PENSION FUND
FOR THE YEAR ENDED JUNE 30, 2017

Data		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
	REVENUES:				
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	$ 46,371	$ 46,371	$ 43,065	$ (3,306)
1120	Prior Years' Ad Valorem Taxes	500	500	315	(185)
1190	Penalties and Interest on Taxes	-	-	312	312
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	60	60	-	(60)
	Total Revenue	$ 46,931	$ 46,931	$ 43,692	$ (3,239)
	EXPENDITURES:				
2000	Support Services				
2400	Support Services - School Admin				
2410	Office of the Principal	$ 13,000	$ 13,000	$ 13,000	$ -
2500	Support Services - Business				
2520	Fiscal Services	3,935	3,935	3,934	1
4000	Nonprogrammed Charges:				
4500	Early Retirement Payments	29,996	29,996	29,996	-
	Total Expenditures	46,931	46,931	46,930	1
	Excess Revenue Over/Under Expenditures	-	-	(3,238)	(3,238)
	Net Change in Fund Balances	-	-	(3,238)	(3,238)
	Fund Balance - Beginning	32,939	32,939	32,939	-
	Fund Balance - Ending	$ 32,939	$ 32,939	$ 29,701	$ (3,238)

(Continued on next page)

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

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

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

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

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

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

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

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

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

(Continued on next page)

NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

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

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1074202%	0.1009430%	0.1041344%
District's proportionate share of net pension liability (asset)	$ 362,855	$ (428,129)	$ (750,246)
District's covered-employee payroll	$ 2,042,596	$ 1,842,932	$ 1,821,025
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	17.764404%	-23.230863%	-41.199105%
Plan fiduciary net position as a percentage of the total pension liability	96.9%	104.1%	107.3%

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

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

	2017	2016	2015
Contractually required contribution	$ 138,480	$ 122,556	$ 110,576
Contributions in relation to the contractually required contribution	$ 138,480	$ 122,556	$ 110,576
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 2,308,000	$ 2,042,596	$ 1,842,933
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%

Changes of benefit terms:

No changes were made.

Changes of assumptions:

No changes were made.